EMPOWERING PROGRESS

CargillsBank
BANKING ON THE HUMAN SPIRIT

Cargills Bank PLC Annual Report 2025

Contents

EMPOWERING PROGRESS

At Cargills Bank, progress is measured not only by financial growth, but by the positive change it brings to people's lives. Every service we offer, every connection we build, is guided by a commitment to empower individuals, businesses, and communities to move forward with confidence.

Strengthened by the Cargills ecosystem and supported by an expanding islandwide network, we bring banking closer to everyday life-making it accessible, inclusive, and relevant to diverse needs. Our digital platforms continue to evolve, delivering convenience and simplicity, while our people remain present and attentive, ensuring that no customer is left behind.

We believe true progress is personal. By listening, understanding, and responding with care, we prioritise the wellbeing and quality of life of those we serve. At Cargills Bank, empowering progress means combining innovation with compassion-so that growth is not only achieved, but genuinely felt across every community we touch.

CargillsBank
BANKING ON THE HUMAN SPIRIT

About the Report

GRI 2-23

We are pleased to present the third Integrated Annual Report for Cargills Bank PLC, covering the financial year ended 31 December 2025. This Report offers a balanced and concise account of how we navigated the year's challenging operating conditions to deliver value to our stakeholders. It provides an assessment of our operating landscape, governance practices, stakeholder value creation, financial performance, and our response to evolving market dynamics.

Scope and Boundary

GRI 2-2 GRI 2-3

- This Report covers Cargills Bank's operations for the annual cycle, spanning from 01 January 2025, to 31 December 2025. The most recent Annual Report, covering the 12 months ended 31 December 2024, is available on the Bank's website, https://www.cargillsbank.com/investor-relations/annual-reports/

Materiality

- We prioritised the concept of materiality throughout this report, focusing our attention on issues with the most significant economic, environmental, and social impacts. Details regarding our materiality assessment can be found on pages 65-70.

Significant Changes During the Year and Restatements

GRI 2-4

- During the reporting period, there were no significant changes to the organisation or the supply chain. Furthermore, no material changes required the restatement of financial or sustainability information.

Improvements to the Report 2025

- Strengthened the overall connectivity of the report by clearly interlinking relevant sections.
- Enhanced the alignment between material topics and the Bank's strategic pillars.
- Included a discussion on capital trade-offs.
- A comprehensive strategy with clearly defined targets, aligned timelines, and appropriate resource allocation.

Forward-looking Statements

This Report contains certain forward-looking statements about the Bank's performance, financial position, and operations. These statements involve risks and uncertainty as they relate to events that occur in the future. These factors could cause actual results to differ from those expressed/ implied by such forward-looking statements.

Assurance

GRI 2-5

Assurance of the Financial Statement and Internal Controls

Internal Assurance	External Assurance
Internal Audit	Independent Auditors' Report by Messrs. KPMG
Reporting to the Audit Committee and Board of Directors	Assurance Report on the Directors' Report on Internal Control

The Bank is committed to upholding transparency, accountability, good governance, and sustainability across all aspects of its operations and reporting, wherever applicable.

Reporting Frameworks

Our reporting has been aligned with global best practices in corporate reporting and complies with internationally accepted reporting frameworks as listed below:

- Companies Act No.7 of 2007
- Sri Lanka Financial Reporting Standards/ Sri Lanka Accounting Standards
- Integrated Reporting Framework of the International Integrated Reporting Council (<IR > Framework)
- Listing Rules of Colombo Stock Exchange
- Relevant directions/circulars issued on reporting formation of the Central Bank of Sri Lanka
- Global Reporting Initiative (GRI) Standards 2021
- SLFRS S1 and S2 Standards (voluntary adoption)

Connectivity of Information

The connectivity of information has been improved by using the following icons throughout the report.

CAPITALS

- Financial Capital
- Human Capital
- Manufactured Capital
- Intellectual Capital
- Social and Relationship Capital
- Natural Capital

STAKEHOLDERS

- Employees
- Customers
- Community
- Business Partners
- Investors
- Regulators

STRATEGIC PILLARS

- Drive growth from a position of stability
- Growth opportunities through the ecosystem
- Upgrade digital solution for a customer-centric approach
- Drive Sustainable Banking through Operational Excellence and Environmental Stewardship

Acknowledgment

Cargills Bank's Board of Directors have reviewed the 2025 Annual Report prepared by the Corporate Management in line with the guidance provided in the Integrated Reporting Framework and hereby confirms that it addresses all relevant material matters and fairly represents the Bank's integrated performance.

Signed on behalf of the Board

Senarath Bandara
Managing Director/Chief Executive Officer

Asoka Pieris
Chairman

Colombo
27 February 2026

Feedback & Inquiries

GRI 2-3

We are committed to continuously improving our reporting practices. We welcome your feedback to enhance the value of our future reports. Please direct your suggestions and comments to:

Mrs Dilhani Gajanayaka,
Assistant General Manager - Finance
Cargills Bank PLC,
No. 696, Galle Road, Colombo 03, Sri Lanka.
Email: dilhani.g@cargillsbank.com
Tel: +94 11 764 0140

Scan to view the online version
https://www.cargillsbank.com/investor-relations/annual-reports/

About Us

Cargills Bank is a rapidly expanding, licensed commercial bank in Sri Lanka, uniquely positioned with the backing of the Cargills Group, a premier retail and FMCG conglomerate. Incorporated in 2011, operational since 2014, and successfully listed on the Colombo Stock Exchange in 2023, we affirm our strong performance and promising growth trajectory.

Headquartered in Colombo, Sri Lanka, we operate a network of 26 branches across the island, providing a comprehensive suite of financial products. These offerings span retail, corporate, SME banking, cards, treasury operations, digital channels, agriculture operations, supermarket banking, and business revival initiatives.

Driven by a vision to be Sri Lanka's most inclusive bank, we leverage the Cargills Group's integrated value chain and the power of digital innovation to connect diverse stakeholders, foster local community development, and deliver state-of-the-art banking solutions.

Rs. 91.7 Bn
Total Asset Base

278,000 +
Customers

715
Employees

26
Branches

26
ATM Network Access

A(lka)
Credit rating by Fitch Ratings

Our Value Creation

Investors

We delivered sustainable growth and strengthened shareholder returns.

Return on Equity (ROE)

4.51%	5.42% - 2024
2025	4.12% - 2023

Customers

We continued to provide reliable financial assistance to support the evolving needs of our customers.

Gross Loans (Rs.Mn)

68,250	51,439 - 2024
2025	45,553 - 2023

Employees

We enhanced our workforce capabilities to ensure convenient, high quality service delivery for our customers.

Staff Strength
(Number of Employees)

715	690 - 2024
2025	623 - 2023

Suppliers & Business Partners

We strengthened our commitment to suppliers and business partners by ensuring consistent, high-quality service standards.

Number of Suppliers Screened
(Logistics, Projects & Maintenance)

57	05 - 2024
2025	90 - 2023

Community

We supported community development by investing in initiatives that improve living standards.

Investment in CSR: (Rs. Mn)

1.5	1.3 - 2024
2025	

Government & Regulators

We contributed positively to national economic growth through regulatory compliance and tax contributions.

Tax Paid: (Rs. Mn)

1,116	1,042 - 2024
2025	705 - 2023

Our Vision

To be the most inclusive bank, harnessing the spirit of progress in every Sri Lankan

Our Mission

We aim to directly engage every customer at their convenience through a unique and far-reaching network, through efficient and innovative technology.

To facilitate and empower small and medium entrepreneurs and enhance industry standards through a highly motivated team of innovative bankers.

Create sustainable value for our investors through sound financial performance embedded in transparency and accountability.

Many years before the Bank was envisioned, during a chance encounter with agricultural farmers in rural Sri Lanka, I was personally impacted after listening to the challenges they were facing in sustaining their livelihoods. This encounter changed the Cargills Group and its philosophy, from a traditional retailer to a brand with a larger purpose - one which focuses on serving the needs of the community.

In late 2009 when Sri Lanka was embarking on a new chapter, we were invited for a discussion on rebuilding the country with key public sector officials. At the time, we had limited engagement with the agriculture and dairy farming communities. Understanding the need of the country, we decided to invest more aggressively in building infrastructure to support the agriculture and dairy farming communities and sought a banking license to support the ecosystem we were building. We applied for a license under the banner of Cargills Agriculture & Commercial Bank, reflecting our vision to be the most inclusive bank by improving financial access for underserved communities across Sri Lanka.

Ranjit Page
Former Chairman, Cargills Bank

About Us

Our purpose

Empower Sri Lankans through financial inclusion and supporting transformative growth for individuals, businesses, and communities.

Our strategy

Inspired by our purpose, we are focused on to become the most inclusive bank harnessing the spirit of progress in every Sri Lankan through our strategic priorities of

- Drive growth from a position of stability
- Growth opportunities through the ecosystem
- Upgrade digital solutions for a customer-centric approach
- Drive sustainable banking through operational excellence and environmental stewardship

Our people and culture

Our success hinges on a highly engaged team that champions customer-centricity, builds meaningful relationships, and fosters an empowered, diverse workforce. Underpinned by strong governance, ethics, and integrity, we consistently deliver positive outcomes for customers, employees, and stakeholders. (Read more on pages 82 to 96)

Our operating context

To navigate a highly regulated and dynamic operating environment, we strategically prioritise compliance, risk management, and operational efficiency, thereby ensuring sustainable loan terms and stakeholder value. This year, significant risks include thinking margins due to increasing interest rate regime, credit risk, and cybersecurity threats. (Read more on pages 46 to 51)

Our stakeholders

Strategic engagement with our diverse stakeholders is fundamental to ensuring our operations remain responsive and relevant to the evolving needs of the community, our clientele, and the broader business ecosystem.
Our core stakeholder groups comprise: Customers, Shareholders/Investors, Suppliers and Business Partners, Government, Policymakers, and Regulators, Employees, and the Community. (Read more in the responding to our stakeholders section starting from pages 58 to 64)

Our business operations

We deliver comprehensive commercial banking services across four core segments-Retail Banking, SME Banking, Business/Corporate Banking, and Agri-Business ensuring financial support tailored to diverse customer needs.

Retail banking

Focus: • Convenience • Personalisation • Lifestyle

We enable individuals to manage their finances with ease by offering high-interest savings, flexible personal loans, seamless digital banking, and rewarding card products. Our retail solutions are designed to fit each customer's lifestyle and support their personal financial goals.

SME banking

Focus: • Growth • Scalability • Partnership

Recognising the vital role of SMEs in the economy, delivering more than traditional banking services to SME segment. We offer partnership-driven solutions that support your growth. These include working capital financing, merchant services, and guidance from dedicated relationship managers to help businesses scale sustainably.

Business/Corporate banking

Focus: • Efficiency • Risk Management • Global Reach

Our corporate banking solutions support large enterprises with advanced treasury services, structured trade finance, and customised lending facilities. These tools help businesses optimise cash flow, manage risks, and remain competitive in local and global markets.

Agri-business

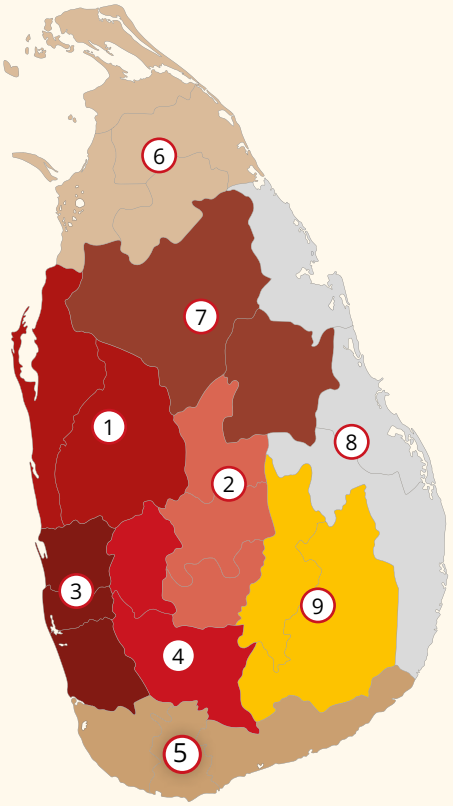
Focus: • Sustainability • Seasonal Cycles • Sector Expertise

Understanding the unique nature of agriculture, we offer specialised financing for equipment, livestock, and land, with repayment structures aligned to crop and harvest cycles. Our support extends to both smallholder farmers and large-scale agricultural enterprises, promoting sustainable sector growth.

Our reach

Cargills Bank employs a strategic "Hub and Spoke" model, capitalising on the synergies of the Cargills Retail network to enhance banking accessibility throughout Sri Lanka. Beyond its 26 branches, the Bank operates 30 Cargills Bank MINIs in Cargills Food City outlets. It seamlessly integrates over 500 additional Cargills Retail locations (Cargills Food City, Express, and Food Hall), enabling customers to perform various transactions directly at retail cashier counters, including deposits, withdrawals, bill payments, cash collections, and remittances.

Our island-wide presence (Province-wise)



Over 32,000 new customers onboarded in 2025

2 new branches opened in 2025

500+ Supermarket Banking access

1. North Western

Customers	22,366
Branches	3
Cargills MINIs	4
Agency outlets	41

2. Central

Customers	38,713
Branches	4
Cargills MINIs	5
Agency outlets	39

3. Western

Customers	117,751
Branches	8
Cargills MINIs	10
Agency outlets	312

4. Sabaragamuwa

Customers	17,036
Branches	2
Cargills MINIs	3
Agency outlets	24

5. Southern

Customers	24,086
Branches	2
Cargills MINIs	3
Agency outlets	60

6. Northern

Customers	22,051
Branches	3
Cargills MINIs	1
Agency outlets	12

7. North Central

Customers	12,906
Branches	2
Cargills MINIs	1
Agency outlets	10

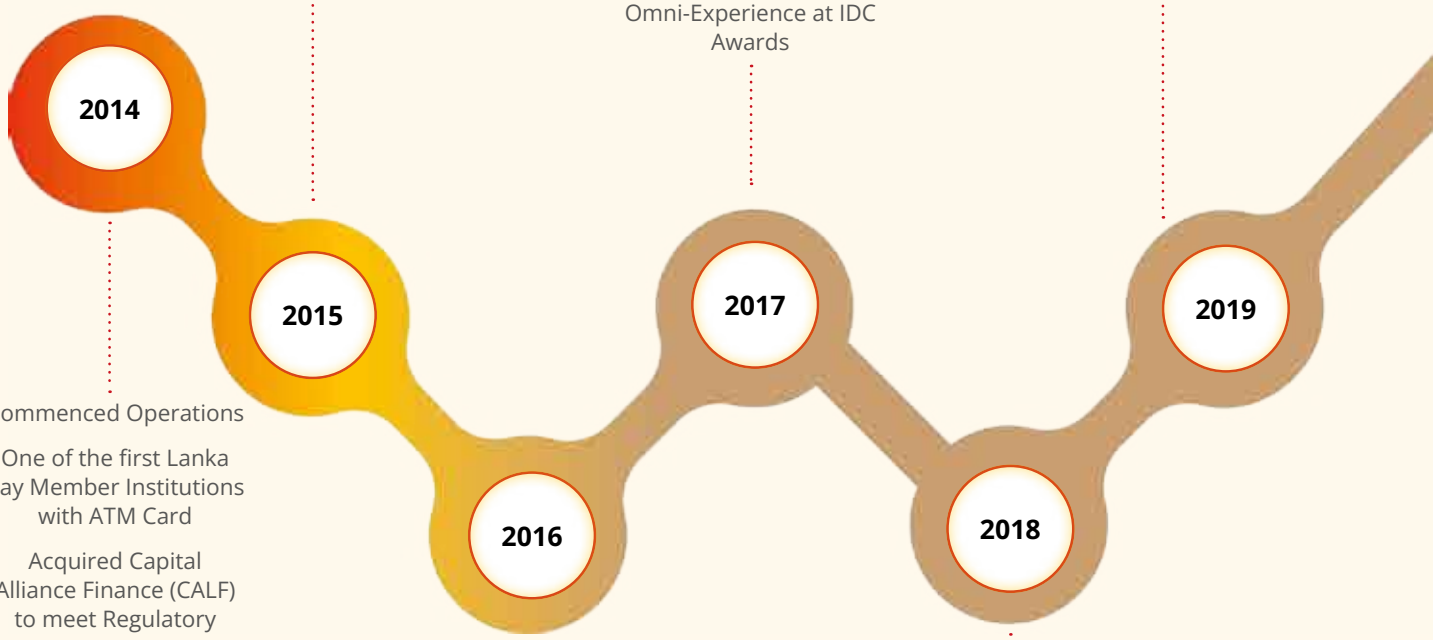
8. Eastern

Customers	4,323
Branches	-
Cargills MINIs	-
Agency outlets	18

9. Uva

Customers	19,440
Branches	2
Cargills MINIs	3
Agency outlets	14

Our Journey



2014

Commenced Operations

One of the first Lanka Pay Member Institutions with ATM Card

Acquired Capital Alliance Finance (CALF) to meet Regulatory requirements

Opened 2 new branches in Colombo

2015

Removal of restriction on branch openings

Opened the 1st Branch outside Colombo (Matara)

Expanded the branch network to 11 branches

2016

6th Bank to join CEFT-Real-time Fund Transferring

Launched Internet & Mobile Banking – Retail & Corporate

Introduced E-statements

Launched Children's Savings Account

First off-site ATM opened at Majestic City

2017

Agency Banking Model with Cargills Food City

Launched www.cargillsbank.com website

Launched NFC, EMV-enabled Smart Debit Card

Expanded the Branch Network to 17

ICONIC Superhero in Omni-Experience at IDC Awards

2018

Bank in a Box - launch KIOSK Banking

Joined RippleNet to facilitate cross-border inward remittances to Sri Lanka

Launched imperium Private Banking

Launched Credit Cards

Branch expansion to 19

Acquiring Bank for JustPay to facilitate Payment aggregators (Fintech)

Winner at the Lanka Pay Technovation Awards

2019

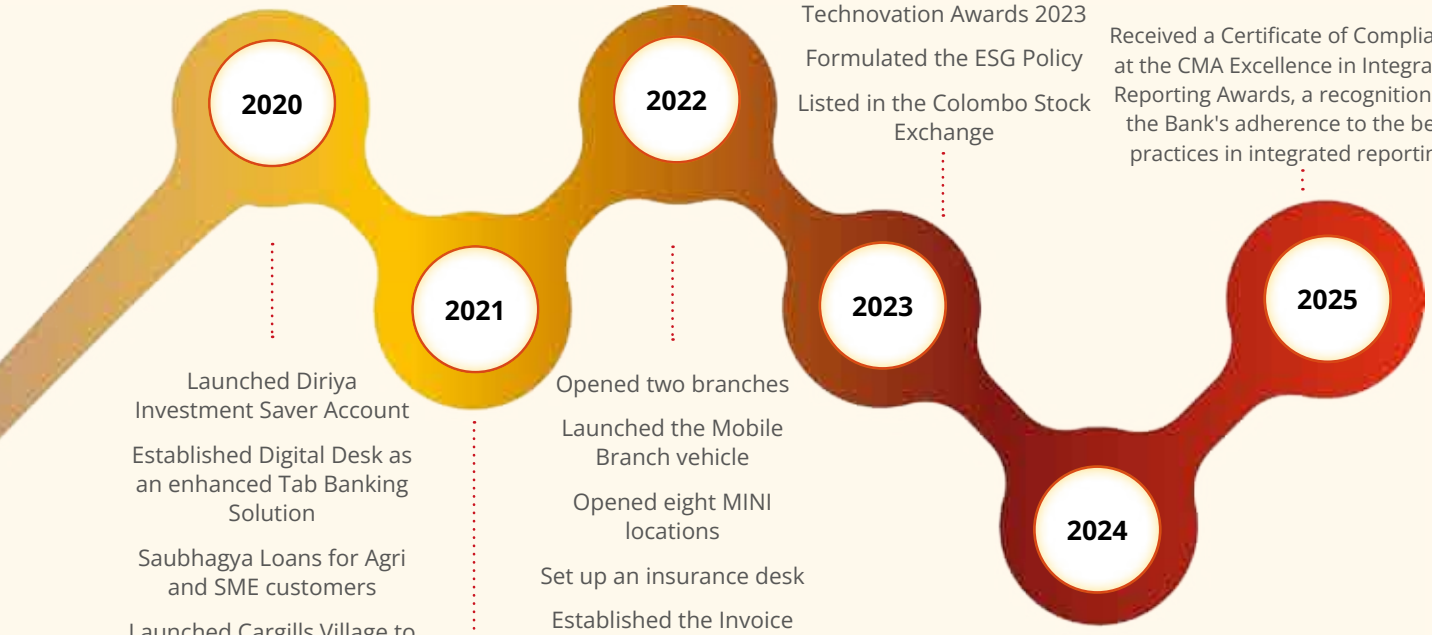
Launched the 1st ever image Card

Launched the Internet Payment Gateway and Point-of-Sales Merchant Acquiring

DigiZone expansions

Expansion of Cards services with the introduction of Cheque on Card, Balance Transfer & Instalment Payment Plans

Achieved the global PCI DSS Certification, recognised for our cards operations



2020

Launched Diriya Investment Saver Account

Established Digital Desk as an enhanced Tab Banking Solution

Saubhagya Loans for Agri and SME customers

Launched Cargills Village to Home initiative to support the MSME sector

Facilitated LankaQR payments at Cargills Food City

2021

Opened the 21st branch in Nawalapitiya

Launched Abhimani Women's Savings Account

Added new partners to facilitate remittances from new markets

Launched Cargills Bank MINI Service Points

Launched Non Face - to - Face Onboarding of Customers

Implemented 3D Secure card protection

2022

Opened two branches

Launched the Mobile Branch vehicle

Opened eight MINI locations

Set up an insurance desk

Established the Invoice discounting service

Joined Lanka Remit Mobile

Garnered multiple awards at Technovation Awards 2022

2023

Recorded the highest-ever profit after tax

Opened two branches in Bandarawela and Anuradhapura

Garnered multiple awards at Technovation Awards 2023

Formulated the ESG Policy

Listed in the Colombo Stock Exchange

2024

Supermarket Banking launched in 53 new Cargills supermarkets

Expanded product range to new categories -Teens and Pensioners

Won the Silver Award in the "Newly Listed Companies" Category at the TAGS Awards 2024

Received a Certificate of Compliance at the CMA Excellence in Integrated Reporting Awards, a recognition for the Bank's adherence to the best practices in integrated reporting

Celebrated the 10th anniversary of the Bank

Established the Business Revival Unit

2025

Opened new branches in Kegalle & Kuliyapitiya

Launched the pawning product in to banking operation

Won the Gold Award in the "Newly Listed Companies" Category at the TAGS Awards 2025

Received a Certificate of Compliance at the CMA Excellence in Integrated Reporting Awards, a recognition for the Bank's adherence to the best practices in integrated reporting

Our Strategy

Our Strategic Direction

Cargills Bank's strategy for 2025 is anchored in our vision of becoming Sri Lanka's most inclusive and digitally enabled retail and SME bank. In a rapidly evolving financial landscape, we remain committed to four strategic imperatives:

Drive growth from a position of stability

Growth opportunities through the ecosystem

Upgrade digital solutions for a customer-centric approach

Drive sustainable banking through operational excellence and environmental stewardship

Our strategy is centred on delivering value across key customer segments:

- **Retail Banking**: Provide affordable and accessible banking solutions with innovative savings and credit products tailored to individual needs.
- **SMEs**: Offer customised lending, advisory services, and working capital support to empower entrepreneurship and drive economic growth.
- **Corporate Banking**: Deliver relationship-driven solutions for trade finance, treasury management, and structured financing to support corporate clients.
- **Digital Banking**: Ensure seamless, secure, and convenient 24/7 access through mobile, internet, and agent networks, enhancing customer experience and engagement.

By embedding these priorities across our value chain, we create meaningful value for customers, shareholders, employees, and society.

Strategic Imperative: Drive Growth from a Position of Stability
Core Objective: Maximise returns from core operations while ensuring financial resilience and operational efficiency.

Target for 2025	Strengthen capital base, improve asset quality, and diversify the lending portfolio.
Key Highlights in 2025	• Maintained Capital Adequacy Ratio (CAR) well above regulatory minimum. • Improved Non-Performing Loan (NPL) ratio through robust credit monitoring. • Expanded SME and Agri-lending portfolios.
Resources Allocated	Advanced credit risk management tools, and specialised SME and Business lending teams.
Performance & Value Creation	• Achieved stable profitability decreasing interest rate regime. • Improved loan book quality with commendable credit growth. • Strengthened risk culture across operations.

Way Forward	Short Term	Medium Term	Long Term
	• Continue strengthening balance sheet resilience • Loan book growth 37% • Total assets growth 14% • Net interest income growth 4%	• Expand into new lending sectors using a risk-calibrated approach • Sectorial expansion of lending	• Position as a top mid-tier bank with sustainable growth • Reach capital structure up to Rs. 20 Bn

SDGs

Relevant Material Topics

M1 M2 M3 M5 M6 M10 M11 M12 M13 M15

Related Stakeholders

Relevant Capitals

Our Strategy

Strategic Imperative: Pursue Ecosystem Growth Opportunities
Core Objective: Expand market reach and enhance value proposition through strategic partnerships, investments, and vertical integration.

Target Setup for 2025	Leverage parent group synergies and partnerships to expand reach.
Key Highlights in 2025	• Expanded agent banking through Cargills retail network. • Strengthened partnerships with fintechs and the retail ecosystem. • Grew the retail base by leveraging group outlets.
Resources Allocated	Dedicated ecosystem integration team, fintech partnerships, and retail network synergies.
Performance & Value Creation	• Increased customer acquisition via retail footprint. • Improved cross-selling across retail customers.

Way Forward	Short Term	Medium Term	Long Term
	• Deepen integration with the group ecosystem • Enhance group contribution	• Develop co-branded financial products with the retail arm • Strength of the retail arm	• Position the Bank as the financial backbone of the Cargills ecosystem • Contribution from the ecosystem

SDGs: 8 DECENT WORK AND ECONOMIC GROWTH; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Relevant Material Topics: M4 M8 M10 M14

Related Stakeholders

Relevant Capital

Strategic Imperative: Upgrade Digital Solutions for a Customer-Centric Approach
Core Objective: Transform the customer experience through advanced digital tools, data-driven insights, and seamless service delivery.

Target Setup for 2025	Deliver seamless, digital-first banking with a focus on convenience, security, and accessibility.
Key Highlights in 2025	• Launched upgraded mobile and internet banking platforms. • Enhanced cybersecurity posture. • Improved digital onboarding and KYC processes.
Resources Allocated	Core banking system upgrades, dedicated digital product development team, and cybersecurity investments.
Performance & Value Creation	• Increased digital banking active users by 12%. • Reduced branch dependency for basic services. • Improved customer satisfaction scores.

Way Forward	Short Term	Medium Term	Long Term
	• Expand digital wallet and QR payment solutions • Improve retail & corporate internet banking users	• Implement AI-driven personalisation and predictive banking	• Build a fully digital ecosystem bank

SDGs	
Relevant Material Topics	M4 M7 M8 M10 M14
Related Stakeholders	
Relevant Capital	

Our Strategy

	Strategic Imperative: Drive Sustainable Banking through Operational Excellence and Environmental Stewardship **Core Objective:** Drive sustainable banking by financing green initiatives, promoting financial inclusion, aligning internal operations with the UN SDGs, and foster trust through local economic growth, CSR commitments, and inclusive stakeholder engagement
Target Setup for 2025	Establish a primary mechanism to achieve GHG emissions reduction and enhance resource efficiency.
Key Highlights in 2025	• Initiate the ESG governance practices into operations • Enhance the lending screening process toward the ESG governance practices
Resources Allocated	Focus on annual Capital Expenditure (Capex) for green infrastructure projects, investment in R&D for sustainable technologies, and comprehensive training programs to build internal capabilities.
Performance & Value Creation	• Improved the priority lending to sustainable activities during the year by 18%. • Reduction of Non-Renewable energy consumption by kWh 18,430. • Implemented ESG training. • Revenue drive from the sustainable lending practices.
Way Forward	**Short Term** • Focus on embedding the sustainability into governance, risk management, and the core banking operations **Medium Term** • Strategically transformation of business toward sustainability **Long Term** • Drive the business towards net zero
SDGs	
Relevant Material Topics	M9 M14
Related Stakeholders	
Relevant Capital	

PESTEL Analysis

To stay resilient and grow, we constantly monitor the macro-environmental forces that shape the banking industry in Sri Lanka. This PESTEL analysis evaluates the Political, Economic, Social, Technological, Environmental and Legal factors that influenced our operations.

As the country moves from economic recovery toward long-term stability, these four pillars help us to understand the risks we must manage and the opportunities we can capitalise. By aligning with our business model with these external trends, we ensure that Bank remains a stable, inclusive, and forward-thinking financial partner for all Sri Lankans.

	Key Developments	Potential Impact on Cargills Bank	Our Response
Political	Government policies, regulations, political stability, and international relations that influence business operations	• Increased Compliance & Operational Costs • Strategic Growth in Rural Credit Lending practices	• Integrated Risk Governance & introduction of technology for banking operation • Scaling of Agri-Lending & Micro-finance
Economic	Recovery from inflationary pressures, higher remittances, demand for SME financing, and rising interest rate volatility	• Potential deterioration in credit quality of the asset portfolio • Slower economic growth affecting overall business performance	• Strengthen and manage the recovery process • Ensure efficient and effective deployment of capital to optimise returns
Social	Growing demand for inclusive banking services across rural and semi-urban regions	• Rising demand for financing in rural segments and opportunities to expand the rural customer base	• Leverage Cargills Food City channels to enhance customer service and expand the rural customer base
Technological	Increasing use of mobile wallets, blockchain-based payments, and AI-enabled banking solutions	• Increased need for investment in technology and digital transformation • Heightened importance of data security and protection	• Upgrade IT solutions to improve customer experience and operational efficiency • Invest in robust data security measures to protect customer information
Environmental	Rising importance of green financing and climate-risk assessment in lending portfolios	• Compliance requirements related to social and environmental regulations • Possible impacts from climate-related risks and environmental factors	• Implement lending screening processes to ensure compliance with environmental requirements • Incorporate climate-related factors into credit evaluations to mitigate environmental risks
Legal	Ongoing regulatory reforms by the Central Bank, enhanced AML/KYC compliance, and Basel III adoption	• Interest rate hikes or fluctuations impacting profit margins and increasing Interest Rate Risk • Regional conflicts creating unstable economic conditions	• Maintain a flexible mix of fixed and floating rate assets to absorb shocks • Follow up moderate risk strategy to overcome the unstable economic conditions

Our Strategy

SWOT Analysis

Driven by our commitment to long-term value creation, we maintain a rigorous focus on balancing our internal strengths with the shifting macro-environmental factors that define our future potential growth. The SWOT analysis serves as a comprehensive framework, outlining our strengths, weaknesses, opportunities, and threats, enabling us to implement strategies that address challenges while capitalising on emerging opportunities. By leveraging our strengths and opportunities, we aim to offset weaknesses and mitigate threats, ensuring proactive market responses and delivering sustainable value to customers and stakeholders.

Way Forward for Delivering Strategy

Target Setup for 2025	Build resilience, accelerate digital banking adoption, strengthen ecosystem integration and operational excellence.		
Key Highlights in 2025	• Identified key growth levers: SME, digital retail banking, and payments. • Embedded ESG and sustainability principles into strategy. • Enhanced operational excellence across business lines.		
Resources Allocated	Strategic planning frameworks, talent development programs, and IT infrastructure upgrades.		
Performance & Value Creation	• Rolled out the strategy execution framework across all business units. • Achieved strong alignment of staff KPIs with strategic priorities.		
Way Forward	**Short Term**	**Medium Term**	**Long Term**
	Execute tactical initiatives in SME, retail, and payments.	Expand customer base through innovation and strategic partnerships.	Achieve market leadership in customer-centric, digitally driven banking.

Our Social and Economic Contribution

GRI 201-1

The banking sector is pivotal in building economic resilience and shaping a nation's future trajectory. At Cargills Bank, we embrace this socio-economic responsibility, contributing to Sri Lanka's economic growth through initiatives focused on livelihood development, expanding financial inclusion, community empowerment, and environmental stewardship, thereby ensuring sustainable value creation for all stakeholders.

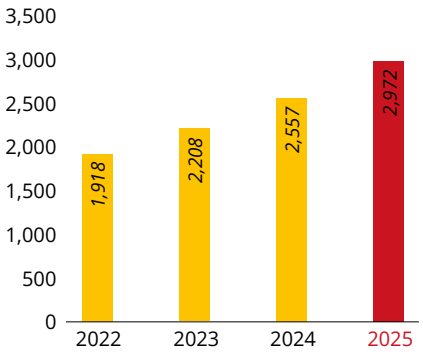
Unlocking SME Potential and Driving Financial Inclusion

We empower SMEs by prioritising financial inclusion, providing growth-oriented lending, ensuring effective liquidity management, and supporting entrepreneurs. We continue to expand our footprint in this segment, offering tailored financial solutions that cater specifically to the burgeoning entrepreneurial market. The extensive reach of the Cargills ecosystem significantly enhances our ability to foster this business segment's growth.

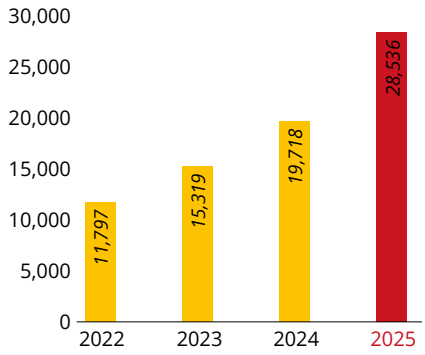
8 DECENT WORK AND ECONOMIC GROWTH

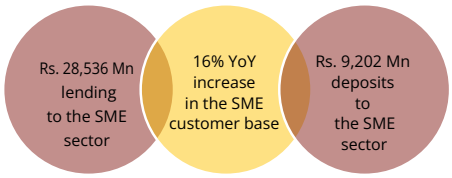
(Read more on pages 159-161)

SME Customers (Nos.)



SME Advances (Rs. Mn)





Fostering Agricultural Development and Financial Resilience

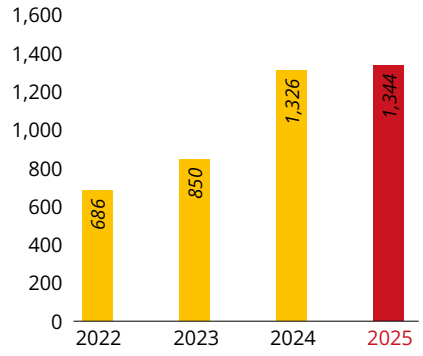
We contribute to the development of the agricultural sector, supporting farmers and generating employment. Through our suite of affordable financial products, customer-centric services, and community outreach, we enable individuals to build essential savings, secure necessary credit, and cultivate robust financial resilience, thereby enhancing their livelihoods.

2 ZERO HUNGER

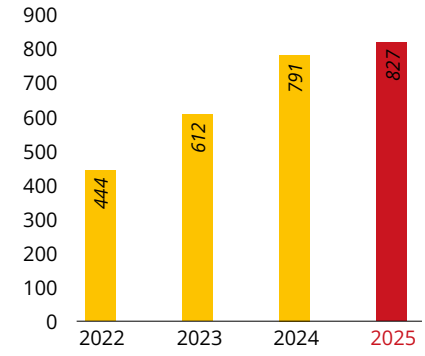
8 DECENT WORK AND ECONOMIC GROWTH

(Read more on pages 162-164)

Agriculture and Microfinance Portfolio (Rs. Mn)



Number of loans granted to farmers (Nos.)

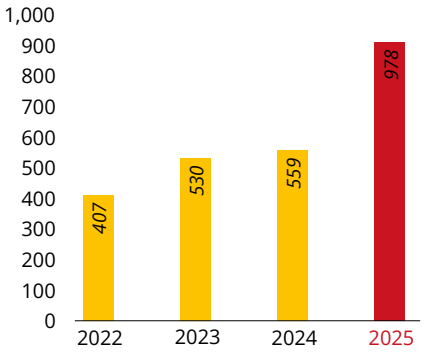


Our Social and Economic Contribution

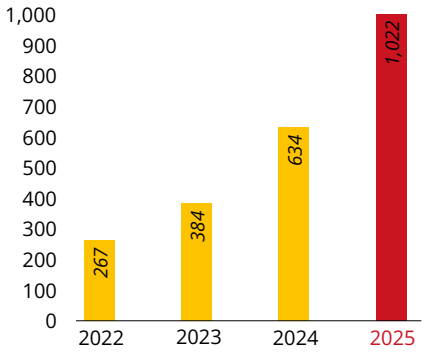
Fostering Agricultural Development and Financial Resilience

1.3% YoY increase in the agriculture and microfinance portfolio → Extended Rs. 1,022 Mn to 978 farmers → Financial and technical support provided to 726 farmers

Number of farmers Onboarded (Nos.)



Value of loans granted to farmers (Rs. Mn)



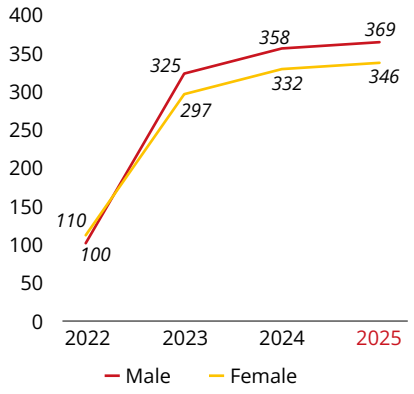
Our Commitment to Women Empowerment

Recognising diversity as a key strength, we emphasise women empowerment. Internally, we foster an inclusive environment with gender equality through targeted recruitment, development programmes, and fair policies, ensuring all female employees can thrive. Externally, we support women entrepreneurs with specialised programmes offering customised financial solutions, mentorship, and networking, helping them achieve significant growth and contribute vibrantly to the economy.

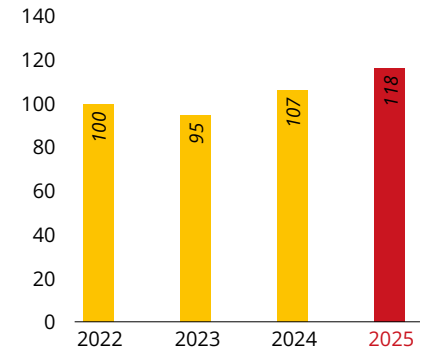
8 DECENT WORK AND ECONOMIC GROWTH

(Read more on page 123)

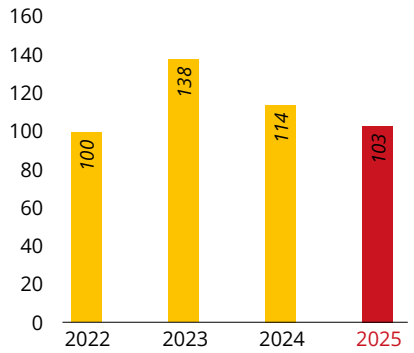
Employment By Gender (Nos.)



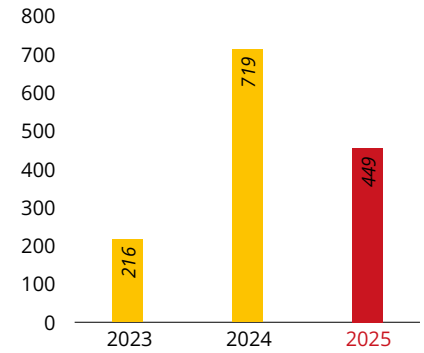
Female Employees - Executive Management (Nos.)



Female Employees recruited (Nos.)

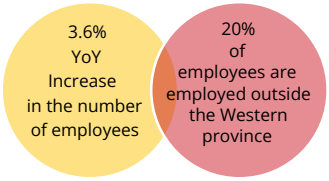


Women - led MSMEs (Rs. Mn)



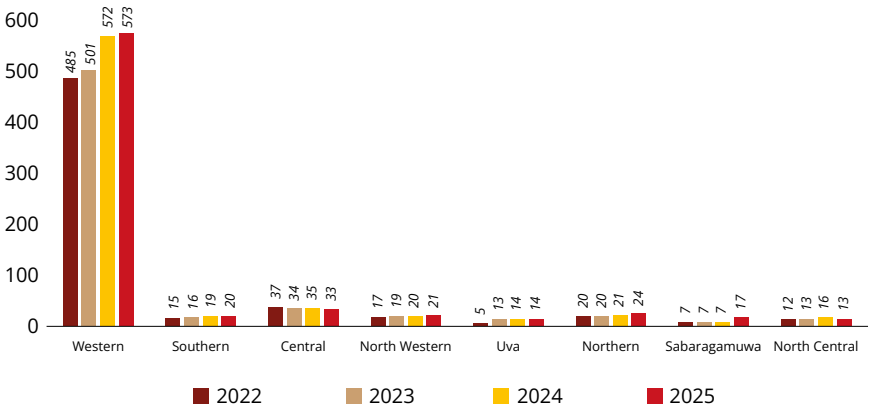
Employment Creation

Driving regional economic development, we support business growth, infrastructure, and job creation. Our expanding branch network and strategic partnerships are key to generating employment and fostering strong entrepreneurial ecosystems.

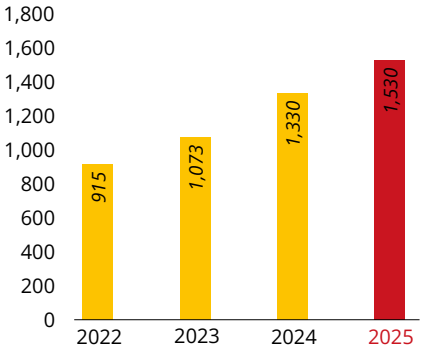


(Read more on pages 82-96)

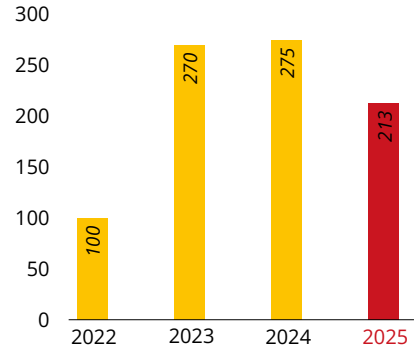
Region Wise Employment (Nos.)



Salaries and Other benefits paid to employees (Rs. Mn)



New Recruitments (Nos.)



Our Social and Economic Contribution

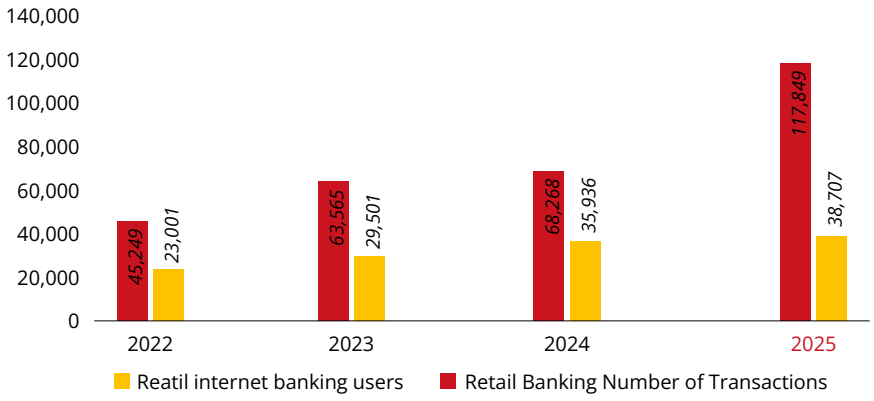
Digital Banking for All

We empower customers to achieve their financial goals through innovative solutions and accessible banking. Our suite of digital services enable individuals, SMEs, and corporate clients to transact seamlessly and securely, 24/7 across Sri Lanka. Committed to financial inclusion, we leverage robust digital channels to ensure everyone can manage their finances effectively in the digital economy.

(Read more on pages 165-169)

By facilitating JustPay and LankaQR payments across six aggregator apps, we empower efficient digital commerce and reinforce our pivotal role in Sri Lanka's digital economy.

Reatil Internet Banking Users & Retail Banking Transactions (Nos.)



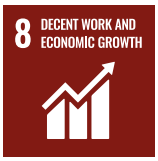
An average of 34,000+ retail transactions are seamlessly conducted each month through our Mobile and Internet Banking

17% of bank customers onboarded use mobile banking within first 30 Days of onboarding

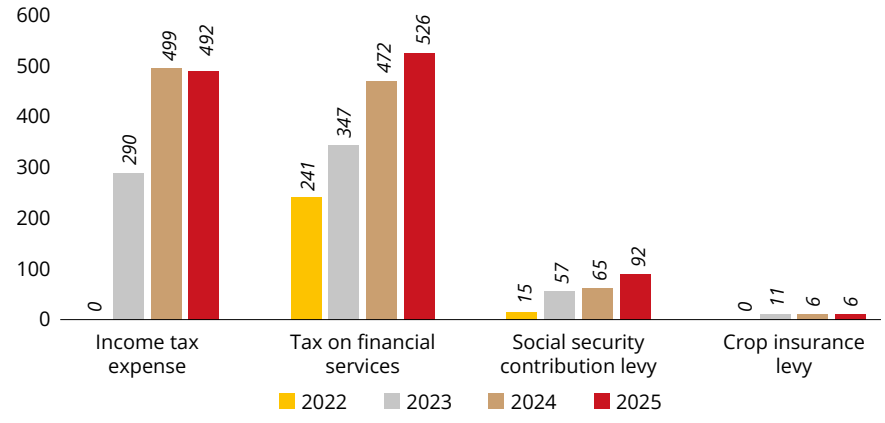
Supermarket Banking touch points facilitate banking services to all communities

Contributing to Government Taxes

Our commitment to fiscal responsibility directly supports national development. We ensure the timely and complete payment of all taxes, strictly adhering to relevant regulations.



Taxes Paid (Rs. Mn)



Economic Value Generation & Distribution

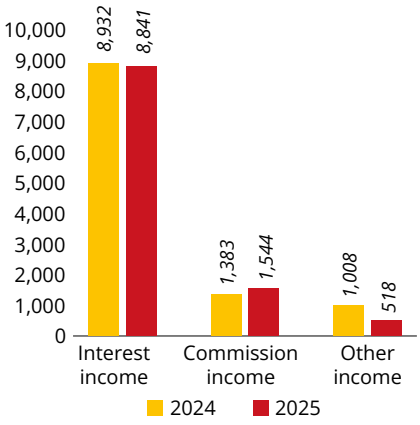
GRI 201-1

Guided by our philosophy of "Banking on the Human Spirit," Cargills Bank continues to champion the creation of a resilient and inclusive economy. Our economic value generation in 2025 reflects our ongoing commitment to bridging the gap between conventional banking and underserved communities.

This section presents how the wealth created by the Bank is distributed-demonstrating our efforts to empower employees, reward capital providers, and contribute meaningfully to the national treasury. Just as importantly, it highlights our strong emphasis on reinvesting in rural communities and the SME sector, ensuring that the value we generate today lays the groundwork for a more equitable and prosperous future.

(Rs. Mn)	2025	2024	Change %
Direct Economic Value Generated			
Interest income	8,841	8,932	(1)
Commission income	1,544	1,383	12
Other income	518	1,008	(49)
Total	10,903	11,323	(4)
Economic Value Distributed			
To Depositors and Lenders			
Interest expense	4,943	5,120	(3)
Operating Costs			
Depreciation and amortisation	347	321	8
Fee and commission expense	591	489	21
Other operating expense	1,800	1,547	16
Total	2,738	2,351	16
To Employees			
Salaries	1,106	964	15
Other Benefits	424	366	16
Total	1,530	1,330	15
Payments to Government			
Income tax expense	492	499	(1)
Taxes on Financial Services	526	472	11
Social Security Contribution Levy	92	65	42
Crop insurance levy	6	6	-
Total	1,116	1,042	7
Payments to Providers of Capital			
Interest to debt securities holders	165	223	(26)
Economic value distributed	10,492	10,066	4
Economic value retained	411	1,257	(67)

Direct Economic Value Generated
(Rs. Mn)

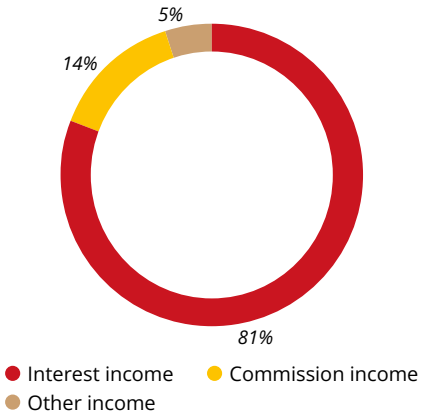


Our Social and Economic Contribution

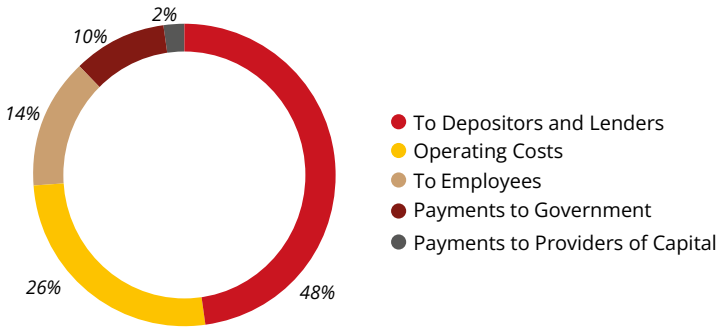
Economic Value Generated (Rs. Mn)	2025	2024	Change %
Interest income	8,841	8,932	(1)
Commission income	1,544	1,383	12
Other income	518	1,008	(49)
Total	10,903	11,323	(4)

Economic Value Distributed (Rs. Mn)	2025	2024	Change %
To Depositors and Lenders	4,943	5,120	(3)
Operating Costs	2,738	2,351	16
To Employees	1,530	1,330	15
Payments to Government	1,116	1,042	7
Payments to Providers of Capital	165	223	(26)
Total	10,492	10,066	4

Direct Economic Value Generated - 2025 (%)



Direct Economic Value Distributed - 2025 (%)



Financial Overview

	2025	2024	Change %
Operating Results			
Gross income (Rs. Mn)	10,903	11,323	(4)
Net interest income (Rs. Mn)	3,732	3,589	4
Net fee and commission income (Rs. Mn)	953	894	7
Other income (Rs. Mn)	518	1,008	(49)
Total operating income (Rs. Mn)	5,203	5,491	(5)
Operating profit before taxes on financial services (Rs. Mn)	1,651	1,686	(2)
Profit before income tax (Rs. Mn)	1,033	1,150	(10)
Profit for the year (Rs. Mn)	542	651	(17)
Cost to income ratio (%)	70.68	58.23	12.45
Assets and Liabilities			
Net Loans and advances (Rs. Mn)	63,121	46,104	37
Due to depositors (Rs. Mn)	66,190	59,427	11
Total assets (Rs. Mn)	91,723	80,252	14
Total liabilities (Rs. Mn)	79,601	68,085	17
Shareholder's funds (Rs. Mn)	12,122	12,168	(0)
Key Indicators			
Earnings per share (Rs.)	0.57	0.69	(17)
Net asset value per share (Rs.)	12.82	12.87	(0)
Net interest margin (%)	4.38	4.86	(0.48)
Return on assets (before income tax) (%)	1.15	1.47	(0.32)
Return on equity (%)	4.51	5.42	(0.91)
Asset Quality			
Stage 3 Loans (Net of Stage 3 Impairment) to Total Loans (%)	6.52	8.74	(2.22)
Stage 3 Loan Impairment to Stage 3 Loans (Stage 3 Provision Cover) (%)	45.65	46.79	(1.14)
Regulatory Ratios			
Common Equity Tier 1 Capital Ratio (%) (Minimum Requirement - 2025:7 & 2024:7)	14.52	19.16	(4.64)
Tier 1 Capital Ratio (%) (Minimum Requirement - 2025:11 & 2024:11)	16.46	21.68	(5.22)
Total Capital Ratio (%) (Minimum Requirement - 2025:12.5 & 2024:12.5)	17.12	22.44	(5.32)
Liquidity Coverage Ratio - All Currency (%) (Minimum Requirement - 2025:100 & 2024:100)	163.90	313.34	(149.44)
Memorandum Information			
Credit Rating	A(lka)	A(lka)	-
Number of Employees	715	690	4
Number of Branches	26	24	8

* *Refer Template 01 - Key Regulatory Ratios - Capital and Liquidity on page 443 for details.*

Social Performance

Value Creation Highlights

Capitals	Measurement	Unit	2025	2024
Human Capital	No. of employees	Nos.	715	690
	Investment in training and development	Rs. Mn	5	3
	Average training hours per employee	Hours	17.53	13.42
Intellectual and Manufactured Capitals	Investment in IT - Hardware	Rs. Mn	114	149
	Investment in IT - Software	Rs. Mn	95	35
	Number of branches	Nos.	26	24
Natural Capital	Energy consumption	kWh	1,160,448	1,117,878
	Water consumption	Cu.ft.	7,958	7,832
Social and Relationship Capitals	No. of customers (onboarded)	Nos.	278,672	245,989
	Low-interest loans for MSME development	Nos.	624	309
	No. of training programmes/ meetings for farmers	Nos.	35	15

Financial Capital

	2025	2024	Change %
Gross Income (Rs. Mn)	10,903	11,323	(4)
Return on Equity (%)	4.51	5.42	(0.91)
Pre-Tax Profit (Rs. Mn)	1,033	1,150	(10)
Earnings Per Share (Rs.)	0.57	0.69	(17)
Liquidity Coverage Ratio - All Currency (%)	163.90	313.34	(149.44)

Human Capital

	2025	2024	Change %
Total Training Hours	12,382	9,018	37
Female Representation (%)	48	48	-
Profit after tax per employee (Rs.'000)	757	943	(20)

Natural Capital

	2025	2024	Change %
ESG Policy	In Practice	In Practice	-
Adoption to SLFRS S1 & S2	Initiated implementation	Initiated GAP Analysis	-
Sustainable Lending Portfolio (Rs. Mn)	10,010	8,497	18
Paper Consumption (Kg)	10,125	8,172	24

Social and Relationship Capital

	2025	2024	Change %
Interest paid to depositors (Rs. Mn)	4,410	4,847	(9)
Touchpoints	500+	500+	-
Branches outside the Western Province	18	16	13

Manufactured Capital

	2025	2024	Change %
Capital Expenditure (Rs. Mn)	221	233	(5)
5-10 Years Branch network	11	17	(35)
Over 10 Years	10	3	233

Intellectual Capital

	2025	2024	Change %
Employees with over 5 years experience (%)	30	30	-
Investment for intellectual capital (Rs. Mn)	95	35	171

MODERN ROOTS.
STRONG RETURNS.

I’m Piyal Thusitha Kumara from Medagama, Galgamuwa. I started with 0.5 acres in 2005 through Cargills. Over time, I expanded to 5 acres. In 2018, with support from Cargills Bank, I moved into modern, smart agriculture. I also joined a USAID-backed tomato project with fixed pricing. Today, I am SLGAP-certified and supply under the “Good Harvest” range. My income is stable, and my family’s future is stronger.

Chairman's Message

EMPOWERING PROGRESS

As we reflect on over a decade of service, our mission remains unchanged: to expand financial access and uplift communities across Sri Lanka. Guided by the innovative spirit that defined our supermarket banking model, we continue to bring banking closer to everyday life making it more accessible, inclusive, and meaningful for the diverse individuals and businesses we serve.

Asoka Pieris

It is my privilege to present the Annual Report of Cargills Bank PLC for the financial year 2025 - a year marked by steps toward strengthening our foundation and shaping our path for the future. We had several actions and successes for the long term growth of the Bank. These include steps for capital enhancement which is expected to be completed in the 1st Quarter of 2026; accelerated digital transformation; Strengthening of IT security; Prudent but aggressive lending growth of 37% ; Growth of total assets and deposits; Heavy focus on Business Revival and recoveries resulting in lower stage 3 loan percentages and greater operational focus.

These are elaborated in other sections of the Annual Report. As a result of these actions in 2025, the Bank has emerged more resilient and better equipped to advance its next phase of development.

As we reflect on over a decade of service, our mission remains unchanged: to expand financial access and uplift communities across Sri Lanka. Guided by the innovative spirit that defined our supermarket banking model, we continue to bring banking closer to everyday life, making it more accessible, inclusive, and meaningful for the diverse individuals and businesses we serve. Supported by the strength of the Cargills ecosystem, our evolving digital capabilities, and our expanding islandwide presence, we remain committed to fostering progress that is both sustainable and deeply felt in the communities we touch.

Operating Environment and Market Dynamics

The operating environment in 2025 was shaped by a gradual strengthening domestic conditions. Internationally, geopolitical tensions and financial market volatility continued to generate uncertainty; however, domestic conditions improved meaningfully compared to prior years. Sri Lanka's macro stability was reinforced by fiscal reforms, progress on debt restructuring, and IMF supported measures, which contributed to easing inflation, stabilising external balances, and restoring business confidence. Interest rates trended downward through the year, supporting a modest recovery in economic activity and improving borrower sentiment across key sectors.

For the financial services industry, the low interest environment created both opportunities and pressures. Credit demand improved, particularly among SMEs and agriculture-linked businesses, while legacy borrower stress began to ease. At the same time, lower rates compressed margins and made deposit mobilisation more challenging, as many customers channelled surplus funds into capital markets rather than fixed income products. Import relaxation, especially around vehicles, stimulated activity in parts of the sector.

Amid these dynamics, the overall macro landscape provided a stronger foundation for lending growth, recovery efforts, and portfolio consolidation. Liquidity management required careful balancing to maintain flexibility, but the prevailing stability allowed the Bank to press ahead with its strategic priorities and operational strengthening.

Strategic Advancement and Business Momentum

The Bank's strategy continued to evolve in 2025, reflecting our distinct market position and the opportunities created by a more stable operating environment. While digitalisation remains a central priority, our true differentiation lies in the seamless integration of digital capability with the extensive reach of our supermarket network, a model that brings banking into the everyday lives of customers with unmatched convenience.

During the year, we strengthened financial stability by improving loan book quality, enhancing recoveries, and embedding a stronger risk culture across operations. Customer centric growth remained a key focus, supported by targeted expansion across SME, trade, agriculture, and value chain ecosystems. Our retail footprint enabled us to drive increased customer acquisition and improve cross-selling, allowing for deeper engagement with existing and new customers.

Digital adoption continued to strengthen, reflecting the Bank's strategic commitment to advancing digital transactions as part of its sustainable banking practices. With customers increasingly embracing digital channels for everyday banking needs, reliance on physical branches for routine services continued to decline. This shift was supported by enhancements that made digital interactions more seamless, intuitive, and user friendly, contributing to a notable uplift in customer satisfaction.

Sustainability and inclusion remain integral to our strategic agenda, particularly in supporting farmers, rural communities, and underserved customer segments.

Our Performance

Primarily due to reduction of Other Income, the Operating Profit before Taxes on Financial Services reduced by 2% and Profit for the year reduced to Rs. 541.5 Mn by 17%. The growth of Net Interest Income, Fee Income and reductions in Impairments were offset by increase in total operating expenses and reduction of other income by 49%. The reduction was due to lower gains from financial assets. Loans and advances to other customers increased by 37% to Rs. 63 Bn, which is an encouragement for the future growth and scaling up of the Bank. The Bank had extensive effort on Business Revival and Recoveries and as a result the stage

3 loans (net of stage 3 impairment) to total loans reduced from 8.74% to 6.52%. The Bank's investment in Financial Assets reduced due to prevailing low interest rates. The total assets increased by 14% and Customer Deposits increased by 11%.The retained losses of the Bank reduced from Rs. 576 Mn to Rs. 66 Mn.

Our capital and liquidity positions remained robust throughout the year. The Bank's Capital Adequacy Ratio, though marginally moderated to 17.11% in line with balance sheet expansion and changes in risk weighted assets, remained comfortably above regulatory thresholds. All liquidity ratios similarly exceeded the Central Bank's minimum requirements, underscoring our disciplined balance sheet management and strong financial resilience.

Strengthening Capital for Sustainable Growth

During 2025, the Bank laid the foundational groundwork for a capital augmentation programme. This preparatory work, spanning documentation, regulatory engagement, structuring, and sequencing now supports the ongoing Rights issue of Rs. 2.5 Bn which is currently in progress. Once completed, this capital infusion will enhance the Bank's resilience, support lending expansion, strengthen regulatory ratios, and enable accelerated investment in technology and infrastructure. In early 2026 the promoters reduced their shareholding percentage, thereby improving overall ownership diversity and conforming to requirements of the directives of the Central Bank of Sri Lanka. The Bank expects to enter 2026 with a stronger balance sheet and increased capacity to pursue growth with discipline.

Supermarket Banking as a Unique Competitive Advantage

Supermarket banking has potential to be one of the Bank's most powerful competitive advantages. With access to over 500 retail outlets across the island, operating 365 days a year from early morning until late evening, customers enjoy a level of convenience unmatched in the industry. During the year, the Bank resolved several long-standing IT and operational bottlenecks within the supermarket transaction ecosystem, resulting in faster processing, improved uptime, and a significant increase in transaction volumes for services such as Send Cash, cash withdrawals, and other routine banking activities.

This unique model, which blends digital processes with extensive physical reach, positions the Bank distinctly from institutions reliant solely on traditional branches or generic digital offerings. With systems now strengthened and the platform operating more efficiently than ever, the focus ahead is on accelerating customer acquisition, deepening usage, and enhancing brand visibility to fully unlock the potential of this nationwide network.

Empowering Agriculture and SME Ecosystems

In 2025, the Bank continued to prioritise support for the agriculture and SME sectors, helping farmers, dairy producers, and rural entrepreneurs stabilise and grow through targeted lending, restructuring assistance, and close customer engagement. Leveraging its strong synergy with the Cargills Group, Sri Lanka's largest agriculture-focused enterprise the Bank holds a unique advantage in serving farmers at the base of the economic pyramid. During the year, it extended over 720 loans totalling Rs. 764 million, with more than 60% of borrowers integrated into the Group's value chain, ensuring market access, quality inputs, and continuous support. These efforts strengthened rural livelihoods while improving portfolio quality and deepening the Bank's role in inclusive economic development.

Accelerating Digital Transformation and System Modernisation

During the year, the Bank advanced its digital transformation agenda, marked by the strategic decision to transition to a new core banking platform. This followed a rigorous evaluation process and extensive groundwork, laying a strong foundation for enhanced stability, scalability, and customer experience in the years ahead.

Significant progress was also made in strengthening system stability, resolving long-standing IT gaps particularly within the supermarket banking ecosystem and improving integration with key partners. Complementing this, the Bank invested in secure and user-friendly digital channels, while its remittance services continued to provide reliable support to Sri Lankans overseas.

Cyber security remained a critical priority. Multiple resilience initiatives were implemented, including stronger access controls, enhanced monitoring, and improved incident response capabilities. These improvements have placed the Bank on firmer ground to pursue its digital ambitions confidently.

Delivering Balanced Value Across Stakeholders

The Bank continued to create meaningful value for its stakeholders through targeted support and sustained engagement. For customers, restructuring options, appropriate moratoria, and proactive relationship management helped ease financial pressures and support business revival. For employees, the Bank invested in leadership development, communication and presentation skills (including Toastmasters), enhanced technical learning, market-aligned remuneration, and strengthened recognition programmes.

For communities, the Bank supported economic and social upliftment through agricultural value chain financing, financial literacy initiatives, knowledge sharing workshops, and CSR efforts such as beach clean ups, tree planting, and school assistance. Supermarket banking continued to expand access to essential financial services across the country. The Bank also maintained close engagement with regulators, ensuring timely reporting, transparency, and strong governance throughout the year.

Advancing ESG, Resilience, and Responsible Banking

The Bank continued to advance its sustainability agenda by aligning operations with national and global ESG priorities. Efforts during the year focused on financial inclusion, agricultural value chain financing, and financial literacy programmes, alongside community oriented CSR initiatives. These initiatives reinforce the Bank's commitment to supporting climate resilience and social well being at the grassroots level. Looking ahead, the Bank aims to expand climate aligned and socially inclusive lending, supported by strengthened reporting, governance, and risk management structures.

Recognising that sustainability and climate-related risks are integral to long-term value creation, the Bank is actively aligning its governance, reporting, and operational practices with SLFRS S1 – General Requirements for Disclosure of Sustainability related Financial Information and SLFRS S2 – Climate related Disclosures. Significant progress has already been made in enhancing ESG governance, risk assessment processes, and data management capabilities.

The next phase of the Bank's ESG journey focuses on embedding these standards into strategic planning, the enterprise risk management framework, and performance measurement systems. This forward looking approach will strengthen transparency, enhance decision making, and ensure that sustainability and climate considerations are fully integrated into the Bank's business model supporting long term resilience, responsible growth, and sustained stakeholder confidence.

Reinforcing Governance, Risk Oversight, and Cyber Resilience

Governance remained a key strength during the year, anchored by an experienced and largely independent Board supported by strong oversight mechanisms. The appointment after the reporting period of a new Director with expertise in IT and IT Security, will strengthen Board level involvement in this area.

The Bank maintained high standards of compliance and constructive engagement with regulators, ensuring transparency and timely reporting across all areas of supervision. Structured updates were delivered to the Board on sustainability and risk, reinforcing the integration of ESG considerations into established governance processes.

The IT security incident experienced during the year further strengthened organisational resolve to enhance cyber governance. It accelerated improvements across security controls, risk management practices, and Board oversight. These enhancements place the Bank on a stronger platform to manage emerging risks and support long term stability.

Strategic Outlook and Priorities for 2026

The Bank enters 2026 with renewed momentum and a clear strategic direction. The ongoing Rights issue is expected to significantly strengthen the capital base, enhance regulatory ratios, support loan book expansion, and accelerate investments in technology and infrastructure. The transition to the new core banking system will modernise operations, elevate digital capability, and create a more agile platform for product innovation.

Supermarket banking, now firmly established as a key strategic differentiator, will remain a major focus. The Bank will work towards expanding customer adoption, strengthening brand visibility, and deepening integration across the broader retail ecosystem.

A more stable macroeconomic environment combined with improved asset quality, better borrower capacity, and the resolution of long-standing legacy issues provides a solid foundation for the next phase of disciplined and sustainable growth. With enhanced capital strength, operational upgrades underway, and a sharper technology driven strategy, the Bank is well-positioned to deliver improved performance and create long term value for all stakeholders.

The Bank will continue to drive growth and to increase the scale of the Bank.

Appreciation

Finally, I wish to express my deepest appreciation to the Bank's exceptional management team, led with strength and steadiness by our Managing Director, Mr. Senarath Bandara. His unwavering commitment and expertise have been invaluable, particularly through a year of both challenge and transformation. The dedication and resilience demonstrated by our entire team continue to inspire us. Their hard work keeps us closely connected to our customers and enables us to respond to their evolving needs with clarity and purpose.

I also extend my sincere gratitude to the Governor and officials of the Central Bank of Sri Lanka for their continued guidance, support, and collaborative engagement. Their oversight has been instrumental in strengthening our foundations and ensuring that we navigate the operating environment with discipline and transparency.

My appreciation is also extended to the Cargills Group, whose visionary commitment to financial inclusivity across Sri Lanka provides the Bank with a unique platform to reach communities that remain underserved. Their partnership has been central to our ability to create meaningful impact.

I am deeply grateful to my esteemed colleagues on the Board of Directors for their unwavering support, counsel, and professionalism throughout the year. In particular, I acknowledge the valuable contributions of our Board Committee Chairpersons for their rigorous deliberations and oversight.

To our shareholders, including our promoters, I offer my sincere thanks for your continued confidence, investment, and belief in our long term vision.

Most importantly, I extend my heartfelt appreciation to our customers, whose trust remains the foundation of our purpose. Together, we have strengthened the Bank's resilience, sharpened our strategic focus, and positioned ourselves to pursue sustainable growth in the years ahead.

Asoka Pieris
Chairman

Colombo
27 February 2026

EMPOWERING PROGRESS

In 2025, we placed firm emphasis on strengthening credit discipline and accelerating the clean-up of legacy exposures, enabling us to enhance asset quality, reinforce financial resilience, and create space for renewed, responsible lending particularly across SME, agriculture, dairy, and trade linked segments.

Senarath Bandara

Chief Executive Officer's Review

2025 was a defining year for Cargills Bank, one in which we faced unprecedented challenges, but emerged stronger, strengthening our fundamentals, continuing improvements to portfolio health, accelerating our digital transformation, and reaffirming our commitment to inclusive, community-centred banking.

We were determined to rebuild momentum after a challenging period, and we closed the year with improved asset quality, a more resilient statement of financial position, and clear forward direction. Through disciplined credit management, targeted resource allocation, and meaningful advances in technology infrastructure and service delivery channels, we strengthened our platform for sustainable growth.

Our progress reflected deliberate choices: addressing legacy exposures with urgency, directing capital towards productive sectors, and investing in digital solutions that make banking simpler, safer, and more accessible. At the same time, we continued to support customers, employees, and communities strengthening financial inclusion through our supermarket banking network and close linkage to the Cargills Group and building a more agile, engaged organisation. These combined efforts, supported by strong recoveries, prudent financial management, and preparation for capital raising, position the Bank to pursue its next phase of disciplined, digitally enabled growth with confidence and purpose.

Proactive Credit Management and Strong Recoveries

In 2025, we placed firm emphasis on strengthening credit discipline and accelerating the clean-up of legacy exposures, enabling us to enhance asset quality, reinforce financial resilience, and create space for renewed, responsible lending particularly across SME, agriculture, dairy, and trade linked segments. Proactive monitoring strengthened early-warning mechanisms, and close customer engagement drove meaningful improvements in portfolio quality. We achieved recoveries of several long-outstanding non-performing loans, including large legacy cases, contributing to a clear improvement in the NPCF ratio from 8.74% to 6.52% during the year.

Our approach balanced discipline with empathy: we engaged customers early, offered restructuring and moratoria where viable, and helped businesses stabilise while remaining within the formal banking system. At the same time, we reinforced underwriting standards, refreshed collateral valuations, and maintained prudent provisioning in line with IFRS 9, ensuring credit decisions remained both responsible and risk-aligned.

Strategic Asset Allocation

These gains were complemented by a disciplined and forward-looking approach to resource allocation. As the macroeconomic environment improved and interest rates trended downward, we repositioned our statement of financial position to optimise yields, and support productive lending while maintaining liquidity buffers. This strategy enabled us to channel capital toward resilient, growth-aligned sectors while preserving financial stability and readiness for future expansion.

Lending growth was directed toward SME, trade, agriculture, dairy, and asset-backed facilities, enabling us to capture sectoral recovery while maintaining rigorous underwriting and portfolio oversight. These strategies were supported by two new branches and operational improvements such as extended cut-off times in trade finance, improving turnaround and service reliability for importers and exporters.

On the liability side, we strengthened our deposit mix with longer tenor deposits, while keeping a close watch of our CASA franchise to manage the cost of funds. The treasury portfolio was managed prudently through selective rebalancing of government securities, diversification of credit exposures, and active duration management to mitigate rate driven volatility.

Enhanced recoveries and the resolution of several legacy NPLs further freed up capacity to redeploy assets into resilient, growth-aligned sectors while reducing exposure to stressed areas. Liquidity ratios remained comfortably above regulatory thresholds, and capital adequacy stayed in line with peers. These combined efforts strengthened overall portfolio health, improved earnings resilience, and positioned the Bank to pursue disciplined growth in the year ahead.

Innovation and Digital Adoption

We continued to advance our multi-year digital transformation agenda, strengthening both customer-facing channels and the Bank's core technology backbone. A key milestone during the year was the launch of the revamped Android version of our Mobile Banking app, offering improved stability, stronger security, and a refreshed user experience. The iOS version and the new internet banking platform are presently in their final stages and will be launched in 2026, completing an important phase of our digital roadmap. We also enhanced Supermarket Banking journeys within the app, making in-store transactions faster and more intuitive for customers across the country.

This year saw the introduction of innovations in payments with the launch of Tapit, Sri Lanka's first contactless sticker payment card, introduced in partnership with Mastercard. Designed for secure and convenient everyday transactions, Tapit uses NFC and EMV technology to enable seamless tap-and-pay functionality, reinforced by instant SMS alerts for added security. We also strengthened our digital payments infrastructure with the expansion of our POS terminals network.

On the infrastructure side, we made significant progress toward core platform modernisation, finalizing the transition to a new core banking system after a comprehensive evaluation of stability, scalability, and future readiness. This transition will enable faster transactions processing, greater reliability, and enhanced capacity for new product development. We also addressed long-standing system gaps, improved partner integrations, and increased the uptime and reliability of supermarket-banking systems, supporting higher digital adoption and reducing dependency on branches for routine services.

Following the cybersecurity incident that affected the bank, enhancing our cybersecurity capabilities was a central priority during the year. We engaged world-leading cybersecurity experts to conduct a comprehensive review of our IT security infrastructure, and with their recommendations, strengthened our cyber security posture with better access controls, improved authentication, enhanced real-time monitoring, and refined incident-response framework reinforcing digital trust as customer activity across online and mobile channels continued to grow.

We also continued to strengthen digital and cross-border connectivity through our reliable remittance services, ensuring that Sri Lankans overseas can support their families quickly and securely.

These efforts were validated through several industry recognitions, including the Merit Award for "Technology Resilient Company of the Year" at the Digital Trust Awards 2024, a Gold Award at the CA Sri Lanka TAGS Awards 2024, and a special honour at the SLITAD People Development Awards 2023/24. These accolades reflect our continued commitment to transparency, security, and people-centric innovation.

Resilient Performance focused on portfolio growth amidst a declining rate environment

In 2025, the Bank navigated a dynamic operating environment with resilience and discipline. Responding to market driven adjustments to interest rates, we successfully preserved healthy margins through proactive asset–liability management and a continued focus on optimising our earning portfolio.

Our liquidity profile remained strong during the year, with the Liquidity Coverage Ratio remaining at comfortable levels, amidst Total Assets expanding by 14% to Rs. 91,723 Mn, reflecting solid financial growth driven by prudent lending and sustained customer confidence.

Enhanced operational efficiency and improved asset utilisation contributed to a stronger Return on Average Assets, which increased to 1.15%. This improvement underscores the continued progress we are making in strengthening our financial foundations and enhancing long-term profitability.

Delivering Value for Our Stakeholders

We continued to focus on creating balanced value for all our stakeholders, combining commercial discipline with our purpose of expanding financial access and supporting the country's economic recovery. Our customer relationships were strengthened through practical, empathetic support including restructuring solutions and moratoria that helped businesses stabilise and remain within the formal financial system. Enhancements to supermarket banking, digital channels, and trade-finance operations improved convenience, speed, and reliability, particularly for SMEs, agriculture, and dairy customers who form a core part of our portfolio.

Our people continued to be central to the Bank's progress. During the year, we implemented market-aligned remuneration actions, strengthened performance transparency, and invested in learning and development through banking qualification support, functional training, Toastmasters, and leadership programmes. We fostered collaboration and creativity through internal idea-sharing platforms, staff-led design and event initiatives, and departmental engagement budgets, while maintaining a strong commitment to equal opportunity, gender balance, and supportive policies that enable women's career progression.

Our community impact deepened through the Cargills ecosystem and our inclusive banking model, which extends essential financial services to households and small businesses across both urban and rural areas. We continued to support agriculture and dairy value chains, enabling farmers in underserved regions to access credit and market connectivity. We also conducted practical financial-literacy workshops for farmers and SMEs on good practices, compliance, taxation, and digital safety. Our CSR

initiatives including beach clean ups, tree planting, providing meals and other essential items to Dithwa affected families, and school support programmes reflected our ongoing commitment to strengthening livelihoods and building resilience at the grassroots level.

Moreover, we maintained transparent, constructive engagement with the Central Bank of Sri Lanka and other regulators, ensuring compliance and timely reporting throughout the year.

For shareholders, we continued to enhance long-term value by improving asset quality, driving strong recoveries, and continuing our asset growth trajectory. Preparatory work for the ongoing rights issue has progressed steadily, laying the foundation for future growth, capital resilience, and the next phase of strategic investment.

Future Focus

As we look ahead to 2026, our priorities are clear to strengthen our foundations, accelerate our digital agenda, and deepen our role in supporting productive sectors of the economy. The coming year will see the completion of our digital roadmap, including the launch of the iOS mobile banking app and an enhanced internet banking platform, alongside continued improvements to system stability, integrations, and cybersecurity. Work underway to transition to a new core banking system will also progress, laying the groundwork for faster processing, greater reliability, and stronger digital capability across the Bank.

Strengthening our capital position remains a central priority. The rights issue planned for 2026, for which preparatory work began in 2025, will support disciplined growth, reinforce financial resilience, and enhance our ability to expand lending. With the economy stabilising and opportunities emerging across industry, agriculture, SMEs, and services, we aim to build on this momentum by expanding SME financing, value-chain lending in agriculture and dairy, and trade-finance solutions. Refinance-linked facilities will continue to support farmers and rural entrepreneurs at low interest rates as they rebuild and grow.

We will continue to scale the reach and impact of our supermarket banking model by increasing customer awareness, improving adoption, and deepening the integration between digital channels and in-store services. Selective branch expansion will complement this footprint, with new locations to be added where physical presence is necessary to support business clients and customer needs. Product development will also remain a focus, with further enhancements to deposit solutions, pawning, and innovative payment offerings. These efforts will be paired with a continued emphasis on strong risk management strengthening early-warning, collections, and restructuring frameworks, maintaining momentum in legacy NPL recoveries, and ensuring proactive engagement with customers.

We will continue to invest in our people, encouraging skill development, collaboration, and leadership growth across the organisation. Our commitment to equal opportunity, supportive workplace policies, and gender balance will be further strengthened, alongside initiatives that foster engagement and innovation. The Bank will also sustain its support for communities by expanding financial-literacy programmes and continuing to serve agriculture and dairy ecosystems in remote areas.

Finally, we will deepen our governance and cyber-resilience agenda enhancing digital risk oversight, strengthening controls, and maintaining close collaboration with the Central Bank of Sri Lanka and other regulators. With stronger capital, a modernising technology backbone, and a clear strategic path, we enter 2026 with confidence, discipline, and a renewed commitment to delivering sustainable value for all our stakeholders.

Acknowledgement

As we close the year, I want to extend my heartfelt appreciation to everyone who has stood with us on this journey. To our customers, employees, shareholders, partners, and to the regulators thank you for the trust, patience, and confidence you continue to place in us. It is your belief in Cargills Bank that gives purpose to our work and strengthens our resolve to serve with integrity and empathy.

I am deeply grateful to our Chairman and the Board of Directors for their steady guidance and support throughout a year that demanded both resilience and clarity. To the senior management team and every member of our staff, my sincere thanks for your dedication and spirit. Your commitment to our customers, your willingness to adapt, and the pride you bring to your work each day are the real drivers of our progress.

I also acknowledge the Central Bank of Sri Lanka for its continued efforts to uphold financial stability and for the constructive engagement that has supported our efforts during a challenging operating environment. And to our customers and communities-thank you for placing your trust in us, for your loyalty, and for allowing us to play a part in your financial journeys.

As we build on the progress made in 2025, we move forward with renewed confidence. We remain committed to sustainable growth, to deepening our impact across Sri Lanka, and to creating long-term value for all our stakeholders. Above all, we remain steadfast in our aspiration to become the country's most inclusive bank one that listens, understands, and serves with care.

Senarath Bandara
Managing Director/Chief Executive Officer

Colombo
27 February 2026

Our Board of Directors

GRI 2-9 GRI 2-11 GRI 2-17

Asoka Pieris

Chairman from 3 July 2024
Deputy Chairman from 1 April 2024 to 2 July 2024
Non-Executive Independent

Director since 20 January 2023

Membership in Board Committees

- Board Strategic Planning Committee - Chairman
- Board Capital Augmentation Steering Committee - Chairman
- Board Integrated Risk Management Committee
- Board Human Resources and Remuneration Committee
- Board Nominations and Governance Committee
- Board Credit Committee

Qualifications and titles

- Associate Member of the Institute of Chartered Accountants of Sri Lanka
- Fellow Member of the Chartered Institute of Management Accountants, UK
- A Certified Global Management Accountant

Other current appointments

- The Autodrome PLC - Senior Independent Non-Executive Director
- AIA Insurance Lanka Limited - Independent Non-Executive Director

Previous appointments

- Cargills Retail (Pvt) Ltd - Managing Director
- Cargills (Ceylon) PLC - Director
- Singer (Sri Lanka) PLC - Managing Director/ Director/ Finance Director
- Singer Asia (Hong Kong) - Chief Financial Officer
- Singer Industries (Ceylon) PLC - Managing Director/ Director
- Regnis (Lanka) PLC - Managing Director/Director
- Singer Finance Lanka PLC - Director
- Hatton National Bank PLC - Director
- Singer Bangladesh Ltd - Director
- First Capital Ltd and its subsidiaries - Director
- Commercial Leasing Company PLC - Director
- P T Singer Indonesia TBK - Director
- Singer Corporation Ltd - Director
- Bt India Ltd - Director
- Brand Trading (India) (Pvt) Ltd - Director
- Ceylon Chamber of Commerce - Director

Expertise

Business Management, Finance & Accounting (Sri Lanka & Overseas), Marketing, Manufacturing, Auditing, Personal & SME lending and Deposit Management.

Senarath Bandara

Managing Director/Chief Executive Officer
Executive Non-Independent

Director since

- 8 September 2020 - 30 September 2020 - Executive Director/MD/CEO (designate)
- 1 October 2020 to date - MD/CEO

Membership in Board Committees

- Board Strategic Planning Committee
- Board Information Technology Committee
- Board Capital Augmentation Steering Committee

Qualifications and titles

- BSc - University of Kelaniya
- MBA - PIM, University of Sri Jayewardenepura
- FIB - IBSL
- Postgraduate Executive Diploma in Bank Management - IBSL
- Advance Management Program - Harvard Business School

Other current appointments

Credit Information Bureau of Sri Lanka- Non-Executive Director

Previous appointments

- Bank of Ceylon - Progressive positions ending as General Manager/CEO
- Planning and Monitoring Unit of Mahaweli Authority - Statistician
- Regional Development Bank - Director
- Credit Information Bureau of Sri Lanka - Director
- Lanka Clear (Pvt) Ltd - Director
- Lanka Financial Services Bureau Ltd - Director
- Merchant Bank of Sri Lanka & Finance PLC - Director
- Bank of Ceylon (UK) Ltd - Director/ CEO
- Ceybank Holiday Homes (Pvt) Ltd - Director
- MBSL Insurance Co. Ltd - Director
- Koladeniya Hydropower (Pvt) Ltd - Director
- BOC Travels (Pvt) Ltd – Director
- Hotels Colombo (1963) Ltd – Director
- Ceybank Asset Management Ltd – Director

- BOC Property Development & Management (Pvt) Ltd - Director
- BOC Management and Support Services (Pvt) Ltd - Director/ Chairman
- Institute of Bankers of Sri Lanka - Governing Board Member
- Wayamba University - Member of the Council
- Sri Lanka Bankers Association - Vice Chairman
- Association of Professional Bankers (APB) - President (2017/18)
- Asia-Pacific Rural Agriculture Credit Association (APRACA) - Chairman (2018/2020)
- University of Kelaniya - Assistant Lecturer (Temporary)

Expertise
- Corporate Banking, Branch Operations, International and Treasury, Development Banking, and Project Management

Ms. Marianne Page

Director
Non-Executive Non-Independent

Director since 10 October 2019

Membership in Board Committees
- Board Credit Committee
- Board Strategic Planning Committee
- Board Capital Augmentation Steering Committee

Qualifications and titles
Fellow of the Chartered Institute of Management Accountants, UK

Other current appointments
- Asiabox Consultancy Services Pte Ltd (Singapore) - Managing Director (Executive)
- C T Holdings PLC- Non-Independent Non- Executive Director
- Odeon Holdings (Ceylon) (Pvt) Ltd - Non-Independent Non-Executive Director

Previous appointments
- Lehman Brothers Asia Ltd (Hong Kong) - Senior Vice President (Institutional Sales)
- Smith New Court (Far East) Ltd (Hong Kong) - Managing Director - Indian Sub-Continent
- Smith New Court (Far East) Ltd (Hong Kong) - Director South Asia - Institutional Sales
- Credit Lyonnais Securities (Asia) Ltd (Hong Kong) - Dealing Director - Emerging Markets
- Drexel, Burham & Lambert (Hong Kong) - Vice President - Arbitrage Division

Expertise
- Asian Financial Markets with strong network of relationships with leading foreign institutional fund managers
- Promoting Sri Lanka as an investment destination to foreign institutional investors since the early 1990's

Our Board of Directors

Yudhishtran Kanagasabai

Director
Non-Executive Independent
Director since 28 October 2019

Membership in Board Committees

- Board Related Party Transactions Review Committee - Chairman
- Board Integrated Risk Management Committee - Chairman
- Board Strategic Planning Committee
- Board Audit Committee
- Board Nominations and Governance Committee
- Board Information Technology Committee

Qualifications and titles

Fellow of the Institute of Chartered Accountants of Sri Lanka

Other current appointments

- Asia Leisure Holdings (Private) Limited – Chairman (Non-Independent Non-Executive)
- Wadduwa Resort (Pvt) Ltd - Chairman (Non-Independent Non-Executive)
- Asia Capital PLC - Chairman (Independent Non-Executive)
- Eswaran Brothers Exports (Pvt) Ltd - Independent Non-Executive Director
- MainGate (Pvt) Ltd – Independent Non-Executive Director
- Arpico Insurance PLC - Independent Non-Executive Director
- Kelani Cables PLC - Independent Non-Executive Director
- Abans Finance PLC - Independent Non-Executive Director
- Asia Capital Global Solution (Pvt) Ltd - Non-Independent Non-Executive Director
- ACAP Travels (Pvt) Ltd - Non-Independent Non-Executive Director

Previous appointments

- Union Bank of Colombo PLC - Director
- EAP Holdings Limited - Director
- Hunter & Company PLC - Director
- Cargills (Ceylon) PLC - Director
- Cargills Retail (Pvt) Ltd - Director
- Dankotuwa Porcelain PLC - Director
- South Asia Textiles (Pvt) Ltd - Director
- Lanka Canneries Limited - Director
- Taprobane Capital Plus (Pvt) Ltd - Director
- Ceylon Tobacco Company PLC – Director
- Peoples Leasing and Finance Company PLC - Director
- Ambeon Capital PLC - Director
- Colombo City Holdings PLC - Director
- Millennium IT ESP (Pvt) Ltd - Director
- Ernst & Young - Cost Trainee
- Management Aids Limited - Management Trainee
- PwC – Sri Lanka - Progressive positions, including as Senior Partner/CEO
- PwC – Singapore - Manager
- Insurance Regulatory Commission of Sri Lanka - Commissioner

Expertise

Finance, Accounting, Assurance, Business Consulting, Technology Consulting, and Tax Structuring.

Buwanekabahu Perera

Director
Non-Executive Independent
Director since 1 July 2021

Membership in Board Committees

- Board Nominations and Governance Committee - Chairman
- Board Credit Committee - Chairman
- Board Audit Committee
- Board Strategic Planning Committee

Qualifications and titles

- BSc (Hon) in Financial Services from the University of Manchester, UK
- Associate of the Chartered Institute of Bankers, UK
- Post Graduate Diploma in Bank Financial Management, University of Sri Jayawardenapura
- Associate Member of the Institute of Certified Management Accountants, Sri Lanka
- Passed Finalist of the Chartered Institute of Management Accountants, UK
- Association of Professional Bankers - Sri Lanka - Past President
- Bankers Association Technical Advisory Committee - Former Chairman
- Indian Ocean Rib Business Forum [IORBF] – immediate past Chairman

Other current appointments

- The Ceylon Chamber of Commerce - CEO/ Secretary General (Executive)
- Sierra Cables PLC – Independent Non-Executive Director

Previous appointments

- Sierra Construction Ltd - Deputy Chairman
- Sierra Property Development (Pvt) Ltd - Chairman
- National Development Bank PLC - Senior Vice President/ Acting CEO
- Deutsche Bank AG Colombo - Manager
- Sampath Bank - Senior Executive
- Banque Indosuez - Officer

Expertise

Corporate Banking, Project Financing, International Trade, Investment and Merchant Banking, Policy Advocacy, Stakeholder Engagement and Government Relations

Ravindra Jayawardena

Director
Non-Executive Independent

Director since 1 May 2023

Membership in Board Committees

- Board Human Resources and Remuneration Committee
- Board Strategic Planning Committee

Qualifications and titles

- MBA from the Post Graduate Institute of Management, University of Sri Jayawardenapura
- Diploma in Marketing from the Chartered Institute of Marketing, UK

Other current appointments

- Postgraduate Institute of Management – External Director (Non-Executive)
- Diesel & Motor Engineering PLC - Independent Non-Executive Director
- Maliban Biscuits Group - Group Chief Executive Officer (Executive)
- Cardiff University (UK) and PIM (Sri Lanka) - Senior MBA lecturer

Previous appointments

- Unilever Sri Lanka - Head of Category/ Head of Modern Trade/ Head of Key Accounts
- Coca Cola Sri Lanka (Pvt) Ltd - Country Head of Sales
- Glendinning (UK) 2009 to 2014 - Consultant

Expertise

Human Resources, Marketing Management, Development of New Markets and General Management

Our Board of Directors

Mrs. Shanti Gnanapragasam

Director
Non-Executive Independent

Director since 21 June 2023

Membership in Board Committees

- Board Human Resources and Remuneration Committee - Chairperson
- Board Related Party Transactions Review Committee
- Board Integrated Risk Management Committee
- Board Credit Committee
- Board Strategic Planning Committee
- Board Audit Committee
- Board Information Technology Committee

Qualifications and titles

- BSc in Zoology - University of Madras, South India
- Fellow of the Chartered Institute of Management Accountants, UK
- Chartered Global Management Accountant
- ACI Foreign Exchange Dealer Certification from The Financial Markets Association, Paris

Other current appointments

- Vision Fund Lanka (Pvt) Ltd – Independent Non-Executive Director
- Wealth Trust Securities PLC – Independent Non-Executive Director

Previous appointments

- NDB Bank PLC- Chief Risk Officer/ Vice President Risk Management/ Vice President Shared Services (Centralised Operations)/ Vice President Credit/ Chief Credit Officer
- Hatton National Bank PLC - Chief Dealer/ AGM Treasury / Chief Risk Officer / AGM Risk Management
- Hayleys PLC - Group Treasurer
- Peoples Bank - Deputy Head of Treasury
- American Express Bank Ltd - Director - Treasury and Country Head for Global Markets

Expertise

Banking, Credit, Risk Management, Banking Operations, Treasury, and Asset & Liability Management

Arjuna Herath

Director
Non-Executive Independent

Director since 1 November 2023

Membership in Board Committees

- Board Audit Committee - Chairman
- Board Information Technology Committee - Chairman
- Board Capital Augmentation Steering Committee
- Board Human Resources and Remuneration Committee
- Board Nominations and Governance Committee
- Board Strategic Planning Committee
- Board Related Party Transactions Review Committee

Qualifications and titles

- Fellow member of the Institute of Chartered Accountants of Sri Lanka
- BSc from the University of Colombo
- MBA from the University of Strathclyde, United Kingdom
- Master of Arts in Financial Economics from the University of Colombo

Other current appointments

- Synapsys Ltd – Chairman (Independent Non-Executive)
- Durdans Medical and Surgical Hospital (Pvt) Ltd - Independent Non-Executive Director
- Senkadagala Finance PLC – Independent Non-Executive Director
- Watawala Plantations PLC – Independent Non-Executive Director
- Watawala Dairy Ltd - Independent Non-Executive Director
- RIL Property PLC - Chairman (Independent Non-Executive Director)
- Central Depository Systems (Pvt) Ltd - Independent Non-Executive Director
- Colombo Stock Exchange – Independent Non-Executive Director
- CSE Clear (Pvt) Ltd - Chairman (Independent Non-Executive)
- United Motors Lanka PLC - Independent Non-Executive Director
- C B L Investment Limited - Independent Non-Executive Director
- The Sri Lanka Institute of Directors - Independent Non-Executive Director

Previous appointments
- Data Protection Authority of Sri Lanka – Chairman
- Board of Investment of Sri Lanka – Chairman (Non-Executive)
- Ernst & Young for Sri Lanka and Maldives - Senior Partner and Head of Consulting
- Merchant Bank of Sri Lanka - Director, Corporate Finance
- Ceylon Tobacco Company Ltd – Marketing Development Manager
- Sri Lanka Accounting and Auditing Standards Monitoring Board - Board Member
- Securities and Exchange Commission of Sri Lanka - Commissioner
- Company Law Advisory Commission - Member
- South Asian Federation of Accountants - Past President
- Confederation of Asia Pacific Accountants - Board Member
- The Institute of Chartered Accountants of Sri Lanka - Past President

Expertise
Finance, Accounting, Business Consulting, Technology Consulting, and People Advisory Services

Rajitha Basnayake

Director
Non-Executive Independent

Director since 14 January 2026

Membership in Board Committees
None

Qualifications and titles
- Master of Science - Information Technology
- Executive Diploma in Business Administration
- Chartered IT Professional (CITP), British Computer Society (UK)
- Professional member, MBCS – British Computer Society, UK
- Australian Computer Society - Fully qualified

Other current appointments

Management Consultant
- Latex Green (Pvt) Ltd
- London Sleep (Pvt) Ltd (Retail Sri Lanka)
- Organic Global Group (Pvt) Ltd
- Quay One Bedding (Pvt) Ltd. (India)

Previous appointments
- Evoke International Ltd - Chairman/Non-Executive Independent Director
- Asia Asset Finance PLC – Independent Non-Executive and Senior Director
- Ernst & Young - Business Advisory Services - Executive Director
- Ernst & Young - IT Advisory Services - Executive Director
- Investor Access Asia (Pvt) Ltd (Now Asia Capital Technologies (Pvt) Ltd) - Non-Executive Non-Independent Director
- Asia Capital PLC - Group Chief Information Officer
- The Lion Brewery Ceylon Ltd - Head of Information Technology
- Richard Pieris Distributors Ltd - Manager Information Systems
- Richard Pieris & Co Ltd - (Arpico Group) - System Analyst/ Data Analyst

Expertise
Information Technology and Information Security, Business and Technology Consulting, Business Process Transformation

BANKING ON BELIEF

Cargills Bank has been instrumental in shaping our growth journey. From the early stages of our expansion, the Bank recognized our potential and believed in our vision. Their strategic financial support and personalized approach enabled us to scale operations sustainably while maintaining our commitment to quality and innovation. Cargills Bank is more than just a financial institution but a bank that truly values its customers, builds lasting relationships, and genuinely supports their growth.

Operating Context

Stable but diverging global growth

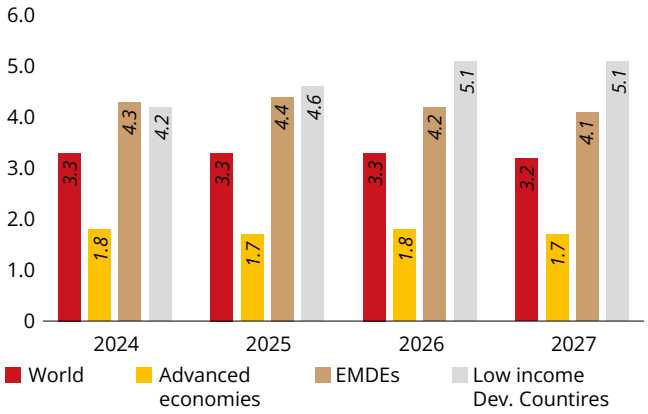
According to the IMF's January 2026 World Economic Outlook, global economic growth is expected to remain broadly stable over the medium term. World GDP growth is projected to hold steady at 3.3% from 2024 to 2026, before easing slightly to 3.2% in 2027. The outlook reflects steady but uneven momentum, with advanced economies stabilising while developing regions-particularly low-income countries-demonstrate stronger growth dynamics.

Growth trends continue to diverge across country groups:

- Advanced economies are expected to expand modestly, with growth ranging between 1.7% and 1.8% through 2027, consistent with mature business cycles and tighter financial conditions.
- Emerging Markets and Developing Economies (EMDEs) are projected to grow at a faster pace, although moderate over time from 4.3% in 2024 to 4.1% in 2027.
- Low-income developing countries are set to record the strongest acceleration, with growth increasing from 4.2% in 2024 to 5.1% in both 2026 and 2027, supported by recovering investment flows and improving economic fundamentals.

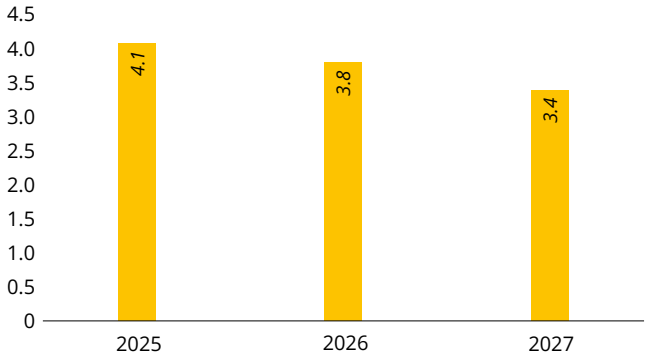
Global inflation is projected to ease steadily, with headline inflation falling to 3.8% in 2026 and reaching 3.4% in 2027.

Global GDP Growth (%)



Source: IMF WEO - January 2026 update

Global Inflation (%)

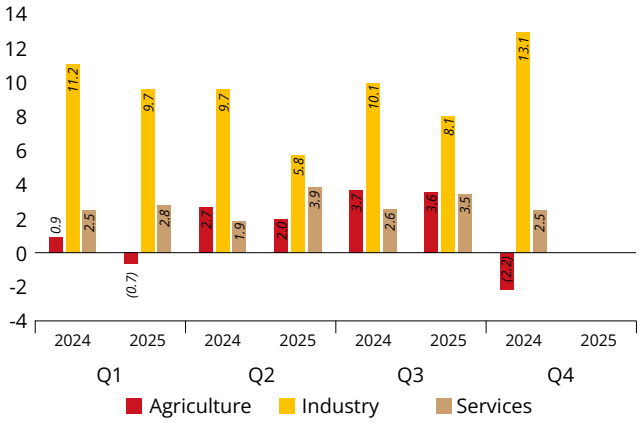


Source: IMF WEO - January 2026 update

Sri Lanka's economic performance and impact of Cyclone Ditwah

Economic activity in Sri Lanka continued to strengthen in the third quarter of 2025, with real GDP expanding by 5.4%, slightly higher than the 5.3% growth recorded in Q3 2024. All major sectors contributed positively to this momentum: industry grew by 8.1%, services by 3.5%, and agriculture by 3.6%. On a cumulative basis, the economy recorded 5.0% growth during the first nine months of 2025, signalling a sustained recovery supported by the ongoing reform programme.

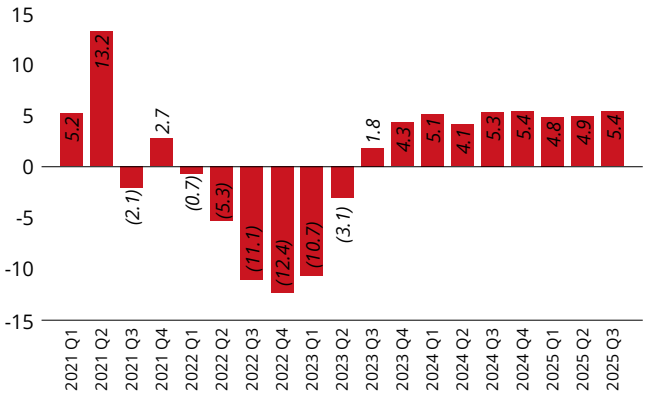
GDP Growth - Industry Wise (%)



Source: The CBSL

However, Cyclone Ditwah, which struck Sri Lanka in late November 2025 caused severe destruction, resulting in an estimated USD 4.1 Bn in direct damage to buildings, agriculture, and critical infrastructure-equivalent to about 4% of GDP. It is considered one of the most intense and destructive cyclones in recent history, affecting nearly 2 Mn people and 500,000 families across all 25 districts, and disrupting livelihoods and essential services.

GDP Growth (%)

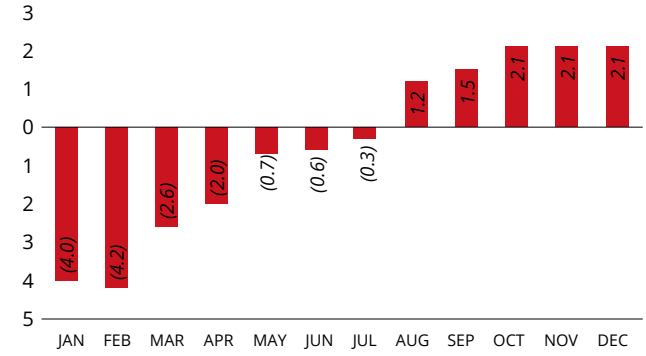


Source: The CBSL

Stable inflation

The Colombo Consumer Price Index (CCPI, 2021 = 100) - based headline inflation (year-on-year) remained unchanged at 2.1% in December 2025. This stability largely reflects a favourable statistical base effect, despite a notable month-on-month increase in prices caused by Cyclone Ditwah.

Inflation CCPI - 2025 (%)



Source: The CBSL

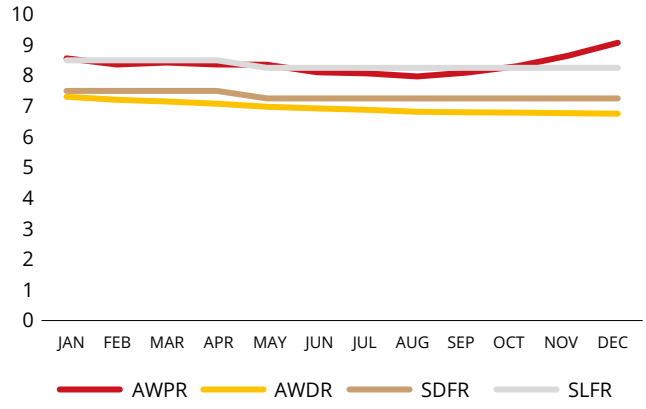
Monetary easing lowers market interest rates, but lending-deposit spreads remain elevated

Market interest rates declined broadly during the period, reflecting the pass-through effects of monetary easing. The introduction of the Overnight Policy Rate (OPR) as the Central Bank's single policy rate in November 2024 further strengthened monetary policy signalling.

Despite these developments, the spread between lending and deposit rates remains elevated compared to pre-crisis levels. This is largely due to deposit rates declining more sharply than lending rates, along with relatively high interest rates on certain loan products.

Meanwhile, the real deposit rate, measured by the Real Average Weighted New Deposit Rate (Real AWNDR), remained positive, supported by easing deflationary pressures despite declining nominal interest rates up to July 2025.

Interest rates - 2025 (%)



Source: The CBSL

Robust remittances and stable reserves support external sector recovery despite exchange rate pressures

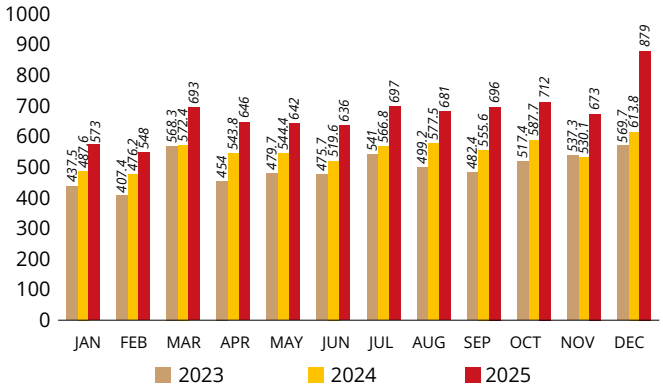
Sri Lanka's external sector strengthened during January-November 2025, with the current account recording a surplus of USD 1,678 Mn, reversing earlier deficits. The terms of trade weakened slightly, as import prices increased faster than export prices.

The services account showed mixed trends-its November surplus declined YoY due to lower tourism and transport earnings, yet the cumulative surplus still rose to USD 3.4 Bn. Tourism performance was also mixed, with arrivals increasing both YoY and month-on-month in November, while earnings improved from the previous month but were slightly below November 2024.

Workers' remittances remained a major strength, reaching USD 673 Mn in November and USD 7.2 Bn cumulatively, reflecting 20.1% YoY growth.

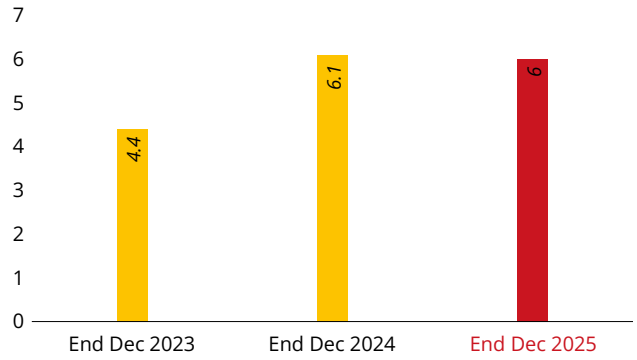
Despite ongoing external debt service obligations, gross official reserves remained around USD 6.0 Bn by the end of November 2025. The Sri Lankan rupee depreciated by 5.6% against the US dollar during the year.

Workers Remittance (USD Mn)



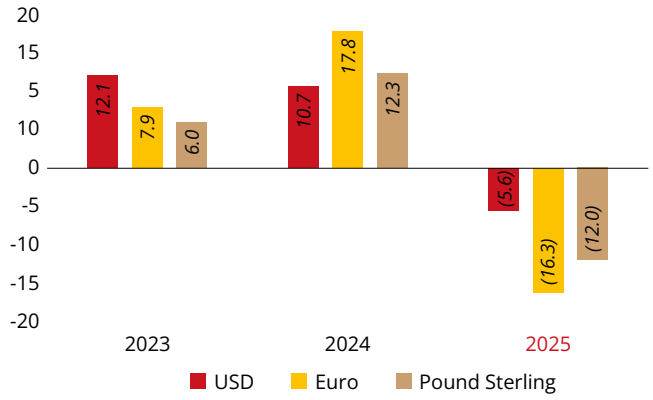
Source: The CBSL

Gross Reserves (USD Bn)



Source: The CBSL

Movement of the Sri Lankan Rupee Exchange rate (%)



Source: The CBSL

The Banking Sector

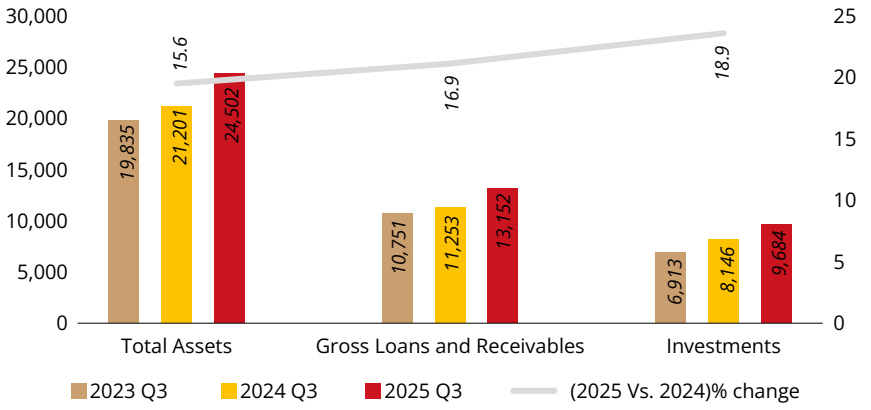
The overall soundness of the banking sector, as measured by the Banking Stability Index (BSI), strengthened by end-Q2 2025 compared with end-Q2 2024, reflecting continued progress and resilience within the sector. The improvement in the BSI was driven largely by the significant increase in banking sector profitability during the period.

Sub-indices related to capital adequacy, efficiency, asset quality, and resilience to market risk also recorded improvements, supporting the overall enhancement of stability. However, liquidity conditions showed a slight decline, tempering the otherwise broad-based gains.

Assets

Banking sector assets grew by 15.6% year-on-year by end-Q3 2025, driven primarily by the expansion in loans and receivables. Higher investment holdings also contributed to the overall growth in assets.

Assets (Rs. Bn)

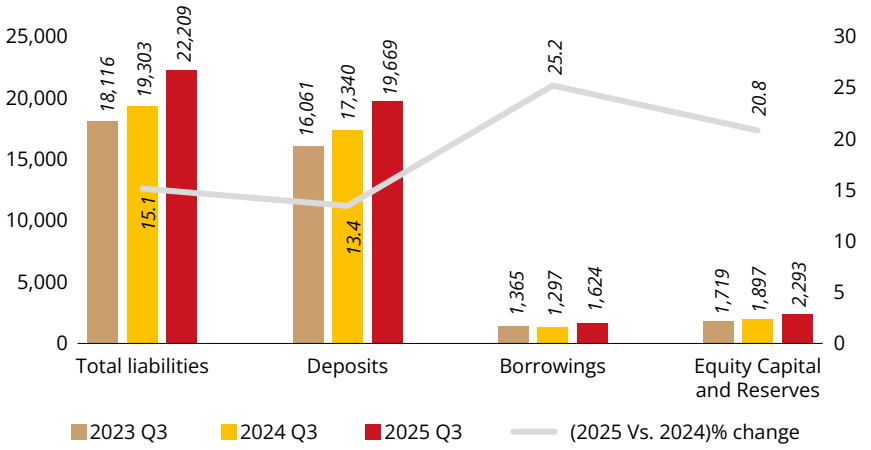


Source: The CBSL

Liabilities

Total liabilities (excluding equity) of the sector increased by 15.1% YoY by the end of Q3 2025, driven primarily by the growth in deposits. In addition, borrowings expanded by 25.2% YoY at the end of Q3 2025, further contributing to the rise in total liabilities.

Liabilities (Rs. Bn)

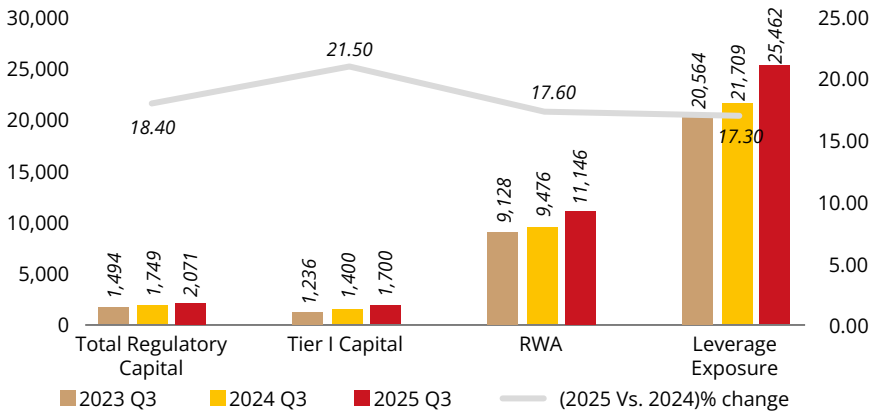


Source: The CBSL

Regulatory Capital

The banking sector's Regulatory Capital to Risk-Weighted Assets (Total CAR) marginally improved to 18.6% by end-Q3 2025, compared with 18.5% at end-Q3 2024. This increase was primarily driven by stronger growth in regulatory capital.

Regulatory Capital (Rs. Bn)

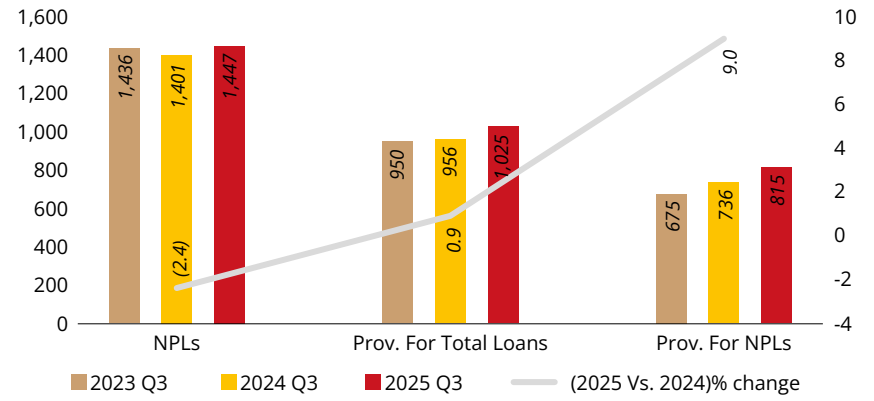


Source: The CBSL

Asset Quality

The Stage 3 Loans to Total Loans ratio of the banking sector declined to 11.2% at end-Q3 2025, compared with 12.4% at end-Q3 2024. This improvement indicates a gradual reduction in the sector's credit risk on a YoY basis.

Asset Quality (Rs. Bn)

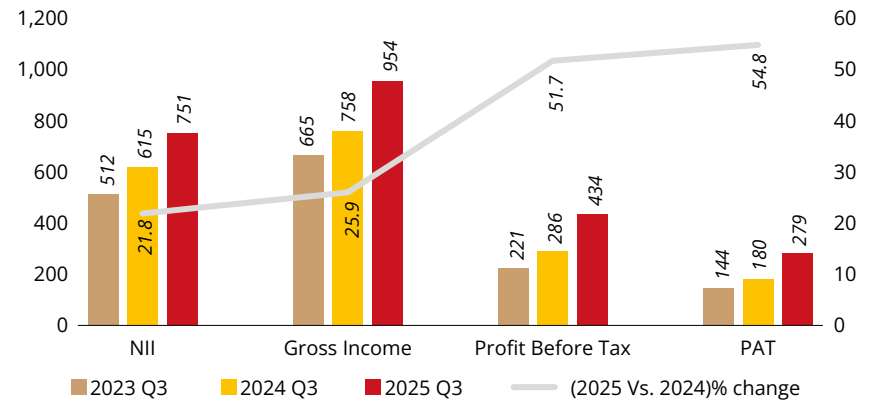


Source: The CBSL

Profitability

The banking sector reported a profit after tax of Rs. 279.1 Bn during the first nine months ending September 2025, reflecting a 54.8% YoY increase, driven primarily by higher net interest income.

Earnings and Profitability (Rs. Bn)

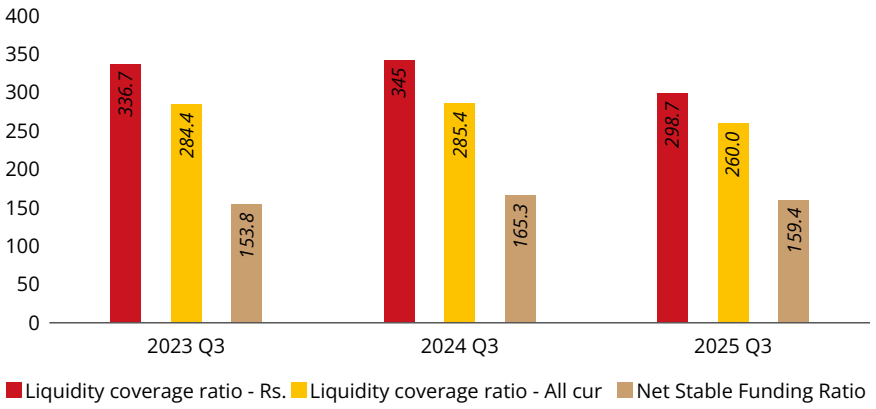


Source: The CBSL

Liquidity

Liquidity indicators of the banking sector weakened in Q3 2025 compared with Q3 2024. The Liquidity Coverage Ratio (LCR) declined in local currency and all-currency terms, reflecting reduced high-quality liquid assets relative to short-term liquidity needs. Similarly, the Net Stable Funding Ratio (NSFR) declined from 165.3% in Q3 2024 to 159.4% in Q3 2025, indicating a reduction in the availability of stable, long-term funding within the sector.

Liquidity (%)



Source: The CBSL

Macroeconomic Development	Impact on the Bank (Opportunities / Threats)	Our Response
Monetary policy shift towards interest rate cuts	**Opportunity**: Higher lending growth and increased Net Interest Income (NII) through volume expansion, even with narrower margins.	Increased lending with a focus on volume growth and channeling funds to high-return lending segments.
Volatile economic conditions (growth, inflation, policy uncertainty)	**Threat**: Increased uncertainty and adverse effects on export and import markets.	Prioritising existing markets and customer segments while maintaining prudent operational continuity.
Geopolitical uncertainty	**Threat**: Direct impact on export/import performance, affecting lending growth.	Strengthening risk management practices to mitigate potential geopolitical risks.
New tariff structure in the USA	**Threat**: Elevated default risk among affected corporate clients. **Opportunity**: Potential for lending to new markets.	Continuous monitoring of customer portfolios to ensure recoveries; enhanced credit evaluation processes and periodic credit reviews.
Stable exchange rate	**Opportunities**: Increased cross-border lending, lower currency risk, reduced default risk on foreign currency loans. **Threat**: Reduced foreign exchange trading income.	Proactive trade finance offerings and expansion of cross-border transaction solutions.
Growth in the tourism sector	**Opportunity**: Increased lending to the tourism sector; improved recoveries of previously stressed loans.	Expanding lending activities targeted at the tourism sector and supporting sectoral recovery.

FROM DREAMS TO SUPERMARKET SHELVES

The ‘Village to Home’ program gave me a platform to showcase my products directly to customers at Cargills Food City. Real-time feedback, customer interactions, and exposure helped shape my products and grow my brand. It opened doors to connect with Cargills professionals, who offered guidance and boosted my confidence. With their continued support, I found a path beyond small-scale operations. This program became a springboard for sustainable, structured growth.

Our Value Creation Model

GRI 2-6

Operating Environment

Refer page 46

Capital Inputs

Financial Capital

Shareholder's Funds Rs. 12,122 Mn
Customer deposits Rs. 66,190 Mn
Other borrowed funds Rs. 8,207 Mn
Subordinated liabilities Rs. 1,500 Mn

Refer page 134

Human Capital

715 Employees
Experienced leadership team
Diverse Board

Refer page 82

Manufactured Capital

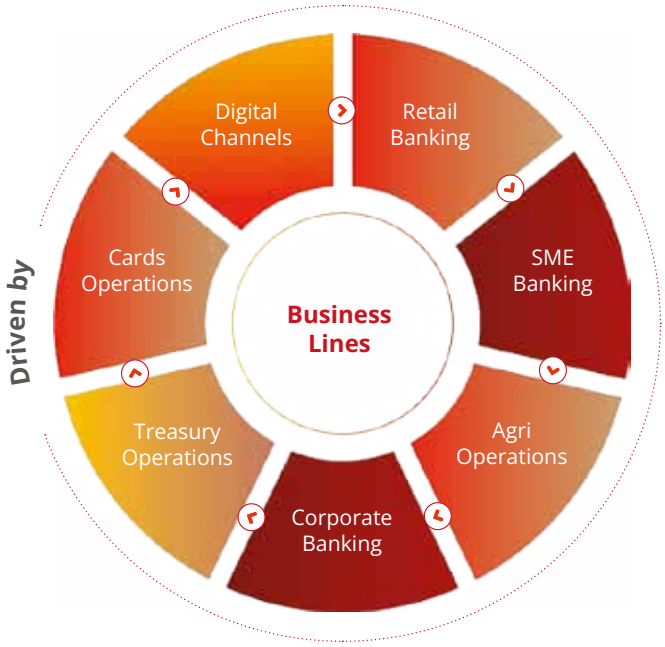
- Property, plant and equipment Rs. 883 Mn

Refer page 104

Key Enablers of Value Creation

Strategic Pillars

- Drive Growth from a Position of Stability
- Growth Opportunities through the Ecosystem
- Upgrade Digital Solutions for a Customer-Centric Approach
- Drive Sustainable Banking through Operational Excellence and Environmental Stewardship



Outputs

Rs. 8,841 Mn Gross interest income
Rs. 68,250 Mn Gross loans and advances

Rs. 1,530 Mn remuneration
Rs. 5.1 Mn on training and development
48% of female employees

26 branches
30 mini locations
ATMs, CRMs and 500+ Other touchpoints

Outcomes

EPS Rs. 0.57
NPAT Rs. 542 Mn
Total Tier I Capital ratio 16.46%

A trained, skilled, and engaged team
Employee retention ratio 74%
Rs. 1,530 Mn salaries and benefits
12,382 Training hours

Rs. 311 Mn capital expenditure
14% growth in digitally engaged customers Island-wide presence

Relevant Stakeholders/ SDGs

Relevant Stakeholders	Refer page 134	Refer page 82	Refer page 104
SDGs	8	1, 5, 8	9
Relevant Material Topics	M1, M2, M3, M11, M12, M13, M14	M2, M3, M5, M6	M2, M4

Our business model is the cornerstone of our commitment to creating sustainable value for all stakeholders. By strategically leveraging the six capitals defined by the Integrated Reporting Framework, we allocate resources effectively, implement transformative processes, and deliver meaningful outcomes. Designed as an interconnected system, our model ensures that inputs, processes, and outputs work dynamically together to continuously generate long-term value. Our integrated approach illustrates how these resources are utilised across diverse business verticals, guided by four strategic value drivers that translate our vision into action. This holistic framework enables us to deliver sustainable growth and meaningful impact for all stakeholders.

Intellectual Capital

Robust governance structures
Cargills Brand loyalty
Institutional knowledge
Best practices
Systems and processes

Refer page 97

Social and Relationship Capital

Customers 278,000+
Suppliers screened for ESG (Logistics) 57
Investment in CSR Rs. 1.5 Mn
Loyal and demographically diverse customer base
Women empowerment

Refer page 117

Natural Capital

Energy 1,160,448 kwh
Water 7,958 Cu.Ft. Litres
Sustainable use of resources
Green financing

Refer page 110

Enabled by

- Recoveries
- IT
- Credit Administration
- Regulatory Reporting & MIS
- Logistics & Operations
- Legal

Fortified by strong governance and ethics

Maintaining strong regulatory compliance practices across the organisation

Refer page 180

Risk Management

(Credit risk/ Operational risk/ Market risk/ Concentration risk/ counterparty risk/ Liquidity risk/ESG risk)

Refer page 232

Focus on Sustainability

Responsible & Sustainable Financing

Supporting inclusive economic growth by providing financing to SMEs, agriculture, and MSMEs, while integrating ESG principles into credit appraisal to promote responsible lending and long term sustainability.

Refer page 72

Environmental Responsibility

Initiatives introduced to improve energy efficiency and reduce the environmental footprint across operations

Refer page 73

Digitalisation of Banking Practices

Launching a Mobile Banking App and introducing digital onboarding to simplify customer acquisition and reduce paper-based processes.

Refer page 73

People and Human Sustainability

Promoting an inclusive workplace by upholding diversity and equal opportunity, while implementing health, safety, and well-being initiatives to ensure a supportive and secure environment for all employees.

Refer page 73

Refer page 5

Our Vision, Mission and Values

60,000+ new digital banking customers
30% of employees with over 5 years' service

Culture of learning and development
Ethics and transparency
Improved digital platforms
Secure systems

Relevant Stakeholders

Refer page 97

SDGs

Relevant Material Topics M7 M10

Rs. 68,205 Mn Gross loans and advances
Rs. 5,109 Mn interest expenses

Rs. 1.5 Mn invested in CSR
Convenience through digital channels
Increased customer base
Improved customer satisfaction
Strong business partnerships

Relevant Stakeholders

Refer page 117

SDGs

Relevant Material Topics M10 M14 M15

Rs. 10,010 Mn Green financing portfolio

Ongoing efforts to minimise our impact on the environment
ESG policy

Relevant Stakeholders

Refer page 110

SDGs

Relevant Material Topics M9 M14

Statement of Capital Position

The statement of capital position demonstrates how create value from each capital throughout the year to the stakeholders of the Bank. The value creation from each capital is tabulated below.

Financial Capital				
Indicator of value derived	Value derived as of 1 January 2025	Activities undertaken to Create Financial Capital	Value derived as of 31 December 2025	YoY Growth in value created
Shareholders' funds (Rs. '000)	12,167,633	• Grew the business volume prudently through out the period	12,122,241	(45,392)
Subordinated liabilities (Rs. '000)	1,500,000		1,500,000	-
Other borrowings (Rs. '000)	1,494,335		4,276,923	2,782,588
Customer deposits (Rs. '000)	59,426,888		66,190,039	6,763,151
Fund raised from refinance arrangements (Rs. '000)	2,032,393		3,930,338	1,897,945
Profit generated through net interest income from fund-based operation (Rs. '000)	3,588,780		3,732,488	143,708
Profit generated through fee and commission income from fee-based operation (Rs. '000)	894,272		952,646	58,374
Profit generated through other trading activities (Rs. '000)	1,008,185		517,505	(490,680)

Human Capital				
Indicator of value derived	Value derived as of 1 January 2025	Activities undertaken to Create Financial Capital	Value derived as of 31 December 2025	YoY Growth in value created
No. of employee	690	• Invested in training & Development	715	25
No. of new recruits	275	• Comparative remuneration and employee benefits	213	(62)
Retention Ratio (%)	66.61		73.71	7.10
Profit per employee (Rs. '000)	943	• Effective grievances handling	757	(186)
Average training hours per employee (Hours)	14	• Facilitate to employee engagement and well - being	19	5
Training cost (Rs. '000)	3,422	• Nurtured a diverse and inclusive culture	5,078	1,656

Intellectual Capital				
Indicator of value derived	Value derived as of 1 January 2025	Activities undertaken to Create Human Capital	Value derived as of 31 December 2025	YoY Growth in value created
Value of intangible assets (Rs. '000)	202,059	• Invested in technology	218,214	16,155
No. of employees servicing for >5 years	216	• Strengthened cyber security • Improved system and processes	210	(6)
No. of digital customer base	105,122		119,342	14,220
Mobile / Internet Banking (Total Users) – Retail	103,787		117,849	14,062
Credit rating	Fitch Rating A (lka)		Fitch Rating A (lka)	-

Manufactured Capital				
Indicator of value derived	Value derived as of 1 January 2025	Activities undertaken to Create Manufactured Capital	Value derived as of 31 December 2025	YoY Growth in value created
No. of branches	24	• Extended the cutomer reach	26	2
Cargills Bank MINIs	29		30	1
Cargills agency outlets	500+		500+	-
Freehold land and building (Rs. '000)	130,273		120,580	(9,693)
Investment in capital expenditure (Rs. '000)	2,792,099		3,012,581	220,482
Profit per branch (Rs. '000)	27,117		20,829	(6,288)

Natural Capital				
Indicator of value derived	Value derived as of 1 January 2025	Activities undertaken to Create Natural Capital	Value derived as of 31 December 2025	YoY Growth in value created
Energy (kwh)	1,117,878	• Adopted energy-efficiency practices	1,160,448	42,570
Water consumption (cu.ft.)	7,832	• Practiced water-conservation	7,958	126
Paper consumption (Kg)	8,172	• Adopted waste management practices	10,125	1,953
Sustainable lending portfolio (Rs. Mn)	4,222	• Engaged in sustainable lending	10,010	5,788

Social & Relationship capital				
Indicator of value derived	Value derived as of 1 January 2025	Activities undertaken to Create Social & Relationship Capital	Value derived as of 31 December 2025	YoY Growth in value created
Government Taxes (Rs. '000)	1,041,542	• Promoted financial inclusion	1,115,205	73,663
Investment for CSR project (Rs. '000)	1,300	• Engaged in CSR activities	1,506	206
Value of loans disbursed to farmers (Rs. Mn)	1,326	• Strengthened business partner relationship • Launched in brand building campaigns • Empowered farmers	1,344	18

Responding to Our Stakeholders

GRI 2-29, GRI 207-3

Our stakeholders are defined as any individual or group with an interest in or impact on the Bank's operations and those who are influenced by the Bank. We recognise that sustainable growth requires transparency and active collaboration with these groups. To this end, our engagement framework is built upon three pillars: listening to expectations, understanding their influence, and responding proactively to ensure alignment with our strategic goals.

Throughout the year, consistent dialogue with our stakeholders enabled us to achieve significant business success. We created substantial value by advancing digital solutions, strengthening customer trust, and implementing inclusive banking practices.

Principles guiding our stakeholder framework

TRANSPARENCY

Open and Timely Communication

Focus: Ensuring honest, visible, and comprehensive sharing of information regarding the Bank's activities and performance.

INCLUSIVITY

Attention to Diverse Expectations

Focus: Recognising and proactively addressing the diverse needs interests, and perspectives across all stakeholder groups.

ACCOUNTABILITY

Responsible Reporting of Outcomes

Focus: Providing verifiable and accurate reporting on performance metrics and results achieved against stated strategic objectives.

Our stakeholder engagement process

1. Stakeholder identification

- Employees
- Customers
- Business partners
- Regulators
- Investors
- Community

2. Assess stakeholder expectations

- Gather information through dialogue, surveys, interviews, and forums to understand the specific concerns, needs, demands, and priorities of each identified group.

3. Analyse and prioritise stakeholders

- High - Customers/ Regulators/Investors/ Employees
- Medium – Suppliers
- Low - Community

4. Address stakeholder expectations

- Implement specific strategies, policies, or operational changes to effectively meet prioritised stakeholder expectations and resolve material issues.

5. Communicate & build relationships

- Maintain consistent, clear, and transparent two-way communication to inform stakeholders of progress, explain decisions, manage expectations, and foster long-term trust and mutual respect.

6. Address challenges and adaptation

- Continuously monitor the environment for emerging risks and shifts in stakeholder sentiment to remain agile, adjust strategies, and ensure effective and relevant engagement.

7. Evaluate success

- Evaluate success by measuring the impact of engagement against predetermined KPIs to assess whether objectives were met, report outcomes transparently, and refine future engagement approaches.

Employees

Key concerns in 2025

- Career development and opportunities
- Annual appraisals
- Training and development
- Attractive remuneration
- Effective performance management

Method of engagement

- Communicate via the Human Capital Management System
- Induction programmes for recruits
- Annual Banking Awards for achievers
- Work-life balance activities
- Staff Recreation Club

Our Response

- Increase career development opportunities
- Enhance training and development programmes Bank-wide
- Implement performance management and rewarding systems
- Ensure employee wellbeing and promote work-life balance

Frequency of Engagement

M A O WR

Link to Capitals

Link to Strategic Pillar

Link to Material Topics

M2 M3 M5 M6 M9 M10

Link to SDGs

Value created in 2025

Payment to employees
Rs. 1,530 Mn

Total training hours
12,382

Staff Promotion During the Year (from 2024 evaluation)
98

M Monthly A Annually O Ongoing WR As an when required F Frequently

Responding to Our Stakeholders

Customers

Key concerns in 2025

- Relief and concession for loan repayments
- Convenient delivery channels
- Quality and effective service

Method of engagement

- Branch and sales network
- Contact through the digital channels
- Closer monitory of the customer during the crisis environment
- Bank's website
- Online and mobile banking portals
- Periodic customer satisfaction and feedback obtained via digital platforms
- Printed correspondence
- Direct messaging
- Press releases
- Call centre
- Customer visits

Our Response

- Provide financial relief and concessions within the regulatory framework
- Develop and deliver tailor-made financial solutions that meet the unique and evolving needs of individual customers and businesses
- Commit to providing accessible and affordable banking services, ensuring financial inclusivity for all customer segments.

Frequency of Engagement

W A O WR F

Link to Capitals

Link to Strategic Pillar

Link to Material Topics

M3 M4 M7 M8 M10 M12 M14 M15

Link to SDGs

Value created in 2025

SME & Micro Finance Lending
Rs. 28,536 Mn

Average Call Answer Rate
87%

Support to customer when stress situation by restructuring/ relief measures

M Monthly A Annually O Ongoing WR As an when required F Frequently

Business Partners

Key concerns in 2025

- Streamlined operations and transactions
- Transparence and fair pricing
- Strong business relationship

Method of engagement

- Face-to-face interaction
- Broad-based bid invitations
- Supplier assessment
- Timely payments and service improvements

Our Response

- Ongoing discussion with business partners about key concerns
- Price revision and attractive pricing policy
- Fair and equitable treatment of all suppliers

Frequency of Engagement O WR

Link to Capitals

Link to Material Topics M3 M10 M15

Link to Strategic Pillar

Link to SDGs

Value created in 2025

Timely payment and fair commercial terms

Long term contracts to improved business partners sustainability

Enhance the customer governance and compliance standards

M Monthly A Annually O Ongoing WR As an when required F Frequently

Regulator

Key concerns in 2025

- Regulatory compliance and statutory reporting
- Proactive communication with regulatory bodies
- Regulatory review and concern on business practices

Method of engagement

- Regulatory compliance
- Strong governance and accountability
- Stable and robust financial systems
- Sustainability and ESG compliance

Our Response

- Enhanced compliance reporting framework and full regulatory compliance
- Commitment to Governance framework and implementation of the regulatory roadmap

Frequency of Engagement

O

Link to Capitals

Link to Strategic Pillar

Link to Material Topics

M1 M2 M3 M7 M9 M10 M11 M13 M14 M15

Link to SDGs

Value created in 2025

- Timely submission of regulatory return
- Enhance the transparency & reporting
- Effective risk governance framework

M Monthly · A Annually · O Ongoing · WR As an when required · F Frequently

Investors

Key concerns in 2025

- Financial performance
- Capital and liquidity management
- Governance, transparency, and accountability
- Business strategy and expansion
- Risk management

Method of engagement

- Annual general meeting
- Corporate web site
- Press releases
- Comprehensive risk management and governance framework

Our Response

- Implementing the annual strategic plan for sustainable business operations
- Strengthening governance and risk management practices
- Business expansion initiatives
- Adoption of best practices

Frequency of Engagement

A O WR

Link to Material Topics

M1 M2 M3 M7 M9 M10 M11 M13 M14 M15

Link to Capitals

Link to Strategic Pillar

Link to SDGs

Value created in 2025

ROE
4.51%

Last Traded Market price per share
Rs. 9.60

Net asset per share
Rs. 12.82

M Monthly A Annually O Ongoing WR As an when required F Frequently

Community

Key concerns in 2025

- Accessible banking services and affordable financial products
- Proactive response to economic changes
- Proactive Community empowerment Initiatives
- Reaction for sustainable business

Method of engagement

- Customer education and promotion through branch networks
- Communication via the bank website, public media, and various channels
- Job creation

Our Response

- Accessible banking services and affordable financial products
- Sustainable and environmentally
- Responsible operations
- Proactive response to economic changes
- Community empowerment initiatives

Frequency of Engagement

O

Link to Capitals

Link to Strategic Pillar

Link to Material Topics

M1 M3 M9 M10 M15

Link to SDGs

Value created in 2025

No of awareness programmes to farmers
35

Investment for CSR initiatives
Rs. 1.5 Mn

No of employment created during the year
213

M Monthly A Annually O Ongoing WR As an when required F Frequently

Materiality

GRI 3-1, GRI 3-2

While our core business operations remained consistent throughout the year, we conducted a review of our material topics to ensure continued alignment with our strategic priorities. Having validated their relevance, we are now preparing for the next reporting cycle with a forward-looking approach. Recognising the rapidly evolving sustainability landscape, we plan to broaden our materiality assessment in the coming year. This expanded exercise will incorporate the rigorous requirements of SLFRS S1 and S2 effective from the Bank from 2026, strengthening the quality of our disclosures and ensuring they remain robust, transparent, and fully compliant with emerging climate-related reporting standards.

Materiality topic screening process

To ensure the continued relevance of our focus areas, we executed the following screening process for our existing material topics:

Assessment of existing topics and their current impact

Systematic review of previously identified material topics to confirm their ongoing relevance and assess the current scale and nature of their impact on the Bank and the operating environment.

Evaluation of potential economic and environmental impacts

Determining how the Bank's activities related to these topics create value or pose risks across economic and environmental dimensions, specifically from the perspective of key stakeholders.

Detailed analysis of impact severity and potential benefits

Analysing the likelihood and scale of negative outcomes (severity) versus the potential magnitude of positive outcomes (benefits).

Prioritisation and formal validation of the materiality matrix

Plotting the topics based on their significance to the business and their importance to stakeholders. The resulting matrix is formally reviewed and validated by senior management to ensure alignment with strategy.

Continuous monitoring and feedback assessment

Establishing ongoing systems to track changes in stakeholder expectations, regulatory requirements, and business operations to ensure the materiality matrix remains dynamic, relevant, and informed by real-time feedback.

Analysis of Material Topics

Analysis of Material Topics

No.	Material Topic	To the Bank	To Stakeholders	Topic Boundary	GRI Reference	Level of change in materiality compared to FY 2025	Link to the capital	Relevant stakeholders
M1	Profitability and financial performance	⬟	⬟	Internal	GRI 201	▲		
M2	Macroeconomic environment	⬟	⬟	External	GRI 201	▲		
M3	Business continuity	⬟	⬟	Internal	GRI 201	▲		
M4	Physical channels and digitalisation	⬟	⬟	Internal/ External	GRI 302	▲		
M5	Employee relations and retention	⬟	⬟	Internal	GRI 401 / 402/404/ 405	▲		
M6	Training and development	⬟	⬟	Internal	GRI 404	▲		
M7	Customer privacy and cyber security	⬟	⬟	Internal	GRI 418	▲		
M8	Sales promotions, marketing, and information on the availability of the Bank's products	⬟	⬟	External	GRI 416/417	▲		

Strategic pillar	Relevant SDG	Reason for being material to the Bank	Page Reference
		Profitability is critical to the Bank's sustainable growth and to maintaining trust with its stakeholders.	134-141
		Macroeconomic factors exert a direct influence on key areas of the Bank, including operational stability, investment strategy, credit risk profile, adherence to regulatory compliance, and investor confidence.	46-51
		Business continuity guarantees operational stability and is essential for ensuring the long-term trust and confidence of stakeholders.	170-173
		This will improve customer access, facilitate the expansion of distribution channels, and deliver a crucial competitive advantage.	98-100
		Strong employee relations and retention are key drivers that streamline business operations and ensure the continuity of exceptional customer service.	82-96
		Training and development initiatives directly improve the productivity of the workforce, supporting business operations.	89
		The protection of customer privacy is essential to ensure business continuity and uphold customer trust and confidence. Because the Bank operates within a highly digitised environment, cybersecurity functions are foundational and increasingly critical to our success.	124
 		Strategic promotion and marketing are essential for the Bank, directly fueling profitability, increasing revenue generation, and ensuring sustainable growth.	102-103

Level of change in materiality compared to FY 2025

▲ Increase ▼ Decrease — Same

Level of materiality

High Medium Low

Analysis of Material Topics

No.	Material Topic	To the Bank	To Stakeholders	Topic Boundary	GRI Reference	Level of change in materiality compared to FY 2025	Link to the capital	Relevant stakeholders
M9	Environmental protection	⬟	⬟	External	GRI 302/303/ 305/306	▲		
M10	Regulatory aspects and compliance	⬟	⬟	External	GRI 418	–		
M11	Market and liquidity management	⬟	⬟	External	-	–		
M12	Interest rate change	⬟	⬟	External	-	▼		
M13	Risk management and practices	⬟	⬟	Internal	-	▲		
M14	Environmental, Social and Governance aspects and responsible lending	⬟	⬟	External	GRI 207/308	▲		
M15	Socio-political impacts	⬟	⬟	External		▲		

Strategic pillar	Relevant SDG	Reason for being material to the Bank	Page Reference
		Environmental protection practices are integral to ensuring the long-term sustainability of the business.	75-76
		Regulatory compliance is paramount to the continuity of bank operations, serving as the foundation for ethical practices and preserving stakeholder trust and confidence.	180-231
		Market conditions directly impact the bank's profitability and its ability to meet stakeholder expectations. Furthermore, maintaining sufficient liquidity is essential for operational stability and ensuring regulatory compliance.	140-141
		Interest rate fluctuations are crucial determinants of profitability, influencing customer retention, financial health, and the overall performance of the business.	136
		Effective risk management is essential for ensuring both the long-run continuity and sustainable growth of the business.	232-251
		Adherence to ethical and sustainable environmental practices is critical, driving improved business performance, simplifying regulatory compliance, and fulfilling stakeholder expectations.	115-116
		Strong corporate governance significantly influences the Bank's regulatory compliance and financial stability.	117-133

Level of change in materiality compared to FY 2025

▲ Increase ▼ Decrease ▬ Same

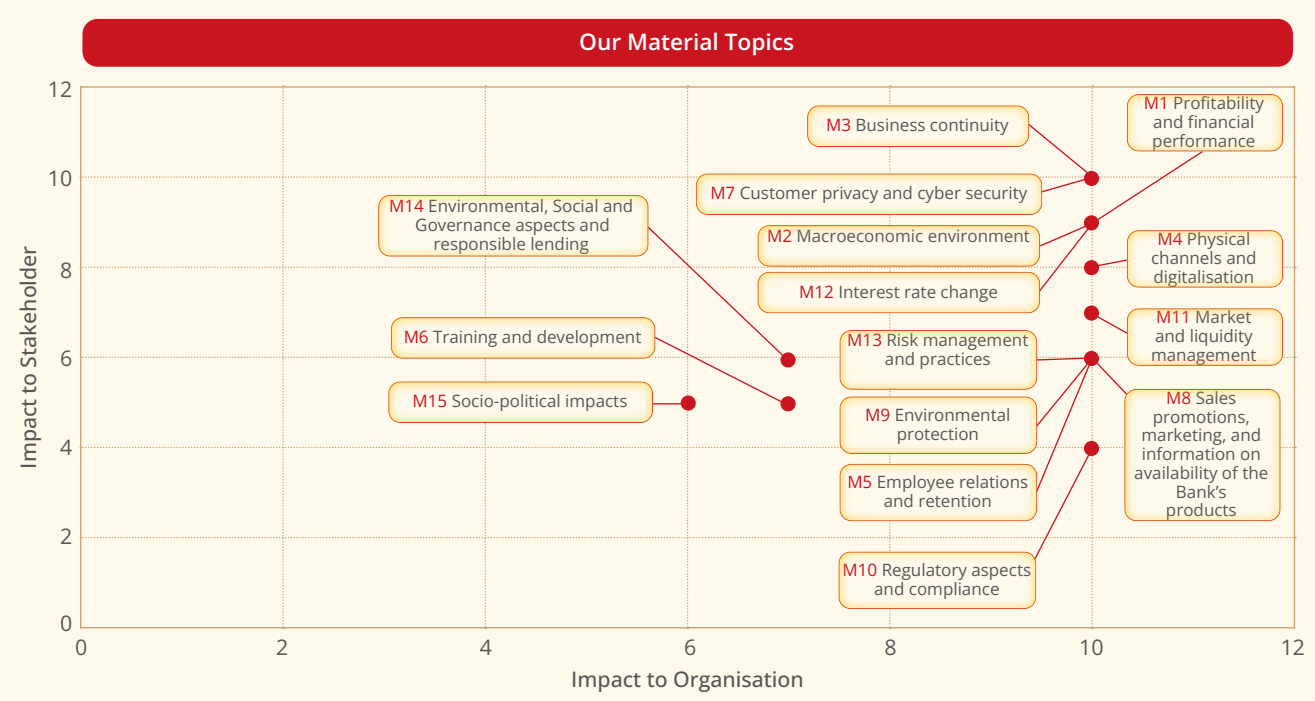
Level of materiality

⬟ High ⬟ Medium ⬟ Low

Analysis of Material Topics

Materiality Matrix

To drive our mission of financial inclusion, we regularly analysis the material issues that shape our operational landscape and stakeholder interests. The Materiality Matrix below highlights the core economic, environmental, and social pillars of the year 2025. By identifying these high-priority areas, we ensure our resources are directed toward the initiatives that create the greatest shared value for our stakeholders.



ESG Focus and Adopting Sustainability Reporting Standard

Sustainability and climate-related risks play a critical role in shaping long-term value creation. Recognising this, Cargills Bank is committed to aligning its governance, reporting, and operational practices with the SLFRS S1 - General Requirements for Disclosure of Sustainability-related Financial Information and the SLFRS S2 - Climate-related Disclosures, which application is mandatory from 01 January 2026 (See section, SLFRS S1 & S2 compliance on page 343).

We have already taken significant steps to strengthen our ESG governance, risk management, and data collection processes. The next phase of our journey focuses on embedding these standards into our strategy, enterprise risk management framework, and performance measurement systems. This forward-looking approach will enhance transparency, improve decision-making, and ensure sustainability and climate considerations are fully integrated into our business model- supporting long-term resilience and stakeholder confidence.

Our ESG & Sustainability Framework

Goal:

To become a responsible financial services provider, enabling and empowering people.

Objectives:

- Finance green initiatives, promote financial inclusion, and build a resilient, low-carbon economy.
- Align internal operations with the UN Sustainable Development Goals (SDGs).
- Build trust, foster local economic growth, achieve CSR goals, and leverage local insights.

Our framework focuses on three strategic pillars that guide our sustainability journey and adherence to disclosure standards:

Sustainable Banking

1. Responsible Financing
2. Financial Inclusion
3. Sustainable Products & Services

Responsible Organisation

1. Green & Safe Workplace
2. Workplace Culture
3. Sustainable Supply Chain

Community Engagement

1. Social Enterprise
2. Social Engagement
3. Environmental Engagement

ESG Focus and Adopting Sustainability Reporting Standard

Our ESG & Sustainability Framework

Sustainable Banking

We are committed to embedding environmental, social, and governance (ESG) principles into our core lending and investment decisions. Our goal is to ensure that financial activities not only deliver returns but also create positive social and environmental impact.

1. Responsible Financing

We have established robust processes to evaluate ESG risks and opportunities within our lending portfolio, guided by our Environmental and Social Management System (ESMS) and risk rating framework.

ESG Due Diligence	Policy Integration	Green Lending
Comprehensive screening of clients and projects to ensure compliance with national and international sustainability standards.	Financing policies steer capital away from activities with significant negative environmental or social impacts, such as high-carbon sectors or projects violating human rights.	Prioritising financing for renewable energy, energy efficiency, and sustainable agriculture initiatives.

2. Financial Inclusion

We recognise the transformative role of accessible financial services in economic development and aim to expand our reach to underserved communities.

Accessibility	Digital Innovation
Leveraging our branch network and digital platforms to provide banking services to rural and remote areas.	Using technology to reduce banking costs and deliver simple, transparent products to MSMEs and low-income segments.

3. Sustainable Products and Services

Innovation is key to promoting sustainable practices among our customers.

Eco-Friendly Products	Paperless Banking	Advisory Services
Introducing products that support investments in sustainability, such as loans for solar panels and electric vehicles.	Encouraging e-statements and digital transactions to reduce carbon footprint.	Guiding corporate clients on integrating sustainability into their business models.

Responsible Organisation

This objective focuses on creating an ethical, inclusive, and environmentally responsible internal environment, ensuring that Cargills Bank operates sustainably across all functions.

1. Green and Safe Workplace

We are committed to minimizing our environmental footprint while maintaining a safe and healthy work environment:

Energy Efficiency	Waste Management	Occupational Health & Safety
Implementing measures to reduce energy consumption across branches and offices, including LED lighting and efficient HVAC systems.	Transforming our operations through a comprehensive 3R strategy - prioritising rigorous waste segregation, reuse and recycling, while simultaneously transitioning to paperless, digitalised workflows to achieve a sustainable and circular workplace.	Upholding rigorous safety standards and protocols to safeguard the physical and mental well-being of employees.

2. Workplace Culture

Building an inclusive, equitable, and development-oriented culture is essential for long-term sustainability:

Diversity & Inclusion (D&I)	Employee Development	Ethical Conduct
Promoting diversity in hiring, retention, and leadership, ensuring equal opportunities for all employees regardless of gender, background, or ability.	Investing in continuous learning and training, particularly in sustainable finance and ESG principles, to strengthen internal capacity.	Maintaining the highest standards of integrity and anti-corruption practices through clear policies and mandatory training.

3. Sustainable Supply Chain

Our responsibility extends beyond direct operations to procurement practices:

Supplier Screening	Local Sourcing	Contractual Clauses
Integrating ESG criteria into vendor selection and management, prioritising suppliers with strong sustainability credentials.	Favouring local suppliers to reduce transportation emissions and support local economies.	Embedding sustainability and ethical labour requirements into major vendor contracts.

	2025	2024
No. of suppliers screened	57	05

ESG Focus and Adopting Sustainability Reporting Standard

Community Engagement

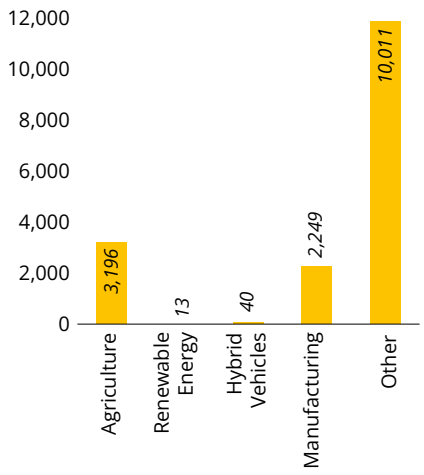
Cargills Bank strives to be a trusted partner in the development of the communities we serve, leveraging our strong local presence to create meaningful impact.

1. Social Enterprise

We support community-based economic activities by empowering Micro, Small, and Medium Enterprises (MSMEs), particularly those engaged in sustainable practices.

MSME Support	Value Chain Strengthening
Providing tailored financial products and advisory services to strengthen MSMEs focused on local produce and environmentally responsible initiatives.	Collaborating with the Cargills Group's value chain to enhance financial literacy and provide capital access to farmers and small suppliers.

Lending to MSME - 2025 (Rs. Mn)



2. Social Engagement

We contribute to improving the social well-being of communities through:

Financial Literacy Programmes	Health & Education Projects
Nationwide initiatives targeting women, youth, and rural populations.	Strategic investments aligned with national development priorities.

3. Environmental Engagement

We promote environmental awareness and action through:

Local Conservation	Customer Awareness
Sponsorship and participation in projects such as reforestation and plastic clean-up drives.	Campaigns encouraging environmentally friendly practices linked to our sustainable product offerings.

Sustainable Banking Initiatives

We are committed to embedding sustainability into our core operations, ensuring that all financial activities contribute positively to environmental and social outcomes. Our initiatives under the Sustainable Banking objective are aligned with the CBSL Road Map, CBSL Directions on Sustainable Finance, Sustainable Banking Principles, Sustainable Accounting Standards, and our internal ESG and ESMS Policies.

Our Future ESG focus

Guided by our commitment to sustainable growth, the sustainable team focused to established roadmap for our Environmental, Social, and Governance (ESG) priorities. This is outlining the specific goals we aim to achieve to ensure our operations remain responsible and impactful. By aligning our focus areas-ranging from green financing and resource efficiency to employee well-being and robust governance-with the UN Sustainable Development Goals (UNSDGs), we are dedicated to creating long-term value for our stakeholders and the wider Sri Lankan community.

ESG	Focus areas	Relevant UNSDGs
Environment	Reduce energy consumption	
	Increase the use of renewable energy	
	Reduce water consumption	
	Increase paper recycling	
	Increase the green financing portfolio	
	Reduce energy intensity	
	Increase environmental and social screening of suppliers	
Social	Increase avg. training hours per employee per annum	
	Performance evaluation of employees	
	Build talent pipeline for succession planning	
	Leadership training	
	Anti-discriminatory training	
	Support the mental and physical well-being of employees	
	The attrition rate to be maintained	
	Achieve an employee satisfaction	
	Increase CSR beneficiaries	
	Increase investment in CSR	
	Achieve a customer satisfaction	
	Increase customer base	
Governance	Increase employee training on anti-bribery and anti-corruption training	
	Maintain compliance	

Way Forward

To strengthen our sustainability agenda, we have outlined key initiatives:

Enhance lending portfolio analysis by conducting a comprehensive review of our lending portfolio, considering:

- Inherent risks and sectoral ESG sensitivity
- Labour intensity and social impact
- Environmental factors (carbon emissions, fossil fuel usage, energy consumption)
- Collateral type and location risk
- Potential damage and risk exposure
- Organisational governance standards
- Comparable opportunities and credibility
- Stakeholder concerns and regulatory alignment

ESG Focus and Adopting Sustainability Reporting Standard

Internal Structure and Training

Embed sustainability across the organisation by:

- Establishing a dedicated ESG Committee comprising the Head of Strategy, Head of Risk, and Head of HR.
- Consolidating CSR-related information for integrated reporting.
- Conducting targeted training programmes for new employees and key departments to build ESG competence.

Sustainability Risk Management Framework

In alignment with SLFRS S1 and S2, we have integrated sustainability-related risks into our Enterprise Risk Management (ERM) Framework, recognising that environmental, social, and governance (ESG) factors are critical to long-term financial stability and portfolio resilience.

a) Risk Identification and Portfolio Screening

We adopt a multi-tiered approach to identify sustainability risks before credit deployment:

- **Exclusion List Compliance**: Strict adherence to a "Negative/Exclusion List" prohibiting financing for activities with significant adverse environmental or social impacts (e.g., forced labour, unregulated logging, high-emission industries).
- **Sectoral Classification**: Lending portfolios are categorised by ESG sensitivity, with heightened monitoring of high-risk sectors such as thermal coal and high-emission manufacturing to manage transition risks under SLFRS S2.

b) ESG Governance and Oversight

Sustainability is embedded as a strategic priority:

- **Board Oversight**: ESG governance reporting at the committee level ensures accountability.
- **Management Integration**: ESG considerations are incorporated into credit approval processes, alongside traditional financial metrics.

c) Risk Assessment and Due Diligence

To safeguard our portfolio, we apply:

- **ESG Due Diligence**: Comprehensive evaluation of borrowers' compliance with environmental regulations and social safeguards.
- **Ethical Best Practices**: Alignment with international standards to uphold transparency, fair treatment, and anti-corruption principles.

d) Climate-Related Risk (SLFRS S2)

We assess climate-related risks across two dimensions:

- **Physical Risks**: Evaluating collateral vulnerability (e.g., real estate, agriculture) to extreme weather events.
- **Transition Risks**: Assessing impacts of policy changes, carbon pricing, and market shifts on borrowers' repayment capacity.

Time Horizon

The Bank considers the potential impact of risks and opportunities over different time periods. Accordingly, the short term covers 1-3 years, the medium term covers the 3 – 7 years and the long term beyond 7 years. Theses time frame helps the Bank strategy and make decisions that support sustainable growth and long-term value creation.

SLFRS S1 & S2 Compliance

The effective date of the SLFRS S 1 and SLFRS S2 for the first 100 listed entities of the Colombo Stock Exchange (CSE) in terms of the market capitalization as of 1 January 2025 is for the annual reporting period beginning on or after 1 January 2025. The Bank is not within the aforesaid first 100 list as of 1 January 2025 and hence, the effective date of reporting of the SLFRS S1 & S2 will commence from the annual reporting period beginning on or after 1 January 2026.

Recognising the increasing significance of climate-related risks and opportunities in shaping financial resilience and long-term value creation, we are committed to aligning our reporting framework with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, in line with global best practices and regulatory expectations.

The TCFD framework provides a structured approach to disclose climate-related financial information under four key pillars: Governance, Strategy, Risk Management, and Metrics & Targets. By adopting these principles, we seek to enhance transparency, strengthen stakeholder confidence, and embed climate considerations into strategic decision-making and risk management processes across the organisation.

The key performance of the adoption of SLFRS S1 and S2 reporting standards.

Core Content	Requirement	Progress
Governance	Designate a governance body or individual responsible for oversight of sustainability-related risks and opportunities.	ESG Governance Framework was documented with a reporting structure. Oversight by Senior Manager - E&S Governance. Hierarchy includes Board of Directors, Strategic Planning Committee, ESG Committee, Managing Director, Corporate Management Team, Senior Manager - E&S Governance, and designated functional officers.
	Develop and disclose detailed information on how responsibilities are assigned to team members.	Responsibility Matrix designed for each governance body; implementation planned for 2026.
	Document terms of reference, mandates, role descriptions, and other related policies.	Alignment in progress for governance bodies and committees.
	Implement a process for review and proper documentation.	Review mechanism to be in placed.
	Ensure necessary skills and competencies for ESG are developed and made available within the organisation.	HR is in the process of assessing ESG skills and competencies; training programmes are encouraged for relevant officers.
	Provide training and development for SRRO & CRRO oversight.	HR oversees ESG-related training requirements.
	Review team performance and tasks periodically.	Action plan to implement periodic ESG governance reviews.
	Establish procedures for identifying SRRO & CRRO and communicating to stakeholders.	Process and responsibilities under development.
	Implement trade-off policy between SRRO & CRRO at the governance level.	Policy to be implemented.
	Ensure the Board reviews sustainability and climate-related risks and opportunities.	Reporting module under development.

ESG Focus and Adopting Sustainability Reporting Standard

Core Content	Requirement	Progress
Strategy	Implement a process to evaluate SRRO & CRRO.	Process under development to integrate SRROs & CRROs into the business model and value chain.
	Define time horizons (Short, Medium, Long term) for SRRO & CRRO.	To be finalised at policy level.
	Regularly assess current and future SRRO & CRRO impacts on business models and value chains.	Planned after SRRO & CRRO identification.
	Disclose concentration of climate-related risks and opportunities in the business model and value chain (e.g., geographical areas, facilities, asset types).	Disclosure to be executed upon finalisation of SRROs & CRROs and implementation of SLFRS S1 & S2 reporting module.
	Implement a strategy to respond to SRRO & CRRO.	ESG strategies to be incorporated into the Bank's main strategic pillars.
	Disclose plans to achieve climate-related targets, including GHG emissions targets.	Data collection and reporting module under development.
	Disclose qualitative and quantitative impact of SRRO & CRRO on financial position, performance, and cash flow.	Planned for inclusion in the reporting module.
	Disclose key assumptions made in climate-related scenario analysis, including technology developments.	To be executed as part of ESG reporting requirements.
	Disclose climate-related scenario analysis undertaken, including risks, opportunities, and resilience of the Bank's strategy.	Planned for integration into business model and value chain disclosures.
Risk Management	Develop a sustainability risk management policy.	Policy enhancement underway to integrate sustainability into the Bank's Risk Management Framework as per SLFRS S1 & S2 requirements.
	Conduct a materiality assessment.	Process under development.
	Conduct scenario analysis to identify CRRO and assess the nature, likelihood, and magnitude of potential impacts.	Planned implementation by 2027.
	Disclose prioritisation of climate-related risks relative to other types of risks.	Mechanism to prioritise CRROs within the Enterprise Risk Management (ERM) framework is to be established.
	Review ESG performance and risk assessments quarterly; reassess materiality annually.	Reporting mechanism under development.

Core Content	Requirement	Progress
Metrics & Targets	Align metrics and targets with identified SRRO & CRRO.	To be implemented.
	Set up a centralised data collection system to gather and analyse ESG data.	Under development.
	Disclose gross Scope 1, Scope 2, and Scope 3 GHG emissions.	Process to be implemented.
	Disclose input parameters for GHG measurement (approach, consolidation, factors).	Measurement to follow GHG Protocol Corporate Standard; procedure under development.
	Disclose amount and percentage of assets/business activities vulnerable to transition risks or aligned with climate-related opportunities (e.g., green financing portfolio).	Procedure to be implemented.
	Disclose amount and percentage of assets/business activities vulnerable to physical risks.	Procedure to be implemented.
	Disclose capital expenditure, financing, or investment toward climate-related risks and opportunities.	Procedure to be implemented.
	Disclose financed emissions for relevant activities.	Procedure to be implemented.
	Disclose internal carbon prices and application details.	Procedure to be implemented.
	Disclose how climate-related targets and performance are incorporated into remuneration policies.	Procedure to be implemented.
	Disclose climate-related targets and progress toward achieving them.	Procedure to be implemented.
	Disclose limitations and assumptions used in metric calculations.	Procedure to be implemented.
	Review each target and monitor progress regularly.	Procedure to be implemented.

SAVING SMILES, GROWING FUTURES

Our Credit Administration team brought joy and inspiration to 59 students at Nikawewa Primary School, Thanamalwila. Through games, gifts, and essential school supplies, the day celebrated learning, fun, and community. “Podihitiyo” Minor Savings Accounts were opened with an initial contribution by the team, planting the seeds of financial literacy. With monthly standing orders supporting their savings journey, we are helping these young minds take confident steps toward a brighter future.

Human Capital

Our team is the cornerstone of our competitive advantage, exemplifying professionalism, expertise, agility, and resilience that drive our success. We remain committed to nurturing their professional and personal growth, ensuring their aspirations align with our long-term business sustainability.

Key Highlights 2025

- **136%** increase in digital training hours per employee
- zero employee discrimination
- **74%** employee retention ratio
- **346** female employees
- **Rs. 1,530 Mn** employee benefits
- **48%** YoY increase in training investment

Relevant stakeholders

Contribution to SDGs

Relevant strategic pillars

Relevant material topics M2 M3 M5 M6 M9 M10 M15

Trade-Offs

Human capital drives financial capital growth by leveraging expertise, innovation, and strategic decision-making to optimise profitability and long-term value creation.

Staff awareness and training significantly influence our resource use, including energy efficiency in branches, paperless operations, and waste reduction, thereby minimising our ecological footprint.

Fostering knowledge creation, innovation, and expertise that strengthen organisational capabilities and competitive advantage builds intellectual capital.

Drives the development, maintenance, and efficient utilisation of physical infrastructure and technological assets that support operational excellence and service delivery.

Strengthens social and relationship capital by building trust, delivering personalised services, and fostering long-term relationships that enhance stakeholder loyalty and brand reputation.

Way Forward

Short-Term

- Integrate comprehensive mental and physical wellness programmes to promote overall employee well-being.
- Conduct skills assessments and align employees with roles that best match their strengths and potential.

Medium-Term

- Foster a culture of continuous learning through personalised, skills-based development pathways.
- Automate complex HR processes to enhance efficiency and accuracy.
- Move beyond compliance by embedding Diversity, Equity, Inclusion, and Belonging into leadership training, talent acquisition, and performance evaluations.
- Equip managers with advanced soft skills to lead with empathy and effectiveness.

Long-Term

- Align workforce composition with long-term business objectives to ensure agility and future readiness.
- Strategically integrate Artificial Intelligence into core business functions to drive efficiency, innovation, and competitive advantage.

Human Capital

Key Challenges and Opportunities

Key Risks / Challenges	Our Response
Challenges • Retaining key talent and attracting skilled professionals in specialised areas remained challenging. • Heightened industry competition and irregular market salary practices impacted recruitment efforts. • Scarcity of technical talent intensified competition among financial institutions for critical skill sets. • Successfully balanced meaningful staff engagement with operational efficiency. • Maintained employee satisfaction despite external market and cost challenges.	• Balanced meaningful staff engagement with operational efficiency. • Maintained employee satisfaction despite external market and cost challenges. • Attracted talent for business requirements.
Opportunities • Availability of pathways for employees to take on new responsibilities. • Opportunities to apply for internal vacancies, promoting career progression.	• Supported internal succession planning, reducing reliance on external recruitment for certain roles. • Enhanced staff motivation through career advancement opportunities. • Structured development initiatives to support professional growth. • Accelerated promotion processes for high-performing employees.

Management Approach

GRI 3-3

Our Human Capital Management strategy is built on the principle that people are the bank's most valuable asset. We emphasise nurturing a culture rooted in the values of the wider Cargills Group, ensuring employees uphold integrity, service excellence, and a commitment to sustainable growth. Our HR approach aligns talent acquisition, development, and retention practices with the Bank's long-term vision by attracting skilled individuals, investing in continuous learning to enhance capabilities, and fostering an enabling work environment that drives engagement and productivity. Open communication, participatory decision-making, and transparent career progression remain central to this strategy, creating strong alignment between employee aspirations and organisational objectives.

Nurturing a Future-Ready Workforce

Future-Ready Workforce Strategy

- Implementing strategies to remain competitive in the evolving financial sector.
- Attracting talent with advanced digital skills and future banking competencies.

Continuous Learning & Development

- Significant investments in upskilling and reskilling employees.
- Focus areas:
  - Digital literacy
  - Emerging technologies
  - Data-driven decision-making
  - Modern banking practices

External Collaboration

- Partnerships with fintechs, training institutions, and industry bodies.
- Staying ahead of emerging trends and fostering innovation.

Employee Engagement & Exposure

- Encouraging participation in industry forums and professional events.
- Providing comprehensive on-the-job training for practical experience.
- Preparing employees for future leadership roles.

HR Reporting and Governance Framework

GRI 205-2, GRI 205-3, GRI 206-1, GRI 402-1, GRI 408-1, GRI 409-1

The Bank's HR Reporting and Governance Framework ensures effective people management through clearly defined roles, policies, processes, and oversight mechanisms. It provides strong leadership and accountability while implementing comprehensive policies covering key areas such as compensation, recruitment, operations, data privacy, and ethics.

We leverage data to drive organisational strategy through consistent, transparent, and data-driven decision-making. Reporting is structured across three dimensions:

- **Strategic** - Measuring impact on business goals, retention rates, and Diversity, Equity & Inclusion (DEI) metrics.
- **Operational** - Monitoring day-to-day functions such as payroll accuracy and workforce efficiency.
- **Compliance** - Demonstrating adherence to local labour laws and regulatory requirements.

Through robust Data Governance, we ensure that all employee data is accurate, secure, and ethically utilised for decision-making. This approach positions HR as a key strategic partner to the business, moving beyond traditional administrative functions to actively contribute to organisational growth and sustainability.

The Bank remains fully compliant with all applicable labour laws, rules, and regulations enforced by Sri Lankan authorities, covering areas such as compensation, dismissal, recruitment, promotion, working hours, benefits, and welfare. Additionally, comprehensive policies have been implemented to address critical areas such as data protection, whistleblowing, and the prevention of money laundering and terrorist financing, with all staff receiving training on these policies.

We are pleased to report that during the year:

- No instances of bribery or corruption were recorded.
- No legal actions were taken against the Bank for anti-competitive behaviour, anti-trust, or monopoly practices.
- No significant grievances or incidents of discrimination, human rights violations, child labour, or forced labour were reported.

In accordance with the Bank's HR policies, employees are required to provide a notice period of either two or three months upon resignation, depending on their designation. This ensures adequate time for seamless operational transitions, workforce planning, and resource reallocation.

Our HR governance structure

The HR governance framework is designed to support the Bank's strategy and create sustainable value for our employees and the stakeholders.

Our human resource policies

- Staff loan policy
- Staff occupational, health and safety policy
- Learning and growth policy
- HR remuneration policy
- Grievance handling policy

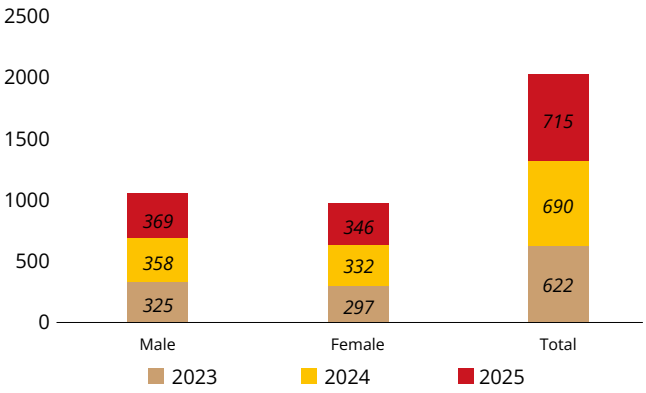
Our Team

GRI 2-7, GRI 2-8

Our workforce comprises 715 professionals, maintaining a strong gender balance with 48% female and 52% male representation. We continue to prioritise an inclusive culture that empowers all team members to contribute to our collective growth.

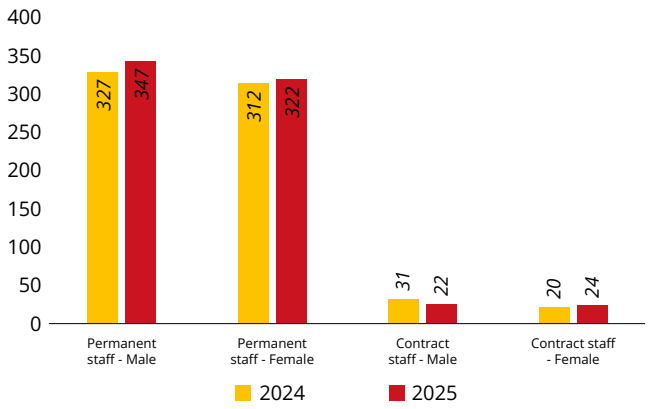
Gender Diversity

Employees by Gender (Nos.)

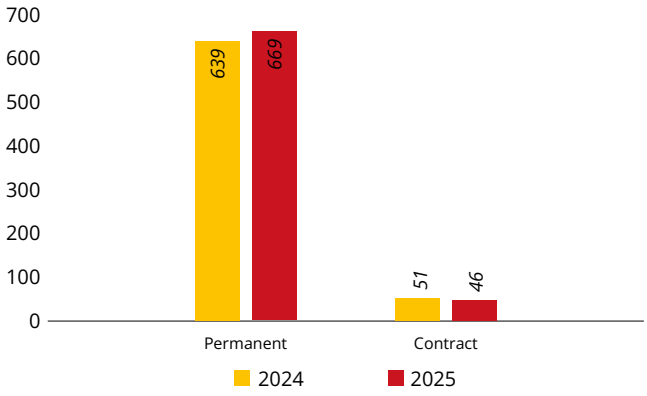


Human Capital

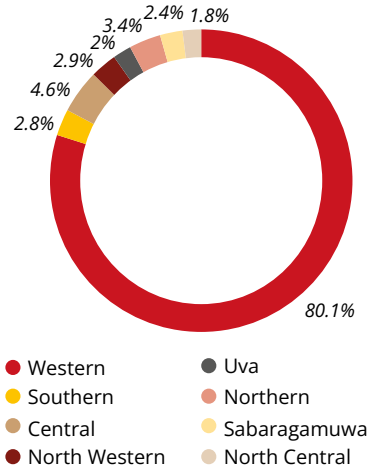
Employees by Gender & Employment Category (Nos.)



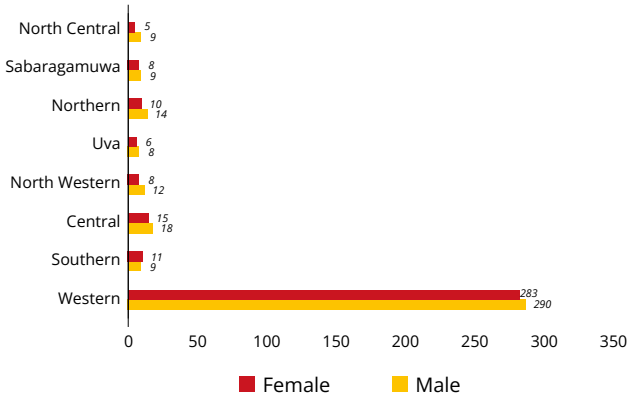
Employees By Employment Category (Nos.)



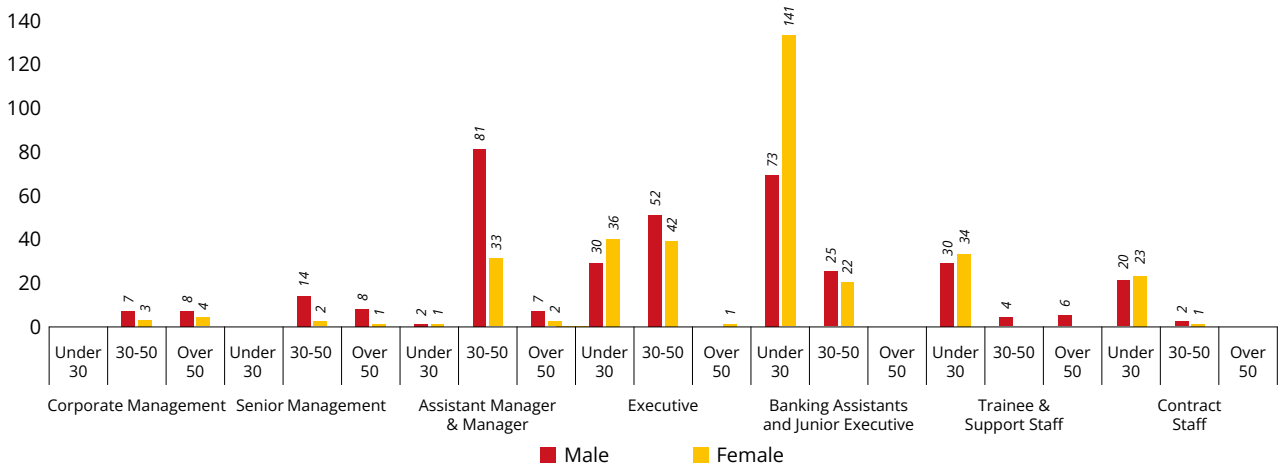
Geographic Dispersion of Employement - 2025 (%)



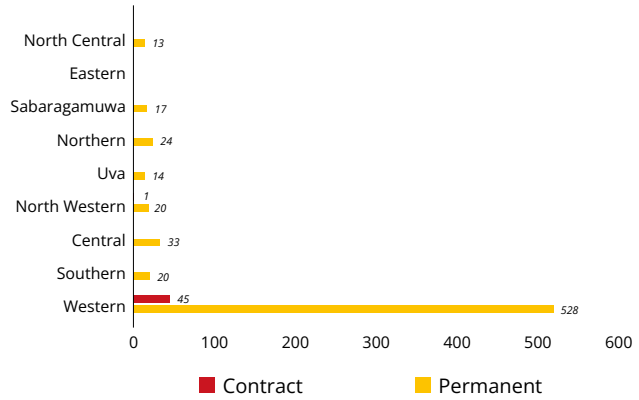
Geographic Dispersion of employees based on gender - 2025 (Nos.)



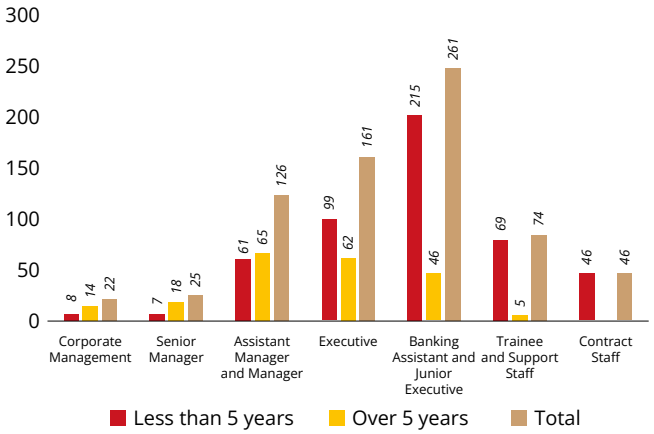
Employees based on age, gender and employment category (Nos.)



Employees by Category & Region (Nos.)



Employees By designation and tenure of service - 2025 (Nos.)



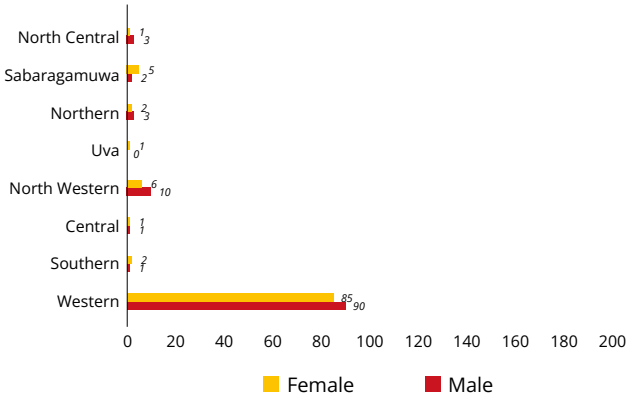
Recruitment

GRI 202-2, GRI 404-1

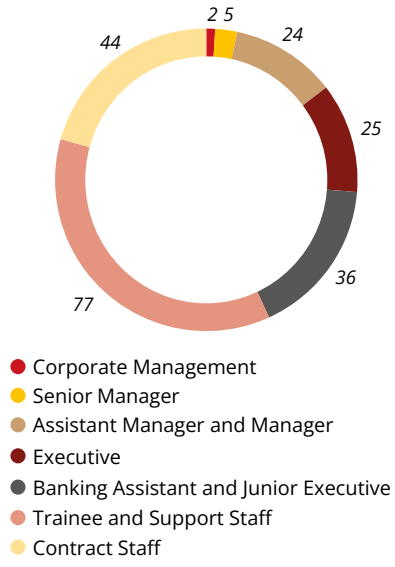
We aim to attract candidates with the right skills and competencies while prioritising a positive mindset and cultural fit. At the same time, we focus on retaining key talent by offering career growth opportunities, enhanced benefits, and a workplace culture that fosters engagement and loyalty. In 2025, we recruited 213 employees, reflecting a diverse intake: 48% were female,18% were from outside the Western Province, and 85% were under 35 years old, underscoring our commitment to building a vibrant and dynamic workforce.

Recruitment by gender

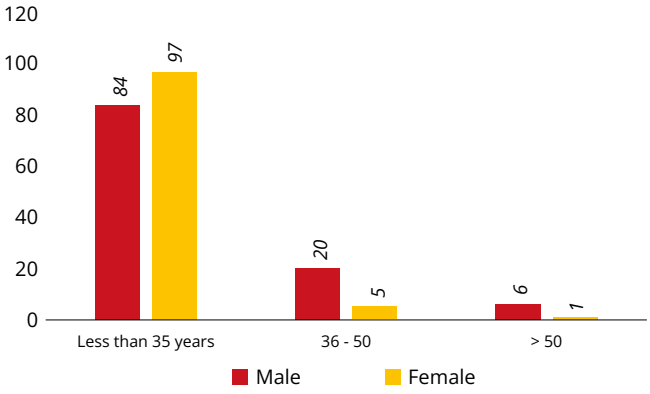
Recruitment By Region - 2025 (Nos.)



Recruitment by employment Category - 2025 (Nos.)



Recruitments Based on gender and age- 2025 (Nos.)



Employee Turnover

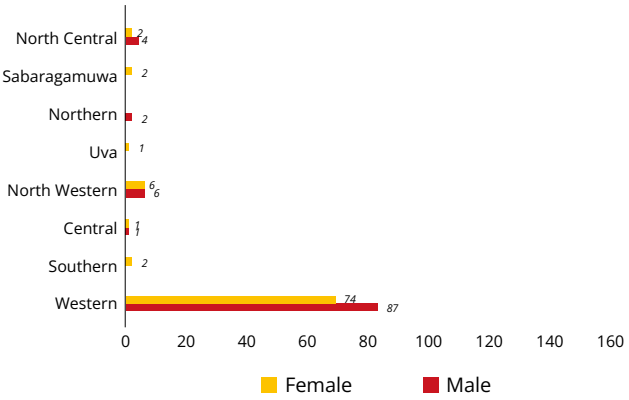
GRI 404-1

Employee attrition was a challenge in the year under review. The highest rate of departure was among banking assistant and junior executives (29%), followed by trainees and support staff (26%). The Western Province recorded the greatest loss of staff, with the North Western Province also experiencing high turnover. Furthermore, 89% of departing employees were under 35, highlighting a potential trend among the younger workforce.

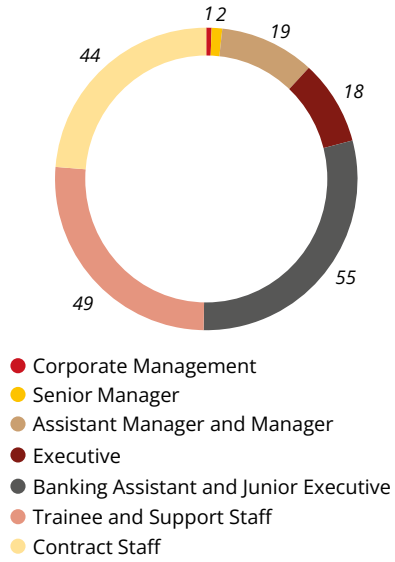
However, employee turnover at the Bank has improved over the past two years, supported by the effective strategies implemented to retain staff.

Turnover by gender

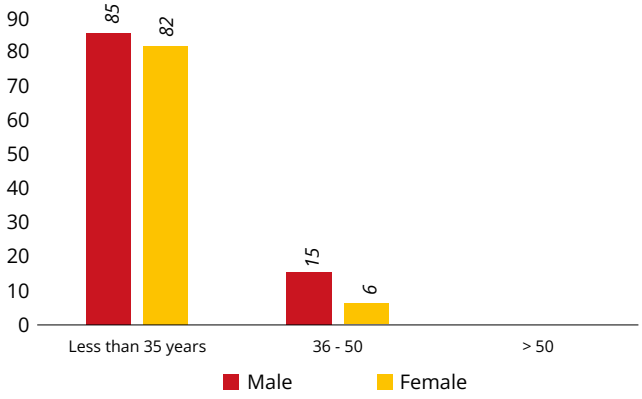
Turnover by Region - 2025 (Nos.)



Turnover by Employment Category - 2025 (Nos.)



Turnover based on gender and age - 2025 (Nos.)



Our Talent Attraction and Retention Policy

To strengthen employee retention, we introduced a comprehensive suite of targeted initiatives designed to enhance career growth, well-being, and organisational loyalty. Competitive salary and benefit revisions were implemented to attract and retain high-calibre talent, while fast-tracked promotions for junior staff created clear and accelerated pathways for career progression. Welfare benefits were significantly expanded, including enhanced medical insurance, reimbursement of professional membership fees, additional allowances, and concessionary loan schemes.

Beyond compensation, we focused on cultivating a supportive and engaging workplace environment. Performance recognition programmes and long-service awards reinforced a culture of appreciation, while interactive activities including team-based quiz competitions and other engagement initiatives strengthened team bonding and fostered a sense of belonging across the organisation. Our conducive workplace culture, marked by openness, collaboration, and mutual respect, has been a key driver of employee satisfaction and retention.

Training and Development

GRI 404-1 GRI 404-2

Our training and development strategy is designed to cultivate a culture of continuous learning, empowering employees to maximise their potential and align with organisational goals. During the year, we prioritised role-based and on-the-job training, expanded virtual learning opportunities, and implemented mandatory e-learning modules to ensure compliance and strengthen foundational knowledge. Need-based workshops were conducted to address skill gaps and evolving business requirements, complemented by specialised programmes such as system migration training, pawning operations, and information security. Additionally, strategic leadership programmes were delivered not only for senior and corporate management but also for the sales team, reinforcing leadership capability across all levels.

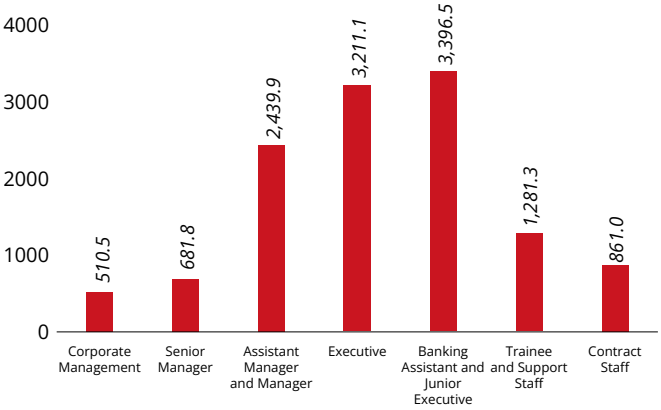
To support lifelong learning, we introduced an educational reimbursement scheme, enabling employees to pursue academic and professional qualifications that enhance career growth and contribute to organisational capability-building. We also foster engagement of the staff through internal and external quizzes, cross-functional projects, brainstorming sessions, and involvement in strategic planning activities.

In FY 2025, we invested Rs. 5 Mn in employee training, delivering a total of 12,382 training hours, underscoring our commitment to building a skilled, future-ready workforce.

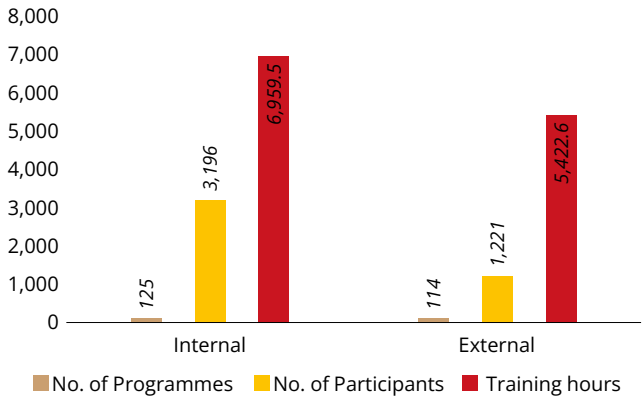
Training hours by gender - 2025

6,105.8	6,276.3

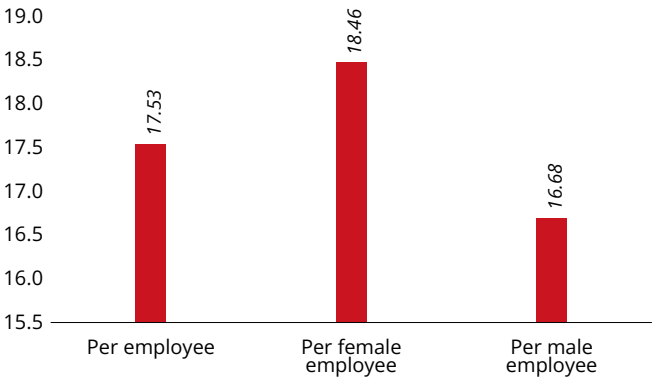
Training Hours



Employee Traning - 2025



Average Traning Hours - 2025



Human Capital

We place significant emphasis on ensuring that employee behaviour consistently reflects our organisational values and culture. All new employees undergo comprehensive orientation programmes designed to instil the expected standards of conduct and behaviour. To reinforce these principles, continuous awareness and training sessions-covering areas such as compliance, ethics, and information security-are conducted throughout the year.

Department Heads maintain close engagement with their teams, providing timely guidance whenever behavioural inconsistencies arise. Additionally, the HR Department collaborates closely with senior leadership to address disciplinary matters promptly and constructively, ensuring that corrective actions support both employee discipline and conduct.

Training statistics

	Number of programmes	Number of participants	Training hours
Internal training programmes	125	3196	6,959.50
External training programmes	114	1,221	5,422.65
Total	239	4,417	12,382.15

	2023	2024	2025
Training cost (Rs. '000)	3,046	3,422	5,078
Training hours	11,769	9,018	12,382
Average training hours per employee	18.89	13.4	17.53
Number of hours on digital training	167	76.5	180.35

Key training programmes conducted during the year

Retail credit training
(Branch staff, October 3 and 10, 2025)

Customer service training (May 30, 2025)

Strategic leaders professional development
(November 05, 2025)

Leadership Development and Succession Planning

We adopt a structured approach to leadership development and succession planning, aimed at building a strong talent pipeline for future growth. High-potential employees are identified early and prepared for progressively senior roles through on-the-job training, job rotations, cross-functional projects, and formal mentorship programmes. Each year, we recruit management trainees who undergo intensive training and personalised coaching under senior leaders to build foundational leadership competencies. Regular talent review discussions help assess leadership readiness and determine targeted development interventions.

To strengthen leadership capabilities, we offer a broad range of learning opportunities, including workshops, seminars, online modules, and executive training programmes-both internal and external-focused on strategic approach, people management, and change leadership. These initiatives ensure that mid- to senior-level employees are equipped with the skills required to lead effectively in a dynamic business environment.

During the year under review, 90% senior managers underwent leadership training.

Performance Management

GRI 404-3

We continued to nurture a strong performance-driven culture through a structured performance management framework. Each permanent employee is assigned a clearly defined Job Description and Key Performance Indicators (KPIs) aligned with the Bank's annual business plan. Using the Balanced Scorecard methodology, KPIs are set to provide a holistic view of employee contributions across multiple dimensions.

Regular performance reviews are conducted by Unit Heads to monitor progress, provide constructive feedback, and identify development needs. Annual performance evaluations directly influence salary increments, incentive payments, and promotions, reinforcing the link between performance and rewards. The Bank also accelerates career progression for high-performing individuals through fast-tracked promotions and offers monetary incentives to frontline staff, strengthening the connection between effort, achievement, and recognition.

Out of the total staff, 518 employees were eligible for performance evaluation, representing 72.44% of the workforce. 98 staff members were promoted to the next eligible grade in 2025.

Performance management is conducted in line with our structured appraisal framework, ensuring consistency, transparency, and fairness across all levels of the organisation. This framework reinforces our commitment to managing and developing employees' career pathways, enabling them to build the skills and experience needed for long-term growth.

As part of our focus on internal talent development, we prioritised internal candidates when filling vacancies, giving employees first preference for new opportunities. This approach not only supports career advancement but also strengthens engagement, motivation, and retention by recognising and rewarding potential from within the organisation.

98 Staff promotions	**518** Employees underwent performance appraisals

Remuneration Policy

The Bank's remuneration policy is designed to ensure fair and equitable rewards based on employees' skills, performance, and contributions to organisational success. A strong alignment is maintained between performance outcomes and reward decisions, reinforcing our commitment to a performance-driven culture. Compensation and benefits are structured to remain competitive within the industry and are administered without discrimination, guaranteeing equal treatment and opportunities for all employees, regardless of role or level.

In line with the Bank's remuneration policy, we ensure fair treatment for all performing staff, with salary increases based solely on individual performance. Annual increments and interim revisions are determined based on business requirements and performance outcomes.

A key HR initiative in 2025 was a comprehensive salary revision aligned with market benchmarks, ensuring competitiveness within the financial services sector while addressing inflationary pressures and rising living costs. Adjustments were made considering individual performance, market standards, and internal equity. As a result, total staff remuneration for 2025 reached Rs. 1,530 Mn, reflecting a 15% year-on-year increase.

Rewards & Recognition

GRI 2-19, 201-3, 401-2

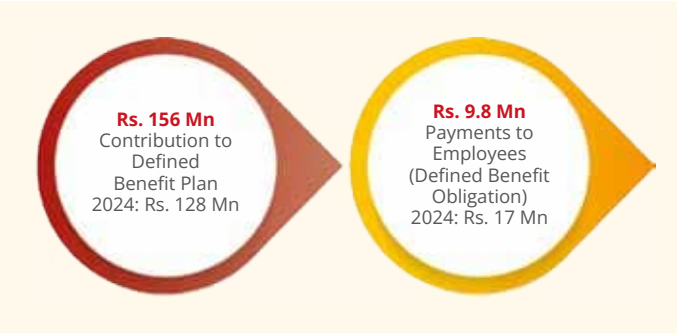
In addition to salary revisions, selected employee benefits were reviewed and enhanced to meet evolving workforce expectations and industry best practices. These efforts reinforce the Bank's commitment to attracting, retaining, and rewarding high-performing talent.

In recognition of exceptional achievements, we hosted our third consecutive Cargills Bank Achievers' Night in 2025, rewarding high-performing individuals and teams for their outstanding contributions. This flagship event is a cornerstone of our recognition culture, reinforcing the value of excellence and inspiring employees to strive for superior performance.

Full-time employees are eligible for the following financial benefits, which are not extended to temporary or part-time staff:

- Concessionary staff loan facilities for personal, housing, and vehicle needs
- Preferential rates on customer loans
- Credit cards with annual fee waivers and pre-approved limits based on grade
- Festival advances during key religious and cultural celebrations
- Retail discounts at Cargills Food City and partner outlets (e.g., TGI Fridays, KFC)
- Medical reimbursement benefits covering outpatient and hospitalisation needs (entitlements vary by grade)
- Educational reimbursement scheme for examination and membership fees for recognised qualifications
- Financial benefits include annual salary increments, bonuses as per the Bank's performance, performance based incentives, rewards & recognition, promotion, career advancement opportunities.

Moreover, we fully comply with all statutory requirements related to employee retirement benefits through contributions to the Employees' Provident Fund (EPF) and Employees' Trust Fund (ETF). Employees contribute 10% of their gross salary to the EPF, while we make an additional 12% contribution. In addition, we contribute 3% of gross salary to the ETF. These contributions are remitted monthly in strict adherence to applicable legislation. Beyond statutory obligations, we also recognise gratuity liabilities in accordance with the Payment of Gratuity Act No. 12 of 1983.



Employee Engagement and Well-being

We strengthened employee engagement and motivation through active leadership involvement across all units. Unit Heads played a pivotal role by maintaining close communication with staff and providing coaching, guidance, and support to help employees realise their full potential. In line with the Bank's open-door policy, the HR Post Box was introduced, enabling employees to share concerns and ideas freely, fostering trust and collaboration.

Key Initiatives:

- Career Development
  - Access to internal and external training programmes.
  - Opportunities for promotions, job rotations, and role enhancements.

- Employee Recognition & Welfare
  - Annual salary revisions and enhanced benefit schemes.
  - Recognition schemes for high performers.
  - Special acknowledgements for employees completing 10 years of service.

To build a vibrant and cohesive work culture, we invested significantly in engagement initiatives during the year. A diverse portfolio of activities was introduced to create an enjoyable and energising environment.

Engagement Activities:

- Sports events and seasonal celebrations.
- Rewards and recognition events
- Quiz competitions and internal creative contests.
- New training programmes and interactive sessions.
- CSR and ESG projects, including:
  - Beach cleanup as part of environmental sustainability efforts.
  - Support for flood-affected communities through staff teamwork and voluntary contributions.

Cross-functional collaboration was further strengthened by involving employees in strategic planning and enterprise-wide projects, enhancing teamwork, and fostering a sense of belonging.

Employee Well-being Initiatives:

- Salary and benefit enhancements.
- Physical, financial, and emotional wellness programmes.
- Reimbursement for membership fees to professional bodies.
- Mandatory annual leave to promote rest and rejuvenation.
- Team bonding fund for staff.

Participation in CSR and ESG initiatives, combined with multiple engagement programmes such as performance awards and team-building activities, reinforced morale and created a strong sense of purpose among employees.

Fostering Work-Life Balance

We continued to nurture a supportive culture that prioritise work-life balance as a key driver of employee satisfaction. Staff were actively encouraged to participate in CSR and ESG initiatives, providing opportunities to engage in meaningful activities beyond their core responsibilities. A range of engagement events-including performance awards and internal competitions-helped create an enjoyable and energising work environment. To promote physical well-being, we facilitated employee participation in sports activities. Additionally, a mandatory seven-day annual leave policy was enforced to ensure employees take adequate time away from work to rest and recharge, reinforcing our commitment to their holistic well-being.

Diversity, Inclusion, and Equal Opportunity

GRI 405-1, GRI 405-2, GRI 406-1

We are strongly committed to gender balance, diversity, and inclusion, with women contributing across all levels, including corporate management. To support career growth, we implement targeted initiatives such as leadership training programmes, skill enhancement workshops, and merit-based promotions, empowering women to advance professionally. Our policies prioritise non-discrimination and equal opportunity for all employees, regardless of gender, age, or ethnicity.

Moreover, we foster a positive work culture that promotes diversity, inclusion, and work-life balance, creating an environment where every employee can thrive. Recruitment, training, compensation, and promotions are based solely on merit, ensuring fairness and transparency. This commitment is reflected in our balanced workforce, comprising 52% male and 48% female employees.

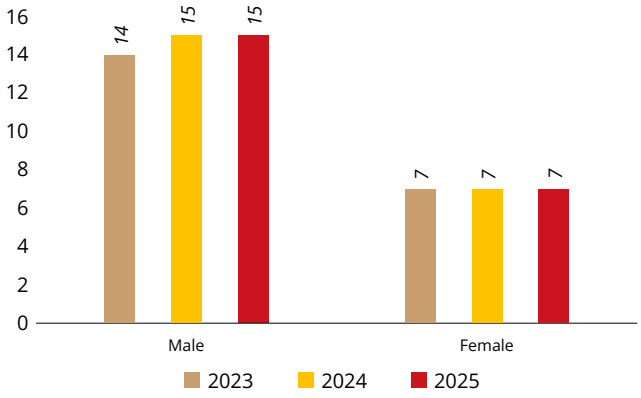
To further support inclusivity, we maintain an open-door policy that encourages collaboration and dialogue, and provide parental leave benefits, including maternity leave for new mothers. Our hiring practices utilise objective criteria, source candidates from diverse backgrounds, and apply fair screening methods to mitigate unconscious bias.

We are proud to report zero incidents of discrimination during the year, reinforcing our dedication to equality and respect in the workplace.

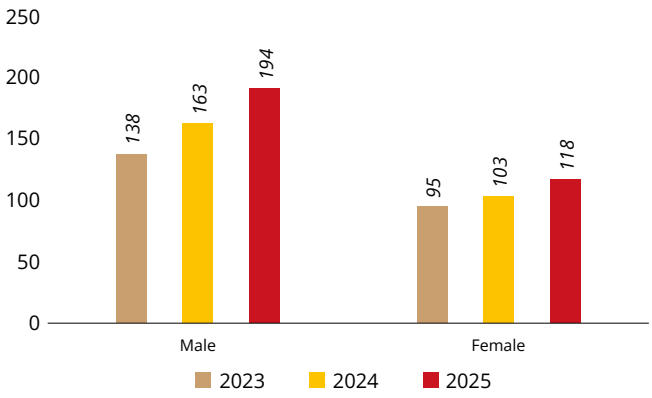
Total number of incidents of discrimination during the reporting period: None

Gender representation in governance bodies

Corporate Management (Nos.)



Executive Management (Nos.)



Employee Category	Ratio
Senior Manager	0.86
Assistant Manager and Manager	0.72
Executive	0.50
Banking Assistant and Junior Executive	0.39
Trainee and Support Staff	0.44

Parental Leave

GRI 401-3

Total number of employees who were entitled to parental leave, by gender.	346
Total number of employees who took parental leave, by gender.	Female - 10
Total number of employees that returned to work in the reporting period after parental leave ended, by gender.	Female - 10
Total number of employees who returned to work after parental leave ended, who were still employed 12 months after their return to work, by gender.	Female - 10
Return to work and retention rates of employees who took parental leave, by gender.	Female - 100%

Grievance Handling

We maintain a structured grievance handling policy that provides employees with a confidential and impartial mechanism to raise concerns of both occupational and personal nature. This policy ensures every grievance receives empathetic and unbiased attention and is resolved promptly to prevent escalation. By fostering an environment where employees feel respected, heard, and supported, we reinforce our commitment to fair treatment and a healthy organisational climate.

To strengthen this framework, HR introduced the "HR Post Box," creating an anonymous channel for employees to share grievances, ideas, or concerns, helping address issues proactively and reduce dissatisfaction across the Bank.

Employees are encouraged to raise occupational and personal grievances with Management. All grievances are handled with empathy, confidentiality, and fairness. In cases involving discrimination or harassment, a thorough and impartial investigation is conducted, and appropriate disciplinary action is taken against offenders in line with established policies.

Exit interviews conducted for all employees leaving the Bank provide valuable insights into underlying grievances and issues, helping us identify areas for improvement and strengthen our people practices.

Collective Bargaining

GRI 2-30, GRI 407-1

We fully respect and uphold employees' rights to freedom of association and collective bargaining. To support these rights, we ensure that all staff have accessible channels to voice concerns, share feedback, and contribute ideas. These include a robust whistleblowing mechanism, cross-functional committees, and newly introduced digital platforms designed to capture employee suggestions and innovations. Through these initiatives, we foster a participatory culture built on transparency, collaboration, and constructive dialogue.

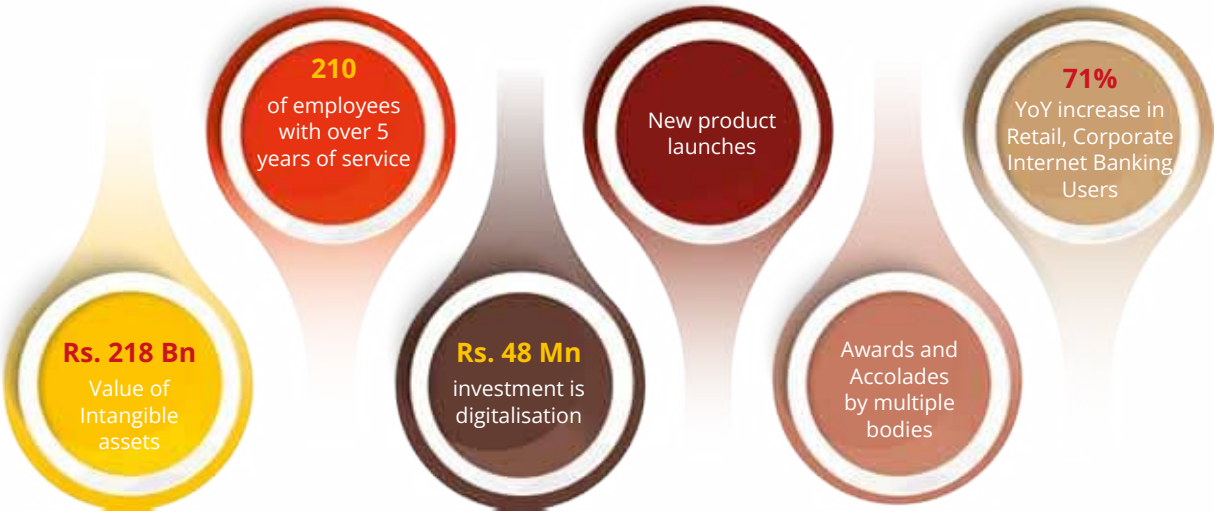
Our commitment is reinforced through established policies and practices that provide clear mechanisms for employees to express concerns and offer feedback. Key initiatives include:

- A formal policy for reporting unethical or illegal activities
- An online platform for submitting suggestions and opinions
- Cross-functional teams to encourage collective brainstorming and idea generation

Intellectual Capital

Our intellectual capital encompassing systems, processes, collective knowledge, organisational culture, business ethics, and brand value serves as a key differentiator and a powerful driver of growth. By continuously nurturing and strengthening these assets, we enhance our ability to anticipate and respond to customer needs with innovative solutions. This commitment not only fosters agility and creativity but also builds enduring trust and confidence among our stakeholders.

Key Highlights 2025



Relevant stakeholders

Contribution to SDGs

Relevant strategic pillars

Relevant material topics M2 M6 M7 M10

Intellectual Capital

Trade-Offs

Directly influences the bank's ability to generate revenue, reduce costs, and create long-term value.

Anticipate environmental risks (climate change, resource scarcity) and adapt strategies, protecting natural and financial capital.

Creates structured pathways for skill enhancement (e.g., training programmes, knowledge-sharing platforms), directly improving human capital quality.

Better knowledge leads to efficient layouts, energy-saving technologies, and waste reduction, lowering operational costs tied to physical assets.

Intellectual capital-such as brand value, ethical practices, and knowledge systems-strengthens stakeholder confidence.

Way Forward

Short-Term

- Enhance the digital banking operation
- Upgrade the core Banking system

Medium-Term

- Steer the business toward a sustainable future through strategic initiatives and responsible practices
- Expand digital service channels to enhance accessibility, convenience, and customer engagement

Long-Term

- Position the Bank as a trusted and recognised leader in the financial services industry

Key Challenges and Opportunities

Key Risks / Challenges	Key Opportunities
• Demand for seamless digital experiences requires continuous system enhancements and proactive user education. • Growing pressure from fintechs and aggressive digital offerings by other banks. • Urgent requirement for faster content creation, advanced data analytics capabilities, and process automation to support dynamic marketing strategies. • Maintaining robust security and safeguarding customer data in an increasingly digitised environment.	• Increased usage of the upgraded Mobile Banking App, Tapit NFC Sticker Payment Card, and Send Cash, creating opportunities to gather actionable insights for continuous product improvement and personalised customer experiences. • Enhanced digital competencies within Marketing and Retail teams, enabling data-driven decision-making and more effective customer engagement strategies.

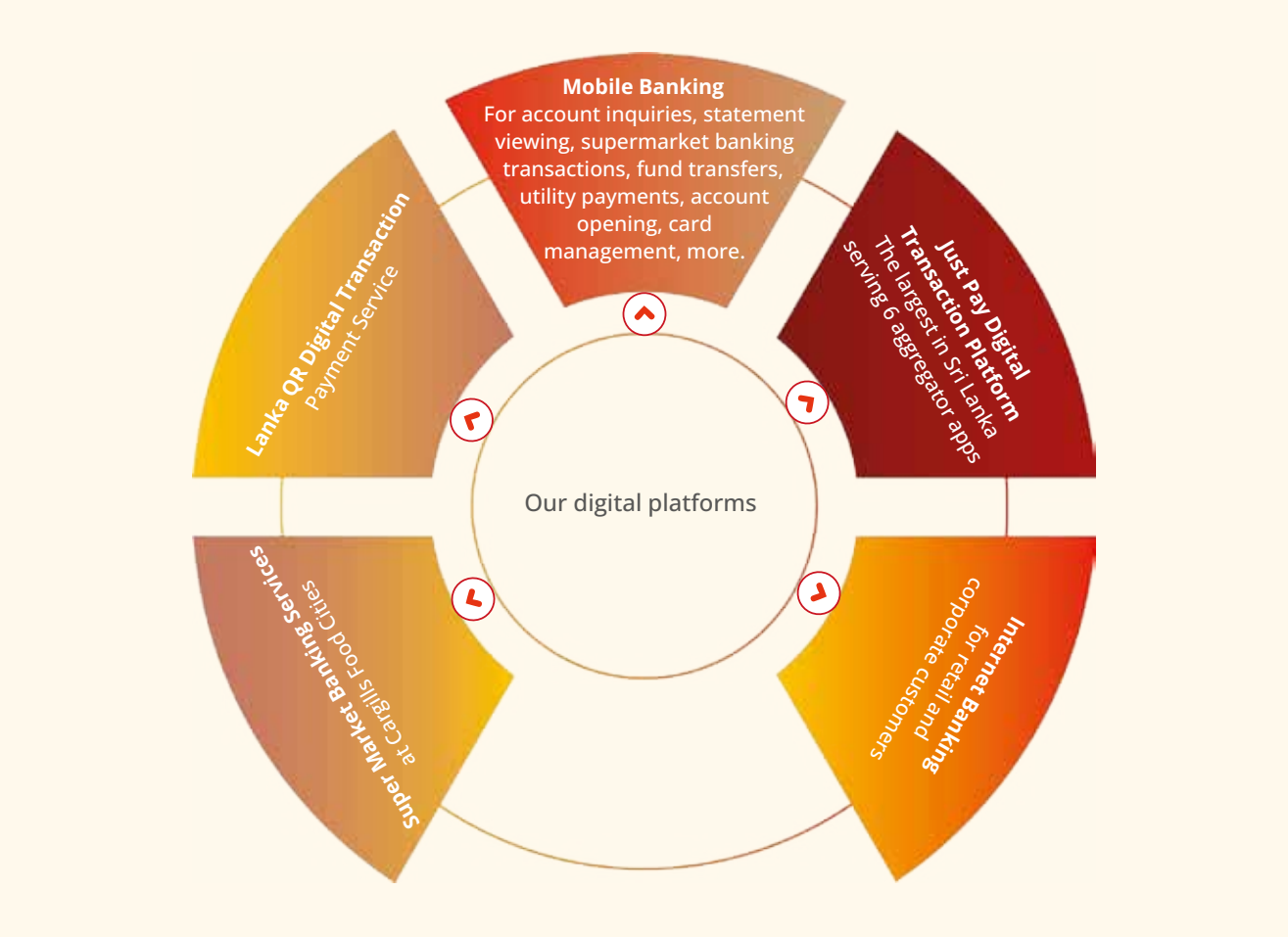
Management Approach

GRI 419-1

We strengthened our intellectual capital by enhancing brand value, preserving and utilising organisational knowledge, and fostering a culture of innovation across all operations.

Our digital platforms

Our multiple digital platforms offer convenience to our customers.



Intellectual Capital

Digital adoption highlights

- Averaging 34,382 retail transactions per month through mobile and internet banking.
- Providing seamless access to savings, fund transfers, bill payments, and digital lending via mobile platforms.
- Driving digital banking penetration in semi-urban and rural areas without physical branches.

Supermarket banking and Cargills MINI as a digital enabler

- 500+ Cargills Food City outlets provide convenient banking access through the bank's unique hub-and-spoke supermarket banking model.
- Customers can deposit or withdraw funds free of charge at supermarket locations, with over 89,000+ transactions processed monthly.
- Instant customer onboarding available at Cargills Bank MINI locations for a seamless banking experience.

Financial inclusion and reach

- 17.17% of bank customers begin using mobile banking within the first 30 days of onboarding.
- Supermarket banking touchpoints extend essential banking services to under-banked communities, ensuring greater financial inclusion.

Process Improvements and Automations in 2025

- Optimised internal workflows by streamlining the marketing request process, enabling faster campaign rollouts and improved collaboration.
- Enhanced budget management through an AI-powered expense tracking system, offering real-time budget snapshots and accurate forecasting.
- Refined lead management for digital channel inquiries, ensuring quicker response times and improved conversion. Streamlined and simplified the customer onboarding process for a more efficient and user-friendly experience.

Innovations Driven by Technology

- Upgraded Cargills Bank Mobile App with enhanced features for a seamless customer experience.
- Integrated digital marketing automation to deliver highly targeted and personalised campaigns.
- Leveraged performance marketing tools to boost customer acquisition and improve retargeting strategies.
- Introduced contactless Tapit NFC Sticker Payment Card solutions, promoting convenience and security.
- Implemented data-driven decision-making through advanced dashboards and AI-powered segmentation for smarter marketing strategies.
- Adopted AI predictive analytics to minimise marketing spend waste and maximise ROI.

Investments in Technology in FY 2025

- Invested in mobile app development to enhance user experience (UX) and integrate comprehensive supermarket banking features for greater convenience.
- Strengthened cybersecurity posture through advanced tools, continuous monitoring, and robust IT governance practices.
- Established an AI Governance framework and initiated exploration of AI integration for process optimization and improved customer service.
- Introduced automated dashboards to deliver real-time insights on campaign analytics and marketing performance, enabling data-driven decision-making.

Strengthening Cyber Security

- Customer education and awareness programs
- On going security controls and monitoring
- Incident reporting & responses
- Investment on cyber security

Fostering a Culture of Integrity and Transparency

The Board and Senior Management maintain consistent communication to uphold cultural integrity and reinforce accountability in ethics and compliance. All operations strictly adhere to the compliance requirements of the Central Bank of Sri Lanka (CBSL) and align with industry best practices, ensuring the highest standards of customer service.

We foster a culture of integrity and accountability through clear, transparent policies and guidelines. These cover critical areas such as discipline, confidentiality, conflict of interest, anti-corruption, and legal compliance, providing a comprehensive framework for employees. Open communication is encouraged, supported by multiple reporting channels and a robust whistleblowing policy to address unethical behaviour.

Accountability is further strengthened through defined performance expectations, regular reviews, and ethics-focused training programs. Mandatory policy acceptance and e-learning modules reinforce these values across the organisation. Additionally, we emphasise ethical hiring practices by thoroughly vetting candidates and addressing disciplinary matters in line with established policies.

Moreover, the Bank's Anti-Corruption and Anti-Money Laundering (AML) Policy was communicated to all employees and relevant third parties, reinforcing our commitment to ethical practices and regulatory compliance. During the year, we delivered mandatory training programmes, achieving coverage of 91% of staff and ensuring a strong understanding of compliance obligations across the organisation.

The Bank was not subject to any legal action related to anti-competitive behaviour, anti-trust, or monopoly practices during the reporting period of 2025. Neither was there any experience in respect of the anti -competitive behaviour, anti-trust and monopoly practices.

Harnessing Tacit Knowledge

We recognise the invaluable tacit knowledge of our employees as a critical source of intellectual capital and actively leverage it to drive innovation and organisational success. This expertise is harnessed through structured training programmes, hands-on learning guided by senior professionals, and participation in strategic projects and cross-functional teams. These teams meet regularly to share best practices and address challenges collaboratively.

To ensure continuous improvement, formal reviews are conducted after major projects to capture insights and codify process enhancements. Knowledge transfer is further strengthened by pairing experienced staff with new employees, fostering mentorship and skill development across the bank.

Award and Recognitions

During FY 2025, we garnered the following awards and recognitions:

TAGS Awards 2025 Gold Award in the 'Newly Listed Companies' Category

Marketing and Social Media Strategy

Our marketing strategy is anchored on strategic platforms and engaging content designed to maximise reach and deepen customer connections. Leveraging key social media channels, Facebook, Instagram, TikTok, LinkedIn, and YouTube we deliver weekly and monthly product updates, educational posts, and user-centric content. Monthly campaigns spotlight Mobile App features such as Cargills SendCash, utility bill payment raffles, and seasonal giveaways, complemented by interactive formats like polls, quizzes, games, and Q&A sessions to boost engagement. Partnerships with local influencers further amplify our message, enhancing product visibility and credibility.

In 2025, we strengthened our social media strategy by focusing more heavily on video-driven content across TikTok, Instagram Reels, and YouTube Shorts, which significantly improved engagement and reach. Interactive formats were expanded to foster audience participation, while collaborations with micro-influencers built authentic connections with niche audiences. Monthly digital campaigns continued to promote SendCash, utility payments, and seasonal offers, supported by improved content scheduling and analytics-driven optimisation to ensure consistency and maximise ROI.

Intellectual Capital

Our communication mix

Capitalise on Group Media Buying - TV, Radio, Press, Magazines & Tabloids	Strategic Locations & Effective Marcoms - POSM's, Hoarding, LED Screen ads etc	Constant visibility to build the Brand - Press Articles, Press Interviews, Radio Interviews	Most Dynamic Bank in Digital Space - FB, IG, LinkedIn, Google Ads, Youtube , Tik Tok	Drive footfall to the Branch - Leaflets, Direction Boards, Local Events	Optimisation of the Ecosystem - CFC & Other Cargills Brands, Group Events

	Facebook	Instagram	LinkedIn	TikTok	YouTube
Total Post Engagement	103K	5.3K	555K	10.1K	24K
Total Views	15.7 Mn	1.5 Mn	17K	205K	1.8K
Total Page Profile Visits	170.9K	6.4K	24K	2.1K	121
Net Followers	126	63	6K	999	25
Total No. of Followers	207.9K	5,355	34,589	3,787	1.22K

Our Brand

During the year, we focused on reinforcing our brand value through a strategic blend of innovation, visibility, and community engagement. By introducing cutting edge digital solutions, amplifying its presence across multiple channels, and deepening trust within local communities, we strengthened our position as a reliable and forward-thinking financial partner. These initiatives were complemented by leveraging the credibility of the Cargills Group brand and improving customer accessibility, ensuring a seamless and familiar experience for all stakeholders.

- Introduced technology-driven innovations, including the Tapit Sticker Card, while advancing enhancements to Mobile App features and Internet Banking.
- Boosted brand visibility through multi-channel product campaigns and targeted social media engagement.
- Strengthened community trust by conducting financial literacy programmes for farmers and hosting community-focused events.
- Maintained strong brand alignment with the Cargills Group, reinforcing credibility and familiarity.
- Enhanced customer accessibility via supermarket counters and promotional initiatives to support seamless onboarding.

Our Brand-Building Initiatives

We launched the following campaigns in 2025:

Multi-Channel Campaigns

Launched campaigns for key products, including Kotipathi Investment Plan, Tapit Contactless Sticker Card, Fixed Deposits, Cards, Flexi Draft & Vehicle Loans, and Gold Loans.

Community Engagement: Strengthened presence through participation in major initiatives such as:

"Arunaloka Poson Pan" Dansala

Cargills Bank "Pay DIGI" awareness events

Cargills Group Events - "Village to Home"

CIB Children's Day Programme

"Infotel TCT" Exihibition

Brand Recall Initiatives

Enhanced visibility through influencer partnerships, educational videos, awareness content, and supermarket-based branding.

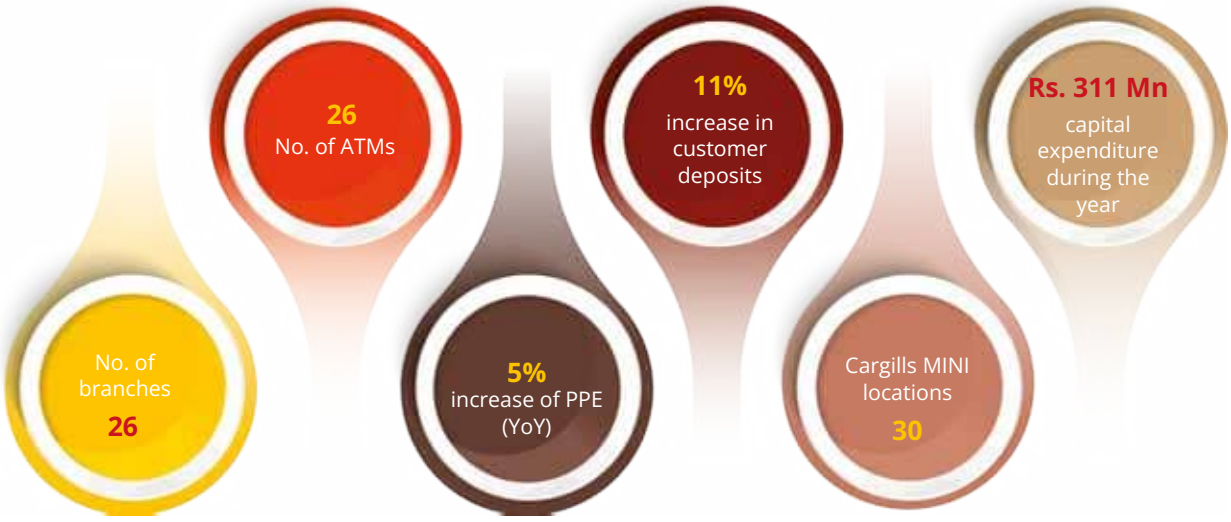
Internal Brand Alignment

Improved consistency by implementing visual identity guidelines across all communication channels.

Manufactured Capital

Our extensive physical infrastructure-including an island-wide branch network, MINI locations, ATMs, CRMs, plant and equipment, and other built assets-plays a pivotal role in delivering superior customer experiences. It enhances engagement, supports customer acquisition, and fosters brand loyalty, ultimately driving business growth. This infrastructure also reinforces our commitment to inclusive banking by providing Sri Lankans across the nation with access to a diverse and competitive range of financial services.

Key Highlights 2025



Relevant stakeholders

Contribution to SDGs

Relevant strategic pillars

Relevant material topics M2 M4

Trade-Offs

Investing in plant and machinery may strain financial resources in the short term, but it delivers long-term benefits through revenue growth driven by improved branch infrastructure and delivery channels that enhance customer convenience.

Advanced IT systems and digital platforms allow employees to collaborate, share insights, and access real-time data, strengthening organisational knowledge.

Upgraded infrastructure and ergonomic facilities create a more conducive work environment, improving employee satisfaction and reducing stress, which can lead to higher retention.

Incorporating environmentally friendly practices into manufactured capital enhances sustainability.

More branches, ATMs, and robust digital platforms make banking convenient, strengthening customer relationships.

Way Forward

Short-Term

- Enhance the digital framework across key operational areas.
- Relocate branches where necessary to improve customer convenience.

Medium-Term

- Achieve energy and cost reductions across branch operations.

Long-Term

- Transition from conventional banking practices to fully digital channels, ensuring a 100% digital platform.
- Direct investments toward sustainable technologies and innovation.

Manufactured Capital

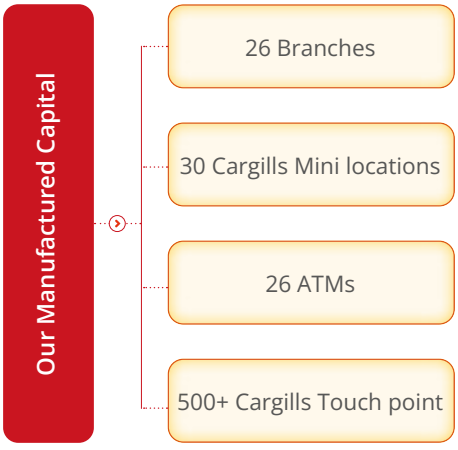
Key Challenges and Opportunities

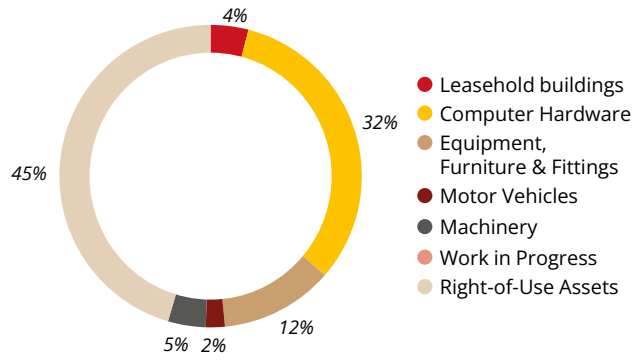
Category	Key Risks / Challenges	Key Opportunities
Physical Assets & Branch Network	• High expansion and refurbishment costs • Impact of inflation and rising construction costs • Regulatory constraints on branch network expansion	• Growth in virtual banking Channels • Efficient utilisation of existing branch network • Extending access beyond physical locations
Technology / Digital	• High cost of digital infrastructure • Cybersecurity threats	• Maximising utilisation of in-house digital platforms
Operational	• Challenges in expanding touchpoints • High operational process costs	• Enhancing automated services through digital platforms

Management Approach

We ensure effective management of our manufactured capital through a structured procurement process governed by three key committees: the Procurement Committee, the Technical Evaluation Committee, and the Financial Evaluation Committee. The Technical Evaluation Committee uses a predefined scoring mechanism to assess requirements, prioritising mandatory, important, and optional factors for each requisition. Meanwhile, the Financial Evaluation Committee-comprising experts from Operations, Finance, and Risk-reviews vendors' financial proposals and advises on investment decisions to ensure alignment with the Bank's strategic objectives. This approach supports our focus on modernisation, efficiency, and digital integration, building a sustainable and resilient operating platform that delivers superior service to customers and stakeholders.

Composition of Manufactured Capital



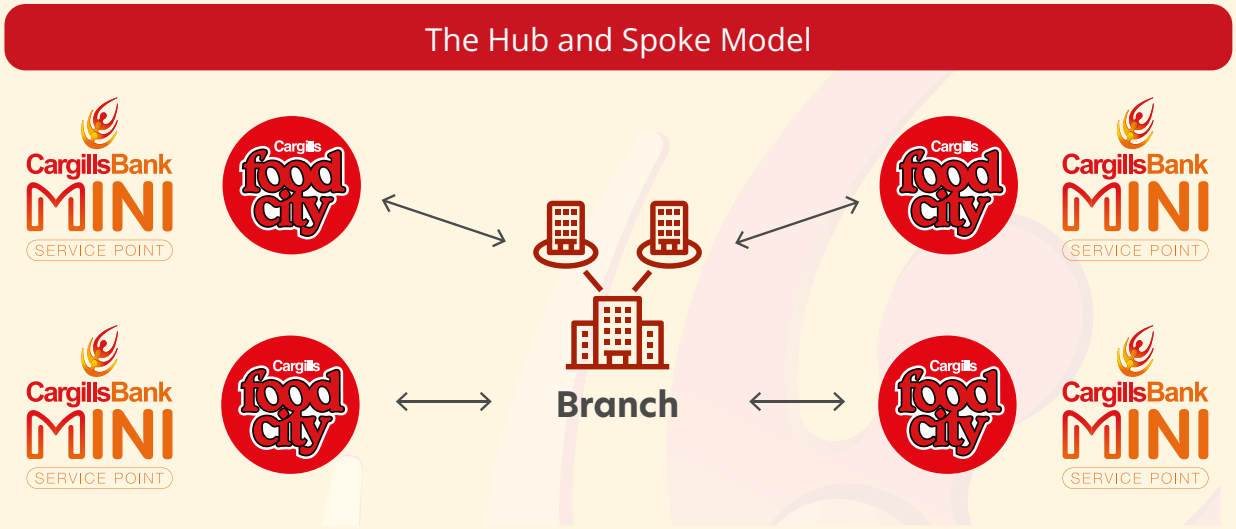


Our Network

We leverage a cost-efficient Hub-and-Spoke model to broaden our reach and attract retail customers. The central branch (Hub) delivers services through 30 MINI locations within Cargills Food City outlets, offering essential banking functions such as account opening. This network provides customers with over 500 convenient touchpoints. Additionally, accessibility is enhanced through agency banking, enabling deposits, withdrawals, and payments. This unique integration with a leading supermarket chain sets us apart in the domestic banking sector, creating a strong competitive advantage.

Our Branch Operations

Our branch network expansion across eight provinces and fifteen districts has significantly improved customer access to banking services, enabling us to grow our customer base and enhance the overall experience throughout the year. This growth is supported by dedicated resources for customer assistance, continuous monitoring of branch operations, and regular infrastructure upgrades to ensure superior service delivery. Our branch operations are designed to effectively cater to all customer segments.



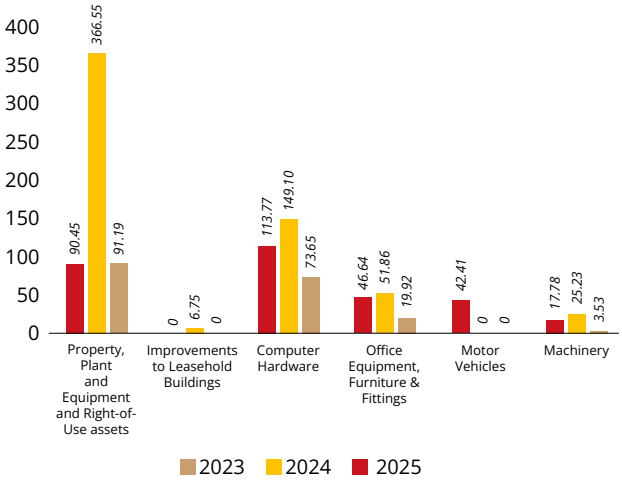
A single branch will operate MINI locations from multiple Cargills Food City outlets, allowing the branch to capture business opportunities beyond its own geographical territory.

Manufactured Capital

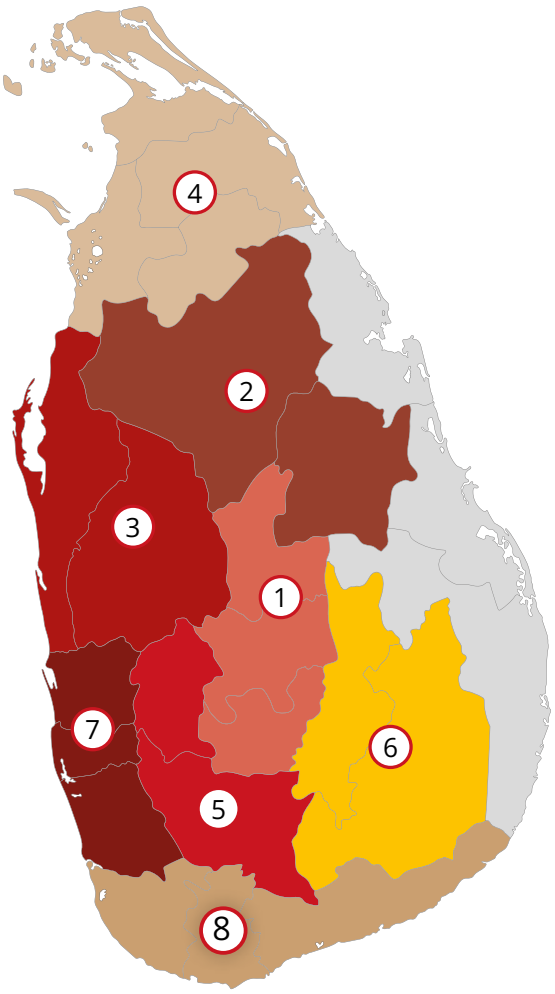
Capital Expenditure on Manufactures Capital

Capital Expenditure	2025 (Rs. Mn.)	2024 (Rs. Mn.)	2023 (RS Mn.)
Property, Plant and Equipment and Right-of-Use assets	90.45	366.55	91.19
Improvements to Leasehold Buildings	-	6.75	-
Computer Hardware	113.77	149.10	73.65
Office Equipment, Furniture & Fittings	46.64	51.86	19.92
Motor vehicle	42.41	-	-
Machinery	17.78	25.23	3.53
Total	311.05	599.49	188.29

Capital Expenditure (Rs. Mn)



Our Branch Network



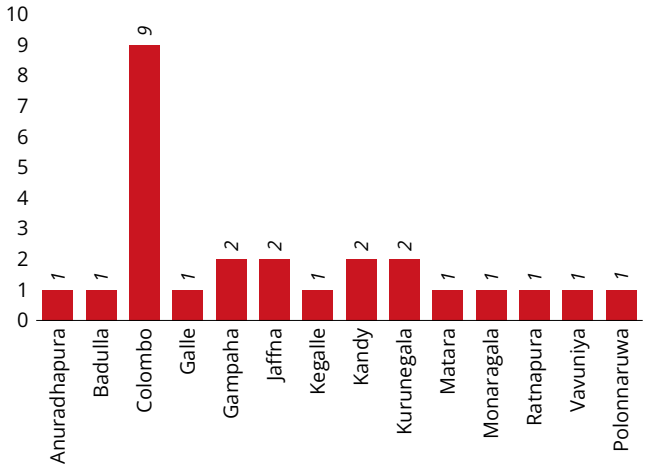
	Province	District	No of Branch	No. of Cargills Minis
1	Central	Nuwaraeliya	1	5
		Kandy	3	
2	North Central	Polonnaruwa	1	1
		Anuradhapura	1	
3	North Western	Kurunegala	2	4
		Puttalam	1	
4	Northern	Vavuniya	1	1
		Jaffna	2	
5	Sabaragamuwa	Rathnapura	1	3
		Kegalle	1	
6	Uva	Monaragala	1	3
		Badulla	1	
7	Western	Colombo	6	10
		Gampaha	2	
8	Southern	Matara	1	3
		Galle	1	

Vintage	No. of branches
< 5 years	5
5 10 years	11
Over 10 years	10

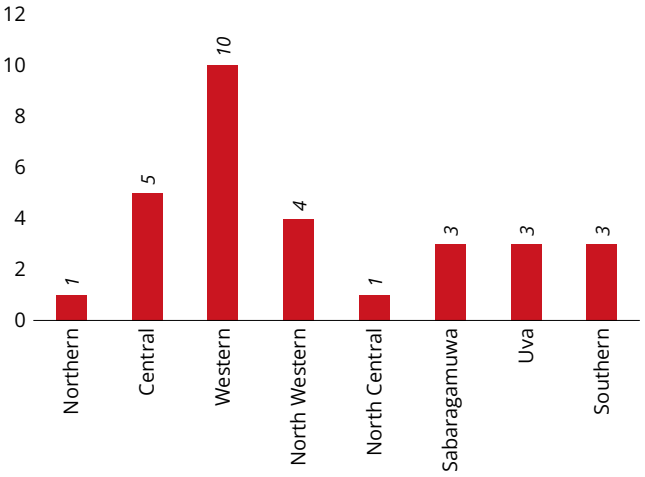
Composition of ATM & Cargills MINI Network Island-wide

During the year 2 new branches were opened in Kegalle and Kuliyapitiya and 26 ATMs were installed islandwide.

District Wise ATM Composition - 2025 (Nos.)



Province Wise Cargills Mini - 2025 (Nos.)



Natural Capital

We are committed to identifying opportunities and implementing strategies that facilitate the transition to a low-carbon economy while minimizing our environmental impact. Although our operations are primarily service-based and have a relatively small direct footprint, we recognize the significant role we can play in driving change. Accordingly, we embed sustainability into our business practices and decision-making, ensuring that our actions contribute to a greener, more sustainable future.

Key Highlights 2025

- Business focus on ESG
- **Rs. 1.5 Mn** investment in CSR
- **35** No of awareness session for Farmers
- **Rs. 10,010 Mn** of Sustanable lending portfolio
- Screen the portfolio to measure Natural Risk
- **2%** of the Agri portfolio

Relevant stakeholders

Relevant strategic pillars

Contribution to SDGs

Relevant material topics M9 M14

Trade-Offs

Sustainable use of natural resources reduces long-term risks (e.g., regulatory fines, climate-related losses), improving financial stability.

Developing expertise in environmental risk assessment and green finance builds knowledge assets.

Training staff on sustainable lending practices improves engagement and retention.

Natural capital initiatives often require infrastructure upgrades, improving physical assets.

Supporting natural capital projects enhances trust with customers, business partners, and communities.

Way Forward

Short-Term

- Implement immediate resource efficiency measures by reducing electricity consumption through the use of LED lighting, AC optimisation, and automatic sensors. Water conservation will be achieved with low-flow devices and timely leak repairs. Additionally, paper usage will be minimised by promoting digital statements and forms.
- Strengthen environmental compliance by ensuring all branches adhere to local environmental and health standards. Additionally, a Natural Capital Policy will be established in alignment with Central Bank sustainability guidelines to promote responsible resource management.
- Implement staff awareness sessions on resource conservation, recycling, and energy saving.

Medium-Term

- Reduce our operational footprint by achieving targeted reductions in electricity, water, and paper usage. Waste segregation and recycling programmes will be introduced across all branches, while exploring opportunities to transition to renewable energy sources.
- Integrate natural capital into lending and investment by screening portfolios for high environmental risk sectors and introducing credit policies that promote renewable energy, sustainable agriculture, and low-carbon businesses.

Long-Term

- Drive green banking operations by embedding sustainability principles into all banking activities and processes.
- Transition to a low-carbon bank by converting branches to renewable energy sources
- Develop a sustainable lending portfolio by allocating a defined percentage of lending to green projects (renewables, sustainable SMEs).
- Integrate environmental and social risk assessments into all credit decisions.
- Implement natural capital enhancement projects to support community biodiversity initiatives.
- Partner with government and NGOs on conservation and climate resilience programmes.
- Align with Global Sustainability Frameworks to ensure compliance with international standards and best practices.

Natural Capital

Key Challenges and Opportunities

Climate change is a critical global challenge that demands urgent and collective action due to its far-reaching impacts. We are committed to identifying and addressing climate-related risks and opportunities to support sustainable development while safeguarding our assets against climate-related threats.

Category	Key Risks / Challenges	Key Opportunities
Physical Risks	• Damage to physical assets caused by extreme weather events such as floods, storms, and heatwaves. • Disruption to branch operations and service delivery due to climate-related disasters. • Increased insurance claims and premiums as a result of higher climate-related losses.	Green Lending • Financing renewable energy projects, sustainable agriculture, and low-carbon businesses to capture emerging markets. Sustainable Products • Development of eco-friendly financial products such as green bonds, sustainability-linked loans, and ESG investment funds.
Transition Risks	• Credit Risk: Borrowers in high-carbon sectors may face financial stress due to stricter environmental regulations or market shifts. • Regulatory Changes: New compliance requirements and sustainability mandates could increase operational costs. • Reputation Risk: Failure to adopt sustainable practices may harm brand image and stakeholder trust.	Enhanced Risk Management • Integrating climate risk assessments into credit and investment decisions to strengthen portfolio resilience. Reputation and Brand Value • Positioning as a sustainability leader to attract environmentally conscious customers and investors.

Management Approach

Our commitment to environmental stewardship is reflected in initiatives designed to minimize the use of natural and non-renewable resources. We prioritize efficient management of waste, water, and energy across all operations and implement measures to reduce our carbon footprint, contributing meaningfully to climate change mitigation. In addition, we focus on reducing our own environmental impact, managing environmental risks, and promoting sustainable practices through responsible lending and investment activities.

Governance

We have established an Environmental, Social, and Governance (ESG) Policy aligned with the Central Bank of Sri Lanka (CBSL) guidelines and IFC standards, supporting the UN Sustainable Development Goals and the transition to a green economy. This policy provides a framework for managing ESG risks in financing activities and promotes investments in climate-friendly, socially inclusive businesses. It also defines clear processes for classifying and measuring sustainable finance activities, ensuring engagement from all stakeholders.

A management level committee, chaired by the Managing Director, provides quarterly reports to the Board. In 2026, we plan to establish a dedicated Board level committee.

For more details, please refer to page 72 for our comprehensive ESG & sustainability framework.

We collaborate with key institutions to advance our ESG agenda, including:

1. Sri Lanka Bankers Association
2. Ministry of Finance
3. Presidential Secretariat
4. Central Bank of Sri Lanka
5. Smallholder Agriculture Partnership Programme

Our Measures to Combat Climate Change

- Green Financing
  - Provided dedicated financing for renewable energy projects, sustainable agriculture, and low-carbon businesses.
  - Offered green bonds and sustainability-linked loans to encourage environmentally responsible investments.

- Climate-Focused Funds
  - Established funds that support climate resilience initiatives, such as energy efficiency upgrades and biodiversity conservation.
  - Channelled investments toward sectors that contribute to reducing greenhouse gas emissions and promoting climate adaptation.

- Sustainable Practices
  - Integrated environmental and social risk assessments into all lending and investment decisions.
  - Implemented resource efficiency measures within operations, including energy, water, and waste management.
  - Promoted paperless banking and digital solutions to reduce the operational carbon footprint.

- Climate-Related Disclosures
  - Adopted transparent reporting aligned with global frameworks such as TCFD (Task Force on Climate-related Financial Disclosures).
  - Regularly disclosed climate-related risks, opportunities, and progress toward emission reduction targets to stakeholders.

Energy Management

GRI 302-1 GRI 302-4 GRI 302-5

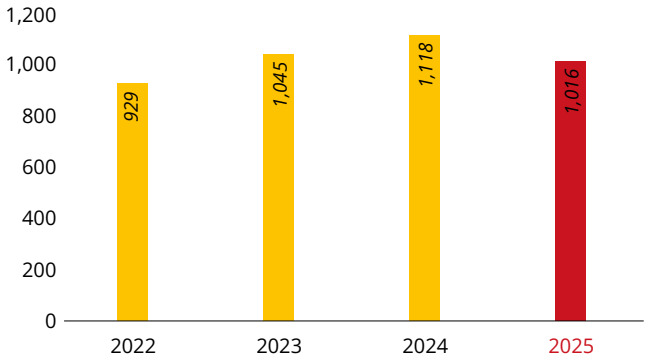
In our commitment to fostering a culture of energy conservation, we delivered educational sessions to all staff members. These sessions outlined practical steps individuals can take to help reduce overall energy consumption. The programme focused on actionable strategies for energy efficiency, such as optimising air conditioning usage, switching off lights when leaving rooms, and maximising natural lighting wherever possible.

Through interactive workshops and awareness campaigns, we aimed to inspire behavioural change and deepen understanding of how individual actions contribute to a more sustainable and energy-efficient workplace.

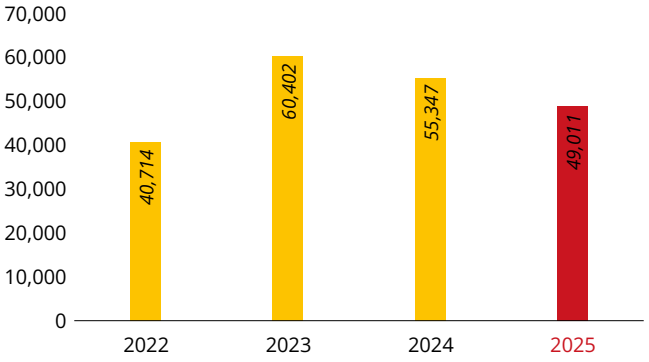
In 2025, the following initiatives were implemented to reduce energy consumption further:

- Replaced conventional lighting with energy-efficient LED fixtures across all branches.
- Adopted appliances and systems designed to minimise energy consumption.
- Transitioned to solar power and other renewable sources where feasible.
- Conducted periodic audits to identify inefficiencies and implement corrective actions.
- Educated staff on energy-saving practices to encourage responsible usage.
- Continued to promote sustainable lending practices by prioritising loans and investments in projects that advance environmentally and socially responsible businesses and initiatives.
- Educated staff on the importance of reducing greenhouse gas emissions and minimising carbon footprints, empowering them to contribute to our sustainability objectives.

Energy Consumption - units



Energy Consumption - (Rs. '000)



Natural Capital

	2025	2024
Purchased electricity (kWh)	1,160,448	11,178,878
Energy consumption - Non-renewable Sources (Rs. '000)	49,011	55,347
Fuel consumption		
- Petrol (L)	20,217	3,528
- Petrol (Rs. '000)	5,944	1,090

Waste Management

GRI 306-1, GRI 306-2, GRI 306-3, GRI 306-4, GRI 306-5

We implemented the following initiatives to manage waste.

- Maintaining proper waste segregation system.
- Following 5S concepts and 3R strategy effectively in all operational activities.
- Launched beach and coastal clean up initiatives to support marine conservation and community engagement.
- Introduced digital banking services to promote paperless operations and reduce reliance on physical documents.
- Implemented process improvements to enhance the effective and efficient utilisation of resources across operations.
- Provided tailor made financing facilities to support the Group's Agri Modernisation projects, which focus on managing and converting biological waste into productive outputs.

Reduce Paper Consumption Across the Bank

To minimise environmental impact and enhance operational efficiency, we have implemented the following initiatives to reduce paper usage throughout the Bank. Key initiatives include:

- **Digital Transactions**: Transitioning to secure, paperless banking services for customers, including online fund transfers, e-statements, and mobile banking solutions.
- **Digital Documentation**: Replacing physical forms and records with electronic documentation systems, ensuring easy access, storage, and retrieval while maintaining compliance and security.
- **Reduced Printing**: Implementing strict printing protocols, such as default duplex printing, limiting unnecessary printouts, and encouraging digital approvals and signatures.
- **Digital Marketing**: Shifting from printed promotional materials to online campaigns, social media engagement, and email marketing to reach customers effectively while reducing paper waste.
- **Customer Awareness**: Promoting e-statements and digital communication options to clients, reducing reliance on printed correspondence.

Paper consumption	2025	2024	2023
Quantity (Kgs)	10,125	8,172	6,096
Cost (Rs.'000)	4,606	3,155	2,355

Supporting a Sustainable Supply Chain

- We encourage and prioritise the procurement of energy-efficient equipment and appliances across all departments and operations. This approach helps reduce overall energy consumption, lower operating costs, and align with our sustainability objectives.
- Staff members are encouraged to advocate for and utilise digital banking services, reducing reliance on paper-based documentation. This initiative fosters a more efficient, environmentally friendly approach to banking processes while enhancing customer convenience.
- We collaborate with suppliers and contractors who uphold ethical business practices, including responsible waste management, safe working conditions, and strict avoidance of child labour. These partnerships contribute to building a more sustainable and socially responsible supply chain.

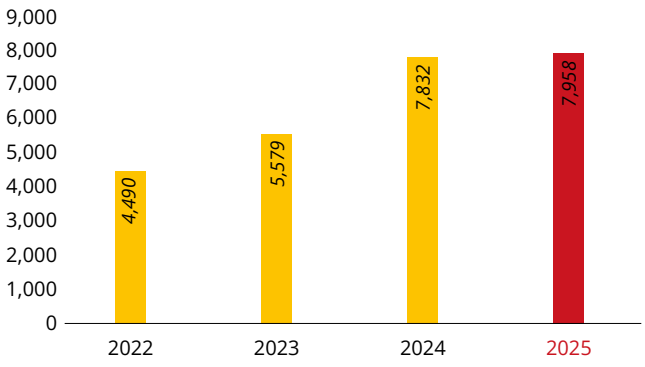
Water Management

GRI 303-5

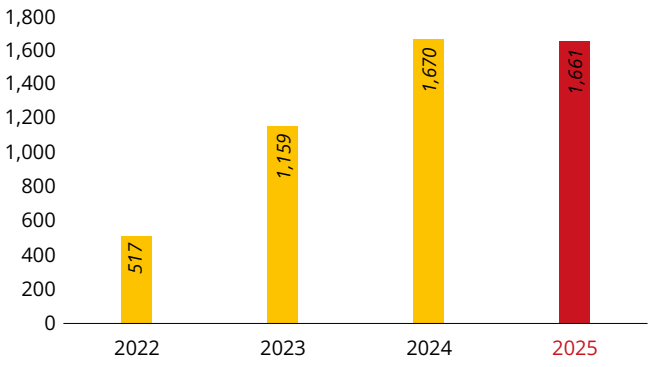
To conserve water and promote sustainable practices, the bank has adopted a comprehensive approach focused on:

- Implementing measures to minimise water usage across all facilities, including installing water-efficient fixtures and monitoring consumption patterns.
- Raising awareness among staff and customers about responsible water use through training sessions, internal campaigns, and educational materials.
- Establishing policies and procedures that support efficient water management, including regular maintenance of plumbing systems to prevent leaks and wastage.

Water Consumption - Cu. Ft.



Water Consumption - (Rs. '000)



Natural Capital

Biodiversity Conservation

To support environmental sustainability and protect biodiversity, we adopted the following initiatives:

- Invest in and collaborate with projects aimed at preserving ecosystems, restoring habitats, and protecting endangered species. Prioritise financing for businesses and initiatives that demonstrate strong environmental stewardship and biodiversity-friendly operations.
- Promote eco-friendly banking services, including paperless transactions, digital documentation, and energy-efficient operations.
- Conduct awareness programmes and training sessions to educate employees on biodiversity conservation and encourage active participation in sustainability initiatives.
- Partner with NGOs, environmental organisations, and community groups to strengthen conservation efforts and amplify impact.
- Integrate biodiversity considerations into procurement, lending, and operational policies to ensure long-term ecological balance.

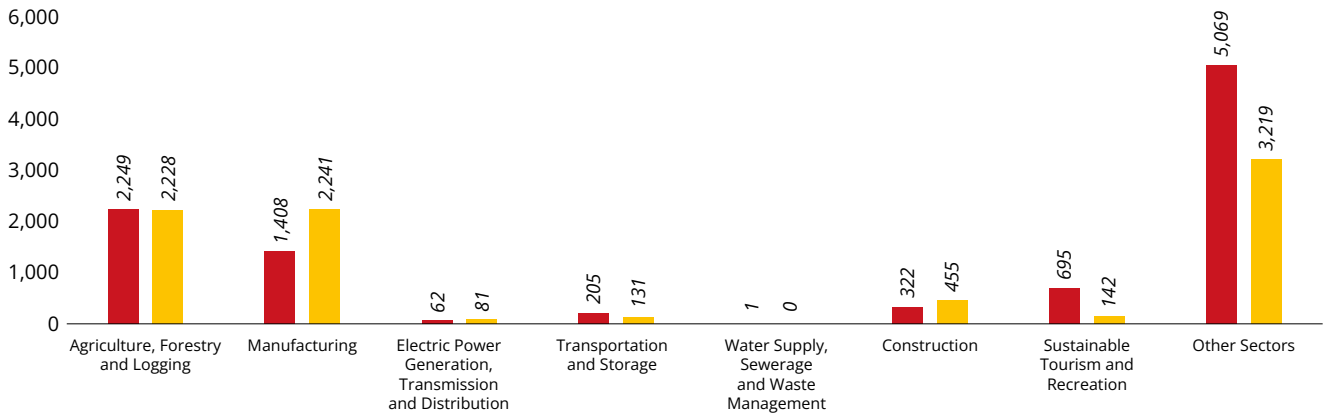
Advancing Green Financing

In accordance with CBSL Direction No. 05 of 2022 on Sustainable Finance Activities of Licensed Banks, we have categorised our lending portfolio into priority sectors. Demonstrating our commitment to sustainable lending, we promote positive environmental impact and support the advancement of sustainable development goals.

Accordingly, we provide direct financing for renewable energy and natural gas projects while incorporating carbon footprint assessments into our client evaluations. Moreover, aligned with global sustainability objectives, we have funded major solar power initiatives and natural gas projects, contributing to pollution reduction and mitigating deforestation.

Our approved green financial portfolio includes significant investment in the sustainable agriculture segment with a portfolio value of Rs. 2 Bn as of December 2025.

Sector Wise Analysis of the Sustainability Portfolio (Rs. Mn)



Social and Relationship Capital

The foundation of our Social and Relationship Capital lies in our strong connections with customers, business partners, and communities. We foster these relationships through active engagement, aimed at generating mutual trust, confidence, and benefit. This reciprocal approach, encompassing our holistic value proposition, safeguards our social license to operate.

Key Highlights 2025

- **13%** YoY increase in customer base
- Multiple CSR beneficiaries
- **Rs. 1.5 Mn** investment in CSR
- Healthy relationship with suppliers
- Multiple CSR Programmes held
- Empowered small-holder farmers **500**

Relevant stakeholders

Contribution to SDGs

Relevant material topics M2 M7 M8 M10 M14 M15

Relevant strategic pillars

Social and Relationship Capital

Trade-Offs

Enhances trust, collaboration, and market access-driving financial capital growth through increased business opportunities and sustainable returns.

Driving initiatives that protect ecosystems and promote sustainable practices-ultimately enhancing natural capital.

Accelerates knowledge exchange and innovation-key drivers for building and enhancing intellectual capital.

Facilitates collaboration and trust, enabling efficient project execution and resource sharing-ultimately enhancing manufactured capital through improved infrastructure and operational capacity.

Strengthens collaboration, trust, and engagement-driving skill development and motivation, which directly enhances human capital.

Key challenges and opportunities

Key Risks / Challenges

- Rising customer expectations for seamless digital experiences required continuous system enhancements and user education.
- Competition from fintechs and aggressive digital offerings from other banks.
- Need for faster internal content creation, data analytics capabilities, and process automation to support marketing agility.
- Maintaining cyber security and safeguarding customer data in a rapidly digitizing environment.

Key Opportunities

- Card, and SendCash, creating opportunities to collect insights for product improvement and personalization.
- Strengthening digital competencies within the Marketing and Retail teams to support data-driven decision-making.
- Enhance the operation efficiency.

Management Approach

Our strong governance framework, underpinned by a comprehensive set of policies, enables Cargills Bank to effectively manage its social and relationship capital. We remain committed to strengthening relationships with customers, suppliers, and the communities we serve, while continuously refining our value proposition to ensure stakeholder satisfaction and create shared, sustainable value.

Customer Capital

Our commitment to customers is embodied in a value proposition centred on convenience, savings, exceptional service, and trust. We lead the way in inclusive banking by delivering a diverse and competitive range of products and services to Sri Lankans nationwide.

Our Unique Value Proposition

Convenience & Accessibility

- Banking brought closer through 500+ supermarket touchpoints.
- Enhanced Mobile Banking App for seamless transactions, bill payments, and instant Send Cash transfers.

Customer-Centric Offerings

- Competitive savings products and investment plans.
- Exclusive supermarket and group-linked card offers.
- Targeted campaigns to reward regular usage.

Digital Engagement

- Active use of digital platforms and social media for two-way communication.
- Customer education and feedback to continuously improve experience.

Community Empowerment

- Support for farmers and small businesses.
- Initiatives on financial literacy, cybersecurity awareness, and access to formal banking via supermarket and digital channels.

Core Values as Part of Cargills Group

- Commitment to trust, innovation, and inclusivity.
- Ensuring access to modern banking for urban professionals and rural farmers alike.

Enhancing Customer Experience

We implemented the following initiatives to enhance customer experience in 2025:

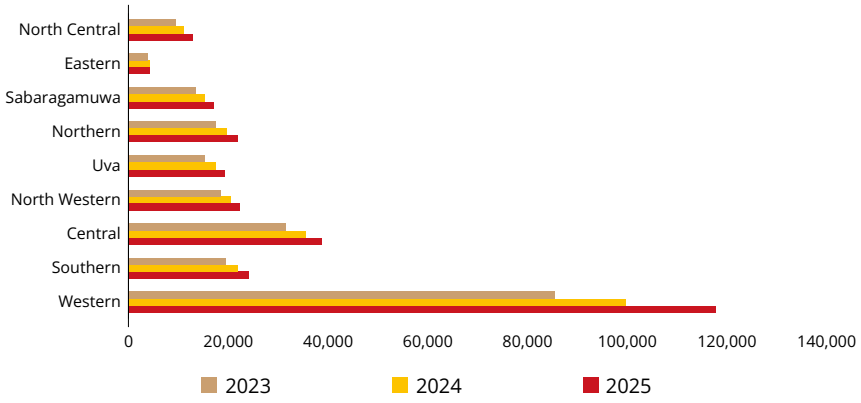
- Launch of Sri Lanka's First Contactless Sticker Payment Card
  - Introduced the Cargills Bank Tapit Sticker Card in partnership with Mastercard.
  - Enables fast, secure tap-to-pay transactions using a compact adhesive sticker that can be attached to a mobile phone or personal item.
  - Powered by NFC and EMV chip technology for speed and security, with real-time SMS notifications for added peace of mind.

Social and Relationship Capital

- Enhanced Mobile Banking Experience
  - Upgraded Cargills Bank Mobile App with improved navigation, faster login, and simplified payment options.
  - Continuous updates to supermarket banking features, ensuring convenience across 500+ supermarket locations.
- Commitment to Customer-Centric Innovation
  - Reinforced position as a customer-first, innovation-led financial institution.
  - Dedicated to making banking simpler, smarter, and more accessible for all.

Growing our customer base

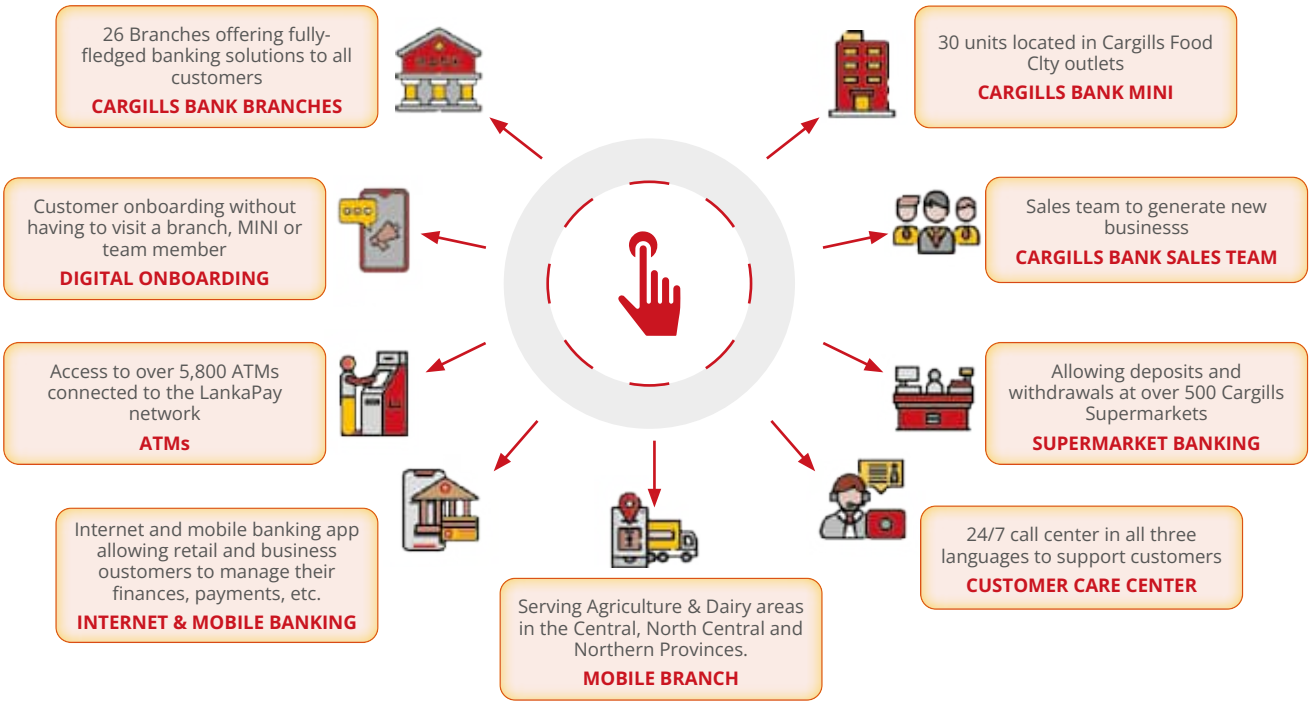
Geographic Distribution of Customers (Nos.)



With a strong commitment to nationwide accessibility, we deliver services to customers across Sri Lanka through our extensive branch network and advanced digital channels. In FY 2025, our customer base grew by 13% YoY, with consistent expansion across all provinces.

Expanding our customer touchpoints

We seamlessly integrate traditional and modern banking to deliver maximum convenience for our customers. With 24/7 access to digital banking services, customers can manage their finances anytime, anywhere. Our strategic partnership with Cargills Retail extends banking services to over 500 locations nationwide, where customers can enjoy free deposits, withdrawals, domestic transfers, and more through Cargills Cash. For those who prefer in-person banking, we operate 26 stand-alone branches and 30 Cargills Bank MINI locations within Cargills Food City outlets, offering easy onboarding and personalised support. Additionally, our digital onboarding service enables customers to open savings accounts from anywhere in Sri Lanka, ensuring inclusive access across both urban and rural communities.



Marketing Communications

GRI 417-1 GRI 417-2 GRI 417-3

To uphold our Customer Charter, all marketing communications undergo a rigorous compliance review to ensure accuracy, regulatory adherence, and prevent mis-selling of products and services. To guarantee inclusivity and broad understanding, we provide all product, service, and announcement communications in Sinhala, Tamil, and English.

We strictly comply with guidelines issued by the Central Bank of Sri Lanka and directives from our Compliance Department, including:

- Regulation No.24 on Advertisements and Sales Promotions of the Financial Consumer Protection Regulations (FCPR) No.01 of 2023
- Banking Act Direction No. 08 of 2011 on Customer Charter
- Credit Card Guidelines No: 01/2010
- Financial Consumer Protection Regulations No 01 of 2023
- Personal Data Protection Act No.9 of 2022

During FY 2025, there were no reported instances of corruption, fraud, or non-compliance with laws and regulations. The Bank incurred no fines or penalties related to socio-economic practices, customer health and safety, or marketing communication and labelling information.

Our diverse communication channels

Customer	Channels
Retail customers	Social media, in-app, SMS/ email, television, radio, press, billboards/ hoardings, in-store promotions
Farmers	Community events/ partnership, radio, SMS, CSR initiatives with Cargills
SME customers	LinkedIn, Facebook, press, trade shows, partnerships with industry associations
Corporate customers	Relationship managers, LinkedIn, newsletters, executive roundtables, and corporate events

In 2025, we executed a series of strategic marketing campaigns designed to enhance product visibility, drive customer acquisition, and strengthen brand equity. These campaigns spanned both digital and traditional platforms, with a strong emphasis on social media engagement complemented by print, digital media, and in-store point-of-sale promotions.

Key campaigns are as follows:

Product-Based Campaigns

- Kotipathi Investment Plan launch.
- Tapit Contactless Payment Sticker Card launch (Sri Lanka's first).
- Seasonal campaigns:
  - Fixed Deposit and Card promotions during Avurudu and Christmas.
- Flexi Draft & Vehicle Loan Campaign (post vehicle import ban lift).
- Gold Loan promotional campaign to boost branch traffic.
- Abhimani Campaign for International Women's Day - recognising and rewarding women customers.

Group-Level Participation

- Active involvement in Cargills Group initiatives:
  - Village to Home.
  - Children's Day.
  - Avurudu celebrations at Viharamahadevi Park.
- Strengthened visibility and alignment with Cargills brand.

Please refer to Intellectual capital on page 97 for information about the brand-building campaigns conducted in 2025.

Social and Relationship Capital

Marketing Strategy

Our marketing strategy in 2025 focused on customer acquisition, brand awareness, and digital adoption, leveraging the Bank's unique supermarket banking model. The approach emphasised promoting key product categories-liabilities, assets, cards, and digital solutions-while highlighting the Bank's core differentiator of convenient, supermarket-based banking experiences.

Through a balanced mix of Above The Line (ATL) and Below The Line (BTL) channels, we ensured consistent visibility, customer engagement, and product awareness across diverse segments.

Social Media Strategy

Our social media strategy in 2025 focused on strengthening our digital presence and fostering two-way engagement with customers. Using platforms like Facebook, Instagram, TikTok, LinkedIn, and YouTube, we shared regular product updates, educational content, and ran monthly campaigns promoting mobile app features. Engagement was driven through interactive polls, quizzes, games, and Q&A sessions, supported by influencer partnerships to boost visibility. Performance was continuously monitored through analytics on engagement, app downloads, and lead generation to optimise results.

Please refer to page 102 for our social media footprint

Empowering the Digital Banking Journey of Customers

In 2025, we strengthened our digital banking footprint by launching an upgraded mobile banking app, digitising key traditional processes, and expanding digital payment adoption. Moreover, digital onboarding allowed customers to open accounts without visiting branches, ensuring accessibility across Sri Lanka. We also focused on personalisation, convenience, and security to make banking simpler, smarter, and more inclusive for all.

Expanding the digital banking footprint

- Launched a new and significantly upgraded Mobile Banking Application to deliver a seamless user experience.
- Converted key traditional banking processes into digital formats, improving efficiency and accessibility.
- Expanded acceptance and adoption of digital payment solutions, promoting cashless transactions.

Customer onboarding to digital channels

- Introduced digital onboarding, enabling customers to open accounts without visiting a branch, ensuring convenience and nationwide accessibility.

Enhancing digital banking experience

We focus on three key areas to improve the digital experience for customers:

- **Personalisation** - Tailoring services and interfaces to individual customer needs.
- **Convenience** - Simplifying processes for faster, easier transactions.
- **Security** - Strengthening measures to protect customer data and ensure safe digital interactions.

17% increase in the number of retail and corporate banking customers	**18%** increase in the number of retail internet banking customers	**12%** increase in the number of digital banking users

Empowering Women

As a bank committed to women's empowerment, we strengthened our efforts throughout 2025 to drive socio-economic progress for female customers and the wider community. Our initiatives focused on providing access to affordable finance and skills development programs. A highlight was the Abhimani social media campaign during Women's Day, which encouraged participants to celebrate and spotlight the most admired women in their lives. To further support financial independence, we introduced targeted lending products such as microloans and business loans, which accounted for Rs. 449 Mn as of December 31, 2025.

Strengthening Customer Privacy

GRI 418-1

In compliance with Section 77 of the Banking Act No. 30 of 1988, we uphold the highest standards of customer privacy. To ensure data security, we have established a dedicated Information Security Unit and a specialised Risk Department to oversee related controls. Comprehensive policies and procedures govern information security and risk management, supported by robust staff training programs, including interactive e-learning sessions to enhance awareness.

During 2025, there were no substantiated complaints regarding breaches of customer privacy or loss of customer data. The Marketing Department also ensures strict adherence to data protection laws by using anonymised data, securing customer information, obtaining consent for data usage, and restricting access to sensitive data to authorised personnel only.

We remain fully compliant with all regulatory requirements and guidelines, and further details on these measures can be provided by the Compliance and Risk teams.

Customer Health and Safety

GRI 416-1, 416-2

At our bank, protecting our customers is at the heart of everything we do. We prioritise safety across three key areas:

- Digital Safety & Fraud: All digital banking platforms including Mobile App, Internet Banking, and Tapit payments are continuously monitored and tested through independent security assessments to safeguard against fraud, phishing, and data breaches.
- Physical Safety: Our Supermarket Banking model incorporates strict risk mitigation measures and regular security audits to ensure a safe environment for customers conducting transactions at Food City check-outs.
- Financial Health: We evaluate all financial products, especially loans and credit cards, to prevent undue financial strain and promote responsible borrowing, supporting long-term financial well-being.

During the year under review, there were no incidents of non-compliance concerning the health and safety impacts of products and services.

Call Centre

We operate a dedicated 24/7 call centre to assist customers with any grievances or concerns. Our streamlined complaint handling process ensures prompt and satisfactory resolution through the following steps.

- **Easy Contact** - Customers can reach us via our 24/7 call centre at 011 764 0640, through our website, or by email at customersupport@cargillsbank.com. inquiries and at customercomplaints@cargillsbank.com for complaints.
- **Detailed Registration** - All necessary complaint details are recorded, and a tracking number is provided.
- **Prompt Acknowledgement** - Customers receive confirmation of the complaint along with a reference number and an estimated resolution time.
- **Thorough Investigation** - Our team conducts a comprehensive review, gathering all relevant information.
- **Clear Resolution** - Once resolved, we communicate the outcome and any actions taken, offering guidance if required.
- **Satisfaction Follow-Up** - We follow up with customers to ensure satisfaction and collect feedback to improve future service.

249,778	87%	00:00:32	00:02:56
Total calls received in 2025	Average call answer rate	Average speed of answering a call	Average call handling time

Our Product Portfolio

GRI 2-6

Retail banking	Corporate banking	Cards	Treasury
Liability Products: • Local Currency • Fixed and call deposits • Current accounts • Cargills cash savings accounts • Abhimani women's savings account • Senior citizen savings account • High return savings account • Podihitiyo children's savings account • Salary saver account • Diriya investment account • Foreign currency • Foreign currency savings account • Foreign currency fixed deposits Asset Products: • Housing loans • Loans against property • Personal loans • Loans for professionals • Vehicle loans • Term loans Remittance Services	• Working capital financing • Short and long-term loans • Local and foreign currency loans • Local and international trade facilities • Guarantees • Fixed and working capital loans • Advisory services • Treasury and cash management solutions	• Cargills Bank Gold Credit Card • Cargills Bank Titanium Credit Card • Cargills Bank Platinum Credit Card • Cargills Bank Ascend Credit Card • Cargills Bank Shopping Debit Card • Cargills Bank Merchant Services Point-of-Sale and Internet Payment Gateway Solutions	Fixed Income Securities: • Treasury bonds • Treasury bills • Repo • Reverse repo Foreign exchange: • Spot contracts • Forward contracts Investments: • Sri Lanka Development Bonds (SLDB)

SME	Digital channels	Agriculture
• Permanent Overdraft (POD) • Short-Term Loans • Term Loans • Trade Facilities	Retail Internet Banking • Fund transfers (single/bulk) • Bill payments • Pay anyone • Corporate Internet banking • Mobile App for Retail Customers • Banking services at Cargills Food City Outlets • Collection account deposits • Deposits to other accounts • Credit card payments • SendCash • Withdrawals • Pay for purchases • Remittance collection • Justpay Aggregator Services • Lanka QR Acquiring services for merchants. • CEFT API services for corporate customers • Remote account opening though digital onboarding	Bank Funded Facilities: • Term loans • Short-term loans • Overdrafts Refinance Facilities: • Saubhagya (Prosperity Loan) • DAD (Domestic Agriculture Development Programme) • Small holder Agri business Partnership Programme (SAPP) Loan Scheme

Product development strategy

Our approach to product innovation is guided by three core principles:

Ecosystem-Driven Design

We create products that seamlessly integrate into customers' lifestyles and the broader financial ecosystem, ensuring convenience, security, and value.

Financial Inclusion & Accessibility

Every product is designed to be inclusive, enabling access to banking services for all segments of society, regardless of location or income level.

Strategic Partnerships

We remain open to collaborations that enhance our offerings, strengthen customer trust, and deliver innovative solutions through shared expertise.

New Product Innovations in 2025

- Tapit Contactless Sticker Payment Solution
  A fast, secure, and convenient way to make payments without physical cards or cash.
- Expanded Bancassurance & Investment Products
  Offering customers greater choice and flexibility in insurance and wealth-building solutions.
- High-Return Fixed Deposits & Exclusive Card Promotions
  Attractive deposit schemes and card benefits designed to maximize returns and rewards.

Way Forward

Short Term	Medium Term	Long Term
• Strengthen customer confidence by implementing robust security measures to prevent breaches. • Expand the digital user base to increase adoption of digital transactions. • Maximise the value and utilisation of the Supermarket Banking network.	• Increase the number of products per customer through effective cross-selling strategies. • Achieve significant growth in customers actively engaged with the core business. • Enhance market position to become a leading competitor in the industry. • Increase the share of the loan portfolio dedicated to agricultural and SME segments within the Cargills ecosystem.	• Position the bank as the most inclusive financial institution in Sri Lanka. • Ensure customer capital growth contributes directly to financial resilience. • Build a reputation as the most trusted and responsible financial partner, especially among rural communities.

Community Capital

GRI 203-1, 203-2

To advance financial inclusion and create meaningful community impact, we focus on empowering agricultural communities, fostering a culture of savings, and driving long-term, holistic rural development across the provinces we serve.

Our value proposition

Recognising our unique responsibility in driving inclusive growth, we serve as a strategic financial solutions provider through key initiatives:

- Expanding Financial Inclusion: Offering accessible banking services, including loans and credit card facilities, to empower diverse customer segments.
- Supporting SMEs and Agriculture: Facilitating business growth and job creation through targeted financing and advisory support.
- Building Knowledge and Skills: Delivering comprehensive financial literacy programs to empower farmers and SMEs with informed decision-making capabilities.
- Promoting Sustainability: Committing to responsible lending practices that benefit both people and the environment.

Our community sustainability policy

We believe in building stronger communities through financial empowerment and social development. Our approach ensures that economic progress goes hand in hand with social upliftment, creating lasting impact for all stakeholders. Our commitment to community development is reflected through four key focus areas:

- Financial Inclusion & Empowerment
  We deliver tailored financial products and services, particularly in rural and underserved areas, with a strong focus on SMEs, micro-entrepreneurs, and Agri-businesses. By expanding access to capital, we help drive job creation and economic stability.
- Targeted Sector Support - Agri Focus
  Recognising the critical role of agriculture, we offer specialised Agri-financing schemes, technical advisory services, and capacity-building workshops. These initiatives enhance productivity, promote sustainable farming practices, and improve market linkages for local farmers.
- Infrastructure & Social Development
  Through our CSR initiatives, we invest in essential community infrastructure such as education, healthcare, and water and sanitation projects, directly improving the quality of life for our stakeholders.

- Financial Literacy & Capacity Building
  We conduct comprehensive financial literacy programmes and entrepreneurship training to empower individuals with the knowledge and skills needed to make informed financial decisions and achieve long-term prosperity.

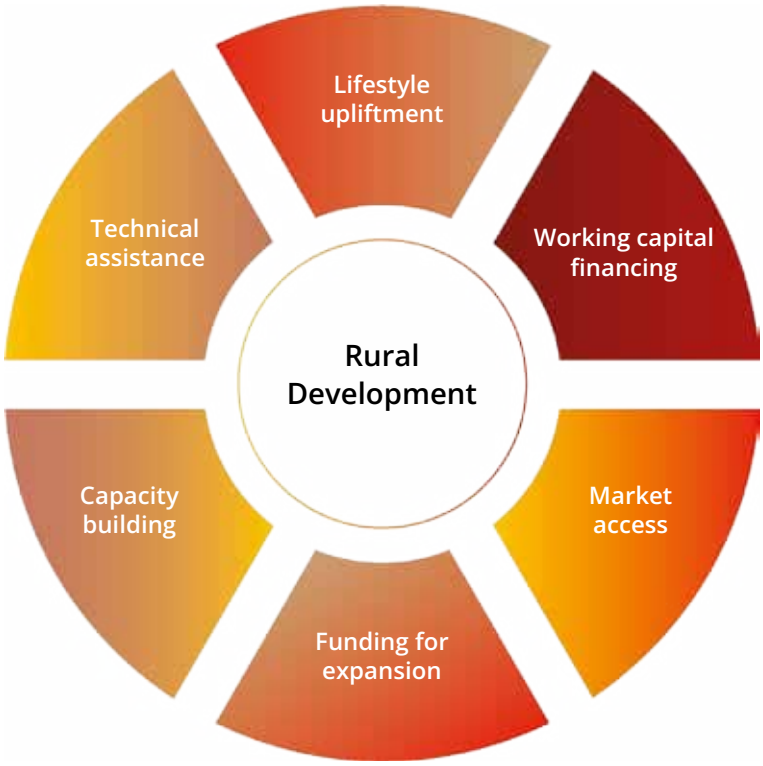
To date, we have disbursed over Rs. 31 Bn loans, amounting to Rs. 6 Bn. catering to both agricultural and non-agricultural micro-business segments.

Our community sustainability strategy

Our community sustainability strategy is built on four key pillars that drive inclusive growth, environmental responsibility, and social development:

Economic Empowerment through Agri-Value Chain	Strengthen the entire agricultural value chain from cultivation to processing and export by promoting green financing, encouraging climate-resilient farming techniques, and ensuring fair market access through the Cargills value chain.
Environmental Stewardship & Resilience	We integrate environmental criteria into our lending practices, supporting agricultural projects that reduce carbon footprints, optimise water and energy use, and build community resilience against climate change impacts.
Social Capital & Education	We invest in human capital development through education and training programs, including specialised workshops for farmers on modern agri-technologies and financial management, ensuring knowledge transfer for sustainable growth.
Strategic Partnerships	Collaborate with government agencies, NGOs, research institutions, and industry bodies to amplify the impact of our initiatives and align with national development goals, fostering inclusive and sustainable progress.

Our holistic approach to rural development



Social and Relationship Capital

Our unique position in Sri Lanka's agricultural value chain

As part of Sri Lanka's largest agricultural value chain through the Cargills Group, we are uniquely positioned to create meaningful impact. This integration enables us to directly engage with over 20,000 farmers, establishing market linkages, enhancing their capabilities, and providing tailored financial solutions through our dedicated banking services.

Our model is distinct-connecting retailers directly to the Bank-creating significant value for farming communities and delivering end-to-end solutions that go beyond traditional financing. Leveraging the Cargills ecosystem, we gain deep insights into farmers' activities and performance, allowing us to offer flexible, customised financial support where other banks may face challenges due to limited data or market connections.

Beyond lending, we foster financial stability by encouraging savings habits among vegetable suppliers through Cargills Bank savings accounts, enabling effective progress monitoring and reinforcing our commitment to positive change within the agricultural community.

Impact Highlights:

Empowering farmers with sustainable financing & modern technology

- Extended Rs. 275 Mn in financial support to 250 underserved farmers in remote regions such as Mahaoya and Mahiyanganaya, where access to capital is scarce.
- Invested in capacity building for field officers, integrating their work with branch managers to better assess farmer needs.
- Delivered targeted financial literacy and production quality training, particularly for dairy farmers.

Transforming agriculture through sustainable irrigation

- In collaboration with the Smallholder Partnership Programme and the Cargills Group, we launched a low-cost funding initiative valued at Rs. 100 Mn aimed at empowering 500 small-holder farmers through accessible financial support.
- Our financing initiatives prioritise investments in milking machines and advanced irrigation systems-boosting farm-level productivity, reducing operational costs, and promoting sustainable resource management. These efforts drive progress on critical global goals, including climate action, poverty alleviation, and food security, by enabling modern, efficient agricultural practices.

Integrating into the Cargills ecosystem

The Cargills Group ecosystem offers significant growth opportunities across multiple business verticals and customer touchpoints, enabling us to deliver financial services with greater efficiency and impact. This unique position allows us to directly engage with a vast network including farming communities driving rural upliftment and financial inclusion, in line with our vision.

We have strategically utilised this ecosystem to design customised financial solutions and strengthen key service channels such as agency banking and our hub-and-spoke model, ensuring accessibility and convenience for customers across the country.

FROM FARM TO HOME: THE CARGILLS ECOSYSTEM

Growth opportunities across a diverse eco-customer base

Key corporate social responsibility (CSR) initiatives in 2025

GRI 413-1 GRI 413-2

Project Initiated by	Beneficiary	Initiatives Implemented
Senehaspawura by Card Centre	Mulatiyana Primary School, Agalawatte, Mathugama	Donated essential school equipment and books to all students, including a library cupboard, a collection of engaging books, and other supplies to enrich learning resources.
Senehaspawura by Card Centre	Mailankulama School, Puttalam	Donated school books & essential items to students.
CSR by Credit Admin	Maddegama Primary School, Kurunegala	Provided refreshments for children and gifted school bags, lunch boxes, water bottles, and stationery items (books, pens, etc.) for each grade. Opened 'Podihitiyo' Minor Savings Accounts for each child with Rs. 1,000/- contribution per account, supported by Cargills Bank Kurunegala branch.
Beach Cleanup by Agri Department	Dehiwala Beach	Organised a major beach cleaning CSR programme with participation from various departments and branches.
CSR Project - Buddharaja College	Thispane	Renovation of school buildings at Sri Buddharaja College, Thispane.

Social and Relationship Capital

Way Forward

Short Term	Medium Term	Long Term
• Expand the agricultural customer base through targeted outreach and tailored financial solutions. • Increase agri-lending to support farmers and agri-businesses with accessible credit facilities.	• Direct agricultural operations toward achieving a net positive impact on society by promoting sustainable practices and inclusive growth.	• Transition our operations toward net-zero carbon emissions, embedding sustainability across all business processes and value chains.

Business Partner Capital

We nurture long-term business partnerships that generate sustainable and mutually beneficial value, contributing to partner growth.

Our Diverse Business Partners

Category	Description	Business partners
Retail and Physical Presence	Partners that provide the Bank with an extensive physical network and customer access points, forming a core part of its unique "supermarket banking" model.	Cargills (Ceylon) PLC / Cargills Food City: Enables agency banking and service points through 500+ outlets nationwide.
Technology and Digital Infrastructure	Companies that deliver hardware, software, security, and cloud services are essential for operating the Bank's digital platforms and infrastructure.	IBM, Google Workspace / Google Cloud, Sampath IT Solution
Remittances and Cross-Border Payments	Networks and institutions that facilitate international money transfers, enabling customers to send and receive funds globally.	Taptap Send, TRANSFAST, ria, MONEX International, INSTANT CASH, RAKBANK
National Payment Networks and Financial Infrastructure	Local entities that integrate the Bank into the national financial system, ensuring interoperability and real-time fund transfers.	LankaPay, JustPay, LankaQR payment systems.
Strategic Investors and Development Institutions	Major shareholders and international financial institutions that provide capital, governance expertise, and strategic guidance.	Cargills (Ceylon) PLC, CT Holdings PLC

Opportunities	Challenges / Risks
Assess customers through digital platforms	Operational and Systemic Risk: Core banking operations are highly dependent on external parties, creating potential dependency risks.
Outsource non-critical functions for cost reduction and efficiency	Information Exposure: The possibility of sensitive data being accessed by third parties. Data Ownership & Security: Risks associated with handling data through external vendors.
Engage with different vendors to expand capabilities	Service Quality Risk: Potential for low-quality services from new or untested vendors.

Our Technology Partners

Our Sustainability Framework

- Cargills - Supplier Payments
- Intellect - Core Banking
- Oracle - Database
- Mastercard - Card Issuing and Acquiring
- Visa - Visa Card Issuance and Acquiring
- Euronet - Switch provider for Card Systems
- CRYPTO Gen - Firewall, NAC, NMS, SIEM, SOC
- VSIS - Server Infrastructure (HCI, ODA, Databases)

- Dialog, SLT, TATA - ISPs
- Dialog and A-Networks - SDWAN
- EEE - CCTV, Attendance System, Branch Network Infrastructure
- AIT - Network Technical Support, CrowdStrike
- H -One - Microsoft Support Partner
- Zillone - MFA, Kaspersky
- FineTEC - Gmail and GCP
- Ripple - Blockchain and Remittances

- Paymaster, DirectPay, Pay&Go - Fintech Aggregators
- Sampath IT Systems - Pawning System
- APTS - DLP
- MITESP - Robotic Process Automation, Storage Systems, CISCO Core Switches, PAM
- FiniQue - SWIFT Support and MT/MX conversion
- QDE - AML System
- WSO2 - Middleware Solution Partner

Our Procurement Process

GRI 2-23, 2-24

We ensure responsible procurement by exclusively engaging with registered vendors and suppliers who demonstrate a proven track record and financial stability. In line with our sustainability objectives, we prioritise sourcing goods from local vendors to minimise transportation costs, enhance operational efficiency, and reduce environmental impact.

Additionally, all service providers are required to adhere to fair trade practices, reflecting our commitment to ethical and responsible sourcing as outlined in the Bank's Procurement Policy.

Our procurement governance framework is implemented through:

- Procurement Committee - Oversees compliance with procurement policies and procedures.
- Technical Evaluation Committee - Assesses technical specifications and quality standards.
- Financial Evaluation Committee - Reviews cost-effectiveness and financial viability.

Screening Business Partners for Social Impacts

GRI 204-1 GRI 308-1 GRI 308-2 GRI 414-1 GRI 414-2

During the onboarding process for new suppliers, the Bank conducts a thorough assessment of the social impact of their business activities through company profiles and on-site visits. This evaluation covers multiple criteria, including fair trade practices, equal employment opportunities (addressing issues such as gender, race, and religion), commitment to safety and quality assurance, adherence to human rights and labour standards, regulatory compliance, and environmental sustainability.

For instance, the IT team evaluates social impact during the technical review and contract negotiation stage, before onboarding. Similarly, the Logistics team screens vendors based on business registration, financial stability, and social criteria such as ethical practices, human rights (including prevention of child labour), fair wages and compensation, health and safety standards, and, where applicable, business continuity planning.

During the reporting year, there were no reported negative social or environmental impacts within the supply chain, nor any corrective actions required.

During the financial year, 47 vendors were screened using social criteria.

The proportion of spending on local suppliers in 2025 for logistics and maintenance was 100%.

Strengthening Our Business Partner Relationships

During the year under review, we strengthened our business partner relationship by implementing the following:

1. Expanded coverage in the local market to increase the inflow of remittances.

2. Conducted in-person meetings with local partners to explore new developments with FinTech Mobile Payment Aggregators.

3. Implemented new systems to increase the country's digital footprint, including:

- Government Digital Payment Platform (GDPP): Facilitates payments to government entities
- LankaPay LPOPP: Enables real-time transfers to government companies
- LPOPP Offline: Supports bill payments to 150+ government companies
- JustPay MNV Certifications
- UPI (India & China) and AliPay integration via LankaQR

4. Partnered with Millennium IT ESP to implement RPA, automating repetitive manual tasks and improving operational efficiency.

5. Partnered with Sampath IT Solutions to deploy a modern pawning system, enhancing service delivery.

6. Strengthened evaluation criteria to ensure high-quality services and reliable performance.

7. Established a dedicated team to oversee vendor assessments and implement a regular evaluation cycle.

8. Adopted robust, standardised evaluation frameworks to maintain consistency and transparency in vendor selection and monitoring.

Memberships, Associations, and Affiliations

GRI 2-28

Category	Professional Institute / Industry Associate
1. Professional Bodies	• The Institute of Bankers of Sri Lanka (IBSL) • Payment Card Industry Data Security Standard (PCIDSS) • International Organisation for Standardisation (ISO)
2. Regulators	• The Central Bank of Sri Lanka (CBSL)
3. Business Collaborations	• LankaPay (Pvt) Ltd • Association of Professional Bankers Sri Lanka (APBSL) • MasterCard Inc. • Visa International • SWIFT Alliance
4. Banking & Finance Industry Associations	• Credit Information Bureau (CRIB) • The Clearing Association of Bankers • National Payment Council
5. Environmental Conservation Institutes	• Sri Lanka Banks' Association • Banks CIO Forum

Way Forward

Business partnerships will remain a cornerstone of our sustainable operations and our commitment to delivering continuous value to stakeholders. We will continue to prioritise nurturing strong, collaborative relationships with existing partners, ensuring mutual benefits and long-term success.

Short Term	Medium Term	Long Term
• Introduce a Pawning System, currently implemented at select branches, with plans to roll out across all branches in 2026.	• Focus on implementing a new Core Banking System. • Driving digital initiatives to enhance functionality across mobile banking, internet banking, and non-customer mobile apps.	• Implement Robotic Process Automation (RPA) to automate repetitive tasks, with plans to deploy additional bots to further improve efficiency. • Subscribe to Gemini AI to leverage advanced analytics for decision-making, proposal summarisation, and email collaboration. • Automate call centre operations using AI and expand AI adoption for strategic decision-making.

Financial Capital

Financial Capital represents the essential foundation for delivering sustainable value, ensuring both institutional stability and responsible growth within a dynamic financial landscape.

During 2025, our focus was firmly placed on strengthening the balance sheet, optimising capital allocation, and enhancing both liquidity and risk management practices. We operated with disciplined financial governance to maintain strong capital adequacy, secure a healthy funding profile, and reinforce the resilience of our asset base. Our stewardship was significantly enhanced by digital initiatives that improved forecasting accuracy and enabled real-time, data-driven decision-making. As we advance our strategic priorities, particularly the digitalisation of our operating model, prudent Financial Capital management will continue to underpin our capacity to invest in technology, expand our customer proposition, and consistently generate sustainable long-term value for all shareholders and stakeholders.

Key Highlights 2025

- **14%** YoY growth in total assets
- **11%** YoY increase in total deposits
- **37%** YoY Loan growth
- **4%** YoY increase in Net Interest Income
- **7%** YoY increase in Net Fee & Commission Income
- **Rs. 12.82** Net asset value per share

Relevant stakeholders

Contribution to SDGs

Relevant strategic pillars

Relevant material topics M1 M2 M3 M10 M11 M12 M13

Way Forward

Short-Term

- Improve liquidity management, protect Net Interest Margin (NIM), strengthen asset quality, and leverage digital platforms to enhance operational efficiency.

Medium-Term

- Grow the lending and investment portfolio, expand fee-based income streams, and strengthen the capital base through prudent balance sheet management and sustained digital transformation.

Long-Term

- Build a resilient and diversified financial capital structure supported by sustainable profitability, strong deposit growth, enhanced risk management capabilities, and long term investments in technology and innovation.

Risk and Opportunity Analysis

Our financial strategy is underpinned by a proactive approach to managing critical risks while capitalising on opportunities to enhance stability and profitability.

Key Area	Primary Risks	Opportunities & Mitigation Strategies
1. Capital Adequacy & Regulatory Requirements	Pressure on capital ratios due to increasing risk-weighted assets from loan growth, alongside higher capital consumption arising from non-performing credit facilities (NPCFs).	Focus on optimised risk-weighted asset management through portfolio rebalancing and enhancing the recovery mechanism to improve the asset quality of the portfolio.
2. Liquidity Management & Funding Stability	Volatility in customer deposit behaviour during economic uncertainty; market liquidity conditions increasing funding costs.	Implement enhanced treasury management and secure diversified funding lines through long-term instruments to stabilise the funding profile.
3. Profitability & Earnings Stability	Declining net interest margins due to interest rate movements, rising impairment charges from stressed sectors, and increased operating costs associated with technology upgrades.	Key strategies include diversification of the portfolio to improve income, moving into low-cost funds (CASA) to support earning stability, and implementing process automation to reduce operational costs.
4. Credit Risk & Asset Quality	Customer credit deterioration impacting loan recoveries and necessitating high impairment provisioning; delays in recoveries impacting organisational cash flow.	Committed to enhancing the recovery process to improve overall credit quality and strategically moving towards secured lending to mitigate default risk.
5. Market & Interest Rate Risk	Interest rate volatility poses a continuous risk, directly impacting Net Interest Margins.	Mitigation strategies include promoting floating rate loans over fixed rate loans and actively entering into hedging and risk management products to insulate margins.
6. Reputational & Compliance Risks	Reputational damage and possible financial losses arising from data breaches or compliance failures.	Strengthen the governance framework and cybersecurity infrastructure to build and maintain stakeholder trust.
7. Strategic Growth & Capital Deployment	Inefficient capital allocation poses a risk, potentially reducing the overall Return On Capital Employed (ROCE).	Focus is on strengthening the capital allocation process to maximise returns and enhance the Bank's financial stability.

Financial Capital

Net Interest Income (NII)

The Net Interest Margin (NIM) stabilised at 4.38% in 2025, compared to 4.86% in 2024, reflecting the Bank's proactive navigation of a declining interest rate environment. This was supported by steady growth in Net Interest Income (NII), which rose from Rs.3,589 Mn in 2024 to Rs. 3,732 Mn in 2025. This performance underscores the Bank's resilient balance-sheet repricing strategies amidst the gradual reduction in policy interest rates mandated by the Central Bank of Sri Lanka (CBSL). Despite these regulatory-driven adjustments, the Bank maintained healthy margins through effective asset-liability management and disciplined portfolio optimisation.

Net Fees and Commission Income

The Bank continued to strengthen its fee-based income by focusing on improving trade volumes, enhancing loan-related fee generation, and expanding card-related fee income during the year. Net fees and commission income increased to Rs. 953 Mn in 2025, up from Rs. 894 Mn in 2024, reflecting strong business activity across key segments. The rise in fee and commission expenses was mainly attributed to the higher transaction volumes recorded during the year compared with 2024.

Total Operating Expenses

Personnel expenses increased by 15% in 2025, mainly due to the expansion of staff cadre and the revision of salaries to remain aligned with prevailing market conditions. Other operating expenses rose by 16%, driven by the growth in the branch network, enhanced marketing initiatives, and higher administrative costs, including maintenance and repair expenditures for computer hardware. As a result, total operating expenses increased to Rs. 3,677 Mn in 2025, compared to Rs. 3,198 Mn in 2024, contributing to an increase in the Cost-to-Income Ratio to 71%.

Impairment Charges

Following a thorough assessment of borrower credit profiles and supported by the improving macroeconomic environment and the positive outcomes of recovery actions, the Bank's total impairment charges declined significantly a write back of Rs. 126 Mn in 2025, compared with Rs. 607 Mn in 2024. This represents a substantial reduction, reflecting strengthened credit quality and enhanced recovery performance during the year.

Tax

Taxes on financial services continued to rise steadily, increasing to Rs. 618 Mn in 2025 from Rs. 537 Mn in 2024, reflecting the expansion of the Bank's business volumes and the corresponding growth in value-added activities. Income tax expenses decreased marginally to Rs. 492 Mn in 2025, compared with Rs. 499 Mn in the previous year. The overall tax burden therefore rose in 2025 in line with the Bank's improved financial performance and increased contribution to government revenues.

Profitability

The Bank recorded a Profit Before Tax (PBT) of Rs. 1,033 Mn in 2025, compared with Rs. 1,150 Mn in 2024, reflecting a marginal decline mainly due to higher operating expenses and taxation coupled with reduced contribution from high yielding government securities and sale of same. Despite this moderation, profitability remained strong relative to earlier years, continuing the upward trajectory observed since 2022. Profit After Tax (PAT) stood at Rs. 542 Mn in 2025, compared to Rs. 651 Mn in 2024, broadly mirroring the movement in PBT. Overall, the Bank sustained healthy earnings in 2025, supported by improved core business performance and strengthened credit quality, though tempered by rising cost pressures and tax expenses.

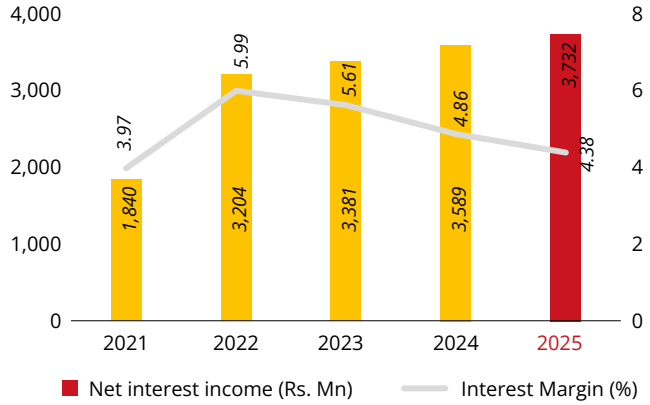
Total Assets

The loan book expanded by 37% during 2025, supported by business growth, favourable market conditions, and the Bank's strategic initiatives. Both the SME and retail asset portfolios recorded strong performance during the year, increasing by 45% and 18%, respectively. To strengthen liquidity management, the Bank increased its investments in Treasury bills as part of a strategic approach to maintaining liquidity coverage. Treasury bill holdings rose by Rs. 2 Bn in 2025 compared with 2024. In addition, the Bank invested Rs. 100 Mn in short-term instruments to further optimise liquidity.

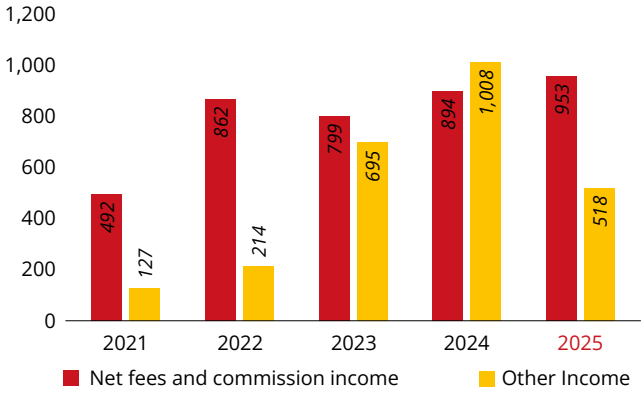
The FVOCI investment portfolio continued to be maintained as a key strategic asset. The Bank followed a calibrated approach to managing this portfolio, supported by the relaxation in market interest rates, enabling improved valuation outcomes and prudent risk management.

Total assets reached Rs. 91,723 Mn in 2025, up from Rs. 80,252 Mn in 2024, reflecting the overall balance sheet expansion. The Return of Average Assets (ROAA) recalibrated to 1.15% in 2025, compared with 1.47% in 2024, as the Bank prioritised asset quality and long-term stability over short-term yield during this period of significant growth. This performance demonstrates a disciplined approach to asset utilisation and a strengthened foundation for sustainable future profitability amidst a rapidly expanding portfolio.

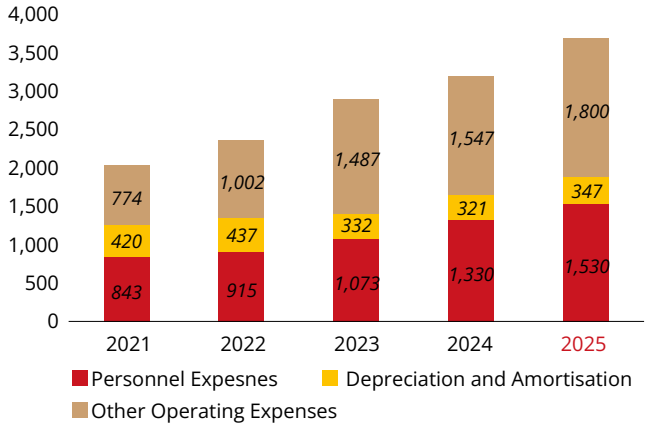
Net Interest Income (Rs. Mn) and Interest Margin (%)



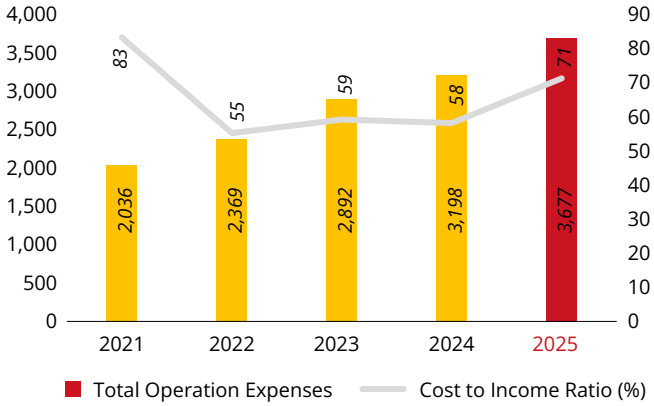
Net Fee and Commission Income (Rs. Mn) and Other Income (Rs. Mn)



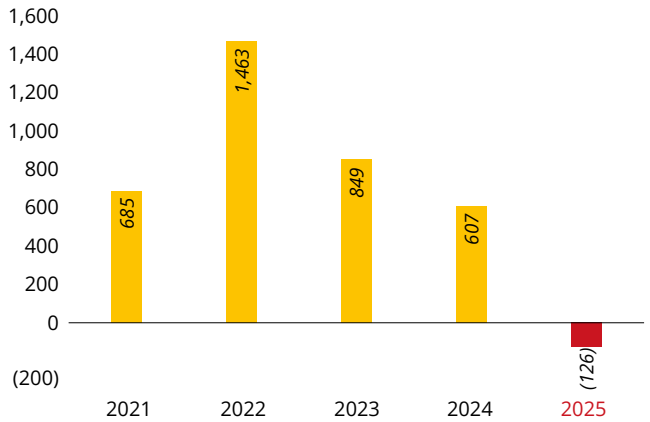
Operating Expenses (Rs. Mn)



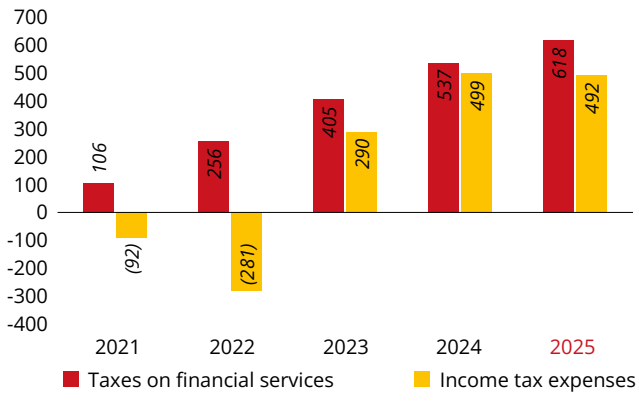
Operating Expenses (Rs. Mn) Vs. Cost Income Ratio (%)



Total Impairment Charges (Rs. Mn)



Taxation (Rs. Mn)



Financial Capital

Total Liabilities

Due to bank balances increased during the year, supported by higher call borrowings and the receipt of new funds from the Treasury under refinance loan schemes.

Repo borrowings increased by Rs. 2.4 Bn in 2025 compared with 2024, utilised primarily to meet short-term liquidity needs, as repo rates remained lower than prevailing market borrowing rates.

Despite the prevailing low-interest-rate environment, deposits recorded a strong 11% growth in 2025, reflecting continued customer confidence in the Bank and the success of targeted CASA marketing campaigns.

Overall, the Bank's funding profile strengthened during the year through a combination of deposit growth, strategic use of repo facilities, and Treasury-supported refinance funding.

Equity

Total equity remained broadly stable in 2025 at Rs. 12,122 Mn, compared with Rs. 12,168 Mn in 2024, indicating steady internal capital generation despite higher operating and tax expenses during the year. This stable capital base reflects the Bank's ability to consistently self-fund its operations and support a significantly lager balance sheet which grew to Rs 91,723 Mn during the year entirely through internal capital strength. By maintaining this solid equity position, the Bank has fortified its Tier I stability, ensuring it remains well-positioned to drive future strategic initiative while navigating a dynamic economic landscape.

Earnings per Share (EPS) and Net Asset Value per Share (NAVPS)

EPS reflected slight moderation in the Bank's consistent earnings performance during 2025, supported by improved margins and strengthened credit quality. NAVPS too recorded a slight decline compared to the previous year, yet both indicators continue to demonstrate the Bank's capacity to preserve and enhance long-term shareholder value.

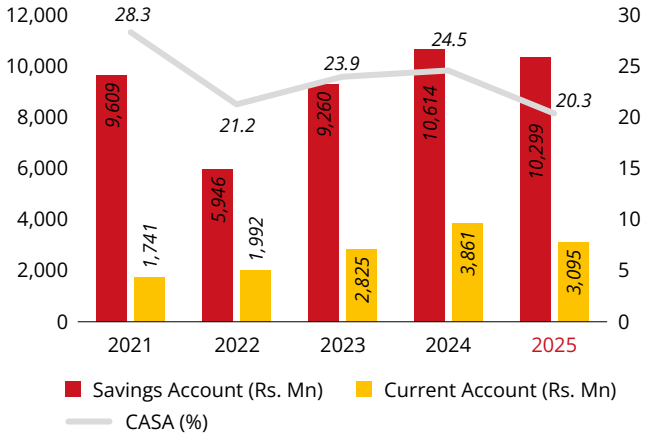
Return on Equity (ROE) and Return on Average Assets (ROAA)

Profitability indicators remained positive despite challenging market conditions. The Bank maintained an acceptable Net Interest Margin (NIM), while ongoing cost-optimisation initiatives and disciplined credit management continued to support returns. Although industry-wide pressures affected overall yields, the Bank's focus on operational efficiency and prudent balance-sheet management helped protect bottom-line performance.

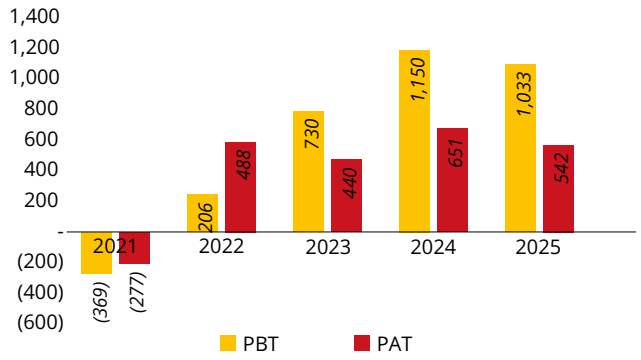
CASA

The Bank's CASA ratio declined to 20.32% in 2025, compared with 24.51% in 2024, reflecting the shift in customer preference toward higher-yielding term deposits in a low-interest-rate environment. Savings account balances recorded a slight decrease to Rs. 10,299 Mn from Rs. 10,614 Mn in the previous year, while current account balances fell to Rs. 3,095 Mn, compared with Rs. 3,861 Mn in 2024. Despite these movements, CASA remained a key component of the Bank's low-cost funding base, supported by continuous customer engagement initiatives and targeted deposit mobilisation efforts.

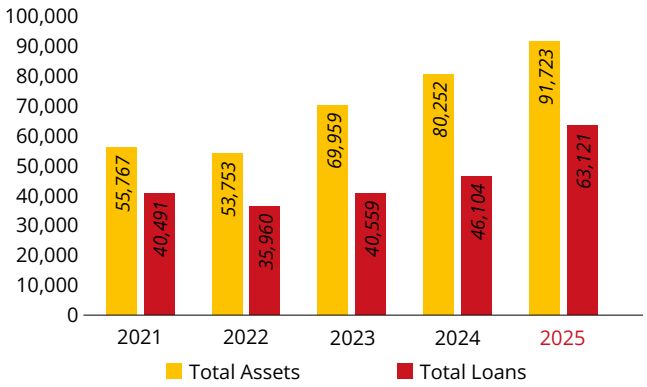
Current and Savings Accounts (Rs. Mn) Vs CASA (%)



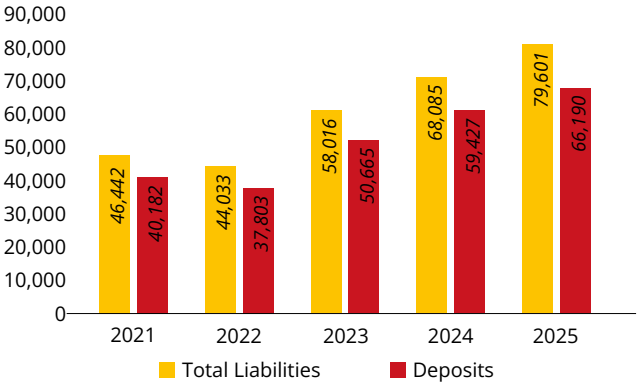
PBT (Rs. Mn) and PAT (Rs. Mn)



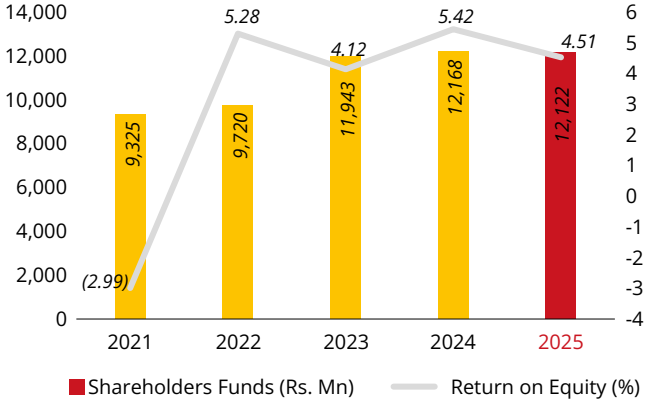
Total Assets (Rs. Mn) and Total Loans (Rs. Mn)



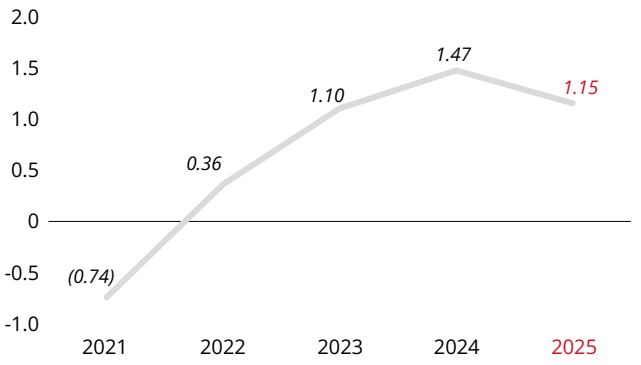
Total Liabilities and Total Deposits (Rs. Mn)



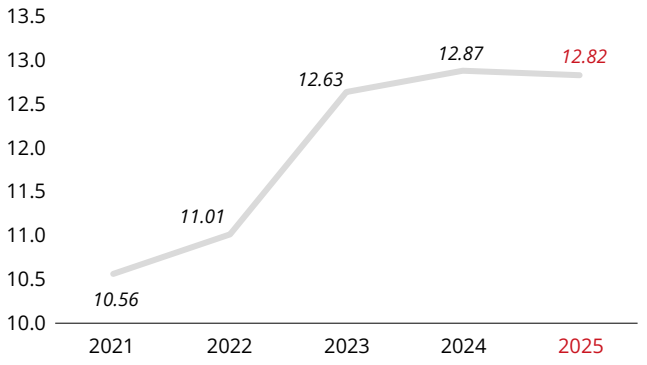
Shareholders Funds (Rs. Mn) and ROE (%)



Return on Average Assets (%)



Net Assets Value per Share (Rs.)

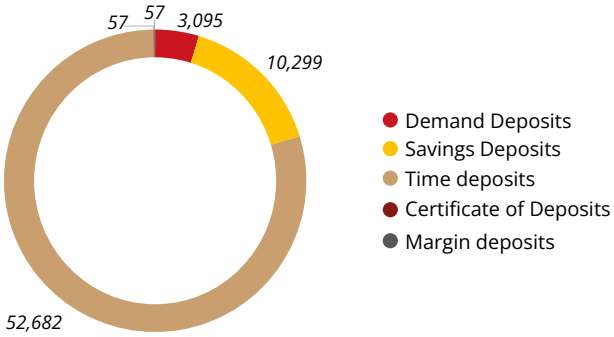


Financial Capital

Composition of the Deposit Portfolio

	2025 (Rs. Mn)	2024 (Rs. Mn)	YOY Movement (Rs. '000)	YOY Movement %
Demand deposits	3,095	3,861	(766)	(20)
Savings deposits	10,299	10,614	(315)	(3)
Time deposits	52,682	44,792	7,089	18
Certificate of deposits	57	70	(13)	(19)
Margin deposits	57	90	(33)	(36)
Total	66,190	59,427	6,763	11

Direct Economic Value Distributed - 2025 (Rs. Mn)



Capital Adequacy

The Bank continued to manage its capital position prudently, supporting the growth of risk-weighted assets through disciplined balance-sheet expansion and effective capital planning. Strong internal capital generation, together with rigorous credit risk assessment and proactive risk-management practices, enabled the Bank to maintain capital ratios above the regulatory minimum throughout the year.

In 2025, the Common Equity Tier 1 (CET 1) Ratio stood at 14.52%, while the Tier 1 Capital Ratio and Total Capital Ratio were 16.46% and 17.12%, respectively. Although these ratios moderated compared to 2024 due to balance-sheet growth and changes in risk-weighted assets, they remained comfortably above the Central Bank's regulatory requirements. This reflects the Bank's strong capital buffers and its continued commitment to maintaining a resilient capital structure that supports future growth.

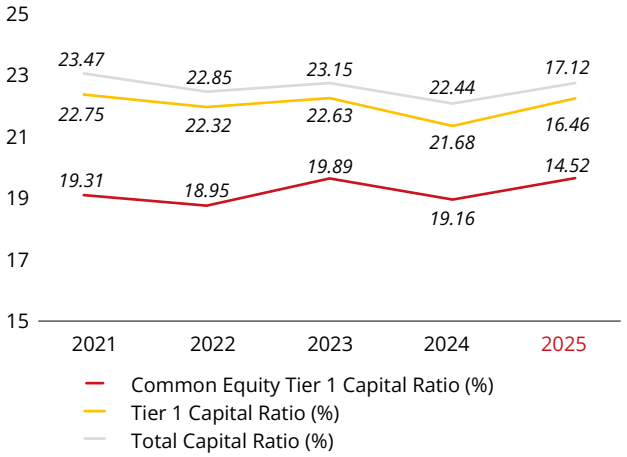
Refer Capital Management disclosures on Note 57.7 to the Financial Statements on pages 440 to 442 for more details.

Liquidity Ratio

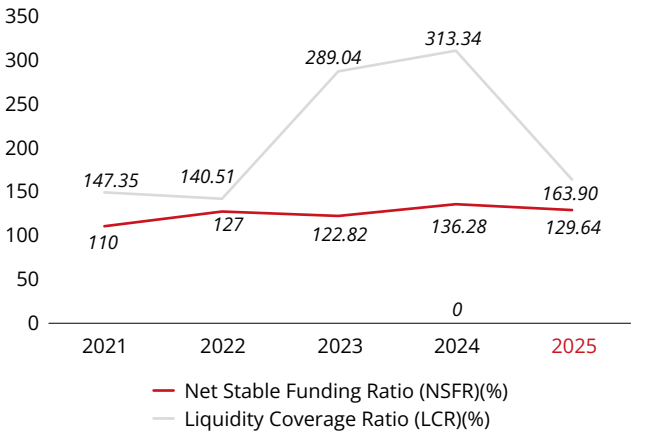
The Bank's Liquidity Coverage Ratio (LCR) remained comfortably above the regulatory minimum throughout the year, demonstrating sustained short-term liquidity resilience. In 2025, the LCR was optimised to 163.90%, compared with 313.34% in 2024, reflecting deliberate shift toward more productive asset allocation to enhance overall returns. Further, the Net Stable Funding Ratio remained well above statutory requirements throughout 2025. This refined liquidity position is underpinned by a well-diversified funding base and High-Quality Liquid Asset (HQLA) portfolio, ensuring the Bank maintains a optimum balance between immediate liquidity availability and long-term earnings potential.

Although the Statutory Liquid Asset Ratio (SLAR) requirement was discontinued in 2024, the Bank continued to maintain a prudent liquidity buffer through effective cash-flow forecasting, disciplined investment in government securities, and robust Asset-Liability Management (ALM) processes. These measures ensured the Bank's continued ability to meet deposit withdrawals, manage refinancing obligations, and support asset growth without liquidity strain.

Capital Adequacy (%)



Liquidity (%)



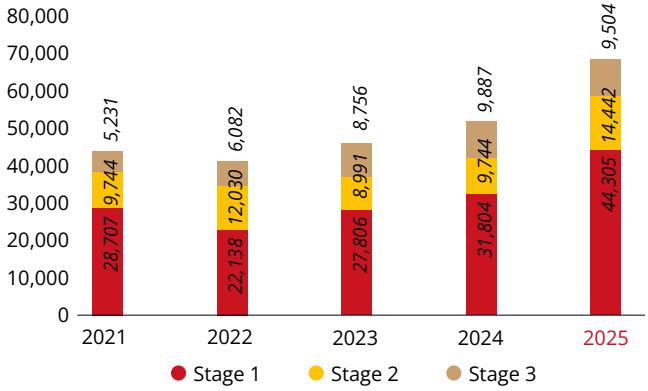
Supported by proactive liquidity planning and market monitoring, the Bank maintained a stable and resilient liquidity profile throughout 2025.

Non-Performing Loan Portfolio

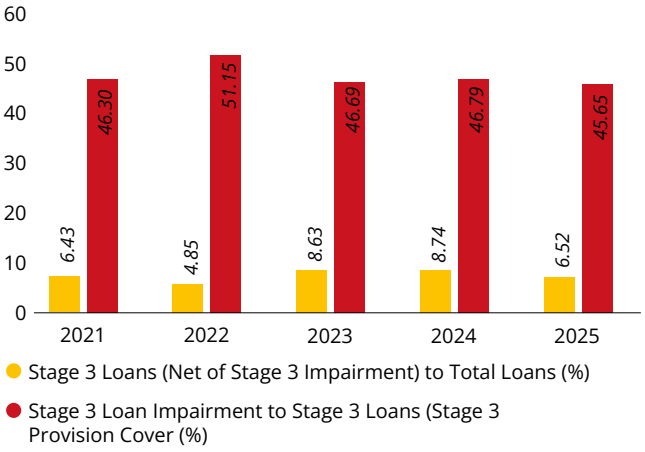
The Bank continued to manage its credit portfolio prudently, with enhanced monitoring of high-risk customer segments and strengthened recovery initiatives. Although economic pressures influenced borrower repayment capacity, proactive restructuring, early-warning mechanisms, and intensified collection efforts helped maintain asset quality at manageable levels.

In 2025, Stage 3 loans (net of impairment) declined to 6.52%, compared with 8.74% in 2024, reflecting tangible improvements in credit performance and the effectiveness of the Bank's recovery strategy. The Stage 3 provision coverage ratio remained stable at 45.65%, demonstrating a consistent approach to provisioning and risk mitigation.

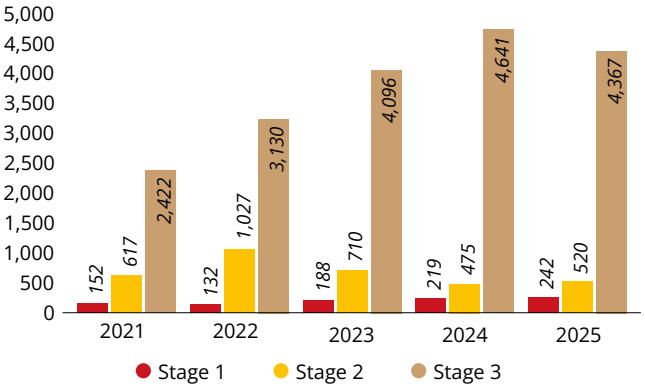
Gross Loan Portfolio (Rs. Mn)



Asset Quality Ratio (%)



Stage wise Impairment (Rs. Mn)



Value Creation Highlights for FY 2025

Pillars	Measurement	2025	2024	Growth/ Decline in value created
Profitability	Net Interest income (Rs. Mn)	3,732	3,589	143
	Cost-income ratio (%)	70.68	58.23	(12.45)
Assets base	Loans and advances to other customers (Rs. Mn)	63,121	46,104	17,017
	Total assets base (Rs. Mn)	91,723	80,252	11,471
Liquidity	Liquidity Coverage Ratio (LCR) - All Currency (%)	163.90	313.34	(149.44)
	Liquidity Coverage Ratio (LCR) - Rupee (%)	145.45	459.23	(313.78)
Capital structure	Tier 1 Capital Ratio (%)	16.46	21.68	(5.22)
	Total Capital Ratio (%)	17.12	22.44	(5.32)
Investor performance	Earning Per Share (EPS) (Rs.)	0.57	0.69	(0.12)

STYLED FOR SUCCESS

Cargills Bank – Ratnapura Branch has been a reliable partner, supporting Chenara Dodge with professionalism and a strong customer focus. Their guidance and efficient service have helped us grow and explore new opportunities. They understand our needs and respond quickly. We value the trust built over time. We look forward to strengthening this partnership and achieving even greater milestones together.

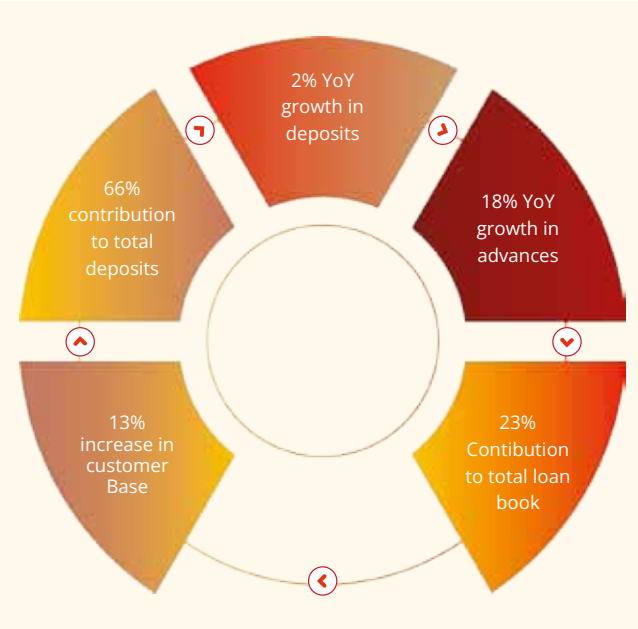
Our Business Lines - Performance and Strategy

This section offers a detailed evaluation of the Bank's core operating segments, encompassing retail banking, corporate banking, card services, treasury operations, agriculture operations, SME banking, digital banking operations, supermarket banking operations and the business revival unit. The ensuing analysis primarily focuses on each segment performance, key strategic priorities, product offerings, and the future direction.

The Banks overarching philosophy and strategies are fundamentally integrated with these segments, reflecting its role as a trustee for stakeholders and its commitment to long-term value creation. To ensure this, the Bank maintains robust policies and procedures designed to identify and mitigate various risks, including credit, market, operational, liquidity, and regulatory compliance. This framework underscores the Bank's dedication to ethical standards, industry best practices, accountability, and fraud prevention, while emphasizing high commitments to superior customer service, effective grievance redressal, and transparent, fair dealings across every single segment and transaction in which it operates.

Retail Banking

The Retail Banking division constitutes a key segment of Cargills Bank, serving individual customers through a multi-channel network encompassing Branches, Central Sales, and MINI units. This division offers a comprehensive suite of financial products, including an extensive portfolio of Retail Loans, Deposits, and Transactional Services. Our strategic imperative is the continuous enhancement of our digital value proposition and the introduction of innovative products to meet evolving customer needs and drive sustainable growth.



Performance Highlights

	2025	2024	% Change
Deposits (Rs. Mn)	43,955	43,038	2.13
Advances (Rs. Mn)	15,568	13,151	18.38
Total Provision Coverage (Total Provision/Gross Loans) (%)	5.63	7.87	(2.24)
Customer Base (on-boarded)	262,898	232,977	12.84

Way Forward

Short Term	Medium Term	Long Term
• Revamp existing underperforming or inefficient products to ensure every offering aligns with current market demands and contributes positively to profitability. • Implement targeted campaigns to activate inactive and dormant customer accounts, thereby maximising the utilisation of the existing bank customer base and improving engagement metrics. • Execute a phased branch expansion strategy to broaden customer reach and ensure comprehensive coverage of previously uncovered provinces and districts.	• Grow the retail loan portfolio to a Rs. 100 Bn target. • Implement targeted campaigns to activate inactive and dormant customer accounts and enhance the active customer base, thereby maximising customer lifetime value and improving segment profitability. • Drive a substantial increase in digital banking adoption among retail customers.	• Target a 40% Current Account and Savings Account (CASA) ratio to enhance low-cost funding and optimise the overall funding mix. • Elevate the performance and engagement of MINI-branch units to maximise their localised market penetration and operational efficiency. • Implement disciplined governance and strategic revenue initiatives to contribute to achieving the Group's target of Rs. 1 Bn in total profit.

Retail Banking

Key developments in the operating environment	Our response
Declining Interest Rate Environment	• Focused on increasing secured consumer lending (Housing, LAP, Vehicle Loans) to retain higher Net Interest Margins (NIM). • Maintained a quality portfolio while counteracting contraction in Net Interest Margins (NIM).
Need for Asset Diversification	• Entered the Pawning and Gold Loan business to diversify the asset base against traditional consumer lending risks. • Grew Pawning and Gold Loan portfolio over Rs. 200 Mn with service initially limited to only 10 branches.
Depositor Competition	• Introduced new deposit products with differentiated maturity tenures (e.g., 4, 11, 13 months) to attract and retain stable funding. • Front office staff were incentivised for exceeding monthly deposit targets to combat customer focus on higher-yield, non-bank investments (property, stock market).
Portfolio Quality Management	• Proactively managing overall portfolio quality with a specific focus on mitigating credit risk and reducing Stage 3 (Non-Performing) Loans.

Our Core Product Portfolio and Channels

We offer a comprehensive range of financial products and services tailored to meet diverse customer needs, supporting our goals of increased market penetration and financial inclusion:

Liability Products (Deposits)

Accounts:
A full suite of products including Current and Savings Accounts (CASA), Fixed Deposits (FDs), and specialized accounts tailored to specific demographics (e.g., Teen Accounts, Pensioner Accounts).

Asset Prodcuts (Lending)

Retail Loans: Comprehensive portfolio covering Housing Loans, Personal Loans, Vehicle Loans, and SME Loans.

Payment Solutions (Cards & Services)

Cards: Full range of Credit Cards and Debit Cards, strongly promoted through competitive Installment Payment Plan (IPPs) and exclusive promotional offers.

Remittances: Facilitation of essential inward remittance services through key agency partnerships.

Bancassurance: Provision of in-house insurance services, primarily focused on covering loan-related risk.

Our Onboarding Channel

Branch network

- 26 branches across 15 districts

MINI service points

- Located in 30 high-traffic Cargills supermarkets

Sales Staff

- Deployment of 70 central sales staff

Our Focus Areas

- Maximise market penetration and customer convenience by further integrating core banking services directly within the Cargills supermarket network, facilitating a seamless “bank while shopping” experience.
- Strategically focus on providing affordable and accessible banking solutions to underserved and unbanked communities to drive social value and extend the bank’s reach.
- Proactively build customer confidence and loyalty through the delivery of personalised services and the continuous introduction of innovative, security-focused products.

Our Initiatives in 2025

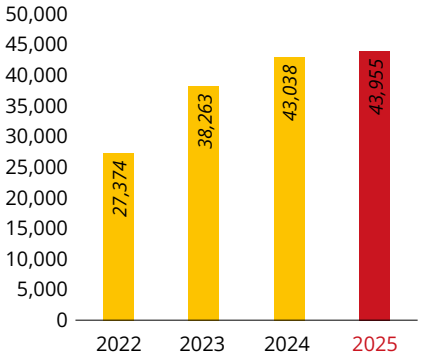
- Launched Pawning and Gold Loan products across 10 new branches to strategically expand secured lending penetration in localised markets.
- Implemented cluster-based Town Storming Campaigns, driven by the Chief Manager - Retail Assets and Liabilities and Cluster Heads, to aggressively boost local sales and market share.

Our Performance

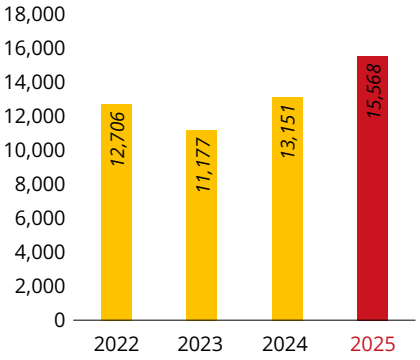
In 2025, the Retail Banking portfolio delivered its strongest performance in the four-year period, reflecting sustained momentum across both deposits and advances. Deposits reached Rs. 43,955 Mn, marking the highest level to date and demonstrating stable customer confidence following the sharp expansion in prior years. Although growth moderated compared to earlier surges, the deposit base remained robust and continued to support the bank’s funding and liquidity position.

The advances portfolio also peaked in 2025, rising to Rs. 15,568 Mn. This represents a continuation of the recovery that began in 2024, highlighting strengthened borrower demand, improved credit appetite, and effective lending strategies. The year’s performance confirms regained traction in retail lending after the temporary contraction seen in 2023.

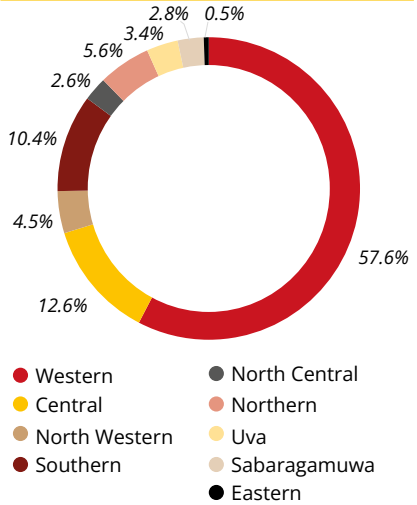
Deposits (Rs. Mn)



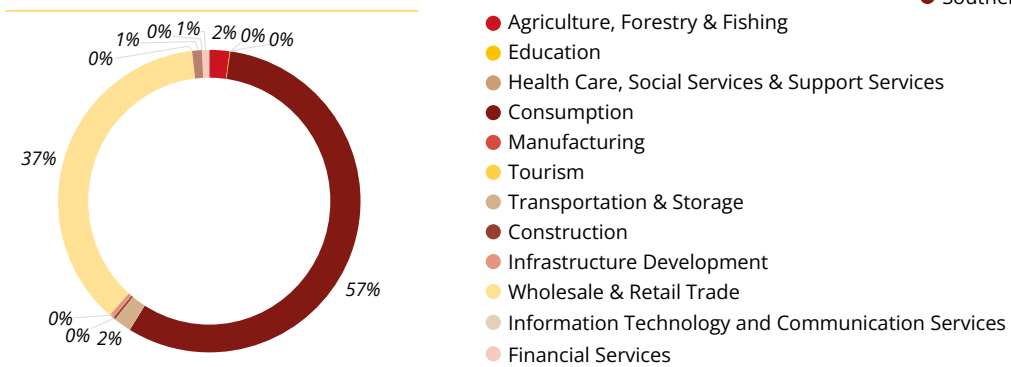
Advances (Rs. Mn)



Geographical Distribution of Retail Advances (%)



Sector Wise Portfolio of Retail Advances 2025 (%)



Corporate Banking

The Corporate Banking Division (CBD) serves as the bank's core strategic unit, building strong relationships with large corporates, financial institutions, and high-growth mid-market businesses. Beyond traditional lending, CBD acts as a strategic partner, delivering advanced financial solutions across diverse sectors such as industry, trading, investment banking, services, construction, IT, agriculture, health, and international trade. Committed to superior service and long-term engagement, CBD emphasises regulatory compliance, professional relationship management, and strategic expansion of its customer base and ECO partnerships.

Performance Highlights

	2025	2024	% Change
Deposits (Rs. Mn)	12,114	11,406	6.21
Advances (Rs. Mn)	20,947	17,243	21.48
Total Provision Coverage (Total Provision/Gross Loans) (%)	9.70	12.54	(2.84)
Customer Base (on-boarded)	1,934	1,746	10.77
Letter of credit (USD '000)	8,105	15,039	(46.11)
Import collection (USD '000)	21,544	17,853	20.67

Way Forward

Short Term	Medium Term	Long Term
• Achieve above-market growth in Advances and Deposits while maintaining an NPL ratio below industry benchmarks. • Drive cross-selling of non-fund-based products to increase fee income. Enhance digitalisation of core banking services for improved client self-service and operational efficiency.	• Increase non-interest income contribution to 15% of total revenue, reducing reliance on traditional interest-based earnings. • Establish the division as the most preferred Corporate Banking partner for top-tier corporate clients. • Invest significantly in AI and Data Analytics to enhance risk modelling and deliver proactive, client-centric insights.	• Position the division as the premier corporate banking partner for dynamic industries such as IT, Healthcare, and Renewable Energy. • Achieve top-quartile Return on Equity (ROE) within the corporate banking segment.

Key developments in the operating environment	Our response
• Pressure on Net Interest Income (NII) and fee-based income. This resulted from prolonged low interest rates and excess liquidity in the market. • Urgent need for digital transformation to address corporate clients' expectations for speed, efficiency, and real-time solutions. • Asset quality management, particularly in sectors undergoing rehabilitation and during periods of rapid portfolio expansion. • Talent retention and expertise amid intense competition within the financial services labor market.	• Diversify revenue streams to drive growth in non-fund-based income through enhanced Trade Finance (e.g., maximising Letter of Credit and Import Collection revenue), cash management, and Treasury services to mitigate NII compression. • Accelerate digital transformation to digitalise core processes such as trade finance documentation and upgrade online banking platforms to deliver a seamless, omni-channel experience for corporate clients. • Strengthen credit risk management by implementing Early Warning Signals and adopting a proactive, relationship-driven approach to loan recovery, emphasising cordial negotiations and restructuring support. • Invest in talent development, providing continuous training to enhance product knowledge and advisory skills, positioning Relationship Managers as trusted, professional partners to clients.

Our Product Portfolio

We offer a comprehensive suite of financial products and services, acting as a one-stop shop for the complex needs of our large corporate and institutional clients.

Category	Core Products and Services
Financing & Credit	Term Loans for Capex, Revolving Credit Facilities (Revolver Loans), Syndicated Lending, Overdrafts, and Project Finance.
Trade & Working Capital	Trade Finance (Letter of Credit, Import/Export Collections), Guarantees (Bid Bonds, Performance Bonds), Invoice Finance, and Foreign Exchange (FX) solutions.
Cash & Liquidity Management	Current Accounts, Fixed Deposits, Cash Management Services (collections, payments, payroll), and Digital Banking platforms.

Our Focus Areas

The year 2025 was defined by strong growth and adaptability, leveraging a favourable operating environment.

1. Portfolio Growth

Achieved sustained growth in Deposits and Advances, reflecting market confidence and ensuring high liquidity for lending throughout the year.

2. Customer Base Expansion

Onboarded a significant number of new corporate clients, broadening our presence across key economic sectors and reinforcing market leadership.

3. Superior Service Delivery

Maintained a reputation for exceptional service, exceeding corporate client expectations and driving high retention through a professional, relationship-driven model.

4. Asset Quality & Risk Management

Preserved robust asset quality with a Total Provision Coverage of 9.70% supported by proactive measures such as Early Warning Signals and collaborative negotiations for affected accounts.

Corporate Banking

5. Sectoral Contribution & Rehabilitation
Played a pivotal role in supporting diverse sectors, including rehabilitation initiatives for long-affected industries, aligning with national economic recovery efforts.

Our Initiatives in 2025

Relationship-Led Growth
Expanded the coverage model to strengthen relationship management, ensuring Relationship Managers act as a single point of contact and deliver customised, holistic solutions, driving significant customer base expansion.

Sector-Specific Expertise
Established specialised teams and knowledge hubs across priority sectors (Industries, IT, Healthcare, Construction) to provide deep insights and advisory services, positioning the Bank as a trusted, long-term partner.

Trade Finance & Investment Banking Synergy
Leveraged cross-selling opportunities by integrating traditional corporate lending with high-margin products such as Letters of Credit and Import Collections, boosting non-interest income.

Credit Rehabilitation Programme
Introduced a structured program to support sectors impacted over the long term, combining social responsibility with risk management through active monitoring and early intervention using Early Warning Signals.

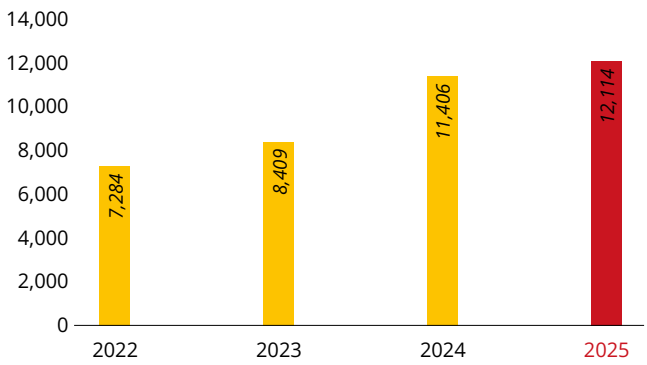
Enhanced Compliance & Governance
Implemented advanced systems and comprehensive training to ensure strict regulatory compliance, fostering a robust, risk-aware culture that underpins sustainable growth.

Our Performance

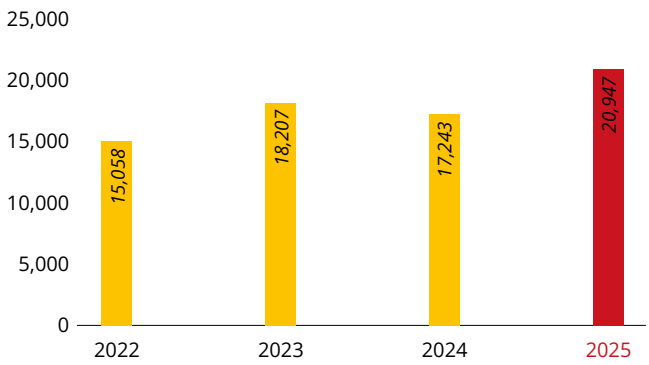
The Corporate Banking Division delivered a resilient and strategically aligned performance in 2025, achieving strong portfolio growth despite pressures on Net Interest Income (NII). Significant expansion was recorded on both the funding and lending sides of the balance sheet, with Advances and Deposits growing markedly, reflecting market confidence.

Asset quality remained robust, supported by healthy provision coverage, sound credit underwriting, and proactive risk management. Income diversification efforts paid off as non-interest income increased through strong utilisation of Trade Finance services such as Letters of Credit and Import Collections, effectively offsetting NII compression. Additionally, continuous focus on operational efficiency, staff optimisation, and technology upgrades helped manage the cost-to-income ratio, sustaining overall profitability.

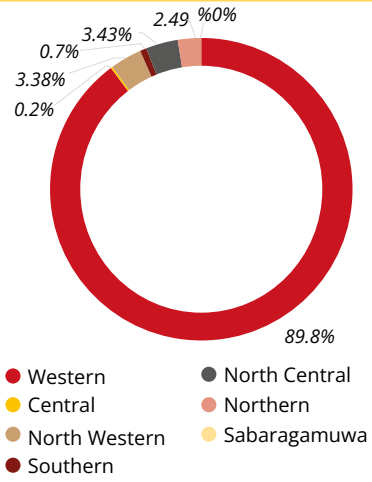
Deposits (Rs. Mn)



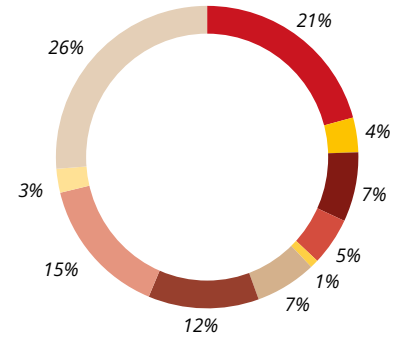
Advances (Rs. Mn)



Geographical Distribution of Advances
(%)



Sector Wise Portfolio of Advances - 2025
(%)

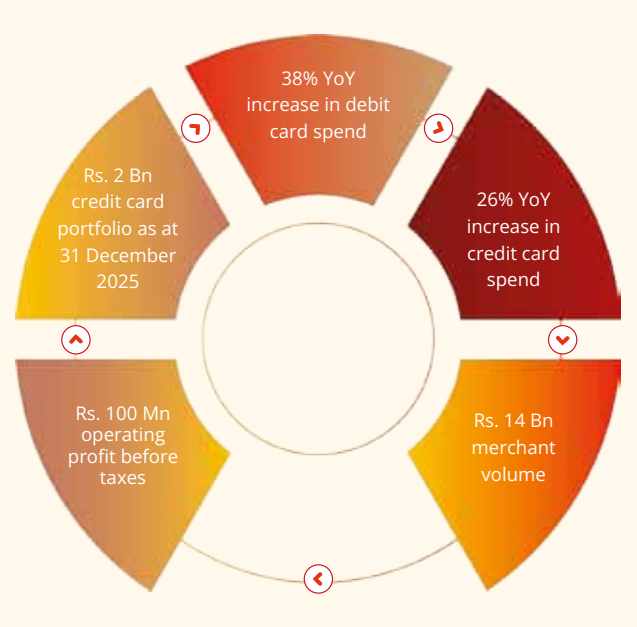


Short Term	Medium Term	Long Term
• Sustaining our commitment to a superior customer experience while prioritizing and adhering to all evolving regulatory and data security standards (including PCIDSS) to maintain stakeholder trust. • Driving the expansion of contactless payment infrastructure and adoption across our product portfolio to deliver faster, more convenient, and secure transaction experiences. • Leveraging advanced analytics and customer behaviour data to enable highly personalised offers, product recommendations, and services, thereby maximising customer engagement and increasing card utilisation.	• Accelerating digital transformation. • Adopting sustainable practices in the Market such as biodegradable plastic issuance and virtual card issuance. • Providing proactive customer support through AI-powered chatbots and virtual assistants.	• Focusing on Sustainable Operations - adoption of sustainable materials and processes in card production. • AI Domination - Supporting fraud detection and providing personalised offers. • Automating routine tasks, improving efficiency, and reducing operational costs.

Cards Services

Cargills Bank's Cards Operations central to our business strategy, encompassing the comprehensive lifecycle of all payment cards-from customer request and issuance through transaction processing, service, and eventual retirement. By providing convenient, secure payment solutions, we drive business success, foster financial growth, and, with a strong commitment to operational excellence, deliver outstanding customer experiences that contribute significantly to the Bank's overall revenue.

Cargills Bank's Card Services constitute a pivotal pillar of our overarching business strategy, managing the end-to-end lifecycle of all payment instruments. This encompasses everything from initial acquisition and issuance to seamless transaction processing and eventual decommissioning. By delivering robust, secure payment infrastructure, we catalyze financial growth and institutional success. Our unwavering commitment to operational rigor ensures an elite customer experience, serving as a primary driver of the Bank's sustainable revenue streams.



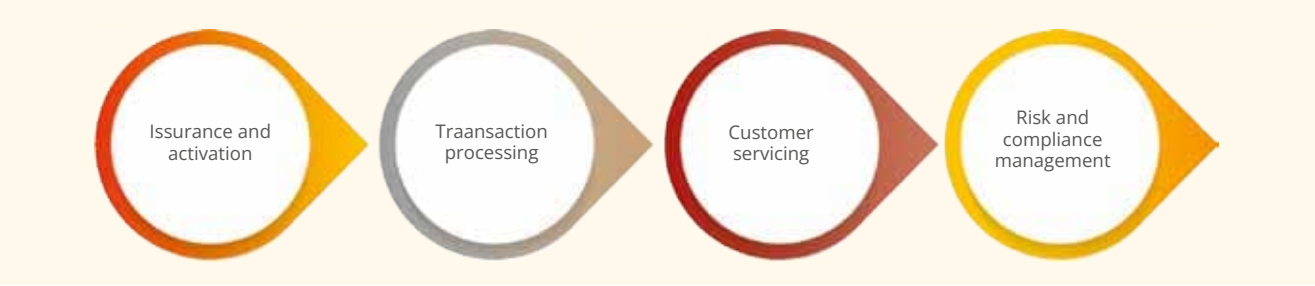
Performance Highlights

	2025	2024	% Change
Debit Cards for the Year (Nos.)	17,384	19,835	(12)
Debit Cards Spend (Rs. Mn)	3,370	2,447	38
Credit Cards for the year	10,032	6,290	59
Credit Card Portfolio (Y/E) (Rs. Mn)	1,984	1,799	10
Credit Card Spend (Rs. Mn)	6,150	4,894	26
Merchant Volume - POS and IPG (Rs. Mn)	13,542	12,181	11

Way Forward

Short Term	Medium Term	Long Term
• Sustaining our commitment to a superior customer experience while prioritizing and adhering to all evolving regulatory and data security standards (including PCIDSS) to maintain stakeholder trust. • Driving the expansion of contactless payment infrastructure and adoption across our product portfolio to deliver faster, more convenient, and secure transaction experiences. • Leveraging advanced analytics and customer behaviour data to enable highly personalised offers, product recommendations, and services, thereby maximising customer engagement and increasing card utilisation.	• Accelerating digital transformation. • Adopting sustainable practices in the Market such as biodegradable plastic issuance and virtual card issuance. • Providing proactive customer support through AI-powered chatbots and virtual assistants.	• Focusing on Sustainable Operations - adoption of sustainable materials and processes in card production. • AI Domination - Supporting fraud detection and providing personalised offers. • Automating routine tasks, improving efficiency, and reducing operational costs.

Core Phases of the Cards Function



Our Card Portfolio

The Cargills Bank Card Centre offers a comprehensive product portfolio, emphasising digital innovation and enhanced customer flexibility through instalment payments.

Credit Card Offerings	Debit Card Offerings
• Installment Payment Plans (IPPs): Promotion of 0% interest installment payment plans across various tenures (e.g., 3, 6, 12, 18, 24, and sometimes 36 months). • Strategic Merchant Partnerships: IPPs are frequently offered in collaboration with major merchants (e.g., Daraz, SriLankan Airlines) to convert large purchases into manageable monthly payments. • Promotional Value: Regular inclusion in high-value promotional offers, particularly for daily essentials and entertainment (e.g., discounts at Cargills Food City, KFC, and movie ticket offers). • Security & Convenience: Integrated into the bank's secure ecosystem, utilising robust application and management workflows.	• Standard Banking Access: Directly linked to the customer's bank account, facilitating essential everyday banking needs such as ATM withdrawals, Point-Of-Sale (POS) purchases, and online transactions. • Promotional Benefits: Included in special merchant promotions, complementing the benefits offered by credit cards, to encourage everyday usage.

Cards Services

Key developments in the operating environment	Impact on the Bank
Impact of Instant Debit Cards (IDC)	The integration of IDC had the following impact on our Bank: • Instant issuance reduced the time to first use, leading to increased initial activation rates. • Accelerated card usage and transaction volume, boosting fee and commission income. • In-branch issuance eliminated reliance on external mail services for delivery. • Reduced card delivery costs and eliminated customer service time spent on "where is my card" inquiries and mail-related re-issuance. • Minimised fraud risk associated with card delivery via mail.
Tapit Sticker Card Launch	• The contactless "tap and pay" feature greatly sped up Point-Of-Sale (POS) transactions, significantly cutting checkout times for customers and improving overall merchant throughput. • The novelty and convenience of the sticker form encouraged usage for small-value transactions, helping the card achieve "top-of-wallet" status and driving overall card volume. • Being the first to market with this innovative payment form solidified our position as a technological leader in the local financial sector and enhanced brand reputation. • The use of secure encryption technologies (such as tokenisation) inherent in contactless payments offers a higher level of security than traditional magnetic stripe cards, helping to mitigate certain types of card fraud.
Introduction of an Accessible Debit Card for Visually Impaired Customers	The introduction of the Accessible Debit Mastercard is a groundbreaking initiative focused on enhancing security, inclusivity, and independence for visually impaired and partially sighted customers in Sri Lanka: • Designed to provide financial independence and security to visually impaired and partially sighted customers. • Features unique, tactile notches (specifically rounded on the front for debit) that allow cardholders to easily distinguish between debit and credit cards without relying on sight. • The card is available to all customers (male and female) who open a standard savings or current account. • Grants cardholders full access to our diverse product range, including Pension, Teen, and Abimani accounts, ensuring integrated banking services.

Our Focus Areas

Our ongoing commitment to upholding the highest standards of data security and regulatory compliance safeguards the sensitive information of our cardholders. Our strategy is built upon a foundation of vigilance and proactive adherence to global and local mandates:

Key Initiatives to Strengthen Security and Compliance

- PCIDSS Certification: We affirm our consistent adherence to the rigorous Payment Card Industry Data Security Standard (PCIDSS) since inception. This mandatory global certification validates our robust implementation of security controls designed by major card brands (Visa, Mastercard, etc.) to defend cardholder data against theft and fraud.
- Regulatory Reporting Excellence: We ensure the timely and accurate submission of all regulatory reports, proactively meeting compliance requirements and minimising the risk of penalties.
- Payment Network Integrity: Strict monitoring is maintained over payment network data integrity standards and compliance protocols to ensure seamless and secure operations across all transactions.

Our Initiatives in 2025

In collaboration with Mastercard, we launched, Sri Lanka's first contactless sticker payment solution. This adhesive sticker, utilizing Near Field Communication (NFC) technology, promotes digital payments by allowing cardholders to complete instant transactions simply by tapping the sticker on any Point of Sale (POS) device.

We further strengthened operational efficiency and customer experience by enhancing digital card management through instant card issuance, providing customers with immediate access to their card services upon account opening.

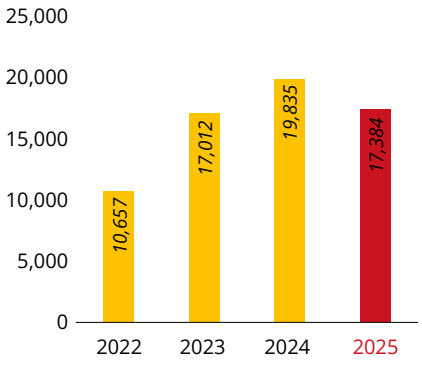
To celebrate the bank's 11th anniversary in July 2025, we introduced a range of special offerings, including exclusive card promotions alongside other benefits (such as high-return fixed deposits and loan incentives), driving customer engagement and product utilisation.

Our Performance

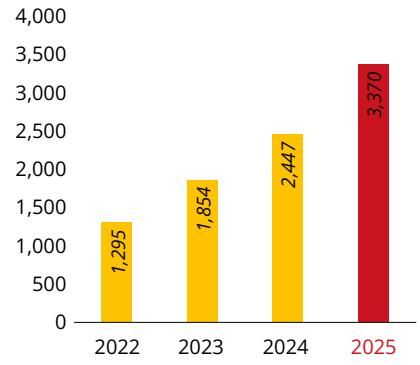
Cargills Bank continued to strengthen its position in the local payments market by diversifying its product offerings and growing its cardholder demographic. We introduced enhanced privileges for Mastercard holders, prioritizing essential spending and lifestyle needs.

Through a robust network of partnerships, including collaborations with eco-conscious brands, we provided sustained value via year-round promotions at core group entities and leading external merchants. Financial inclusivity was further driven by the provision of flexible 0% installment facilities. On the merchant side, the expansion of our POS and IPG capabilities has played a pivotal role in advancing the Central Bank's national agenda for a digitally empowered and secure financial landscape.

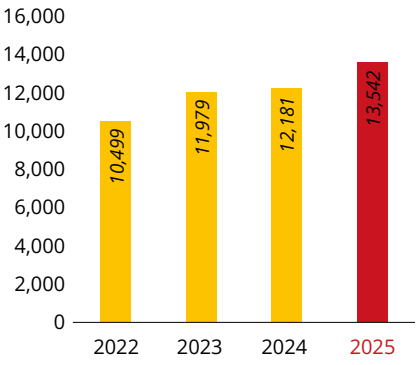
Debit Cards (Nos.)



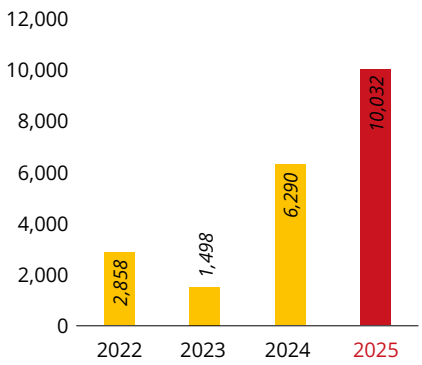
Debit Cards Spend (Rs. Mn)



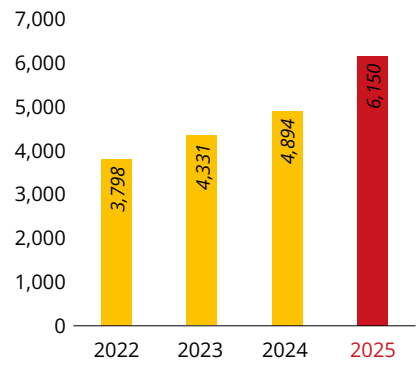
Merchant Acquiring (Rs. '000)



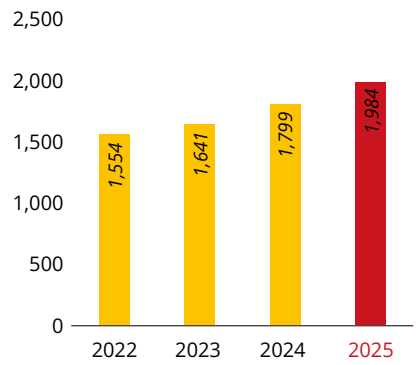
Credit Cards (Nos.)



Credit Cards Spend (Rs. Mn)



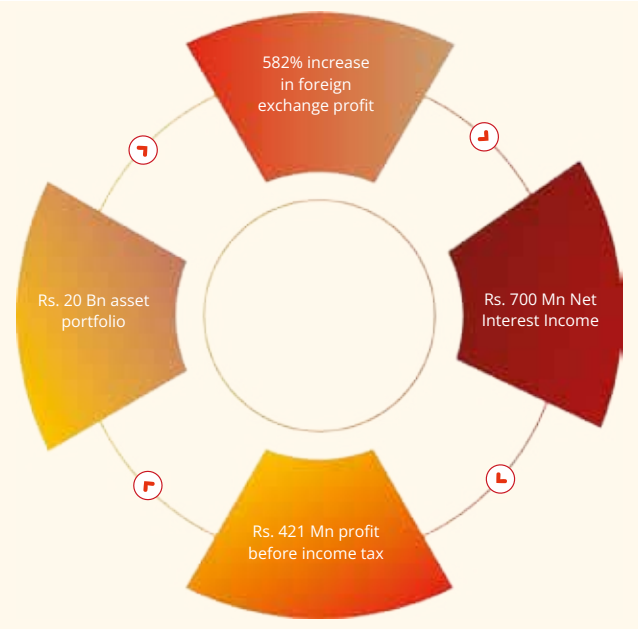
Credit Card Portfolio (Y/E) (Rs. Mn)



Treasury Operations

The Treasury Division plays a pivotal role in managing the Bank's overall assets and liabilities. Its primary objective is to optimise profitability through prudent investment decisions, efficient borrowing and lending activities, while ensuring strict adherence to regulatory standards and ethical market practices.

Accordingly, the Treasury function focuses on maintaining adequate liquidity, managing funding costs, and mitigating market risks to support the Bank's sustainable growth. The strategic priorities include optimising the investment portfolio, strengthening Asset-Liability Management (ALM) practices, and enhancing foreign exchange income, all while ensuring full regulatory compliance.



Performance Highlights

	2025	2024	% Change
Net Interest Income (Rs. Mn)	700	801	(12.61)
Foreign Exchange Profit (Rs. Mn)	106	(22)	581.82
Capital gain from derecognition of financial assets (Rs. Mn)	361	670	(46.12)
Profit before income tax (Rs. Mn)	421	808	(47.90)

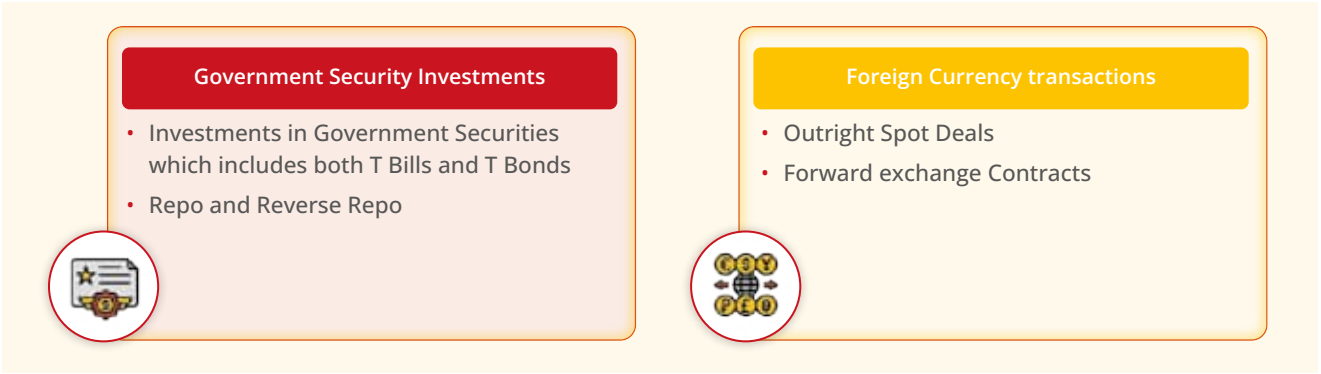
Way Forward

Short Term	Medium Term	Long Term
• The ongoing debt restructuring process has contributed to improved fiscal stability in the country.	• According to the IMF, the economy is projected to grow by 3.1% in 2026. The government aims to achieve its revenue targets by broadening the tax base and increasing collections, including through vehicle importation.	• Economic growth remains exposed to significant risks, including global economic and political uncertainties that could adversely impact the economy. Additionally, substantial debt repayments scheduled for 2028 may pose further challenges to fiscal stability.

Key developments in the operating environment	Our response
• Overnight market liquidity in the domestic banking system remained tight, with a significant portion concentrated among foreign banks. • Forex volatility continued to create uncertainty in trade activities, impacting transaction flows and pricing. • Counterparty limit restrictions imposed by foreign banks constrained borrowing opportunities. • Remittance volumes declined, driven by heightened competition.	• Increased repo limits of state banks to ensure compliance with the reserve requirements stipulated by the CBSL. • Advised business units and branch network to boost trade transactions by offering competitive rates to customers. • Engaged with foreign banks, resulting in one foreign bank increasing its counterparty limits with the Bank. • Provided the most competitive market rates to retain remittance partners and strategically matched inflows with outflows to optimise gains from Forex transactions.

Our Core Product Portfolio

The Treasury Division offers a diverse product portfolio designed to manage liquidity, optimise returns, and support the Bank's strategic objectives. Key offerings include:



Our Initiatives in 2025

- Fully automated forex transaction reporting to the CIMM system in compliance with the CBSL regulations, significantly reducing manual workload for departments and branches.
- Enhanced counterparty limits, strengthening the Bank's capacity for interbank transactions and liquidity management.
- Successfully implemented the BMatch Dollar/LKR trading platform, improving efficiency and transparency in foreign exchange operations.

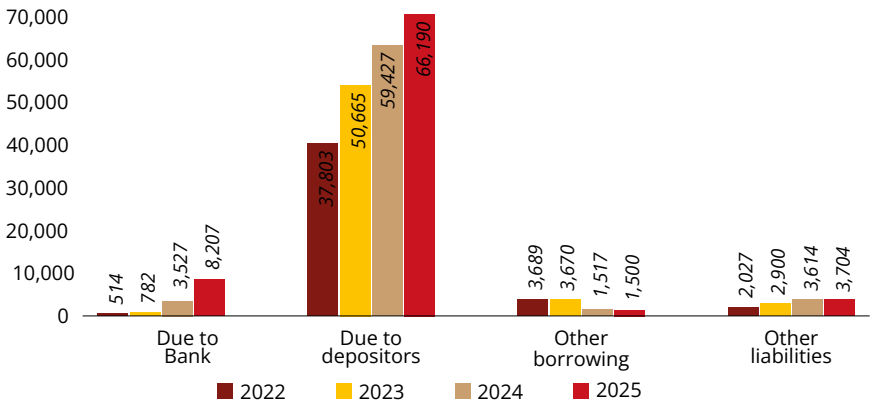
Treasury Operations

Our Performance

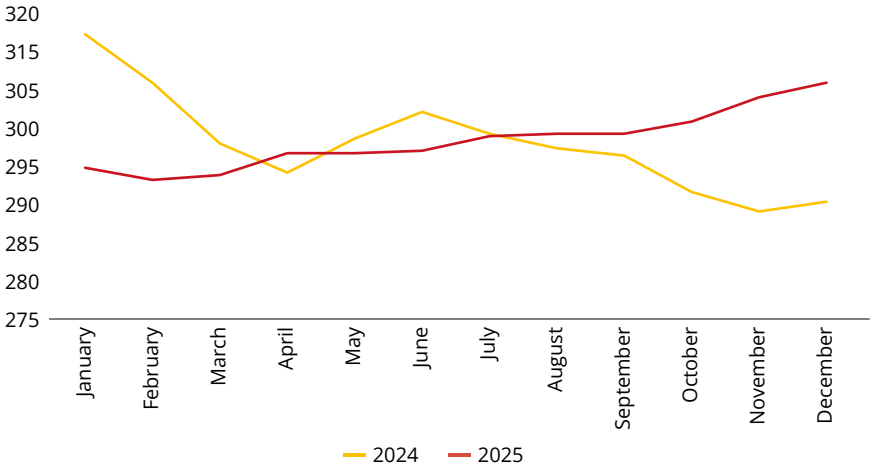
The banking sector strengthened in 2025 due to favourable domestic macroeconomic conditions and effective central bank policies, despite global geopolitical and economic challenges. Lower and stable interest rates boosted investor confidence, while liquidity in the foreign exchange market improved with narrower spreads and higher interbank volumes. Money market activity increased, particularly in repo and call markets, with state banks as net lenders and private banks as net borrowers.

The Treasury successfully managed liquidity within the CBSL limits, minimised foreign exchange exposure through prudent Net Open Position management and capitalised on falling interest rates by reducing fixed-income securities to realise gains. These funds were reallocated to SME lending for higher returns. Strong risk management and timely investment decisions ensured smooth and profitable operations.

Funding Mix (Rs. Mn)

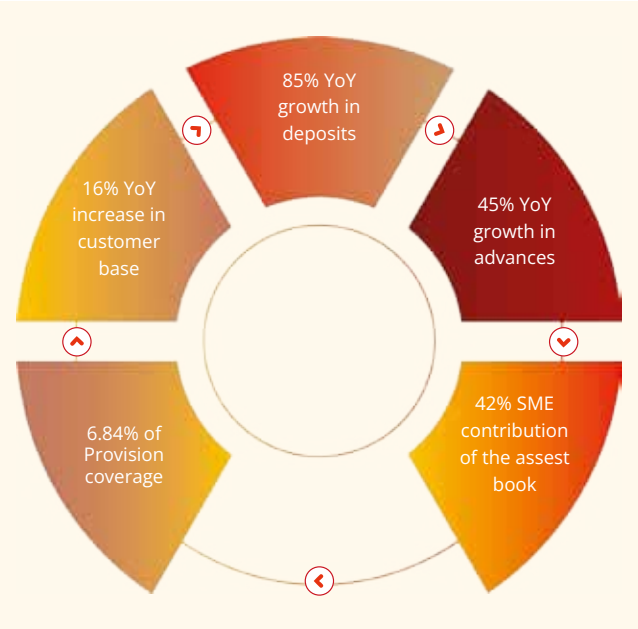


Exchange Rate Movement



SME Banking

The SME Division of Cargills Bank PLC plays a pivotal role in driving the growth of Small and Medium Enterprises (SMEs) across Sri Lanka, recognising their importance as a cornerstone of national economic development and employment generation. Committed to financial inclusion, the division offers tailored solutions to entrepreneurs and business owners, with a special focus on rural and semi-urban communities. Leveraging its extensive branch network and the strong distribution reach of the Cargills Group, the bank ensures convenient access to formal banking services for SMEs that often face barriers in connecting with traditional financial institutions.



Performance Highlights

	2025	2024	% Change
Deposits (Rs. Mn)	9,202	4,983	84.67
Advances (Rs. Mn)	28,536	19,718	44.72
Total Provision Coverage (Total Provision/Gross Loans) (%)	6.84	10.54	(3.70)
Customer Base (on-boarded)	2,972	2,557	16.23

Way Forward

Short Term	Medium Term	Long Term
• Expand SME outreach through selected Cargills Food City outlets in key regions. • Enhance digital platforms to simplify SME onboarding and service access.	• Develop and launch tailored products to meet the evolving needs of SMEs. • Strengthen credit evaluation and risk assessment to support diverse SME profiles. • Collaborate with key partners to expand product reach and deliver value-added services. • Invest in programmes that empower SMEs with knowledge and skills for sustainable growth.	• Empower SMEs to adopt sustainable business models aligned with the UN Sustainable Development Goals (SDGs). • Facilitate the transition toward green and climate-resilient practices for long-term viability. • Promote access to green financing and incentives that encourage environmentally responsible growth. • Position Cargills Bank as a key enabler of sustainable economic development through continued support for ESG-focused SME initiatives.

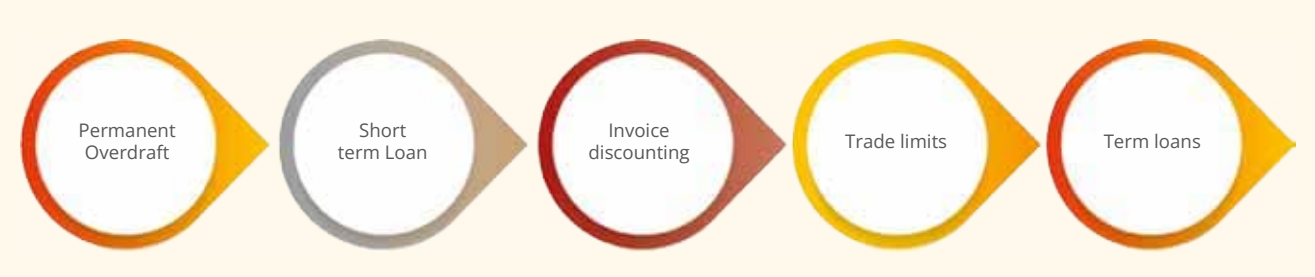
SME Banking

Key developments in the operating environment	Our response
Threats • Many SMEs lack proper documentation or audited financials, making credit assessment difficult. • Insufficient collateral restricts access to secured lending. • Growing competition from banks and non-bank financial institutions offering similar SME products. • Compliance requirements and tighter credit monitoring standards. • High servicing costs for SMEs in rural and semi-urban areas. **Opportunities** • Significant contribution to GDP and employment, offering a broad customer base. • Utilise Cargills Food City outlets for banking access and collections through agency banking. • Expand reach via digital channels and mobile banking for greater efficiency. • Capitalise on Cargills' trusted brand to build lasting relationships with entrepreneurs. • Opening of new branches.	• Provision of financing based on business cash flow and viability, beyond collateral. • Strengthened credit evaluation and continuous portfolio monitoring. • Utilise Cargill's outlets for convenient banking and payment services. • Establish branches in agriculture and SME-focused regions to improve accessibility. • Deliver personalised banking and maintain regular engagement with SME clients.

Our Core Product Portfolio and Channels

We offer a comprehensive range of financial solutions, including working capital loans, term loans, trade finance facilities, and asset financing-each designed to address diverse business needs. Beyond financing, we offer advisory services and business development support, enabling SMEs to enhance their operations, expand into new markets, and comply with regulatory requirements. This holistic approach goes beyond credit provision, focusing on fostering long-term growth and sustainability for small and medium enterprises.

Our products



Our Focus Areas

We focus on financing the SME sector through simple, affordable, and tailor-made financial solutions. It drives business growth via digital onboarding, faster credit decisions, and robust risk management practices across a diversified portfolio.

This segment directly supports our Bank's overall strategy by promoting financial inclusion, expanding the customer base, and driving sustainable growth. Additionally, SMEs benefit from island-wide service through the Bank's extensive retail network.

Tailor-made lending solutions, streamlined processing, and strong risk management practices enable the Bank to maintain a high-quality portfolio, enhance profitability, and build a resilient balance sheet.

Our Initiatives in 2025

- Delivered exceptional customer service by focusing on and understanding individual needs offering customized financial solutions including working capital, trade finance and term loans tailored to specific SME needs. Driving SME empowerment through the SME circle initiative.
- Strategically focusing on key sectors, including agriculture and manufacturing to support SME growth.
- Promoting sustainable financial practices throughout the SME segment.

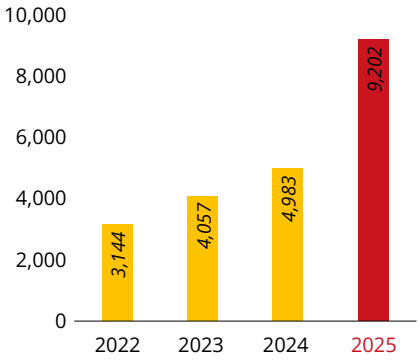
Initiation to Support the SME Journey

- Conduct awareness programs on SME lending.
- Promote lending for manufactures and exporters.
- Drive growth via refinance and subsidy loan schemes introduced by Central Bank.
- Focus on green lending - Hybrid vehicles, Solar loans, Renewable energy.

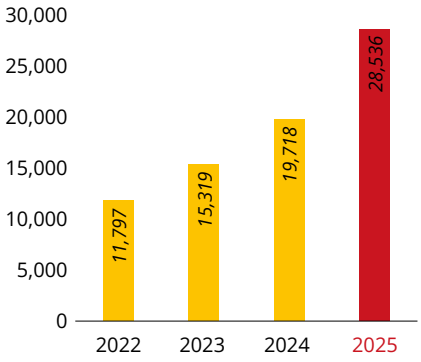
Our Performance

The SME Division recorded strong growth in 2025, driven by significant increases in deposits and advances alongside an expanded customer base. Deposits rose by 85% to Rs. 9,202 Mn while advances grew by 45% to Rs. 28,536 Mn continuing the upward trend since 2022. The customer base reached 2,972, adding 415 new clients during the year. However, the Total Provision Coverage ratio declined to 6.84% from 10.54% in 2024, indicating reduced risk buffers. The portfolio remains highly concentrated in the Western region (76.18%), with North Western and Northern regions contributing modest shares. Sector-wise, Wholesale & Retail Trade dominates at 39.75%, followed by Agriculture (14.40%), Financial Services (11.92%), Manufacturing (9.66%), and Tourism (5.76%).

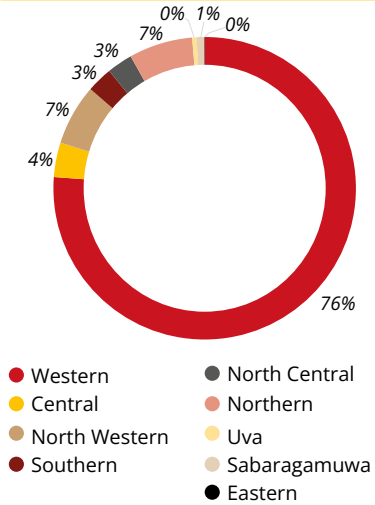
Deposits (Rs. Mn)



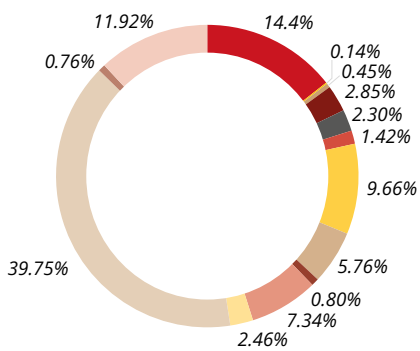
Advances (Rs. Mn)



Geographical Distribution of SME Advances (%)



Sectorwise Portfolio of SME Advances 2025 (%)

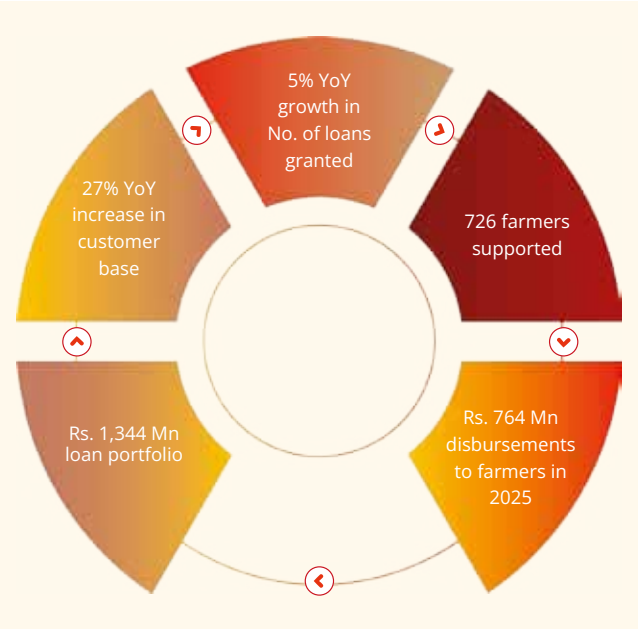


- Agriculture, Forestry & Fishing
- Professional, Scientific & Technical Activities
- Arts, Entertainment & Recreation
- Education
- Health Care, Social Services & Support Services
- Consumption
- Manufacturing
- Tourism
- Transportation & Storage
- Construction
- Infrastructure Development
- Wholesale & Retail Trade
- Information Technology and Communication Services

Agriculture Operations

Cargills Bank is uniquely positioned to support Sri Lankan farmers at the bottom of the economic pyramid by leveraging the strong synergies within the Cargills Group. Over the past two decades, thousands of farmers have built enduring relationships with the Group, giving Cargills Bank a distinctive advantage over other financial institutions in serving this segment and improving their livelihoods.

With access to historical data on farmers, including income patterns, the Bank can accurately assess individual requests and offer tailored financial solutions, addressing gaps in access to finance. As the country's largest agricultural supplier, the Group enables the Bank to forecast produce requirements and disseminate market information in advance, allowing proactive financing for farmers.



Performance Highlights

	2025	2024	% Change
No. of Loans granted (Nos.)	827	791	4.55
Gross Loan (Rs. Mn)	1,344	1,326	1.35
Customer Base (Nos.)	11,074	8,706	27.20
Total Provision coverage (Total Provision/Gross Loans) (%)	6.79	4.80	1.99

Way Forward

Short Term	Medium Term	Long Term
• Continue working with 56 MCC/VCC centres to grow the portfolio beyond Rs. 1.6 Bn next year. • Target new markets such as paddy, fisheries, and tea to broaden the Bank's agri-financing footprint. • Conduct ongoing training and development programmes to enhance farmer knowledge and productivity. • Deepen collaboration with government institutions to secure low-cost funding and refinance opportunities. • Develop new lending and deposit products tailored to the unique needs of farmers, promoting financial inclusion and growth.	• Increase the lending portfolio to Rs. 2 Bn through targeted farmer financing initiatives. • Continue implementing all components of the current short-term strategies to maintain momentum. • Recruit additional field staff to enhance coordination with farmers and Cargills Agri operations. • Open 1-2 new branches in key agricultural regions to improve accessibility and customer engagement.	• Increase deposits to over Rs. 2.6 Bn through targeted campaigns and farmer-focused products. • Deploy digital and mobile banking solutions to effectively reach remotely located farmers and enhance service accessibility. • Expand the field staff network to provide personalised assistance and improve farmer engagement. • Increase branch outreach by opening more than five new branches in key agricultural regions.

Key developments in the operating environment	Our response
Threats • Need for Advanced Technology - To effectively reach and serve rural areas, investment in digital and mobile banking solutions is essential. • Expansion of Branch Network - Opening additional branches in rural regions to improve accessibility and strengthen customer engagement.	• Cargills Group is developing a technology-driven process to connect with farmers, and Cargills Bank will integrate and leverage this platform to enhance farmer outreach and engagement.
Opportunities • Access to 42 Modern Trade Collection Centres (MCCs) and 15 Village Collection Centers (VCCs within the Cargills Group). • Availability of concessional funding programs to support agricultural lending. • Over 15,000 farmer suppliers connected to the Group, providing a strong foundation for agri-financing. • On-ground expertise to assist farmers and strengthen engagement. • Minimal acquisition cost for ECO farmers due to established relationships. • Opportunities to expand into new agricultural and rural segments. • Leveraging the Group's payment solution for seamless transactions and financial inclusion.	• Participated in meetings with farmers and MCC/VCC officers to enhance group synergy, share information on government-led low-interest schemes, and promote tailored banking products. • Worked with farmers in emerging areas such as paddy, fisheries, and tea to diversify the Bank's agri-financing portfolio. • Guided farmers to utilise banking services through Cargills Cash facilities available at Cargills Food City outlets, improving convenience and financial inclusion. • Utilised the expertise of Group extension officers for inspections, monitoring, and canvassing of loans and facilities, ensuring better risk management and outreach.

Our Impactful Projects

Financing Financing Farmers Categorised as "Unbankable"

One of the most impactful initiatives undertaken by us is the project supporting 100 women Aloe Vera farmers in Kilinochchi, who live in extreme poverty. Cargills Bank provided working capital financing totaling Rs. 10 Mn, backed by a Group commitment to purchase their produce, supply quality raw materials, and deliver technical assistance. We plan to scale this project to include a larger number of farmers, further enhancing livelihoods. This initiative serves as a model for sustainable development, integrating essential components such as market linkages, access to finance, quality inputs, extension services, and capacity building.

Livelihood Development through SAPP Partnership

Recognising the high cost of financing as a major constraint for Sri Lankan farmers, we partnered with the Government's SAPP office to secure low-cost funding combined with grant components. This collaboration aims to modernise dairy farming facilities and improve productivity. With the support of the Cargills Group, we are currently assisting 500 farmers in remote rural areas, with plans to finance over Rs. 64 Mn during the year. This initiative not only enhances farmer livelihoods but also promotes long-term sustainability in the dairy sector.

Our Operations

Over the past 10 years, Cargills Bank has facilitated more than 8,700 loans totaling Rs. 8 Bn. In 2025 alone, Rs. 764 Mn were disbursed to 726 farmers. Through partnerships with government institutions such as SAPP, the Central Bank, and the Ministry of Finance, the Bank extended numerous loans at concessional interest rates, coupled with grant components, significantly reducing financing costs and positively impacting farmer sustainability.

Agriculture Operations

Our Initiatives in 2025

- Launched projects to assist farmers at the bottom of the economic pyramid by introducing value-added services beyond conventional lending. These include offering low interest rates through strategic partnerships, promoting modern farming methods, providing raw materials via the Cargills Group, and delivering capacity-building initiatives coupled with financial literacy programmes.
- Granted facilities in previously untapped sectors such as paddy, tea, and fisheries. Notably, approximately Rs. 200 Mn was lent to the paddy sector, strengthening our presence in agricultural financing.
- Focused on empowering farmers in rural areas, we organised programmes involving scoping studies to identify needs and living standards, ensuring relevance and impact. Training sessions covered financial literacy, taxation, and agricultural productivity with the support of sector specialists. In 2025, we enhanced the capacities of over 150 farmers and non-agri micro-businesses, positively impacting livelihoods and promoting sustainable growth.

Our Impact

In 2025, the Agriculture Operations Division empowered farmers through targeted financial solutions, focusing on capacity building and access to affordable finance. Key initiatives included:

- Financial Literacy Programmes - Conducted for vegetable farmers in Nuwara Eliya, enhancing knowledge on budgeting, savings, responsible borrowing, and farm-level financial planning.
- Community Engagement - Organised two dedicated financial awareness programs for the Lakbojun community groups, promoting grassroots financial inclusion and sustainable livelihoods.
- Affordable Financing - Supported farmers with low-interest loan products such as SAPP, MSME, and NCRSC facilities, enabling investments in cultivation, productivity improvements, and seasonal cash flow management.
- Timely Agricultural Loans - Provided bank-funded loans to meet diverse farming needs, ensuring access to capital for inputs, expansion, and operational continuity.

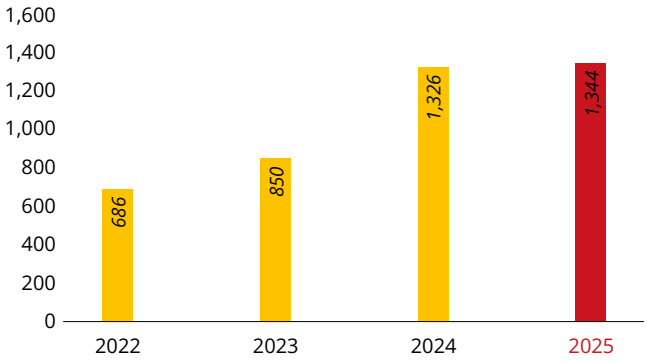
Our Performance

We facilitated over 800 loans totaling Rs. 1,344 Mn, significantly improving farmer livelihoods. A key differentiator of our financial assistance is that more than 60% of these farmers are integrated into the value chain, ensuring assured market access, quality inputs, and direct support from the Bank to enhance capacity.

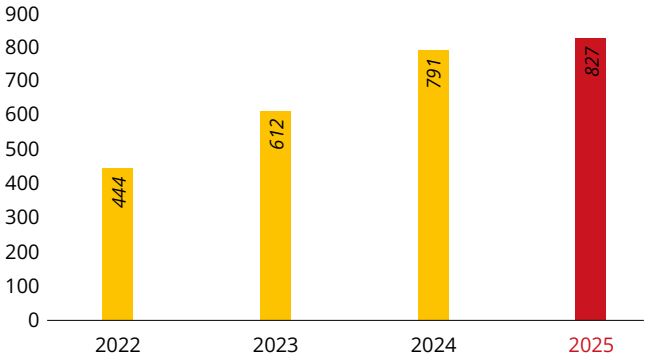
Of the total portfolio, agriculture accounts for 58% and dairy for 41%.

We enjoy a distinctive advantage as part of the Cargills Group-the largest agriculture company in Sri Lanka. By leveraging this synergy, we have delivered unparalleled impact compared to other financial service providers. Moving forward, we remain committed to serving this segment and unlocking the full potential of the sector, thereby positively transforming farmer livelihoods. Over the next two years, we plan to expand our reach further by investing in advanced technology to strengthen access to rural farming communities.

Portfolio (Rs. Mn)

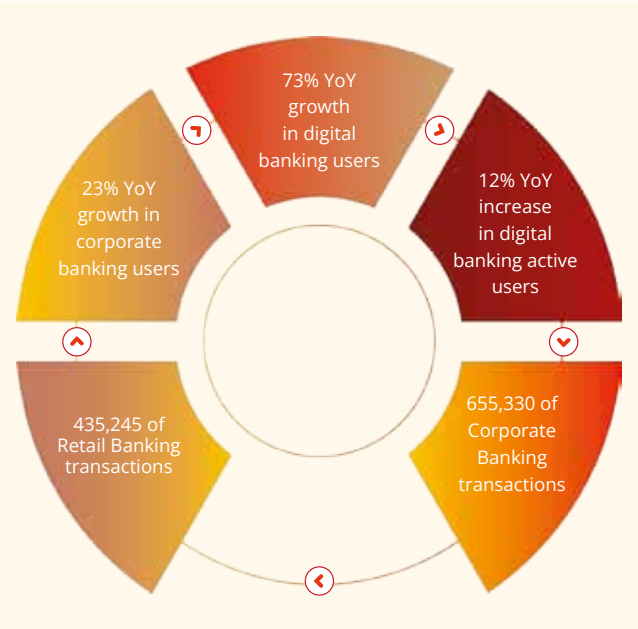


No. of Loan granted (Nos.)



Digital Banking Operations

The Digital Banking Operations (DBO) unit is a cornerstone of the Bank's strategic vision, dedicated to delivering seamless, secure, and accessible digital banking solutions for individuals, SMEs, and corporate clients across Sri Lanka. Our mission is to drive financial inclusion by providing 24/7 access to robust digital platforms, empowering customers to manage their finances effectively and confidently within the evolving digital economy.



Performance Highlights

	2025	2024	% Change
Digital Banking Active Users (Nos)	14,505	12,970	11.84
Retail Banking Number of Transactions (Nos)	412,587	344,351	19.82
Corporate Banking Number of Transactions (Nos)	655,330	747,398	(12.32)

Way Forward

	Short-term	Medium-term	Long-term
Mobile app for Retail Banking	• The first phase focuses on delivering a superior user experience and went live for Android users in late December 2025. • Introduced biometric and PIN-based login for enhanced security and convenience. • Completely redesigned user interfaces using a fresh, intuitive design to improve navigation and usability. • Enhanced supermarket banking support through streamlined features for seamless transactions at Cargills outlets. • Launched the new mobile app in December 2025 for Android users, aligning with the latest industry standards and customer expectations. • IOS version is in final stages of testing in December 2025.	Phase 02 Enhancements The second phase will introduce advanced features to elevate functionality and user engagement, including: • Multilingual Capabilities - Supporting multiple languages for broader accessibility. • Push Notifications - Real-time alerts for transactions, offers, and important updates. • Enhanced secure Messaging Center - Improved communication interface for personalised notifications and service updates. • Integration with GovPay and LPOPP - Seamless connectivity for government payments and LankaPay Online Payment Platform services (LPOPP).	• Evolve the existing banking application into a fully integrated financial and lifestyle hub by leveraging Open Banking APIs. • Expand beyond traditional banking services to include non-banking offerings such as utility payments, insurance, travel bookings, and loyalty programmes. • This strategic transition positions the app as the primary digital ecosystem for customers, delivering convenience, personalisation, and a seamless experience across financial and everyday needs.

Digital Banking Operations

	Short-term	Medium-term	Long-term
Retail Internet Banking	• Launch of GovPay: A secure, efficient, and user-friendly platform for government-related payments, simplifying transactions for customers.	• Continuous innovation to meet evolving customer needs. • Complete change of UIs to be inline with best of current trends to simplify customer journey.	Integration of AI-Driven services: • Chatbot Support: Intelligent, conversational assistance for faster query resolution. • Real-Time Fraud Detection: Leveraging AI and Machine Learning to analyse behavioural biometrics and transaction patterns, identifying anomalies proactively.
Corporate Internet Banking	• Integrate GovPay for secure and seamless government payment processing.	• Resolve existing issues to ensure smooth and uninterrupted operations. • Revamp user interfaces & add new functionalities such as enhanced Bill Payment options and bulk uploads.	• Develop an Integrated Corporate Financial Ecosystem. • Enable ERP integration with host-to-host connectivity. • Provide real-time international payments and cross-border cash management using advanced technologies like Distributed Ledger Technology (DLT). • Launch a new mobile app tailored for corporate clients to improve accessibility and user experience.
API Banking	• Sign New Contracts to implement and ensure compliance with Personal Data Protection Act (PDPA) requirements.	• Expand API Banking Business by onboarding new customers and partners.	• Integrate AI into API Banking to enable smarter, automated services and enhance customer experience.
JustPay and LankaQR Aggregator Operations	• Rationalise Aggregators and develop business volumes for JustPay and LankaQR by providing additional services to existing aggregators.	• Introduce LankaQR functionality within the Cargills Bank Mobile App for seamless QR-based payments.	• Integrate JustPay and LankaQR into Non-Customer App, enabling the bank to support these services without reliance on external aggregators. • Partner with New Aggregators using a sustainable model.

Key developments in the operating environment	Our response
• The existing mobile application requires significant upgrades, as highlighted by persistent customer feedback.	• Mobile App Enhancements Persistent customer feedback indicates the need for significant improvements to the existing mobile app. To address this, we have initiated a major project to develop a state-of-the-art mobile application. The Digital Banking team, supported by IT, is responsible for planning, testing, and deploying this new platform, which will replace the current app and deliver superior user experience aligned with the latest industry standards. Andriod version was launched in later part of December 2025 and IOS version expected early in 2026.
• Fraud Risk Mitigation - A notable rise in fraudulent activities on JustPay and LankaQR platforms during 2025 underscores the need for stronger security measures.	• The rise in fraudulent activities during 2025 highlighted the need for stronger security measures. The Digital team has taken proactive steps, including: • Collaborating with aggregators to reinforce security protocols. • Launching financial literacy campaigns to educate customers on safeguarding credentials, especially OTPs. • Deploying Mobile Number Verification (MNV), which has already resulted in a significant reduction in fraudulent transactions.
• Internet Banking Improvements - Both Retail and Corporate Internet Banking portals require enhancements to improve user experience and functionality.	• A dedicated project is underway to upgrade both Retail and Corporate Internet Banking portals, focusing on improved user interfaces and introducing new features for enhanced customer experience. Expected launch: 2026.
• Profitability Concerns - The JustPay aggregator business model has led to erosion of margins, necessitating a review of pricing and partnership strategies.	• To counter margin erosion, we have implemented new commercial structures and rationalised the number of aggregators, ensuring a secure and commercially viable JustPay FinTech ecosystem.

Strategic Contribution and Revenue Generation

We are a key driver of the Bank's financial performance, contributing significantly to fee and commission income while handling a large share of customer transaction volumes. Our digital banking services are strategically structured across three core verticals:

Internet & Mobile Banking

Provide secure, anytime, anywhere banking for retail and corporate clients. Revenue streams include Corporate Internet Banking setup and annual fees, Retail Internet Banking annual fees, fund transfer charges, and bill payment commissions.

JustPay & LankaQR Operations

Positions the Bank as a leading facilitator of digital payments by supporting multiple FinTech aggregator apps for JustPay and LankaQR-based transactions. Income is generated through transaction commissions, JustPay fees, LankaQR commissions, and annual service charges.

API Banking

Offers B2B payment automation services for corporates, with Cargills Bank being a pioneer in this space. The primary revenue source is bulk transfer commissions, enabling seamless and efficient payment processing for businesses.

Digital Banking Operations

Our Services

We leverage advanced technology to deliver a comprehensive suite of services designed for convenience, security, and efficiency:

Retail Internet Banking
Enables customers to perform essential banking functions such as fund transfers, bill payments, and other day-to-day transactions quickly and efficiently, saving time and effort.

Corporate Internet Banking
Provides businesses with advanced tools for bulk payments and related services, streamlining corporate financial operations.

Mobile Banking for Retail
Extends digital banking accessibility, allowing retail customers to manage their finances on the go with an enhanced user experience.

JustPay & LankaQR Aggregator Operations
Facilitate instant, secure digital payments as acquiring bank through:
JustPay – Enables instant fund transfers and bill payments directly from any bank account.
LankaQR – Offers interoperable scan-and-pay functionality at merchant outlets.
Additionally, Cargills Bank provides B2B integration with FinTech aggregator apps for these services

API Banking
Delivers real-time interbank fund transfers for businesses, automating processes such as bulk payments, payroll, supplier settlements, and collections.

Our Initiatives in 2025

Our initiatives in 2025 were primarily focused on Financial Resilience, Digital Security, and Operational Efficiency, ensuring sustainable growth and enhanced customer experience.

I. Financial and Operational Strategy

Internet & Mobile Banking - Revised fees for digital banking services and strengthened collection processes to improve revenue efficiency.

JustPay & LankaQR - Restructured Aggregator Agreements - Implemented new agreements with revised commercial structures to ensure long-term stability.

Rationalised Aggregator Ecosystem - Reduced the number of aggregators from six to two, creating a more stable and profitable operating model.

2. Compliance and Regulatory Focus

Compliance Enhancement - Strengthened adherence to regulatory standards, internal policies, and governance frameworks-critical in a post-crisis environment. Key initiatives included:

- Mobile Number Verification (MNV) for enhanced security.
- Implementation of Personal Data Protection Act (PDPA) compliance measures to align with Data Protection Authority (DPA) requirements.

3. Digital Product & Customer Security

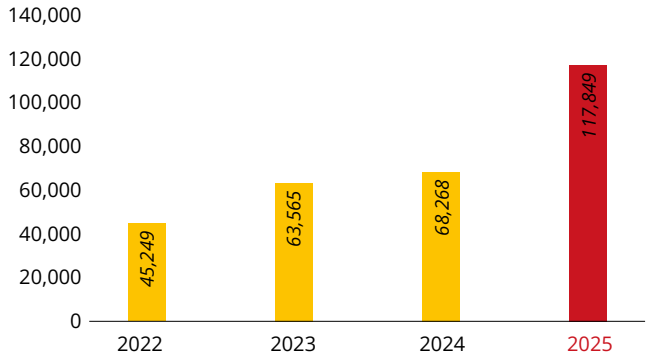
Fraud Prevention Measures - Introduced comprehensive strategies to mitigate financial and cyber risks, including:

- New Device Limitations to restrict unauthorised access.
- Enhanced Credential Management and Two-Factor Authentication (2FA) for improved security during device changes.

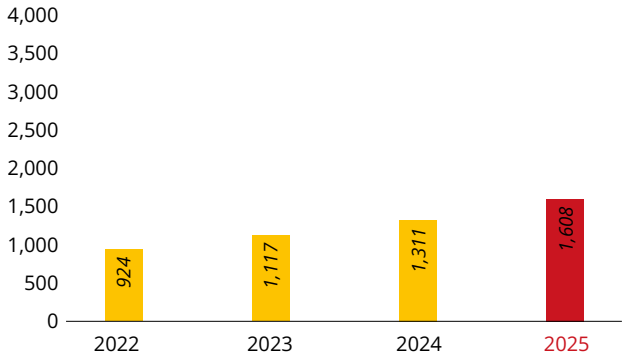
Our Performance

From 2022 to 2025, retail and corporate internet banking have reflected strong growth. Retail internet banking users increased from 45,249 in 2022 to 117,849 in 2025, reflecting a total growth of 160% over the period, driven by enhanced digital adoption and improved user interfaces. Similarly, corporate internet banking users increased from 924 in 2022 to 1,608 in 2025, representing an overall increase of 74% across the three year duration, driven by advanced corporate solutions and ERP integration capabilities. These trends highlight the bank's successful digital transformation strategy and its commitment to expanding online services for both retail and corporate clients.

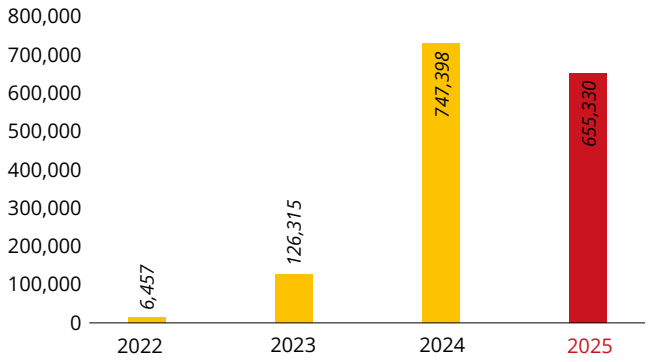
Retail Internet Banking Users (Nos.)



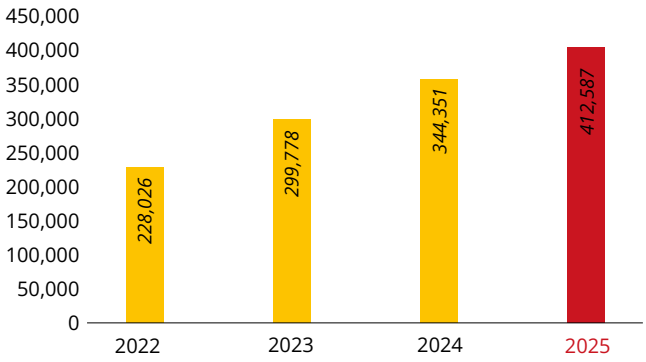
Corporate Internet Banking Users (Nos.)



Corporate Banking Number of Transactions (Nos.)



Retail Banking Number of Transactions (Nos.)



Redefining Convenience Through Supermarket Banking

The Supermarket Banking Unit (SBU), formerly known as "Cargills Cash," is transforming banking accessibility by leveraging the extensive Cargills Food City network. This innovative model delivers unparalleled convenience, breaking away from traditional branch limitations and reaching communities previously underserved by conventional banking. With a presence in over 500 Cargills supermarket locations, the Supermarket Banking network offers essential day-to-day banking services across the island, ensuring that all Sri Lankans have easy access to financial solutions wherever they are.

Performance Highlights

	2025	2024	% Change
Number of Supermarket Banking Unique Customers (Nos.)	34,124	34,736	(1.76)
Number of Supermarket Banking Transactions (Nos.)	1,061,205	873,676	21.46
Supermarket Banking Transaction Value (Rs. Mn)	31,025	24,365	27.33
Collection Account Fee (Rs. Mn)	101	125	(19.20)

Way forward

	Short-term	Medium-term	Long-term
Geographic Expansion	• Secure CBSL Approval for 12 new outlets currently pending authorisation.	• Expand Network by adding 25+ new Cargills Food City outlets by 2026, subject to CBSL approval.	• Vision: Build a highly efficient and accessible Supermarket Banking operation seamlessly integrated into the daily lives of Sri Lankans. • Future Opportunity: Explore Agency Banking Services beyond supermarkets to further enhance reach and convenience.
Service Delay Improvements	• Broaden SBU's focus to eliminate persistent issues such as technical glitches and cashier knowledge gaps, ensuring consistently superior service delivery.	• Implement OTP validation for depositors to strengthen security. • Launch a new customer mobile app with enhanced Supermarket Banking experience and improved user interface.	• Achieve 100% digital transactions by enabling all Supermarket Banking operations through QR code-based processing, ensuring speed, accuracy, and convenience.
Adoption Growth	• Intensify Efforts in Q1 & Q2 2026: Launch a comprehensive customer communication and marketing campaign to drive adoption and usage of digital services. • Increase transaction volumes through enhanced public awareness and better understanding of Supermarket Banking benefits.	• Reinforce the 'Supermarket Banking' identity and strengthen market positioning through sustained branding initiatives. • Maintain a medium-term commitment to training outlet staff and educating customers to ensure lasting adoption and service quality.	• Ultimate Objective: Enable customers to perform all daily banking needs via supermarket banking outlets, making banking truly accessible and convenient.

Key developments in the operating environment	Our response
• Cargills Food City (CFC) outlets faced recurring technical issues in Supermarket Banking, sometimes severe enough to cause customer dissatisfaction and potential decline in transaction volumes.	A fast-tracked project involving the SBU and IT teams of both the Bank and Cargills Retail resolved all issues by September 2025, restoring service reliability
• Frequent staff turnover led to gaps in product and system knowledge, causing customer inconvenience, increased disputes, and impacting transaction volumes.	Conducted targeted training for high-volume and high-dispute outlets. Embedded a bank training resource person within the Cargills Retail training team for nationwide training. Deployed full-time Business Development Officers (BDOs) in Western and Southern regions to provide on-site training. Result: All 500+ authorised outlets were trained during the year, significantly improving knowledge levels and service quality.
• Introduction of advanced automation tools for merchants handling collection accounts.	These automations have already delivered positive results, increasing transaction volumes and boosting merchant confidence in promoting payments through Supermarket Banking outlets.
• Rebranding to strengthen identity and market presence.	Focused product development within the Supermarket Banking channel, supported by multiple public promotions, enhanced brand visibility and customer engagement.

Key Highlights

Exceptional Growth and Performance

- The SBU achieved progress in 2025, combining strong financial performance with operational excellence and brand development.
- The Unit was awarded the Non-Interest Income Award for outstanding contribution.
- Surpassed 100,000 transactions per month in September, marking the highest volume since inception and reflecting consistent Year-on-Year growth.
- Targeted monthly outlet promotions were conducted in strategic locations such as Pelawatta, Maharagama, Akuregoda, and Attidiya 2 to sustain momentum.

Focus on training and engagement ensured superior service quality and compliance

- Completed all six cluster training programmes for Cargills Food City managers across the island.
- Delivered through a mix of BDO visits and virtual sessions.
- Three campaigns launched to promote awareness among bank and Cargills employees, focusing on "Withdrawal" and "Send Cash" functions.
- Organised Q&A contests to reinforce cashier knowledge.

Branding and Marketing Initiatives

- Transitioned from Cargills Cash to Supermarket Banking, introducing a new logo.
- Completed a pilot project for customer leaflets and procured advertising materials such as X-banners and light boards.
- Participated in major public events under the new branding, including CBSL PayDigital campaigns and INFOTEL 2025.

Process Automation and Efficiency

- Implementation of Robotic Process Automation (RPA) bots is underway to streamline and enhance key internal processes.

Redefining Convenience Through Supermarket Banking

Benefits and Services

The "Bank While You Shop" model is a game-changer for towns and rural areas where access to traditional banking is limited. It enables both customers and non-customers of Cargills Bank to manage their financial needs conveniently at their local Cargills Food City supermarket-saving time and resources otherwise spent travelling to distant branches.

Key Services Offered

Enhanced Accessibility

Supermarket Banking offers a distinct advantage over traditional branches by combining a secure environment with personalised assistance. With operating hours from 8:00 a.m. to 10:00 p.m., 365 days a year, customers enjoy unmatched flexibility. Leveraging Cargills' extensive island-wide retail network, this initiative aligns with the Bank's mission to drive financial inclusivity, bringing essential banking services closer to every corner of Sri Lanka.

Our Initiatives in 2025

I. Expand BDO Coverage:
- In 2025, permanent BDOs continued routine visits in Southern and Western provinces, while one-off visits were extended to Central, North Western, and North Central provinces, significantly increasing physical outlet engagement.

II. Knowledge Competitions:
- Organised Q&A sessions among Cargills outlet staff to reinforce product knowledge during training.

III. Customer Communication Materials:
- Leaflets: Pilot project completed; mass distribution scheduled for January 2026.
- Cashier Pocket Guides: Revised and set for island-wide distribution in January 2026.

IV. Improving Technical Infrastructure and System Reliability:
- Conducted high-level IT team meetings focused on resolving recurring technical issues, achieving full resolution of routine problems.
- Enhanced Food City POS user interfaces, enabling faster and more accurate cashier transactions.

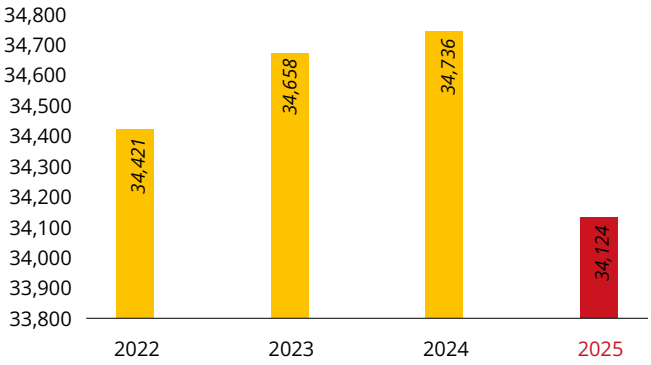
V. Voucher Management:
- Collaborated with Cargills Operations and Logistics teams to streamline deposit voucher distribution and receipt processes, maintaining an average voucher receipt rate of 83% by end-2025.
- Implemented proactive monitoring and two-month supply distribution.
- Created a dedicated WhatsApp group for CFC managers to request supplies, reducing stock-out situations significantly.

VI. Internal Promotions:
- Conducted multiple group promotions to increase awareness, focusing on key functions such as "Send Cash" and "Withdrawals."

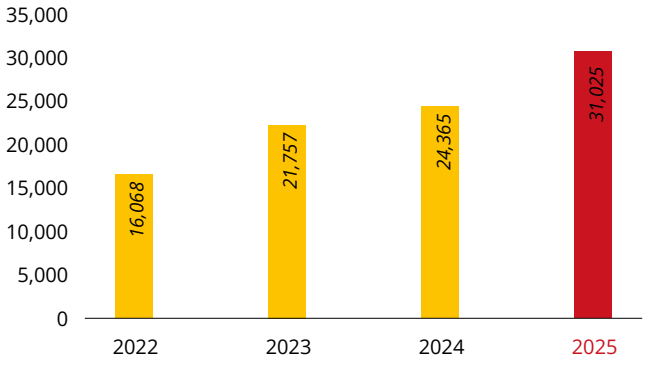
Our Performance

In 2025, the Supermarket Banking Unit (SBU) demonstrated strong operational performance despite a slight decline in unique customers. The number of unique customers decreased by 1.76% to 34,124, reflecting market adjustments after the termination of collection accounts facilitation of all on-line money lending companies in 2024. However, transaction activity surged, with total transactions reaching 1,061,205, a 21.46% increase compared to 2024. Transaction value also recorded significant growth, rising by 27.33% to Rs. 31,025 Mn, underscoring the growing trust and adoption of Supermarket Banking services. While collection account fee income declined by 19.20% (solely due to exit of on-line money lenders), the overall upward trend in transaction volumes and value highlights the SBU's resilience and ability to drive digital financial inclusion across Sri Lanka.

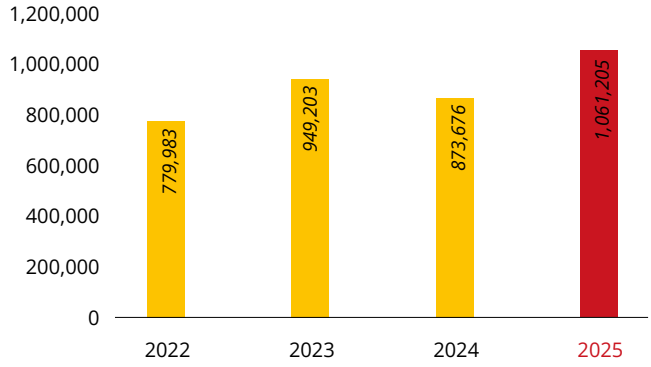
Number of Supermarket Banking Unique Customers (Nos.)



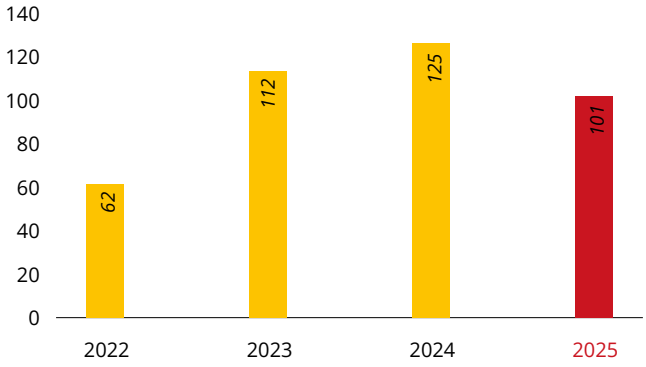
Supermarket Banking Transaction Value (Rs. Mn)



Number of Supermarket Banking Transactions (Nos.)



Collection Account Fees (Rs. Mn)



Business Revival Unit

In 2024, Cargills Bank established the Business Revival Unit (BRU) in compliance with the Central Bank of Sri Lanka's directive (Circular No. 02 of 2024, dated March 28, 2024). This initiative was launched to address unprecedented macroeconomic challenges and focuses on two core objectives:

- Revitalising financially distressed yet fundamentally viable businesses to support sustainable economic recovery.
- Enhancing the quality of the Bank's asset portfolio through proactive engagement and restructuring.

The BRU targets enterprises impacted by adverse conditions such as reduced income, cash flow constraints, declining sales, operational disruptions, or temporary business closures. Its ultimate mandate is to restore these businesses, stimulate broader economic activity, and contribute meaningfully to national recovery efforts.

Beyond customer support, the BRU plays a critical role in strengthening the Bank's financial stability, safeguarding shareholder value, and reinforcing strategic pillars of asset quality, profitability, risk management, and customer-centric banking.

Performance Highlights

	2025	2024	Change %
Stage 3 impairment provision to Stage 3 loans (%)	72.06	77.77	(5.71)
Stage 3 loans to Total loans (%)	15.37	13.30	2.07
Stage 3 gross loans to total loans (%)	55.02	61.26	(6.24)
Fee income of BRU (Rs. Mn)	38	28	35.71

Way Forward

Short Term	Medium Term	Long Term
• Focus on Viability Assessment The core service will involve rigorous viability assessments to triage the distressed portfolio. Non-viable businesses will be transitioned to Credit Enforcement, while viable entities will receive structured revival plans. • Adoption of Specialised Products Accelerate the development and deployment of customised, flexible financial solutions-such as hybrid loans and tailored repayment schedules-to maximise recovery rates and minimise immediate write-offs.	• Shift to Proactive Intervention We will transition from a reactive approach-focused on rescuing defaulted loans-to proactive engagement. It will collaborate closely with Loan Origination and Risk Management teams to detect early warning signals such as covenant breaches or declining margins in performing accounts and provide preemptive advisory support. • Integration of Technology We will leverage advanced data analytics and AI to automate viability scoring, strengthen monitoring of restructured accounts, and predict potential defaults. This technology-driven approach will enhance efficiency and reduce the cost-to-income ratio of the resolution process.	• Focus on Value Preservation Our core philosophy-prioritising the rescue of viable businesses over immediate enforcement-will become embedded in the credit culture. This approach shifts emphasis from short-term recovery to long-term value preservation and stronger borrower relationships. • Enhanced Systemic Resilience Lessons learned will feed into improved underwriting standards and risk management frameworks, enabling banks to handle future crises without resorting to mass moratoriums or ad-hoc revival programmes. • Promotion of Corporate Workout Framework We will continue to advocate and participate in the Corporate Workout Framework for multi-bank borrowers, fostering coordinated and orderly resolution of large, distressed entities-critical for systemic stability.

Key developments in the operating environment	Our response
Threats • The proportion of Stage 3 (non-performing) loans across the banking sector remains high, despite showing a gradual downward trend. This reflects the lingering impact of poor asset quality from the crisis period, underscoring the need for continued rigorous management and proactive risk mitigation.	Business revival unit was established separate from standard credit teams to assist viable but distressed borrowers. The unit specifically assists borrowers who remain fundamentally viable but are currently distressed due to external economic shocks or temporary liquidity constraints. The BRU focuses on providing debt restructuring and technical guidance. By optimizing repayment schedules and offering business advisory services, the unit aims to improve the borrower's financial health, ultimately transitioning the loan back from Stage 3 (non-performing) to Stage 2 or Stage 1 (performing) status.
Opportunities • Household and corporate balance sheets are improving, supported by expanding economic output and subdued price levels. This positive trend enhances borrowers' repayment capacity and contributes to better credit quality within financial institutions. • Accommodative monetary policy, characterised by a low-interest-rate environment, coupled with improved business confidence, is fueling broad-based growth in private sector credit. This expansion of the loan portfolio is a key driver of enhanced bank earnings.	The combination of expanding economic output and subdued price levels (low inflation) has increased the real disposable income of households and the operating margins of corporations. With improved cash flows, borrowers are better positioned to meet their debt obligations, directly slowing the inflow of new non-performing loans (NPLs). The low-interest-rate environment has significantly reduced the cost of borrowing. This makes capital more accessible for both SMEs and large corporates. With inflation stabilizing around the 5% target, the predictability of the economic environment has reached a post-crisis high. This stability encourages long-term capital expenditure (CAPEX) over short-term survival. · As private sector credit expands, banks can achieve greater "economies of scale" in their lending operations. Higher loan volumes help offset narrower Net Interest Margins (NIMs) that often accompany a low-rate environment.

Business Revival Unit

Our Services

Debt Rescheduling & Restructuring

Tailor repayment terms to align with the business's projected cash flow capacity. This may include extended tenors, grace periods, or temporary interest rate reductions.

Additional Working Capital

Provide carefully assessed credit facilities or refinancing options on a needs basis to enable viable businesses to restart operations or complete critical projects.

Comprehensive Business Advisory

Go beyond financial solutions by recommending operational improvements such as developing a robust business plan, enhancing efficiency, optimising inventory and cash management, and exploring market diversification.

Facilitating External Support

Assist businesses in connecting with potential investors, strategic partners, or government agencies for non-financial support, seed capital, or equity injections.

Robust Monitoring Framework

Implement stringent monitoring systems to track repayment behavior and financial health post-revival. This includes continuous assessment of key financial indicators over a defined period.

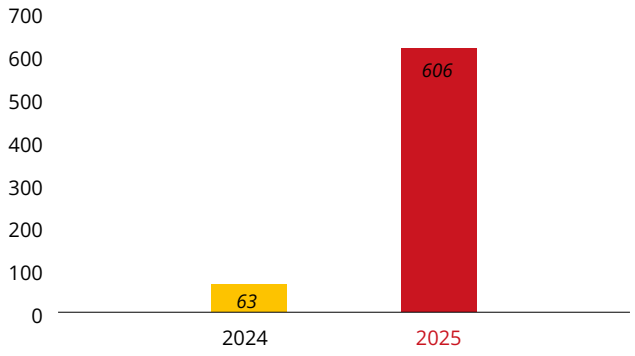
Our Initiatives in 2025

- Provision of flexible repayment terms by extending overall loan tenor to ease repayment pressure.
- Temporarily suspend principal and/or interest payments.
- Implement step-up repayments or seasonal payment schedules aligned with cash flow cycles.
- Provide additional working capital or refinancing options on tailored terms to support business restart or expansion.
- Develop innovative solutions such as hybrid loans (combining debt and equity features) or other customised arrangements to reduce immediate debt burden and align debt service with projected cash flows.
- Temporarily or permanently revise interest rates to ease financial strain.
- Offer specialised guidance on building sustainable business models, mitigating risks, and adapting to evolving market conditions.
- Assist viable businesses in connecting with investors for seed capital or equity infusion, particularly for export-oriented enterprises.

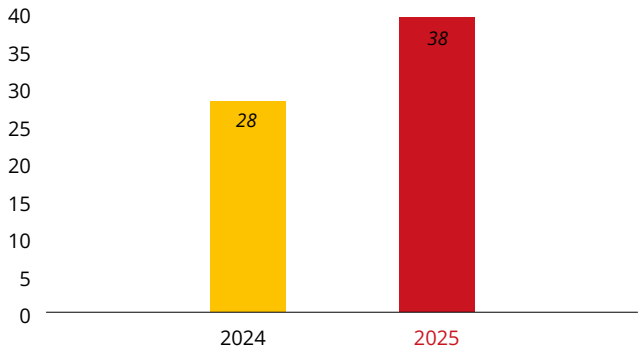
Our Performance

In 2025, the Business Revival Unit (BRU) demonstrated its strategic value by achieving a significant 35.71% increase in fee income, which rose to Rs.38 Mn from Rs. 28 Mn in 2024.This growth highlights the Bank's success in Monetizing its specialized advisory and restructuring services while supporting enterprise recovery. Furthermore, while the stage 3 loans to total loans stood at 15.37%, the BRU successfully optimised its risk resilience by refining the stage 3 impairment provision to stage 3 loans to 72.06%. By maintaining robust oversight framework, the unit currently has 8 businesses under active monitoring ensuring a disciplined and proactive approach to restoring asset quality fostering long-term economic stability.

BRU Portfolio (Rs. Mn)



Fee income of BRU (Rs. Mn)



BANKING THAT MOVES WITH YOU

“Cargills Bank’s Supermarket Banking stands out because it’s so accessible. With over 500 outlets nationwide, I can withdraw or deposit cash wherever I am, which gives me peace of mind, especially outside Colombo. The service is secure, simple, and built for everyday needs. Once, I sent emergency cash to a friend, who collected it at Cargills Food City without any hassle. It was seamless and completely stress-free.”

Corporate Governance

Corporate governance is the essential framework of rules, practices, and processes by which an organisation is directed and controlled. At its core, it defines how a company's objectives are established, how those objectives are pursued, and how performance is monitored. By balancing the interests of a broad range of stakeholders - including shareholders, senior management, employees, customers, and the wider community - effective corporate governance promotes transparency, accountability, and integrity. It forms the backbone of a resilient organisation, ensuring ethical leadership, responsible decision-making, and the creation of long-term sustainable value while maintaining public trust.

At Cargills Bank, we believe that strong corporate governance is fundamental to our sustainable growth and long-term success. It provides robust checks and balances that ensure leadership accountability and the diligent discharge of fiduciary responsibilities. These governance mechanisms have strengthened our resilience and guided our progress, enabling the Bank to reach its current standing. We remain firmly committed to continuously enhancing our governance framework and aligning it with evolving regulatory expectations, stakeholder needs, and future strategic objectives.

Chairman's Report On Corporate Governance Compliance

On behalf of the Board of Directors, I confirm that Cargills Bank PLC remained fully committed to maintaining sound corporate governance practices throughout the financial year ended 31 December 2025. We believe that strong governance continues to underpin the Bank's sustainability and resilience, while ensuring the ongoing protection of both depositor and stakeholder interests. These principles remain central to our operational strategy and long-term stability.

During the year, the Bank's governance practices were fully aligned with applicable regulatory and statutory requirements, including the Corporate Governance Directions issued by the Central Bank of Sri Lanka, the Banking Act, the Companies Act No. 07 of 2007, the Listing Rules of the Colombo Stock Exchange and other relevant guidelines and best practice codes. The Board continuously reviewed the governance framework to ensure its adequacy and relevance in light of evolving regulatory expectations and strategic priorities.

The Board provided strategic leadership and rigorous oversight of Management's activities. This oversight focused on ensuring regulatory compliance, strengthening risk governance and internal controls, safeguarding the integrity of financial reporting, and promoting ethical conduct across the Bank. These responsibilities were carried out independently and objectively, supported by a clear division of roles between the Board and Management.

The Board's effectiveness was strengthened by its well-balanced composition. As of December 31, 2025, it comprised six non-executive independent directors, one executive non-independent director, and one non-executive non-independent director. Collectively, the Board members brought a wide range of expertise, including banking, risk management, finance, accounting and assurance, auditing, technology, human resources and people advisory services, business management and entrepreneurship. The Board composition and expertise were further enhanced with the appointment of a new non-executive independent director on January 14, 2026, who brings specific expertise in Information Technology and Information Security.

The Board's work was supported by nine well-constituted Committees responsible for overseeing nomination and governance, compliance, risk management and credit, audit, remuneration, human resources, information technology, and capital augmentation. All of these committees operate strictly in line with their approved Terms of Reference to ensure robust oversight and accountability.

Based on reports and confirmations received from Management, Internal Audit, External Audit, and the Board Committees, I am satisfied that the Bank complied with the applicable Corporate Governance Directions throughout 2025. Where improvements were identified, timely corrective actions were implemented to further strengthen governance and internal controls.

Looking ahead, the Board remains committed to advancing the Bank's governance framework in line with regulatory expectations, stakeholder priorities, and emerging global best practices. In 2026, the Bank will place greater emphasis on sustainability, ESG integration, and climate related disclosures, in alignment with regulatory and international standards. The progress achieved in 2025 provides a strong foundation for continued governance, improved risk management, and long term value creation.

"I Wish to thank the Board, Management and the Team for their commitment to Governance and I am confident that our governance structure will continue to support the Bank's sustainable growth, resilience, and long-term performance."

Asoka Pieris
Chairman

Colombo
27 February 2026

Key Pillars of Corporate Governance

Accoutability

Holding management and the Board fully accountable for their decisions, actions, and the performance of the Bank.

Transparency

Delivering timely, accurate, and comprehensive information to stakeholders on financial standing, key risks, and governance practices to support informed decision-making.

Fairness

Upholding fairness, equity, and justice in dealings with all stakeholders, including minority shareholders and employees.

Responsibility

Recognising and fulfilling the Bank's legal and ethical responsibilities to the broader society and the environment (ESG).

Key Highlights for 2025

Shareholder Meetings

- The Annual General Meeting was held on 28 March 2025.

Board Appointments

- There were no changes to the composition of the Board of Directors during the year under review.

Board Resignations

- There were no resignations from the Board during the year under review.

Key Corporate Governance Initiatives

- Reviewed and updated the Policy and Code of Corporate Governance to be inline with prevailing rules and regulations.
- Strengthen the Information and cyber-security framework of the Bank.
- Appointed a dedicated CISO (Chief Information Security Officer).
- Established the ESG Corporate Management Committee

The Mandate of the Board of Directors

The Board of Directors of Cargills Bank PLC is the apex body responsible for providing strategic leadership and oversight, ensuring that the Bank operates with the highest levels of integrity and transparency. The Board's primary mandate is to protect the interests of depositors and shareholders while fostering long-term, sustainable value for all stakeholders. In fulfilling this role, the Board assumes responsibility for setting the Bank's strategic direction, overseeing the risk management framework, and ensuring a robust internal control environment. This mandate is exercised in strict adherence to the Banking Act Direction No. 05 of 2024 on Corporate Governance, the Companies Act No. 07 of 2007, CSE listing rules and the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka.

Strategic Leadership & Direction

- Define, approve, and actively champion the Bank's strategic objectives, ensuring alignment with a clear, sustainable long-term vision.
- Provide effective oversight of the executive team by offering strategic direction, supporting sound decision-making, and ensuring alignment with the Bank's strategic priorities.
- Oversee the implementation of approved strategic plans, regularly assess progress against established goals, and recommend adjustments where necessary to ensure successful outcomes.

Governance, Risk & Compliance

- Ensure rigorous adherence to corporate governance standards, applicable legal and regulatory requirements, and recognized industry best practices.
- Establish, approve, and regularly review key policies, frameworks, and governance instruments that guide organisational conduct, operations, and decision-making.
- Oversee the identification, assessment, monitoring, and mitigation of organizational risks, ensuring that a comprehensive and effective risk management framework is in place and actively utilized across the Bank.

Financial Oversight

- Review, evaluate, and approve annual budgets, financial statements, and significant capital expenditures, ensuring the Bank's financial soundness and the prudent allocation of resources.
- Safeguard financial integrity and accountability through regular internal and external audits, robust financial controls, and comprehensive financial reviews.

Performance and Accountability

- Regularly assess the performance of the Chief Executive Officer and senior management against agreed performance metrics, strategic objectives, and overall business outcomes.
- Establish clear and measurable performance expectations, ensuring alignment with the Bank's mission, values, strategic priorities, and long-term vision.

Stakeholder Engagement & Relationships

- Act with the highest standards of integrity and professionalism in the best interests of shareholders and all other stakeholders, with a strong and unwavering commitment to ethical conduct.
- Foster open, transparent, and effective communication with stakeholders to build trust, strengthen confidence, and sustain constructive long-term relationships.

Talent & Succession Planning

- Establish and oversee robust succession planning strategies to ensure organizational stability, leadership continuity, and smooth transitions across critical roles.
- Identify, mentor, and develop high-potential talent within the organization to build a strong leadership pipeline and prepare individuals for future leadership responsibilities.

Decision-Making & Authority

- Review, evaluate, and approve material decisions that fall outside management's delegated authority, exercising independent judgment and due diligence in the best interests of the Bank.
- Clearly articulate the scope, limits, and delegation of management's decision-making authority to promote accountability, efficiency, and effective operational governance.

Governance Framework and Compliance

The Corporate Governance Framework represents the core commitment of Cargills Bank PLC to the highest standards of professional conduct, business ethics, and institutional integrity. As a Licensed Commercial Bank, we recognise that our duty of care extends beyond our shareholders to include our customers, employees, and the broader Sri Lankan economy.

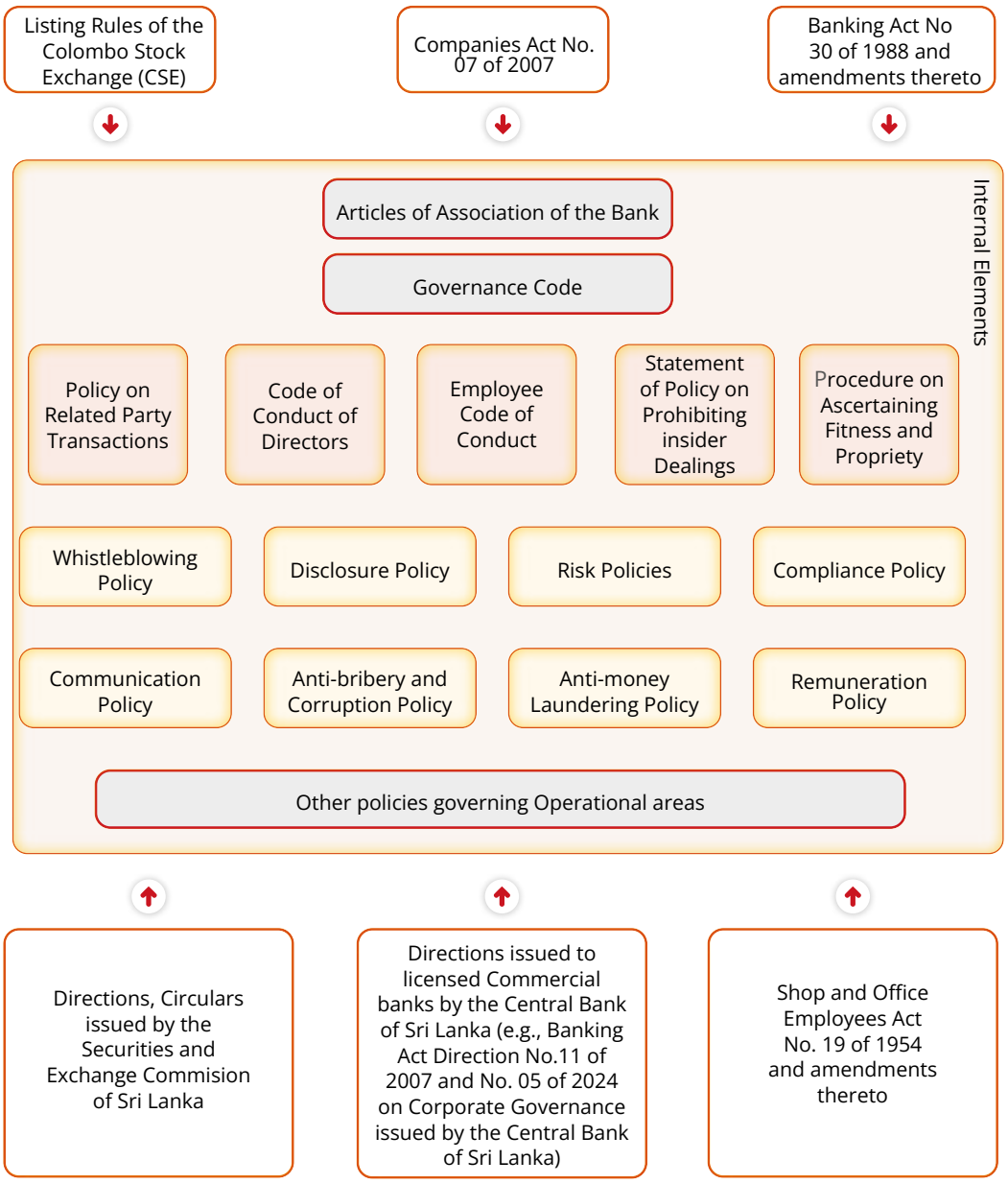
The governance at Cargills Bank is not a static compliance exercise, but a dynamic culture of accountability. Our framework is designed to provide a robust structure for strategic leadership, effective risk management, and transparent disclosure. By anchoring our operations in these principles, we ensure that the Bank's pursuit of financial inclusivity and growth is balanced with the stability and trust required of a licensed financial institution. We pledge to uphold these values to protect the interests of all stakeholders and to ensure the long-term sustainability of the Bank in an evolving global financial landscape.

Accordingly, our framework is designed under the three pillars as illustrated below:

Our Multi-Tiered Governance Structure

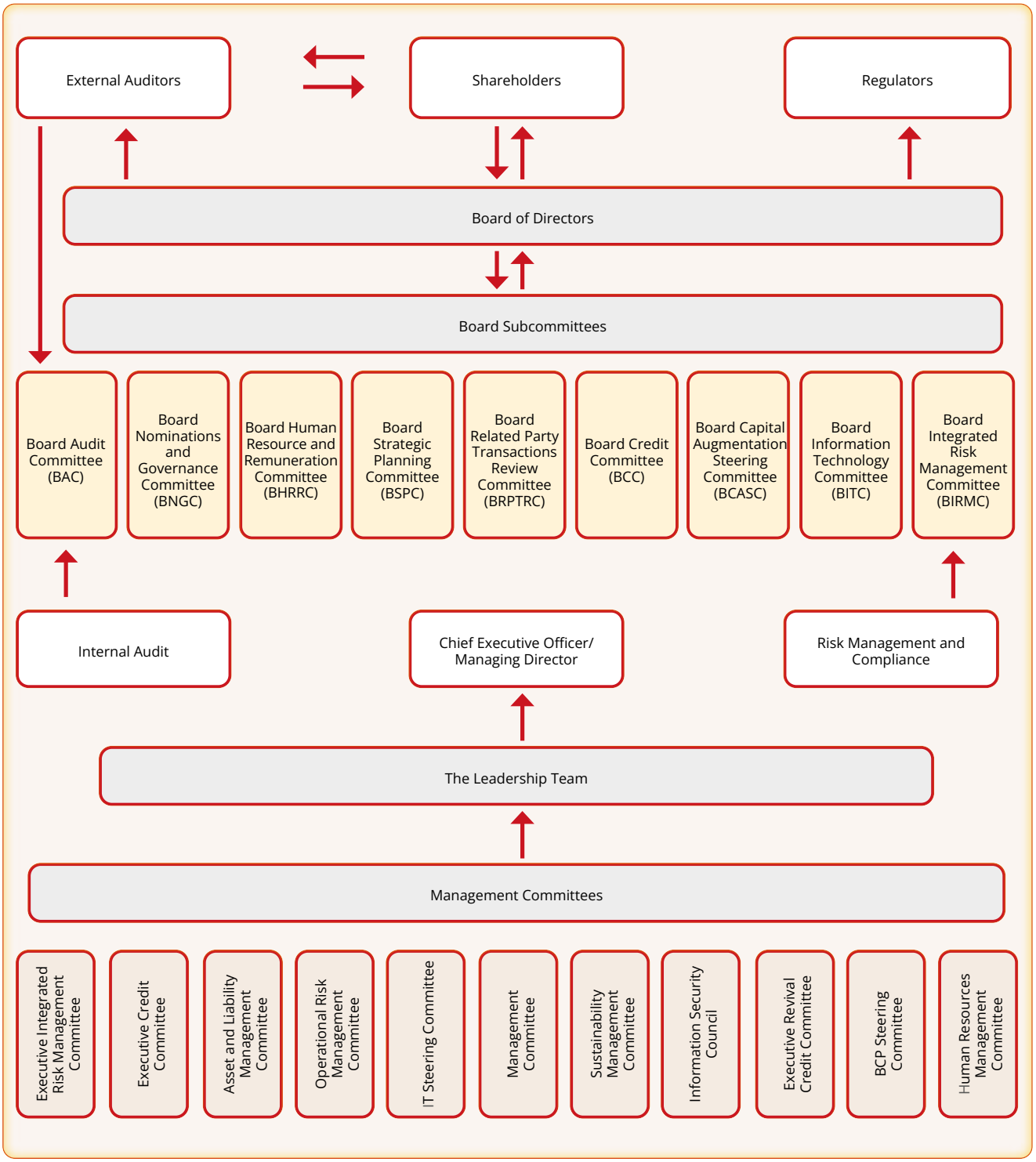
GRI 2-9, GRI 2-23, GRI 2-24, GRI 2-27

The Bank adopts a multi-tiered approach to corporate governance to ensure a rigorous system of checks and balances across all levels of the Bank. This tiered structure is designed to separate the functions of strategic oversight (the Board), specialised review (Board Committees), and executive execution (Management Committees). By distributing authority through these distinct layers, the Bank ensures that every decision is subject to independent challenge and that risk management is embedded into the daily operational fabric. This model not only aligns with the Banking Act Direction No. 05 of 2024 but also reinforces our commitment to transparency by providing clear lines of accountability from the branch level up to the Board of Directors.



Governance Framework and Structure

GRI 2-13



Structure of the Highest Governance Body

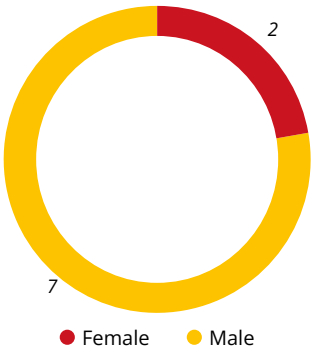
Board of Directors

The Board of Directors of Cargills Bank PLC serves as the primary custodian of the Bank's corporate governance framework, providing the strategic leadership necessary to ensure sustainable growth and long-term value creation. Comprising a diverse group of professionals with extensive experience in banking, finance, law, and business management, the Board is responsible for setting the "Tone at the Top" and upholding the highest standards of integrity. Beyond its role in strategic oversight, the Board acts as a fiduciary for our depositors and shareholders, ensuring that the Bank maintains a robust risk appetite, a resilient capital base, and a culture of ethical conduct. The Board's composition and functions are strictly governed by the Banking Act Direction No. 05 of 2024, CSE Rules on Corporate Governance and the Code of Best Practice, ensuring an optimal balance of executive insight and independent oversight.

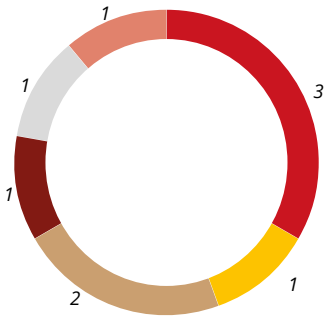
As of 31 December 2025, the Board comprised eight directors, including seven Non-Executive Directors, six of whom are Independent. This structure ensures objective and balanced oversight of the Bank's activities, consistent with our policy that allows for a maximum of 13 directors. To further strengthen our strategic oversight, the Board appointed a new Independent Non-Executive Director on January 14, 2026, adding specialized expertise in Information Technology and Information Security.

The following board diversity information reflects the most recent composition of our board of directors.

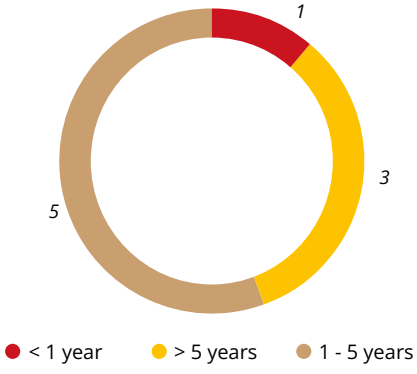
Gender Diversity (Nos.)



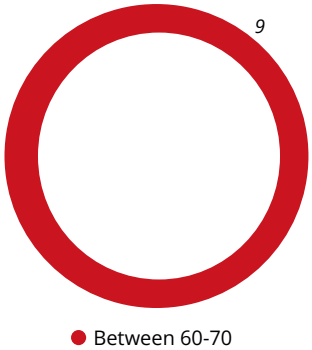
Collective Skills (Nos.)



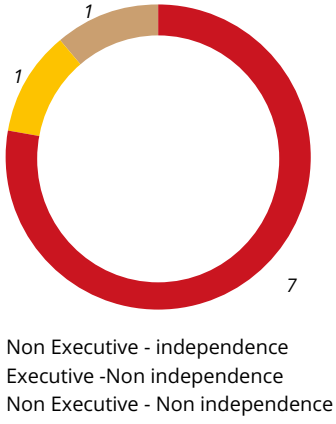
Tenor Of Service (Nos.)



Age Diversity (Nos.)



Board Balance (Nos.)



Functioning of Board Sub-Committees

The Board Sub-Committees of Cargills Bank function as specialized oversight bodies that support the Board in translating its strategic vision into effective operational execution. While the Board retains ultimate responsibility and accountability, these Committees undertake focused, in-depth reviews of critical areas - particularly capital adequacy and strategic alignment - to inform robust decision-making. Through this structured oversight, the Committees help safeguard the Bank's resilience, strengthen governance, and support the achievement of its mission of promoting inclusive and sustainable financial growth.

Board Driving Strategy

The Board does not engage in the Bank's day to day management; instead, it provides strategic direction and oversight primarily through its Board Committees. In this regard, the Board Strategic Planning Committee plays a central role in translating the Board's vision into executable strategies while maintaining alignment with long-term objectives.

Strategic Alignment

All significant strategic initiatives, including the introduction of new products and entry into new markets (such as SME digital lending solutions), are rigorously reviewed by the Board Strategic Planning Committee. This ensures that each initiative aligns with the Bank's long-term aspiration of becoming Sri Lanka's most inclusive bank, and that growth is pursued in a disciplined and sustainable manner.

Performance Monitoring

The Board Committees regularly monitor the Bank's performance against the Board approved five years strategic plan through clearly defined Key Performance Indicators (KPIs). This structured oversight enables the Board to evaluate progress, identify emerging risks or opportunities, and recalibrate strategic priorities in response to changing macroeconomic and market conditions.

Board Safeguarding Capital

In the banking environment, capital serves as the ultimate buffer against risk and uncertainty. The Board ensures the preservation and optimal deployment of this critical resource through robust oversight exercised by the Board Integrated Risk Management Committee (BIRMC) and the Board Audit Committee.

Capital Allocation

The BIRMC oversees the Bank's Internal Capital Adequacy Assessment Process (ICAAP), ensuring that every strategic initiative is supported by adequate risk capital. This approach enables the Bank to balance growth ambitions with prudent risk management, safeguarding its financial resilience.

Regulatory Capital Buffers

The Board Committees also ensure that the Bank consistently maintains capital levels well in excess of the Central Bank of Sri Lanka (CBSL) minimum regulatory requirements, including Common Equity Tier 1 (CET1) and Total Capital ratios. Stress testing and scenario analyses are used to confirm that the Bank remains resilient even under adverse economic conditions.

Board Sub-Committees	Link to Strategy	Link to Capital
Board Integrated Risk Management Committee (BIRMC)	Sets the risk appetite	Oversees Capital Adequacy (ICAAP), ensuring the Bank maintains buffers against credit, market, and operational shocks.
Board Nominations & Governance Committee (BNGC)	Ensure that the Board possesses the appropriate skills, experience, and diversity required to effectively lead and govern the Bank's inclusive banking strategy.	Protects Intellectual Capital by ensuring "Fit and Proper" leadership, which maintains investor confidence and share value.
Board Human Resources and Remuneration Committee (BHRRC)	Align management Key Performance Indicators (KPIs) with the Bank's long-term strategic objectives to reinforce accountability and drive a high performance culture.	Manages Human Capital costs and ensures remuneration policies do not incentivise excessive risk-taking that could deplete capital.
Board Strategic Planning Committee (BSPC)	Establish and approve a five years strategic roadmap, with a focused emphasis on priority sectors such as Agriculture and SME banking, to support sustainable growth and market share expansion.	Evaluates the Return on Capital for major investments, ensuring that strategic projects generate sufficient yield.
Board Related Party Transaction Committee (BRPTRC)	Protect the Bank's brand integrity by ensuring that all transactions with entities within the wider Cargills Group are conducted strictly on an arm's length basis and in accordance with approved related party transaction policies.	Prevents Capital Leakage and ensures that the interests of minority shareholders are protected from conflicts of interest.
Board Credit Committee (BCC)	Guide the Bank's lending strategy by setting sectoral allocation priorities - such as Retail and Agriculture - in response to economic cycles and market conditions.	Monitor Risk-Weighted Assets (RWAs) to ensure that growth in the loan portfolio remains aligned with the Bank's capital capacity.
Board Audit Committee (BAC)	Provide assurance that reported strategic progress is accurate, reliable, and supported by a robust internal control and assurance environment.	Safeguards Financial Capital by preventing fraud and ensuring the integrity of financial reporting and provisioning.
Board Capital Augmentation Strategic Committee (BCASC)	Lead and coordinate capital raising initiatives - including rights issues and potential initial public offerings (IPOs) - to support the Bank's growth strategy and expanding lending portfolio.	Directly manages the stated capital levels to meet the Central Bank's minimum requirement of Rs. 20 Bn by 2029.
Board Information Technology Committee (BITC)	Oversee the Bank's digital strategy to enhance outreach and financial inclusion, ensuring effective delivery of banking services to rural and underserved communities through mobile platforms and supermarket based banking channels.	Ensure technology investments are prudent, value-driven, and aligned with strategic objectives, avoiding wasteful or inefficient IT capital expenditure.
ESG committee	Ensure close collaboration between the ESG Committee and the Board Strategic Planning Committee to embed environmental, social, and governance considerations into long term strategic planning and decision making.	Oversee the impact of the Bank's ESG performance on its access to capital and overall funding capabilities.

In terms of Section 46(1) of the Banking Act, No. 30 of 1988, as amended (Banking Act), to ensure the soundness of the banking system, the Central Bank of Sri Lanka is empowered to issue Directions to licensed commercial banks regarding the manner in which any aspect of the business of such banks is to be conducted.

In terms of Section 76 (1) of the Banking Act, to ensure the soundness of the banking system, the Central Bank of Sri Lanka is empowered to issue Directions to licensed specialised banks or to any category of licensed specialised banks, regarding the manner in which any aspect of the business of such banks is to be conducted.

Corporate Governance - 2025 Direction No - 05 of 2024

Section No.			Rule	Degree of Compliance As at 31.12.2025
3 - (1) Ultimate Responsibility and Accountability of the Board				
			The Board shall exercise "duty of care" and "duty of loyalty" to the bank with a view to strengthening the safety and soundness of the bank by ensuring the implementation of the following:	
	a)		Approve and oversee the bank's strategic objectives and corporate values in terms of bank's long-term goals and ensure that these are properly communicated throughout the bank;	Complied with. The Board reviewed and approved the Bank's strategic objectives, and thereafter reviewed progress against those objectives during the year. The Bank's strategic objectives are communicated throughout the Bank, through multiple internal initiatives, both centrally and at department level.
	b)		Approve the overall business strategy of the bank, including the overall risk policy and risk management procedures and mechanisms with measurable goals, at least for the next three years;	Complied with. The overall business strategy was approved by the Board in the Bank's Business Plan for FY 2025 - 2027. Risk Management Policies and Risk Management Procedures and Mechanisms with measurable goals are available.
	c)		Inculcate a strong risk governance culture by;	
		(i)	Identifying the principal risks and ensuring implementation of appropriate systems to manage risks prudently,	Complied with. The Board has established a formal Risk Identification Framework that evaluates the internal and external environment to pinpoint threats to the Bank's strategic objectives. Through the Board Integrated Risk Management Committee (BIRMC), the Board continuously monitors the adequacy and integrity of the risk management systems, ensuring they are commensurate with the size, complexity, and risk profile of the Bank.
		(ii)	Establishing well-defined organizational responsibilities for the three lines of defense of the bank, viz.,	

Section No.			Rule	Degree of Compliance As at 31.12.2025
			a. The business lines,	Complied with. The Bank has formalized the First Line of Defense by embedding direct risk ownership within all business units. This framework ensures that front-line personnel are responsible for identifying and mitigating risks at the point of origin, supported by updated Standard Operating Procedures and risk-based KPIs that align daily operations with the Board's Risk Appetite Statement.
			b. The risk management function and the compliance function which are independent from the first and third lines of defense, and,	Complied with. The Bank maintains a robust and independent Risk Management Function and a Compliance Function , structurally and operationally segregated from the Business-generating units (First Line). Both functions operate under a direct reporting line to the Board Integrated Risk Management Committee (BIRMC).
			c. The internal audit function which is independent from the first and second lines of defense.	Complied with. The Internal Audit function operates via a Charter approved by the Board Audit Committee. This framework guarantees the function's independence from the first and second lines of defense.
		(iii)	Ensuring that the risk management, compliance, and internal audit functions are properly positioned, sufficiently staffed and resourced to carry out the responsibilities independently, objectively and effectively.	Complied with. Risk , Compliance and Audit functions are independently structured within the organization directly reporting to the respective Board sub-committees and sufficiently resourced and staffed.
		(iv)	Defining the risk appetite of the bank aligning with the bank's strategic, capital, and financial plans, which is articulated through a Risk Appetite Statement, and,	Complied with. The Board of Directors has established a comprehensive Risk Appetite Statement (RAS) that defines the nature and quantum of risk the Bank is willing to assume in pursuit of its strategic objectives. This RAS is intrinsically linked and pursued within validated risk tolerances and capital adequacy limits. The RAS is reviewed and approved by the Board at least annually to remain responsive to evolving market conditions and regulatory expectations.
		(v)	Outlining the actions to be taken when stated risk appetite limits are breached, including disciplinary actions for excessive risk taking, escalation procedures and notifications to the Board of Directors.	Complied with. The framework outlines a clear hierarchy of escalation, ensuring that any deviation from approved risk limits is immediately reported to Senior Management and the Board Integrated Risk Management Committee (BIRMC) and if warranted disciplinary actions are taken inline with Bank policies.

Section No.			Rule	Degree of Compliance As at 31.12.2025
	d)		Establish a policy to ensure that the Board is not dominated or significantly influenced by a director or a group of directors in a manner that is detrimental or prejudicial to the interests of the depositors, creditors, and the bank as a whole;	Complied with. The Board has adopted a Policy as set out in the Direction and is not dominated or significantly influenced by any individual director or group of directors as contemplated herein.
	e)		Approve implementation of a policy of communication with all stakeholders, including regulators, depositors, creditors, shareholders, and borrowers;	Complied with. A Board approved Communication Policy detailing how the Bank engages different stakeholders including regulators, depositors, creditors, shareholders, borrowers and employees etc is in place.
	f)		Review the adequacy and the integrity of the bank's internal control systems and management information systems;	Complied with. The Internal Audit Division has reviewed the adequacy and integrity of the Internal Control System regularly and reported findings to the Board Audit Committee (BAC) and implement the corrective measures. The Chairman of the BAC provided the update to the Board. Furthermore, the Internal Audit Department carried out the Information Systems (IS) audits as per the approved audit plan by the BAC.
	g)		Ensure implementation of effective control systems for managing the related party exposures and avoiding any conflicts of interest that may arise from related party transactions;	Complied with. The Bank has put in place a well-defined Board approved Related Party Transactions Policy covering a broad spectrum of compliance requirements stemming from CBSL Directives, CSE Listing Rules, LKAS 24 requirements, etc. which provides a sound control environment for managing related party transactions and any conflicts of interest which may arise therein.
	h)		Approve and oversee the business continuity and disaster recovery plans to ensure financial stability, operational resilience and preserve critical operations and services including core-banking systems during any disruptive event;	Complied with. Board approved Business Continuity and Disaster Recovery Plan is in place to ensure financial stability, operational resilience and to preserve critical operations and services including core-banking systems during any disruptive event.
	i)		Oversee the approach to remuneration, including monitoring and reviewing remuneration and ensure alignment of remuneration with bank's risk culture and risk appetite;	Complied with. The Bank's budgeted personnel cost in the Board approved Business Plan defines the risk appetite for compensation for directors, CEO and key management personnel and the total compensation paid during the year is in accordance with the approved limits.
	j)		Identify and designate key management personnel, who are in a position to;	
		(i) (ii) (iii)	Significantly influence over policies, Direct activities, and, Exercise control over business activities, operations, and risk management.	Complied with. The Bank has identified and designated Key Management Personnel (KMP) as per regulations.

Section No.			Rule	Degree of Compliance As at 31.12.2025
	k)		Define the areas of authority and key responsibilities for the Board of directors themselves and for the Chief Executive Officer (CEO) and the key management personnel;	Complied with. The Bank has a Board approved Policy and Code of Corporate Governance which includes the roles and responsibilities of the Directors, CEO and KMPs. Areas of authority and responsibilities for members of the KMPs are stated in the job description of each member.
	l)		Ensure that there is appropriate oversight of the affairs of the bank by CEO and key management personnel, who is consistent with the Board's strategies and policies;	Complied with. The Board has formulated the following subcommittees to exercise appropriate oversight of the affairs of the Bank by the Key Management Personnel, that is consistent with the Board approved strategies and policies. • Board Audit Committee • Board Human Resources and Remuneration Committee • Board Nominations and Governance Committee • Board Integrated Risk Management Committee • Board Credit Committee • Board Strategic Planning Committee • Board Related Party Transactions Review Committee • Board Capital Augmentation Steering Committee • Board Information Technology Committee
	m)		Periodically assess the effectiveness of the Board of Directors' own governance practices, including:	
		(i) (ii) (iii)	The selection, nomination and election of directors, CEO, and key management personnel; The management of conflicts of interests: and, Identification of weaknesses and implementation of improvements where necessary;	Complied with. An evaluation specifically designed to cover this direction was completed by the Directors for the purpose of evaluating the effectiveness of governance practices in 2025.This is carried out on an annual basis and appropriate steps are taken to rectify any identified weaknesses.
	n)		Approve the criteria for self-assessment to be undertaken by each director annually and maintain records of such assessments.	Complied with.
	o)		Ensure that the bank has an appropriate succession plan for CEO and the key management personnel as explained in Direction 6.4 i);	Complied with. A Board approved Succession Plan for the CEO and KMPs are in place as contemplated in the direction.
	p)		Meet regularly, on a needs basis, with CEO and the key management personnel to review policies, establish communication lines and monitor progress towards corporate objectives;	Complied with. The Board sub committees have regular meetings with the CEO and Key Management Personnel on matters coming within their remit. Additionally, KMPs are invited to explain matters arising from their respective areas when required at Board meetings.

Section No.			Rule	Degree of Compliance As at 31.12.2025
	q)		Keep abreast of material changes in the regulatory environment and ensure that the bank maintains an effective relationship with regulators;	Complied with. The Board is kept abreast of all material changes in regulations by the Compliance Officer via the monthly compliance report to the Board. The Bank maintains effective relationship with regulators at all times.
	r)		Exercise due diligence in the hiring and oversight of external auditors;	Complied with. The Audit Committee has the primary responsibility for making the recommendation on the appointment, remuneration, reappointment or termination of the external auditors in line with professional standards and regulatory requirements. Further, the Audit Committee monitors and reviews the external auditor's independence, integrity, objectivity and effectiveness of the audit processes in accordance with applicable standards and best practices.
	s)		Conduct itself in a professional and an ethical manner and shall not receive any undue financial or non-financial benefits including incentives, gifts or funds from the employees, customers, suppliers, shareholders or any other stakeholder of the bank;	Complied with. The Board has adopted a Code of Business Conduct and Ethics that incorporates the requirements of the Direction. Additionally, the Directors provide an annual declaration to confirm their ongoing compliance with this policy.
	t)		Inculcate a sound corporate culture which reinforces norms for professional, ethical and prudent behaviour throughout the bank. Approve and oversee the implementation of a Code of Conduct based on corporate values providing clear guidelines on professionally and ethically acceptable behaviours of directors and employees addressing inter alia the issues on confidentiality of data, conflicts of interest, procedures for dealing with financial and non-financial benefits and gifts, integrity in reporting, and the fair treatment to customers;	Complied with. The Board has adopted Codes of Business Conduct and Ethics for Directors and Employees which incorporate the requirements of the Direction.
	u)		Ensure timely rectification of the supervisory concerns raised by the regulator/s and for this purpose, the assistance of the relevant sub-committees shall be sought;	Complied with. Timely rectification of supervisory concerns are undertaken by the Banks management and the relevant sub-committees are kept updated of the same.
	v)		Approve a whistleblowing policy with a view to encouraging employees to communicate confidentially the legitimate concerns regarding illegal, unethical or questionable practices without the risk of reprisal. The policy shall be reviewed at least on an annual basis. The whistleblowing policy shall clearly specify:	Complied with. The policy is in place and is being reviewed on annual basis.

Section No.			Rule	Degree of Compliance As at 31.12.2025
		(i)	The persons to whom the concerns can be escalated within the bank;	Complied with. As per the whistleblowing policy Submissions should be made, orally or in writing (including e-mails) in English, Sinhala or Tamil to any of the following: Managing Director (MD) Chief Operating Officer (COO) Head of Internal Audit (HIA) Any member of the Board Audit Committee (BAC)
		(ii)	Procedures for investigating legitimate material concerns raised by the employees;	Complied with. All Submissions shall be forwarded promptly to the Chairman BAC and HIA. The HIA in consultation with Chairman BAC will decide if further investigation is required and report such submissions to the BAC.
		(iii)	Procedures to ensure protection and anonymity of the employees who raise concerns due to any detrimental treatment or reprisals; and,	Complied with. Any employee who makes a submission under the Policy will be afforded protection if he/she makes it in good faith, without malice, and believing it to be true.
		(iv)	Alternative avenues for whistleblowing to regulators.	Complied with. As per the Bank's whistleblowing policy whistleblowers can report to the Financial Consumer Relations Department of Central Bank of Sri Lanka (FCRD of CBSL).
	w)		Promote sustainability through appropriate environmental, social and governance considerations in the bank's business strategies and ensure that policies are in place to assist businesses that are greener, climate-friendly and socially inclusive.	Complied with. The Bank has put in place an Environmental, Social and Governance (ESG) Policy together with Environmental and Social Management System (ESMS) aligned with Central Bank guidelines and IFC standards to assist businesses that are greener, climate-friendly and socially inclusive.
3 -(1) - 2 Appointing Chairperson and CEO				
			The Board shall appoint the Chairperson and CEO and define and approve the functions and responsibilities of the Chairperson and CEO in line with Direction No. 05 of these Directions.	Complied with. The positions of Chairman and CEO are held by separate individuals, with distinct responsibilities that align with Direction No. 5. These roles are further detailed in the Policy and Code of Corporate Governance.

Section No.			Rule	Degree of Compliance As at 31.12.2025
3 -(1) - 3 Board Meetings				
			The Board shall meet at approximately monthly intervals and Board meetings shall be held at least twelve times a year. Such regular Board meetings shall normally involve active deliberation of a majority of directors entitled to be present. Obtaining the Board's consent through the circulation of written resolutions/papers shall be avoided as far as possible. The Board approvals obtained through circulation shall be ratified at the Board meeting held immediately following the circulation. The Board may convene and/or a Board member may attend the Board meetings virtually subject to ensuring active involvement of the relevant directors and attending Board meetings physically at least on a half yearly basis.	Complied with. The Board usually meets at monthly intervals, but meets more frequently whenever it is needed. The Board met 21 times during the year, with decisions made following active and thorough deliberation by all directors present. While we minimize the use of circular resolutions as much as possible, any decisions approved by circulation are formally ratified at the subsequent meeting. Director participation at these meetings remains in full compliance with this Direction.
3 -(1) - 4 Board Procedures				
	a)		The Board shall ensure that arrangements are in place to enable all directors to include matters and proposals in the agenda for regular Board meetings where such matters and proposals relate to the promotion of banking business, risk management and conduct of employees of the bank.	Complied with. All Directors are given an equal opportunity in this regard where proposals relate to the promotion of business and the management of risks of the Bank. Directors could thus submit proposals for inclusion in the agenda on matters relating to the business of the Bank or any other matter pertinent to the operation of the Bank.
	b)		The Board procedures shall ensure that notice of at least 7 days is given of a regular Board meeting to provide all directors an opportunity to attend. For all other Board meetings, reasonable notice may be given.	Complied with. Board meeting dates are agreed at the beginning of the year. The Agenda, together with associated papers are sent to Board members at least 7 days prior to the meeting.
	c)		The Board procedures shall ensure that a director who has not attended at least two-thirds of the meetings in the period of 12 months immediately preceding or has not attended the immediately preceding three consecutive meetings held, shall cease to be a director. Participation at the Board meetings through an alternate director shall, however, be acceptable as attendance.	Complied with. All Directors have attended at least two-thirds of meetings held during 2025. Further, no Director has been absent from three consecutive Board meetings during 2025.

Section No.			Rule	Degree of Compliance As at 31.12.2025
3 -(1) - 5 Appointing a Company Secretary				
	a)		The Board shall appoint a company secretary who satisfies the provisions of Section 43 of the Banking Act, whose primary responsibilities shall be to handle the secretariat services to the Board and shareholder meetings and to carry out other functions specified in the statutes and such other written laws for the time being in force.	Complied with. An Attorney-at-Law functions as the Secretary of the Board and complies with the requirements under the Banking Act No. 30 of 1988 (as amended). She has ensured that proper Board procedures are followed and that applicable rules and regulations are adhered to.
	b)		All directors shall have access to advice and services of the company secretary with a view to ensuring that Board procedures and all applicable laws, rules and regulations are followed.	Complied with. As set out in the Bank's Policy and Code of Corporate Governance, all Board members have full access to advice and assistance of the Company Secretary to ensure that proper Board procedures are followed and all applicable rules and regulations are complied with.
	c)		The company secretary shall implement the recommendations made by the Nomination and Governance Committee on training, capacity building and professional development programs for the directors.	Complied with. The Bank has conducted several internal and external trainings for the Board of Directors in 2025.
	d)		The company secretary shall maintain the minutes of Board meetings together with the recordings of meetings and such minutes shall be open for inspection at any reasonable time, on reasonable notice by any director or the regulator.	Complied with. Minutes of Board meetings are maintained in sufficient detail together with the recordings of Board meetings to satisfy the requirements of this direction by the Company Secretary, and are open for inspection by any Director or regulatory and supervisory authorities.
3 -(1) - 6 Maintenance of Board Meeting Minutes				
			Minutes of Board meetings shall be recorded in sufficient detail so that it is possible to gather from the minutes as to whether the Board acted with due care and prudence in performing its duties. The minutes shall also serve as a reference for regulatory and supervisory authorities to assess the depth of deliberations at the Board meetings. Therefore, the minutes of a Board meeting shall clearly contain or refer to the following:	Complied with. Minutes of Board meetings are maintained in sufficient detail to satisfy the requirements of this direction by the Company Secretary, and are open for inspection by any Director or regulatory and supervisory authorities. The minutes are read together with the corresponding Board papers, which supplement information in the minutes.
	a)		A summary of data and information and justifications/rationale used by the Board in its deliberations;	
	b)		The matters considered by the Board;	
	c)		The fact-finding discussions reflecting the issues of contention or dissent which may illustrate whether the Board was carrying out its duties with due care and prudence;	

Section No.			Rule	Degree of Compliance As at 31.12.2025
	d)		The testimonies and confirmations of relevant key management personnel which indicate compliance with the Board's strategies and policies and adherence to relevant laws and regulations appropriately;	Complied with. Minutes of Board meetings are maintained in sufficient detail to satisfy the requirements of this direction by the Company Secretary, and are open for inspection by any Director or regulatory and supervisory authorities. The minutes are read together with the corresponding Board papers, which supplement information in the minutes.
	e)		The Board's knowledge and understanding of the risks to which the bank is exposed to, and an overview of the risk management measures adopted; and,	
	f)		The Board resolutions and decisions.	
3 -(1) - 7 Obtaining Independent Professional Advice				
			There shall be a procedure agreed by the Board to enable directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the bank's expense. The Board shall resolve to provide separate independent professional advice to directors to assist the relevant director or directors to effectively discharge the duties.	Complied with. This requirement is included in the Policy and Code of Corporate Governance of the Bank and is used when required by the Directors.
3 -(1) - 8 Managing Conflicts of Interest				
	a)		Directors shall avoid conflicts of interest, or the potential conflicts of interest, in the activities with, and commitments to, other organizations, related parties and other stakeholders.	Complied with. Directors make declarations of interest when they join the Board and annually thereafter. They also update their declaration quarterly. Conflicts of interest (if any) are addressed based on this information. The Board has taken steps to ensure that conflicts and potential conflicts of interest of Directors are disclosed to the Board by way of a self-declaration at the Board meeting.
	b)		A director shall abstain from participating in any discussion in relation to a matter in which he/she or any of his/her close relation or a concern in which he/she has substantial interest, is interested, nor shall receive the access to the information pertaining thereto, including accessing such information both physically and/or electronically.	Complied with. In accordance with the regulations, Directors do not participate in decision-making processes regarding matters in which they or their related parties have an interest. This ensures that conflicts of interest with the Bank's activities are avoided, in line with the Direction. Furthermore, Directors are restricted from accessing relevant information and documents pertaining to such matters, both physically and/or electronically, in conformity with the Direction.

Section No.			Rule	Degree of Compliance As at 31.12.2025
	c)		Directors shall ensure that the relationships between the directors among themselves as well as between the directors, CEO and key management personnel are at a level that does not result in excessive familiarity, undue influence or coercion.	Complied with. This is also included in the Code of Business Conduct and Ethics applicable to Directors.
	d)		The Board shall approve and oversee the implementation of a policy to identify and manage conflicts of interests, which shall include:	Complied with. This is included in the Code of Business Conduct and Ethics applicable to Directors.
		(i)	A Board member's duty to promptly disclose any matter that may result, or has already resulted, in a conflict of interest;	
		(ii)	a Board member's duty to avoid, to the extent possible, activities that could create conflicts of interest or the potential conflicts of interest including political affiliations;	
		(iii)	Situations where conflicts may arise when serving as a Board member;	
		(iv)	A Board member's responsibility to abstain from participating in discussions on any Board decisions in relation to which he/she or any of his/her close relations or a concern in which he/she has substantial interest, is interested; and,	
		(v)	The measures to be taken in the event of any non-compliance with the policy.	
3 -(1) - 9 Requirement to inform on inability to meet obligations				
			The Board shall, if it considers that the bank is, or is likely to be, unable to meet its obligations or about to become insolvent or is about to suspend payments due to depositors and other creditors, forthwith inform the Director of Bank Supervision of the situation of the bank prior to taking any decision or action.	No such situation had arisen.
3 -(1) - 10 Compliance with Prudential Requirements				
			The Board shall ensure that the bank is capitalized at levels as required by the Central Bank of Sri Lanka in terms of the capital adequacy ratio and other prudential requirements imposed by the Central Bank of Sri Lanka from time to time.	Complied with. The Bank's capital adequacy ratio is above the minimum regulatory threshold levels. The Bank is currently in the process of raising capital inline with regulatory directions.

Section No.			Rule	Degree of Compliance As at 31.12.2025
3 -(1) - 11 Annual Corporate Governance Report				
			The Board shall publish in the bank's Annual Report, an Annual Corporate Governance Report setting out the compliance with these directions.	Complied with. This report serves the said requirement.
3 - (2) Board's Composition				
			The Board's composition shall ensure a healthy mix of knowledge, qualifications, skills, experience in relevant disciplines, gender and have varied backgrounds to promote diversity of views commensurate with the size, scale, diversity and complexity of operations of the bank. The qualifications and experience shall be in banking, finance, economics, accounting, business administration, information technology, risk management, law or any other relevant discipline as may be determined by the Central Bank of Sri Lanka.	
3 - (2) -1 Procedure for Appointing Directors				
	a)		There shall be a formal and transparent procedure for the appointment of new directors to the Board. There shall also be Board approved procedures in place for the orderly succession of appointments to the Board.	Complied with. The Bank has a Board approved Policy for appointment of new Directors and new appointments to the Board are based on the recommendations made by the Board Nominations & Governance Committee.
	b)		A director or an employee of a bank shall not be appointed, elected or nominated as a director of another bank except where such bank is a subsidiary company or an associate company of the first mentioned bank.	Complied with. Declarations signed by Directors on quarterly and annual basis will identify any issues arising. None of the Directors are Directors or employees of any other bank. Employees are prohibited from taking up any other appointment according to their Letters of Appointment.
3 - (2) -2 Number of Directors				
	a)		The number of directors on the Board shall not be less than 7 and not more than 13. The number of directors shall be commensurate with the size, scale, diversity and complexity of operations of the bank.	Complied with. There were 8 Directors on the Board as at 31 December 2025.
	b)		The Board shall have at least one female representative by 31.12.2025 and the Boards with more than 10 members shall have at least two female representatives by 31.12.2026.	Complied with. There are two female board members as at 31 December 2025.
3 - (2) -3 Executive Directors				
			A member of the key management personnel of the bank may be appointed, elected or nominated as a director of the bank (hereinafter referred to as an "executive director") provided that the number of executive directors shall not exceed one-third of the number of directors of the Board. In such an event, one of the executive directors shall be CEO of the bank.	Complied with. The Board comprises eight Directors of which one Director is an Executive Director and CEO of the Bank as at 31.12.2025.

Section No.			Rule	Degree of Compliance As at 31.12.2025
3 - (2) -4 Non-Executive Directors				
			Non-executive directors shall be suitable professionals with credible track record of good conduct and integrity and have necessary knowledge, skills and experience to bring an independent judgment to effectively address issues of strategy, performance and resources and to contribute towards the sustainability of the bank.	Complied with. The seven Non-Executive Directors maintain an appropriate balance of skills and experience. This diversity contributes to varied perspectives and ensures an objective evaluation of all matters presented. Additionally, the Non-Executive Directors are eminent professionals within their respective fields.
3 - (2) -5 Independent Directors				
	a)		At least half of the total number of directors shall be independent non-executive directors. Licensed banks shall comply with this Direction by 01.01.2027.	Complied with. Six of the eight directors on the Board are Independent Non-Executive, based on the criteria set out in the Direction.
	c)		The independent non-executive directors shall be expressly identified in all corporate communications that disclose the names of directors of the bank.	Complied with.
3 - (2) - 6 Representation through Alternate Directors				
	a)		Representation through an alternate director is allowed only in exceptional circumstances as approved by the Board for a maximum period of one year from the date of such appointment with prior approval of the Director of Bank Supervision under the provisions of Section 42 of the Banking Act.	The Board has not appointed alternate directors.
	b)		In the event an alternate director is appointed to represent an independent director, the person so appointed shall also meet the criteria that applies to the independent director.	
	c)		An existing director of the bank cannot be appointed as an alternate director to another existing director of the bank.	
	d)		An individual appointed as an alternate director to one of the directors cannot be appointed as an alternate director to another director in the same Board.	

Section No.			Rule	Degree of Compliance As at 31.12.2025
3 - (2) - 7 Quorum for the Board Meetings				
			At least half of the Board members shall constitute the quorum for the Board meetings. A meeting of the Board shall not be duly constituted, although the number of directors required to constitute the quorum at such meeting is present, unless more than one third of the number of directors present at such meeting are independent non-executive directors. Licensed banks shall comply with this Direction by 01.01.2026.	Complied with. The Board meetings have been held in compliance with this Direction.
3 - (3) Suitability of Directors				
			A person who serves or wishes to serve as a director of a licensed bank shall comply with the following requirements.	
3 - (3) - 1 Criteria to Assess Fitness and Propriety				
			The provisions of Section 42 and Section 76H of the Banking Act shall apply to determine the fitness and propriety of a person who serves or wishes to serve as a director of a licensed bank. Non-compliance with any criteria set out therein shall disqualify a person to be appointed, elected or nominated as a director or to continue as a director. The prior approval of the Director of Bank Supervision shall be obtained for the fitness and propriety of each person to be appointed, elected or nominated as a director of a licensed bank in terms of Section 42 and Section 76H of the Banking Act.	Complied with. The CBSL "fit and proper" approval is obtained prior to the appointment of a new director. This follows an assessment by the Board Nominations and Governance Committee (BNGC) to ensure the director conforms to the Banking Act and all relevant Directions. Furthermore, annually a fit and proper assessment is conducted on all continuing directors by the said Committee and thereafter regulatory approval is sought from CBSL.
3 - (3) - 2 Additional Requirements for Suitability of Directors				
	a)		The age of a person who serves as a director shall not exceed 70 years.	Complied with. All directors are under 70 years of age.
	b)		The total period of service of a director other than a director who holds the position of CEO or key management personnel position shall not exceed nine years.	Complied with. All directors period of service is less than 9 years.
	c)		A person shall not hold office as a director of more than 20 companies/entities/institutions inclusive of subsidiaries or associate companies of the bank.	Complied with. No Director holds directorships in more than 20 companies/ entities/ institutions inclusive of subsidiaries or associate companies of the Bank.
	d)		Directors shall have sufficient time to carry out the responsibilities as a director of the bank.	Complied with. The directors dedicate sufficient time to carrying out their responsibilities effectively.

Section No.			Rule	Degree of Compliance As at 31.12.2025
3 - (3) - 3 Cooling-Off Period				
			A director or CEO of a licensed bank operating in Sri Lanka shall not be appointed as a director or CEO of another licensed bank operating in Sri Lanka before the expiry of a period of six months from the date of cessation of his/her office at the licensed bank in Sri Lanka. Any variation thereto in exceptional situations such as where expertise of retiring bankers may be required when reconstituting Boards of licensed banks which need restructuring, shall be subject to the prior approval of the Central Bank of Sri Lanka.	Complied with. Situation has not arisen.
3 - (4) Delegation of Functions				
			The Board shall comply with the following requirements in delegating its functions.	
3 - (4) - 1 Division of Responsibilities				
			There shall be a clear division of the responsibilities at the Board level and the key management level to ensure a greater balance of power and authority, so that powers are not concentrated in any individual.	Complied with. The responsibilities of the Board and KMPs are clearly delineated to ensure that powers are not concentrated in any single individual. Furthermore, these responsibilities are formally established in the Policy and Code of Corporate Governance.
3 - (4) - 2 Specific Matters for Board Decisions				
			The Board shall have a formal schedule of matters specifically reserved for its decisions to ensure that the direction and control of the bank is firmly under its authority.	Complied with. The Bank's Policy and Code of Corporate Governance includes this requirement.
3 - (4) - 3 Restrictions to Delegate				
			The Board shall not delegate any matters to a Board committee, CEO, executive directors or key management personnel, to an extent that such delegation would significantly hinder or reduce the ability of the Board as a whole to discharge its functions.	Complied with. The Board takes ultimate responsibility for activities of the Bank. The Board has delegated certain responsibilities to Board Sub Committees and Management Committees as set out in their respective Terms of References (TOR), and KMPs through policies and procedures.
3 - (4) - 4 Review of Delegation Process				
			The Board shall review the delegation processes in place on a periodic basis to ensure that they remain relevant to the needs of the bank.	Complied with.

Section No.			Rule	Degree of Compliance As at 31.12.2025
3 - (5) The Chairperson and CEO				
			There are two key aspects of management of every bank, viz., (a) the overall governance by the Board, and (b) the day-to-day management of the bank's business by CEO, in line with Board approved strategic objectives, corporate values, overall risk policy and risk management procedures.	
3 - (5) - 1 Division of Responsibilities between Chairperson and CEO				
			The roles of Chairperson and CEO shall be separate and shall not be performed by the same individual. The division of responsibilities between Chairperson and CEO shall be clearly established and set out in writing.	Complied with. The roles of Chairman and CEO are separate and are not performed by the same individual. Their respective functions and responsibilities are clearly defined in the Policy and Code of Corporate Governance.
3 - (5) - 2 Suitability of the Chairperson				
	a)		The Chairperson shall be an independent non-executive director. In the event the Chairperson becomes non-independent after the initial appointment, as an interim arrangement, the Board shall designate an independent director as the Senior Director for a period not exceeding six months with suitably documented terms of reference. The designation of the Senior Director shall be disclosed in the bank's Annual Report.	Complied with. The Chairperson is an independent non-executive director.
	b)		Where a non-independent director is currently serving as the Chairperson, such director may continue to serve as the Chairperson for a further period not beyond 31.12.2027, subject to applicable laws and regulations including Direction 3.	The situation has not arisen.
	c)		A Chairperson appointed after the effective date of this Direction shall be an independent non-executive director.	Complied with. The Chairperson is an independent non-executive director.
3 - (5) - 3 Responsibilities of the Chairperson				
			The Chairperson shall:	
	a)		Provide leadership to the Board and ensure the Board works effectively and duly discharges its responsibilities;	Complied with. The duties and responsibilities of the Chairman are included in the Bank's Policy Code of Corporate Governance. The Board's annual assessment process includes an area to measure the effectiveness of the Chairman, in order to facilitate the effective discharge of the responsibilities of the Chairman and the Board.
	b)		Ensure that all key and appropriate issues are discussed by the Board in a timely manner;	Complied with. The Chairman ensures that the Board of Directors are briefed on key issues in a timely manner.

Section No.			Rule	Degree of Compliance As at 31.12.2025
	c)		Approve the agenda for each Board meeting, considering where appropriate, any matters proposed by the other directors for inclusion in the agenda. The Chairperson may delegate the preparation of agenda to the company secretary;	Complied with. The Company Secretary circulates the formal agenda after obtaining the approval of the Chairman.
	d)		Ensure that all directors are properly briefed on issues arising at Board meetings and also ensure that directors receive adequate information in a timely manner;	Complied with. The Chairman ensures that directors are briefed on key issues in a timely manner.
	e)		Encourage all directors to make a full and active contribution to the Board's affairs and take the lead to ensure that the Board acts in the best interests of the bank;	Complied with. The Chairman facilitates active contribution by all directors and ensures that all Board decisions are taken in the best interest of the Bank. This approach is central to maintaining our commitment to sound oversight and strategic leadership.
	f)		Facilitate the effective contribution of non-executive directors in particular and ensure constructive discussions between executive and non-executive directors;	Complied with. The Chairman actively encourages effective contribution of non-executive directors to ensure a diverse range of perspectives. Furthermore, he facilitates constructive inputs and deliberations between the executive and non-executive directors to enhance the collective decision-making process.
	g)		Encourage all directors to make critical and constructive discussions at the Board meetings and ensure that dissenting views can be freely expressed and discussed within the decision-making process;	Complied with. Directors are encouraged to express their views freely to enhance the decision-making process. Furthermore, any dissenting views are openly expressed and recorded."
	h)		Not engage in activities involving direct supervision of key management personnel, other employees or any other executive duties whatsoever; and,	Complied with. Chairman is an Independent Non-Executive Director. The Chairman does not directly get involved in the supervision of key management personnel or any other executive duties.
	i)		Ensure that appropriate steps are taken to maintain effective communication with shareholders and that the views of shareholders are communicated to the Board.	Complied with. During general and investor meetings, shareholders have the opportunity to raise matters for clarification. These inquiries are addressed by the Chairman, the CEO, or other relevant officers. Additionally, the views expressed by shareholders are communicated to the Board.
3 - (5) - 4 Conduct of CEO				
	a)		CEO shall function as the apex executive-in-charge of the day-to-day management of the bank's operations and business and shall not hold any other executive functions.	Complied with. CEO function as the executive in charge of the day to day management of the Bank's operations and business supported by the members of the Corporate Management.

Section No.			Rule	Degree of Compliance As at 31.12.2025
	b)		CEO shall not be appointed or nominated as an employee or a director of another licensed bank or any other company/institution/ entity except as a non-executive director of a subsidiary or an associate company of the licensed bank.	Complied with. The situation has not arisen
	c)		In the event CEO is appointed as a non-executive director of a subsidiary or an associate company of the licensed bank, he/she shall ensure that such duties do not affect the effective discharge of responsibilities as CEO.	Complied with. The situation has not arisen.
3 - (5) - 5 Suitability of CEO				
			The person appointed as CEO shall be a fit and proper person to hold such position in terms of Section 44A and Section 76H of the Banking Act, and shall possess sufficient authority, stature, knowledge, competencies, and expertise in the core banking functions given the size, scale, diversity and complexity of operations of the bank.	Complied with. The CEO is an eminent professional with extensive banking experience spanning around 35 years. His appointment is in full conformity with the relevant provisions of the Banking Act and all applicable directions.
3 - (6) Board Committees				
			Each licensed bank shall have at least five Board committees as set out in Directions 6.2 – 6.6 of these Directions.	
3 - (6) - 1 Requirements for the Board Committees				
	a)		Each committee shall report directly to the Board.	Complied with. Board Committees report directly to the Board.
	b)		Board shall set out the authority of each committee, and in particular, whether the committee has the authority to act on behalf of the Board or simply has the authority to examine a particular issue and report back to the Board with recommendations.	Complied with. The Board has established subcommittees to provide oversight of the Bank's affairs. The authority of these committees is defined within their respective Terms of Reference. Under delegation arrangements, the committees are authorized to make independent decisions. In instances where a matter exceeds delegated authority, the committees will provide an appropriate recommendation to the Board for further review and decision.
	c)		Each committee shall have a Board approved Terms of Reference.	Complied with.
	d)		All committees shall appoint a secretary to inter alia arrange the meetings and maintain minutes, records in sufficient detail, under the supervision of the Chairperson of the committee. The minutes of all committees shall be submitted to the Board.	Complied with. Each committee has a Secretary to arrange the meetings and maintain minutes in conformity with the Direction. These minutes are submitted to the Board.

Section No.			Rule	Degree of Compliance As at 31.12.2025
	e)		The quorum of each committee shall consist of at least half of the committee members.	Complied with.
	f)		The Board shall present a report on the performance of each committee, on the duties and roles at the annual general meeting.	Complied with. The Annual Report includes individual reports of each committee.
3 - (6) - 2 Audit Committee				
	a)		The Chairperson of the Committee shall be an independent director and is not the chair of the Board or any other Board committee and shall possess qualifications and experience in finance, accounting and/or auditing, with a membership of a recognized professional accounting body.	Complied with. Mr Arjuna Herath is an Independent Non-Executive Director and possesses the required qualifications. He is a fellow member member of the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).
	b)		All members of the Committee shall be non-executive directors, with a majority of independent directors. The members shall possess a collective balance of skills and expert knowledge in finance, accounting and auditing commensurate with size, scale, diversity and complexity of operations of the bank.	Complied with. Members of the committee as at 31.12.2025 are as follows, 1. Mr. Arjuna Herath - Chairman 2. Mr. Buwanekabahu Perera 3. Mr. Yudhishtran Kanagasabai 4. Ms. Shanti Gnanapragasam All members are Independent Non-Executive Directors with considerable experience in banking, finance and related areas.
	c)		A majority of the members of the Committee shall not be constituted by the members of the Integrated Risk Management Committee and vice-versa effective from 01.01.2027.	Complied with the current regulation.
	d)		The Committee shall make recommendations on matters in connection with:	
		(i)	The appointment of the external auditor for audit services to be provided in compliance with the relevant statutes;	Complied with. The Committee has recommended re-appointment of the External Auditors for the year 2025, the fees payable to the auditors, implementation of the Central Bank guidelines, application of the relevant accounting standards and compliance with other statutory requirements.
		(ii)	The implementation of the Central Bank guidelines issued to external auditors from time to time;	Complied with. The Committee has reviewed external audit plan, scope and results and ensured implementation of the Central Bank guidelines, application of the relevant accounting standards and compliance with other statutory requirements during the year.

Section No.			Rule	Degree of Compliance As at 31.12.2025
		(iii)	The application of the relevant accounting standards; and	Complied with. The Committee has reviewed external audit plan, scope and results and ensured implementation of the Central Bank guidelines, application of the relevant accounting standards and compliance with other statutory requirements during the year.
		(iv)	The service period, audit fee and any resignation or dismissal of the external auditor, provided that the engagement of the external auditor shall not exceed six years and shall change the particular engagement partner once in every three years.	Complied with. The engagement of the external auditor shall not exceed six years and shall change the particular engagement partner once in every three years in line with the Banking act No 05 of 2024 Directions on Corporate governance for licensed banks.
	e)		The Committee shall review and monitor the external auditor's independence, integrity, objectivity and the effectiveness of the audit processes in accordance with applicable standards and best practices.	Complied with. The Committee had discussed with the External Auditors the scope and nature of the audit, independence of the Auditors and the conduct of the audit in accordance with SLAuS. Further the Committee received a declaration from KPMG as required by the Companies Act No. 7 of 2007, confirming that they do not have any relationship or interest in the Company, which may have a bearing on their independence.
	f)		The Committee shall develop and implement a policy on the engagement of an external auditor to provide non-audit services that are permitted under the Guidelines issued by the Central Bank of Sri Lanka to External Auditors. The Committee shall ensure that the provision by an external auditor of non-audit services does not impair the external auditor's independence or objectivity. When assessing the external auditor's independence or objectivity in relation to the provision of non-audit services, the Committee shall consider:	Complied with A policy on non-audit related services was developed and approved by the Board. Compliance with the policy is monitored by the Board Audit Committee.
		(i)	Whether the skills and experience of the audit firm make it a suitable provider of the non-audit services;	Complied with. The board has satisfied itself that the external audit firm possesses the necessary skills, expertise and experience to provide the approved non audit services without compromising the auditor's independence.
		(ii)	Whether there are safeguards in place to ensure that there is no threat to the objectivity and/or independence in the conduct of the audit resulting from the provision of such services by the external auditor; and,	Complied with. The Board Audit Committee reviewed the nature of the non audit services and confirmed that adequate safeguards were implemented to mitigate any potential threats to the external auditor's objectivity or independence.

Section No.			Rule	Degree of Compliance As at 31.12.2025
		(iii)	Whether the nature of the non-audit services, the fee levels individually and in aggregate relative to the audit firm, pose any threat to the objectivity and/or independence of the external auditor.	Complied with. The Board Audit Committee assessed the nature of the non audit services and the associated fee levels, both individually and in aggregate and determined that they do not impair, the external auditor's objectivity and independence.
	g)		The Committee shall, before the audit commences, discuss and finalize with the external auditor, the nature and scope of the audit, including:	
		(i)	An assessment of the bank's compliance with the relevant Directions in relation to corporate governance and the management's internal control over financial reporting;	Complied with. The Committee met with the external auditors to discuss and finalize the scope and to ensure that the Bank is in compliance with the relevant Directions in relation to corporate governance and the management's internal controls over financial reporting.
		(ii)	The preparation of the financial statements for external purposes in accordance with relevant accounting principles and reporting obligations; and	Complied with. The committee ensured that the preparation of the financial statements for external purposes in accordance with relevant accounting principles and reporting obligations.
		(iii)	The co-ordination between firms where more than one audit firm is involved.	Not applicable.
	h)		The Committee shall review the accounting policies/systems and the internal control framework with a view to ensuring greater transparency and integrity of the bank's financial reporting process and the adequacy of accounting and other internal controls.	Complied with. Quarterly Financial Statements and year-end Financial Statements are reviewed by the members of the Audit Committee. Discussions take place at committee meetings regarding such Financial Statements prior to a recommendation being made to the Board for their adoption.
	i)		The Committee shall review the financial information of the bank, in order to monitor the integrity of the financial statements of the bank, its annual report, accounts and quarterly reports prepared for disclosure, and the significant financial reporting judgements contained therein. In reviewing the bank's annual report and accounts and quarterly reports before submission to the Board, the committee shall focus particularly on:	Complied with. Quarterly Financial Statements and year-end Financial Statements are presented to the members of the Audit Committee. Discussions take place at committee meetings regarding such Financial Statements prior to a recommendation being made to the Board for their adoption. The Audit Committee reviews Financial Statements for disclosures, major judgmental areas, changes in accounting policies and practices, validity of the going concern assumption, compliance with relevant accounting standards and other legal requirements, and in respect of the Audited Financial Statements, any significant adjustments arising from audit.

Section No.			Rule	Degree of Compliance As at 31.12.2025
		(i) (ii) (iii) (iv) (v)	Major judgmental areas; Any changes in accounting policies and practices; Significant adjustments arising from the audit; The going concern assumption; and The compliance with relevant accounting standards and other legal requirements.	Complied with. The Audit Committee reviews Financial Statements for disclosures, major judgmental areas, changes in accounting policies and practices, validity of the going concern assumption, compliance with relevant accounting standards and other legal requirements, and in respect of the Audited Financial Statements, any significant adjustments arising from audit.
	j)		The Committee shall discuss issues, problems and reservations arising from the interim and final audits, and any matters the external auditor may wish to discuss including those matters that may need to be discussed in the absence of CEO and key management personnel, if necessary.	Complied with. The Audit Committee met the external auditors twice during the year without the presence of executive management.
	k)		The Committee shall review the external auditor's management letter and the management's response thereto.	Complied with. The Audit Committee reviewed the management letter, management responses and followed up for appropriate remedial actions where needed.
	l)		The Committee shall take the following steps with regard to the internal audit function of the bank:	
		(i)	Review the adequacy of the scope, functions and resources of the internal audit department, and satisfy itself that the department has the necessary authority to carry out its work;	Complied with. The Internal Audit scope, functions, authority and resource availability have been reviewed and the Internal Audit Plan has been approved by the Board Audit Committee.
		(ii)	Review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit department;	Complied with. The Board Audit Committee has reviewed the internal audit reports and directed that necessary action be taken where necessary to implement audit recommendations.
		(iii)	Review any appraisal or assessment of the performance of the Chief Internal Auditor (CIA) and senior staff members of the internal audit department;	Complied with. The performance of the CIA and Senior staff have been reviewed by the Board Audit Committee for 2024. The reviews of the 2025 is in progress.
		(iv)	Recommend any appointment or termination of CIA, senior staff members and outsourced service providers to the internal audit function;	Complied with. All matters concerned have been referred to Board Audit Committee.

Section No.			Rule	Degree of Compliance As at 31.12.2025
		(v)	Ensure that the committee is apprised of resignations of senior staff members of the internal audit department including CIA and any outsourced service providers, and to provide an opportunity to the resigning senior staff members and outsourced service providers to submit reasons for resigning; and,	Complied with. Resignation of Senior staff in Internal Audit department had been informed to the Committee.
		(vi)	Ensure that the internal audit function is independent of the activities it audits and that it is performed with impartiality, proficiency and due professional care.	Complied with. Head of Internal Audit reports functionally to the Board Audit Committee that ensures independence of Internal Audit and its functions.
	m)		The Committee shall consider the major findings of internal investigations and management's responses thereto.	Complied with. Significant findings on investigations carried out by the Internal Auditors along with the responses of the management are tabled and discussed at Audit Committee Meetings.
	n)		Other Board members, CEO, CIA, the Chief Financial Officer (CFO), the Chief Risk Officer (CRO), the Chief Compliance Officer (CCO), any other key management personnel and a representative of the external auditors may attend meetings upon the invitation of the Committee for the relevant agenda item. However, at least twice a year, the Committee shall meet with the external auditors without the executive directors being present.	Complied with. Executive management attend the meetings upon invitation of the committee. Further the Audit Committee met the external auditors twice during the year without Executive Directors presence.
	o)		The Committee shall have: (i) explicit authority to investigate into any matter within its terms of reference; (ii) the resources which it needs to do so; (iii) full access to information; and (iv) authority to obtain external professional advice and to invite outsiders with relevant experience to attend, if necessary.	Complied with. Audit Committee charter ensures authority to investigate matters, resource requirements to do so, access to full information and authority to obtain external advice if necessary.
	p)		The Committee shall meet regularly, with due notice of issues to be discussed and shall record its conclusions in discharging its duties and responsibilities.	Complied with. The Audit Committee met twelve times during the year.
	q)		The secretary of the Committee (who may be the company secretary or CIA) shall record and keep detailed minutes of the Committee meetings.	Complied with. The Head of Internal Audit acts as the Secretary to the Audit Committee and maintains detailed minutes of all meetings.
	r)		The Committee shall:	

Section No.			Rule	Degree of Compliance As at 31.12.2025
		(i)	Ensure effective implementation of the Board approved whistleblowing policy; and,	Complied with. A Board approved Whistle Blowing Policy is in place and the same has been reviewed during the year. The BAC ensures the effective implementation of the whistleblowing mechanism for reporting, confidentiality and independent investigation.
		(ii)	Ensure that proper arrangements are in place for the fair and independent investigation of such matters and for appropriate follow-up action.	Complied with. A process and proper arrangements are in place to conduct fair and independent investigations and appropriate follow-up action.
	s)		The Committee shall act as the key representative body for overseeing the bank's relations with the external auditor.	Complied with. Function as the key representative body for overseeing the bank's relations with the external auditor.
3 - (6) - 3 Human Resources and Remuneration Committee				
			The Committee shall:	
	a)		Be chaired by a director who is not the chair of the Board and preferably independent;	Complied with. The Chairperson is an Independent Non -Executive Director, who is not the chairperson of the Board.
	b)		Preferably be constituted with a majority of independent directors;	Complied with. The Committee is constituted by four Independent Non -Executive Directors as at 31.12.2025. 1. Mrs. Shanti Gnanapragasam -Chairperson 2. Mr. Asoka Pieris 3. Mr. Ravindra Jayawardena 4. Mr. Arjuna Herath
	c)		Require CEO to be present at the meetings upon invitation, except when matters relating to CEO are being discussed;	Complied with.
	d)		Determine the remuneration policy in relation to salaries, allowances, special payments/benefits made at termination or retirement, and other financial and non-financial benefits made to directors, CEO and the key management personnel;	Complied with. The reviewed HR and Remuneration policy includes the relevant sections governing these aspects.
	e)		Set goals and targets for the directors, CEO and the key management personnel;	Complied with.
	f)		Evaluate the performance of CEO and the key management personnel against the set targets and goals periodically and determine the basis for revising remuneration, benefits and other payments of performance-based incentives;	Complied with. The committee evaluated the performance of the CEO and the KMPs for 2024 and determined the remuneration structures. The evaluations for 2025 is in progress.

Section No.			Rule	Degree of Compliance As at 31.12.2025
	g)		Ensure that the prior written approval of the shareholders is obtained for any special payments/financial and non-financial benefits to be made to the directors, CEO and key management personnel at the termination of employment or at the retirement. In the case of licensed banks where the Government of Sri Lanka holds fifty percent or more of issued capital carrying voting rights of the bank, such prior approval shall be obtained from the Secretary to the Treasury;	Complied with. The situation has not arisen.
	h)		Coordinate with the Integrated Risk Management Committee to ensure that the compensation made to directors, CEO and key management personnel is within the risk appetite limits of the bank; and,	Complied with.
	i)		Establish a policy on claw-back arrangements for performance-based payments made to CEO and key management personnel of the licensed bank under the circumstances of inter alia fraud and misappropriation of funds, to the extent of the financial loss caused to the licensed bank. Such policy shall articulate the process to be followed by the licensed bank prior to giving effect to the claw back arrangements ensuring procedural propriety, fair hearing and transparency. The claw-back procedure of the licensed bank shall be incorporated into the employment contracts of CEO and key management personnel and a similar arrangement shall be implemented for the existing CEO and key management personnel.	Complied with. A claw-back policy has been adopted and relevant clause has been incorporated into the appointment letters of CEO and KMPs.
3 - (6) - 4	Nomination and Governance Committee:			
			The Committee shall:	
	a)		Be chaired by an independent director who is not the chair of the Board and shall be constituted with a majority of independent directors. CEO may be present at meetings by invitation except when matters relating to CEO are being discussed;	Complied with. The Chairman is an Independent Non-Executive Director who does not serve as the Chair of the Board. The Committee comprises four Independent Non-Executive Directors as at 31.12.2025. 1. Mr. Buwanekabahu Perera- Chairman 2. Mr. Asoka Pieris 3. Mr. Yudhishtran Kanagasabai 4. Mr. Arjuna Herath Furthermore, the CEO attends meetings by invitation and excuses himself from proceedings when matters pertaining him are discussed.

Section No.			Rule	Degree of Compliance As at 31.12.2025
	b)		Implement a formal and transparent procedure to identify, nominate and recommend new directors, CEO and the key management personnel;	Complied with. The Policy on selecting and appointing new Directors/ CEO/KMPs has been approved by the Board Nominations & Governance Committee and approved by the Board.
	c)		Ensure the directors, CEO and the key management personnel are fit and proper persons to hold office as specified in the criteria given in Directions 3 and 8.2 and as set out in the applicable laws and regulations;	Complied with. The Committee recommends the appointment of Directors and KMPs following a fit and proper assessment inter alia of their compliance with applicable laws, regulations, and Directions 3 and 8.2. Additionally, an annual assessment is conducted for all Directors and the CEO.
	d)		Obtain the views of the Integrated Risk Management Committee in selecting CRO and CCO and that of the Audit Committee in selecting CIA;	Complied with.
	e)		Consider and recommend (or not recommend) the re-election of current directors, through periodic evaluation of the performance and contribution made by the director concerned towards the overall discharge of the Board's responsibilities;	Complied with. The BNGC recommended the re-election of current Directors in conformity with the Direction.
	f)		Quarterly evaluate the status of independence of the independent non-executive directors in terms of the Direction 2.5 (b) and whether such directors have any conflicts of interest that may impede the ability to perform duties independently and notify the changes to the independent status (if any) to the Director of Bank Supervision;	Complied with. The Independent Non-Executive Directors continue to meet the criteria for independence. Consequently, there has been no change to their status.
	g)		Set the criteria such as qualifications, experience and key attributes required for eligibility to be considered for appointment or promotion to the post of CEO and the key management positions;	Complied with. The required qualifications and experience and key attributes are included in the Job Descriptions of the respective positions and in the Succession Plan.
	h)		Consider and recommend from time to time, the requirements of additional/new expertise to the Board and the succession arrangements for retiring directors;	Complied with. The Committee peruses candidate profiles and recommends suitable individuals to the Board to replace retiring Directors or when additional/new expertise is required. During the year, the Committee recommended the appointment of a new director, Mr. Rajitha Basnayake. His qualifications and expertise in Information Technology and Information Security were key considerations, adding a valuable dimension to the Board's collective expertise.

Section No.			Rule	Degree of Compliance As at 31.12.2025
	i)		Ensure that the bank has a robust succession plan for CEO and the key management personnel with an effective and transparent process to:	
		(i)	Identify qualified and competent persons (internal/external) to fulfill the positions of CEO and key management personnel for succession in short, medium and long term given the size, scale, diversity and complexity of operations of the bank;	Complied with.
		(ii)	Groom the selected successors for the respective positions by identifying and mitigating the skill/knowledge gaps for the respective area; and,	Complied with. Identified skill gaps in the succession planning are being addressed through identified training and development programms while providing necessary on the job exposures/ mentoring.
		(iii)	Review the succession plan at least on an annual basis.	Complied with.
	j)		Ensure that the directors are updated on the applicable laws, regulations, macroeconomic policies, latest technological developments and emerging financial sector and market developments relevant to the banking industry on a continuous basis;	Complied with. During the year, several training programs were conducted for the Board of Directors by external resource personnel. These sessions covered topics such as the provisions of the Personal Data Protection Act (PDPA), Cyber Security, and Sustainable Banking. Directors were also provided with opportunities to attend external training programs throughout the year. Furthermore, the Directors were kept abreast of the latest technological developments and other applicable laws and regulations on an ongoing basis. Additionally, they received regular updates on macroeconomic policies, the financial sector, and market developments during monthly Board meetings.
	k)		Identify the training needs of the directors and make recommendations to the Board relating to training, capacity building and professional development programs for the directors on a regular basis;	Complied with. The Committee has recommended that the directors undergo training to support ongoing knowledge development and ensure the Board remains well-equipped to handle evolving industry requirements.
	l)		Review the structure, size, qualifications and composition of the Board and Board committees to ensure effective discharge of duties and responsibilities; and,	Complied with. The Board and its various committees are structured to maintain a strategic balance of skills, competencies, and experience essential to the banking industry, including the specialized technical requirements necessary for effective committee oversight. The appointment of a new director on January 14, 2026 brings significant expertise in Information Technology and Information Security. The Board now comprises of nine directors and the size and collective expertise are commensurate to the scale and complexity of the Bank's operations.

Section No.			Rule	Degree of Compliance As at 31.12.2025
	m)		Ensure that the overall corporate governance framework and policies of the bank are reviewed, updated and effectively implemented considering all applicable laws and regulations and industry/international best practices.	Complied with. Bank has a Corporate Governance Policy and framework which is reviewed and updated considering all applicable laws, regulations and best practices related to Corporate Governance.
3 - (6) - 5	Integrated Risk Management Committee			
			The Committee shall:	
	a)		Be chaired by an independent director who is not the chair of the Board or any other Board committee (By 01.01.2027)	Complied with the current regulation. The committee works within the remit of the TOR. Members of the committee as at 31.12.2025 are as follows, 1. Mr. Yudhishtran Kanagasabai - Chairman 2. Mr. Asoka Pieris 3. Ms. Shanti Gnanapragasam All members are Independent Non-Executive Directors with considerable experience in Risk management, Banking, Finance and related areas. The relevant KMPs attend the meetings by invitation and work closely with them.
	b)		Consist of at least three non-executive directors with a majority of independent directors. The Committee members shall have sound collective experience in risk management issues and practices in relation to banking and/or financial services; (By 01.01.2027)	
	c)		A majority of the members of the Committee shall not be constituted by the members of the Audit Committee and vice-versa (By 01.01.2027)	
	d)		Require CEO, CRO, CCO and key management personnel supervising broad risk categories, i.e., credit, market, liquidity, operational and strategic risks to attend the meetings on needs basis;	
	e)		Work with key management personnel very closely and make decisions on behalf of the Board within the framework of the authority and responsibility assigned to the Committee;	
	f)		Establish an independent risk management function responsible for integrated risk management of the bank;	Complied with. The Bank has established a dedicated and independent Integrated Risk Management Division (IRMD). The function is structurally independent from all revenue generating business lines and the Internal Audit function. The IRMD is responsible for the holistic identification, measurement, and mitigation of risks across the Bank, providing an integrated view of the Bank's risk profile directly to the Board Integrated Risk Management Committee (BIRMC).

Section No.			Rule	Degree of Compliance As at 31.12.2025
	g)		Assess all risks, i.e., credit, market, liquidity, operational, information security and strategic risks to the bank on a monthly basis through appropriate risk indicators and management information. In the case of subsidiary companies and associate companies, risk management shall be conducted, both on solo and consolidated basis;	Complied with. The Bank has implemented a rigorous monthly risk monitoring cycle that evaluates Credit, Market, Liquidity, Operational, Information Security, and Strategic risks using a standardized suite of Key Risk Indicators (KRIs). Comprehensive Management Information (MI) reports are submitted monthly to the Board Integrated Risk Management Committee (BIRMC) for deliberation and strategic guidance.
	h)		Advise and report to the Board on the bank's exposures against the risk appetite;	Complied with. The BIRMC has established a structured reporting mechanism where the Integrated Risk Management Division (IRMD) provides comprehensive monthly reports to the Board of Directors.
	i)		Oversee the functioning of CRO. The Committee shall receive regular reports and communication from CRO and other relevant functions with respect to the risk profile, exposures against the established risk appetite limits and limit breaches;	Complied with. The BIRMC maintains oversight of the Function and the Integrated Risk Management Function. The Committee ensures the effectiveness of the risk function through deliberation on comprehensive monthly reports covering the Bank's risk profile.
	j)		Oversee the strategies implemented by CEO and the key management personnel for capital and liquidity management and management of all relevant risks of the bank, such as credit, market, operational, information security and strategic risks, to ensure consistency with the stated risk appetite;	Complied with. The BIRMC maintains active oversight of the strategies executed by the CEO and Key Management Personnel (KMP) regarding capital, liquidity, and all material risk categories. The BIRMC ensures that management's strategic actions including capital allocation, funding plans, and credit expansion remain consistent with the Strategic plan and regulatory norms. Regular stress-testing results and capital adequacy assessments (ICAAP) are reviewed to validate that management's strategies are sustainable under both normal and stressed market conditions.
	k)		Review the adequacy and effectiveness of all management level committees that are related to risk taking activities, such as the credit committee and the asset-liability committee to address specific risks and to manage those risks within quantitative and qualitative risk limits as specified by the Committee;	Complied with. Review of adequacy and effectiveness on all management level risk related committees have been carried out by BIRMC.

Section No.			Rule	Degree of Compliance As at 31.12.2025
	l)		Take prompt corrective action to mitigate the effects of specific risks where such risks are at levels beyond the prudent levels decided by the Committee on the basis of the bank's policies and regulatory and supervisory requirements;	Complied with. The BIRMC ensures prompt corrective action through a comprehensive Recovery Plan, which serves as the primary governance framework for mitigating risks that exceed prudent levels. This plan outlines specific, pre-defined recovery options to be triggered when capital or liquidity levels fall below internal or CBSL stipulated thresholds. The BIRMC oversees the calibration of these triggers and ensures that management is prepared to execute 'Recovery Options' immediately under various stress scenarios, ensuring the Bank's continued viability.
	m)		Meet at least quarterly to assess all aspects of risk management including updated business continuity plans;	Complied with. The Committee met 8 times during 2025.
	n)		Take prompt corrective actions against the Officers responsible for failure to identify specific risks as recommended by the Committee;	Complied with. The Committee is mandated to make appropriate recommendations where required.
	o)		Submit a risk assessment report within a week of each meeting to the Board seeking the Board's views, concurrence and/or specific directions;	Complied with. The risk assessment reports from BIRMC are presented to the next Board meeting and the Chairman of BIRMC appraise the Board with a summery of Risk assessment.
	p)		Establish a compliance function to assess the bank's compliance with laws, regulations, regulatory guidelines and approved policies on all areas of business operations. A dedicated compliance officer selected from key management personnel shall carry out the compliance function and report to the Committee periodically;	Complied with. Compliance function is in place with a KMP and reports to the BIRMC. The Compliance Officer submits compliance assessments and reports to the BIRMC periodically.
	q)		Establish an effective communication and coordination mechanism with the Audit Committee to facilitate exchange of information to ensure effective management of all risks, including emerging risks, and any adjustments needed to the integrated risk management framework of the bank; and,	Complied with. The two committees refers to each other on matters related to emerging risks.
	r)		Without prejudice to the tasks of the Human Resources and Remuneration Committee, examine whether the incentives provided to the employees take into consideration the levels of risk, capital, liquidity and earnings of the bank.	Complied with.

Section No.			Rule	Degree of Compliance As at 31.12.2025
3 - (6) - 6	Related Party Transactions Review Committee			
			The Committee shall:	
	a)		Be chaired by an independent director who is not the chair of the Board;	Complied with. The Committee is chaired by an Independent Non-Executive Director, who is not the chairperson of the Board.
	b)		Consist of at least three non-executive directors with a majority of independent directors. CEO and relevant key management personnel may attend the meetings on need basis only for the relevant agenda items;	Complied with. The Committee is comprised of three Independent Non-Executive Directors as at 31.12.2025. 1. Mr. Yudhishtran Kanagasabai - Chairman 2. Mrs. Shanti Gnanapragasam 3. Mr. Arjuna Herath The CEO and relevant KMPs attend the meetings on need basis only for the relevant agenda items.
	c)		Ensure that a clear policy, procedures and processes are in place for identifying, monitoring and reporting related party transactions on an on-going basis in line with applicable laws and regulations;	Complied with. The Bank has put in place a well-defined Board approved Related Party Transactions Policy and Procedure covering a broad spectrum of compliance requirements stemming from CBSL Directives, CSE Listing Rules, LKAS 24 requirements, etc. which entails processes for identifying, monitoring and reporting related party transactions on an on-going basis in line with applicable laws and regulations.
	d)		Review the related party transactions of the bank including the transactions defined in Direction. 7.2, particularly with the persons who shall be considered as "related parties", as defined in Direction 7.1, with a view to avoiding any conflicts of interest that may arise from such transactions;	Complied with. In terms of the processes and procedure laid down in the aforesaid policy, the Board Related Party Transactions Review Committee of the Bank reviews the related party transactions of the Bank with a view to avoid any conflicts of interest that may arise from such transactions.
	e)		Quarterly report to the Board, the details of related parties, related party transactions and economic consequences of the related party transactions;	Complied with. The Board Related Party Transactions Review Committee and the Board are apprised of the details of related parties, related party transactions and economic consequences of the related party transactions on a quarterly basis.
	f)		Ensure that a director abstains from participating in discussions on any Board decision on transactions in relation to the director or any of his/her close relation or a concern in which the director has substantial interest; and,	Complied with. This requirement is encapsulated in the Policy and Code of Corporate Governance, as well as the Code of Business Conduct and Ethics for Directors.

Section No.			Rule	Degree of Compliance As at 31.12.2025
	g)		Ensure that the bank does not engage in transactions with related parties as defined in Direction 7.1 in a manner that would grant such parties "more favourable treatment" than that accorded to other constituents of the bank carrying on the same business. In this context, "more favourable treatment" shall mean:	Complied with. The Bank's Related Parties are identified, reviewed and disseminated internally. The Bank adheres to RPT policy and procedures and does not engage in transactions with related parties in a manner that grant such parties more favourable treatment than accorded to other constituents of the Bank carrying on the same business. Related Party Transactions are reviewed by the Bank's Board Related Party Transactions Review Committee and escalated to the Board for approval, where necessary.
		(i)	Granting of "total net accommodation" to related parties, exceeding a prudent percentage of the bank's regulatory capital, as determined by the Board. For purposes of this sub-direction;	
			a. "Accommodation" shall mean accommodation as defined in the Banking Act Directions on Maximum Amount of Accommodation/Large Exposures.	
			b. The "total net accommodation" shall be computed by deducting from the total accommodation, the cash collateral and investments made by such related parties in the bank's share capital and debt instruments with a maturity of 5 years or more.	
		(ii)	Charging of a lower rate of interest than the bank's best lending rate or paying more than the bank's deposit rate for a comparable transaction with an unrelated comparable counterparty;	
		(iii)	Providing of preferential treatment, such as favourable terms, covering trade losses and/or waiving fees/commissions, which extend beyond the terms granted in the normal course of business undertaken with unrelated parties;	
		(iv)	Providing services to or receiving services from a related party without an evaluation procedure; and	
		(v)	Maintaining reporting lines and information flows that may lead to sharing potentially proprietary, confidential or otherwise sensitive information with related parties, except as required for the performance of legitimate duties and functions.	

Section No.			Rule	Degree of Compliance As at 31.12.2025
3 - (7) Related Party Transactions				
			The following requirements shall apply to related party transactions of licensed banks.	
3 - (7) - 3 Applicability of Banking Act Provisions				
			Licensed banks shall ensure compliance with the provisions of Section 47 and Section 76K of the Banking Act, with respect to accommodation granted to any of its related parties defined in Direction 7.1 as applicable, except for any accommodation granted to a CEO or a member of the key management personnel under a scheme applicable to the employees of the bank.	Complied with. As spelt out in the Bank's Related Party Transactions Policy, accommodation to a related party (except for accommodation granted to a CEO or a member of the key management personnel under a scheme applicable to employees of the Bank) requires approval by the Board, with not less than two-thirds of the number of Directors, other than the Director concerned, voting in favor of such accommodation. The proposed accommodation as aforesaid shall be cleared by the BRPTRC, before submission to the Board and are subject to obtaining approved securities.
3 - (7) - 4 Accommodation Granted to Directors and Connected Parties				
			Where any accommodation has been granted by a licensed bank to a person or to a close relation of a person or to any concern in which the person has a substantial interest, and such person is subsequently appointed as a director of the bank, and if:	
	a)		The necessary security as approved by the Central Bank of Sri Lanka is not provided, within one year from the date of appointment of such person as a director; and,	Complied with. No such situation had arisen.
	b)		Any amount due on account of such accommodation, together with interest, if any, is not settled within the period specified at the time of grant of accommodation or at the expiry of a period of eighteen months from the date of appointment of the director, whichever is earlier, in the event such security is not provided by the period as provided in (a) above;	Complied with. No such situation had arisen.
			Such director shall be deemed to have vacated the office of director. This Direction, however, shall not apply to a director who at the time of the grant of the accommodation was an employee of the bank and the accommodation was granted under a scheme applicable to all employees of such bank.	Complied with. No such situation had arisen.

Section No.			Rule	Degree of Compliance As at 31.12.2025
3 - (7) - 5 Accommodation granted to Employees				
			A bank shall not grant any accommodation or "more favourable treatment" relating to the waiver of fees and/or commission to any employee or a close relation of such employee or to any concern in which the employee or close relation has a substantial interest other than on the basis of a scheme applicable to the employees of such bank or when secured by security as may be approved by the Central Bank of Sri Lanka in respect of accommodation granted as per Sections 47(3) and (5) of the Banking Act.	Complied with. All accommodations and benefits for staff are provided within the staff policy.
3 - (7) - 6 Writing-off of Accommodation to Related Parties				
			No accommodation granted by a licensed bank to related parties given in Direction 7.1, nor any part of such accommodation, nor any interest due thereon shall be written-off without the prior approval of the Central Bank of Sri Lanka and any writing-off without such approval shall be void and of no effect.	Complied with. No such situation had arisen.
3 - (8) Senior Management				
			The senior management shall mean CEO and the key management personnel of the licensed bank for the purpose of this Direction.	
3 - (8) - 1 Board Oversight on Senior Management				
			The overall responsibility of the Board shall not be construed as an obligation to undertake the inspection of day-to-day activities, but shall rather be understood as an obligation to oversee and ensure that the senior management members are carrying out the day-to-day activities in a safe and sound manner in accordance with the Board approved strategies and policies. Accordingly, the Board shall:	
	a)		Define the areas of authority and responsibilities of the senior management;	Complied with. Areas of authority and responsibilities of the senior management are set out in the Policy and Code of Corporate Governance.
	b)		Ensure that the actions of senior management are consistent with the business strategy and policies approved by the Board;	Complied with.

Section No.			Rule	Degree of Compliance As at 31.12.2025
	c)		Meet regularly, on needs basis, with the senior management to review the progress towards achieving corporate objectives;	Complied with. The Board meets as appropriate with senior management to review our progress toward established corporate objectives. Furthermore, the various committees meet with senior management at regular intervals to specifically track progress within their respective areas of remit.
	d)		Question and critically review explanations and information provided by the senior management;	Complied with. The Board and its committees critically review the information and explanations provided by senior management. As part of this oversight process, the Board may request additional justification or further clarification on specific points where necessary.
	e)		Assess whether collective knowledge and expertise of the senior management remain appropriate given the size, scale, diversity and complexity of operations of the bank; and,	Complied with.
	f)		Hold the senior management members accountable for the actions.	Complied with.
3 - (8) - 2 Criteria to Assess the Fitness and Propriety of Senior Management				
			In terms of Section 44A and Section 76H of the Banking Act, the senior management of licensed banks as determined by the Central Bank of Sri Lanka shall be fit and proper persons to hold such respective positions and the provisions of Sections 42(2) of the Banking Act shall apply in determining whether the members of the senior management are fit and proper persons.	Complied with. The Central Bank has approved the Fit and Proper of all KMPs and the MD/CEO.
3 - (8) - 3 Responsibilities of Senior Management				
			Senior management members shall:	
	a)		Contribute substantially to a licensed bank's sound corporate governance framework through personal conduct;	Complied with.
	b)		Devote sufficient professional time to discharge his/her duties at the licensed bank. In the event a senior management member is appointed as a non-executive director of a subsidiary or an associate company of the licensed bank, he/she shall ensure that such duties do not affect the effective discharge of responsibilities to the bank;	Complied with. Such situation has not arisen.

Section No.			Rule	Degree of Compliance As at 31.12.2025
	c)		Implement business strategies, risk management systems, risk and compliance culture, processes and controls for managing both financial and non-financial risks under the directions given by the Board;	Complied with. The Bank's Senior Management, under the direction of the Board, has implemented robust business strategies and comprehensive risk management systems that integrate both financial and non-financial risk oversight. The Bank has institutionalized a 'Risk-Aware' culture where compliance and risk management are embedded into business processes rather than treated as secondary functions.
	d)		Recognize and respect the independent duties of the risk management, compliance and internal audit functions and shall not interfere in the exercise of such duties;	Complied with. The Senior Management recognizes and respects the independent mandates of the Risk Management, Compliance, and Internal Audit functions and do not interfere in the exercise of their duties. The Bank has established a governance structure that strictly prohibits any interference with the professional judgment or duties of these functions. To ensure this, the heads of these control functions have direct access to the respective Board Sub-Committees.
	e)		Receive access to regular training to maintain and enhance competencies and keep abreast of developments relevant to the respective areas of responsibility;	Complied with. Skills and competency development opportunities are provided.
	f)		Be responsible for delegating duties to staff and overseeing such delegated duties;	Complied with.
	g)		Establish a management structure that promotes accountability and transparency throughout the bank;	Complied with.
	h)		Ensure that appropriate remedial or disciplinary action is taken if breaches are identified;	Complied with.
	i)		Regularly provide the Board and the Board sub-committees as applicable with the information of material matters including but not limited to;	
		(i)	Changes in business strategy, risk strategy/ risk appetite,	Complied with. Information of material matters are provided on a regular basis to the Board and Board sub-committees including matters speltout herein.
		(ii)	The bank's performance and financial condition,	
		(iii)	Breaches of risk limits or compliance rules,	
		(iv)	Internal control failures, and,	
		(v)	Legal or regulatory concerns.	

Section No.			Rule	Degree of Compliance As at 31.12.2025
	j)		Notify the Director of Bank Supervision upon becoming aware of any material information that may negatively affect the fitness and propriety of a Board member or another senior management member.	Complied with. No such situation has arisen.
3 - (9) Disclosures				
			Licensed banks shall comply with the following requirements with respect to disclosure of information.	
3 - (9) - 1 Board Responsibilities on Disclosures				
			The Board shall ensure adequate and timely public disclosures of relevant information including but not limited to key performance indicators, capital adequacy, liquidity, business concentrations, related party transactions, corporate governance, financial statements, etc., are made with a view to facilitating enhanced market discipline and transparency commensurate with the size, scale, diversity and complexity of operations of the bank. The Board shall ensure that annual audited financial statements and quarterly financial statements are prepared and published in accordance with the formats prescribed by the supervisory and regulatory authorities and applicable accounting standards.	Complied with. Adequate and timely public disclosures of relevant information including key performance indicators, capital adequacy, liquidity, business concentrations, related party transactions, corporate governance, financial statements, etc., are made with a view to facilitating enhanced market discipline and transparency commensurate with the size, scale, diversity and complexity of operations of the bank are made in the Bank's Annual Report and more frequently on a need basis. Further, the Annual Audited Financial Statements and the Interim Financial Statements of the Bank were prepared and published in the newspapers (in Sinhala, Tamil and English) and in the CSE web site in accordance with the formats prescribed by the Supervisory and Regulatory Authorities and applicable accounting standards.
3 - (9) - 2 Minimum Disclosures to be made in the Annual Report				
			The Board shall ensure that the following minimum disclosures are made in the Annual Report.	
	a)		A statement to the effect that the annual audited financial statements have been prepared in line with applicable accounting standards and regulatory requirements, inclusive of specific disclosures.	Complied with. Disclosures on compliance with applicable accounting standards and regulatory requirements in preparation of the Annual Audited Financial Statements have been made in the section on 'Directors' Responsibility for Financial Reporting' and 'CEO's and CFO's Responsibility for Financial Reporting' on pages 307 and 314 respectively.

Section No.			Rule	Degree of Compliance As at 31.12.2025
	b)		A report by the Board on the bank's internal control mechanism which confirms the financial reporting system has been designed to provide reasonable assurance regarding the reliability of financial reporting, and the preparation of financial statements for external purposes has been done in accordance with relevant accounting principles and regulatory requirements.	Complied with. Report by the Board on the effectiveness of the Bank's Internal Control Mechanism to ensure that the financial reporting system has been designed to provide reasonable assurance regarding the reliability of financial reporting, and the preparation of financial statements for external purposes has been done in accordance with relevant accounting principles and regulatory requirements is given in the 'Directors' Statement of Internal Controls over Financial Reporting' on pages 309 to 311.
	c)		The external auditor's certification on the effectiveness of the internal control mechanism referred to in b) above. The Assurance Report issued by the Auditors under "Sri Lanka Standard on Assurance Engagements SLSAE 3050 – Assurance Reports for Banks on Directors' Statements on Internal Control" may be used as a substitute disclosure in this regard.	Complied with. The Bank has obtained an Assurance Report from the External Auditors on the effectiveness of the Internal Control Mechanism. Refer pages 312 and 313.
	d)		Details of directors, including names, transactions with the bank and the total fees/ remuneration paid by the bank.	Complied with. Profiles of Directors are given on pages 38 to 43. Transactions of the Directors with the Bank and their remunerations have been disclosed in the Note 51 to the Financial Statements on pages 405 to 410.
	e)		Total net accommodation granted to each category of related parties. The net accommodation granted to each category of related parties shall also be disclosed as a percentage of the bank's regulatory capital.	Complied with. The net accommodation granted and the net accommodation granted as a percentage of the Bank's regulatory capital is disclosed in Note 51 to the Financial Statements on pages 405 to 410.
	f)		The aggregate values of remuneration paid by the bank to its CEO and the key management personnel and the aggregate values of the transactions of the bank with its CEO and key management personnel, set out by broad categories such as remuneration paid, accommodation granted, and deposits or investments made in the bank.	Complied with. The remuneration of the Bank's Key Management Personnel and transactions with the Bank's Key Management Personnel as defined by LKAS 24 have been disclosed in Note 51 to the Financial Statements on pages 405 to 410. In addition to the KMP's identified above, the Bank also considers selected members of corporate management as other Key Management Personnel, in order to comply with the Corporate Governance Direction. Total emoluments received, deposits made and accommodation obtained as at 31 December 2025 by the other Key Management Personnel amounted (selected members of corporate management) to Rs. 224.9 Mn, Rs. 42.5 Mn and Rs. 85.9 Mn, respectively (2024 - Rs. 206.4 Mn, Rs. 33.11 Mn and Rs. 68.16 Mn, respectively).

Section No.			Rule	Degree of Compliance As at 31.12.2025
	g)		Details of Board committees including	
			(i) Details of the key activities of each Board committee during the year;	Complied with. Please see pages 273 to 296.
			(ii) The number of meetings of each committee held in the year; and	Complied with. Included in the respective reports of Committees.
			(iii) Attendance of each individual director at such meetings.	Complied with. Included in the respective reports of Committees.
	h)		The following shall be disclosed in the Annual Corporate Governance Report:	
		(i)	The external auditor's certification of the compliance with these Directions, clearly demonstrating the compliance status of the licensed bank with each sub-direction;	Complied with. A factual findings report from the external auditors has been obtained to comply with the requirements of these Directions.
		(ii)	The composition of the Board, by category of directors, including the names of the Chairperson, executive directors, non-executive directors and independent non-executive directors; and,	Complied with. Please see pages 38 to 43
		(iii)	The identity of the Chairperson and CEO and the nature of any relationship including financial, business, family or other material/ relevant relationship(s), if any, among the Chairperson, CEO and the members of the Board.	Complied with. Profiles of the Chairman and CEO are given on pages 38 to 43. There is no financial, business, family or other material/ relevant relationship, among the Chairperson, CEO and the members of the Board.
	i)		A report setting out details of the compliance with prudential requirements, regulations, laws and internal controls and measures taken to rectify any material non-compliances.	Complied with. There were no material non-compliance of prudential requirements, regulations, laws and internal controls by the Bank.
	j)		A statement of the regulatory and supervisory concerns on lapses in the bank's risk management, or non-compliance with these Directions that have been communicated by the Director of Bank Supervision, or administrative fines imposed by the Central Bank of Sri Lanka, if so directed by the Central Bank of Sri Lanka to be disclosed to the public, together with the measures taken by the bank to address such concerns.	Complied with. During the year the Financial Intelligence Unit fined the Bank for Rs. 2 Mn for non compliance to the Financial Transactions Reporting Act. However, There were no regulatory lapses that have been pointed out by the Director of Bank Supervision to be disclosed to the Public as at 31.12.2025.
	k)		The aggregate value of total non-statutory special Payments/financial or non-financial benefits made to directors, CEOs and key management personnel at the termination of employment or at the retirement during the respective financial year.	Complied with. No such situation has arisen.

Section No.			Rule	Degree of Compliance As at 31.12.2025
3 - (9) - 3 Disclosures to be made on Resignation, Removal or Vacation of Office of Directors				
			If a director resigns or is removed or is deemed to have vacated the office of director due to regulatory non-compliances and/ or as decided by the Board, the Board shall disclose the director's resignation or removal or the status of being deemed vacated the office and the reasons for same in the official website of the licensed bank, including but not limited to information relating to the relevant director's disagreement with the bank, if any.	Complied with. No such situation has arisen.
3 - (11) Conflict with Articles of Association				
			In the event of a conflict between any of the provisions of these Directions and the Articles of Association (or Internal Rules) pertaining to any bank, the provisions of these Directions shall prevail. In the event the Articles of Association of an individual bank set a more stringent standard than that specified in this Direction, such provisions in the Articles of Association may be followed.	Complied with.

Section 9 – Corporate Governance

Main market Segment

Rule Ref	Disclosure Requirement	Degree of Compliance - As at 31.12.2025
9.1.3	Statement confirming the extent of compliance with the Corporate Governance Rules in the Annual Report of the entity.	Complied with. This report serves the said requirement.
9.2.2	Any waivers from compliance with the Internal Code of business conduct and ethics or exemptions granted by the entity shall be fully disclosed in the Annual Report.	Complied with. No such situation has arisen.
9.2.3 (i) 9.2.3 (ii)	List of policies in place as per CSE Rule 9.2.1, with reference to website Any changes to policies adopted in compliance with Rule above.	Complied with. Bank has put in place all policies mandated by Rule 9.2.1, which have been reviewed and updated periodically and published in the Banks' website.
9.4.2	Communication and relations with shareholders and investors, (a) The policy on effective communication and relations with shareholders and investors, (b) The contact person for such communication, (c) The policy on relations with shareholders and investors on the process to make all Directors aware of major issues and concerns of shareholders.	Complied with. The policy on Relations with shareholders & investors is in place.
9.5.2	Confirmation on compliance with the requirements of the Policy on matters relating to the Board of Directors. If non-complied reasons for the same with proposed remedial action.	Complied with.
9.6.3	Report of SID (Senior Independent Director) demonstrating the effectiveness of duties.	Complied with. The requirement to appoint a SID has not arisen.
9.6.4	Rationale for appointing SID	Not Applicable.
9.7.5	Disclosures in the Annual Report of the entity, (a) Statement on Directors and CEO satisfying Fit and Proper Assessment Criteria, (b) Any non-compliance/s and remedial action taken.	Complied with. Please refer BNGC report on pages 275 to 278.
9.8.5	Names of Directors determined to be 'independent'.	The following Directors are Independent Non Execuive Directors. 1. Mr. Asoka Pieris - Chairman 2. Mr. Yudhishtran Kanagasabai 3. Mr. Buwanekabahu Perera 4. Mr. Ravindra Jayawardena 5. Mrs. Shanti Gnanapragasam 6. Mr. Arjuna Herath 7. Mr. Rajitha Basnayake *(appointed w.e.f. 14 Janaury 2026)*

Rule Ref	Disclosure Requirement	Degree of Compliance - As at 31.12.2025
9.10.4	Directors' details • Name, qualifications and brief profile • Nature of his/her expertise in relevant functional areas • Whether either the Director or Close Family Members has any material business relationships with other Directors • Whether Executive, Non-Executive and/or independent Director • Total number and names of companies in Sri Lanka in which the Director concerned serves as a Director and/or KMP stating whether listed or unlisted, whether functions as executive or non-executive (If the directorships are within the Group names need not be disclosed) • Number of Board meetings attended • Names of Board Committees in which the Director serves as Chairperson or a member • Attendance of board committee meetings • TOR and powers of SID	Please see pages 38 to 43 of the Annual Report. In addition, the Directors or their Close Family Members do not have any material business relationships with other Directors - whether Executive, Non-Executive and/or independent. The requirement to appoint a SID has not arisen.
9.11.6	Nominations and Governance Committee Report • Signed by Chairperson • Names of chairperson and members with nature of directorship • Date of appointment to the committee • Availability of documented policy and processes when nominating Directors • Requirement of re-election at regular intervals at least once in 3 years • Board diversity • Effective implementation of policies and processes relating to appointment and reappointment of Directors • Details of directors re-appointed Board Committees served Date of first appointment Date of last re-appointment • Directorships or Chairpersonships and other principal commitments, present and held over the preceding three years • Any relationships – close family member, more 10% shareholding • Performance of periodic evaluation of board • Process adopted to inform independent directors of major issues. • Induction / orientation programs for new directors on corporate governance, Listing Rules, securities market regulations or negative statement • Annual update for all directors on corporate governance, Listing Rules, securities market regulations or negative statement • Compliance with independence criteria • Statement on compliance with corporate governance rules, if non-compliant reasons and remedial actions	Complied with. Please refer BNGC report on pages 275 to 278 of the Annual Report.
9.12.8	Remuneration Committee Report • Names of chairperson and members with nature of directorship • Remuneration Policy • The aggregate remuneration of the Executive and Non-Executive Directors.	Complied with. Please see BHHRC report on pages 279 to 281 of the Annual Report.

Rule Ref	Disclosure Requirement	Degree of Compliance - As at 31.12.2025
9.13.5	Audit Committee Report • Names of chairperson and members with nature of directorship • Status of risk management and internal control – company and group • Statement on CEO and CFO assurance on operations and finances • Opinion on compliance with financial reporting requirements, information requirements Listing Rules, Companies Act, SEC Act and any other requirements. • Availability of formal Audit Charter • Internal audit assurance and summary of the work internal audit • Details demonstrating effective discharge of functions and duties • Statement on external auditors' assurance on their independence • Confirmation on determining auditor's independence	Complied with. Please see BAC report on pages 290 to 292 of the Annual Report.
9.14.8 (1)	Related Party Disclosures Non-recurrent RPT exceeding 10% of the Equity or 5% of the Total Assets, whichever is lower (in the specified format) • Name of the RP Relationship Value of RPT • Value as % of equity and total assets Terms and Conditions • Rationale	Complied with. No such situation has arisen.
9.14.8 (2)	Related Party Disclosures Recurrent RPT exceeding 10% of the gross revenue/income (in the specified format) • Name of the RP Relationship Nature of RPT • Value of aggregate RPT Value as % of gross income Terms and Conditions	Complied with. No such situation has arisen.
9.14.8 (3)	Related Party Transactions Review Committee Report • Names of the Directors comprising the Committee • Statement that committee has reviewed RPTs and communicated comments/observations to the Board • Policies and procedures adopted by the Committee	Please see BRPTRC report on pages 284 to 286 of the Annual Report.
9.14.8 (4)	Affirmative declaration by the Board of Directors on compliance with RPT Rules or negative statement to that effect.	Please see BRPTRC report on pages 284 to 286 of the Annual Report.
9.16	Additional disclosures by Board of Directors Declaration on following • All material interests in contracts and have refrained from voting on matters in which they were materially interested • Reviewed of the internal controls covering financial, operational and compliance controls and risk management and obtained reasonable assurance of their effectiveness and successful adherence, and, if unable to make any of these declarations an explanation on why it is unable to do so; • Made themselves aware of applicable laws, rules and regulations and are aware of changes particularly to Listing Rules and applicable capital market provisions; • disclosure of relevant areas of any material non-compliance with law or regulation and any fines, which are material, imposed by any government or regulatory authority in any jurisdiction where the Entity has operations.	Complied with. Please see the following sections of the Annual Report; Directors' Interest in Contracts with the Bank - page 303. Directors' Statement on Internal Controls over Financial Reporting - pages 309 to 311. BNGC Report - pages 275 to 278. Further, there were no material non-compliance to prudential requirements, regulations and laws by the Bank.

Risk Management

The importance of risk management has become increasingly critical in the evolving banking landscape. The banking sector continues to be influenced by rapid innovation, heightened dependence on technology, and a substantial increase in the diversity, volume, and velocity of financial transactions. Banks now face intensified competition not only from traditional peers but also from a broad range of domestic and international financial institutions. At the same time, the regulatory environment governing banking operations remains dynamic and continually evolving. These regulatory developments have driven banks to further strengthen and refine their risk management frameworks. Ongoing enhancements to risk management systems, supported by technological advancements, have enabled banks to more effectively identify, assess, monitor, and mitigate risks. Improved communication channels and data integration capabilities allow banks to promptly evaluate risk exposures and enhance risk management strategies across both local and international operations.

The Bank assesses risks by considering future uncertainties alongside the potential opportunities associated with different outcomes. The risk management function is focused on mitigating potential losses while prudently optimising returns within the Bank's defined risk tolerance levels, ensuring a balanced and sustainable approach to risk-taking.

The Bank's risk appetite is clearly articulated and monitored using a combination of qualitative and quantitative measures. Effective risk monitoring is supported by robust management information systems that facilitate timely assessments of risk positions and enable the early identification of deviations from approved risk parameters.

Risk controls are implemented through the establishment and communication of risk limits, supported by approved policies, standards, and procedures. These mechanisms clearly define accountability, authority, and responsibility in relation to the various risks assumed by the Bank, thereby ensuring consistent and disciplined risk management practices across the Bank.

The Bank's risk management process employs a range of tools to continuously identify, measure, and manage risks. A comprehensive risk monitoring framework has been strengthened through the use of Key Risk Indicators (KRIs), enabling proactive oversight of emerging risks. In parallel, the Bank has further enhanced its operational resilience by empowering front-line staff with the knowledge and capability to make informed, risk-aware decisions in the course of their duties.

Moreover, the Bank has established a comprehensive suite of risk management policies covering all material risks under its oversight. These policies provide guidance to business and support units in managing risks effectively while ensuring full regulatory compliance, including adherence to the Banking Act Direction No. 07 of 2011 - Integrated Risk Management Framework for Licensed Commercial Banks, based on the Basel Framework, and subsequent guidelines and directives issued by the Central Bank of Sri Lanka (CBSL).

By institutionalising a structured risk knowledge framework, these policies aim to minimise bias and subjectivity in risk-related decision-making. Core documents, including the risk management policies, play a key role in shaping the Bank's risk culture by clearly defining objectives, priorities, processes, and the respective responsibilities of the Board of Directors and Management. The Risk Appetite Statement, which sets out the Bank's risk limits, remains a fundamental component of the overall risk management framework. The Board Integrated Risk Management Committee (BIRMC) and the Board of Directors review the Risk Appetite Statement at least annually, or more frequently where required, to ensure alignment with regulatory expectations and business strategies. Furthermore, the Bank ensures that its aggregate risk exposure, across all operations, remains within the regulatory framework prescribed by the Central Bank of Sri Lanka (CBSL). Operational guidelines have been issued to support the effective implementation of the Risk Management Policy and approved risk limits, providing staff with clear direction on permissible facilities, processes, and terms and conditions governing the Bank's day-to-day operations.

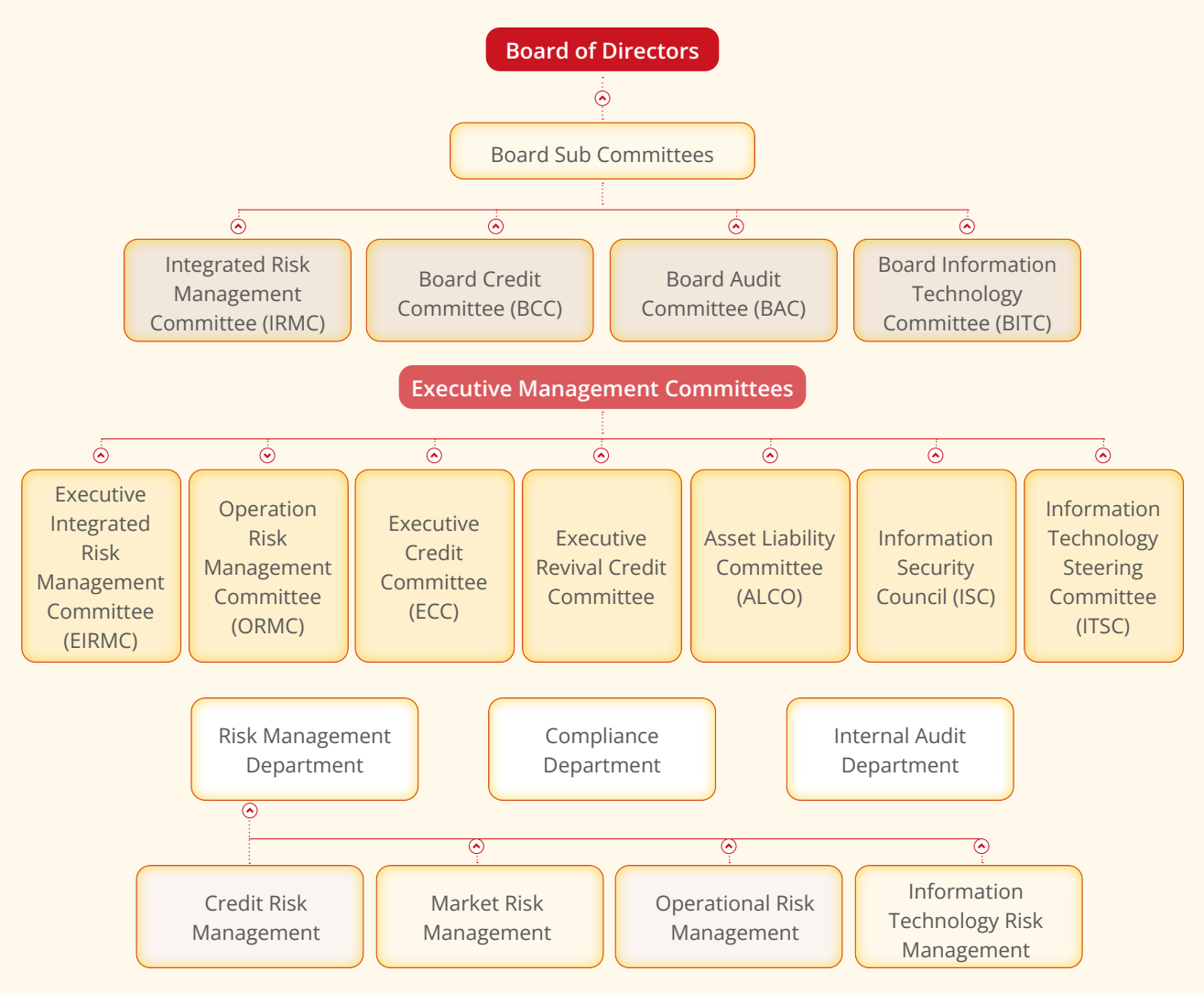
The Risk Management Governance Framework

The Board of Directors (BOD) bears the ultimate responsibility for the effectiveness of Cargills Bank's Risk Governance Framework. The Board provides strategic direction and oversight, ensuring that all material risks are identified, assessed, and managed in line with the Bank's long-term objectives and regulatory requirements.

The BOD approves the risk appetite, risk tolerance limits, and key risk management policies, and ensures that these are embedded across the Bank. Through its delegated Board-level committees, the Board oversees the adequacy of the risk management framework, capital and liquidity positions, internal controls, and compliance with applicable laws and regulatory guidelines.

By promoting a strong risk culture, ensuring independence of risk oversight functions, and monitoring management's performance in managing risks, the Board safeguards the Bank's financial soundness, stability, and stakeholder interests while supporting sustainable growth.

Risk Management Governance Framework



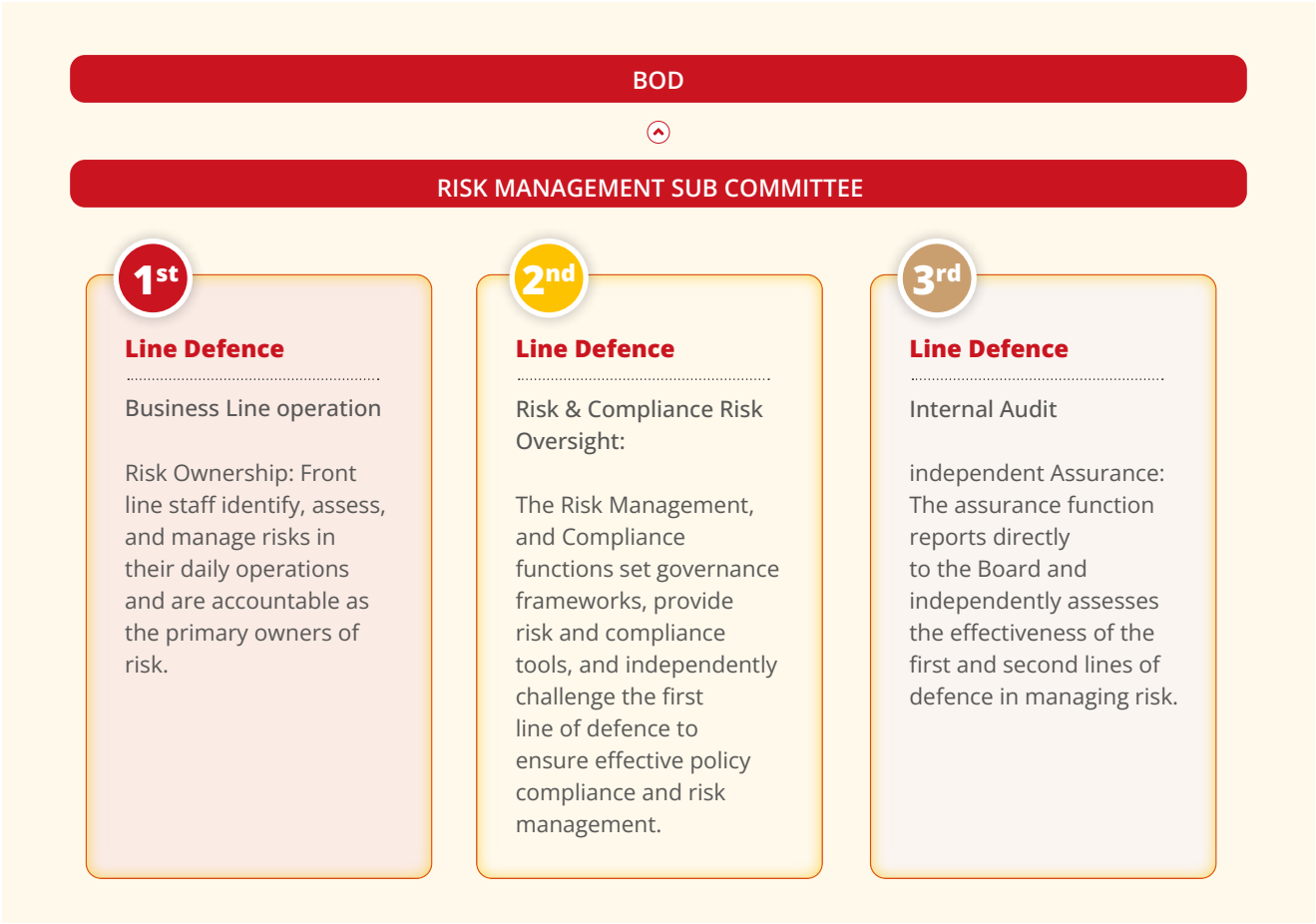
Three Lines of Defence

Cargills Bank adopts the Three Lines of Defence Risk Management Framework as the foundation of its integrated risk governance approach. This framework provides a structured, systematic, and coherent method for identifying, assessing, managing, and monitoring risks across the Bank, thereby supporting the achievement of strategic objectives while safeguarding financial soundness, regulatory compliance, and stakeholder confidence.

Under this model, responsibility for risk management is clearly delineated across three distinct but complementary lines of defence. The First Line of Defence comprising business units and operational management owns and manages risks as part of day-to-day activities. The Second Line of Defence, consisting of independent risk management and compliance functions, provides oversight, challenge, and policy guidance to ensure risks are effectively identified and managed within the Board-approved risk appetite. The Third Line of Defence, represented by the Internal Audit function, offers independent assurance to the Board and relevant committees on the effectiveness of governance, risk management, and internal control processes.

Embedding this approach has enabled the Bank's risk management function to strengthen and evolve over time, while remaining compliant with both local regulatory requirements and international best practices.

Three Line Defecne of the Risk Management Framework



Key Implementations in 2025

- Strengthened the Bank's Risk Management Policy Framework in line with regulatory expectations and the Bank's evolving risk profile.
- Enhanced the Internal Capital Adequacy Assessment Process (ICAAP) framework to support capital adequacy and risk-based decision-making.
- Strengthened the Environmental and Social Management System (ESMS) in alignment with the Bank's ESG Policy and regulatory guidance.
- Reviewed and validated risk models in compliance with SLFRS 9, ensuring alignment between risk appetite and financial reporting.
- Strengthened governance over collective and individual impairment assessment processes in line with SLFRS 9 requirements.
- Developed, validated, and calibrated key risk models to enhance risk measurement and monitoring.
- Enhanced operational risk resilience by strengthening the role and effectiveness of Business Operations Risk Managers.
- Improved staff awareness of risk management through structured training and awareness programmes.
- To combat the rising trend of external fraud and scams observed in 2025, the Bank implemented robust control measures. These initiatives included a multi-channel public awareness campaign alongside the adoption of more stringent due diligence protocols during the customer on-boarding process.
- Enhanced the Technology Risk Management Framework in line with the CBSL guidelines.
- Expanded the coverage and effectiveness of the Operational Risk and Control Self-Assessment (RCSA) process.

- Streamlined the credit risk scoring model to strengthen credit risk assessment.
- The Business Continuity Management Framework was reviewed and approved while conducting timely BCP drills to ensure robust business continuity.
- The Bank's Outsourcing Policy was updated to reflect and adhere to current regulatory changes.

Bank's Priorities for 2026

- Strengthen the Risk Tolerance Framework and risk management policies to ensure continued alignment with the Bank's strategy, risk appetite, and regulatory requirements.
- Enhance operational resilience by aligning the Business Continuity Management framework with relevant ISO standards.
- Improve the quality and effectiveness of risk reporting to support timely management and Board-level decision-making.
- Develop and enhance risk models, including credit scoring models, supported by appropriate validation, back-testing, and governance processes.
- Centralise risk data and analytics to strengthen data-driven risk monitoring and assessment.
- Strengthen the Loan Origination System (LOS) and credit appraisal processes to improve efficiency, data integrity, and risk-based decision-making.
- Enhance the Loan Review Management (LRM) framework to improve robustness and portfolio coverage.
- Strengthen technology and cybersecurity risk management practices in line with the CBSL Technology Risk Resilience Framework.
- Enhance market risk and treasury risk oversight, including improvements to Net Open Position monitoring, treasury limit controls, and ALM frameworks.
- Enhance the effectiveness of the stress testing and Key Risk Indicator frameworks to support proactive risk management.

Role of the Board and Board Committees

The Board of Directors bears ultimate responsibility for the oversight of the Bank's risk management framework. In this regard, the Board establishes and approves the Bank's risk appetite, ensuring that it is aligned with the Bank's strategic objectives and regulatory requirements. The Board, supported by its committees, regularly reviews the adequacy and effectiveness of the governance structure, policy framework, and risk management processes to ensure that material risks are identified, measured, monitored, and managed in a prudent and consistent manner across the Bank.

Risk Governance and Management Structure of the Bank

The Board of Directors has established a comprehensive risk governance framework to ensure effective oversight and management of risks across the Bank. As part of this framework, the Board Integrated Risk Management Committee (BIRMC) has been constituted to strengthen the Board's oversight of the Bank's overall risk management processes, policies, and practices.

The Board Audit Committee (BAC) is responsible for assessing the adequacy and effectiveness of the Bank's internal control systems and ensuring compliance with approved policies, procedures, and regulatory guidelines.

The Board Credit Committee (BCC) oversees the Bank's credit risk management, ensuring that credit operations are conducted in line with the risk appetite approved by the Board and within established prudential limits.

Complementing the oversight provided by the Board and its Committees, the Management Committees are responsible for the design, implementation, and ongoing maintenance of a robust and effective risk management framework and for fostering a strong risk-aware culture throughout the Bank. The Board of Directors provides senior management with clear guidance on risk tolerance limits and control parameters, enabling management to develop strategies and business plans that are aligned with the Board's risk appetite and strategic objectives.

Senior management is required to ensure full compliance with applicable laws, regulations, and regulatory directives while discharging their responsibilities. Line business managers, as designated risk owners, are accountable for identifying, assessing, and managing risks within their respective areas of responsibility, ensuring that risks are managed prudently and in accordance with the Bank's approved policies and frameworks.

Integrated Risk Management Framework (IRMF)

The framework provides a structured and comprehensive approach to identifying, assessing, monitoring, and managing the diverse range of risks faced by the Bank across all levels of the organisation. The framework establishes clear accountability and oversight for risk management responsibilities across various tiers of the Bank, ensuring that risks are managed in a consistent and coordinated manner.

The key components of the IRMF includes:

- Risk Appetite Statement - Defines the level and types of risk the Bank is willing to accept in pursuit of its strategic objectives and provides a clear basis for risk-related decision-making.
- Risk Management Tools - A suite of qualitative and quantitative tools used to identify, measure, monitor, and control risks on an ongoing basis, enabling timely and informed management actions.
- Risk-Aware Culture - The promotion of a strong culture of risk awareness across the Bank, where employees at all levels are encouraged and empowered to recognise, assess, and manage risks in line with approved policies and risk appetite.

Objectives of the IRMF

(a). To clearly define the overarching objectives of risk management, including the Bank's risk appetite and tolerance levels, supported by approved policies, guidelines, and methodologies for managing and mitigating risk exposures.

(b). To establish and clearly articulate the roles and responsibilities of the Board, Board Committees, senior management, and other stakeholders involved in the integrated risk management process.

(c). To identify, consolidate, and assess the Bank's key risk exposures including credit, market, operational, strategic, and other material risks in order to develop a comprehensive and holistic risk profile of the Bank.

(d). To ensure full compliance with the regulatory standards, directives, and guidelines issued by the Central Bank of Sri Lanka (CBSL), as well as with all applicable legal and statutory requirements relating to risk management.

(e). To enhance staff awareness and promote a strong risk management culture across the organisation, embedding risk considerations into day-to-day decision-making and operational activities.

(f). To provide timely risk analysis, insights, and recommendations to support business units in aligning their strategies and operations with the Bank's overall strategic objectives and approved risk appetite.

Integrated Risk Management Division (IRMD)

The Integrated Risk Management Division (IRMD) is responsible for the establishment, implementation, and continuous enhancement of the Bank's risk management practices across both strategic and operational levels. The Division plays a central role in ensuring that risks are identified, assessed, monitored, and managed in line with the Bank's approved risk appetite and regulatory expectations.

The IRMD is structured into specialised units covering Credit Risk Management, Loan Review Management (LRM), Market Risk Management and Treasury Middle Office, Operational Risk Management, and Technology Risk Management. This structure enables focused oversight and effective management of the Bank's diverse risk exposures.

In addition to its oversight responsibilities, the IRMD actively contributes to the formulation of the Bank's business strategy, product development initiatives, and ongoing risk assessments and enhancements.

The Division provides an independent, risk-focused perspective on all significant business initiatives, from initial concept and approval stages through to implementation and continuous post-implementation review, thereby supporting informed decision-making and sustainable growth.

Risk Management Tools

The Bank employs a comprehensive range of qualitative and quantitative risk management tools to identify, measure, monitor, manage, and report its risk exposures. The selection of appropriate tools is guided by the nature of the risk, its likelihood of occurrence, potential impact, and the availability and reliability of relevant data, ensuring that risks are managed in a proportionate and effective manner.

These tools include risk policies, risk registers, risk heat map and risk dashboards, along with Risk and Control Self-Assessments (RCSA), early warning systems, and watch list management to proactively identify and monitor emerging risks. The Bank also utilises threat analysis, the Internal Capital Adequacy Assessment Process (ICAAP), diversification strategies, covenants, workflow-based operational risk management processes, insurance, benchmarking against approved limits, gap analysis, risk rating and scoring models, risk modelling techniques, duration and scenario analysis, mark-to-market valuation, stress testing, and Value at Risk (VaR) analysis, among others, to support robust risk oversight and informed decision-making.

Units Under IRMD and Key Responsibilities

Credit Risk	• Implementation of credit risk framework, policies, and tools. • Independent credit risk reviews before approval. • Post-disbursement review mechanism and recommendations. • Monitoring stressed credits and excesses. • Credit Portfolio Risk assessment and SLFRS 9 process governance. • Monitoring early warning indicators, including watch lists, delinquency ratios, sector concentrations and trends. • Model Validation. • Assess Key Risk Indicators monthly. • Maturity/Interest Rate Risk Analysis.
Market and Liquidity Risk	• Price Value Basis Point (PVBP), Value at Risk (VaR) and Duration Analysis. • Sensitivity Analysis and Stress. • Maturity Mismatch. • Concentration of Funding. • Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR). • Liquidity Stress Testing.
Operational Risk and Technology Risk	• Identification, assessment, measurement and monitoring of operational risk and recommending the mitigation controls to the management. • Management of risks arising from the controls placed within the Bank. • Conduct Risk Control Self-Assessment (RCSA) for all business units to enable coherent risk management within the business process. • Continuously focus on meeting the information security objectives and requirements of the Bank in line with emerging technology and the Bank's strategy. • Monitoring and governance of IT and IS risks covering Control risk, Project Risk and Change Risk.
Control Risk, Project Risk and Change Risk	• Monitoring the operational resilience to disaster scenarios and the Bank's capability for business continuity.
Reputational and Strategic Risks	• Qualitative scorecard approach. • Review the accomplishments of strategic goals. • Assess the reputational value of the Bank. • Review the accomplishments of customer service goals.

Capital Adequacy and ICAAP Framework

In line with the Basel regulatory framework and the requirements of the Internal Capital Adequacy Assessment Process (ICAAP), the Bank applies internal models and methodologies to comprehensively assess and quantify its overall risk profile. The Bank has established internal capital limits that are more conservative than the minimum regulatory thresholds, enabling the early identification of potential capital adequacy pressures and supporting timely and proactive management actions.

The ICAAP framework serves not only as a regulatory compliance mechanism but also as an integral strategic management tool that links capital planning with the Bank's forward-looking business objectives and risk management strategies. The process plays a vital role in supervisory review by providing meaningful insights into the level of capital required to support the Bank's growth, business plans, and operational resilience.

In addition, ICAAP facilitates the identification and assessment of risks that are not fully captured under Pillar 1 of Basel III, including reputational, human resources, compliance, strategic risks and ESG risk, thereby ensuring a more comprehensive and holistic approach to risk management.

Risk Management

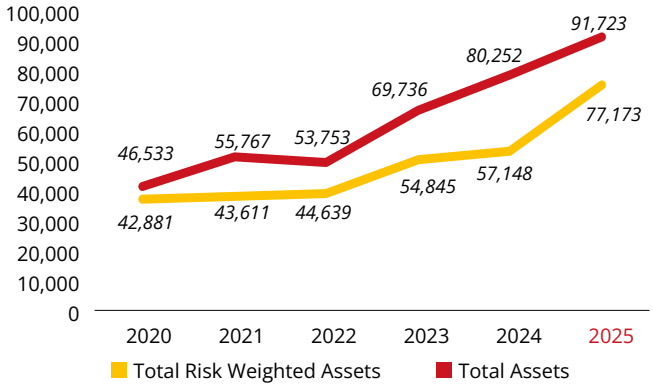
This robust framework underpins the Bank's commitment to maintaining a strong and sustainable capital position while supporting its long-term strategic objectives.

The Bank remains fully compliant with all regulatory and prudential capital adequacy requirements, with capital adequacy measured as a percentage of Risk-Weighted Assets (RWAs) in accordance with Central Bank of Sri Lanka (CBSL) Direction No. 1 of 2016. The Bank adopts the Standardised Approach for Credit Risk, Market Risk, and Liquidity Risk, and the Basic Indicator Approach for Operational Risk in determining its capital requirements.

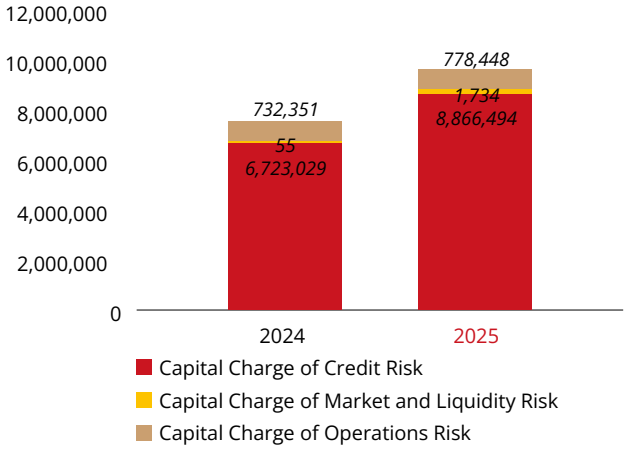
Item (Rs. '000)	Risk Weighted assets		Required Capital	
	2024	2025	2024	2025
Credit Risk	53,784,232	70,931,950	6,723,029	8,866,494
Market and Liquidity Risk	440	13,871	55	1,734
Operations Risk	5,858,807	6,227,587	732,351	778,448
Total Risk Weighted Assets	59,643,480	77,173,407	7,455,435	9,646,676
Total Assets	80,252,402	91,723,351	10,031,550	11,465,419

	2024	2025
Total Tier 1 capital ratio,%(Regulatory requirement 8.5%)	21.68%	16.46%
Total Capital ratio,% (Regulatory requirement 12.5%)	22.44%	17.12%

Total assets vs Risk Weighted assets of the bank (Rs. Mn)



Capital charge for Risk of the Bank (Rs. '000)



Stress Testing

Stress testing is a key component of the Bank's risk management framework and serves as an effective communication and decision-support tool for senior management, risk owners, risk managers, and regulators. It provides a comprehensive assessment of the Bank's exposure to various risk factors and potential vulnerabilities. The results of stress testing exercises are reported on a quarterly basis to the EIRMC, BIRMC, and the Board of Directors, thereby supporting informed, forward-looking decision-making and prudent capital planning.

As part of the Bank's ongoing commitment to sound risk management, regular stress testing is conducted to assess the resilience of the Bank's financial position and operations under a range of adverse yet plausible scenarios. These scenarios include, among others, severe market shocks, significant interest rate movements, liquidity pressures, and operational disruptions.

The Risk Management Department adopts a comprehensive approach that combines both qualitative and quantitative analyses to evaluate the potential impact of such events on capital adequacy, liquidity, and overall financial stability. The stress testing framework is continuously reviewed and enhanced to reflect evolving market conditions, regulatory expectations, and emerging risks, ensuring the Bank remains resilient and well-positioned to safeguard the interests of its stakeholders.

Stress Testing - Key Achievements in 2025

- Conducted stress testing exercises on a quarterly basis across key risk areas.
- Enhanced the operational risk stress testing model to improve risk sensitivity and analytical depth.
- Introduced technology risk stress testing to address emerging technology-related risks.
- Improved the overall effectiveness and robustness of the stress testing framework.

Stress Testing - Planned Initiatives for 2026

- Upgrade stress testing model assumptions to better reflect changing risk profiles and market conditions.
- Introduce new stress testing scenarios to capture emerging and forward-looking risks.
- Incorporate advanced behavioral analysis to strengthen the accuracy and relevance of stress testing outcomes.

Credit Risk

Credit risk management is a fundamental element of the Bank's overall risk management framework. Credit risk refers to the potential financial loss arising from a customer or counterparty's inability to meet contractual obligations, primarily stemming from the Bank's lending activities, including loans, advances, commitments. The level of credit risk is influenced by factors such as portfolio quality, concentration levels, counterparty creditworthiness, and exposure to government and cross-border risks.

The Bank has established comprehensive policies and a structured framework that defines the key aspects of credit risk, including client selection, due diligence, risk appetite, portfolio monitoring, facility reviews, and recovery processes. These guidelines are designed to effectively identify, measure, manage, and control credit risk by promoting a robust risk environment, a disciplined credit approval process, and effective credit administration.

The Bank's credit risk management strategy emphasises the establishment of clear and acceptable credit standards for borrowers and counterparties, while proactive identification of emerging risks that could affect customer's business operations. The credit risk management team develops and applies risk assessment and monitoring tools across credit origination and portfolio oversite, including stress scenarios under adverse credit conditions. Close monitoring of working capital facilities and heightened awareness of changing economic and external conditions are critical to mitigating potential credit deterioration. The team also plays a key role in governance under the SLFRS 9 impairment framework.

The Bank has implemented a clearly defined credit approval framework with established criteria. Approval authority is allocated across multiple levels to ensure sound and balanced decision-making. Credit facilities exceeding predetermined limits are subject to independent review by risk officers within the Risk Management Department, and their evaluations and recommendations are carefully considered as part of the approval process.

The Integrated Risk Management Department (IRMD) uses internally developed risk scoring models to assess Business Banking, SME, Retail, Credit Card, Micro, and Agri facilities. These ratings incorporate both quantitative and qualitative factors and subjected to review annually. Independent validation of the risk rating models is carried out on an annual basis in line with regulatory requirements. Additionally, the Bank operates a centralised, workflow-based risk rating system that enables secure, consistent, efficient capture and maintenance of customer risk ratings.

Loan Review Mechanism (LRM) is an effective tool for constantly evaluating the quality of the loan book and bringing about qualitative improvements in credit functions. The Loan Review Unit, which operates independently from the Credit Risk Management Unit, is responsible for the continuous evaluation of loan quality and the overall credit function. During 2025 unit has expanded the sample size and scope of loan evaluations to incorporate feedback from business units regarding post-disbursement credit management adjustments that improve loan portfolio quality. This continuous exercise provides reasonable assurance that all major credit risks embedded in the lending operations are carried out in line with the stipulated guidelines and within the risk appetite framework of the Bank.

The Bank's post-disbursement framework includes systematic monitoring of overdraft excesses to ensure strict adherence to internal policies and regulatory standards. Business units are required to obtain approval from the relevant authorities through the system while the IRMD independently monitors any excess through the same system. This process facilitates timely identification, prevention of potential credit losses and maintain the portfolio quality.

Risk Management

In line with the Bank's watch listing guidelines, clients displaying early warning signals of elevated credit risk are promptly identified and closely monitored to ensure the quality of the bank's loan book. During 2025, process has been enhanced to include customers, even those without arrears but operating in stressed arise from adverse account behavior and external events. The BCC/BIRMC receives reports on watch listed borrowers with substantial credit quality deterioration, significant exposures and the corrective measures taken from the business units.

The Bank conducts comprehensive evaluations across sectors and portfolio segments to proactively identify adverse trends, elevated-risk industries, and unprotected exposures. IRMD provides dashboards and detailed portfolio performance data to the ERMC/BRMC, enabling business unit managers to gain meaningful insights into credit risk and incorporate these considerations into their lending decisions.

Portfolio Risk Management Unit is responsible for the holistic oversight of aggregate credit risk. By leveraging advanced data analytics and predictive modeling, the Unit identifies emerging threats across diverse demographics, geographies, and internal segments.

Data analytic tools and modelling techniques are used to gain in-depth insights of customer segments. The findings are disseminated to business units and other stakeholders to facilitate prudent decision making.

Responsibility for recovering delinquent loans and non-performing advances is shared between the Business Unit and the Recovery Unit. Credit officers manage the initial recovery, while non-performing loans are escalated to the Recovery Unit, which monitors collateral and continues recovery efforts until resolution. The Recovery Unit coordinates with the Credit Risk Management Unit to ensure effective follow-up, with unresolved advances ultimately referred to the Legal Department for action. Accountability for credit risk performance rests with individual business units, with adverse trends addressed at all levels of the Bank.

Loan Origination

- All facilities are categorised and treated based on the assigned risk rating through a comprehensive risk evaluation model.
- The evaluation model is selected based on the credit risk framework and the functioning business sector.
- The Bank employs the Return on Risk-Adjusted Capital (RORAC) model to ascertain the risk adjusted return.

Approval

- The evaluation model is selected based on the credit risk framework and the functioning business sector.
- The Bank employs the Return on Risk-Adjusted Capital (RORAC) model to ascertain the risk adjusted return.

Disbursement

- The Credit Administration department centrally manage the validation of approvals granted, disbursement, and operational maintenance.
- Operation of credit management function is segregated from business lines.
- Independent LRM unit under RMD conduct periodic reviews on facilities approved.

Monitoring

- Constant monitoring of credit facilities were conducted prioritising based on risk rating assigned.
- Credit facilities that are overdue undergo focused monitoring by Business Units, Senior Management, and the Collection Unit.
- Loans that are overdue by 60 to 90 days are categorised as watch listed, and their performance is closely monitored by management.
- RMD monitors and reports to the management on the expected, actual, and forecasted performance of credit facilities.

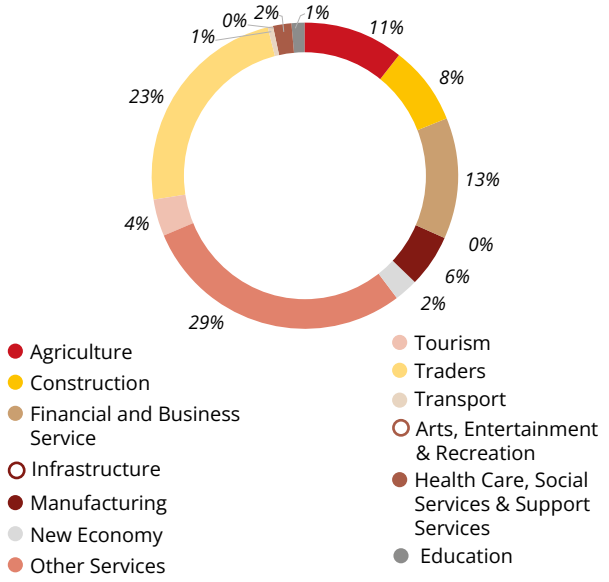
Concentration Risk

Cargills Bank manages concentration risk through strategic diversification across industry sectors, products, counterparties, and geographic regions, aligned with its risk appetite. The Bank employs the Normalised Herfindahl Hirschman Index (HHI) within the Internal Capital Adequacy Assessment Process (ICAAP) to measure and monitor risk, reflecting best practices observed in leading banks. This framework evaluates exposures across economic sectors, customer segments, product categories, and maturities, ensuring a balanced and resilient portfolio.

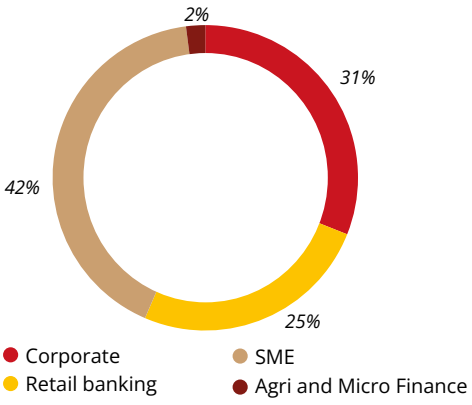
Counterparty Risk

Cargills Bank mitigates counterparty risk through robust policies, procedures, and limit structures, including single borrower and group exposure limits, with product-specific and sub-limits set more conservatively than regulatory requirements. Exposures to domestic and foreign banks are closely monitored under comprehensive guidelines, with limits regularly reviewed and updated to reflect current information. The Bank continuously assesses the financial and economic performance of counterparties using relevant market data, ensuring effective management of counterparty risk.

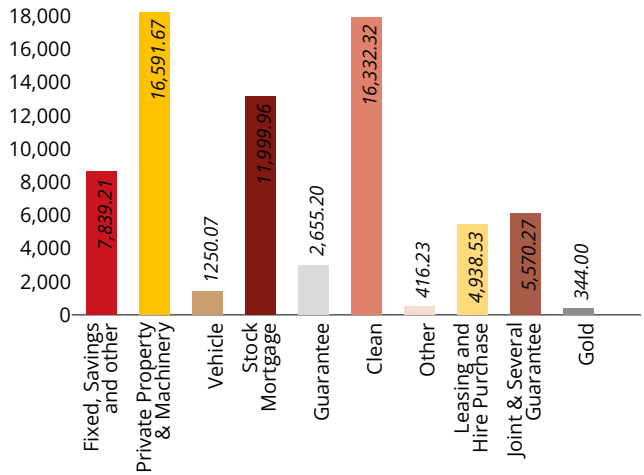
Concentration Risk (%)



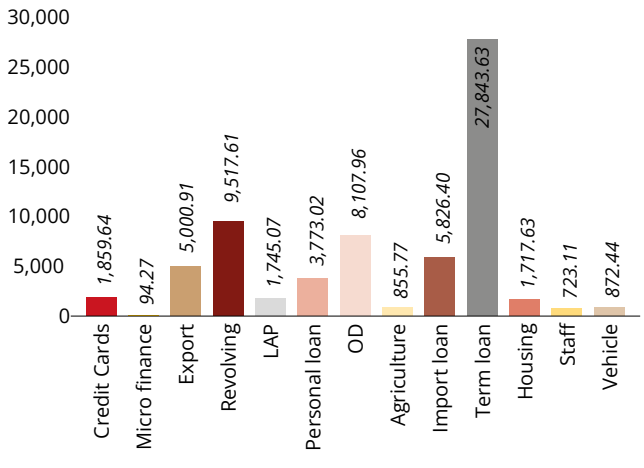
Business Unit Wise Exposure (%)



Collateral Concentration (Rs. Mn)



Product Concentration (Rs. Mn)



Market Risk

Market risk refers to the potential for financial loss or adverse impact on the value of investments due to changes in market conditions. These conditions include fluctuations in interest rates, foreign exchange rates, equity prices, and commodity prices. Such movements may impact Bank's earnings, capital adequacy and liquidity position. Changes in interest rates can affect net interest income and the economic value of assets and liabilities, while volatility in foreign exchange rates may result in valuation gains or losses on foreign currency exposures. Amid ongoing volatility in financial markets, the Bank places strong emphasis on the effective identification and measurement of market risk to preserve financial stability.

The Bank adopts a proactive approach to market risk management by employing strategies such as diversification, hedging and prudent asset-liability management to reduce potential effects on financial performance.

Market risk comprises several components, including interest rate risk, liquidity risk, foreign currency risk, and equity risk.

Market risk categories

Major market risk category	Description	Tools to monitor	Severity	Exposure
Interest rate	Risk of loss arising from volatility in interest rates	Re-pricing gap limits and interest rate sensitivity limits Rate shocks, Mark to market calculations on daily basis and reports	High	High
Foreign exchange	Possible impact on earnings or capital arising from movements in exchange rates arising out of maturity mismatches in foreign currency (FCY) positions	Risk tolerance limits for individual currency exposures as well as aggregated exposures within regulatory limits for Net Open Position (NOP)	High	Medium
Equity	Possible losses arising from changes in prices and volatilities of individual equities		Low	Zero
Commodity	Exposures to changes in prices and volatilities of individual commodities	Mark to market calculations	Low	Negligible

Managing of Market Risk

Effective market risk management requires a comprehensive approach involving identification, assessment, mitigation, monitoring, and governance. This is governed by a Board-approved Market Risk Management Framework, which integrates robust risk strategies with the Bank's broader corporate objectives. By continuously adapting to shifting market conditions and maintaining high levels of transparency, the Bank ensures resilience against volatility and fosters strong stakeholder confidence.

The Market Risk Management function acts as a critical control layer, primarily responsible for establishing policies and procedures for treasury operations. Key responsibilities include:

Limit setting: Defining market risk and treasury limits to govern business operations within approved risk appetites.

Supporting ALM: Analysing and monitoring the Bank's asset and liability positions and investment portfolios under the direct supervision of the Asset and Liability Committee (ALCO).

Reporting: Maintaining independent MIS reports, risk assessments, and dashboards to provide actionable insights.

Market Risk Assessment and Measurement Tools

The Bank employs a sophisticated suite of quantitative and qualitative tools to measure and manage market risk exposures:

Tools	Application
Value at Risk (VaR)	Estimating potential losses within a specific confidence interval over a set time horizon.
Stress Testing	Evaluating the impact of extreme but plausible market shocks on the Bank's capital.
Scenario Analysis	Modeling the effects of specific economic or geopolitical events on the portfolio.
Correlation Analysis	Assessing the interdependencies between different market variables to optimise diversification.

To evaluate the impact on the Bank's Net Interest Income (NII) under stress conditions, scenario analyses were conducted, simulating changes of 100 - 200 basis points (bps) over a 12-month horizon. Additionally, the Bank employs the Economic Value of Equity (EVE), a long-term measure of Interest Rate Risk (IRR), to analyse its sensitivity to market rate changes and assess its value under current market conditions. The repricing gap between Rate Sensitive Assets (RSA) and Rate Sensitive Liabilities (RSL) was also reviewed.

Stress tests were conducted to evaluate FX position gains/losses under up/down movement in the exchange rate between USD and LKR. The Bank also assessed the impact of Mark-to-Market (MTM) gains or losses of LKR Government securities for the Fair Value Through Other Comprehensive Income (FVTOCI) portfolio under interest rate changes of 1% up/down.

These findings are reported through a structured governance hierarchy, including Senior Management, ALCO, the Executive Integrated Risk Management Committee (EIRMC), the Board Integrated Risk Management Committee (BIRMC), and the Board of Directors.

Additionally, market risk management keeps abreast of evolving market dynamics and emerging risks, such as changes in global trade policies, technological disruptions, or environmental risks that could affect market stability and continuously engage in refining market risk management strategies to address new risks, adopting new tools or instruments, and adjusting operational approaches as market conditions change.

Market risk portfolio analysis and Interest Rate Risk (IRR) management

The Interest rate gap report is created by classifying Rate-Sensitive Assets (RSA) and Rate-Sensitive Liabilities (RSL) into various time periods, based on their maturity or the time left until their next repricing. The Bank's vulnerability to interest rate fluctuations is represented by the difference between RSA and RSL.

Severe interest rate fluctuations pose a significant risk to the Bank, potentially affecting its Net Interest Income (NII) and altering the value of interest- earning assets, interest-bearing liabilities, and off-balance sheet items.

The primary types of Interest Rate Risk (IRR)

The Bank is exposed to include:

- Repricing risk that arises from the inherent mismatch between the Bank's assets and liabilities, resulting in repricing timing differences.
- Basis risk that arises from the imperfect correlation between different yield and cost benchmarks attached to the repricing of assets and liabilities.
- Yield curve risk that arises from shifts in the yield curve that have a negative impact on the Bank's earnings or asset values.

To manage this risk, the Bank regularly performs stress tests on Interest Rate Risk in the Banking Book (IRRBB), considering changes in asset and liability positions, new economic factors, and both broad and specific stress scenarios. These tests assess the impact of unusual market movements on the value of the Fixed Income Securities (FIS) portfolio, using measures such as Economic Value of Equity and Earnings at Risk.

Additionally, the Bank consistently monitors how interest rate shocks, both for Sri Lankan Rupees (LKR) and Foreign Currencies , could affect net interest income (NII), helping to assess the Bank's vulnerability to sudden shifts in interest rates. The results from these stress tests are carefully examined to understand their potential impact on the Bank's profitability and capital.

Managing Foreign Exchange Risk

Foreign exchange risk refers to the potential adverse impact on the Bank's capital or earnings due to fluctuations in market exchange rates. This risk arises from holding a Net Open Position (NOP), where the Bank's assets and liabilities in foreign currencies differ at any given point in time. The NOP reflects the level of net foreign currency exposure the Bank has, representing the unhedged position across all foreign currencies.

To manage potential losses from fluctuations in foreign exchange (FX) rates, the Bank maintains strict risk tolerance limits on individual currency exposures, as well as on overall exposures, ensuring that any losses remain within acceptable levels defined by the Bank's risk appetite and regulatory requirements. The Bank managed to maintain the NOP under the CBSL Specified Overnight NOP limit throughout the year.

Daily interbank foreign currency transactions are carefully monitored against preset limits, and any deviations are promptly reported to the Management. The Bank also conducts Value-at-Risk (VaR) assessments for its forex positions and undertakes stress testing on its net open position (NOP) by applying rate shocks ranging from 10% to 30% to assess the potential impact on the Bank's profitability and capital adequacy using individual and multiple stress scenarios. The impact of a 1% downward change in the exchange rate on the foreign currency position indicated a loss of Rs. 1.926 Mn as of 31 December 2025, which is performed and reported by the Treasury Middle Office (TMO).

Foreign Exchange Rate Risk Parameters

- Overnight open position limits on individual currencies and the cumulative of all currencies.
- Counterparty limits and Settlement limits.
- Management action trigger limits.
- Dealer-related limits.
- Forward foreign exchange mismatch limits.
- Maturity mismatch limits.
- Currency tolerance limits.

Liquidity Risk

Liquidity risk pertains to the potential inability of a bank to meet its on- or off-balance sheet contractual and contingent financial obligations as they become due, without incurring excessive losses. Banks are exposed to liquidity and solvency risks due to mismatches in the maturity profiles of assets and liabilities. As such, the primary objective of liquidity risk management is to assess and secure the availability of necessary funds to meet obligations in a timely manner, under both normal and adverse conditions.

Liquid assets ratios as of 31 December 2025, are given below:

	2025 (%)	2024 (%)
Liquidity Coverage Ratio (LCR)		
Rupee	145.45	459.23
All currencies	163.90	313.34
Net Stable Funding Ratio (NSFR)	129.64	136.28

Managing Liquidity Risk

The Bank adopts a robust and comprehensive approach to liquidity risk management, encompassing policies, procedures, measurement techniques, mitigation strategies, stress testing methodologies, and contingency funding strategies.

The Asset and Liability Committee (ALCO) regularly oversees Bank's liquidity status via analysis of the liquidity reports and ratios generated by the Finance, Treasury and Risk Management Divisions to effectively structure and to sustain a strong liquidity position. The Net Stable Funding Ratio (NSFR), which reflects the stability of the Bank's funding sources relative to its loans and advances, has consistently been maintained well above the policy threshold of 100%. This level is considered adequate to support the Bank's business model and foster growth.

The Bank's policy is to actively monitor its portfolios and implement suitable hedging strategies to ensure that liquidity risk remains within acceptable and prudent levels. Liquidity risk is primarily assessed using two approaches: the stock approach and the flow approach. Under the stock approach, liquidity is evaluated through key ratios that reflect the liquidity held on the Balance Sheet. Meanwhile, the flow approach focuses on monitoring both contractual and behavioral liquidity mismatches, utilising static and dynamic maturity analyses.

Treasury middle office monitors a comprehensive list of ratios against their approved limits and moreover, funding concentration also was evaluated by tenor, value, top 20 depositors, and currency to ensure effective liquidity management funding concentration also was evaluated by tenor, value, top 20 depositors, and currency to ensure effective liquidity management.

Any deviations and exceptions to the approved limits are reported to BIRMC and to the Board of Directors and to assess the impact of unfavorable changes in its cash flows on liquidity, the Bank regularly conducts scenario analysis and stress testing.

Liquidity Risk Parameters

- Maturity of Assets and Liabilities Report (MAL).
- Statutory Liquid Asset ratio.
- Net loans to total assets ratio.
- Loans to customer deposits ratio.
- Liquid assets to short-term liabilities ratio.
- Liquidity coverage ratio.
- Net Stable Funding Ratio.

Commodity price risk

The Bank's exposure to commodity price risk is primarily linked to fluctuations in gold prices, which impact its pawning portfolio. The Bank's pawning portfolio as at 31 December 2025 amounted to LKR 16,152 Mn, which accounts for 2% of total assets.

To mitigate this risk, the Bank has implemented a lower Loan-to-Value (LTV) ratio and conducts regular analysis of the international and local market prices to ensure effective risk management.

Operational Risk

Operational Risk is defined as the risk of loss resulting from inadequate or failed internal processes, systems, people or from external events. It includes legal risk but excludes strategic and reputation risk. Operational risk carries the potential for significant financial loss, service interruptions, and reputational harm, while also undermining the Bank's standing with regulators.

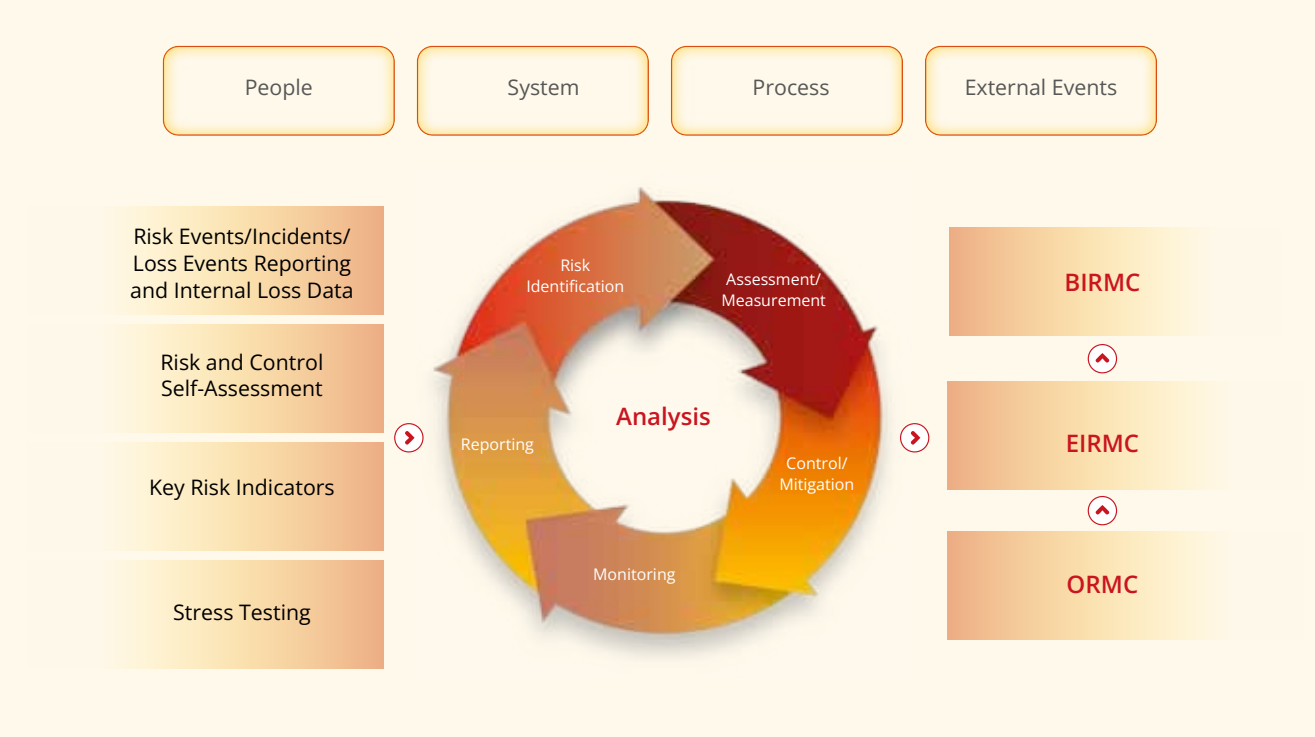
Operational Risk Management

The Bank's Operational risk management is governed by the Basel Committee's and the regulations issued by the Central Bank of Sri Lanka, ensuring full alignment with the overarching Risk Management Framework. As the second line of defense, the Operational Risk Management Unit functions under a structured framework designed to identify, measure, manage, monitor, and report material risks. The unit conducts periodic reviews of all banking products and operational procedures, offering strategic recommendations to enhance and strengthen internal controls. The Bank manages operational risk to safeguard the primary key factors that drive long-term business sustainability.

Key objectives of Bank's Operational Risk Framework are as follows:

- Engineered to detect emerging threats, with a specific focus on identifying risks capable of causing catastrophic financial or strategic damage, while outlining comprehensive mitigation frameworks.
- Standardise operational risk definitions across the Bank to manage costs and improve oversight.
- Optimising risk oversight through defined responsibilities and a consistent, firm-wide approach to operational risk.
- This approach secures necessary capital buffers and institutes risk-control mechanisms. Bank prioritise mitigation based on impact and use escalation triggers to keep management updated on evolving risk landscapes.
- Drive operational excellence to consistently meet and exceed the Bank's financial and performance targets.

Operational Risk Governance



The Bank maintains a robust governance framework designed for the proactive and effective management of operational risk. Bank's Operational Risk Management Policy is strictly aligned with regulatory standards, ensuring clear accountability from the Board of Directors down to the first line of defence. Through diligent oversight, Risk Management Committees facilitate timely corrective actions to mitigate or eliminate potential threats.

The Operational Risk Management unit is responsible for driving the operation risk governance, facilitating the process of identifying, measuring, managing and monitoring of Operational risks. The past, current and future Operational risks are assessed using the Operational Risk Matrix which portrays the aggregate expected exposure towards the specific risk and thus actions are prioritised according to the criticality of risks. ORMU periodically reviews procedural changes and provides recommendations for improving/ strengthening controls.

To ensure robust risk oversight at the departmental level, Business Operational Risk Managers (BORMs) are embedded within each function. BORMs act as the frontline defence, ensuring timely reporting of loss events and IT incidents to the Operational Risk Management Unit while tracking the remediation of identified gaps. Additionally, they serve as Information Security Coordinators, bridging the gap between functional operations and IT security standards.

The Board and Board subcommittees are supported in risk management by the Executive Risk Management Committee (EIRMC) in addition to the Operational Risk Management Committee (ORMC) which supports the Board Integrated Risk Management Committee (BIRMC) in identifying, measuring, monitoring and managing Operational Risk.

Operational Risk Management Committee

Operational Risk Management Committee (ORMC) is established by the Board Integrated Risk Management Committee (BIRMC) and it's serves as an oversight body. It is tasked with identifying, monitoring, and mitigating operational risks while ensuring major concerns are escalated to the Executive Integrated Risk Management Committee (EIRMC) for strategic intervention.

The Committee maintains a proactive stance on the Bank's risk posture by reviewing:

- Risk Appetite: Aligning current and future operational risk thresholds with organisational goals.
- Framework Integrity: Overseeing the policies, methodologies, and systems that constitute the Bank's risk infrastructure.
- Risk Culture: The Bank's risk culture to ensure that it supports the accepted Risk appetite.

Managing Operational Risk

The Operational Risk Management Unit utilises various techniques to identify, assess, and mitigate risks according to the Operational Risk Management Framework.

- Key Risk Indicators (KRI)

KRI is a quantitative risk indicator of a potential future operational risk event. KRIs are used for early warnings of risks and are monitored continuously. Tolerance levels are established boundaries to alert the organisation on a potentially significant change in risk exposure. The appropriate action plans are directed to mitigate the risks based on those thresholds.

- Risk & Controls Self-Assessment (RCSA)

Risk Control Self-Assessment (RCSA) is structured mechanism for a business line/ support unit to identify and assess key/ emerging risks pertaining to their products/ process. With guidance from the Operational Risk Management Unit, business units evaluate their specific risk landscapes to uncover persistent issues that demand executive oversight. This continuous assessment ensures the Bank's risk profile remains accurate, dynamic, and focused on emerging threats.

- Internal loss data

Maintained in a database and information is analysed to ascertain the criticality of losses and the causes of the loss events.

- Operational Risk Reporting

To address the broad spectrum of operational risks, we employ a diverse set of management techniques. These initiatives are designed to identify, evaluate, and mitigate potential threats, ensuring comprehensive oversight across all business operations. Facilitate the automation and consistent application of Operational Risk management platform across the bank.

- Stress Testing

Quarterly Stress Testing performed on operational risk parameters with a comprehensive assessment on gaps and capital impacts.

Furthermore, the Bank proactively addresses operational risk through robust policies and mitigation strategies. This includes overseeing outsourced activities, maintaining comprehensive insurance, and managing cyber and technology threats. To ensure resilience, the Bank maintains rigorous Business Continuity and Disaster Recovery Plans while fostering a risk-aware culture through ongoing staff training.

- Operational Risk Appetite

Bank manage operational risk by maintaining a clearly defined risk appetite for operational losses. This structured oversight ensures that our risk-taking is monitored and consistently within our capacity for resilience.

Mitigating Operational Risk

Operational risk management is supported by a robust framework of tools, including;

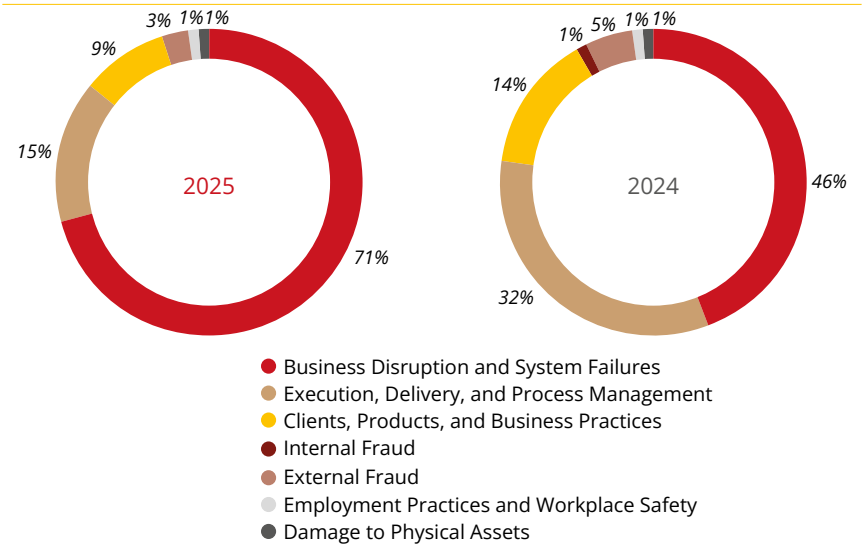
- Outsourcing

Optimising core operations through strategic partnerships to maintain a sharp focus on our core banking value proposition, we strategically leverage specialised external expertise for non-core functions. This approach serves as a dual-purpose lever for cost optimisation and risk mitigation. Guided by the CBSL Outsourcing Direction No. 02 of 2012, Bank's outsourcing policy framework ensures that every vendor operates as a seamless extension of our brand. Bank is maintaining rigorous standards of excellence, ensuring that our commitment to customer care is never compromised, regardless of where the service originates.

- Insurance

Operational risk mitigation is supported by a comprehensive insurance program, subject to periodic reviews and data-driven refinements. By leveraging the technical expertise of external brokers, the Bank optimises policy terms and coverage limits. Currently, our system-wide insurance spectrum provides comprehensive indemnity for all identified insurable operational exposures.

Basel Loss Event Classification (%)



Operational Risk Events

Risk event	2025	2024
Business Disruption and System Failures	145	33
Execution, Delivery, and Process Management	30	23
Clients, Products, and Business Practices	19	10
Internal Fraud	0	1
External Fraud	6	3
Employment Practices and Workplace Safety	3	1
Damage to Physical Assets	1	1
Total	204	72

Information Security/ Technology Risk Management

The Bank's commitment to cybersecurity excellence began with the establishment of its Information Security Risk unit, positioned within the Risk Management Department align with the Central Bank of Sri Lanka (CBSL) technology risk resilience framework. The Information Security Risk unit reports to the Board Integrated Risk Management Committee (BIRMC) under the Risk Management Department.

Furthermore, data protection has been significantly bolstered through the comprehensive rollout of PDPA (Personal Data Protection Act) requirements.

Recognising that security literacy is a critical factor in the adaption of digital services, the Bank has established robust monitoring mechanisms. These technical safeguards are complemented by ongoing educational initiatives designed to instill security best practices across the customer base and agency network.

Technology Risk Milestones & Achievements - 2025

Throughout 2025, the Bank bolstered its cybersecurity posture by transitioning to a continuous security monitoring and incident response model. To safeguard our intellectual property and customer privacy, the Bank has successfully deployed advanced controls. The Bank's commitment to technology resilience excellence was demonstrated by formalization of our risk and control self-assessment processes. Bank has further matured the internal culture by insinuating an automated security literacy program that proactively measures and strengthens employee resilience against social engineering. Finally, by standardizing incident reporting and unifying our asset management processes, the Bank has achieved a higher level of operational transparency and structural efficiency in responding to emerging threats.

By evaluating the core principles of Confidentiality, Integrity, and Availability (CIA), these initiatives fortify our systems against emerging threats, ensuring that operations remain resilient, secure and efficient.

Technology Risk Management Initiatives - 2026

Looking ahead to 2026, the Bank's Information Security Risk strategy is focused on maturing the governance frameworks and fortifying the technical resilience. A key priority is achieving and maintaining international accreditation for our security and service management systems, ensuring our processes align with global best practices. Bank is also committed to strengthening identity governance by enhancing the management of elevated access rights and streamlining user life-cycle controls across the enterprise. Furthermore, the Bank will integrate advanced security testing methodologies into the software development life-cycle to proactively mitigate application level risks. Through these integrated initiatives, the Bank continues to evolve its risk posture, ensuring a secure and stable environment for our customers and stakeholders.

Business Continuity Management

To ensure seamless service delivery, the Bank's Business Continuity Management (BCM) framework synthesizes business continuity planning, disaster recovery, crisis management, incident management, emergency management, and contingency planning. This integrated approach minimizes the impact of technical, natural, or man-made disruptions, reflecting our commitment to operational resilience and a swift return to business as usual. The Bank's BCM Framework is designed to comply with the requirements of the Central Bank of Sri Lanka and is approved by the Board of Directors. The effective Business Impact Assessment (BIA) process and methodologies are incorporated into the BCM Framework.

The Business Continuity Steering Committee (BCSC) and a Business Continuity Management Team (BCMT) is overseeing the BCP strategy.

The Bank has fully equipped Disaster Recovery (DR) Site and BCP facility to ensure resilience to business disruption. The Bank also conducted the annual evacuation drill and required training such as first aid, evacuation in collaboration with the stakeholders. The entire head office was evacuated within a satisfactory period with the assistance of designated fire wardens (BCP coordinators) of the Bank.

Strategic Risk

Strategic risk arises from the potential for ineffective formulation or execution of business strategies, inadequate resource allocation, or an inability to respond effectively to changes in the operating environment. It may also result from challenges in achieving established strategic objectives within a rapidly evolving and highly competitive business landscape.

The Board of Directors provides overall oversight of strategic risk, while senior management is responsible for the day-to-day supervision and execution of strategic initiatives, forming an integral part of the Bank's strategic risk management framework.

The Bank has implemented comprehensive mechanisms to monitor and mitigate strategic risk, including the use of Key Risk Indicators (KRIs) to regularly assess performance against strategic objectives. In addition, industry and competitor benchmarking is undertaken to evaluate the Bank's strategic positioning and performance relative to market standards. Through these measures, the Bank seeks to maintain strategic risk within acceptable limits while achieving its long-term objectives and fulfilling its broader social and stakeholder responsibilities.

Reputational Risk

The Bank places significant importance on safeguarding its reputation, which is further strengthened by its strategic association with Cargills Ceylon PLC. To maintain and enhance this reputation, the Bank has established effective customer service channels, a robust complaint management framework, and a strong commitment to ethical business practices, ensuring the protection of customer interests and stakeholder confidence.

Reputational risk refers to the potential for adverse impacts on the Bank's earnings, capital, or liquidity arising from actions or omissions that may be perceived as inappropriate, unethical, or inconsistent with the Bank's values and standards.

The Bank's operational risk management function assesses reputational risk using inputs from multiple sources, including the analysis of loss events and near-miss incidents, peer benchmarking, and evaluations of employee conduct, competence, and customer service and complaint handling practices. Oversight of reputational risk is carried out within a structured risk management framework, with appropriate mitigation controls in place. The Bank remains committed to continuously improving the quality of its operations to preserve trust and sustain long-term value.

Compliance Risk

The Bank remains committed to upholding the highest standards of ethical conduct and regulatory compliance. Compliance risk remains a critical area of focus due to the complex regulatory environment and the ever-evolving landscape of financial regulations. Compliance risk refers to the potential for legal, regulatory, or reputational harm resulting from failure to comply with applicable laws, regulations, and internal policies governing the financial sector. The Bank is dedicated to maintaining a strong compliance culture, ensuring full adherence to regulatory requirements, including those set by central bank, financial authorities, and international regulatory bodies. Throughout the year, the bank has continued to strengthen its compliance management framework, systems and controls to address emerging risks. While we remain vigilant to compliance risks, we are confident that our approach to compliance risk management mitigates any potential exposure, ensuring the continued integrity of our business operations.

Legal Risk

Legal Risk is a core element of the Bank's operational risk. Legal Risk is understood more from its consequences, which is incurrence of liquidated damages, penalties, fines, the imposition of certain conditions and sometimes a loss of reputation.

Legal Risk in the Bank can encompass potential exposure to adverse outcomes arising from issues such as Deficiencies in the security, property, defects in title and the related documentation, Deficiencies in the documentation of the product or a transaction with an underlying contract, Mis-selling of products, services, Deficiencies in employee contracts, Act of the counterparty, Change in domestic and international legal environment due to legislative changes and acquisitions, Non-adherence to laws and regulations, Procedural failures in parate actions and litigation.

The Bank manages legal risk through a proactive, structured framework that ensures full regulatory compliance across all stakeholder engagements. By combining meticulous documentation with robust mitigation strategies, the Bank consistently verifies that its operations and agreements align with current legal standards.

Environmental, Social, and Governance (ESG) Risk

Strategic Approach to ESG Governance

Cargills Bank is committed to achieving the United Nations Sustainable Development Goals by transitioning toward a green, climate-friendly, and socially inclusive economy. The Bank's ESG Policy is strictly aligned with the Central Bank of Sri Lanka's (CBSL) Roadmap for Sustainable Finance and international best practices established by the IFC. Under the oversight of the Board Strategic Planning Committee and a dedicated ESG Committee chaired by the Managing Director, the Bank has integrated sustainability into bank's core business decisions. This governance structure ensures that all stakeholders are responsible for managing ESG risks and promoting sustainable activities in their respective domains.

Environmental Risks

Climate-related risks:

Physical risks:

- Acute events such as floods, hurricanes, and droughts.
- Chronic changes including rising sea levels, temperature variations, and shifting rainfall patterns.
- Potential impacts on assets, infrastructure, and supply chains, affecting borrowers' financial stability and the Bank's operational continuity.

Transition risks:

- Policy changes, including carbon taxes, emission reduction targets, and environmental regulations.
- Market dynamics, including shifts in consumer preferences toward sustainable products and technologies.
- Reputational risks arising from perceived inaction on climate change by the Bank or its borrowers.

- Resource depletion and biodiversity loss.
- Pollution, including air, water, and soil contamination, and greenhouse gas emissions.

Social Risks

- Unfair labor practices, including forced and child labor.
- Occupational health and safety hazards.
- Community displacement and potential loss of cultural heritage due to project financing.
- Discrimination, lack of diversity, and inequitable access to resources.
- Reputational risks arising from borrowers' practices that fail to meet ethical or social standards.

Governance Risks

- Bribery, corruption, unethical business conduct, and financial crimes.
- Information security breaches and inadequate IT governance.
- Non-compliance with international frameworks, regulatory standards, or internal policies.

Climate Risk Management and ESMS Implementation

Recognizing climate change as a material threat, the Bank has institutionalised an Environmental and Social Management System (ESMS) to integrate risk management into bank's lending lifecycle. The Bank proactively conduct social and environmental due diligence before loan approval to avoid and manage risks effectively. The Bank's credit evaluation process now includes screening proposals against A, B and C categories and comprehensive Excluded Activity List and assigning risk categories. For high-risk 'Category A' projects, the Bank employs site visits and, where necessary, external consultants to ensure full compliance with IFC Performance Standards and national regulations. Similarly, at B & C categories are also having the set standards to follow.

Sustainable Finance and Operational Footprint

Beyond risk mitigation, the Bank actively champion sustainable growth through innovative financial products. The Bank's current portfolio features specialised initiatives such as the *Abhimani* product for women's empowerment and the *Diriya Investment Plan* for micro-businesses, targeting segments at the "bottom of the pyramid". Internally, the Bank endeavors to execute a clear strategy to reduce its operational carbon footprint by optimising energy use, implementing responsible waste disposal, and adopting Sustainable (Green) Procurement principles. These efforts are guided by the Sri Lanka Green Finance Taxonomy, prioritising lending toward renewable energy, sustainable agriculture, and green construction.

Sustainable Finance Priority Sectors

The Bank aligns its lending priorities with the Sri Lanka Green Finance Taxonomy:

Identified Sector	Prioritised Sub-Sectors
Agriculture & Forestry	Sustainable agriculture and logging development
Power Generation	Renewable energy projects
Transportation	Sustainable transport and storage
Construction	Green construction projects
Water & Waste	Water management and waste treatment projects

Departmental E&S Responsibilities Matrix

To provide a comprehensive view of how sustainability is operationalised across the organisation, ESG responsibilities are allocated to key departments at the Bank, as defined in the Environmental Social and Governance Policy.

Statement of Compliance

In addition to the Annual Report of the Board of Directors on the Affairs of the Bank appearing on pages 297 to 302, given below is a summary of the extent of compliance with the requirements of Section 168 of the Companies Act No. 07 of 2007 and amendments thereto and other relevant statutes and recommended best practices.

Mandatory disclosures as required by the Companies Act No. 07 of 2007 and amendments thereto (CA)

	Disclosure requirement	Reference to the relevant statute/ rule	Page reference for compliance and other necessary disclosures	Page/s
1.	The nature of the business of the Bank together with any changes thereof during the accounting period	Section 168 (1) (a)	Note 01 to the Financial Statements: Reporting Entity	328
2.	Signed Financial Statements of the Bank for the accounting period completed in accordance with Section 152	Section 168 (1) (b)	Financial Statements of the Bank for the year ended 31 December 2025	322 to 442
3.	Auditors' Report on the Financial Statements of the Bank	Section 168 (1) (c)	Independent Auditors' Report	316 to 319
4.	Accounting Policies of the Bank and any changes therein	Section 168 (1) (d)	Notes 01 to 57 to the Financial Statements:	328 to 442
5.	Particulars of the entries made in the Interests Registers of the Bank during the accounting period	Section 168 (1) (e)	The Bank maintains Interests Registers. All Directors have made declarations as required by the Section 192 (1) and (2) and all related entries were made in the Interests Registers during the year under review. The Interests Registers are available for inspection by shareholders or their authorised representatives as required by the Section 119 (1) (d).	297 to 302
6.	Remuneration and other benefits paid to Directors of the Bank during the accounting period	Section 168 (1) (f)	Note 15 to the Financial Statements: Personnel Expenses Report of the Board Human Resources and Remuneration Committee	356 to 357 279 to 281
7.	Total amount of donations made by the Bank during the accounting period	Section 168 (1) (g)	Annual Report of the Board of Directors' on affairs of the Bank. Note 17 to the Financial Statements: Other Operating Expenses	300 358
8.	Information on Directorate of the Bank during and at the end of the accounting period	Section 168 (1) (h)	Annual Report of the Board of Directors - Directorate Refer "Board of Directors and Profiles" for details of members of the Board of Directors of the Bank	301 38 to 43
9.	Separate disclosure on amounts payable to the Auditors as Audit Fees and Fees for other services rendered during the accounting period by the Bank	Section 168 (1) (i)	Note 17 to the Financial Statements: Other Operating Expenses	358

	Disclosure requirement	Reference to the relevant statute/ rule	Page reference for compliance and other necessary disclosures	Page/s
10.	Auditors' relationship or any interest with the Bank (Lead auditor's independence)	Section 168 (1) (j)	Refer Independent Auditor's Report for the declaration provided by Messrs. KPMG in term of the Code of Professional Conduct and Ethics issued by CA Sri Lanka, applicable as at the reporting date. No prohibited non audit services have been provided by Messrs. KPMG as per the Direction issued by the CBSL on 'Guidelines for External Auditors relating to their Statutory Duties'. The Directors are satisfied as the BAC has assessed each service, having regard to auditor's independence requirements of applicable laws, rules and regulations, and concluded in respect of each non-audit service or type of non-audit service that the provision of that service or type of service would not impair the independence of Messrs. KPMG.	316 to 319
11.	Acknowledgement of the Contents of this Report/ Signatures on behalf of the Board of Directors	Section 168 (1) (k)	The Board of Directors and the Secretary of company have acknowledged the contents of this Annual Report as disclosed.	302

Other Disclosures as required by Recommended Best Practices (RBP), Listing Rules (LR) of the Colombo Stock Exchange, Companies Act No. 07 of 2007 and amendments thereto (CA) and the Banking Act Direction No. 11 of 2007 (CBSL).

	Disclosure requirement	Reference to the relevant statute/ rule	Page reference for compliance and other necessary disclosures	Page/s
12.	Vision, Mission and Corporate Conduct	RBP	Stemming from our "Vision and Mission" the business activities of the Bank are conducted maintaining the highest level of ethical standards reflecting our commitment to high standards of business conduct and ethics. The Bank issues a copy of its Code of Ethics to each and every staff member and all employees are required to abide by the provisions contained therein.	5
13.	Review of Business operations of the Bank and future developments	RBP	"Chairman's Message" and "Chief Executive Officer's Review" Management Discussion and Analysis Note 49 to the Financial Statements: Operating Segments	28 to 37 46 to 179 403 to 404
14.	Gross Income	RBP	Notes 7 & 49 to the Financial Statements: Gross Income & Operating Segments	344 & 403 to 404
15.	Dividends on Ordinary Shares	RBP	N/A	

	Disclosure requirement	Reference to the relevant statute/ rule	Page reference for compliance and other necessary disclosures	Page/s
16.	Reserves and Appropriations	RBP	Statement of Changes in Equity Notes 43 & 44 to the Financial Statements: Retained earnings & other reserves	326 397 to 398
17.	Corporate Social Responsibility (CSR)	RBP	Community capital	126
18.	Extents, locations, valuations and the number of buildings of the Bank's land holdings and investment properties	LR 7.6 (VIII)	Note 31 to the Financial Statements: Property, Plant and Equipment & Right- of- use assets	379 to 382
19.	Significant changes in the Bank's fixed assets and the market value of land, if the value differs substantially from the book value	LR 7.6 (XII)	Note 31 to the Financial Statements	379 to 382
20.	Issue of Shares and Debentures	LR 7.6 (XIII)		
20.1	Issue of Shares by the Bank	LR 7.6 (XIII)	Notes 42 to the Financial Statements: Stated Capital, Movements in number of shares and Issue of New Shares "Investor Relations" - Item 3	397 458
20.2	Issue of Debentures by the Bank		Note 39 to the Financial Statements: Financial Liabilities at Amortised Cost - Other Borrowings	392 to 393
21.	Share information and Substantial Shareholdings			
21.1	Distribution Schedule of Shareholdings, names and the number of shares held by the 20 largest holders of Voting & Non-Voting shares and the percentage of such shares held, • float adjusted market capitalisation, public holding percentage, • number of public shareholders • option under which the Bank complies with the minimum public holding requirement.	LR 7.6 (III) LR 7.6 (IV) LR 7.6 (X) LR 7.13.1	"Investor Relations" - Items 1, 2, 4.1, 4.2 and 4.3	457 to 459
21.2	Financial ratios and market price information	LR 7.6 (XI)	Financial Overview of 2025	23
	Information on Earnings, Dividends, Net Assets and Market Value per share		Notes 20 & 47 to the Financial Statements "Investor Relations" - Item 5	361 & 400 459
	Information on listed debt securities		N/A	

	Disclosure requirement	Reference to the relevant statute/ rule	Page reference for compliance and other necessary disclosures	Page/s
21.3	Information on shares traded and the number of shares represented by the Stated Capital	LR 7.6 (IX)	Note 42 to the Financial Statements: Stated Capital and Movements in number of shares "Investor Relations" - Item 3	397 458
21.4	Own Share Purchases	CA S.64	The Bank did not purchase its own shares	
21.5	Equitable Treatment to Shareholders	RBP	Statement of Directors' Responsibility for Financial Reporting	307 to 308
22.	Information on Directors' Meetings and Board Committees			
22.1	Directors' Meetings	RBP	Corporate Governance Annual Report of the Board of Director - Board & its committees	180 to 230 298
22.2	Board Committees	RBP	Board Committee Reports	273 to 296
23.	Disclosure of Directors' dealings in shares and debentures			
23.1	Directors' Interests in Ordinary Voting and Non-voting Shares of the Bank	LR 7.6 (V)	Annual Report of the Board of Directors	297 to 302
24.	Employee Share Option Plans and Employee Share Purchase Schemes	LR 7.6 (XIV)	The Bank does not have any employee share option plans or share purchase schemes.	
25.	Directors' Interests in Contracts or Proposed Contracts and Remuneration and other benefits of Directors during the year under review	RBP	Directors have refrained from voting on matters in which they were materially interested. Directors have no direct or indirect interest in any other contract or proposed contract with the Bank, other than those disclosed in "Directors' interest in contracts with the Bank" and Note 51 to the Financial Statement: Related Party Disclosures.	303 405 to 410
		LR 7.6 (XIV)	There are no arrangements that enable the Non-Executive Directors of the Bank to acquire shares or debentures of the Bank, other than via the market.	
		CA S.217 (2) (d)	There are no restrictions on the approval of loans to Directors in the Bank's ordinary course of business, subject to compliance with all applicable regulations.	
26.	Director's and Officers' Insurance	CA S.218	The Bank has, during the financial year, paid an insurance premium in respect of an insurance policy for the benefit of the Bank and the Directors, Secretaries, Officers and certain employees of the Bank and related body corporates as defined in the insurance policy. In accordance with commercial practice, the insurance policy prohibits disclosure of the terms of the policy, including the nature of the liability insured against and the amount of the premium.	

	Disclosure requirement	Reference to the relevant statute/ rule	Page reference for compliance and other necessary disclosures	Page/s
27.	Environmental Protection	RBP	The Bank have not, to the best of their knowledge, engaged in any activity, which was detrimental to the environment. Refer "ESG Focus and Adopting Sustainability Reporting Standards" for details of our Environmental, Social and Governance Policy.	72-75
28.	Declaration on Statutory Payments	RBP	Statement of Directors' Responsibility for Financial Reporting.	307 to 308
29.	Events after the reporting period	RBP	Note 55 to the Financial Statements: Events Occurring after the date of Financial Position.	412 to 413
30.	Going Concern	RBP	Statement of Directors' Responsibility for Financial Reporting	307 to 308
31.	Directors' Responsibility for Financial Reporting	CBSL Direction 3(8)(ii)(a)	Statement of Directors' Responsibility for Financial Reporting	307 to 308
32.	Hiring and oversight of External Auditors and their remuneration.	CBSL Direction 3(1)(i)(m)	Refer "Corporate Governance"	180 to 231
		CA S.168 (1) (l)	A resolution to appoint Messrs. Ernst & Young, Chartered Accountants, as Auditors of the Bank for the ensuring financial year at a remuneration to be determined by the Directors. Expenses incurred in respect of Audit fees and fees for other services rendered by Messrs. KPMG during the year are given in Note 17 to the Financial Statements: Other Operating Expenses.	292 358
33.	Material issues pertaining to employees and industrial relations	LR 7.6 (VII)	"Human Capital"	82 to 96
34.	Information on material foreseeable risk factors	LR 7.6 (VI)	Risk Management	232 to 251
			Report of the Board Integrated Risk Management Committee	273 to 274
			Note 57 to the Financial Statements: Financial Risk Management	414 to 442
			The Independent Auditors' Report	316 to 319

	Disclosure requirement	Reference to the relevant statute/ rule	Page reference for compliance and other necessary disclosures	Page/s
35.	Corporate Governance	RBP LR 7.6 (XV)	The Directors declare that - (a) the Bank has complied with all applicable laws and regulations in conducting its business and have not engaged in any activity contravening the relevant laws and regulations. (b) they have declared all material interests in contracts involving the Bank and refrained from voting on matters in which they were materially interested; (c) they have conducted a review of internal controls covering financial, operational & compliance controls, risk management and have obtained a reasonable assurance of their effectiveness and proper adherence; (d) the Bank has complied with the applicable statutes on related party transactions and has made the required disclosures in the Financial Statements and to the market when applicable; (e) the business is a Going Concern with supporting assumptions or qualifications as necessary, and that the Board of Directors has reviewed the Bank's Corporate/Business plans and is satisfied that the Bank has adequate resources to continue its operations in the foreseeable future. Accordingly, the Financial Statements of the Bank, is prepared based on the Going Concern assumption.	180 to 231
36.	Focus on new regulations	RBP	The Bank is well poised to comply with new regulations/ the amendments made to the existing regulations' as an when become effective.	
37.	Sustainability	RBP	The Bank has considered the sustainability aspects when formulating its business strategies.	71 to 79
38.	Human Resources	RBP	The Bank on an ongoing basis invests in Human Capital Development and implement effective Human Resource Practices and Policies to improve workforce efficiency, effectiveness and productivity. Specific measures taken in this regard are detailed in the "Report of the Board Human Resources and Remuneration Committee" "Human Capital"	 279 to 281 82 to 96

Statement of Compliance

	Disclosure requirement	Reference to the relevant statute/ rule	Page reference for compliance and other necessary disclosures	Page/s
39.	Technology	RBP	Stemming from our Mission, our business processes are predominantly driven by technology. Refer "Digital Banking Operations" for more details. Board Information Technology Committee Report	165 293 to 294
40.	Operational excellence	RBP	To increase efficiency and reduce operating cost, the Bank has ongoing initiatives to drive policy and process standardisation and to optimise the use of existing technology platforms. Refer "Strategy"	165 to 169 14
41.	Outstanding Litigation	RBP	In the opinion of the Directors and in consultation with the Bank's lawyers, litigation currently pending against the Bank will not have a material impact on the reported financial results or future operations. Note 46 to the Financial Statements: Litigation Against the Bank	400
42.	Disclosure on Related Party Transactions	LR 9.14.8 (1) & (2)	Note 51 to the Financial Statements: Related Party Disclosures	405 to 410
		LR 9.14.8 (3)	Board Related Party Transactions Review Committee Report	284 to 286
		LR 9.14.8 (4)	Annual Report of the Board of Directors' on the Affairs of the Bank	297 to 302
43.	Annual General Meeting and the Notice of Meeting	CA S.133 and CA S.135 (a)	The 14th AGM of the Bank will be held at the Institute of Chartered Accountants of Sri Lanka, No: 30 A, Malalasekara Mawatha, Colombo 07, on Tuesday, 31 March 2026 at 10.00 a.m. Notice relating to the 14th AGM of the Bank is enclosed at the end of the Annual Report	481
44.	Names of Directors	LR 7.6 (i)	Annual Report of the Board of Directors on the Affairs of the Bank	297 to 302
45.	Principal Activities of the Bank	LR 7.6 (ii)	Note 1.2 to the Financial Statements	328
46.	Related Party transactions exceeding 10% of equity or 5% of total assets	LR 7.6 (xvi)	No such situation has arisen Same as LR 9.14.8 (1) & (2)	
47.	Foreign currency denominated securities listed	LR 7.6 (xvii)	Not applicable	
48.	Sustainable bonds listed	LR 7.6 (xviii)	Not applicable	
49.	Perpetual debt securities, infrastructure bonds and/ or Shariah Compliant debt securities listed.	LR 7.6 (xix) (xx) and (xxi)7	Note 39 to the Financial Statements	392 to 393

Compliance with the Disclosure Requirements Specified by the Central Bank of Sri Lanka for Preparation of Annual Financial Statements of Licensed Commercial Banks

	Disclosure requirement	Page reference for compliance and other necessary disclosures	Page/s
1.	Information about the significance of financial instruments for financial position and performance		
1.1	Statement of Financial Position		
1.1.1	Disclosures on categories of financial assets and financial liabilities	Note 21 to the Financial Statements: Classification of financial assets and financial liabilities	362 to 363
1.1.2	Other disclosures i) Special disclosures about financial assets and financial liabilities designated to be measured at fair value through profit or loss, including disclosures about credit risk and market risk, changes in fair values attributable to these risks and the methods of measurement	Note 27 to the Financial Statements: Financial assets measured at FVTPL Note 57 to the Financial Statements: Financial Risk Management	371 to 372 414 to 442
	ii) Reclassifications of financial instruments from one category to another	No such situation has arisen	
	iii) Information about financial assets pledged as collateral and about financial or nonfinancial assets held as collateral	Note 31.3 to the Financial Statements: PPE pledged as securities for liabilities Note 50 to the Financial Statements: Carrying value of securities allocated for repurchase transactions	381 405
	iv) Reconciliation of the impairment allowance account for credit losses by class of financial assets	Notes 23, 28 and 29 to the Financial Statements: Movement in impairment provision for cash and cash equivalents, Loans and advances and Investments in debentures, respectively.	370 to 377
	v) Information about compound financial instruments with multiple embedded derivatives	N/A	
	vi) Breaches of terms of loan agreements	During the year the Bank has not breached any loan agreement in which the Bank is a creditor. Breach of agreement in respect of loans granted to customers are dealt with through based on provisions of the internal policies including credit, risk, recovery, etc.	
1.2	Statement of Comprehensive Income		
1.2.1	Disclosures on items of income, expense, gains or losses	Notes 7 to 19 to the Financial Statements	344 to 361

	Disclosure requirement	Page reference for compliance and other necessary disclosures	Page/s
1.2.2	Other disclosures		
	i) Total interest income and total interest expense for those financial instruments that are not measured at fair value through profit and loss	Note 8 to the Financial Statements: Net interest income	344 to 346
	ii) Fee income and expense	Note 9 to the Financial Statements: Net fee and commission income	346 to 348
	iii) Amount of impairment losses by class of financial assets	Note 14 to the Financial Statements: Impairment losses on financial instruments and other assets	350 to 356
	iv) Interest income on impaired financial assets	Note 8 to the Financial Statements: Net interest income	344 to 346
1.3	Other disclosures		
1.3.1	Accounting policies for financial instruments	Note 3.3 to the Financial Statements: Financial Instruments	333 to 339
1.3.2	Financial liabilities designated as at FVTPL	N/A	
1.3.3	Investments in equity instruments designated at FVOCI		
	i) Details of equity instruments that have been designated at FVOCI and the reasons for the designation	Note 30 to the Financial Statements: Financial assets measured at FVOCI	377 to 378
	ii) Fair value of each investment at the reporting date	Note 22 to the Financial Statements: Fair value of financial assets and liabilities	364 to 369
	iii) Dividends recognised during the period, separately for investments derecognised during the reporting period and those held at the reporting date	Note 13 to the Financial Statements: Net other operating income	349
	iv) Any transfers of the cumulative gain or loss within equity during the period and the reasons for those transfers	N/A	
	v) If investments in equity instruments measured at FVOCI are derecognised during the reporting period, • reasons for disposing of the investments • fair value of the investments at the date of derecognition; and • the cumulative gain or loss on disposal	N/A	
1.3.4	Reclassifications of financial assets	No such situation has arisen	
1.3.5	Information on hedge accounting	N/A	
1.3.6	Information about the fair values of each class of financial asset and financial liability, along with: i) Comparable carrying amounts ii) Description of how fair value was determined iii) The level of inputs used in determining fair value iv) Reconciliations of movements between levels of fair value measurement hierarchy, additional disclosures for financial instruments for which fair value is determined using level 3 inputs	Note 22 to the Financial Statements: Fair value of financial assets and financial liabilities	364 to 369
	v) Information if fair value cannot be reliably measured		

	Disclosure requirement	Page reference for compliance and other necessary disclosures	Page/s
2.	Information about the nature and extent of risks arising from financial instruments	Note 57 to the Financial Statements: Financial Risk Management	414 to 442
2.1	Qualitative disclosures		
2.1.1	Risk exposures for each type of financial instrument		
2.1.2	Management's objectives, policies, and processes for managing those risks		
2.1.3	Changes from the prior period		
2.2	Quantitative disclosures		
2.2.1	Summary of quantitative data about exposure to each risk at the reporting date.		
2.2.2	Disclosures about credit risk, liquidity risk, market risk, operational risk, interest rate risk and how these risks are managed		
	i) Credit Risk a) Maximum amount of exposure (before deducting the value of collateral), description of collateral, information about credit quality of financial assets that are neither past due nor impaired and information about credit quality of financial assets. b) For financial assets that are past due or impaired, disclosures on age, factors considered in determining as impaired and the description of collateral on each class of financial asset. c) Information about collateral or other credit enhancements obtained or called. d) Credit risk management practices e) ECL calculations f) Amounts arising from ECL g) Collaterals h) Written-off assets i) For other disclosures, refer Pillar III disclosures of the Banking Act Directions No. 01 of 2016 on Capital Requirements under Basel III for Licensed Banks	Note 57 to the Financial Statements: Financial Risk Management	414 to 442
	ii) Liquidity Risk a) A maturity analysis of financial assets and liabilities. b) Description of approach to risk management. c) For other disclosures, refer Pillar III disclosures of the Banking Act Directions No. 01 of 2016 on Capital Requirements under Basel III for Licensed Banks.	Note 57 to the Financial Statements: Financial Risk Management	414 to 442

	Disclosure requirement	Page reference for compliance and other necessary disclosures	Page/s
	iii) Market Risk a) A sensitivity analysis of each type of market risk to which the bank is exposed. b) Additional information, if the sensitivity analysis is not representative of the Bank's risk exposure. c) For other disclosures, refer Pillar III disclosures of the Banking Act Directions No. 01 of 2016 on Capital Requirements under Basel III for Licensed Banks.	Note 57 to the Financial Statements: Financial Risk Management	414 to 442
	iv) Operational Risk For other disclosures, refer Pillar III disclosures of the Banking Act Directions No. 01 of 2016 on Capital Requirements under Basel III for Licensed Banks.	Note 57 to the Financial Statements: Financial Risk Management	414 to 442
	v) Equity risk in the banking book a) Qualitative disclosures • Differentiation between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons. • Discussion of important policies covering the valuation and accounting of equity holdings in the banking book. b) Quantitative disclosures • Value disclosed in the statement of financial position of investments, as well as the fair value of those investments; for quoted securities, a comparison to publicly quoted share values where the share price is materially different from fair value. • The types and nature of investments • The cumulative realised gains/(losses) arising from sales and liquidations in the reporting period.	Note 57 to the Financial Statements: Financial Risk Management	414 to 442
	vi) Interest rate risk in the banking book a) Qualitative disclosures b) Quantitative disclosures	Note 57 to the Financial Statements: Financial Risk Management	414 to 442
2.2.3	Information on concentrations of risk	Note 57 on analysis of risk concentration	414 to 442
3.	Other disclosures		
3.1	Capital - Refer Pillar III disclosures of the Banking Act Directions No. 01 of 2016 on Capital Requirements under Basel III for Licensed Banks.	Basel III - Pillar III Market Disclosures	443 to 454

	Disclosure requirement	Page reference for compliance and other necessary disclosures	Page/s
4.	Disclosures applicable for repurchase and reverse repurchase transactions of dealer direct participants in scripless treasury bonds and scripless treasury bills.	Note 50 to the Financial Statements: Repurchase and reverse repurchase transactions in scripless T-bonds and scripless T-bills	405
4.1	Registered Stock and Securities Ordinance and Local Treasury Bills Ordinance Directions No. 01 of 2019 dated 20 December 2019 issued by the Monetary Board.		
	i) The carrying value of securities allocated for repurchase transactions as at the period end date. ii) The market values of securities received for reverse repurchase transactions as at the period end date. iii) The dealer direct participant policy on haircut for repurchase and reverse repurchase transactions. iv) Any penalties imposed for non compliance with this Direction.		
5.	v) Disclosures applicable on treasury operations of the Bank.	Note 49 to the Financial Statements: Operating Segment	403 to 404
5.1	vi) Banking Act Directions No 06 of 2019 dated 29 August 2019 issued by the Monetary Board on Market Conduct and Practices for Treasury Operations of Banks.	Note 13 to the Financial Statements: Net other operating income	349
	vii) Disclose as a separate item in the Bank's audited Financial Statements, the profit generated through all interbank foreign exchange transactions including end user transactions where one leg is in the interbank market.		

Statement of Compliance

Disclosures as required by Section 9 of the Listing Rules (LR) of the Colombo Stock Exchange.

	Disclosure requirement	Reference to the relevant statute/rule	Page reference for compliance and other necessary disclosures	Page/s
1.	Publish a Statement confirming the extent of compliance with the Corporate Governance Rules.	LR 9.1.3	This disclosure fulfils this requirement.	252 to 272
2.	The Bank shall establish and maintain the following policies and disclose the fact of existence of such policies together with the details relating to the implementation of such policies by the Bank on its website. a) Policy on the matters relating to the Board of Directors b) Policy on Board Committees c) Policy on Corporate Governance, Nominations and Re-election d) Policy on Remuneration e) Policy on Internal Code of Business conduct and Ethics for all Directors and employees, including policies on trading in the entity's listed securities f) Policy on Risk management and Internal controls g) Policy on Relations with Shareholders and Investors h) Policy on Environmental, Social and Governance Sustainability i) Policy on Control and Management of Company Assets and Shareholder Investments j) Policy on Corporate Disclosures k) Policy on Whistleblowing l) Policy on Anti-Bribery and Corruption	LR 9.2.1	The Bank has put in place all these policies, which have been reviewed and updated periodically and published in the Bank's website. https://www.cargillsbank.com/investor-relations/corporate-policies/	
3.	Any waivers from compliance with the Internal Code of business conduct and ethics or exemptions granted	LR 9.2.2	Corporate governance	229 to 231
4.	Listed entities shall disclose in Annual Report, i) List of policies in place as per Section 9.2.1, with reference to website ii) Any changes to policies adopted	LR 9.2.3	Corporate governance	229-231
5.	The Bank has a process in place to make available policies referred in Section 9.2.1 above, to shareholders upon a written request being made for any such Policy.	LR 9.2.4	The Bank has put in place all these policies, which have been reviewed and updated periodically and published in the Bank's website. https://www.cargillsbank.com/investor-relations/corporate-policies/	

	Disclosure requirement	Reference to the relevant statute/rule	Page reference for compliance and other necessary disclosures	Page/s
6.	The Bank shall ensure that the following Board Committees are established and maintained at a minimum and are functioning effectively. The said Board Committees at minimum shall include; a) Nominations and Governance Committee b) Remuneration Committee c) Audit Committee (To perform audit and risk functions) d) Related Party Transactions Review Committee.	LR 9.3.1	Committee reports	273 to 296
7.	The Bank shall comply with the composition, responsibilities and disclosures required in respect of the above Board Committees as set out in these Rules.	LR 9.3.2	Committee reports	273 to 296
8.	The Chairperson of the Board of Directors of the Bank shall not be the Chairperson of the Board Committees referred to in Section 9.3.1 above.	LR 9.3.3	Committee reports	273 to 296
9.	The Bank shall maintain records of all resolutions and the following information upon a resolution being considered at any General Meeting of the Bank. The Bank shall provide copies of the same at the request of the Exchange and/or the SEC. a) The number of shares in respect of which proxy appointments have been validly made; b) The number of votes in favour of the resolution; c) The number of votes against the resolution; and d) The number of shares in respect of which the vote was directed to be abstained	LR 9.4.1	Complied with.	
10.	Communication and relations with shareholders and investors; a) The policy on effective communication and relations with shareholders and investors. b) The contact person for such communication. c) The policy on relations with shareholders and investors on the process to make all Directors aware of major issues and concerns of shareholders.	LR 9.4.2	Corporate governance	229 to 231
11.	The Bank shall establish and maintain a formal policy governing matters relating to the Board of Directors. The policy shall include the contents specified under Section 9.5.1 of the Listing Rules.	LR 9.5.1	Complied with.	
12.	Policy on matters relating to the Board of Directors.	LR 9.5.2	Corporate governance	229 to 231
13.	The Chairperson of the Bank shall be a Non- Executive Director and the positions of the Chairperson and CEO shall not be held by the same individual, unless otherwise a SID is appointed in terms of Rule 9.6.3 below.	LR 9.6.1	Complied with.	
14.	Where the Chairperson of a Listed Entity is an Executive Director and/or the positions of the Chairperson and CEO are held by the same individual, such entity shall make a market announcement within a period of one (1) month from the date of implementation of these rules or an Immediate Market Announcement if such date of appointment and/or combination of the said roles falls subsequent to the implementation of these rules.	LR 9.6.2	N/A	

Statement of Compliance

	Disclosure requirement	Reference to the relevant statute/rule	Page reference for compliance and other necessary disclosures	Page/s
15.	Report of Senior Independent Director (SID) demonstrating the effectiveness of duties.	LR 9.6.3	Corporate governance	229 to 231
16.	Rationale for appointing SID.	LR 9.6.4	Corporate governance	229 to 231
17.	The Bank shall take necessary steps to ensure that their Directors and the CEO are, at all times, fit and proper persons as required in terms of these Rules: In evaluating fitness and propriety of the persons referred in these Rules, the Bank shall utilise the "Fit and Proper Assessment Criteria" set out in Section 9.7.3 below.	LR 9.7.1	Complied with.	
18.	The Bank shall ensure that persons recommended by the Nominations and Governance Committee for Directorship meet "Fit and Proper" criteria as required in terms of these Rules before such nominations are placed at the shareholders' meeting or appointments are made.	LR 9.7.2	Complied with.	
19.	A Director or the CEO of the Bank shall not be considered 'Fit and Proper' if he or she does not possess the fit and proper assessment criteria specified under "Honesty, Integrity and Reputation", "Competence and Capability" and "Financial Soundness" in Section 9.7.3 (a), (b), and (c) respectively.	LR 9.7.3	Complied with.	
20.	The Bank shall obtain declarations from their Directors and CEO on an annual basis confirming that each of them have continuously satisfied the Fit and Proper Assessment Criteria set out in Section 9.7.3 during the financial year concerned and satisfies the said criteria as at the date of such confirmation.	LR 9.7.4	Complied with.	
21.	The Bank shall disclose in Annual Report, a) Statement on Directors and CEO satisfying Fit and Proper Assessment Criteria. b) Any non-compliance/s and remedial action taken.	LR 9.7.5	Corporate governance	229 to 231
22.	The Board of Directors of the Bank, at a minimum, consist of five (05) Directors.	LR 9.8.1	Complied with.	
23.	Minimum Number of Independent Directors a) The Board of Directors of the Bank shall include at least two (2) Independent Directors or such number equivalent to one third (1/3) of the total number of Directors of the Listed Entity at any given time, whichever is higher. b) Any change occurring to this ratio shall be rectified within ninety (90) days from the change.	LR 9.8.2	Complied with.	
24.	A Director shall not be considered independent if he/ she does not fulfil the criteria defining independence under Section 9.8.3 of the Listing Rules.	LR 9.8.3	Complied with.	

	Disclosure requirement	Reference to the relevant statute/rule	Page reference for compliance and other necessary disclosures	Page/s
25.	Process in place for the determination of 'Independence' of the Directors a) Each Director to submit a signed and dated declaration annually of his or her independence or non-independence b) Names of Directors determined to be 'independent'. c) Immediate market announcement to be made if the Board determines that the independence of an Independent Director has been impaired.	LR 9.8.5	Corporate governance	229 to 231
26.	Requirements to be complied in relation to 'Alternate Directors'.	LR 9.9	N/A	
27.	The Bank shall disclose its policy on the maximum number of directorships it's Board members shall be permitted to hold in the manner specified in Rule 9.5.1. In the event such number is exceeded by a Director(s), the Entity shall provide an explanation for such non-compliance in the manner specified in Rule 9.5.2 above.	LR 9.10.1	Complied with.	
28.	The Bank shall, upon the appointment of a new Director to its Board, make an immediate market announcement setting out the brief resume of such Director, his/her capacity of directorship; and, Statement by the Entity indicating whether such appointment has been reviewed by the Nominations and Governance Committee of the Bank.	LR 9.10.2	Complied with.	
29.	The Bank shall make an immediate market announcement regarding any changes to the composition of the Board Committees referred to in Section 9.3.1 above containing, at minimum, the details of changes including the capacity of directorship with the effective date thereof.	LR 9.10.3	Complied with.	
30.	Directors details a) Name, qualifications and brief profile b) Nature of his/her expertise in relevant functional areas c) Whether either the Director or Close Family Members has any material business relationships with other Directors d) Whether Executive, Non-Executive and/or Independent Director e) Total number and names of companies in Sri Lanka in which the Director concerned serves as a Director and/or KMP stating whether listed or unlisted, whether functions as Executive or Non-Executive (If the directorships are within the Group names need not be disclosed) f) Number of Board meetings attended g) Names of Board Committees in which the Director serves as Chairperson or a member h) Attendance of Board Committee meetings	LR 9.10.4	Corporate governance	229 to 231
31.	Board Nominations and Governance Committee (BNGC) Bank shall have a Nominations and Governance Committee that conforms to the requirements set out in Rule 9.11.	LR 9.11.1	Committee reports	275 to 278
32.	The Bank shall establish and maintain a formal procedure for the appointment of new Directors and re-election of Directors to the Board through the Nominations and Governance Committee.	LR 9.11.2	Committee reports	275 to 278

Statement of Compliance

	Disclosure requirement	Reference to the relevant statute/rule	Page reference for compliance and other necessary disclosures	Page/s
33.	The Nominations and Governance Committee shall have a written Terms of Reference clearly defining the scope, authority, duties and matters pertaining to the quorum of meetings.	LR 9.11.3	Committee reports	275 to 278
34.	Composition of the Nominations and Governance Committee 1) The members of the Nominations and Governance Committee shall; a) Comprise of a minimum of three (03) Directors of the Listed Entity, out of which a minimum of two (02) members shall be Independent Directors of the Listed Entity. b) Not comprise of Executive Directors of the Listed Entity. 2) An Independent Director shall be appointed as the Chairperson of the Nominations and Governance Committee by the Board of Directors. 3) The Chairperson and the members of the Nominations and Governance Committee shall be identified in the Annual Report of the Listed Entity.	LR 9.11.4	Committee reports	275 to 278
35.	The functions of the Nominations and Governance Committee.	LR 9.11.5	Committee reports	275 to 278
36.	Nominations and Governance Committee Report a) Names of Chairperson and members with nature of directorship. b) Date of appointment to the Committee. c) Availability of documented policy and processes when nominating Directors. d) Requirement of re-election at regular intervals at least once in 3 years. e) Board diversity. f) Effective implementation of policies and processes relating to appointment and re- appointment of Directors. g) Details of Directors re-elected. h) Periodic evaluation on the performance of the Board. i) Process adopted to inform Independent Directors of major issues. j) Induction/orientation programs for new Directors on corporate governance, Listing Rules, securities market regulations or an appropriate negative statement. k) Annual update for all Directors on corporate governance, Listing Rules, securities market regulations or an appropriate negative statement. l) Compliance with independence criteria. m) Statement on compliance with corporate governance rules, if non-compliant reasons and remedial actions.	LR 9.11.6	Committee reports Corporate governance	275 to 278 229 to 231
37.	Remuneration Committee The Remuneration Committee shall establish and maintain a formal and transparent procedure for developing policy on Executive Directors' remuneration and for fixing the remuneration packages of individual Directors. No Director shall be involved in fixing his/her own remuneration.	LR 9.12.3	Committee reports	279 to 281

	Disclosure requirement	Reference to the relevant statute/rule	Page reference for compliance and other necessary disclosures	Page/s
38.	Remuneration for Non-Executive Directors should be based on a policy which adopts the principle of non- discriminatory pay practices among them to ensure that their independence is not impaired.	LR 9.12.4	Committee reports	279 to 281
39.	Remuneration Committee shall have a written terms of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings.	LR 9.12.5	Committee reports	279 to 281
40.	Composition of the Remuneration Committee 1) The members of the Remuneration Committee shall; a) comprise of a minimum of three (03) Directors of the Listed Entity, out of which a minimum of two (02) members shall be Independent Directors of the Listed Entity. b) not comprise of Executive Directors of the Listed Entity. 2) In a situation where both the parent company and the subsidiary are listed entities, the Remuneration Committee of the parent company may be permitted to function as the Remuneration Committee of the subsidiary. 3) An Independent Director shall be appointed as the Chairperson of the Remuneration Committee by the Board of Directors.	LR 9.12.6	Committee reports	279 to 281
41.	The functions of the Remuneration Committee	LR 9.12.7	Committee reports	279 to 281
42.	Remuneration Committee Report a) Names of Chairperson and members with nature of directorship. b) Statement regarding the Remuneration Policy. c) The aggregate remuneration of the Executive and Non-Executive Directors.	LR 9.12.8	Committee reports Corporate governance	279 to 281 229 to 231
43.	Perform Audit and Risk functions specified in Section 9.13.4 of the Listing Rules.	LR 9.13.1	Complied with.	
44.	The Audit Committee shall have a written terms of reference clearly defining its scope, authority and duties.	LR 9.13.2	Committee reports	290 to 292

Statement of Compliance

	Disclosure requirement	Reference to the relevant statute/rule	Page reference for compliance and other necessary disclosures	Page/s
45.	Composition of the Audit Committee 1) The members of the Audit Committee shall; a) comprise of a minimum of three (03) Directors of the Listed Entity, out of which a minimum of two (02) or a majority of the members, whichever higher, shall be Independent Directors. b) not comprise of Executive Directors of the Listed Entity. 2) The quorum for a meeting of the Audit Committee shall require that the majority of those in attendance to be independent directors. 3) The Audit Committee may meet as often as required provided that the Audit Committee compulsorily meets on a quarterly basis prior to recommending the financials to be released to the market. 4) If both, the Parent Company and the subsidiary are 'Listed Entities', the Audit Committee of the Parent Company may function as the Audit Committee of the subsidiary. 5) An Independent Director shall be appointed as the Chairperson of the Audit Committee by the Board of Directors. 6) Unless otherwise determined by the Audit Committee, the CEO and the Chief Financial Officer (CFO) of the Listed Entity shall attend the Audit Committee meetings by invitation. Provided however, where the Listed Entity maintains a separate Risk Committee, the CEO shall attend the Risk Committee meetings by invitation. 7) The Chairperson of the Audit Committee shall be a Member of a recognised professional accounting body. Provided however, this Rule shall not be applicable in respect of Risk Committees where a Listed Entity maintains a separate Risk Committee and Audit Committee.	LR 9.13.3	Committee reports Corporate governance	290 to 292 229 to 231
46.	The functions of the Audit Committee	LR 9.13.4	Committee reports	290 to 292
47.	Disclosures in the Annual Report 1) The Bank shall prepare an Audit Committee Report which shall be included in the Annual Report 2) The Audit Committee Report shall contain disclosures set out in Section 9.13.5 (2)	LR 9.13.5	Committee reports	290 to 292
48.	The Bank shall have a Related Party Transactions Review Committee that conforms to the requirements set out in Section 9.14.	LR 9.14.1	Committee reports	284 to 286
49.	Composition of the Related Party Transactions Review Committee 1) The Related Party Transactions Review Committee shall comprise of a minimum of three(03) Directors of the Listed Entity, out of which two (02) members shall be Independent Directors of the Listed Entity. It may also include Executive Directors, at the option of the Listed Entity. An Independent Director shall be appointed as the Chairperson of the Committee.	LR 9.14.2	Committee reports Corporate governance	284 to 286 229 to 231
50.	Functions of the Related Party Transactions Review Committee as set out in Section 9.14.3.	LR 9.14.3	Committee reports	284 to 286

	Disclosure requirement	Reference to the relevant statute/rule	Page reference for compliance and other necessary disclosures	Page/s
51.	General Requirements (1) The Related Party Transactions Review Committee shall meet at least once a calendar quarter. It shall ensure that the minutes of all meetings are properly documented and communicated to the Board of Directors. (2) The members of the Related Party Transactions Review Committee should ensure that they have, or have access to, enough knowledge or expertise to assess all aspects of proposed Related Party Transactions, and where necessary, should obtain appropriate professional and expert advice from an appropriately qualified person. (3) Where necessary, the Committee shall request the Board of Directors to approve the Related Party Transactions which are under review by the Committee. In such instances, the approval of the Board of Directors should be obtained prior to entering into the relevant Related Party Transaction. (4) If a Director of the Listed Entity has a material personal interest in a matter being considered at a Board Meeting to approve a Related Party Transaction as required in Rule 9.14.4(3), such Director shall not: (a) be present while the matter is being considered at the meeting; and, (b) vote on the matter	LR 9.14.4	Committee reports Corporate governance	284 to 286 229 to 231
52.	Review of Related Party Transactions by the Related Party Transactions Review Committee.	LR 9.14.5	Committee reports	284 to 286
53.	Shareholder approval The Bank shall obtain shareholder approval by way of a Special Resolution for the Related Party Transactions as set out in Section 9.14.6. The RPTs policy of the Bank provides for obtaining shareholder approval by way of a Special Resolution for non-recurrent and recurrent RPTs identified in this Section. There were no RPTs during the year which required Shareholder approval as set out in Section 9.14.6.	LR 9.14.6	N/A	
54.	The Bank shall make an immediate Market Announcement to the Exchange for RPTs as set out in Section 9.14.7 (a) and (b). The RPTs policy of the Bank provides for making an immediate Market Announcement to the Exchange for RPTs identified in this Section. There were no RPTs during the year which required immediate Market Announcement as set out in Section 9.14.7.	LR 9.14.7	N/A	
55.	Related Party Disclosures Non-recurrent RPT exceeding 10% of the Equity or 5% of the Total Assets, whichever is lower (in the specified format).	LR 9.14.8.(1)	N/A	229 to 231
56.	Recurrent RPT exceeding 10% of the gross revenue/ income (in the specified format) Refer Note 51 to the Financial Statements on "Related Party Disclosures"	LR 9.14.8.(2)	N/A	229 to 231

	Disclosure requirement	Reference to the relevant statute/rule	Page reference for compliance and other necessary disclosures	Page/s
57.	Related Party Transactions Review Committee Report • Names of the Directors comprising the Committee • Statement that Committee has reviewed RPTs and communicated comments/observations to the Board • Policies and procedures adopted by the Committee	LR 9.14.8.(3)	Committee reports Corporate governance	284 to 286 229 to 231
58.	Affirmative declaration by the Board of Directors on compliance with RPT Rules or negative statement to that effect.	LR 9.14.8.(4)	Corporate governance	229 to 231
59.	Acquisition and disposal of assets from/ to Related Parties Except for transactions set out in Section 9.14.10, the Bank shall ensure that neither the Bank nor any of its subsidiaries, acquires a substantial asset from, or disposes of a substantial asset to, any Related Party of the Entity without obtaining the approval of the shareholders of the Entity by way of a Special Resolution.	LR 9.14.9	N/A	
60.	Additional disclosures by Board of Directors Declaration on following; i) All material interests in contracts involving in the Bank and have refrained from voting on matters in which they were materially interested ii) Review of the internal controls covering financial, operational and compliance controls and risk management and obtained reasonable assurance of their effectiveness and successful adherence, and, if unable to make any of these declarations an explanation on why it is unable to do so; iii) Made themselves aware of applicable laws, rules and regulations and are aware of changes particularly to Listing Rules and applicable capital market provisions; iv) Disclosure of relevant areas of any material non- compliance with law or regulation and any fines, which are material, imposed by any government or regulatory authority in any jurisdiction where the Entity has operations.	LR 9.16	Corporate governance	229 to 231

Board Integrated Risk Management Committee Report

The Board Integrated Risk Management Committee (BIRMC) is a sub - committee of the Board of Directors, established in accordance with Section 6.5 of the Banking Act Direction No. 05 of 2024 on "Corporate Governance for Licensed Banks." Additionally, the Bank has implemented an Integrated Risk Management Framework (IRMF) aligned with the Central Bank of Sri Lanka's Banking Act Direction No. 7 of 2011.

Composition

The composition and the scope of work of the Committee conform with the provisions of the aforementioned Direction. The Committee currently comprises three (3) members whom are Independent Non - Executive Directors.

The following are the members of the Committee:

1. Mr. Yudhishtran Kanagasabai - Chairman (Independent Non- Executive Director)
2. Mr. Asoka Peiris (Independent Non-Executive Director)
3. Ms. Shanti Gnanapragasam (Independent Non-Executive Director)

The Chief Executive Officer (MD/CEO), Chief Operating Officer (COO), DGM Retail & SME Banking, Head of Risk and other management personnel of the Bank shall attend the meetings by invitation.

The Chief Compliance Officer is the Secretary to the Committee.

Meetings

In accordance with its charter, which is reviewed annually and which states the membership, authority, duties and responsibilities, the BIRMC is mandated to meet on a quarterly basis and as required. During the year under review, the Committee convened six (6) regular meetings and two (2) special meetings to effectively discharge its responsibilities.

The attendance of members is given in the table below.

BIRMC members	Attended / Eligibility to attend
Mr. Yudhishtran Kanagasabai	8/8
Mr. Asoka Pieris	8/8
Ms. Shanti Gnanapragasam	7/8

Reporting

The discussions and decisions of the Committee meetings were meticulously documented in the BIRMC minutes and systematically communicated to the Board to ensure awareness, provide necessary notifications, and facilitate prompt action. Additionally, monthly Risk and Compliance Reports were consistently presented at Board meetings, emphasizing significant changes in the Bank's risk profile and analysing their root causes.

Role and Responsibilities

The Risk Management Committee operates in accordance with the Terms of Reference (TOR) approved by the Board of Directors. Its primary responsibility is to oversee the Bank's enterprise-wide risk management, ensuring an effective governance framework, robust risk management policies, and sound operational practices. The Committee is entrusted with the following key responsibilities:

- Assisting the Board of Directors in understanding the Bank's risk profile in the execution of banking operations and establishing a framework that ensures the efficiency and adequacy of risk management functions while providing necessary guidance to the Management.
- Reviewing the Bank's governance framework related to credit, market, liquidity, operational, strategic, and other risks. This includes evaluating the policies, processes, and systems adopted by Management to manage risk exposures, risk measurement methodologies, and approaches to stress testing.
- Ensuring the independence and authority of the Risk Management and Compliance functions, while evaluating the adequacy of their scope and coverage.
- Taking stock and formulating methodologies for the allocation of risk capital and assessing the Internal Capital Adequacy Assessment Process (ICAAP).
- Evaluating the adequacy and effectiveness of Management-level committees in identifying, mitigating, and managing enterprise-wide risks within the defined quantitative and qualitative risk parameters.

Directions of the BIRMC

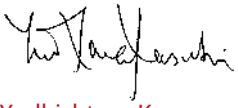
During the year under review, the Committee closely monitored the Bank's risk profile against a backdrop of a challenging operating environment and evolving regulatory expectations. The Committee guided management in strengthening the Bank's risk governance framework to ensure continued alignment with the Bank's strategic objectives, risk appetite, and regulatory requirements.

- The Integrated Risk Management Framework (IRMF) was further strengthened through the review and enhancement of policies and processes covering credit, market, liquidity, and operational risks. Improvements were made to risk data and management practices through the centralization and analysis of improved information thus enhancing the accuracy and effectiveness of risk measurement, monitoring, and reporting.

- The Key Risk Indicator (KRI) framework was revamped to strengthen its role as a key oversight tool, enabling the Committee to effectively monitor the Bank's overall risk profile and ensure ongoing alignment with the approved risk appetite.
- Credit risk management practices were carried out through independent loan reviews, ongoing portfolio monitoring, and continued oversight of stressed assets, watch - listed exposures, and credit excesses. These practices supported the early identification of emerging risks and timely corrective actions.
- The credit risk stress testing framework was enhanced through scenario - based assessments, incorporating heightened macroeconomic volatility. The framework operated alongside continued oversight of market and liquidity risks. Stress testing outcomes were reviewed by the Committee in line with regulatory guidelines and were used to harness capital planning and endorse risk management decisions.
- The Bank operated in a challenging market environment characterized by heightened volatility in interest rates, foreign exchange, and liquidity conditions. In response, the Bank enhanced its market risk monitoring framework to ensure comprehensive oversight of treasury functions. Advanced risk metrics and real-time reporting mechanisms were implemented to capture exposures effectively, enabling timely management actions and informed decision-making. The Committee continued to review these enhancements to ensure alignment with the Bank's risk appetite and regulatory expectations.
- The Bank significantly strengthened its operational risk resilience by modernizing its risk management framework to address market volatility and emerging threats. Key advancements included the launch of an integrated Key Risk Indicator (KRI) model for proactive oversight and a comprehensive on - site branch reviews featuring hands - on training and RCSA - driven controls. Additionally, by integrating geopolitical risk into Recovery and Business Continuity Planning (BCP), the Bank has ensured greater agility and continuity in an evolving global landscape.
- The Bank's Technology Risk Appetite was defined, developed, and enhanced through the technology risk – related KRIs, and was reviewed during 2025. Robust actions were taken to strengthen the cyber security infrastructure and framework of the Bank by optimizing risk profiling and detection capabilities, providing the Board with improved visibility into the organization's multi-layered defense strategy.
- Business Continuity Management arrangements were reviewed and enhanced through updates to relevant policies and performance indicators, ensuring preparedness for potential disruption scenarios.
- The Board Integrated Risk Management Committee (BIRMC) continued to exercise close oversight over the Bank's capital planning and capital adequacy assessments in line with Basel III requirements. Particular emphasis was placed on evaluating risk–return trade-offs and forward-looking capital projections to support the Bank's strategic growth objectives while preserving financial resilience.
- The Committee remains focused on ensuring disciplined and proactive capital planning to achieve timely compliance, while safeguarding the Bank's stability and long-term sustainability.
- Bank's AML/CFT Compliance framework was further strengthened by conducting a Bank-wide Risk Assessment (BWRA) which included in addition to AML/CFT, an assessment from Anti Bribery Corruption and Sanctions compliance perspective as well.

Evaluation of the Committee

The Committee carried out a structured self evaluation exercise and obtained constructive feedback from the members and the management for it's continuous improvement.



Yudhishtran Kanagasabai
Chairman - Board Integrated Risk Management Committee

Colombo
27 February 2026

Board Nominations and Governance Committee Report

Composition of the Committee

GRI 2-10, GRI 2-18

The Board Nominations and Governance Committee (BNGC) comprises four Independent Non-Executive Directors. The following Directors served/serve on the BNGC during the year.

BNGC Member	Directorship Status	Membership Status	Date of Appointment/ Resignation
Mr. Buwanekabahu Perera	Independent Non-Executive Director	Chairman	Chairman from 15 November 2023. Member from 25 January 2023.
Mr. Asoka Pieris	Independent Non-Executive Director	Member	Member from 25 January 2023.
Mr. Yudhishtran Kanagasabai	Independent Non-Executive Director	Member	Member from 1 July 2024.
Mr. Arjuna Herath	Independent Non-Executive Director	Member	Member from 15 November 2023.

Ms. Amendra de Silva, the Company Secretary, functions as the Secretary of the Committee.

Terms of Reference

The Terms of Reference (ToR) of the BNGC aligns with the Direction No. 6.4 of the Banking Act Direction No. 05 of 2024 on Corporate Governance for Licensed Banks issued by the Central Bank of Sri Lanka and Rule 9.11 of the Colombo Stock Exchange Listing Rules. The Committee's composition and scope of work conform to the provisions of both the Direction and the Rule.

Purpose of Establishing the Committee

In accordance with the Terms of Reference set by the Board, key role and responsibilities of the BNGC are as follows;

- To recommend to the Board a Corporate Governance Policy and Framework for the Bank, considering all applicable regulatory requirements and industry and international best practices, and periodically review and update the recommendations made as necessary.
- To obtain reports from the Management on compliance with the Corporate Governance Framework and all applicable laws and regulations, together with any deviations/non-compliance.
- To consider and recommend from time to time, the requirements of additional/new expertise to the Board.
- To keep under review the structure, size and composition of the Board and Board Committees (including the skills, knowledge, experience and diversity required) to better ensure the effective discharge of their duties and responsibilities.
- Quarterly evaluate the status of independence of the independent non-executive directors according to the criteria laid down in the Banking Direction on Corporate Governance and whether such directors have any conflicts of interest that may impede the ability to perform duties independently.
- To establish and maintain criteria and a transparent procedure for recommending to the Board, persons as Directors and the Bank's Chief Executive Officer (CEO), and also its Key Management Personnel, considering academic/ professional qualifications, skills, experience and attributes necessary, given the nature of the Bank's business and in the case of Non-Executive Directors, their ability to commit to the role the time required.
- To consider and recommend to the Board, the appointment of new Directors to the Board Committees of the Bank.
- To establish a process for the periodic evaluation of the performance of the Directors and the CEO to determine whether their responsibilities are satisfactorily discharged.
- To establish a transparent procedure to recommend (or not recommend) to the Board the reappointment of Directors when they come up for re-election, considering their contribution towards the effective discharge of the Board's responsibilities.
- To establish a process to determine whether the Directors, the Bank's CEO, and also its Key Management Personnel are fit and proper persons to hold office as specified and set out in the Banking Act, the CSE Listing Rules and other relevant statutes and directions issued by the Central Bank of Sri Lanka and CSE from time to time.

- To ensure the development of a succession plan for the Board of Directors and Key Management Personnel.
- To Identify the training needs of the directors and make recommendations to the Board relating to training, capacity building and professional development programs for the directors on a regular basis.

Frequency of Meetings and Quorum

The Committee meets at least twice during the Financial Year or as and when deemed necessary.

The quorum for meetings of the Committee is three (3) members, including at least two Independent Non-Executive Directors, including its Chairperson.

The Committee met four (4) times during the year and the attendance of Committee members at meetings is given in the table below.

BNGC members	Attended/ Eligibility to attend
Mr. Buwanekabahu Perera	4/4
Mr. Asoka Pieris	4/4
Mr. Yudhishtran Kanagasabai	3/4
Mr. Arjuna Herath	4/4

Only members of the Committee have the right to attend Committee meetings. However, other employees such as the CEO, the Head of Human Resources, and external advisers are invited to attend all or part of any meeting, as and when appropriate and necessary.

The proceedings of the Committee meetings have been reported to the Board of Directors.

Activities of the Committee

The Committee considered and/or reviewed and recommended the following for the approval of the Board;

- Reviewed the retirement criteria for Directors, which includes stipulations regarding age and tenure, and proceeded to deliberate on the potential necessity of increasing the Board's membership.
- Recommended the appointment of Mr. Rajitha Basnayake to the Board taking into consideration his qualifications and expertise in Information Technology and Information Security, which will add a valuable dimension to the Board's collective expertise.
- After a comprehensive evaluation process, recommended the appointment of a Chief Information Security Officer and a Key Management Personnel to head the Treasury function.
- The promotion of Key Management Personnel, having considered their qualifications, experience, competencies and performance during the year.
- Reviewed the Organization Structure and Succession Plan for Senior Management.
- Reviewed the Succession Plan, determining if potential successors had the necessary skills and competencies to transition smoothly into their roles. Furthermore, the Committee identified skills, competency, and alignment issues to facilitate the implementation of individualized development plans. This was to ensure that there was a strong cross functional talent pool of potential successors for the Senior Management and thereby ensure the continuity of operations.
- The Declarations on Independence provided by the Independent Non-Executive Directors were reviewed on a quarterly basis and the Committee determined that the Independent Directors met the requisite criteria laid down in the Banking Act Direction on Corporate Governance and CSE Listing Rules. M/s. Asoka Pieris, Yudhishtran Kanagasabai, Buwanekabahu Perera, Ravindra Jayawardena, Arjuna Herath and Mrs. Shanti Gnanapragasam have been designated as independent whilst, Ms. Marianne Page has been designated as non-independent.

- Recommended the re-election of Directors retiring by rotation; M/s. Asoka Pieris and Arjuna Herath taking in to consideration the criteria laid down in the Procedure to Select/Appoint Directors/CEO/ KMPs such as; performance during the year, including whether the member concerned was an active participant and contributed to Board/Committees. In recommending the re-election of Directors, the Committee assessed the "fitness and propriety" of the Directors in line with the Banking Act and Directions issued thereunder, including the CSE Listing Rules.
- Determined that the continuing Directors of the Bank, including the MD/CEO satisfied the Fit and Proper Assessment criteria stipulated in the Listing Rules of the CSE and the Banking Act and Directions issued by the CBSL. The Affidavits/ Declarations submitted by the Directors were forwarded for regulatory approval as required by the applicable laws and regulations.
- Reviewed and recommended the revised Policy and Code of Corporate Governance.
- Reviewed its responsibilities in line with the Banking Act Direction No. 05 of 2024 on Corporate Governance which came into effect on 1 January 2025 and the CSE Listing Rules to ensure that the Bank was in compliance with the applicable regulations.
- The Regulator's supervisory concerns within the scope of the Committee were subject to discussion, with the aim of ensuring that remedial actions were taken within the agreed timelines.
- Reviewed the Committee's self-evaluation and identified areas for renewed focus.

Disclosures:

1) The Bank has in place a Board approved policy and process for nomination of directors.
2) The Board of Directors is comprised with a balance of skills, competencies and experience that has relevance to the business of banking. Board diversity, skills, age and gender balance are considered when nominating Directors to the Board and deemed essential for effective Board performance. The Procedure to Select/Appoint Directors/CEO/KMPs of the Bank is adhered to when nominating Directors to the Board of Directors, including at reappointment. Please see pages from 38 to 43 for information on the Directors skills, experience and gender.
3) All Non-Executive Directors submit themselves for re-election by rotation in compliance with the Articles of Association of the Bank, which requires two Directors to retire at each Annual General Meeting. All such Directors have offered themselves for re-election at least once in every three years. M/s. Asoka Pieris and Arjuna Herath offer themselves for re-election by rotation at the Annual General Meeting to be held in 2026 in terms of Article 86 of the Articles of Association of the Bank, whilst Mr. Rajitha Basnayake who was appointed on 14 January 2026 offers himself for election in terms of Article 92 of the Articles of Association of the Bank.

Director	Membership of Committees	Date of first appointment as a Director	Date of last re-appointment as a Director	Directorships or Chairpersonships and other principal commitments both present and those held over the preceding three years in other Listed Entities	Any relationships including close family relationships between the candidate and the directors, the Listed Entity or its shareholders holding more than ten per-centum (10%) of the shares of the Listed Entity
Mr. Asoka Pieris	Chairman - BSPC BCASC Member - BIRMC BNGC BCC BHRRC	20 January 2023	28 April 2023	The Autodrome PLC - Senior Independent Non-Executive Director Cargills (Ceylon) PLC - Non-Executive Non-Independent Director	NIL

Board Nominations and Governance Committee Report

Director	Membership of Committees	Date of first appointment as a Director	Date of last re-appointment as a Director	Directorships or Chairpersonships and other principal commitments both present and those held over the preceding three years in other Listed Entities	Any relationships including close family relationships between the candidate and the directors, the Listed Entity or its shareholders holding more than ten per-centum (10%) of the shares of the Listed Entity
Mr. Arjuna Herath	Chaiman - BAC BITC Member - BHRRC BNGC BRPTRC BCASC BSPC	01 November 2023	26 April 2024	Senkadagala Finance PLC (Independent Non-Executive Director) Watawala Plantations PLC (Independent Non-Executive Director) RIL Property PLC - Chairman (Independent Non-Executive Director) United Motors Lanka PLC (Independent Non-Executive Director)	NIL
Mr. Rajitha Basnayake	None	14 January 2026	N/A	Asia Asset Finance PLC	NIL

4) Board and Board Sub Committees have established a process to conduct an annual self-evaluation and have complied with this requirement for 2025.
5) The MD/CEO's performance has been evaluated by the BHRRC/BNGC for 2024 and appropriate recommendations made to the Board, whilst the performance evaluation process for 2025 is in progress.
6) The Chairman informs the Independent Non-Executive Directors of major issues relating to the Bank.
7) A process is in place to conduct an orientation program for newly appointed Directors, primarily conducted by the Chairman. There were no directors appointed during the period under review and as such no induction was carried out for 2025.
8) During the year, several training programs were conducted to the Board of Directors such as, on the Provisions of the Data Protection Act, Cyber Security, Sustainable Banking by external resource personnel, including providing opportunities to attend external training programs during the year. Furthermore, the Directors were kept abreast of the Corporate Governance Regulations, Listing Rules, securities market regulations and other applicable laws and regulations on an ongoing basis.
9) The Declarations on Independence were provided by the Independent Non-Executive Directors to determine their status of independence in terms of the criteria laid down in the CBSL Governance Direction and CSE Listing Rules. The independent directors met the requisite criteria and are identified in pages under " Our Board of Directors".
10) The Committee declares that the Bank is compliant with the Corporate Governance Rules of the Colombo Stock Exchange and the Banking Act Direction No. 05 of 2024 on Corporate Governance for Licensed Banks issued by the Central Bank of Sri Lanka. Please refer the Corporate Governance Report on pages 180 to 231.

Buwanekabahu Perera
Chairman - Board Nominations and Governance Committee

Colombo
27 February 2026

Board Human Resources and Remuneration Committee Report

Composition of the Committee

GRI 2-19, GRI 2-20

The Board Human Resources and Remuneration Committee (BHRRC) comprises four (4) Independent Non-Executive Directors. The following Directors served/serve on the BHRRC;

BHRRC Member	Directorship Status	Membership Status	Date of appointment/ Resignation
Mrs. Shanti Gnanapragasam	Independent Non- Executive Director	Chairperson	Member from 1 July 2023.
Mr. Asoka Pieris	Independent Non- Executive Director	Member	Member from 25 January 2023.
Mr. Ravindra Jayawardena	Independent Non- Executive Director	Member	Member from 1 May 2023.
Mr. Arjuna Herath	Independent Non- Executive Director	Member	Member from 15 November 2023.

Permanent Attendee
Mr. Senarath Bandara (Managing Director/ CEO)

Ms. Amendra de Silva, the Company Secretary, functions as the Secretary of the Committee.

Terms of Reference

The Terms of Reference (ToR) of the BHRRC aligns with Direction No. 6.3 of the Banking Act Direction No. 05 of 2024 on Corporate Governance for Licensed Banks issued by the Central Bank of Sri Lanka and Rule 9.12 of the Colombo Stock Exchange Listing Rules. The Committee's composition and scope of work conform to the provisions of both the Direction and the Rule.

Human Resource Management and Talent Strategy

Cargills Bank regards its Human Capital as its most valuable asset, recognizing that the Bank's sustained growth and success are fundamentally dependent on the performance of its employees. Accordingly, the Bank places significant emphasis on employee well-being and engagement.

Simultaneously, we are dedicated to upholding the established reputation and recognition of the "Cargills" brand. Our strategy, therefore, seeks a crucial alignment between the personal values of our employees and those of the Cargills Brand, ensuring our overall Human Resources framework is fully aligned with our core business philosophy and brand values.

Recruitment and Compensation Philosophy

The Committee views effective and rigorous recruitment and selection as central to the successful operation of the Bank. Meticulous attention is paid to securing the right talent for the right position.

Our compensation philosophy is designed to attract, motivate, and retain high-performing individuals. The Bank compensates employees fairly in exchange for their time, talent, efforts, and results, fostering a performance-driven culture where a clear correlation exists between individual performance and reward outcomes. All compensation and benefits schemes are designed to be fair, equitable, and non-discriminatory.

Performance Management and Rewards

The annual staff salary increments are recommended by the Committee for Board approval, following a review of the increment and salary adjustment structures and justifications presented by Management. These structures are proposed subsequent to a comprehensive performance evaluation conducted by business and department heads for their respective team members. Performance ratings and the corresponding increment percentages are determined by individual achievement against Key Performance Indicators (KPIs), overall contribution, and other relevant factors.

Board Human Resources and Remuneration Committee Report

We maintain competitive compensation structures by benchmarking annual salary increments and market adjustments against prevailing market salaries and industry benefits, ensuring alignment to the greatest extent practicable. Beyond this, the Committee holds the discretion to declare performance-based bonus payments. Such bonuses are strictly contingent upon the Bank's overall achievement of its targets and performance, serving a dual purpose: to enhance employee morale, motivation, and productivity, and to formally acknowledge the attainment of significant corporate goals.

Annual staff promotions are recommended by the Committee in strict adherence to Bank policies and procedures. The justification for these promotions, provided by management, is based on a comprehensive assessment of individual performance, achievement against job descriptions and KPIs, position specific skills and competencies, and overall professional conduct.

The Committee assists the Board in the discharge of its oversight role and responsibilities relating to;

- The Bank's Human Resource's strategy and policy in positioning employment, retention, training, development, remuneration, and other performance-based payments.
- The remuneration of Executive and Non-Executive Directors.
- The remuneration and performance of the CEO and the Key Management Personnel (KMPs).
- Review of the Remuneration Policy of the Bank.
- Review of the Organizational Structure of the Bank.

In performing this role, the Committee shall inter alia;

- Set goals and targets for the Directors, CEO and the KMPs and recommend same to the Board for approval;
- Discuss and determine the remuneration policy including salaries, allowances, and other financial payments (cash and non-cash benefits) relating to Directors, CEO and KMPs of the Bank and make recommendations to the Board for approval;
- Evaluate the performance of the CEO and KMPs against the set targets and goals periodically and determine the basis for revising remuneration, benefits and other payments of performance-based incentives and recommend same to the Board for approval;
- Ensure that the prior written approval of the shareholders is obtained for any special payments/ financial and non - financial benefits to be made to the directors, CEO and KMPs at the termination of employment or at the retirement;
- Coordinate with the Integrated Risk Management Committee to ensure that the compensation made to directors, CEO and KMPs is within the risk appetite limits of the Bank;
- Review and assess HR and Remuneration Risk;
- Review the HR policies including, Performance Management Policy, Employee Remuneration Policy, Code of Conduct and Ethics, Occupational Health and Safety, Staff Benefit Policies and other Employment related policies; and
- Establish a policy on claw-back arrangements for performance-based payments made to CEO and key management personnel of the Bank under the circumstances of *inter alia* fraud and misappropriation of funds, to the extent of the financial loss caused to the Bank , including the process to be followed by the Bank prior to giving effect to the claw back arrangements ensuring procedural propriety, fair hearing and transparency.

The Committee is authorized to make recommendations to the Board regarding any matters within its remit. Furthermore, the Committee is empowered to procure, at the Bank's expense, advisory and consultation services for Human Resources-related decisions that are in the best interest of the Bank and its employees.

Frequency of Meetings and Quorum

Committee meetings are held half yearly or more frequently if required.

The CEO is present at all meetings of the Committee, except when matters relating to the CEO are being discussed. The quorum required at a meeting is three (3) members, two of whom shall be Independent Non-Executive Directors. The proceedings of the Committee meetings are regularly reported to the Board and minutes are circulated to all Directors.

The Committee met four times during the year and the attendance of Committee members at meetings is given in the table below.

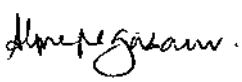
BHRRC members	Attended/ Eligibility to attend
Mrs. Shanti Gnanapragasam	4/4
Mr. Asoka Pieris	4/4
Mr. Ravindra Jayawardena	1/4
Mr. Arjuna Herath	3/4

The details of the aggregate remuneration of the Executive and Non- Executive Directors are stated on page 406.

Activities of the Committee

The Committee considered and reviewed and /or recommended the following for the approval of the Board for the year under review;

- The Committee defined and established KPIs for the MD/CEO and KMPs to ensure alignment with the Bank's 2025 corporate objectives. A critical evaluation of their performance is conducted against these objectives.
- In line with the annual increment cycle, a comprehensive review of the remuneration structure for the MD/CEO, KMPs, and general staff was concluded during the year. Compensation adjustments were implemented based on KPI achievements and overall Bank performance.
- The Committee evaluated 2025 staff promotions, making recommendations based on KPI attainment, dedication, and professionalism. Proposed improvements to the staff promotion process were also reviewed and recommended to the Board for approval.
- Non-Executive Directors' fees were reviewed in accordance with the Bank's Remuneration Policy, with the decision made to maintain them at current levels.
- The 2025 staff bonus was paid to recognize sustained hard work and the successful exceeding of 2024 budgetary expectations. Additionally, the Committee recommended the Reward and Recognition Event to formally acknowledge high-performing employees.
- The Committee approved a formal salary survey to evaluate the alignment of our current salary structures with industry benchmarks.
- The Committee reviewed and recommended the Bank's organizational structure and minimum qualifications and job descriptions for Corporate Management.
- A thorough review of HR policies was conducted, covering Personal, Housing, and Vehicle loans, Staff Medical, Code of Conduct, Occupational Health and Safety, and Learning and Development.
- HR statistics were monitored throughout the year.
- The Committee reviewed the progress of the 2025 Human Resources Training Plan and proposed specific improvements to address identified deficiencies.
- Supervisory concerns raised by the Regulator within the Committee's scope were discussed to ensure remedial actions were completed within agreed timelines.
- Following a self-evaluation, the Committee defined key focus areas to directly support the Bank's strategy and continued growth.



Shanti Gnanapragasam
Chairperson - Board HR and Remuneration Committee

Colombo
27 February 2026

Board Strategic Planning Committee Report

Composition of the Committee

The Board Strategic Planning Committee (BSPC) comprises eight (8) Directors, seven (7) of whom are Non-Executive Directors. The following Directors served/serve on the Committee;

BSPC Member	Directorship Status	Membership Status	Date of Appointment/ Resignation
Mr. Asoka Pieris	Independent Non- Executive Director	Chairman	Chairman from 1 July 2024. Member from 25 January 2023.
Mr. Senarath Bandara	MD/CEO	Member	Member from 1 October 2020.
Ms. Marianne Page	Non-Independent Non- Executive Director	Member	Member from 29 November 2019.
Mr. Yudhishtran Kanagasabai	Independent Non- Executive Director	Member	Member from 29 November 2019.
Mr. Buwanekabahu Perera	Independent Non- Executive Director	Member	Member from 29 July 2021.
Mr. Ravindra Jayawardena	Independent Non- Executive Director	Member	Member from 1 July 2023.
Mrs. Shanti Gnanapragasam	Independent Non- Executive Director	Member	Member from 1 July 2023.
Mr. Arjuna Herath	Independent Non- Executive Director	Member	Member from 15 November 2023.

Ms. Amendra de Silva, the Company Secretary, functions as the Secretary of the Committee.

Terms of Reference

The Committee is duly constituted with its own Terms of Reference, which has been approved by the Board.

Purpose of Establishing the Committee

Established to assist the Board of Directors and the CEO in achieving an effective strategy for profitability, growth, and long-term sustainability, the BSPC operates strictly in an oversight capacity. Its duties involve assisting the Bank's strategy pursuit, periodically assessing Executive Management's commitment and capability to execute and deliver that strategy, and subsequently making recommendations to the Board. The Executive Management remains primarily accountable for the actual planning, execution, and delivery of the strategies.

In performing this role, the Committee shall inter alia;

- Assist the Executive Management in developing a well-defined medium- term Strategic Plan for the Bank in line with the Bank's overall vision, strategic direction and business model.
- Review and assess whether the Bank is responsive to changes in the competitive environment by realigning its strategies and action plans periodically, where appropriate, to strengthen its competitive position.
- Review and assess whether the strategic plans of the Bank address the expectations of all key stakeholders, including in particular its shareholders.
- Review and assess whether the annual business plans and financial budgets, including capex budgets developed by the Executive Management, are aligned with the Bank's business model and Strategic Plan and recommend such matters for approval by the Board.
- Review and evaluate the alignment of KPIs of all KMPs to the Strategic Plan and financial budgets.
- Monitor and evaluate the execution of strategy and delivery of performance by the Management under the approved Strategic Plan and connected annual business plans and financial budgets.
- Regularly review and evaluate the key objectives and goals contained in the annual financial budget, the business plan and the Strategic Plan concerning performance and sustainability and review all major business initiatives and projects prior to their submission to the Board for approval.

- Review and evaluate major initiatives and projects aimed at transforming the business and operating model and make appropriate recommendations to the Board.
- Assist the Board in ensuring that all necessary action is taken to meet regulatory capital requirements and oversee the efficiency in the deployment of capital by the Management.
- Monitor on a regular basis the strategic and KPIs of the Bank including the strategic risks arising from under-performance.
- Advice the Board on strategy and direction, in carrying out the above oversight responsibilities relating to the smooth functioning of the Bank.

Frequency of Meetings and Quorum

- Committee meetings shall be held twice a year or more frequently if required.
- The quorum required at a meeting shall be five (5) including the MD/CEO, two of whom shall be Independent Non-Executive Directors.
- The Committee met thrice (3) during the year and the attendance of committee members at committee meetings in 2025 is given in the table below.

BSPC members	Attended/Eligibility to attend
Mr. Asoka Pieris	3/3
Mr. Senarath Bandara	3/3
Ms. Marianne Page	3/3
Mr. Yudhishtran Kanagasabai	3/3
Mr. Buwanekabahu Perera	2/3
Mr. Ravindra Jayawardena	3/3
Mrs. Shanti Gnanapragasam	3/3
Mr. Arjuna Herath	3/3

Activities of the Committee

The Committee considered and reviewed and recommended the following for the approval of the Board;

- The Committee performed a comprehensive review of the achievement vs Business Plan with Management at the end of the first half of 2025. The review included an analysis of the Bank's performance relative to the annual business plan, identification of implementation challenges, and strategic deliberation on advancing the Bank's profitable and sustainable growth. Advisory input was provided to Management to enhance implementation.
- The Committee conducted a brainstorming initiative with the Management to crystalize overarching objectives and strategies for the 2026-2028 Strategic Business Plan, setting the expectations for the preparation of the 3-year business planning cycle.
- Budget and Business Plan for 2026-2028
  The Committee critically reviewed the Budget and Business Plan presented by the Management to ensure the strategic alignment of collective efforts toward a focused set of goals, necessary to drive profitable and sustainable success in a dynamic business environment.
- The Committee completed it's self-evaluation for the period 2025.

Asoka Pieris
Chairman - Board Strategic Planning Committee

Colombo
27 February 2026

Board Related Party Transactions Review Committee Report

Composition of the Committee

GRI 2-15

The Board Related Party Transactions Review Committee (BRPTRC) comprises three (3) Independent Non- Executive Directors. The following Directors served/serve on the BRPTRC;

BRPTRC Members	Directorship Status	Membership Status	Date of Appointment/ Resignation
Mr. Yudhishtran Kanagasabai	Independent Non- Executive Director	Chairman	Member from 15 November 2023.
Mrs. Shanti Gnanapragasam	Independent Non- Executive Director	Member	Member from 1 July 2023.
Mr. Arjuna Herath	Independent Non- Executive Director	Member	Member from 1 July 2024.

Ms. Amendra de Silva, the Company Secretary, functions as the Secretary of the Committee.

The Committee invites members of the Management to attend meetings to provide relevant information or data, required for matters under discussion.

Terms of Reference

The Board of Directors is committed to good governance, acknowledging that Related Party Transactions (RPTs) carry a significant risk of actual or perceived conflict of interest or improper benefit to the related party. In 2018, the Board created a Related Party Transactions Review Committee and defined its mandate through a dedicated Terms of Reference. The Committee is responsible for and has successfully deployed Board-approved policies, procedures, and processes to manage the identification, monitoring, and reporting of RPTs on an end-to-end basis across all Bank activities.

Purpose of Establishing the Committee

The Board of Directors, acting through the BRPTRC, has established robust controls to mitigate conflicts of interest arising from transactions with any related party. The BRPTRC strictly ensures that the Bank refrains from engaging in RPTs that would grant related parties more favorable terms than those accorded to other constituents conducting the same business. In the review process for a proposed RPT, the Committee meticulously considers:

- The related party's relationship with the Bank and their interest in the transaction.
- All material facts, including the proposed aggregate value and the benefits of the RPT to the Bank.
- The availability of comparable products or services from other sources.
- An assessment confirming that the proposed RPT and its pricing are comparable to terms generally available to an unaffiliated third party under the same or similar circumstances or, where applicable, to employees.
- An independent assurance on the proposed RPT from the Head of Risk Management.

Through these duties, the Committee remains committed to actively avoiding any conflict of interest that may arise from related party transactions.

The Committee has been delegated with the following responsibilities to assist the Board in ensuring that all RPTs conform to the applicable regulations. In discharging its responsibilities, the Committee reviews the mechanism and processes by which Related Parties and RPTs are captured.

- To ensure that a clear policy, procedures and processes are in place for identifying, monitoring and reporting related party transactions on an on-going basis in line with applicable laws and regulations.
- To ensure all related parties are identified, changes promptly captured, and RPTs are continuously monitored.
- To ensure RPTs are not undertaken on more favourable terms than are available to non-related parties under similar circumstances. This is to ensure the interests of shareholders and other stakeholders as a whole are taken into account by the Bank when entering into RPTs. When clearing RPTs, to ensure the objective and the economic and commercial substance of the RPTs take precedence over the legal form and technicality.

- The Committee reviews and approves the types of recurrent RPTs to be considered as exempt in terms of the Listing rules. This list of exempt recurrent RPTs is reviewed and updated if required quarterly, by the Committee and advised to the Board.
- The Committee reviews non-recurrent RPTs before they are undertaken and makes appropriate recommendations to the Board. In doing so the Committee considers whether the RPT in its entirety is in the best interests of the Bank.
- All RPTs which require prior clearance are reviewed by the Committee. It will also determine and advise whether Board approval is required for the proposed RPT, depending on the nature of the transaction and the terms offered.
- It also performs other activities the Committee deems appropriate for executing its duties and functions under its Terms of Reference and any other responsibilities which the Board may assign to it from time to time.

In evaluating RPTs, the Committee takes into account the Banking Act Direction No. 05 of 2024 on Corporate Governance for Licensed Commercial Banks, Banking Act No. 30 of 1988 (as amended) and Directions issued thereunder, Listing Rules of the Colombo Stock Exchange and any other applicable law or direction and the Related Party Transactions Policy & Procedure of the Bank.

The Committee is authorised to obtain professional and expert advice from qualified persons, where such advice is necessary for the performance of the review function.

Frequency of Meetings and Quorum

The Committee is required to meet at least four times during the Financial Year, and as and when deemed necessary. The quorum required at a meeting is three (3).

The Committee met four (4) times during the year and the attendance of the members at meetings is given in the table below;

BRPTRC Members	Attended/ Eligibility to attend
Mr. Yudhishtran Kanagasabai	4/4
Mrs. Shanti Gnanapragasam	4/4
Mr. Arjuna Herath	4/4

Activities of the Committee

The Committee considered and/or reviewed the following;

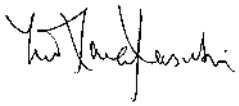
- The data on related parties of the Bank, compiled based on self-declarations provided by the Directors, KMPs, and group companies.
- All RPTs requiring prior clearance were reviewed by the Committee to ensure that they are executed strictly at arm's length. During the review process, the Committee provided guidance on whether Board approval was necessary, based on the nature and specific terms of the transaction.
- All Related Party Transactions executed by the Bank were reviewed on a quarterly basis.
- Reviewed and recommended the Terms of Reference of the Committee.
- Reviewed and recommended the Policy and Procedure on Related Party Transactions.
- The Committee undertook a review of its accountabilities to ensure compliance with the relevant statutory and regulatory framework.
- The annual self-evaluation of the Committee was conducted at the year- end by the members of the Committee. The results were discussed at the Committee with, where necessary, areas for improvement being identified.

The proceedings of the meetings of the Committee during the year and all RPTs of the Bank were regularly reported to the Board of Directors with its comments and observations.

Board Related Party Transactions Review Committee Report

Declaration

There were no transactions with related parties which were more favorable or preferential during the period under review. The Bank was thus compliant with the Listing Rules of the CSE, Banking Act No. 30 of 1988 (as amended) and Directions issued thereunder and Banking Act Direction No. 05 of 2024 on Corporate Governance issued by the Central Bank of Sri Lanka, on RPTs. The Bank has not entered into any transactions as contemplated in Section 9.14.8 (1) & (2) of the Listing Rules of the CSE and accordingly there are no disclosures to be made according to Section 9.14.8 of the Listing Rules of the CSE.



Yudhishtran Kanagasabai
Chairman - Board Related Party Transactions Review Committee

Colombo
27 February 2026

Board Credit Committee Report

Composition of the Committee

The Board Credit Committee (BCC) is comprised of four (04) Non-Executive Directors, including three (03) Independent Directors. In line with corporate governance best practices, an Independent Director serves as the Chairperson.

The following Directors served on the BCC during the year:

BCC Members	Directorship Status	Membership Status	Date of Appointment/ Resignation	Attended/ Eligibility/ to attend
Mr. Buwanekabahu Perera	Independent Non- Executive Director	Chairman	Chairman w.e.f. 4 August 2022 Member from 29 July 2021	9/9
Ms. Marianne Page	Non-Independent Non-Executive Director	Member	Member from 4 August 2022	7/9
Mr. Asoka Pieris*	Independent Non- Executive Director	Member	Member from 25 January 2023	9/9
Mrs. Shanti Gnanapragasam	Independent Non- Executive Director	Member	Member from 27 October 2023	8/9

* *Designated as an Independent Director since 08 June 2024.*

Mr. Wimal Karunaarachchi, The Head of the Risk Management Department, functions as the Secretary of the Committee.

Mandate and Responsibilities

Terms of Reference

The Board Credit Committee (BCC) plays a critical role in assisting the Board of Directors by providing oversight on:

- The Bank's credit and lending strategies, ensuring alignment with business objectives.
- Credit risk control measures including pricing of credit risk.
- The Bank's credit risk management framework, including policy reviews and portfolio limits.
- Performance of credit risk indicators.
- The quality and performance of the credit portfolio, with a focus on risk mitigation.

Key Responsibilities

As per its Terms of Reference, the BCC is responsible for:

- Credit Risk Oversight: Reviewing and recommending the Bank's credit risk appetite, policies, and strategies to the Board.
- Guidance on credit growth: Prudent management of Bank's credit growth by setting lending directions based on the current economic environment while maintaining improved credit quality.
- Guidance on Risk Appetite: Providing strategic direction on acceptable levels of credit risk.
- Credit Pricing & Capital Efficiency: Assessing capital costs in lending and optimizing pricing structures to enhance returns.
- Credit Approvals & Recommendations: Reviewing credit facilities under its delegated authority and recommending larger exposures for Board approval.
- Portfolio & Asset Quality Monitoring: Assessing risk asset quality, non-performing advances, and sectoral exposure to ensure prudent risk management.
- Macroeconomic & Sectoral Review: Evaluating the impact of economic cycles on credit portfolios and adjusting lending strategies accordingly.
- Customer / Group Exposure & Limits: Monitoring customer concentration risks and recommending adjustments where necessary.
- Policy & Risk Management Alignment: Ensuring credit risk policies remain consistent with the broader risk management framework set by the Board Integrated Risk Management Committee (BIRMC).
- Effectiveness of Credit Risk Controls: Overseeing the implementation and effectiveness of internal credit controls and ensuring compliance with policies and procedures.
- Reporting & Documentation: Maintaining comprehensive meeting records and submitting detailed minutes to the Board.

Board Credit Committee Report

Authority & Decision-Making Power

The Board of Directors has empowered the Board Credit Committee to:

- Approve credit facilities within its delegated authority.
- Recommend credit proposals that exceed its authority to the Board for approval.
- Approve/decline interest waivers and capital write offs to settle bad debts.
- Request relevant information from the management to support its decision-making process.

Meetings & Attendance

The Committee convenes a minimum of four (04) times annually, with additional meetings held as required by the Bank's credit and lending activities. A quorum for meetings requires at least three (03) members, including two (02) Independent Directors.

In 2025, the Committee met nine (09) times, and all decisions were duly reported to the Board to ensure transparency and alignment with strategic objectives.

Committee Activities in 2025

The banking sector credit grew during the period under review amidst expansionary monetary policy and improved macroeconomic conditions of the country. Growth was further supported by declining interest rates, political stability, improved fiscal conditions and easing of vehicle import restrictions. The committee effectively executed its lending strategies to grow the asset base of the Bank under the favorable credit environment in line with the risk appetite of the Bank. The Committee played a pivotal role in shaping the Bank's lending strategy with a focus on:

- Prudent Credit Growth - Balancing business expansion with risk management.
- Improved Credit Quality - Strengthening underwriting standards and credit assessments.
- Sectoral Risk Management - Diversifying credit exposure and mitigating industry-specific risks.
- Sustainable Lending Practices - Aligning lending strategies with environmental and social responsibility goals.

The Committee continued to provide oversight and guidance to the Business Revival Unit (BRU) during the year, with a focus on the orderly management of stressed and non-performing credit exposures. Emphasis was placed on constructive engagement with customers and the adoption of appropriate remedial strategies for viable accounts, including restructuring and repayment rescheduling, where warranted. The Committee monitored the progress of business revival cases through periodic reviews, ensuring that actions taken were consistent with the Bank's credit policies, regulatory requirements, and recovery framework.

Key activities included:

- Approval of high-value credit proposals, ensuring alignment with the Bank's risk appetite.
- Review and recommendation of large credit exposures for the Board's consideration.
- Close monitoring of non-performing advances and recommending corrective measures.
- Oversight of risk-weighted capital allocation to enhance risk-adjusted returns.

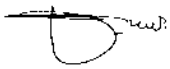
All activities were carried out in full compliance with the Bank's credit policies, ensuring that lending practices adhered to established credit risk parameters. These efforts were instrumental in strengthening the Bank's asset growth while upholding robust risk management principles.

Conclusion & Outlook for 2026

Credit outlook for 2026 is optimistic amidst the negative impact of the adverse weather conditions on the economy in the latter part of the year. However Improved macroeconomic conditions, business recoveries, low interest rates and credit quality improvements will offset the negative effects, while the Board Credit Committee will continue to guide the Board on:

- Strengthening credit risk governance and oversight.
- Shaping the credit direction, credit policy and lending guidelines.
- Enhancing risk-adjusted lending strategies.
- Fostering sustainable credit growth while maintaining high asset quality.
- Adapting to emerging credit risks and macroeconomic trends.

Through these strategic initiatives, the Committee remains committed to ensuring financial stability, resilience, and sustainable value creation for all stakeholders.



Buwanekabahu Perera
Chairman - Board Credit Committee

Colombo
27 February 2026

Board Audit Committee Report

The Board Audit Committee (BAC) assists the Board in carrying out its responsibilities on financial reporting, internal control and internal and external audit functions.

Composition of the Committee

- Mr. Arjuna Herath, Chairman *(Independent Non-Executive Director) Chairman of the BAC from 15 November 2023.*
- Mr. Buwaneka Perera *(Independent Non-Executive Director)*
- Mr. Yudhishtran Kanagasabai *(Independent Non-Executive Director)*
- Ms. Shanti Gnanapragasm *(Independent, Non- Executive Director)*

Mr. Sanjaya Mallawarachchi, Head of Internal Audit, serve as the Committee's Secretary since 03 February 2025.

Mr. Senarath Bandara, Managing Director/CEO and Mr. Prabhu Mathavan, COO, attended meetings as representatives of management, and other key personnel including the AGM Finance attended meetings by invitation, to provide technical briefings, update the BAC on relevant developments, and respond to queries as necessary.

External Auditors attended BAC meetings as required, including two independent sessions without the presence of the management.

Qualifications

Mr. Arjuna Herath, Chairman, is a Fellow member of the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and have many years of relevant experience. Other members who serve on the BAC, or served during the year, had considerable experience in banking, finance and related areas. Brief profiles of the BAC members are given on pages 38 to 43 of the Annual Report.

Regulatory Compliance

The role and functions of the BAC are regulated by Banking Act Direction No. 5 of 2024 the mandatory Code of Corporate Governance for Licensed Commercial Banks issued by the Central Bank of Sri Lanka, and the section 9.3 of Listing Rules of the CSE.

Duties and Role of the Board Audit Committee

The Charter of the BAC clearly defines the duties and role of the BAC. The Charter was last reviewed and approved on 26 March 2025 by the Board of Directors, incorporating requirements Following from the Listing Rules of CSE and relevant directions of CBSL.

The BAC's duties and role are prescribed in its Charter. The Committee assesses, ensures and is empowered by the Board in terms of the following;

- The integrity of the annual and quarterly Financial Statements of the Bank and the appropriateness of accounting policies adopted which it assessed by reviewing these statements with the management and external auditors.
- The effectiveness of the Bank's systems of internal controls including internal controls over financial reporting, which it assessed through review of internal audit reports and discussion with management and the external auditors.
- Independence and performance of Internal Audit, which it assessed through review of audit plans and work done, and internal audit reports provided.
- Monitoring the independence and performance of the External Auditors, which it assessed through multiple interactions during the year, and making recommendations on them re-appointment and the fees payable to them.
- Ensuring that proper arrangements are in place for the fair and independent investigation of matters raised through whistleblowing, and for appropriate follow-up action.
- Reviewing External Auditors' Management Letters and, as necessary, CBSL onsite examination reports, and follow up on remedial actions to address findings and recommendations.

Meetings of the Board Audit Committee

The committee met 12 times during the year 2025, including 2 joint meetings with the Board Integrated Risk Management Committee (BIRMC).

Attendance at these meetings was:

BAC Members	Attended/Eligibility to attend
Mr. Arjuna Herath	12/12 Meetings
Mr. Buwaneka Perera	12/12 Meetings
Mr. Yudhishtran Kanagasabai	09/12 Meetings
Ms. Shanti Gnanapragasam	10/12 Meetings

External consultants including the External Auditor - KPMG was represented at 3 of these meetings and Information security consultants - TechCert at one meeting providing independent expert briefings on Audit and Information security matters.

Financial Reporting

The BAC reviewed the Bank's quarterly and annual Financial Statements with management, who provided it's internal assurances of compliance, prior to recommending their adoption by the Board. This is a part of its responsibility to oversee the integrity of the Bank's financial reporting Process the financial statements produced.

In discharging this responsibility, the BAC considered the effectiveness of the Bank's internal controls over financial reporting with the assistance of the External Auditors and the Internal Audit Department, as required by the regulations applicable.

Risks and Internal Control

Continued to assess the adequacy, efficiency and effectiveness of the Bank's internal control systems. Reviewed the established processes for identification, recording, evaluation and management of significant risks that come under the purview of the BAC.

Internal Audit

Coverage of the audit universe by the Internal Audit team is based on a risk assessment review aligned to the Bank's strategic plan, and key risks. The annual risk and significance-based audit plan covering significant operational areas and mandatory regulatory audits extending to branches, departments, and special reviews is approved by the BAC at the beginning of the year. Engaging early to protect the control environment, with post implementation reviews of critical systems, processes, and use of combined expertise on risk management and internal control practices, was the strategy used by Internal Audit to enhance their value addition to the Bank. The BAC periodically reviewed progress of the audit plan, efficiency and adequacy of the work performed.

The BAC also reviewed the Internal Audit function's scope, independence, and performance. Furthermore, it ensured that the function remained objective, was adequately resourced, and possessed the necessary authority to fulfill its mandate. The performance of the Head of Internal Audit was also reviewed by the BAC and the performance of senior officers of Internal Audit was reviewed through their contributions and deliverables ongoing basis.

Major findings of audits and internal investigations were considered by the BAC and appropriate recommendations made on action required and mitigating controls necessary, with implementation followed up as necessary with management.

External Audit

The BAC monitored the independence of the External Auditors and the objectivity and effectiveness of their audit process and provided recommendations to the Board on their re-appointment and on the audit fees payable to them. The BAC also reviewed any engagement of the external auditors and the fees applicable on non audit services provided, ensuring these were not prohibited services and their provision did not impair the auditors' independence and objectivity.

The BAC had two confidential meetings with the External Auditors without the presence of management, to ensure they had unhindered access to information, records and, and experienced no pressure or influence in reporting their findings.

The BAC received a declaration from KPMG as required by the Companies Act No.07 of 2007 confirming that they did not have any relationship or interest in the Bank which had a bearing on their independence.

The Committee reviewed the external audit plan and audit findings, as well as the Auditor's management letters and followed up on the same for appropriate management actions.

In accordance with Section 22 of the Banking (Amendment) Act, No. 24 of 2024 and the requirements of Banking Act Direction No. 05 of 2024 regarding the rotation of external auditors, the Committee oversaw the selection process of external auditor for the 2026 financial year. Accordingly, the Committee has recommended the appointment of Messrs. Ernst & Young and their proposed remuneration to be determined by the Directors for shareholder approval at the Bank's Annual General Meeting in March 2026.

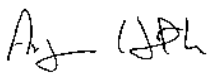
Communication with the Board

Minutes of BAC meetings are submitted to the Board. Written reports and verbal updates were provided also, as thought necessary, highlighting matters of particular relevance.

Evaluation of the Committee

Self-evaluations of the workings of the committee were initiated in January 2026. The results of these evaluations have been reviewed by the Audit committee and considering the overall performance, the committee has been rated as effective.

On behalf of the BAC



Arjuna Herath
Chairman - Board Audit Committee

Colombo
27 February 2026

Board Information Technology Committee Report

The Board Information Technology Committee of Cargills Bank PLC provides strategic oversight and consultative guidance on the bank's technology roadmap. By synchronizing IT investments with core business objectives, the Committee ensures that technology effectively drives growth, operational efficiency, and regulatory compliance. Key priorities include advancing digital banking services, reinforcing cybersecurity frameworks, and maturing IT governance to bolster the bank's long term operational resilience.

Charter of the Committee

The committee was originally formed under the name of the Core Banking Steering Committee (CPSC) in early 2024. The same committee was re-arranged as the Board Information Technology Committee (BITC), with the relevant approvals from the Board of Directors together with the changes to Its Terms Of Reference (TOR).

Operating under Board-approved Terms of Reference, the Committee provides strategic oversight to ensure that the Bank's technological roadmap remains aligned with its overarching mission and business objectives. By bridging the gap between technical execution and corporate strategy, the Committee ensures that all technology investments are compounds for sustainable growth and organizational value. A primary pillar of the Committee's mandate is the oversight of Technology Risk Management. This encompasses "oversight over" the identification, assessment, and mitigation of emerging threats, with a heightened focus on cybersecurity resilience and data protection protocols. Furthermore, the Committee monitors IT governance, ensuring that systems and operational practices not only adhere to CBSL best practices but also remain in full compliance with evolving legal, regulatory, and internal policy frameworks.

The Committee recommends the IT investments by evaluating capital expenditure against strategic priorities, it ensures Committee expertise is also utilized for disciplined resource allocation and the delivery of demonstrable returns on investment.

The Committee meets at least four times per financial year, with provisions for additional sessions as required. Committee meetings require a minimum of three members to be present, including at least two Independent Non-Executive Directors, to constitute a valid quorum.

The Head of Risk Management, functions as the Secretary of the Committee.

Composition of the Committee

The Board Information Technology Committee (BITC) comprises three Non-Executive Directors, the Managing Director, and other Management members. During February 2025, the TOR of the committee was reviewed, and appropriate changes were made to the composition of the Committee bringing the total number of executive members to two from its earlier position of five.

Accordingly, the following Directors / Executives serve on the Committee for the period under review.

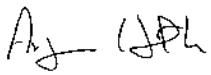
BITC Member	Directorship Status	Membership Status	Date of Appointment/ Resignation	Attendance/ Eligibility to attend
Mr. Arjuna Herath	Independent Non- Executive Director	Chairman	Chairman w.e.f. 26 March 2024	4/4
Mr. Yudhishtran Kanagasabai	Independent Non- Executive Director	Member	Member from 26 March 2024	3/4
Mrs. Shanti Gnanapragasam	Independent Non- Executive Director	Member	Member from 26 March 2024	4/4
Mr. Senarath Bandara	Managing Director / CEO	Member	Member from 26 March 2024	4/4
Mr. Prabhu Mathavan	Chief Operating Officer/ COO	Member	Member from 26 March 2024	3/4

Board Information Technology Committee Report

Initiatives of the Committee

Throughout 2025, the Committee provided strategic oversight over several transformative initiatives, including evaluating and deciding on the Core Banking System implementation. The pawning system is now fully operational following its successful rollout, while development of the leasing system has reached completion. To support these advancements, the Committee also oversaw a program of critical hardware upgrades, significantly strengthening the Bank's operational infrastructure and long-term resilience.

The Committee conducted a strategic review of the 2025 road map, evaluating the progress of centralized threat monitoring and incident response capabilities. Significant attention was given to the frameworks governing information safeguarding and regulatory privacy compliance. Additionally, the Committee designated the governance of user identities and the oversight of elevated administrative access as high-priority initiatives for the upcoming year. The Committee will oversee the continuous fortification of cybersecurity frameworks against an evolving threat landscape, the expansion of digital banking ecosystems to meet shifting market demands, and the governance required to ensure the on-time delivery of all scheduled initiatives.



Arjuna Herath
Chairman - Board Information Technology Committee

Colombo
27 February 2026

Board Capital Augmentation Steering Committee Report

Composition of the Committee

The Board Capital Augmentation Steering Committee (BCASC) was formed in 2024 to advise the Board on the Capital Augmentation Plan of the Bank. The Committee comprises four (4) Directors, three (3) of whom are Non-Executive Directors. The following Directors/members serve on the Committee;

BCASC Member	Directorship Status	Membership Status	Date of Appointment/ Resignation
Mr. Asoka Pieris	Independent Non- Executive Director	Chairman	Chairman from 1 July 2024. Member from 4 June 2024.
Mr. Senarath Bandara	Managing Director/CEO	Member	Member from 4 June 2024.
Ms. Marianne Page	Non-Independent Non- Executive Director	Member	Member from 4 June 2024.
Mr. Arjuna Herath	Independent Non- Executive Director	Member	Member from 4 June 2024.
Mr. Prabhu Mathavan	Non-Board Member (Chief Operating Officer)	Member	Member from 4 June 2024.
Mr. Talaal Maruzook	Non- Board Member (Chief Strategy Officer)	Member	Member from 4 June 2024.

Mr. Talaal Maruzook
Chief Strategy Officer, functions as the Secretary of the Committee.

Terms of Reference

The Board Capital Augmentation Steering Committee was established to assist the Board of Directors and the Chief Executive Officer in the critical task of compliance with the regulatory capital requirement. The BCASC is duly constituted with its own Terms of Reference, which has been approved by the Board.

Role and Responsibilities of the Committee

The Committee's primary mandate is to provide strategic guidance to the Executive Management team, evaluate various capital-raising options, and make recommendations to the Board in the execution of the Capital Augmentation Plan to the Bank. While the planning, execution, and delivery of the Plan rest with the Executive Management, the Committee plays a pivotal role in ensuring oversight and alignment with regulatory and strategic priorities. The Committee will cease to function when the purpose is achieved.

In fulfilling its mandate, the Committee undertakes the following responsibilities;

- Assist the Executive Management in formulating a viable Capital Augmentation Plan to meet the Central Bank of Sri Lanka's (CBSL) minimum capital requirements.
- Provide oversight and guidance on the issues of shares and other mechanisms and sources of funding to be pursued.
- Review and evaluate potential advisors or partners to support the Bank in its capital augmentation efforts.
- Recommend strategies and actions to the Board for a successful capital-raising initiative.
- Monitor and assess the implementation progress of the Capital Augmentation Plan.
- Report to the Board on a monthly basis regarding the status and progress of the Capital Augmentation Plan.
- Review and recommend to the Board key documentation related to the Capital Augmentation Plan.
- Support the Board and Executive Management in addressing regulatory queries and requirements.

Board Capital Augmentation Steering Committee Report

Frequency of Meetings and Quorum

- The Committee convenes as required to fulfill its mandate effectively.
- The quorum required at a meeting shall be four (4) members, which must include the MD/CEO and at least one Independent Non-Executive Director.
- During the reporting year, the Committee held six (6) meetings. The attendance of Committee members at these meetings is provided in the table below.

Board members	Attended/Eligibility to attend
Mr. Asoka Pieris	6/6
Mr. Senarath Bandara	4/6
Ms. Marianne Page	6/6
Mr. Arjuna Herath	4/6
Mr. Prabhu Mathavan	6/6
Mr. Talaal Maruzook	6/6

Activities of the Committee

During the year, the Committee's activities were focused on meeting the CBSL directive to raise Rs.2.5Bn in new equity by 31 March 2026. In this respect, the Committee undertook the following key activities;

- Periodically reviewed the progress of the capital augmentation plan through six meetings held during the reporting period Oversaw the Investor Search exercise conducted by the appointed Investment Advisors.
- Evaluated and recommended the capital raising structure to raise Rs.2.5Bn in new equity, for the approval of the Board.
- Evaluated and recommended for the approval of the Board the pricing of the new issue of shares.
- Actively provided the necessary oversight and guidance concerning the directives of CBSL and all related communications on capital augmentation.
- Conducted a Committee self-evaluation for 2025.

Asoka Pieris
Chairman - Board Capital Augmentation Steering Committee

Colombo
27 February 2026

Annual Report of the Board of Directors' on the Affairs of the Bank

Your Directors take pleasure in presenting this report to their stakeholders together with the audited Financial Statements for the year ended 31 December 2025.

The details set out herein provide pertinent information as required by the Companies Act No. 7 of 2007 (as amended), Banking Act No.30 of 1988 and its amendments, Banking Act Direction No. 05 of 2024 on Corporate Governance for Licensed Commercial Banks and subsequent amendments thereto, the Listing Rules of the Colombo Stock Exchange (CSE), and the best accounting practices recommended by the Institute of Chartered Accountants of Sri Lanka (CASL) and other necessary disclosures in the best interest of stakeholders of the Bank.

General

Cargills Bank PLC is a public limited company and a Licensed Commercial Bank, incorporated in Sri Lanka on 3 November 2011 as "Cargills Agriculture and Commercial Bank Limited" under the Companies Act No. 7 of 2007 and changed its name to "Cargills Bank Limited" on 28 January 2014. It was approved as a Licensed Commercial Bank under the Banking Act No. 30 of 1988 on 21 January 2014.

The Bank was listed on the Colombo Stock Exchange on 9 January 2024.

The Bank has been assigned a National Long-Term Rating of A (lka) by Fitch Ratings Lanka Limited.

Board Responsibility Towards Financials

According to sections 150 (1), 151, 152 and 153 (1) & (2) of the Companies Act No. 7 of 2007 (as amended) , the Bank's Board of Directors is responsible for the preparation of the Financial Statements of the Bank, which reflect a true and fair view of the financial position and the performance of the Bank.

In this respect, the Board of Directors wishes to confirm that the Financial Statements, namely, Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, and Material Accounting Policies and Notes thereto appearing on pages 322 to 442 have been prepared and presented in conformity with the requirement of the Sri Lanka Accounting Standards as mandated by the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and the Companies Act No. 7 of 2007 (as amended).

The report also provides the information and disclosures as required by the Companies Act No. 7 of 2007 (as amended), Banking Act No. 30 of 1988 and amendments thereto, the Directions issued thereunder including the Banking Act Direction No. 5 of 2024, the Listing Rules of the CSE and best accounting practices recommended by the CASL.

The Board of Directors of the Bank is pleased to present to the shareholders the 14th Annual Report of the Bank comprising a detailed discussion and analysis of capitals and business lines, the Audited Financial Statements of the Bank for the year ended 31 December 2025 along with the Independent Auditor's Report on the Financial Statements conforming to all applicable statutory requirements.

The Report of the Board of Directors and the Financial Statements for the year ended 31 December 2025, including comparatives were approved and authorised by the Board of Directors on 27 February 2026.

Within the statutory time limits, the appropriate number of copies of the Annual Report will be submitted to the CSE and to the Sri Lanka Accounting and Auditing Standards Monitoring Board (SLAASMB) and soft copies of same will be hosted on the website of the Bank, https://www.cargillsbank.com and on CSE website, https://www.cse.lk.

Board Balance and Contribution

The Board is considered to be of appropriate balance and mix of skills and experience. The Board's diversity contributes to varied perspectives and objective evaluation of matters set before them. Non-Executive Directors are eminent professionals in their respective fields. Gender diversity is maintained with two ladies on the Board as at 31 December 2025.

Directors are appointed through a formal and transparent process, assessed for their independence and approved by the Central Bank of Sri Lanka. The nomination of Directors is delegated to the Board Nominations & Governance Committee (BNGC), which recommends the appointment of new Directors for approval by the Board having reviewed the combined knowledge, experience and diversity of the Board in relation to the Bank's size, scale and its business model and any identified gaps therein.

During the year, the Board Nominations and Governance Committee recommended the appointment of Mr. Rajitha Basnayake as an independent Non-Executive Director, subject to the "fit and proper" approval of the Central Bank of Sri Lanka. Following the receipt of CBSL approval, Mr. Rajitha Basnayake was appointed to the Board of the Bank effective 14 January 2026.

Corporate Governance for Licensed Commercial Banks in Sri Lanka

The Bank recognizes the importance of a sound Corporate Governance framework, which provides a basis for its future development and corporate performance, including safeguarding stakeholders' interest. Accordingly, the Board has formally resolved and adopted a Policy and Code of Corporate Governance, which conforms to the Directions issued by the Central Bank of Sri Lanka and the Rules issued by CSE as well as international and local best practices. The Bank has complied with the Banking Act Directions and the Listing Rules of the CSE on Corporate Governance as stated in the detailed statement provided on pages 180 to 231 of the Annual Report.

Board and Its Committees

The Board is empowered by the Articles of Association to delegate any of its powers to the Board appointed subcommittees within the scope of the respective Terms of Reference approved by the Board. The subcommittees consist of members appointed as the Board thinks fit, subject to meeting the criteria specified in the respective Terms of Reference. The following Board subcommittees were functional as at 31 December 2025. The scope, composition and responsibilities of these subcommittees have been provided in the respective Committee Reports published elsewhere in the Annual Report.

1) Board Audit Committee (BAC)
2) Board Integrated Risk Management Committee (BIRMC)
3) Board Strategic Planning Committee (BSPC)
4) Board Human Resources and Remuneration Committee (BHRRC)
5) Board Nominations & Governance Committee (BNGC)
6) Board Credit Committee (BCC)
7) Board Related Party Transactions Review Committee (BRPTRC)
8) Board Capital Augmentation Steering Committee (BCASC)
9) Board Information Technology Committee (BITC)

Given below is a summary of the participation of Directors at Board and Committee meetings in the year 2025.

Name of the Director	Date of Appointment to the Board	Attended/Eligibility to Attend									
		Board	BAC	BIRMC	BSPC	BHRRC	BNGC	BITC	BCASC	BCC	BRPTRC
Mr. H A Pieris (Chairman)	20 January 2023 (Appointed as Deputy Chairman w.e.f. 1 April 2024 and as Chairman w.e.f. 3 July 2024)	21/21		8/8	3/3	4/4	4/4		6/6	9/9	
Mr. K B S Bandara MD/CEO	8 September 2020	20/21			3/3			4/4	4/6		
Ms. M M Page	10 October 2019	19/21			3/3				6/6	7/9	
Mr. Y Kanagasabai	28 October 2019	20/21	9/12	8/8	3/3		3/4	3/4			4/4
Mr. P E A B Perera	1 July 2021	21/21	12/12		2/3		4/4			9/9	
Mr. R A Jayawardena	1 May 2023	18/21			3/3	1/4					
Mrs. S Gnanapragasam	21 June 2023	17/21	10/12	7/8	3/3	4/4		4/4		8/9	4/4
Mr. A Herath	1 November 2023	20/21	12/12		3/3	3/4	4/4	4/4	4/6		4/4

Auditors

The opinion expressed by the Bank's External Auditors, Messrs KPMG, Chartered Accountants, who were re-appointed in accordance with a resolution passed at the 13th Annual General Meeting held on 28 March 2025 is given on the pages 316 to 319 of this Annual Report. The details on the remuneration of External Auditors are given in Note 17 on page 358 to the Financial Statements.

As far as Directors are aware, the External Auditors do not have any other relationship on interest in contracts with the Bank other than audit-related and non-audit assignments which have been appropriately approved.

In terms of section 39 (7B) of the Banking Act No. 30 of 1988 as amended by Banking (Amendment) Act No. 24 of 2024, every licensed bank is required to change its Auditors once in every six years. In compliance with this requirement, the Board of Directors have recommended the appointment of M/s Ernst & Young, Chartered Accountants as the Auditors of the Bank for the year 2026 for shareholders approval at the forthcoming AGM.

Income

The Bank's income consists largely of interest on loans and advances and other interest earning assets and fee-based income, as shown in the snapshot below:

	2025 Rs. '000	2024 Rs. '000
Interest income	8,841,257	8,931,702
Fee and commission income	1,544,144	1,382,879
Net gains/(losses) from trading	1,200	387
Net gains/(losses) from financial assets at fair value through profit or loss	78,703	275,917
Net gains/(losses) from derecognition of financial assets	360,641	670,486
Net other operating income	76,961	61,395

Material Accounting Policies

The material accounting policies adopted in preparation of the Financial Statements are given on pages 328 to 343.

Shareholders' Funds and Reserves

Stated Capital

The Stated Capital of the Bank is Rs. 11,894 Mn, the details of which are given in Note 42 to the Financial Statements.

The Board of Directors of the Bank resolved to offer 294,200,000 new Ordinary Voting Shares by way of a Rights issue to holders of the Bank's issued Ordinary Voting Shares as at the end of trading on the 24 February 2026 in the proportion of Fourteen (14) new Ordinary Voting Shares for every Forty Five (45) Ordinary Voting Shares held in the Bank by such shareholders, at a price of LKR 8.50 per share.

Shareholders adopted the proposed Rights Issue via a Special Resolution at the Bank's Extraordinary General Meeting held on 20 February 2026.

Reserves

The Bank's total reserves as at 31 December 2025 stood at Rs. 228 Mn. This comprises an accumulated loss of Rs. 66 Mn, a statutory reserve of Rs. 138 Mn and a fair value through OCI reserve of Rs. 155 Mn. The movement in reserves and accumulated loss are shown in Notes 43 and 44 to the Financial Statements.

Capital Expenditure

The Bank's expenditure on Property, Plant and Equipment at cost including Right-of-use assets amounted to Rs. 311 Mn during 2025 details of which are given in Note 31.1 to the Financial Statements. Expenditure on Intangible Assets at cost amounted to Rs. 95 Mn during 2025, details of which are given in Note 32 to the Financial Statements.

Statutory Payments

The Directors are satisfied to the best of their knowledge and belief, that statutory payments to all authorities have been paid up to date, in a timely manner.

Provision for Taxation

GRI 201-1

As per the Inland Revenue (Amendment) Act No. 45 of 2022, the income tax rate applicable on the domestic operation and off shore operation of the Bank is 30% for the years of assessment 2024/2025 and 2025/2026.

Deferred tax was calculated based on the Balance Sheet Liability Method in accordance with the Sri Lanka Accounting Standard LKAS 12 on Income Taxes.

As per the Value Added Tax (Amendment) Act No. 14 of 2022, the VAT rate applicable to the Bank's Financial services is 18% (2024-18%).

According to the Social Security Contribution Levy Act No. 25 of 2022, the Bank is liable to Social Security Contribution Levy at 2.5% on the value addition attributed to Financial Services as well as non-financial services turnover (2024 - 2.5%).

Annual Report of the Board of Directors' on the Affairs of the Bank

The Bank is also liable for Crop Insurance Levy at 1% of profit after tax for the period ending 31 December 2025 (2024 – 1%).

Internal Controls

The Board of Directors has put in place an effective and comprehensive system of internal controls covering financial operations, compliance and risk management which is required to carry on the business of banking prudently and ensure accuracy and reliability of records as far as possible.

Interest Register and Directors' Interest

Under Section 192 of the Companies Act No. 7 of 2007, the Interest Register is maintained by the Bank. The Directors have made the necessary declarations which are recorded in the Interest Register and are available for inspection in terms of the Act.

Related party transactions of the Bank are disclosed in Note 51 to the Financial Statements on pages 405 to 410. In addition, transactions with entities where Directors of the Bank hold directorates are disclosed on page 303. The Directors have no direct or indirect interest in contracts or proposed contracts other than those disclosed. The Directors have declared all material interests in contracts, if any, involving the Bank and have refrained from participating when relevant decisions are made.

Directors' Remuneration

Directors' remuneration and other benefits of the Directors are given in Note 15.1 and 51.4 to the Financial Statements, on pages 357 and 406 respectively.

Directors' Interest in Shares

Directors' holdings in shares of the Bank as at 31 December 2024 and 2025 are tabulated below;

Name	As at 31 December 2025	As at 31 December 2024
Mr. H A Pieris *(Chairman)*	NIL	NIL
Mr. K B S Bandara - *(Managing Director/CEO)*	112,500 (ordinary voting shares)	112,500 (ordinary voting shares)
Ms. M M Page	NIL	NIL
Mr. Y Kanagasabai	NIL	NIL
Mr. P E A B Perera	NIL	NIL
Mr. R A Jayawardena	NIL	NIL
Mrs. S Gnanapragasam	NIL	NIL
Mr. A Herath	NIL	NIL
Mr. R A B Basnayake	N/A	N/A

Register of Directors and Secretaries

The Bank maintains a Register of Directors and Secretaries which contains the relevant information of the Board of Directors and the Company Secretary.

Donations

During the year under review, the Board of Directors has not approved any donation.

Directorate

The names of the Directors of the Bank during the period 1 January 2025 to date are given with changes that occurred in the composition of the Board during the period under review. The classification of Directors into Executive, Non-Executive and Non-Executive Independent Directors is made as per the Central Bank of Sri Lanka (CBSL) mandatory rules on Corporate Governance under the Banking Act Directions and CSE Listing Rules.

Name of the Director	Executive/ Non-Executive Status	Status Independence/ Non-Independence
Mr. H A Pieris - *Chairman*	Non-Executive	Independent
Mr. K B S Bandara *Managing Director/CEO*	Executive	Non-Independent
Ms. M M Page	Non-Executive	Non-Independent
Mr. Y Kanagasabai	Non-Executive	Independent
Mr. P E A B Perera	Non-Executive	Independent
Mr. R A Jayawardena	Non-Executive	Independent
Mrs. S Gnanapragasam	Non-Executive	Independent
Mr. A Herath	Non-Executive	Independent
Mr. R A B Basnayake *(Appointed w.e.f. 14th January 2026)*	Non-Executive	Independent

Declaration by Directors

Independent/ Non-Independent Status

All Independent Non-Executive Directors have submitted signed declarations confirming their Independent/ Non-Independent status in compliance with Rule 9.8.3 of the CSE Rules on Corporate Governance and 2.5 (b) the Banking Act Direction No.05 of 2024 on Corporate Governance issued by the Central Bank of Sri Lanka.

Declaration by Directors - 'Fit and Proper' status of Continuing Directors.

In terms of Rule 9.7.5 of the CSE Rules, all Directors and CEO of the Bank satisfy the "Fit and Proper" assessment criteria stipulated in Rule 9.7.3 of the CSE Rules. The Bank obtained declarations from the Directors and CEO confirming that each of them have continuously satisfied the Fit and Proper Assessment criteria set out in the Listing Rules and satisfied the said criteria as at the date of confirmation.

The Directors and the MD/CEO have submitted Affidavits/ Declarations in terms of Section 42 of the Banking Act (as amended) respectively declaring their "Fit and Proper" status, prior to the Annual General Meeting, which were submitted to the Director, Bank Supervision, Central Bank of Sri Lanka.

Re-Election/Election of Directors

In terms of Article 86 of the Articles of Association of the Bank, M/s. Asoka Pieris and Arjuna Herath retire by rotation and being eligible offer themselves for re-election, on the unanimous recommendation of the Board of Directors.

Mr. Rajitha Basnayake was appointed to the Board of Directors on 14th January 2026 and seeks election in terms of Article 92 of the Articles of Association of the Bank on the unanimous recommendation of the Board of Directors.

Board Evaluation

Self-evaluations designed to improve the Board's effectiveness and that of its committees were conducted in line with the best practices on Corporate Governance during the year.

Annual Report of the Board of Directors' on the Affairs of the Bank

Risk Management and Internal Controls

The material foreseeable Risk Factors are disclosed in the Risk Management Report of the Annual Report on pages 232 to 251.
The Board of Directors has put in place an effective and comprehensive system of internal controls covering financial operations, compliance and risk management which is required to carry on the business of banking prudently and ensure accuracy and reliability of records as far as possible.

Shareholding

The number of registered shareholders of the Bank as at 31 December 2025 is 6756. The schedule providing information on shareholders is available in the sections on 'Investor Relations' on pages 455 to 464.

Review of Operations and Future Developments

The review of the financial operation and performance of the Bank together with important events and future development have been explained in the following reports.

- Chairman's Message (Pages 28 to 32)
- CEO's Message (Pages 33 to 37)
- Management Discussion and Analysis (Pages 46 to 177)

Events After the Reporting Period

No circumstances have arisen since the Statement of Financial Position date, which would require adjustments to, or disclosure in, the Financial Statements.

Annual General Meeting

The Annual General Meeting will be held at the Institute of Chartered Accountants of Sri Lanka, No: 30A, Malalasekara Mawatha, Colombo 07 on Tuesday, 31 March 2026. The Notice of Meeting can be found on page 481 of the Annual Report.

Going Concern

The Directors after making necessary inquiries and reviews including reviews of the Bank's ensuing year's budget for capital expenditure requirements, future prospects and risk and cash flow have a reasonable expectation that the Bank has adequate resources to continue operations in the foreseeable future.

Acknowledgement of the Contents of the Report

As required by Section 168 (1) (k) of the Companies Act No. 7 of 2007, the Board of Directors hereby acknowledges the contents of this Annual Report.

For and on behalf of the Board of Directors,

Asoka Pieris	Senarath Bandara	Ms. Amendra de Silva
Chairman	*Managing Director/CEO*	*Company Secretary*

Colombo
27 February 2026

Directors' Interest in Contracts with the Bank

In addition to the Related Party Transactions disclosed in Note 51 to the Financial Statements on pages 405 to 410 in the Annual Report, the Bank carries out transactions in the ordinary course of business on an arm's length basis with entities where the Chairman or a Director of the Bank is the Chairman or a Director of such entities

The results of such transactions at the reporting date is given below,

Company	Relationship	Accommadation Granted/ Deposit and Expenses	Interest Paid	Interest charged	Fees and expenses charged	Other Expenses	Balance outstanding	
							31-Dec-25	31-Dec-24
			(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)
Ceylon Chamber of Commerce	Common Directors	Deposits/ Expenses	(707)	-	0.10	-	-	5,080
Arpico Insurance PLC	Common Directors	Deposits/ Expenses	(1,025)	-	-	-	50,992	-
Sierra Cables PLC	Common Directors	Deposits/ Expenses	(933)	-	1	-	20,505	15,525

DRIVEN BY POSSIBILITY

“Thanks to Cargills Bank, I was able to purchase my brand-new vehicle and take the next step in my journey. Their support, guidance, and trust made the entire process smooth and empowering. This loan wasn’t just a financial facility but an opportunity to realise a personal milestone with confidence. I am grateful for their professionalism and the chance to turn a goal into a tangible achievement.”

Financial Calendar 2025/2026

ANNUAL GENERAL MEETINGS

14th Annual General Meeting	31 March 2026
13th Annual General Meeting	28 March 2025

Interim Financial Statements

Interim Financial Statements	Date released to CSE	Date published in newspapers		
		English	Sinhala	Tamil
Q4/ For the year ended 31.12.2025	On or before 28 February 2026	On or before 31 March 2026	On or before 31 March 2026	On or before 31 March 2026
Q3/ For the nine months ended 30.09.2025	13 November 2025	14 November 2025	14 November 2025	14 November 2025
Q2/ For the six months ended 30.06.2025	13 August 2025	15 August 2025	15 August 2025	15 August 2025
Q1/ For the three months ended 31.03.2025	14 May 2025	15 May 2025	15 May 2025	15 May 2025
Q4/ For the year ended 31.12.2024	25 February 2025	26 March 2025	26 March 2025	26 March 2025

Annual Financial Statements

Annual Financial Statements	released/ to be released to CSE
Annual Financial Statements for 2025	on or before 09 March 2026
Annual Financial Statements for 2024	05 March 2025

PROPOSED FINANCIAL CALENDAR 2026/2027 (TENTATIVE)

In terms of the the Banking Act Directions the annual audited Financial Statements and quarterly Financial Statements should be prepared and published in accordance with the requirements of supervisory and regulatory authorities and applicable accounting standards and such statements must be published in the newspapers in an abridged form in Sinhala, Tamil and English.

Interim Financial Statements

Further to the aforesaid Banking Act Directions, as per Rule 7.4 of the Listing Rules of the Colombo Stock Exchange (CSE), quarterly Financial Statements (un-audited) for the first three quarters should be released to the CSE as soon as the said statements are approved by the Board of Directors and in any event not later than 45 days from the end of each quarter and in respect of the final quarter, within two months from the end of the final quarter.

Interim financial statements will be released to the Colombo Stock Exchange (CSE) and published in newspapers in all three languages of Sinhala, Tamil and English within the stipulated regulatory deadlines.

Annual Financial Statements

According to Rule 7.5 of the Listing Rules of the CSE, the audited Financial Statements should be published in accordance with the Sri Lanka Accounting Standards and audited in accordance with Sri Lanka Auditing Standards and shall comply with any other applicable regulatory requirements and the Annual Report should be sent to the shareholders and the CSE within five months from the close of the financial year.

Annual Financial Statements for 2026 will be released to CSE on or before 31 May 2027 and will be published in news papers, on or before 31 March 2027.

Annual General Meeting

15th Annual General Meeting will be held on or before 31 May 2027.

Directors' Responsibility for Financial Reporting

The responsibility of the Directors in relation to the Financial Statements of Cargills Bank PLC (the Bank) prepared in accordance with the provisions of the Companies Act No. 07 of 2007 (as amended) is set out in the following statements.

The responsibilities of the External Auditor in relation to the Financial Statements are set out in the Report of the Auditors given on pages 316 to 319 of the Annual Report.

In terms of Sections 150 (1) and 151 of the Companies Act No.07 of 2007(as amended), the Directors of the Bank are responsible for ensuring that the Bank keeps proper books of account of all transactions and prepares Financial Statements that give a true and fair view of the financial position of the Bank as at end of each financial year and of the financial performance of the Bank for each financial year and place them before the Annual General Meeting for shareholders for their approval. The Financial Statements comprise the Statement of Financial Position as at the end of the financial year, the Statement of Profit or Loss, the Statement of Comprehensive Income, the Statement of Cash Flows, the Statement of Changes in Equity for the financial year ended, and Notes thereto.

Accordingly, the Directors confirm that the Financial Statements of the Bank give a true and fair view of;

a) the financial position of the Bank as of 31 December 2025; and

b) the financial performance of the Bank for the financial year ended 31 December 2025.

The Financial Statements of the Bank have been certified by the Bank's Assistant General Manager - Finance, the person responsible for their preparation, as required by the Companies Act. Financial Statements of the Bank have been signed by two Directors of the Bank on 27 February 2026 as required by Section 150 (1) of the Companies Act No. 07 of 2007 (as amended).

Under Section 148 (1) of the Companies Act, it is the overall responsibility of the Directors to oversee and ensure the keeping of proper accounting records which correctly record and explain the Bank's transactions with reasonable accuracy at any time and enable the Directors to prepare Financial Statements, in accordance with the said Act and also enable the Financial Statements to be readily and properly audited.

The Directors in preparing these Financial Statements are required to ensure that;

I. Appropriate accounting policies have been selected and applied in a consistent manner while material departures, if any, have been disclosed and explained;

II. The Financial Statements are presented in accordance with Sri Lanka Accounting Standards (SLFRS/ LKAS) and are consistent with the underlying books of accounts;

III. Reasonable and prudent judgment and estimates have been made so that the form and substance of the transaction are properly reflected;

IV. The Financial Statements provide the information required by the Companies Act, Banking Act No. 30 of 1988 (Banking Act) and amendments thereto and the Listing Rules of the Colombo Stock Exchange (CSE); and

V. All applicable accounting standards have been followed.

The Directors are also required to ensure that the Bank has adequate resources to continue in operation to justify applying the going concern basis in preparing these Financial Statements. The Financial Statements prepared and presented in the report are consistent with the underlying books of account and conform with the requirements of Sri Lanka Accounting Standards, the Companies Act No. 7 of 2007 (as amended), the Sri Lanka Accounting and Auditing Standards Act of No. 15 of 1995, the Banking Act No. 30 of 1988 and amendments thereto, and the listing Rule of the CSE.

The Board of Directors also wishes to confirm that, as required by Sections 166 (1) and 167 (1) of the Companies Act No. 07 of 2007, they have prepared this Annual Report in time and ensured that a copy thereof is sent to every Shareholder of the Bank, who have expressed desire to receive a printed copy or to other shareholders a soft copy is shared by way of a link containing Annual Report. The report will be circulated within the stipulated period of time as required by the Rule No. 7.5 (a) and (b) of Continuing Listing Requirements of the Listing Rules of the Colombo Stock Exchange. The Directors also wish to confirm that all Shareholders have been treated equitably in accordance with the original terms of issue. Further, the Board of Directors wishes to confirm that the Bank has met all the requirements under the Section 07 on Continuing Listing Requirements of the Listing Rules of the Colombo Stock Exchange and other regulations, laws and internal controls and there were no material non compliances.

Directors' Responsibility for Financial Reporting

The Directors have taken adequate measures with regard to inspecting financial reporting systems through Audit Committee Meetings and granting approvals for the issuing of Interim Financial Statements. The Directors have also instituted effective and comprehensive systems of internal controls. These comprise internal checks, internal audits and the whole system of financial and other controls required to carry on the banking business in an orderly manner, while safeguarding assets, preventing and detecting frauds and other irregularities and as far as practicable securing the accuracy and reliability of records.

The results of such reviews carried out during the year ended 31 December 2025 are given in 'Directors' Statement on Internal Controls over Financial Reporting' on pages 309 to 311 of the Annual Report.

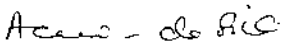
The Auditor's Report on Internal Controls is given on pages 312 and 313 of the Annual Report.

The Bank's External Auditors, Messrs. KPMG, conducted reviews and sample checks on the system of internal controls as they considered appropriate and necessary for expressing their opinion on the Financial Statements and maintaining accounting records. They have examined the Financial Statements made available to them together with all financial records, related data and minutes of the Shareholders' and Directors' meetings and expressed their opinion which appears as reported by them on pages 316 to 319 of this Annual Report.

The Directors are satisfied that all statutory payments in relation to regulatory and statutory authorities which were due and payable by the Bank were paid or where relevant provided for.

The Directors of the Bank are of the view that they have discharged their responsibilities as set out in this statement.

By Order of the Board,



Ms. Amendra de Silva
Company Secretary

Colombo
27 February 2026

Directors' Statement on Internal Controls over Financial Reporting

INTRODUCTION

The Board of Directors ("the Board") presents this report in compliance with Section 9.2 (b) of the Banking Act Direction No. 5 of 2024 confirming financial reporting system has been designed to provide reasonable assurance regarding the reliability of reporting and that the preparation of financial statements for external purposes has been done in accordance with the relevant accounting principles and regulatory requirement. This statement also aligns with Principal D.1.5 of the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

RESPONSIBILITY

The Board acknowledges the responsibility for the adequacy and effectiveness of the Cargills Bank ("the Bank") system of internal controls, which is designed to provide assurance on the maintenance of proper accounting records and the reliability of financial information generated and safeguarding of the assets of the Bank. However, such systems are designed to manage the Bank's key exposures to risk within acceptable risk parameters rather than to eliminate the risk of failure to achieve the business goals and objectives of the Bank. Therefore, the system of internal controls can only provide reasonable and not absolute assurance against errors or material misstatement of management and financial information and records or against financial losses and frauds.

FRAMEWORK OF MANAGING MATERIAL RISKS OF THE BANK

The Board has set up an ongoing process for identifying, evaluating and managing the material risks faced by the Bank. This process has been in place for the year under review which includes enhancing the system of internal controls as and when there are changes to the business environment and regulatory guidelines.

Guided by the board approved framework and policies, the Bank continue to maintain robust Internal Controls over Financial Reporting and Management Information System to preserve financial integrity and safeguard the interests of its stakeholders.

The process is regularly reviewed by the Board through the respective subcommittees, taking into account relevant principles for the assessment of internal control over the financial reporting system as given in the "Guidance for Banks on the Directors' Statement on Internal Control" issued by CA Sri Lanka.

The Board is of the view that the framework and the system of internal controls in place is adequate to provide reasonable assurance regarding the reliability of financial reporting, and that the preparation of Financial Statements for external purposes is in accordance with relevant accounting principles and regulatory requirements.

KEY FEATURES OF THE PROCESS ADOPTED IN APPLYING AND REVIEWING THE DESIGN AND EFFECTIVENESS OF THE INTERNAL CONTROL SYSTEM OVER FINANCIAL REPORTING

The Management assists the Board in implementing risk and control policies and procedures by identifying and assessing risks and designing, operating, and monitoring suitable internal controls to mitigate those risks.

- The Board of Directors has established various sub committees to assist board in ensuring the effectiveness of the Bank's daily operations and to provide assurance that the Bank's operations are directed by corporate objectives, strategies and the annual budget, as well as policies and business directives that have been approved.
- The Bank's controls are designed to address existing banking operations and ensure compliance with relevant laws and regulations. To this end, operational manuals, guidelines, and directives issued by the Bank are reviewed regularly.
- On an ongoing basis, the Bank's Internal Audit Department undertakes a comprehensive evaluation of the effectiveness of internal control systems to ensure adherence to established policies and procedures. This process involves the implementation of rotational procedures and sampling methods to identify instances of non-compliance, process gaps and effectiveness of controls. Significant findings and deviations observed are promptly highlighted, fostering a culture of accountability and compliance while providing suitable recommendations where needed. Furthermore, the department diligently reviews the adequacy and appropriateness of existing policies and procedures, ensuring alignment with applicable regulations, directions and changes to the business model. To ensure the reliability and integrity of financial information and operational data, meticulous examinations are conducted. During the year, Internal audit increased the scope of ICOFR reviews aligning with the CA Sri Lanka Guidelines on ICOFR in line with the recommendations of the external auditor. This involved a collaborative yet independent approach providing consultative insights and creating awareness across the business units on key control aspects, as well as adequacy and effectiveness of the designed controls.

Directors' Statement on Internal Controls over Financial Reporting

- The Board Audit Committee holds the responsibility of reviewing and approving the annual internal audit plan, demonstrating the importance accorded to this function. The Audit committee also assess the effectiveness of the internal audit function focusing on the scope and quality of audits while ensuring the independency, unrestricted access to information and adequate resources. Audits, which include Branch, Department, Process, and Thematic types, are carried out according to the approved annual audit plan across all Banking operations, encompassing business units, departments, and branches; the frequency of these audits is determined by the level of risk assessed and significance of the operation. The department's findings are systematically presented to the Audit Committee for review during their regular meetings.
- In response to heightened credit, liquidity, and operational risks driven by changing economic landscape and increased involvement in the digital space, the Board Audit Committee increased its oversight of internal controls and risk monitoring and guide the internal audit to cover all significant functions, business processes, and critical information systems during the year.
- Key Audit Matters (KAMs) and observations reported by External Auditors, Internal Audit, and Regulatory Authorities are systematically presented to the BAC and actively monitored for implementation of remedial measures and management actions to ensure the effective and timely resolution of identified control gaps.
- Minutes of Board Audit Committee meetings are forwarded to the Board on regular basis. Further details of the activities undertaken by the Board Audit Committee of the Bank are set out in the Audit Committee Report on pages 290 to 292.
- Apart from the Audit Committee, several Board committees have been established with appropriate empowerment to ensure effective oversight of the Bank's core areas of business operations and the management and supervision thereof. These Committees include the Integrated Risk Management Committee, the Strategic Planning Committee, the Human Resource and Remuneration Committee, the Nominations & Governance Committee, the Credit Committee, the Related Party Transactions Review Committee, the Capital Augmentation Steering Committee and the Information Technology Committee.
- Operational committees have also been established with appropriate empowerment to better ensure an effective management and supervision of the Bank's core areas of business operations. These committees include the Asset and Liability Management Committee (ALCO), the Executive Credit Committee, the Executive Integrated Risk Management Committee, the Information Technology Steering Committee, Operational Risk Management Committee and Information Security committee. Further the Compliance Department has taken initiatives to implement a robust compliance process to address and monitor compliance with regulatory requirements.
- Following the implementation of SLFRS 9 (Financial Instruments), the Bank has integrated a comprehensive framework to ensure the compliance with the standard's requirements for classification, measurement, and the estimation of Expected Credit Losses (ECL). This governance structure is subject to continuous refinement, incorporating feedback from External and Internal Auditors, Regulatory bodies, and the Board Audit Committee (BAC) to ensure alignment with evolving best practices. The Bank's Risk Management department maintains ongoing oversight, executing periodic reviews to calibrate model parameters and introduce management overlays where necessary to reflect emerging credit risks. These mandates are governed by comprehensive policies, with any material modifications requiring recommendation by the BAC and subsequent Board approval. Furthermore, the Internal Audit Department conducts regular independent assessments of the SLFRS 9 - Impairment process, with findings reported to the BAC. Further the quantification of impairment provisions generated through this validated process remains subject to independent verification by the External Auditors to ensure the accuracy, reasonability, and assurance.

MANAGEMENT INFORMATION

The comments made by the External Auditors in connection with internal control system in previous years were reviewed and appropriate steps have been taken to rectify the same. The recommendations made by the External Auditors in the financial year ended to 31 December 2025 in connection with the internal control system will be addressed in future. The Directors are of the opinion that these recommendations are intended to further improve the internal control system and they do not in any way detract from the conclusion that the financial reporting system is reliable to provide reasonable assurance that the Financial Statements for external use are true and fair and complies with Sri Lanka Accounting Standards and the regulatory requirements of the Central Bank of Sri Lanka.

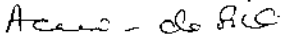
CONFIRMATION

Based on the above, the Board confirms that the system of internal controls over the financial reporting of the Bank has been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes and is in accordance with Sri Lanka Accounting Standards and regulatory requirements of the Central Bank of Sri Lanka.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Review of the Statement by External Auditors the External Auditors, Messrs. KPMG, have formally reviewed the Directors' Statement on Internal Controls over Financial Reporting, as included in the Bank's Annual Report for the year ended 31 December 2025. They have subsequently reported to the Board that, based on their review, there is no evidence to suggest that the statement is inconsistent with their understanding of the processes adopted by the Board in reviewing the design and effectiveness of the Bank's internal controls over financial reporting. The Assurance Report of the External Auditors in connection with Internal Controls over Financial Reporting is on pages 312 and 313.

Senarath Bandara
Managing Director/Chief Executive Officer



Ms. Amendra de Silva
Company Secretary

Colombo
27 February 2026

Assurance Report on the Director's Statement on Internal Control

KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
P. O. Box 186,
Colombo 00300, Sri Lanka.

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THE BOARD OF DIRECTORS OF CARGILLS BANK PLC.

Report on the Directors' Statement on Internal Control

We were engaged by the Board of Directors of Cargills Bank PLC ("Bank") to provide assurance on the Director's Statement on Internal Control ("Statement") included in the annual report for the year ended 31st December 2025.

Management's responsibility

Management is responsible for the preparation and presentation of the Statement in accordance with the Section 9.2 of the Schedule 1 "Regulatory Requirements on Corporate Governance for Licensed Banks" issued in compliance with the Banking Act Direction No. 05 of 2024, by the Institute of Chartered Accountants of Sri Lanka.

Our Independence and Quality Control

We have complied with the independence and other ethical requirement of the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior.

The firm applies Sri Lanka Standard on Quality Management 1 , which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements

Our Responsibilities

Our responsibility is to assess whether the Statement is both supported by the documentation prepared by or for directors and appropriately reflects the process the directors have adopted in reviewing the design and effectiveness of the internal control of the Bank.

We conducted our engagement in accordance with Sri Lanka Standard on Assurance Engagements SLSAE 3050 (revised), Assurance Report for Banks on Directors' Statement on Internal Control, issued by the Institute of Chartered Accountants of Sri Lanka.

This standard requires that we plan and perform procedures to obtain limited assurance about whether Management has prepared, in all material respects, the Statement on Internal Control.

For purposes of this engagement, we are not responsible for updating or reissuing any reports, nor have we, in the course of this engagement, performed and audit or review of the financial information.

Summary of work performed

Our engagement has been conducted to assess whether the Statement is both supported by the documentation prepared by or for the Directors and appropriately reflects the process the Directors have adopted in reviewing the system of internal control for the Bank.

To achieve this objective, appropriate evidence has been obtained by performing the following procedures:

(a) Enquired the Directors to obtain an understanding of the process defined by the Board of Directors for their review of the design and effectiveness of internal control and compared their understanding to the Statement made by the Directors in the annual report.

(b) Reviewed the documentation prepared by the Directors to support their Statement made.

(c) Related the Statement made by the Directors to our knowledge of the Bank obtained during the audit of the financial statements.

(d) Reviewed the minutes of the meetings of the Board of Directors and of relevant Board Committees.

(e) Attended meetings of the Audit Committee at which the annual report, including the Statement on Internal Control is considered and approved for submission to the Board of Directors.

(f) Considered whether the Director's Statement on Internal Control covers the year under review and that adequate processes are in place to identify any significant matters arising.

(g) Obtained written representations from Directors on matters material to the Statement on Internal Control where other sufficient appropriate audit evidence cannot reasonably be expected to exist.

SLSAE 3050 (revised) does not require us to consider whether the Statement covers all risks and controls, or to form an opinion on the effectiveness of the Bank's risk and control procedures. SLSAE 3050 (revised) also does not require us to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

The procedures selected depend on our judgment, having regard to our understanding of the nature of the Bank, the event or transaction in respect of which the Statement has been prepared.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Our conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the Statement included on pages 309 to 311 of this annual report is inconsistent with our understanding of the process the Board of Directors have adopted in the review of the design and effectiveness of internal control system over the financial reporting of the Bank.

CHARTERED ACCOUNTANTS

Colombo
27th February 2026

Managing Director/ Chief Executive Officer's and Chief Financial Officer's Responsibility for Financial Reporting

The Financial Statements of Cargills Bank PLC (the Bank) for the year ended 31 December 2025 are prepared and presented in conformity with the following requirements;

- Sri Lanka Accounting Standards (SLFRS/ LKAS) issued by The Institute of Chartered Accountants of Sri Lanka;
- Companies Act No. 07 of 2007 and amendments thereto;
- Sri Lanka Accounting and Auditing Standards Act No.15 of 1995 and amendments thereto
- Banking Act No. 30 of 1988 and amendments thereto and the Directions, Determinations and Guidelines issued by the Central Bank of Sri Lanka (CBSL)
- The Listing Rules of the Colombo Stock Exchange (CSE);

The formats used in the preparation of the Financial Statements and disclosures made comply with the specified formats prescribed by the Central Bank of Sri Lanka which also complies with the disclosure requirements of Sri Lanka Accounting Standard - LKAS 1 (on Presentation of Financial Statement). The Bank presents to its shareholders on a quarterly basis.

The Accounting Policies used in the preparation of the Financial Statements are appropriate and are consistently applied by the Bank.

Comparative information has been reclassified wherever necessary to comply with the current presentation.

Material accounting policies and estimates that involved a high degree of judgement and complexity were discussed with the Board Audit Committee and the External Auditors. The Board of Directors and the Management of the Bank accept the responsibility for the integrity and objectivity of these Financial Statements. The estimates and judgements relating to the Financial Statements were made on a reasonable basis to ensure the Financial Statements reflect in a true and fair manner, the form and substance of transactions and that the Bank's state of affairs is reasonably presented.

We confirm that to the best of our knowledge, the Financial Statements, material accounting policies and other financial information included in this Annual Report, fairly present in all material respects the financial position, results of operations and cash flows of the Bank during the year under review.

To ensure this, the Bank has taken proper and sufficient care in implementing a sound system of internal controls and accounting records with the use of a comprehensive core banking system, for safeguarding assets and to prevent and detect frauds as well as other irregularities, which is reviewed, evaluated, and updated on an ongoing basis. The Bank's Internal Audit Department has conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Bank were consistently followed.

However, there are inherent limitations that should be recognised in weighing the assurances provided by any system of internal controls and accounting. We confirm that, to the best of our knowledge, the Financial Statements, Significant Accounting Policies, and other financial information included in this Annual Report, fairly present in all material respects the financial position, results of the operations and the Cash Flows of the Bank during the year under review. We also confirm that the Bank has adequate resources to continue in operation and has applied the going concern basis in preparing these Financial Statements.

Further, the Board assessed the effectiveness of the Bank's Internal Controls over Financial Reporting during the year ended 31 December 2025, as required by the Banking Act Direction No. 05 of 2024 on Corporate Governance, the result of which is given in 'Directors' Statement on Internal Controls over Financial Reporting' on pages 309 to 311 of the Annual Report.

The Assurance Report of the Director's Statement on Internal Control is given on pages 312 and 313 of the Annual Report.

The Financial Statements of the Bank were audited by Messrs. KPMG, Chartered Accountants, the independent External Auditors. Their report is given on pages 316 to 319 of the Annual Report. The Board Audit Committee of the Bank meets periodically with the Internal Audit team and the Independent External Auditor to review their audit plans, assesses the manner in which the auditors discharge their responsibilities and discusses their reports on internal controls and financial reporting issues. To ensure complete independence, the External Auditor and the Internal Auditor have full and free access to the members of the Audit Committee to discuss any matter of substance.

The Board Audit Committee approves audit and non-audit services provided by the External Auditors, Messrs. KPMG, to ensure that the provision of such services does not impair the independence of the External Auditors and does not contravene the guidelines issued by the CBSL on permitted non-audit services. Refer to 'Report of the Board Audit Committee' appearing on pages 290 to 292 for details.

The Bank has taken appropriate actions to implement new Sri Lanka Accounting Standards and Directions issued by the Central Bank of Sri Lanka on due dates and all the processes are in place to address the requirements of the Sri Lanka Accounting Standards and respective regulatory Directions.

We confirm to the best of our knowledge that;

- Prudential requirements have been satisfied and there are no material litigations that are pending against the Bank other than those disclosed in Note 46 to the Financial Statements;
- There are no material non-compliances; and
- All contributions, levies and taxes paid on behalf of the Bank and in respect of the employees of the Bank as of 31 December 2025 have been paid or where relevant provided for.

Senarath Bandara
Managing Director/Chief Executive Officer

Mrs. Dilhani Gajanayaka
Assistant General Manager - Finance

Colombo
27 February 2026

Independent Auditor's Report

KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
P. O. Box 186,
Colombo 00300, Sri Lanka.

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Fax +94 - 11 244 5872
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Internet www.kpmg.com/lk

TO THE SHAREHOLDERS OF CARGILLS BANK PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Cargills Bank PLC ("the Bank") which comprise the statement of financial position as at December 31, 2025, and the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as of December 31, 2025, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the Code of Ethics for professional Accountants issued by CA Sri Lanka (Code of Ethics), and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Allowances for Expected Credit Losses	
Refer to the critical accounting estimates and judgements disclosures in relation to the allowance for expected credit losses in Note 14 (Accounting Judgement, Estimates and Assumptions), Note 14 (Impairment charge for loans and other losses) and Note 28 (Financial) assets measured at amortised cost - loans and advances to customers), to these financial statements.	
Risk Description	Our Responses
Allowance for expected credit losses (ECL) is a key audit matter due to the significance of the loans and receivables balance to the financial statements and the inherent complexity of the Bank's ECL models used to measure ECL allowances. These models are reliant on data and estimates including multiple economic scenarios and key assumptions such as defining a significant increase in credit risk (SICR). SLFRS 9 *Financial Instruments* requires the Bank to measure ECLs on a forward-looking basis reflecting a range of economic conditions. Post-model adjustments are made by the Bank to address known ECL model limitations or emerging trends in the loan portfolios. Challenging the economic scenarios used and the judgmental post-model adjustments the Bank applies to the ECL results involves significant judgement. The Bank's criteria selected to identify a SICR are key areas of judgement within the Bank's ECL methodology as these criteria determine if a forward-looking 12 month or lifetime allowance is recorded.	Our audit procedures to assess the allowances for ECL included the following: • Review of the ECL model governance and validation processes which involved assessment of model performance; • Reconciliation of the data used in the ECL calculation process to gross balances recorded within the general ledger as well as source systems; • IT system controls which record loans days past due, and non-performing loan classification. *Assessing adequacy of impairment for individually significant customers (ISL).* Selecting a sample of customers (based on quantitative thresholds set by the bank and qualitative factors) and our procedures included the following: • Evaluating management's assessment of recoverability of the forecasted cash flows by comparing them to the historical performance of the customers, their financial position and the expected future performance where applicable; • Assessing external collaterals and comparing external valuations to values used in management's impairment assessments, forecasted timing of future cash flows in the context of underlying valuations and approved business plans; • Exercising our judgment, our procedures included using our understanding of relevant industries and the macroeconomic environment and comparing with the data and assumptions used by the Bank in recoverability assessment. Where relevant we assessed the forecast timing of future cash flows in the context of underlying valuations, and business plans and evaluating the key assumptions in the valuations; • Testing the implementation of the Bank SICR methodology by re-performing the staging calculation for a sample of loans; • For a sample of customer loans which were not identified as displaying objective evidence indicators assessed by management, we reassessed the conclusions by reviewing the historical performance of the customers and formed our own view whether any impairment indicators were present.

Allowances for Expected Credit Losses	

Additionally, allowances for individually significant loans exceeding specific thresholds are individually assessed by the Bank. Assessment of specific allowances are based on the expected future cash repayments and estimated proceeds from the value of the collateral held by the Bank which involves uncertainty and management judgement.	Assessing the adequacy of collective impairment included the following procedures:
	• Assessing the accuracy of the data used in the ECL models by checking a sample of data fields such as account balance, days past due, interest rate to relevant source systems.
	• Working with our Financial Risk Management (FRM) specialist we carried out the following procedures:
	  • Assessed the accuracy of the ECL model estimates by re-performing, for a sample of loans and comparing this to the amount recorded by the Bank;
	  • Challenged the forward-looking macroeconomic assumptions and scenarios incorporated in the ECL models. We compared the forecast GDP, unemployment rates, interest rate, inflation rate to relevant publicly available macroeconomic information.
	• Testing the implementation of SICR methodology by re-performing the staging calculation for a sample of loans taking into consideration movements from loan origination and comparing our result to actual staging applied on an individual account level in the ECL model;
	
	Assessing the adequacy of post model adjustments
	We challenged key assumptions in the components of the Bank's post-model adjustments to the ECL allowance balance. This included:
	• Assessing post-model adjustments against the Bank's ECL model and data deficiencies identified by the Bank.
	• Assessing the completeness of post-model adjustments by checking the consistency of overlay criteria we identified in the loan portfolios against the Bank's assessment.
	
	We also assessed the appropriateness of the related disclosures in the financial statements using our understanding obtained from our testing and against the requirements of Sri Lanka Accounting Standards.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management

either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

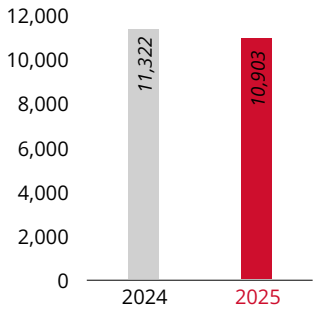
The Bank's financial position is in compliance with the provisions of the Banking Act No.30 of 1988 and the Banking (Amendment) Act No.24 of 2024 relating to the issuance of financial statements and disclosure provisions and, we have not noted any instance to call for an explanation or any information from any officer or agent of the bank in relation to Section 39 (1A).

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 3272.

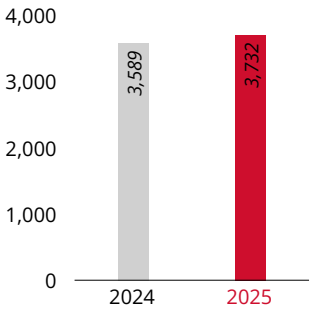
Colombo, Sri Lanka
27th February 2026

Financial Statements Highlights

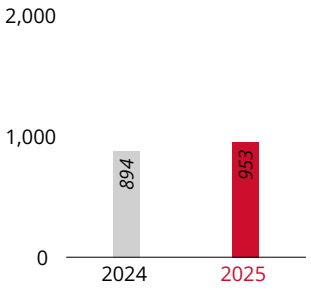
Gross Income (Mn)



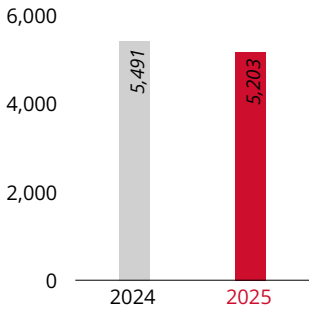
Net interest income (Mn)



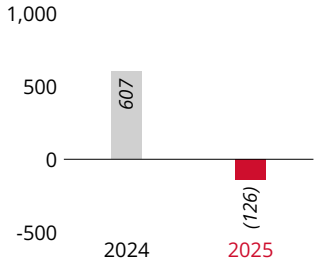
Net fee and commission income (Mn)



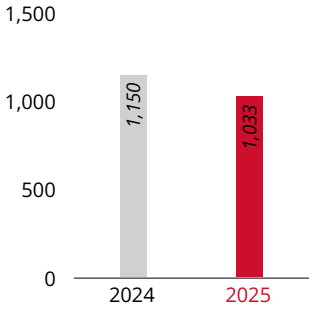
Total Operating income (Mn)



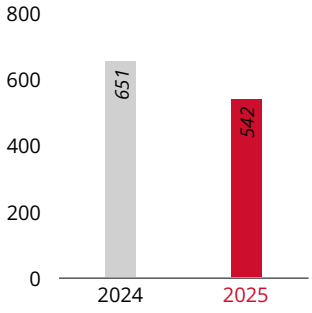
Impairment Charges/ (Reversals) and Other Losses (Mn)



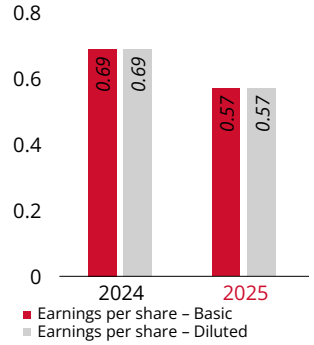
Profit Before Income Tax (Mn)



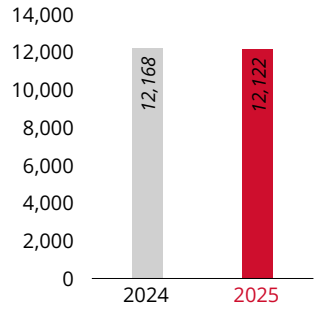
Profit After Income Tax (Mn)



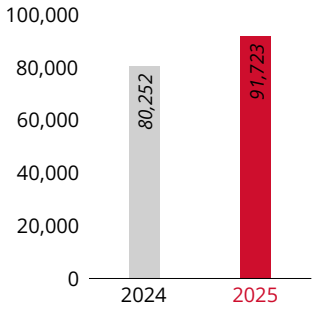
Earnings Per Share (Rs.)



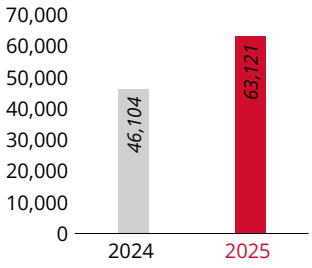
Total Capital (Mn)



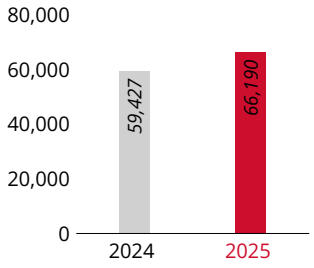
Total Assets (Mn)



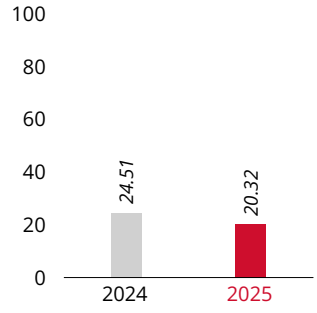
Financial Assets at Amortised cost - Loans and Advances to Other Customers (Mn)



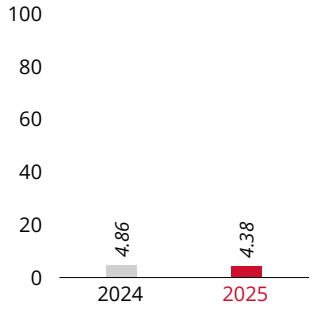
Financial Liabilities at Amortised Cost - Due to Depositors (Mn)



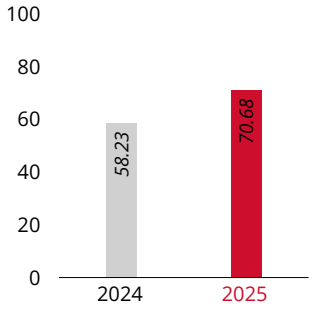
CASA Ratio (%)



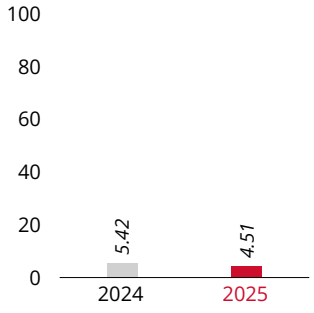
Net Interest Margin (%)



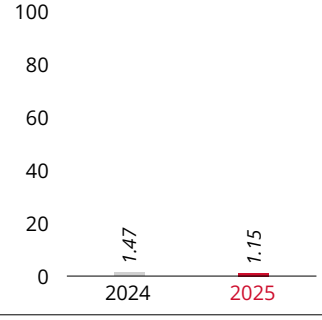
Cost Income Ratio (%)



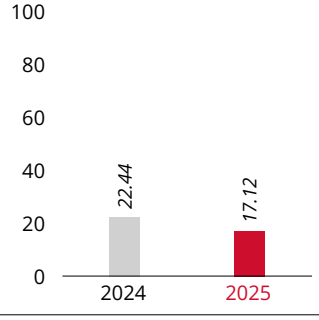
Return on Equity (%)



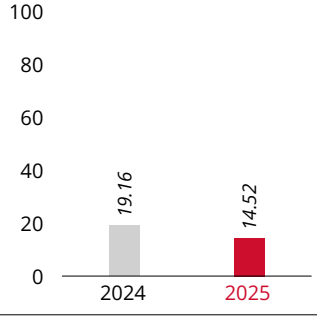
Return on Assets (%)



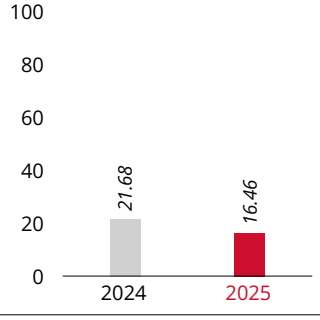
Total Capital Ratio (%)



Common Equity Tier I Capital (%)



Tier I Capital Ratio (%)



Financial Statements - Table of Contents

Statement of Profit or Loss

For the year ended 31 December	Note	Page No.	2025 Rs. '000	2024 Rs. '000	Change %
Gross income	7	344	10,902,906	11,322,766	(4)
Interest income			8,841,257	8,931,702	(1)
Less: Interest expense			5,108,769	5,342,922	(4)
Net interest income	8	344	3,732,488	3,588,780	4
Fee and commission income			1,544,144	1,382,879	12
Less: Fee and commission expense			591,498	488,607	21
Net fee and commission income	9	346	952,646	894,272	7
Net gains/(losses) from trading	10	348	1,200	387	210
Net gains/(losses) from financial assets at fair value through profit or loss	11	348	78,703	275,917	(71)
Net gains/(losses) from derecognition of financial assets	12	349	360,641	670,486	(46)
Net other operating income	13	349	76,961	61,395	25
Total operating income			5,202,639	5,491,237	(5)
Less: Impairment losses/ (write back) on financial instruments and other assets	14	350	(126,093)	607,360	(121)
Net operating income			5,328,732	4,883,877	9
Less: Expenses					
Personnel expenses	15	356	1,529,631	1,329,639	15
Depreciation and amortisation expenses	16	357	347,480	320,815	8
Other operating expenses	17	358	1,800,285	1,547,082	16
Total operating expenses			3,677,396	3,197,536	15
Operating profit before taxes on financial services			1,651,336	1,686,341	(2)
Less: Taxes on financial services	18	359	617,956	536,649	15
Profit before income tax			1,033,380	1,149,692	(10)
Less: Income tax expense	19	359	491,834	498,894	(1)
Profit for the year			541,546	650,798	(17)
Profit attributable to:					
Equity holders of the Bank			541,546	650,798	(17)
Non-controlling interest			-	-	-
Profit for the year			541,546	650,798	(17)
Basic earnings per share (Rs.)	20	361	0.57	0.69	(17)
Diluted earnings per share (Rs.)	20	361	0.57	0.69	(17)

The Notes to the Financial Statements disclosed on pages 328 to 442 form an integral part of these Financial Statements.

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December	Note	Page No.	2025 Rs. '000	2024 Rs. '000	Change %
Profit for the year			541,546	650,798	(17)
Other comprehensive income, net of tax					
Items that will never be reclassified to profit or loss					
Net actuarial gains/(losses) on defined benefit obligations	40	394	(6,965)	(24,055)	71
Change in fair value of investment in equity instruments measured at fair value through other comprehensive income	22.2.1	366	3,256	3,121	4
Deferred tax (charge)/reversal related to the above	34.2	387	1,113	6,280	(82)
Net other comprehensive income on items that will never be reclassified to profit or loss			(2,596)	(14,654)	82
Items that are or may be reclassified to profit or loss					
Net gains/(losses) on investment in debt instruments measured at fair value through other comprehensive income					
Fair value gains/(losses) arose during the year			(474,133)	82,923	(672)
Fair value (gains)/losses realised to Statement of Profit or Loss on disposal			(360,641)	(670,486)	46
Net gains/(losses) on re-measuring Financial Instruments at FVOCI			(834,774)	(587,563)	(42)
Deferred tax (charge)/reversal related to the above	34.2	387	250,432	176,269	42
Net other comprehensive income/(loss) for the year on items that are or may be reclassified to Statement of Profit or Loss			(584,342)	(411,294)	(42)
Total other comprehensive income/(loss) for the year, net of tax			(586,938)	(425,948)	(38)
Total comprehensive income/ (loss) for the year			(45,392)	224,850	(120)
Attributable to:					
Equity holders of the Bank			(45,392)	224,850	(120)
Non-controlling interest			-	-	-
Total comprehensive income/ (loss) for the year			(45,392)	224,850	(120)

The Notes to the Financial Statements disclosed on pages 328 to 442 form an integral part of these Financial Statements.

Statement of Financial Position

As at 31 December	Note	Page No.	2025 Rs. '000	2024 Rs. '000	Change %
ASSETS					
Cash and cash equivalents	23	369	3,436,287	1,715,116	100
Balances with Central Bank of Sri Lanka	24	370	1,175,982	764,150	54
Placements with Banks			-	-	-
Securities purchased under resale agreements	25	370	300,144	700,862	(57)
Derivative financial assets	26	371	1,380	-	100
Financial assets measured at fair value through profit or loss	27	371	-	2,324,912	(100)
Financial assets at amortised cost - Loans and advances to other customers	28	372	63,121,257	46,103,638	37
Financial assets at amortised cost - Debt and other financial instruments	29	376	4,531,863	3,266,362	39
Financial assets measured at fair value through other comprehensive income	30	377	15,836,333	22,400,969	(29)
Property, plant and equipment and right-of-use assets	31	379	883,217	843,022	5
Intangible assets	32	383	218,214	202,059	8
Deferred tax assets	34	386	683,336	523,232	31
Other assets	35	389	1,535,338	1,408,080	9
Total assets			91,723,351	80,252,402	14
LIABILITIES					
Due to banks	36	390	8,207,261	3,526,728	133
Derivative financial liabilities	37	390	180	-	100
Other financial liabilities at fair value through profit or loss			-	-	-
Financial liabilities at amortised cost - Due to depositors	38	391	66,190,039	59,426,888	11
Financial liabilities at amortised cost - Due to other borrowers	39	392	1,500,000	1,516,666	(1)
Retirement benefit obligation	40	394	188,940	151,655	25
Lease liability	33	385	566,231	599,355	(6)
Other liabilities	41	396	2,948,460	2,863,477	3
Total liabilities			79,601,111	68,084,769	17

As at 31 December	Note	Page No.	2025 Rs. '000	2024 Rs. '000	Change %
EQUITY					
Stated capital	42	397	11,894,421	11,894,421	-
Statutory reserve fund	44	398	138,392	111,315	24
Retained earnings/(losses)	43	397	(65,955)	(575,548)	89
Fair value through other comprehensive income reserve	44	398	155,382	737,445	(79)
Total equity attributable to equity holders of the Bank			12,122,240	12,167,633	(0)
Non-controlling interest			-	-	-
Total equity			12,122,240	12,167,633	(0)
Total liabilities and equity			91,723,351	80,252,402	14
Contingent liabilities and commitments	45	398	21,991,326	19,111,448	15
Net assets value per share (Rs.)	47	400	12.82	12.87	(0)
Memorandum Information					
Number of employees			715	690	
Number of branches			26	24	

The Notes to the Financial Statements disclosed on pages 328 to 442 form an integral part of these Financial Statements.

Certification

These Financial Statements have been prepared in compliance with requirements of the Companies Act No. 07 of 2007.

D. Gajanayaka
Assistant General Manager - Finance

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.
Approved and signed for and on behalf of the Board.

K.B.S. Bandara
Managing Director/ Chief Executive Officer

H.A. Pieris
Chairman

Colombo
27 February 2026

Statement of Changes in Equity

	Note	Page No.	Stated capital	Statutory reserves	Retained earnings/ (losses)	Fair value through other comprehensive income reserve	Total equity
			Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 01 January 2024			11,894,421	78,775	(1,176,968)	1,146,555	11,942,783
Total comprehensive income for the year 2024							
Profit for the year			-	-	650,798	-	650,798
Other comprehensive income/ (loss), net of tax	43, 44	397	-	-	(16,838)	(409,110)	(425,948)
Total comprehensive income for the year 2024			-	-	633,960	(409,110)	224,850
Transactions with equity holders recognised directly in equity							
Issue of shares	42	397	-	-	-	-	-
Transfer to the statutory reserve fund	43, 44	397	-	32,540	(32,540)	-	-
Total transactions with equity holders			-	32,540	(32,540)	-	-
Balance as at 31 December 2024			**11,894,421**	**111,315**	**(575,548)**	**737,445**	**12,167,633**
Balance as at 01 January 2025			11,894,421	111,315	(575,548)	737,445	12,167,633
Total comprehensive income for the year 2025							
Profit for the year			-	-	541,546	-	541,546
Other comprehensive income/ (loss), net of tax	43, 44	397	-	-	(4,876)	(582,063)	(586.939)
Total comprehensive income/ (loss), for the year 2025			-	-	536,670	(582,063)	(45,393)
Transactions with equity holders recognised directly in equity							
Issue of shares	42	397	-	-	-	-	-
Transfer to the statutory reserve fund	43, 44	397	-	27,077	(27,077)	-	
Total transactions with equity holders			-	27,077	(27,077)	-	-
Balance as at 31 December 2025			**11,894,421**	**138,392**	**(65,955)**	**155,382**	**12,122,240**

Statement of Cash Flows

For the year ended 31 December	Note	Page No.	2025 Rs. '000	2024 Rs. '000
Cash flows from operating activities				
Profit before income tax			1,033,380	1,149,692
Adjustments for:				
Non-cash items included in profit before tax	52	411	540,368	1,153,174
Dividend income	13	349	(1,554)	(1,282)
Interest paid on lease liability	33.5	386	(80,864)	(75,545)
Benefits paid on defined benefit plan	40	394	(9,881)	(16,775)
Operating profits before changes in operating assets and liabilities			1,481,449	2,209,264
Net (increase)/decrease in operating assets	53	411	(10,215,149)	(11,071,882)
Net increase/ (decrease) in operating liabilities	54	412	11,732,158	9,446,304
Cash generated from/(used in) operating activities before income tax			2,998,458	583,686
Income taxes paid	41	396	(630,576)	(279,678)
Net cash generated from/(used in) operating activities			2,367,882	304,008
Cash flows from investing activities				
Net purchase of property, plant and equipment	31	379	(220,596)	(231,473)
Proceeds from sale of property, plant and equipment			237	2,028
Net purchase of intangible assets	32	384	(94,797)	(34,680)
Dividends received	13	349	1,554	1,282
Net cash generated from/(used in) investing activities			(313,602)	(262,842)
Cash flows from financing activities				
Payment of lease liability	33.5	386	(122,516)	(101,145)
Interest paid on perpetual debenture	8.2	345	(165,450)	(223,350)
Net cash generated from/(used in) financing activities			(287,966)	(324,495)
Net increase/(decrease) in cash and cash equivalents			1,766,314	283,328
Cash and cash equivalents at the beginning of the year			1,743,581	2,026,909
Cash and cash equivalents at the end of the year			3,509,895	1,743,581
Reconciliation of cash and cash equivalents				
Cash and cash equivalents at the end of the year (Gross)	23	369	3,509,895	1,743,581
Less: Impairment charges	23.1	370	(73,608)	(28,465)
Cash and cash equivalents at the end of the year (Net)	23	369	3,436,287	1,715,116

The Notes to the Financial Statements disclosed on pages 328 to 442 form an integral part of these Financial Statements.

Notes to the Financial Statements

1. REPORTING ENTITY

1.1 Domicile and Legal Form

Cargills Bank PLC, formerly known as Cargills Bank Limited, (the Bank) is a Public Limited Company incorporated on 03 November 2011, listed on the Colombo Stock Exchange and domiciled in Sri Lanka under the Companies Act No. 07 of 2007 for the purpose of carrying out banking activities in Sri Lanka. It is a Licensed Commercial Bank registered under the Banking Act No. 30 of 1988 and amendments thereto. The registered office of the Bank is located at No. 696, Galle Road, Colombo 3.

The Bank does not have an identifiable Parent of its own. Further, the Bank does not hold any investments in the form of a subsidiary, joint venture or an associate. Corporate information is presented in the inner back cover of this Annual Report.

The number of branches and staff strength of the Bank was as follows:

As at 31 December	2025	2024
Number of branches	26	24
Number of staff	715	690

1.2 Principal Activities and Nature of Operations

On 21 January 2014, in terms of Section 5 of the Banking Act No. 30 of 1988 (as amended from time to time), the Bank has been issued with a commercial banking license by the Central Bank of Sri Lanka (CBSL) to carry on domestic banking business and off-shore banking business. The Bank provides a comprehensive range of financial services encompassing accepting deposits, corporate and retail banking, project financing, trade finance, treasury services, issuing of credit cards and debit cards, off-shore banking, resident and non-resident foreign currency operations, invoice discounting, pawning, electronic banking services such as: telephone banking, internet banking, mobile banking and money remittance facilities, etc.

2. BASIS OF ACCOUNTING

2.1 Statement of Compliance

The Financial Statements of the Bank have been prepared and presented in accordance with the Sri Lanka Accounting Standards (the "Accounting Standards"), as issued by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka). The Accounting Standards comprise:

Sri Lanka Financial Reporting Standards ("SLFRS");

Sri Lanka Accounting Standards ("LKAS");

Statements of Recommended Practices (SoRPs);

Statement of Alternate Treatment (SoATs) and

Financial Reporting Guidelines issued by the CA Sri Lanka

The Accounting Standards along with FAQs issued are available at the website of CA Sri Lanka.

Further, these Financial Statements are in compliance with the requirements of the Companies Act No. 07 of 2007 and the Banking Act No. 30 of 1988 and amendments thereto, and provide appropriate disclosures as required by the Listing Rules of the Colombo Stock Exchange (CSE).

2.2 Statement of Presentation

The formats used in the preparation and presentation of the Financial Statements and the disclosures made therein also comply with the specified formats prescribed by the CBSL in the Circular No. 05 of 2024 dated 31 December 2024, on "Publication of Annual and Quarterly Financial Statements and Other Disclosures by Licensed Bank". The Bank also published annual and quarterly financial information and other disclosures in the Annual Report. Press and the Website in compliance with the aforementioned Circular.

While the Bank published Annual Report 2024 and quarterly financial information and other disclosures for 2025 in the Press and the Website in compliance with the aforementioned Circular, prior to this, the Bank published quarterly financial information and other disclosures for 2024 in the Press and the Website in compliance with Section 4.2 of the Circular No. 02 of 2019 dated 18 January 2019, on "Publication of Annual and Quarterly Financial Statements and Other Disclosures by Licensed Banks" issued by CBSL.

The assets and liabilities of the Bank presented in the SOFP are grouped by nature and listed in an order that reflects their relative liquidity and maturity pattern.

No adjustments have been made for inflationary factors affecting the Financial Statements.

An analysis on recovery or settlement within 12 months and more than 12 months from the reporting date is presented in Note 48 on pages 401 and 403.

2.3 Responsibility for Financial Statements

The Board of Directors of the Bank is responsible for the preparation and presentation of the Financial Statements of the Bank as per the provisions of the Companies Act No. 07 of 2007 and listing rules of the Colombo Stock Exchange and the Sri Lanka Accounting Standards (SLFRS and LKAS).

The Board of Directors acknowledges their responsibility for Financial Statements as set out in the 'Annual Report of the Board of Directors' on the Affairs of the Bank', 'Directors' Responsibility for Financial Reporting' and the certification on the 'Statement of Financial Position' on pages 297 to 302, 307 to 308 and 325, respectively.

These Financial Statements include the following components,

- Statement of Profit or Loss and Statement of Profit or Loss and Other Comprehensive Income (OCI) providing the information on the financial performance of the Bank for the year under review (Refer pages 322 and 323).
- Statement of Financial Position (SOFP) providing the information on the financial position of the Bank as at the year-end (Refer pages 324 and 325).
- Statement of Changes in Equity depicting all changes in shareholders' funds during the year under review of the Bank (Refer page 326).
- Statement of Cash Flows providing the information to the users, on the ability of the Bank to generate cash and cash equivalents and the need to utilise those cash flows (Refer page 327).
- Notes to the Financial Statements comprising Material Accounting Policies and other explanatory information (Refer pages 328 to 412).

2.4 Approval of Financial Statements by the Board of Directors

The Financial Statements of the Bank for the year ended 31 December 2025 (including the comparative figures) have been approved and authorised for issue by the Board of Directors in accordance with the resolution of the Directors on 27 February 2026.

2.5 Basis of Measurement

The Financial Statements of the Bank have been prepared on the historical cost basis except for the following material items in the Statement of Financial Position:

Financial Instruments			
Items	Basis of Measurement	Note	Pages
Derivative financial assets and liabilities	Fair value	26 & 37	371 & 390
Financial assets measured at fair value through profit or loss	Fair value	27	371
Financial assets measured at fair value through other comprehensive income	Fair value	30	378
Net defined benefit (asset)/ liability	Present value of the defined benefit obligation	40	394
Non-Financial Assets/ Liabilities			
Items	Basis of Measurement	Note	Pages
Retirement benefit obligations	Present value of the defined benefit obligations less the fair value of the assets of the plan	40	394

2.6 Going Concern Basis of Accounting

The Board of Directors of the Bank have made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the Board of Directors is not aware of any material uncertainties that may cast significant doubt upon the ability of the Bank to continue as a going concern. Therefore, the Financial Statements of the Bank continue to be prepared on a going concern basis.

2.7 Functional and Presentation Currency

The Financial Statements of the Bank are presented using the currency of the primary economic environment in which the Bank operates (the Functional Currency). These Financial Statements are presented in Sri Lankan Rupees, the Bank's Functional and Presentation Currency. There was no change in the Bank's presentation and functional currency during the year under review.

2.8 Comparative Information

Comparative information including quantitative, narrative and descriptive information is disclosed in respect of the previous period for all the amounts in the Financial Statements in order to enhance the understanding of the current period's Financial Statements and to enhance the inter-period comparability.

The comparative information is reclassified whenever necessary to conform with the current year's presentation and to be in compliance with the Circular No. 05 of 2024 issued by Central Bank of Sri Lanka on publication of Annual and Quarterly Financial Statements and other disclosures by licensed banks in order to provide a better presentation. Details of Comparative Information are given in Note 56 to the Financial Statements on page 413.

2.9 Presentation of Financial Statements

The assets and liabilities of the Bank presented in its Statement of Financial Position are grouped by nature and listed in an order that reflects their relative liquidity and maturity pattern. No adjustments have been made for inflationary factors affecting the Financial Statements.

An analysis regarding the recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 48 on page 401 and 403.

2.10 Rounding

The amounts in the Financial Statements have been rounded-off to the nearest rupees thousands, except where otherwise indicated as permitted by the Sri Lanka Accounting Standard – LKAS 1 on "Presentation of Financial Statements".

2.11 Offsetting

Financial assets and financial liabilities are off-set, and the net amount reported in the Statement of Financial Position, only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously.

Income and expenses are not offset in the Statement of Profit or Loss unless required or permitted by an Accounting Standard or an interpretation (issued by the SLFRS Interpretations Committee and Standard Interpretations) and as if specifically disclosed in the Material Accounting Policies of the Bank.

Accordingly, the debit and credit balances pertaining to an identical counterparty and deferred tax assets and liabilities of the same entity have been offset and reported at net carrying amount in the Financial Statements.

2.12 Materiality and Aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by the LKAS 1 on 'Presentation of Financial Statements' and amendments to the LKAS 1 on "Disclosure Initiative" which was effective from 01 January 2016.

Notes to the Financial Statements are presented in a systematic manner which ensures the understandability and comparability of Financial Statements of the Bank. Understandability of the Financial Statements is not compromised by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.

2.13 Use of Judgements and Estimates

In preparing these Financial Statements, management has made judgements, estimates and assumptions which affect the application of the Bank's accounting policies and the reported amounts of assets, liabilities, income and expenses and the accompanying disclosures, as well as the disclosure of contingent liabilities. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Significant areas of critical judgements, assumptions and estimation uncertainty, in applying the Accounting Policies that have material effects on the amounts recognised in the Financial Statements of the Bank have been further explained from Note 2.13.1 and 2.13.2.

2.13.1 Significant Accounting Judgements

Information about judgements made in applying accounting policies that have material effects on the amounts recognised in the Financial Statements is included in the following Notes;

Note 3.2.1.4: Classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial assets are Solely Payment of Principal and Interest (SPPI) on the principal outstanding.
Note 14: Assessment of credit risk establishing the criteria for determining whether credit risk on the financial asset has increased significantly since the initial recognition, determining methodology for incorporating forward-looking information into measurement of Expected Credit Loss and selection and approval of models used to measure ECL.

2.13.2 Assumptions and Estimation Uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments included in the following notes;

2.13.2.1 Note 22: Determination of the fair value of financial instruments with significant unobservable inputs. The Bank measures fair value using the fair value hierarchy that reflects the significance of input used in making measurements. Methodologies used for valuation of financial instruments and fair value hierarchy are stated in Note 22 on pages 364 to 369.

2.13.2.2 Note 57.3: Determination of inputs into the Expected Credit Loss measurement model including key assumptions used in estimating recoverable cash flows and incorporating forward-looking information.

2.13.2.3 Note 31: Property, Plant and Equipment and Right of Use Assets: Key assumptions of economic useful life and residual value.

2.13.2.4 Note 32: Intangible Assets: Key assumptions of economic useful life and residual value.

2.13.2.5 Note 34.3: Recognition of deferred tax assets: Availability of future taxable profit against which carry forward tax losses can be utilised.

2.14 Commitment and Contingent Liabilities

All discernible risks are accounted for in determining the amount of all known and measurable liabilities. Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be reliably measured. Contingent liabilities are not recognised in the Statement of Financial Position but are disclosed unless its considered remote that the Bank will be liable to settle the possible obligation. The Information are given in Note 45 to the Financial Statements on page 398.

2.15 Financial Risk Management

Risk is inherent in the Bank's activities, but is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Bank's continuing profitability and each individual within the Bank is accountable for the risk exposures relating to his or her responsibilities.

A detailed write-up on the way in which the risk management is carried out within the Bank's Risk Management Framework with due consideration given to factors such as governance, identification, assessment, monitoring, reporting and mitigation are discussed in the Section on "Risk Management" on pages 232 to 251. The said write- up on "Risk Management" does not form a part of the Financial Statements.

The Bank exposure to risks arising out of financial activities which it undertakes in engaging in its operations are described more in Note 57: Financial Risk Management.

2.16 Events After the Reporting Period

Events after the Reporting Period are those events, favorable and unfavorable, that occur between the reporting date and the date when the Financial Statements are authorised for issue.

In this regard, all material and important events that occurred after the reporting period are considered and appropriate disclosures are made, where necessary in Note 55 to the Financial Statements.

3. MATERIAL ACCOUNTING POLICIES

The Material Accounting Policy Information set out below have been applied consistently to all periods presented in the Financial Statements of the Bank, except if mentioned otherwise.

Set out below is an index of Material Accounting Policies, the details of which are available on the pages that follow:

Index of Material Accounting Policies

Description	Reference to the Notes in Financial Statements	Page Reference
Material Accounting Policies – General		
Foreign currency transactions and balances	3.1	333
Material Accounting Policies - Recognition of Assets and Liabilities		
Financial instruments - Initial recognition, classification and subsequent measurement	3.3	333
Leases	3.4	339
Impairment of non-financial assets	3.4	339
Employee benefits	3.5	340
Provisions	3.6	340
Restructuring	3.8	341
Onerous contracts	3.9	341
Bank levies	3.10	341
Stated capital and reserves	3.11	341
Property, plant and equipment	31	379
Intangible assets	32	383
Contingent liabilities and commitments	45	398
Earnings per share (EPS)	20	361
Operating segments	49	403
Material Accounting Policies - Recognition of Income and Expenses		
Net interest income and interest expenses	8	344
Net fee and commission income	9	346
Net gains/(losses) from trading	10	348
Net gains/(losses) from financial assets at fair value through profit or loss	11	348
Expenditure recognition	3.12	342
Material Accounting Policies - Tax Expenses		
Income tax expense	3.13.1	342
Crop insurance levy (CIL)	3.13.2	342
Value added tax on financial services (FS VAT)	3.13.3 & 18	342 & 359
Social security contribution levy (SSCL)	3.13.4 & 18	342 & 359
Material Accounting Policies - Statement of Cash Flows		
Statement of cash flows	4	342
Material Accounting Policies – Changes in Accounting Policies	5	342
Material Accounting Policies – Standards issued but not effective	6	342

3.1 Foreign Currency Transactions and Balances

Foreign currency transactions are translated into the Functional Currency, which is Sri Lankan Rupees (LKR), using the exchange rates prevailing at the dates of the transactions. In this regard, the Bank's practice is to use the middle rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the Functional Currency at the middle exchange rate of the Functional Currency ruling at the reporting date. The resulting foreign currency gain or loss on monetary items is the difference between amortised cost in the Functional Currency at the beginning of the year adjusted for payments and effective interest during the year and the amortised cost in foreign currency translated at the exchange rate at the reporting date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the Functional Currency at the spot exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currency that are measured in terms of historical cost are translated using the exchange rate prevailed at the date of the transaction.

Forward exchange contracts are valued at the forward market rates prevailing at the date of the Statement of Financial Position.

Foreign currency differences arising on translation are recognised in profit or loss, except for differences arising on the translation of FVOCI equity instruments or qualifying cash flow hedges, which are recognised in Other Comprehensive Income.

The following are the middle rate of exchange as at 31 December 2025.

Currency	LKR Value (per 1 Unit of Each Currency)
Great Britain Pound	415.97
United States Dollar	309.62
Euro	363.27
Japanese Yen	1.97
Australian Dollar	206.95

3.2 Statutory Deposit with Central Bank

The Monetary Law Act requires that all commercial banks operating in Sri Lanka to maintain reserves against all deposit liabilities denominated in Sri Lankan Rupees.

3.3 Financial Instruments – SLFRS 9

The Bank applies the requirements under SLFRS 9 Financial Instruments in classifying, measuring, re-classifying and de-recognition of financial instruments.

3.3.1 Initial Recognition, Classification and Subsequent Measurement

The classification of financial instruments at initial recognition depends on their business model for managing the instruments and cash flow characteristics.

3.3.1.1 Date of Recognition

The Bank initially recognises loans and advances, deposits, debt securities issued, subordinated liabilities, etc. on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised on the trade date.

The trade date refers to the date that the Bank becomes a party to the contractual provisions of the instruments. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace. Loans and receivables to other customers are recognised when funds are transferred to the customers' accounts. The Bank recognises balances due to depositors when funds are transferred to the Bank.

3.3.1.2 Initial Measurement of Financial Instruments

The classification of financial instrument at initial recognition depends on their business model and cash flow characteristics of managing the instruments.

A financial asset or financial liability is initially be measured at fair value plus, for items not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. The fair value of a financial instrument at initial recognition is generally at its transaction price.

The transaction cost in relation to financial assets and financial liabilities at Fair Value Through Profit or Loss (FVTPL) are dealt with through the Income Statement.

Trade receivables that do not have a significant financing component are measured at their transaction price at initial recognition as defined in SLFRS 15.

When the fair value of financial instruments (except trade receivables that do not have a significant financing component) at initial recognition differs from the transaction price, the Bank accounts for the Day 1 profit or loss, as described below.

3.3.1.3 "Day 1" Profit or Loss

When the transaction price of the instrument differs from the fair value at origination and fair value is based on a valuation technique using only inputs observable in market transactions, the Bank recognises the difference between the transaction price and fair value in net gains/ (losses) from trading. In those cases, where the fair value is based on models for which some inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

The "Day 1 loss" arising in the case of loans granted to employees at concessionary rates under uniformly applicable schemes is deferred and amortised using Effective Interest Rates (EIR) in "Interest income" and "Personnel expenses" over the remaining service period of the employees or tenure of the loan whichever is shorter in line with the SLFRS 9 and Sri Lanka Accounting Standard on "Employee Benefits" (LKAS 19).

3.3.1.4 Classification and Subsequent Measurement of Financial Assets and Liabilities

As per SLFRS 9 on initial recognition, a financial asset is classified as measured at: Amortised cost, FVOCI or FVTPL based on the business model for managing the assets and the asset's contractual terms.

The Bank classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measures at either,

- Fair Value through Profit or Loss (FVTPL) as explained in Note 3.3.1.5 and Note 27.
- Amortised cost, as explained in Note 3.3.1.5.
- Fair Value through Other Comprehensive Income (FVOCI), as explained in Note 3.3.1.5 and Note 30.

Refer Notes 3.3.1.5.1 and 3.3.1.5.2 for further explanation on Business Model Assessment and Contractual Cash Flow Assessment.

The Bank measures its derivative portfolio at FVTPL as explained in Note 26. Financial liabilities, other than loan commitments and financial guarantees, are measured at amortised cost or at FVTPL when they are held for trading and financial liabilities designated upon initial recognition as at FVTPL. The subsequent measurement of financial assets/liabilities depends on their classification.

3.3.1.5 Measurement of Financial Assets

A summary of the recognition and measurement criteria pertaining to different types of financial assets recognised within the statement of financial position are as follows.

Financial Assets Classification	Criteria	Type of Assets Measured as per the specified Assets Classification	Note Reference
Financial Assets measured at Amortised Cost	A financial asset is measured at amortised cost if both of the following conditions are met and is not designated as a FVTPL. • The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and • The contractual terms of the financial asset give rise to cash flows that are SPPI, on specific date.	Cash and cash equivalents Balance with Central Bank of Sri Lanka Securities purchases under resale agreements Financial assets at amortised cost - Loans and advances to other customers Financial assets at amorised cost-Debt and other instruments	23 24 25 28 29
Financial assets measured at Fair Value through Other Comprehensive Income (FVOCI)	A debt instrument is measured at FVOCI when both of the following condition are met: • The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and • The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI. On initial recognition of an equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment- by-investment basis.	Financial assets measured at Fair Value through Other Comprehensive Income	30
Financial assets measured at Fair Value through Profit or Loss (FVTPL)	Financial assets are measured at FVTPL unless it is measured at amortised cost or FVOCI.	Derivative financial assets Financial assets measured at Fair Value through Profit or Loss	26 27

3.3.1.5.1 Business Model Assessment

The Bank makes an assessment of the objective of a business model in which an asset is held at a portfolio level (not assessed on instrument-by- instrument basis) because this best reflects the way the business is managed and information is provided to Management.

The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether Management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Bank's Management; the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how Managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activities. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

If the cash flows after initial recognition are realized in a way that is different from the original expectations, the Bank does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

3.3.1.5.2 Assessment of whether Contractual Cash Flows are Solely Payments of Principal and Interest (SPPI)

As a second step of its classification process the Bank assesses the contractual terms of financial assets to identify whether they meet SPPI test. The characteristics of the contractual cash flows are that of solely payments of the principal amount and interest (referred to as "SPPI").

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition and may change over the life of the financial asset (e.g. if there are repayments of principal or amortisation of the premium/discount).

"Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Bank considers the contractual terms of the instruments. This includes assessing whether the financial asset contains a contractual term that could change the timing or contractual cash flows such that it would not meet this condition. In making the Bank considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Bank's claim to cash flows from specified assets; and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

The Bank holds a portfolio of long-term fixed rate loans for which the Bank has the option to propose to revise the interest rate at periodic reset dates. These reset rights are limited to the market rate at the time of revision. The borrowers have an option to either accept the revised rate or redeem the loan at par without penalty. The Bank has determined that the contractual cash flows of these loans are SPPI because the option varies the interest rate in a way that is consideration for the time value of money, credit risk, other basic lending risks and costs associated with the principal amount outstanding.

3.3.1.6 Securities purchased under resale agreements (Reverse Repos)

When the Bank purchases a financial asset and simultaneously enters into an agreement to resale the asset (or a similar asset) at a fixed price on a future date (Reverse Repo), the arrangement is accounted for as a financial asset in the Statement of Financial Position reflecting the transaction's economic substance as a loan granted by the Bank.

Subsequent to initial recognition, these securities issued are measured at their amortised cost using the EIR method with the corresponding interest receivable being recognised as interest income in profit or loss.

3.3.2 Recognition and Measurement of Financial Liabilities on Initial Recognition

The Bank classifies financial liabilities, other than financial guarantees and loan commitments, into one of the following categories:

- Financial liabilities at Amortised Cost; and
- Financial liabilities at Fair Value Through Profit or Loss,

A financial liability is measured initially at fair value plus, transaction costs that are directly attributable to its acquisition or issue. Subsequent measurement of financial liability is at fair value or amortised cost. The amortised cost of a financial liability is the amount at which the financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount.

A summary of the recognition and measurement criteria pertaining to different types of financial liabilities recognised within the statement of financial position are as follows. Refer Notes 3.3.1 for further explanation on classification and subsequent measurement of financial liabilities.

Financial Liability	Criteria	Type of Liabilities Measured as per the Specified Liability classification	Note Reference
Financial liabilities at amortised cost	The financial liabilities issued that are not designated at FVTPL are classified as financial liabilities measured at amortised cost.	Due to bank	36
		Financial Liabilities at amortised cost - Due to depositors	38
		Financial Liabilities at amortised cost - Due to other borrowers	39
Financial liabilities at Fair Value Through Profit or Loss (FVTPL)	Financial liabilities measured at FVTPL include: • Financial Liabilities held for trading; and • Financial Liabilities designated at FVTPL.	Derivate financial liabilities	37

3.3.2.1 Classification and subsequent measurement of financial liabilities

The subsequent measurement of financial liabilities depends on their classification.

3.3.2.2 Financial liabilities at amortised cost

Financial Liabilities issued by the Bank that are not designated at fair value through profit or loss are recognised initially at fair value plus any directly attributable transaction costs, by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method. Deposit liabilities including savings deposits, current deposits, fixed/ time deposits, call deposits, certificates of deposit are classified as financial liabilities measured at amortised cost.

The EIR amortisation is included in "Interest expense" in the Statement of Profit or Loss. Gains and losses too are recognised in the Statement of Profit or Loss when the liabilities are derecognised as well as through the EIR amortisation process.

3.3.2.3 Financial liabilities at Fair Value Through Profit or Loss

Financial liabilities at fair value through profit or loss include derivative liabilities held for risk management purposes.

3.3.3 Reclassification of Financial Assets and Liabilities

Financial assets are not reclassified subsequent to their initial recognition, except and only in those rare circumstances when the Bank changes its objective of the business model for managing such financial assets.

Consequent to the change in the business model, the Bank reclassifies all affected assets prospectively following the change in the business model (the reclassification date).

Accordingly, prior periods are not restated. The bank has not reclassified any financial asset subsequent to their initial recognition.

Financial liabilities are not reclassified, as such reclassifications are not permitted by Accounting Standard SLFRS 9 on Financial Instruments.

3.3.4 Derecognition of Financial Assets and Financial Liabilities

3.3.4.1 Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired.

The Bank has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and either: The Bank has transferred substantially all the risks and rewards of the asset, or

- The Bank has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

When the Bank has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained, substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised

to the extent of the Bank's continuing involvement in the asset. In that case, the Bank also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Bank has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Bank could be required to repay.

3.3.4.2 Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as recognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

3.3.5 Modification of Financial Assets and Financial Liabilities

Modification of Financial Assets

If the terms of a financial asset are modified, then the Bank evaluates whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised, and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- other fees are included in profit or as a part of the gain or loss on recognition.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Bank plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place (refer write-off policy).

This approach impacts the result of the quantitative evaluation and means that the recognition criteria are not usually met in such cases.

If the modification of a financial asset measured at amortised cost or FVOCI does not result in recognition of the financial asset, then the Bank first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred, and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income calculated using the effective interest rate method.

Modification of Financial Liabilities

The Bank derecognises a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different.

In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability derecognised and consideration paid is recognised in profit or loss. Consideration paid includes non- financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as recognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss. For floating-rate financial liabilities,

the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

3.3.6 Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements therefore, the related assets and liabilities are presented as gross in Statement of Financial Position.

3.3.7 Amortised cost and gross carrying amount

The "amortised cost" of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus cumulative amortization using the EIR method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any ECL allowance.

The "gross carrying amount of a financial asset" is the amortised cost of a financial asset before adjusting for any ECL allowance.

3.3.8 Identification and measurement of impairment of financial assets

The bank records an allowance for ECL for loans and advances to other customers, debt and other financial instruments measured at amortised cost, debt instruments measured at FVOCI, any other financial assets at amortised cost, loan commitments and financial guarantee contracts. SLFRS 9 outlines a "three-stage" model for impairment based on changes in credit quality since initial recognition.

The bank calculates ECL either on a collective or an individual basis. Asset classes where the Bank calculates ECL on individual basis include;

- Credit impaired facilities and facilities identified with SICR which are impaired based on individual impairment assessment.

The treasury, trading and interbank relationships (such as due from Banks, money at call and short notice, placements with Banks, government securities, investments in debentures etc.)

Those financial assets for which the Bank determines that no provision is required under individual impairment are then collectively assessed for ECL. For the purpose of ECL calculation on collective basis, financial assets are grouped on the basis of similar risk characteristics. Loans and advances to other customers are grouped into homogeneous portfolios, based on a combination of products and customer characteristics.

Refer Note 14 – Impairment losses on financial instruments and other assets for further explanation on ECL.

3.4 Leases

At inception of a contract, the Bank assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Bank assesses whether:

- The contract involves the use of an identified asset. This may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has substantive substitution right, then the asset is not identified;
- The Bank has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- The Bank has the right to direct the use of the asset, when it has the decision- making rights that are most relevant to changing how and for what purpose the asset is used.

At inception or on reassessment of a contract that contains a lease component, the Bank allocates the consideration in the contract to each lease component on the basis of their relative standalone prices. However, for leases of land and buildings in which it is a lease, the Bank has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Bank recognises a right-of- use asset and a lease liability at the lease commencement date.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made on or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right- of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right- of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Details of right-of-use assets are given in Note 31 to the Financial Statements as a part of property, plant and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Bank's incremental borrowing rate. Generally, the Bank uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or a rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and the exercise price under a purchase option that the Bank is reasonably certain to exercise, lease payments in an optional renewal period is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Bank is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or the rate, if there is a change in the Bank's estimate of the amount expected to be payable under a residual value guarantee, or if the Bank changes its assessment of whether it will exercise a purchase, an extension or a termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right- of-use asset, or is recorded in profit or loss if the carrying amount of the right-of- use asset has been reduced to zero.

Details of lease liability are given in Note 33 to the Financial Statements.

Short-term leases and leases with low- value assets
The Bank has elected not to recognise right- of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low- value assets, if any. The Bank recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.5 Impairment of Non-Financial Assets

At each reporting date, the Bank reviews the carrying amounts of its non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use, that is largely independent of the cash inflows of other assets or Cash Generating Units (CGU).

The 'recoverable amount' of an asset or CGU is the greater of its value in use and its fair value less costs to sell. 'Value in use' is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in Statement of Profit or Loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amount of the other assets in the CGU on a pro rata basis.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.6 Employee Benefits

3.6.1 Defined Contribution Plans (DCP)

Employees' Provident Fund and Employees' Trust Fund
A DCP is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments are available. Contributions to a defined contribution plan that is due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

Employees are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in accordance with the respective statutes and regulations.

The Bank contributes 12% and 3% of gross emoluments of employees to the Employees' Provident Fund and Employees' Trust Fund, respectively.

3.6.2 Defined Benefit Plan (DBP) - Gratuity

A DBP is a post-employment benefit plan other than a DCP as defined in the Sri Lanka Accounting Standard - LKAS 19 on "Employee Benefits". Based on the Sri Lanka Accounting Standard LKAS19 - Employee Benefits, the Bank has adopted the actuarial valuation method for employee benefit liability. An actuarial valuation is carried out every year to ascertain the full liability. A separate fund is not maintained for this purpose.

The principal assumptions, which have the most significant effects on the valuation are; the rate of discount, rate of increase in salary, rate of turnover at the selected ages, rate of disability, death benefits and expenses.

The liability is measured on an actuarial basis using the projected unit credit method, adjusted for unrecognised actuarial gains and losses.

The defined benefit plan liability is discounted using rates equivalent to the market yields at the date of statement of financial position that are denominated in the currency in which benefits will be paid, and that have a maturity approximating to the terms of the related pension liability.

The Bank recognises all actuarial gains and losses arising from the defined benefit plan in Other Comprehensive Income (OCI) and all other expenses related to defined benefit plans are recognise as personnel expenses in the Statement of Profit or Loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss from curtailment is recognised immediately in profit or loss. The Bank recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Details of Defined Benefit Plan - Gratuity are given in Note 40 to the Financial Statements.

3.6.3 Short-Term Employee Benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Bank has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.6.4 Terminal Benefits

Termination benefits are expensed at the earlier of when the Bank can no longer withdraw the offer of those benefits and when the Bank recognise costs for a restructuring. If benefits are not expected to be wholly settled within 12-months of the reporting date, then they are discounted.

3.7 Provisions

A provision is recognised if, as a result of a past event, the Bank has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3.8 Restructuring

Provision for restructuring is recognised when the Bank has approved a detailed and formal restructuring plan and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

3.9 Onerous Contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Bank from a contract is lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

3.10 Bank Levies

A provision for bank levies is recognized when the condition that triggers the payment of the levy is met. If a levy obligation is subject to a minimum activity threshold so that the obligating event is reaching a minimum activity, then a provision is recognised when that minimum activity threshold is reached.

3.11 Stated Capital and Reserves

3.11.1 Debt Vs Equity

The Bank classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. Distributions thereon are recognised as interest or dividend depending on the debt or equity classification.

3.12 Expenditure Recognition

Expenditure is recognised in the financial statements as they are incurred and recognised on an accrual basis. All expenditure incurred in the running of the business and in maintaining the Property, Plant and Equipment in a state of efficiency has been charged to the profit or loss. Details of personnel expenses, depreciation and amortisation, and other operating expenses are given in Notes 15, 16 and 17, respectively, to the Financial Statements.

3.13 Tax Expenses

The Bank is subject to income tax, value added tax (VAT) and other applicable taxes. A judgement is required to determine the total provision for current, deferred and other taxes due to the uncertainties that exists with respect to the interpretation of the applicable tax laws at the time of preparing these Financial Statements.

3.13.1 Income Tax Expense

3.13.1.1 Current tax

Details of "Income tax expense" are given in Note 19 to the Financial Statements.

Income tax rate of 30% was applied on the taxable income for the financial year ended 31 December 2025.

3.13.1.2 Deferred tax

Details of "Deferred tax assets and liabilities" are given in Note 34 to the Financial Statements.

3.13.2 Crop Insurance Levy (CIL)

As per the provisions of the Section 14 of the Finance Act No. 12 of 2013, the CIL was introduced with effect from 1 April 2013 and is payable to the National Insurance Trust Fund.

Currently, the CIL is payable at 1% of the profit after tax.

3.13.3 Taxes on Financial Services

Details of Taxes on Financial Services are given in Note 18 to the Financial Statements.

3.13.4 Social Security Contribution Levy (SSCL)

The Bank is liable to pay SSCL on financial services at the rate of 2.5% on the value addition attributable to the financial services. Further, non- financial services are made liable on the turnover at the rate of 2.5%.

4. STATEMENT OF CASH FLOWS

The Cash Flow Statement has been prepared using the 'Indirect Method' of preparing Cash Flows in accordance with the LKAS 7 - Statement of Cash Flows. Cash and cash equivalents comprise short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Investment normally qualifies as a cash equivalent only when it has a short maturity of, say, three months or less from the date of acquisition.

5. CHANGES IN MATERIAL ACCOUNTING POLICY INFORMATION

The Bank does not have changes in material accounting policies in the current annual reporting period.

6. STANDARDS ISSUED BUT NOT EFFECTIVE

A number of new accounting standards and amendments to accounting standards are effective for annual periods beginning after 1 January 2026 and earlier application is permitted. However, the Bank has not early adopted the new and amended accounting standards, stated below, in preparing these financial statements.

A. Classification and Measurement of Financial Instruments (Amendments to SLFRS 9 and SLFRS 7)

In May 2024, the IASB issued Amendments to the Classification and Measurement of Financial Instruments, which amended SLFRS 9 and SLFRS 7.

The requirements will be effective for annual reporting periods beginning on or after 1 January 2026, with early application permitted, and are related to:

1. Recognition and derecognition, including accounting for settlement of financial liabilities using an electronic payments system; and
2. Assessing contractual cash flow characteristics of financial assets, including those with sustainability-linked features.

B. SLFRS 18 Presentation and Disclosure in Financial Statements

SLFRS 18 will replace LKAS 1 Presentation of Financial Statements and applies for annual reporting periods beginning on or after 1 January 2027. The new accounting standard introduces the following key new requirements.

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations, and income tax categories. Entities are also required to present a newly defined operating profit subtotal. Entities' net profit will not change.
- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

C. SLFR S1 General Requirements for Disclosure of Sustainability-related Financial Information and SLFRS S2 Climate-related Disclosures

These standards aligned with the International Sustainability Standards Board (ISSB) aim to equip stakeholders with comprehensive, relevant, and comparable sustainability-related financial disclosures. To identify our current state in 2025, the Bank undertakes a gap analysis to assess compliance with SLFRS S1 & S2. The ongoing analysis has initially revealed key areas that need to be addressed for effective implementation of the SLFRS S1 and S2 standards on its effective date.

The effective date of the SLFRS S 1 and SLFRS S2 for the first 100 listed entities of the Colombo Stock Exchange (CSE) in terms of the market capitalization as of 1 January 2025 is for the annual reporting period beginning on or after 1 January 2025. The Bank is not within the aforesaid first 100 list as of 1 January 2025 and hence, the effective date of reporting of the SLFRS S1 & S2 will commence from the annual reporting period beginning on or after 1 January 2026.

Refer Section on ESG Focus and Adopting Sustainability Reporting Standards on pages 71 to 79 for more information in this regard.

D. Other accounting standards

The following amendments to accounting standards are not expected to have a significant impact on the Bank's consolidated financial statements:

- Contracts Referencing Nature-dependent Electricity (Amendments to SLFRS 9 and SLFRS 7); and
- SLFRS 17 on Insurance Contracts
- Annual Improvements to SLFRS Accounting Standards – Volume 11.

7. GROSS INCOME

Accounting Policy

The gross income represents the interest income and the non-interest income earned by the Bank during the year. Gross income is recognised to the extent that it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured. The specific recognition criteria, for each type of gross income are given under the respective notes.

For the year ended 31 December	Note	2025 Rs. '000	2024 Rs. '000
Interest income	8.1	8,841,257	8,931,702
Fees and commission income	9.1	1,544,144	1,382,879
Net gains/(losses) from trading	10	1,200	387
Net gains/(losses) from financial assets at fair value through profit or loss	11	78,703	275,917
Net gains/(losses) from derecognition of financial assets	12	360,641	670,486
Net other operating income	13	76,961	61,395
Total gross income		10,902,906	11,322,766

8. NET INTEREST INCOME

Accounting Policy

Interest income and expense are recognised in Statement of Profit or Loss under the Effective Interest Rate (EIR) method.

Effective Interest Rate (EIR)

The EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than Purchased or Originated Credit Impaired (POCI) financial assets, the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not Expected Credit Loss (ECL). For POCI financial assets which are classified under stage 3, a credit-adjusted effective interest rate is calculated using estimated future cash flows including ECL.

The calculation of the effective interest rate includes transaction costs, fees paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Amortised cost and gross carrying amount

The "amortised cost" of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus principal repayments, plus or minus cumulative amortisation using the effective interest method of any difference between that initial amount and maturity amount, and for financial assets, adjusted for any expected credit loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset, before adjusting for any Expected Credit Loss (ECL) allowance.

Calculation of interest income and interest expense

The effective interest rate of a financial asset or liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect the movements in market rates of interest.

However, for financial assets that have become credit impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the net carrying amount of the financial asset and Bank ceases the recognition of interest income on assets when it is probable that economic benefits associated will no longer flow to the Bank. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit impaired on initial recognition, interest income is calculated by applying the credit adjusted effective interest to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

Presentation

Interest income and expenses are recognised in the Statement of Profit or Loss and OCI includes;

- interest on financial assets and financial liabilities measured at amortised cost;
- interest on financial assets measured at fair value through other comprehensive income (FVOCI) calculated on an effective interest basis;
- interest expense on financial liabilities measured at amortised cost calculated using EIR method.

For the year ended 31 December	Note	2025 Rs. '000	2024 Rs. '000
Interest income	8.1	8,841,257	8,931,702
Less: Interest expense	8.2	5,108,769	5,342,922
Net interest income		3,732,488	3,588,780

8.1 Interest Income

Placements with banks		14,696	23,931
Securities purchased under resale agreements		41,308	86,618
Financial assets at amortised cost - Loans and advances to other customers		6,120,079	5,459,880
Financial assets at amortised cost - Debt and other financial instruments		472,976	386,469
Financial assets measured at fair value through other comprehensive income		2,192,198	2,974,804
Total interest income (a)		8,841,257	8,931,702

8.2 Interest Expense

Due to banks		234,250	14,358
Financial liabilities at amortised cost - Due to depositors		4,410,142	4,846,777
Financial liabilities at amortised cost - Due to other borrowers		165,450	223,350
Securities purchased under resale agreements		298,927	258,437
Total interest expense (b)		5,108,769	5,342,922
Net interest income (a-b)		3,732,488	3,588,780

8.3 Net interest income from Government Securities

Interest income and interest expenses on Government Securities given in the Notes 8.3.1 has been extracted from interest income and interest expenses given in Notes 8.1 and 8.2, respectively and disclosed separately, as required by the guidelines issued by the Central Bank of Sri Lanka.

8.3.1 Net interest income from Sri Lanka Government Securities

	2025 Rs. '000	2024 Rs. '000
Interest Income from Sri Lanka Government Securities		
Securities purchased under resale agreements	41,308	86,618
Financial assets measured at fair value through other comprehensive income	2,192,198	2,974,804
Financial assets at amortised cost - Debt and other financial instruments	453,528	367,708
Total Interest Income from Sri Lanka Government Securities (a)	2,687,034	3,429,130
Interest Expense from Sri Lanka Government Securities		
Securities purchased under resale agreements	298,927	258,437
Total Interest Expense from Sri Lanka Government Securities (b)	298,927	258,437
Net Interest Income from Sri Lanka Government Securities (a-b)	2,388,107	3,170,693

9. NET FEE AND COMMISSION INCOME

Accounting Policy

Fee and commission income and expenses that are integral part to the Effective Interest Rate (EIR) of a financial asset or financial liability are capitalised and included in the measurement of the EIR and recognised in the Statement of Profit or Loss over the expected life of the instrument.

Other fee and commission income, including account servicing fees, investment management fees, sales commission, and placement fees are recognised as the related services are performed. If a loan commitment is not expected to result in the drawdown of a loan, the related loan commitment fees are recognised on a straight-line basis over the commitment period.

Other fee and commission expenses related mainly to transaction and service fees, which are expensed as the services are received.

A contract with a customer that results in a recognised financial instrument in the Bank's financial statements may be partially in the scope of SLFRS 9 - Financial Instruments and partially in the scope of SLFRS 15 - Revenue from Contracts with Customers. If this is the case, then the Bank first applies SLFRS 9 to separate and measure the part of the contract that is in the scope of SLFRS 9 and then applies SLFRS 15 to the residual.

As per SLFRS 15, the Bank adopts the following principles based five steps model for revenue recognition. Accordingly, the revenue is recognised only when all of the following criteria are met for the aforesaid residual;

(i) The parties to the contract have approved the contract;
(ii) The entity can identify each party's rights regarding the services to be transferred;
(iii) The entity can identify the payment terms for the services to be transferred;
(iv) The contract has commercial substance;
(v) It is probable that the entity will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

Performance Obligations and Revenue Recognition Policies

Fee and commission income from contracts with customers is measured based on the consideration specified in the contract with a customer. The Bank recognises revenue when it transfers control over a service to a customer.

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under SLFRS 15
Retail and corporate banking services	The Bank provides banking services to retail and corporate customers, including account management, provision of overdraft facilities, foreign currency transactions, credit card and servicing fees	Revenue from account service and servicing fees is recognised over time as the services are provided. Fees for guarantees and trade related commissions are recognised on a straight-line basis over the period of contract
	Fees for ongoing account management are charged to the customer's account on a monthly basis. The Bank sets the rates on a periodic basis	Revenue related to transactions is recognised at the point in time when the transaction takes place
	Transaction-based fees for interchange, foreign currency transactions and overdrafts are charged to the customer's account when the transaction takes place	Revenue related to transactions is recognised at the point in time when the transaction takes place
	Servicing fees are charged on a monthly basis	
Insurance service	Insurance contract policyholders are charged for policy administration services and other contract fees	These fees are recognised as income upon receipt or when they become due

The applicability of SLFRS 15 - Revenue from Contracts with Customers for the Bank is limited for fee and commission income.

For the year ended 31 December	Note	2025 Rs. '000	2024 Rs. '000
Fee and commission income	9.1	1,544,144	1,382,879
Less: Fee and commission expenses	9.2	591,498	488,607
Net fee and commission income		952,646	894,272

9.1 Fee and Commission Income

Loans and advances related services		104,413	63,633
Credit and debit card related services		781,876	675,497
Trade and remittances related services		309,704	314,890
Deposits related services		60,206	54,292
Guarantees related services		119,114	99,865
Other financial services		168,831	174,702
Total fee and commission income (a)		1,544,144	1,382,879

For the year ended 31 December	Note	2025	2024
		Rs. '000	Rs. '000
9.2 Fee and Commission Expenses			
Credit and debit card related services		464,776	400,133
Loans and advances related services		-	-
Brokerage related services		4,334	3,934
Other financial services		122,388	84,540
Total fee and commission expenses (b)		591,498	488,607
Net fee and commission income (a-b)		952,646	894,272

10. NET GAINS/(LOSSES) FROM TRADING

Accounting Policy

Net trading income comprises gains less losses related to trading assets and liabilities, and includes all realised and unrealised fair value changes, dividend income and foreign exchange gains/ (losses) from trading assets and trading liabilities.

For the year ended 31 December	2025	2024
	Rs. '000	Rs. '000
Derivative financial instruments		
Inter bank	1,200	387
Other customers	-	-
Total net gains/(losses) from trading	1,200	387

11. NET GAINS/(LOSSES) FROM FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Accounting Policy

Net gains/(losses) from financial assets at Fair Value through Profit or Loss (FVTPL) comprises all realised and unrealised fair value changes, related capital gains and losses derived from the financial assets classified as financial assets at FVTPL.

For the year ended 31 December	2025	2024
	Rs. '000	Rs. '000
Investment in unit trusts	78,703	275,917
Total net gains/(losses) from financial assets at fair value through profit or loss	78,703	275,917

12. NET GAINS/(LOSSES) FROM DERECOGNITION OF FINANCIAL ASSETS

Accounting Policy

As per SLFRS 9, on derecognition of a financial asset in its entirety, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) shall be recognised in the Statement of Profit or Loss.

Accordingly, all the realised gains or losses from derecognition of financial assets measured at amortised cost and financial assets measured at fair value through other comprehensive income are given below.

For the year ended 31 December	2025 Rs. '000	2024 Rs. '000
Financial assets measured at fair value through other comprehensive income		
Government securities	360,641	670,486
Total net gains/(losses) from derecognition of financial assets	360,641	670,486

The Bank did not de-recognise the investments in equity instruments measured at Fair Value through Other Comprehensive Income or financial assets measured at amortised cost during the reporting period.

13. NET OTHER OPERATING INCOME

Accounting Policy

Net other operating income includes foreign exchange gains and losses, dividend income from equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI), gains/losses on disposal of property, plant and equipment, and rental and other income.

For the year ended 31 December		2025 Rs. '000	2024 Rs. '000
Net gains/ (losses) on sale of property, plant and equipment and other assets	13.1	331	1,741
Gains/(losses) on foreign exchange		68,042	54,608
Inter bank		14,408	30,181
Others		53,634	24,427
Recoveries on account of loans written off		-	-
Dividend income		1,554	1,282
Rent and other income*		7,034	3,764
Total net other operating income		76,961	61,395

* *Rental and other income is recognised in the Statement of Profit or Loss on an accrual basis.*

13.1 Net gains/ (losses) on sale of property, plant and equipments and other assets

The net gains or losses on disposal of property, plant and equipment are determined as the difference between the carrying amount of the assets at the time of disposal and the proceeds of disposal, net of incremental disposal costs. This is recognised as an item in "net other operating income" in the year in which the Bank transfers control of the asset to the buyer.

14. IMPAIRMENT LOSSES ON FINANCIAL INSTRUMENTS AND OTHER ASSETS

Accounting Policy

Overview of Expected Credit Loss and Staging

The Bank recognises the impairment (Expected Credit Loss) on financial instruments in terms of the requirements of the SLFRS 9 - "Financial Instruments". Further, the Bank also recognises an impairment loss when the carrying amount of a non-financial asset exceeds the estimated recoverable amount from that asset as more fully described in Notes 31, 32 & 35 Impairment of Non-Financial Assets.

The Bank recognises impairment (Expected Credit Loss) on the following financial instruments except on equity investments and on the financial instruments that are measured at Fair Value Through Profit or Loss (FVTPL) ;

- Cash and cash equivalents;
- Placements with banks;
- Financial assets at amortised cost - Loans and advances to other customers
- Financial assets at amortised cost - Debt and other financial instruments
- Financial assets at fair value through other comprehensive income
- Financial guarantee contracts issued; and
- Undrawn credit commitments.

The Bank records the loss allowance for Expected Credit Loss (ECL) at an amount equal to lifetime ECL, except for the following, for which the ECL is measured as 12 month ECL:

- Investments in debt securities that are determined to have low credit risk at the reporting date; and
- Other financial instruments on which credit risk has not increased significantly since their initial recognition.

As per SLFRS 9, the Bank adopts a three stage model for impairment based on changes in credit quality since initial recognition.

- Stage 1

The 12 months ECL is the portion of life time ECLs that represent the ECLs that result from default events on a financial instruments that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognised are referred to as "Stage 1 financial instruments". Financial instruments allocated to stage 1 have not undergone a Significant Increase in Credit Risk (SICR) since initial recognition and are not credit- impaired.

- Stage 2

Life Time ECL (LTECL) is the ECL that results from all possible default events over the expected life of the financial instrument. Financial instruments with a significant increase in credit risk since inception are referred to as "Stage 2 financial instruments". Financial instruments allocated to stage 2 are those that have experienced a SICR since initial recognition, but are not credit-impaired.

- Stage 3

Credit-impaired instruments are with probability of default at 100% and are referred to as "Stage 3 financial instruments". A loan that has been renegotiated due to a deterioration in the borrower's worthiness is usually considered to be credit-impaired unless there is an evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

In addition, the Banking Act Direction No. 13 of 2021 on Classification, Recognition and Measurement of Credit Facilities in a Licensed Banks too requires credit facility where contractual payments are past due for more than 90 days, contracts restructured for more than 2 times (other than upgraded facilities) and rescheduled contract (other than upgraded facilities) are to be classified as credit impaired contracts.

Treasury bills and bonds denominated in local currency, issued by the Government of Sri Lanka, are classified under Stage 1 based on the Banking Act Direction No. 14 of 2021, issued by the Central Bank of Sri Lanka, requiring a LGD of zero to these Government securities. Based on the continuous settlement of these securities by the Government the Bank's overall Expected Credit Loss (ECL) on these instruments is also zero.

Both Life time ECLs and 12 months ECLs are calculated either on an individual basis or a collective basis, based on a predetermined threshold of customer exposures. If a particular loan is credit impaired under individual impairment, the amount of loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows. If the individually assessed asset is determined that it is not credit impaired under individual impairment, such financial assets are then collectively assessed for any impairment along with other portfolios with homogeneous risk characteristics under collective impairment.

Calculation of Expected Credit Loss (ECL)
The calculation of ECLs, both Life time and 12 months are performed either on an individual basis or a collective basis, based on a predetermined threshold of customer exposures (Refer Note 57.3.3.4 for details).

Calculation of Individual Impairment
The Bank calculates the ECL on an individual basis for Corporate, SME and Retail exposures identified as individually significant loans and investments in debt instruments. In respect of all loans considered individually significant, the Bank on a case by case basis assesses, whether there is/are objective evidence/s of impairment.

Criteria used by the Bank in determining whether there is such objective evidence include (but not limited to) the following;

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event;
- The restructuring of a loan or advance by the Bank on terms that the Bank would not consider otherwise;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for a security because of financial difficulties; and
- Other indicators exist that suggest the borrower will not be able to service the loan as agreed.

If a particular loan is credit impaired under individual impairment, the amount of loss is measured as the shortfall of the present value of estimated future cash flows over its carrying amount.
If the individually assessed asset is determined that it is not credit impaired under individual impairment, such financial assets are then collectively assessed for any impairment along with other portfolios having similar risk characteristics under collective impairment.

Calculation of Collective Impairment
The collective assessment is performed for exposures as follows;

- Exposures that have not been individually assessed i.e.falling below the individually significant threshold;
- Exposures that have been assessed individually for existence of Objective Evidence of Incurred Loss and were found to have no such evidence/ indicators; and
- Stage 1 and 2 exposures that have been assessed individually for existence of Objective Evidence of Incurred Loss and were found to have such evidence/ indicators – these facilities were impaired within the collective model minimum at Stage 2 using the PD rates determined incorporating forward-looking information and macro-economic factors.

Key Elements of the ECL Calculation
Key elements of the ECL calculation are outlined below;

14. IMPAIRMENT LOSSES ON FINANCIAL INSTRUMENTS AND OTHER ASSETS contd.

Exposure at Default (EAD)
EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest whether scheduled by contract or otherwise, expected drawdowns on committed facilities. To calculate EAD for a stage 1 loan, the Bank assesses the possible default events within 12 months. For all other loans, the EAD is considered for default events over the life time of the financial instruments.

Loss Given Default (LGD)
LGD is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

Probability of Default (PD)
PD is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. Days Passed Due (DPD) is the primary factor in establishing the term structure of PD for exposures. DPD is measured by counting the number of days since the payment due date.

Additional explanations are available in Note 57.3.3.1 to the Financial Risk Management.

Forward looking information
The Bank incorporates forward looking information into impairment assessment in measuring whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. When estimating the ECLs, the Bank considers three economic scenarios (base case, best case and worse case). Quantitative economic factors are based on economic data and forecasts published by CBSL and other reliable sources. In its ECL models, the Bank relies on a broad range of forward looking information as economic inputs, such as:

- Quantitative factors - GDP growth, Unemployment rate, rate of Inflation and Interest rate, etc.
- Qualitative factors - Government policies, average loan to value ratio and management outlook on delinquencies etc.

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the Financial Statements.

Restructured/Rescheduled Financial Assets
If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows:

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its recognition.

This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of recognition to the reporting date using the original effective interest rate of the existing financial asset.

Purchased or Originated Credit Impaired (POCI) Financial Assets;
The Bank perform an assessment of whether any financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. Financial assets which are credit impaired on initial recognition are categorised within Stage 3 with a carrying value already reflecting the Life Time Expected Credit Loss (LTECL).

The Bank does not have Purchased or Originated Credit Impaired (POCI) loans as at the reporting date.

Undrawn Credit Facilities
The undrawn amounts including credit cards and financial guarantees are converted into likely future exposures using Credit Conversion Factors (CCF) as specified in the BASEL III guidelines and included within the collective model which will reflects the days past due, Probability of Default (PD) and Loss Given Default (LGD).

Loan Commitments and Letters of Credit
When estimating life-time ECL for undrawn loan commitments, the Bank estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down. The expected cash shortfalls are discounted at an approximation to the expected EIR of the loan. For loan commitments and letters of credit, the ECL is recognised within other liabilities.

Financial Guarantee Contracts
The Bank's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the Statement of Profit or Loss and the ECL allowance. For this purpose, the Bank estimates ECLs based on the present value of the expected payments to reimburse the holders for a credit loss that it incurs. The shortfalls are discounted by the risk adjusted interest rate relevant to the exposure. The ECLs related to financial guarantee contracts are recognised within other liabilities.

Impairment of Debt and Other Financial Assets
The Bank does not have historical loss experience on debt instruments at amortised cost and debt instruments at FVOCI. Thus the Bank considers PDs based on the rating scales of external rating agencies as at the reporting date. LGD for all debt instruments are based on the guideline issued by the Central Bank of Sri Lanka. Further, the Bank applied the Economic Factor Adjustment (EFA) based on the macro economic factor model. EAD of a debt instrument is its gross carrying amount.

Collaterals Held and Other Credit Enhancement, Their Valuation and Collaterals Repossessed
The Bank holds collateral against loans and advances to customers in the form of mortgage interests over property, other registered securities over assets, and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and are updated regularly. Collaterals are generally not held over loans and advances to banks, except when securities are held as a part of reverse repurchase and securities borrowing activity. Collaterals are not held against investment securities.

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are in place covering the acceptability and valuation of each type of collateral. The main types of collateral obtained include mortgages over residential properties and real estate properties, cash, inventory and trade receivables, shares, motor vehicles, gold, etc.

Management monitors the market value of collateral and will request additional collateral if the market values are not sufficient in accordance with the underlying agreement. It is the Bank's policy to dispose repossessed properties in an orderly manner. The proceeds are used to recover the outstanding claim.

The Bank holds collaterals and other credit enhancements against its credit exposures.

The Bank's policy is to dispose collaterals repossessed at the earliest possible opportunity.

Significant Accounting Judgements, Estimates and Assumptions on Impairment Allowance on Financial Assets
The measurement of impairment allowance under SLFRS 9 across all categories of financial assets requires judgement in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of impairment allowances. Accounting judgements, estimates and assumptions are reviewed regularly and revisions to the same are recognised prospectively.

14. IMPAIRMENT LOSSES ON FINANCIAL INSTRUMENTS AND OTHER ASSETS contd.

The Bank's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include;

- The Bank's criteria for assessing if there has been a significant increase in credit risk and hence allowances for financial assets should be measured on a LTECL basis and the qualitative assessment.
- The segmentation of financial assets when their ECL is assessed on a collective basis.
- Development of ECL models, including the various formulas and the choice of inputs.
- Determination of associations between macroeconomic scenarios and economic inputs such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs.
- Selection of forward-looking macroeconomic scenarios and their probability weightings to derive the economic inputs into the ECL models.

Sensitivity Analysis on Impairment Allowances

A sensitivity analysis of impairment allowance to feasible changes in various factors used has been disclosed in the Note 57.3.3.5.4 of Financial Risk Management.

Write-off

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in "Impairment losses on financial instruments and other assets" in the Statement of Profit or Loss.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amounts due.

Management Overlays on Impairment Allowances

The management has considered overlays, on need basis, at the end of the each reporting period to mitigate any unforeseen increased in credit risk in addition to the expected credit loss resulted from individual and collective impairment computations.

Presentation of Allowance for Expected Credit Loss (ECL) in the Statement of Financial Position

Loss allowances for ECLs are presented in the Statement of Financial Position as follows:

- Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- Loan commitments and financial guarantee contracts: as a provision under other liabilities;
- Debt instruments measured at FVOCI: no loss allowance is recognised in the Statement of Financial Position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve.

Impairment Charges for the Year

For the year ended 31 December	Note	2025 Rs. '000	2024 Rs. '000
Financial assets at amortised cost - Loans and advances to other customers	28.2	(220,341)	489,554
Financial assets at amortised cost - Debt and other financial instruments	29.3	(4,584)	(9,013)
Placements with Banks		-	-
Cash and cash equivalents	23.1	45,143	(35,123)
Impairment charge on Special Deposit Account (SDA) reimbursement under SDA Scheme	35	-	141
Contingent liabilities and commitments	45.1.2	10,077	39,328
Total impairment (reversals)/ charges	14.1	(169,705)	484,887
Direct write-offs		45,070	22,197
Impairment charges for other assets		(1,458)	100,276
Total impairment (reversals)/ charges for financial instruments and other assets		(126,093)	607,360

In determining the individual impairment provision, the Bank followed a scientific approach which included obtaining and assessing business cash flows from individual customers, employing a multiple probability weighted scenario-based approach in determining the impairment provision, etc., in addition to mere reliance on a single assumption such as cash flows agreed with the customers or recovery of forced sale value of mortgage property, etc. As such, the individual impairment provisions determined based on the aforesaid scientific approach contained impairment reversals as well as additional provisions, where necessary. The Bank estimated its Expected Credit Loss (ECL) under collective impairment as at 31 December 2025, based on updated Probability of Default (PD) flow rates adjusted for revised Economic Factor Adjustment (EFA) as at 31 December 2025 and updated LGD. In instances where an adequate number of loss cases to compute a meaningful LGD was not available for a given product segment, the Bank applied a regulatory minimum LGD rate of 45% for those product segments in terms of the Banking Act Direction No. 13 of 2021 on Classification, Recognition and Measurement of Credit Facilities in Licensed Banks which results on a model overlay. Further, for retail portfolios such as personal loans, agri and micro-finance and retail overdrafts which were post due for more than six (06) years as at the reporting date, a LGD rate of 100% was applied resulting a model overlay (refer No. 57.3.3.5.3.2 post model overlay adjustment for more detail).

14.1 Analysis of Impairment Changes - Stage Wise Impairment

For the year ended 31 December	Stage 1 Rs. '000	Stage 2 Rs. '000	Stage 3 Rs. '000	Total Rs. '000
(a) 2025				
Financial assets at amortised cost - Loans and advances to other customers	12,827	43,004	(276,172)	(220,341)
Financial assets at amortised cost - Debt and other financial instruments	(4,584)	-	-	(4,584)
Cash and cash equivalents	6,456	-	38,687	45,143
Impairment charge on SDA reimbursement under SDA Scheme	-	-	-	-
Impairment charge on Contingent liabilities and commitments	(7,236)	18,563	(1,250)	10,077
Total impairment (reversals)/ charges	7,463	61,567	(238,735)	(169,705)

14.1 Analysis of Impairment Changes - Stage Wise Impairment contd.

For the year ended 31 December	Stage 1 Rs. '000	Stage 2 Rs. '000	Stage 3 Rs. '000	Total Rs. '000
(b) 2024				
Financial assets at amortised cost - Loans and advances to other customers	32,542	(231,123)	688,135	489,554
Financial assets at amortised cost - Debt and other financial instruments	-	(9,013)	-	(9,013)
Cash and cash equivalents	(18,814)	-	(16,309)	(35,123)
Impairment charge on SDA reimbursement under SDA Scheme	-	-	141	141
Impairment charge on Contingent liabilities and commitments	19,811	33,951	(14,434)	39,328
Total impairment (reversals)/ charges	33,539	(206,185)	657,533	484,887

15. PERSONNEL EXPENSES

Accounting Policy

Personnel expenses include salaries and bonus, terminal benefit charges and other related expenses recognised on an accrual basis. The provisions for bonus is recognised when it is probable that an outflow of resources, embodying economic benefits will be required to settle the obligation and a reliable estimate can be made on the amount of the obligation.

Defined Contribution Plans (DCP)

A defined contribution plan is a post employment benefit plan under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee services in the current and prior periods, as defined in the Sri Lanka Accounting Standard - LKAS 19 - Employee Benefits.

Under DCP employees are eligible for Employees' Provident Fund contributions and Employees' Trust Fund contributions, in accordance with the respective statutes and regulations. The Bank contributes 12% and 3% of gross salaries of employees to the Bank's Employees' Provident Fund and the Employees' Trust Fund, respectively. The above expenses are identified as contributions to 'Defined Contribution Plans' as defined in the Sri Lanka Accounting Standard - LKAS 19 - Employee Benefits.

Defined Benefit Plans (DBP)

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Accordingly, staff gratuity is considered as defined benefit plans as per Sri Lanka Accounting Standard - LKAS 19 - Employee Benefits. The contributions to the defined benefit plans are recognised in the Statement of Profit or Loss, based on an actuarial valuation carried out for the gratuity liability in accordance with LKAS 19 - Employee Benefits.

The basis of measurement, assumptions used in actuarial valuations are given in detail in Note 40 to these Financial Statements.

For the year ended 31 December	Note	2025 Rs. '000	2024 Rs. '000
Salary and bonus		1,106,388	964,191
Contributions to defined contribution plans	15.1	155,900	128,315
Provision for defined benefit obligations		40,997	40,091
Contributions to defined benefit obligations - Own employees	40	40,201	36,247
Contributions to defined benefit obligations - Seconded employees		796	3,844
Other staff related expenses		226,346	197,042
Total personnel expenses		1,529,631	1,329,639

15.1 Personnel expenses reported above include emoluments and post employment benefit expenses incurred on behalf of Executive Directors amounting to Rs. 60.9 Mn and Rs. 19.2 Mn, respectively (2024 - Rs. 44.8 Mn and 12.9 Mn, respectively).

16. DEPRECIATION AND AMORTISATION EXPENSES

Accounting Policy

Useful Life Time of Property, Plant & Equipment and Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values based on a systematic allocation over their estimated useful lives and is recognised in profit or loss.

The estimated useful lives and depreciation rates of the assets for the year ended 31 December 2025 and 2024 are as follows:

Class of Asset	Period	Depreciation Percentage Per Annum
Furniture and Fittings	5 years	20%
Office Equipment	5 years	20%
Computer Hardware	4 years	25%
Motor Vehicle	4 years	25%
Machinery	5 years	20%
Improvements to Leasehold Buildings	4 - 10 years	6.67% - 12.5%

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate.

The depreciation rates are determined separately for each significant part of an item of property, plant and equipment and depreciation commences when it is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Management. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or the date that the asset is derecognised.

All classes of property, plant and equipment together with the reconciliation of carrying amounts and accumulated depreciation at the beginning and at the end of the year and other relevant information are given in Note 31 to the Financial Statements, on pages 379 to 382.

Depreciation methods, useful lives, and residual values are reassessed at each reporting date and adjusted, if required.

16. DEPRECIATION AND AMORTISATION EXPENSES contd.

Amortisation of Intangible Assets

Intangible Assets include software acquired by the Bank. Software is amortised on a straight-line basis in profit or loss over its estimated useful life, from the date on which it is available for use. The estimated useful life of software for the current and comparative period is 4-8 years.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate.

Depreciation of Right of Use Asset

Right -of-use assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Bank will obtain the ownership by the end of the lease term, the assets are depreciated over the shorter of the estimate useful lives and the lease term.

An analysis of the depreciation and amortisation expenses are given below,

For the year ended 31 December	Note	2025 Rs. '000	2024 Rs. '000
Depreciation of property, plant and equipment*	31.1	268,838	214,602
Amortisation of intangible assets	32	78,642	106,213
Total depreciation and amortisation expenses		347,480	320,815

* *Depreciation of property, plant and equipment includes Rs. 143.7 Mn (2024 - 126.2 Mn) recognised in respect of depreciation of Right-of-Use Assets.*

17. OTHER OPERATING EXPENSES

Accounting Policy

These expenses are recognised in the Statement of Profit or Loss on the basis of a direct association between the cost incurred and the earning of specific items of income and are recognised on an accrual basis. All expenses incurred in running the business and in maintaining the property, plant and equipment a state of efficiency are charge to the profit or loss.

For the year ended 31 December	Note	2025 Rs. '000	2024 Rs. '000
Directors' emoluments	17.1	33,075	25,860
Auditors' remunerations		14,277	12,149
Audit fees and expenses		5,600	4,850
Audit related fees and expenses		1,290	1,317
Non-audit fees and expenses		7,387	5,982
Professional and legal expenses		198,222	82,621
Contribution to Sri Lanka Deposit Insurance Scheme		59,529	51,121
Office administration and establishment expenses		1,495,182	1,375,331
Total other operating expenses		1,800,285	1,547,082

17.1 Directors' emoluments represent the fee paid to Non-Executive Directors of the Bank.

18. TAXES ON FINANCIAL SERVICES

Accounting Policy

Taxes on Financial Services include Value Added Tax and Social Security Contribution Levy on financial services.

Value Added Tax (VAT) on Financial Services

Value Added Tax (VAT) on financial services is calculated in accordance with Value Added Tax Act, No. 14 of 2002 and subsequent amendments thereto. The base for the computation of Value Added Tax on financial services is the accounting profit before income tax and emoluments payable to employees, which is adjusted for the depreciation of property, plant & equipment computed at the prescribed rates. The emoluments payable include aggregate of both benefits in money and benefits not in money payable to the employees and any contribution or provision in relating to terminal benefits. The regulatory tax rate applicable for the current year is 18% (2024 - 18%).

Social Security Contribution Levy (SSCL) on Financial Services

SSCL on financial services is calculated in accordance with Social Security Contribution Levy Act, No. 25 of 2022. The base applicable for Value Added Tax on financial services is as explain above applied for the computation of the SSCL on financial services and the regulatory tax rate applicable for the current year is 2.5% (2024 - 2.5%).

For the year ended 31 December	2025 Rs. '000	2024 Rs. '000
Value Added Tax (VAT) on financial services	526,209	471,813
Social Security Contribution Levy on financial services	91,747	64,836
Total	617,956	536,649

19. INCOME TAX EXPENSE

Accounting Policy

As per Sri Lanka Accounting Standard - LKAS 12, Income Taxes, income tax expense is the aggregate amount included in determination of profit or loss for the period in respect of current and deferred taxation. Income tax expense is recognised in the Statement of Profit or Loss, except to the extent it relates to items recognised directly in equity or other comprehensive income in which case it is recognised in equity or in other comprehensive income.

The Bank has determined that interest and penalties, if any related to income tax including uncertain tax treatments do not meet the definition of Income Tax, and therefore are accounted under LKAS 37 - Provisions, Contingent Liabilities and Contingent Assets.

Current Taxation

'Current tax' comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Accordingly, provision for taxation is made on the basis of the accounting profit for the year as adjusted for taxation purposes in accordance with the provisions of the Inland Revenue Act No. 24 of 2017 and the amendments thereto, at the rates specified.

Application of International Financials Reporting Interpretations Committee (IFRIC) 23 - on "Uncertainty over Income Tax Treatment"

19. INCOME TAX EXPENSE contd.

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of LKAS 12, Income Taxes. It does not apply to taxes or levies outside the scope of LKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

Deferred Taxation
Refer Note 34 to the Financial Statements.

Details of current and deferred tax expenses are given below,

For the year ended 31 December	Note	2025 Rs. '000	2024 Rs. '000
Current tax expense			
Income tax on current year profit	19.1	385,393	541,882
Under /(over) provision in respect of previous years	19.1	15,000	13,605
Deferred tax expense			
Origination and reversal of temporary differences	34	91,441	(56,593)
Total income tax expenses		491,834	498,894

19.1 Reconciliation of the Accounting Profit/(Loss) to Income Tax Expense

A reconciliation between taxable income and the accounting profit/(loss) multiplied by the statutory tax rate is given below;

For the year ended 31 December	2025 Rs. '000	%	2024 Rs. '000	%
Accounting profit/(loss) before tax from operations	1,033,380		1,149,692	-
Tax effect at the statutory income tax rate	310,014	30.00	344,908	30
Tax effect of exempt income	-	-	-	-
Tax effect of non-deductible expenses	303,764	29.32	511,240	44.47
Tax effect of deductible expenses	(228,314)	(22.57)	(313,744)	(27.29)
Taxable profit/(loss) on disposal of lease/fixed assets	(71)	(0.01)	(522)	(0.05)
Income tax on current year profit	385,393	-	541,882	-
Under/(Over) provision in respect of previous years	15,000	-	13,605	-
Deferred tax expense/(reversal)	91,441	-	(56,593)	-
Income tax expense/(reversal)	491,834	-	498,894	-
Effective tax rate (Including deferred tax) (%)	47.59		43.39	-
Effective tax rate (Excluding deferred tax) (%)	38.75		48.32	-

19.2 In terms of provision of Inland Revenue Act No. 24 of 2017 and amendments thereto, the Bank is liable for income tax at 30% for the year of 2025 (2024 - 30%).

19.3 Tax Expense Recognised in Other Comprehensive Income

For the year ended 31 December	Note	2025 Rs. '000	2024 Rs. '000
Deferred tax on net actuarial gains/(losses) on defined benefit plans	34.2	2,090	7,216
Deferred tax on net gains/(losses) on investment in financial assets measured at fair value through other comprehensive income	34.2	249,455	175,333
Total recognised in other comprehensive income		251,545	182,549

20. EARNINGS PER SHARE

Accounting Policy

The Bank presents basic and diluted Earnings Per Share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss that is attributable to ordinary shareholders of the Bank by the weighted-average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss that is attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares, if any.

20.1 Basic Earnings Per Share

For the year ended 31 December	Note	2025 Rs. '000	2024 Rs. '000
Amount used as the numerator			
Profit after tax attributable for equity holders of the Bank		541,546	650,798
Amount used as the denominator			
Weighted average number of ordinary shares in issue during the year		945,642,858	945,642,858
Basic earning/(loss) per share (Rs.)		0.57	0.69

20.2 Diluted Earnings Per Share

Potential ordinary shares on conversion of Fifteen million (15,000,000) Basel III Additional Tier 1 Compliant Unlisted Unsecured Subordinated Perpetual Convertible Debentures (Note 39.2.1) are anti-dilutive and hence excluded from the calculation of diluted EPS. In the event, the aforesaid perpetual debenture could be dilutive, the effect of dilution of EPS would be disclosed as appropriately in future periods.

There was no dilution of ordinary shares outstanding. Therefore, diluted earnings per share is the same as basic earnings per share as shown in Note 20.1.

21. CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Accounting Policy

Financial instruments in the Statement of Financial Position are measured on an ongoing basis either at fair value or at amortised cost. The Accounting Policies describe the manner in which each category of financial instrument is measured and income and expenses, including fair value gains and losses are recognised.

The tables below provide a reconciliation between line items in the Statement of Financial Position and categories of financial assets and financial liabilities of the Bank.

As at 31 December	Note	Fair Value through P/L	Fair Value through OCI	Amortised Cost	Total
(a) 2025		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial Assets					
Cash and cash equivalents	23	-	-	3,436,287	3,436,287
Balances with Central Bank of Sri Lanka	24	-	-	1,175,982	1,175,982
Securities purchased under resale agreements	25	-	-	300,144	300,144
Derivative financial assets	26	1,380	-	-	1,380
Financial assets measured at fair value through profit or loss	27	-	-	-	-
Financial assets at amortised cost - Loans and advances to other customers	28	-	-	63,121,257	63,121,257
Financial assets at amortised cost - Debt and other financial instruments	29	-	-	4,531,863	4,531,863
Financial assets at fair value through other comprehensive income - Government securities	30	-	15,809,268	-	15,809,268
Financial assets at fair value through other comprehensive income - Equity instruments	30	-	27,065	-	27,065
Other assets*	35	-	-	842,584	842,584
Total financial assets		1,380	15,836,333	73,408,117	89,245,830
Financial Liabilities					
Due to banks	36	-	-	8,207,261	8,207,261
Derivative financial liabilities	37	180	-	-	180
Other financial liabilities at fair value through profit or loss	-	-	-	-	-
Financial liabilities at amortised cost - Due to depositors	38	-	-	66,190,039	66,190,039
Financial liabilities at amortised cost - Due to other borrowers	39	-	-	1,500,000	1,500,000
Lease liability	33	-	-	566,231	566,231
Other liabilities**	41	-	-	2,110,047	2,110,047
Total financial liabilities		180	-	78,573,578	78,573,758

As at 31 December (b) 2024	Note	Fair Value through P/L Rs. '000	Fair Value through OCI Rs. '000	Amortised Cost Rs. '000	Total Rs. '000
Financial Assets					
Cash and cash equivalents	23	-	-	1,715,116	1,715,116
Balances with Central Bank of Sri Lanka	24	-	-	764,150	764,150
Securities purchased under resale agreements	25	-	-	700,862	700,862
Derivative financial assets	26	-	-	-	-
Financial assets measured at fair value through profit or loss	27	2,324,912	-	-	2,324,912
Financial assets at amortised cost - Loans and advances to other customers	28	-	-	46,103,638	46,103,638
Financial assets at amortised cost - Debt and other financial instruments	29	-	-	3,266,362	3,266,362
Financial assets at fair value through other comprehensive income - Government securities	30	-	22,377,160	-	22,377,160
Financial assets at fair value through other comprehensive income - Equity instruments	30	-	23,809	-	23,809
Other assets*	35	-	-	855,974	855,974
Total financial assets		2,324,912	22,400,969	53,406,102	78,131,983
Financial Liabilities					
Due to banks	36	-	-	3,526,728	3,526,728
Derivative financial liabilities	37	-	-	-	-
Other financial liabilities at fair value through profit or loss	-	-	-	-	-
Financial liabilities at amortised cost - Due to depositors	38	-	-	59,426,888	59,426,888
Financial liabilities at amortised cost - Due to other borrowers	39	-	-	1,516,666	1,516,666
Lease liability	33	-	-	599,355	599,355
Other liabilities**	41	-	-	1,833,271	1,833,271
Total financial liabilities		-	-	66,902,908	66,902,908

* *Other assets only include other receivables.*

** *Other liabilities exclude accrued expenditure, current tax liability and impairment on commitments and contingencies.*

22. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Accounting Policy

Fair Value Hierarchy

The Bank measures the fair value using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurement.

- Level 1 : Fair value measurement using unadjusted quoted market prices

Inputs that are quoted market prices (unadjusted) in an active market for identical instruments.

When available, the Bank measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

- Level 2 : Fair value measurement using significant observable inputs

Inputs other than quoted prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices). If there is no quoted price in an active market, then the Bank uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction. This category includes instruments valued using;

(a) quoted prices in active markets for similar instruments,

(b) quoted prices for identical or similar instruments in markets that are considered to be less active, or

(c) other valuation techniques in which almost all significant inputs are directly or indirectly observable from market data.

- Level 3 : Fair value measurement using significant unobservable

Inputs that are unobservable.

This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation.

Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties, to the extent that the Bank believes that a third party market participant would take them into account in pricing a transaction.

When available, the Bank measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Bank uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Bank determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk and are managed by the Bank on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. These portfolio level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

The Bank recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

22.1 Financial Instruments Measured at Fair Value - Fair Value Hierarchy

The following table provides an analysis of financial assets and liabilities measured at fair value as at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised. These amounts were based on the values recognised in the Statement of Financial Position.

As at 31 December	Note	Level 1	Level 2	Level 3	Total
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
(a) 2025					
Financial Assets					
Derivative financial assets	26	-	1,380	-	1,380
Financial assets measured at fair value through profit or loss	27	-	-	-	-
Financial assets measured at fair value through other comprehensive income	30				
Government securities		15,809,268	-	-	15,809,268
Equity securities		-	-	27,065	27,065
Total assets at fair value		15,809,268	1,380	27,065	15,837,713
Liabilities					
Other financial liabilities at fair value through profit or loss		-	-	-	-
Derivative financial liabilities	37	-	180	-	180
Total liabilities at fair value		-	180	-	180
(b) 2024					
Financial Assets					
Derivative financial assets	26	-	-	-	-
Financial assets measured at fair value through profit or loss	27	-	2,324,912	-	2,324,912
Financial assets measured at fair value through other comprehensive income	30				
Government securities		22,377,160	-	-	22,377,160
Equity securities		-	-	23,809	23,809
Total assets at fair value		22,377,160	2,324,912	23,809	24,725,881
Liabilities					
Other financial liabilities at fair value through profit or loss		-	-	-	-
Derivative financial liabilities	37	-	-	-	-
Total liabilities at fair value		-	-	-	-

* *There were no transfers between levels during the year under review (2024-Nil).*

22.2 Valuation Techniques and Inputs in Measuring Fair Values

Table below provides information on the valuation techniques and inputs used in measuring the fair values of derivative financial assets and liabilities in the Level 2 and Level 3 of the fair value hierarchy as given in Note 22.1 above.

Level	Type of Financial Instrument	Fair Value as at 31 December		Valuation Technique	Significant Valuation inputs
		2025 (Rs.'000)	2024 (Rs.'000)		
Level 2	Derivative financial assets	1,380	-	Adjusted Forward Rate Approach is used and this approach considers the present value of projected forward exchange rate as at the reporting date as the fair value. The said forward rate is projected based on the spot exchange rate and the forward premium/ discount calculated using extrapolated interest rates of the currency pairs under consideration. In computing the present value, interest rate differential between two currencies under consideration is used as the discount rate.	• Spot exchange rate Rs. 306/USD to 313/ USD. (2024 - Rs. 319/ USD to 329/USD) • Interest rate differentials between currencies under consideration
	Derivative financial liabilities	180	-		
	Financial Assets Measured at Fair Value through Profit or Loss	-	2,324,912	Fair value is based on the price per unit derived with reference to the prices of the underlying investment instruments.	Prices per unit were between Rs. 19 - Rs. 50 per unit for majority of the investments in 2024.
Level 3	Unquoted equities	27,065	23,809	Fair value is based on net assets value per share as per latest audited Financial Statements of these companies as at following dates; Lankapay (Pvt) Limited - 31 March 2025 Credit Information Bureau - 31 December 2024 The investments and related gains/losses are not material to the Bank.	Net asset value per share are between Rs. 350 to Rs. 400 range and Rs. 20,000 to Rs. 25,000 range respectively. (2024 - 25,000 to 25,000, respectively.)

22.2.1 Reconciliation of Level 3 unquoted equities

	2025 Rs. '000	2024 Rs. '000
Balance as at 01 January	23,809	20,688
Total gains/(losses) recognised in other comprehensive income	3,256	3,121
Balance as at 31 December	27,065	23,809

22.3 Financial Instruments Not Measured at Fair Value

For financial assets and liabilities with short term maturities or with short term re-pricing intervals, it is assumed that the carrying amounts approximate to their fair value. This assumption is also applied to demand deposits and savings deposits which do not have a specific maturity.

The following table sets out the fair values of financial assets and liabilities not measured at fair value and analyses them by the level in fair value hierarchy into which each fair value measurement is categorised.

As at 31 December	Note	Level 1	Level 2	Level 3	Fair Value	Carrying Amount Fair value
		Rs. '000	Rs. '000	Rs. '000	R. '000	Rs. '000
(a) 2025						
Assets						
Cash and cash equivalents	23	-	3,436,287	-	3,436,287	3,436,287
Balances with Central Bank of Sri Lanka	24	-	1,175,982	-	1,175,982	1,175,982
Securities purchased under resale agreements	25	-	300,144	-	300,144	300,144
Derivative financial assets	26	-	1,380	-	1,380	1,380
Financial assets at amortised cost - Loans and advances to other customers	28	-	-	63,577,117	63,577,117	63,121,257
Financial assets at amortised cost - Debt and other financial instruments	29	4,511,326	-	-	4,511,326	4,531,863
Other assets*	35	-	-	842,584	842,584	842,584
Total financial assets not at fair value		4,511,326	4,913,793	64,419,701	73,844,820	73,409,497
Liabilities						
Due to banks	36	-	8,207,261	-	8,207,261	8,207,261
Derivative financial liabilities	37	-	180	-	180	180
Financial liabilities at amortised cost - Due to depositors	38	-	-	72,906,171	72,906,171	66,190,039
Financial liabilities at amortised cost - Due to other borrowers	39	-	1,500,000	-	1,500,000	1,500,000
Lease liability	33	-	-	566,231	566,231	566,231
Other liabilities**	41	-	-	2,110,047	2,110,047	2,110,047
Total financial liabilities not at fair value		-	9,707,441	75,582,449	85,289,890	78,573,758

22.3 Financial Instruments Not Measured at Fair Value contd.

As at 31 December	Note	Level 1	Level 2	Level 3	Fair Value	Carrying Amount Fair value
		Rs. '000	Rs. '000	Rs. '000	R. '000	Rs. '000
(b) 2024						
Assets						
Cash and cash equivalents	23	-	1,715,116	-	1,715,116	1,715,116
Balances with Central Bank of Sri Lanka	24	-	764,150	-	764,150	764,150
Securities purchased under resale agreements	25	-	700,862		700,862	700,862
Derivative financial assets	26	-	-	-	-	-
Financial assets at amortised cost - Loans and advances to other customers	28	-	-	51,377,998	51,377,998	46,103,638
Financial assets at amortised cost - Debt and other financial instruments	29	3,457,936	-	-	3,457,936	3,266,362
Other assets*	35	-	-	855,974	855,974	855,974
Total financial assets not at fair value		3,457,936	3,180,128	52,233,972	58,872,036	53,406,102
Liabilities						
Due to banks	36	-	3,526,728	-	3,526,728	3,526,728
Derivative financial liabilities	37	-	-	-	-	-
Financial liabilities at amortised cost - Due to depositors	38	-	-	61,072,851	61,072,851	59,426,888
Financial liabilities at amortised cost - Due to other borrowers	39	-	1,516,666	-	1,516,666	1,516,666
Lease liability	33	-	-	599,355	599,355	599,355
Other liabilities**	41	-	-	1,833,269	1,833,271	1,833,271
Total financial liabilities not at fair value		-	5,043,394	63,505,477	68,548,871	66,902,908

* *Other assets only include other receivables.*

** *Other liabilities exclude accrued expenditure and impairment on commitments and contingencies.*

Cash and Cash Equivalents, Balances with Central Bank of Sri Lanka, Placements with Banks and Securities Purchased under Resale Agreements

Carrying amounts of cash and cash equivalents and placements with banks approximate their fair value as the remaining maturities of these balances are less than three months from the Reporting date.

Financial Assets at Amortised Cost - Loans and Advances to Other Customers

Since the floating rate loans are frequently repriced on a monthly, quarterly, and semi-annual basis in tandem with the market rates, fair values of these loans approximate their respective carrying amounts. The fair values of fixed loans are computed at the market rates of loans with similar risk characteristics.

Financial Assets at Amortised Cost – Debt and Other Financial Instruments

Fair values of investments in Government securities classified as Held to Maturity are measured with reference to market interest rates of Government securities published as at the Reporting date. Fair values of the floating rate debenture investment repriced at quarterly intervals approximate their fair value as there is no active market for the quoted debenture.

Due to Banks
The carrying value of amounts due to banks approximate their fair value as the remaining maturities of these balances are less than one year.

Fair values of fixed rate refinance borrowings based on interest rates specific to each refinancing arrangement approximate the carrying amounts since such specific rates are considered to be the market rates.

Financial Liabilities at Amortised Cost - Due to Depositors
The carrying values of deposits with a remaining maturity less than one year approximate their fair value. Fair values of deposits with remaining maturities of more than one year are estimated using discounted cash flows applying current interest rates offered for deposits of similar maturities.

The fair value of a deposit repayable on-demand is assumed to be the amount payable on-demand at the Reporting date and the savings account balances are repriced frequently to match with the current market rates . And hence, the carrying amounts of the demand and saving deposits approximate the fair values as at the reporting date

Financial Liabilities at Amortised Cost - Other Borrowings
The fair value of the securities sold under repurchase agreements approximate their respective carrying amounts as the remaining maturities of these balances are less than one year from the reporting date.

The fair value of Additional Tier 1 Compliant Unlisted Unsecured Subordinated Perpetual Convertible Debentures approximates the market rate as the same was issued at a floating rate.

Other Financial Assets and Liabilities
The carrying values of other financial assets and other financial liabilities are reasonable approximation of their fair values since, those are short term in nature or re-priced to current market rates frequently.

23. CASH AND CASH EQUIVALENTS

Accounting Policy

Cash and cash equivalents include cash in hand, placements with banks and money at call/short notice which are subject to an insignificant risk of changes in their fair value and are used by the Bank in the management of its short-term commitments. These items are brought to Financial Statements at face values or the gross values, where appropriate.

Cash and cash equivalents are carried at amortised cost in the Statement of Financial Position.
There were no cash and cash equivalents held by the Bank which were not available for use by the Bank.

As at 31 December	Note	2025 Rs. '000	2024 Rs. '000
Cash in hand			
Coins and notes held in local currency		991,398	902,142
Coins and notes held in foreign currency		31,682	25,126
Balances with banks		2,486,815	816,313
Gross cash and cash equivalents		3,509,895	1,743,581
Less: Provision for impairment	23.1	(73,608)	(28,465)
Total cash and cash equivalents		3,436,287	1,715,116

Maturity analysis of cash and cash equivalents is given in Note 48 to the Financial Statements.

23.1 Movement in provision for impairment during the year

Provision for impairment on cash and cash equivalent balances are measured based on PDs determined with reference to S&P credit ratings and regulatory loss given default rates.

As at 31 December	Note	2025 Rs. '000	2024 Rs. '000
Stage 1			
Balance as at 01 January		28,465	63,588
Charge/(write back) to Statement of Profit or Loss	14	45,143	(35,123)
Balance as at 31 December		73,608	28,465

24. BALANCES WITH CENTRAL BANK OF SRI LANKA

Accounting Policy

Balances with Central Bank consist of Statutory/Non-statutory balances with Central Bank.

The Monetary Law Act requires that all commercial banks operating in Sri Lanka to maintain a statutory reserve on all deposit liabilities denominated in Sri Lankan Rupees. As required by the provisions of the Monetary Law Act, a cash balance is maintained with the Central Bank of Sri Lanka.

Balances with Central Bank of Sri Lanka are carried at amortised cost in the statement of Financial Position.

The minimum cash reserve requirement to be maintained by the Bank during the year was 2% of all rupee deposit liabilities (2024 - 2%).

There was no reserve requirement for foreign currency deposits liabilities of the Domestic Banking Unit (DBU) and the deposit liabilities of the Offshore Banking Centre (OBC) in Sri Lanka.

As at 31 December	2025 Rs. '000	2024 Rs. '000
Statutory balances with Central Bank of Sri Lanka	1,175,982	764,150
Total balances with Central Bank of Sri Lanka	1,175,982	764,150

Maturity analysis of Balances with Central Bank of Sri Lanka is given in Note 48 to the Financial Statements.

25. SECURITIES PURCHASED UNDER RESALE AGREEMENTS

As at 31 December	2025 Rs. '000	2024 Rs. '000
Securities purchased under resale agreements	300,144	700,862
Total Securities purchased under resale agreements	300,144	700,862

Refer Note 50 for further disclosures made in terms of the Directive No. 01 of 2019 on repurchase and reverse repurchase transactions of dealer direct participants in scripless treasury bonds and scripless treasury bills issue by the Central Bank of Sri Lanka.

Maturity analysis of Securities Purchased Under Resale Agreements is given in Note 48 to the Financial Statements.

26. DERIVATIVE FINANCIAL ASSETS

Accounting Policy

The Bank enters into derivative transactions with various counterparties. These mainly include, cross-currency swaps, forward foreign exchange contracts and currency options etc.

Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative.

The changes in the fair value of any derivative instrument which do not qualify for hedge accounting are recognised immediately in 'Net gains/(losses) from trading' in the Statement of Profit or Loss.

Under SLFRS 9, embedded derivatives are not separated from the host contract and are classified entirely based on the business model and their contractual terms.

However, the derivatives embedded in non-financial host contracts are treated separately and recorded at fair value when their economic characteristics and risks are not closely related to those of the host contract, and continue to recognise in terms of the requirements of SLFRS 9 - Financial Instruments.

As at 31 December	2025 Rs. '000	2024 Rs. '000
Foreign currency derivatives		
Forward foreign exchange contracts	1,380	-
Total derivative financial instruments	1,380	-

Maturity analysis of Derivative Financial Assets is given in Note 48 to the Financial Statements.

27. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

Accounting Policy

The Bank classifies financial assets as financial assets recognised through profit or loss when they have been purchased or issued primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit taking.

Financial assets recognized through profit or loss are recorded and measured in the Statement of Financial Position at fair value. The changes in fair value are recognised in the Statement of Profit or Loss under Net gains/(losses) from financial assets at fair value through profit or loss.

Financial assets recognised through profit or loss consist of investment in unit trusts, private equity funds, etc. that have been acquired principally for the purpose of selling or repurchasing in the near term and are recorded at fair values based on the change in the net asset value of the funds and is recognised through profit or loss.

As at 31 December	2025 Rs. '000	2024 Rs. '000
Investments in unit trusts	-	2,324,912
Total financial assets measured at fair value through profit or loss	-	2,324,912

27.1 Unquoted Units in Unit Trust

As at 31 December	2025			2024		
	No.of units	Cost	Fair value	No.of units	Cost	Fair value
CT CLSA Asset Management (Pvt) Ltd.	-	-	-	27,073,857	500,000	501,300
JB Financial (Pvt) Ltd	-	-	-	11,727,949	500,000	566,653
Capital Alliance Investments Ltd.	-	-	-	15,508,320	500,000	551,214
Ceylon Asset Management Company Ltd.	-	-	-	7,404,994	200,000	202,292
First Capital Asset Management Ltd.	-	-	-	153,402	500,000	503,453
Total unit trusts investment		-	-		2,200,000	2,324,912

Maturity analysis of Financial Assets Measured at Fair Value through Profit or Loss is given in Note 48 to the Financial Statements.

28. FINANCIAL ASSETS AT AMORTISED COST - LOANS AND ADVANCES TO OTHER CUSTOMERS

Accounting Policy

Financial assets at amortised cost - Loans and advances to other customers includes, loans and advances portfolio of the Bank.

As per SLFRS 9, "Loans and advances to other customers" are assets that are held within a business model whose objective is to hold the assets in order to collect contractual cash flows and the contractual terms of the assets give rise on specific dates to cash flows that are solely payment of principal and interest on the principal outstanding.

After initial measurement, loans and advances to other customers are subsequently measured at gross carrying amount using the EIR, less provision for impairment, except when the Bank designates loans and advances at fair value through profit or loss. EIR is calculated by taking into account any discount or premium on acquisition and fees and costs. The amortisation is included in "Interest Income", while the losses arising from impairment are recognised in "Impairment losses on financial instruments and other assets" in the Statement of Profit or Loss.

As at 31 December	2025				2024			
	Stage 01	Stage 02	Stage 03	Total	Stage 01	Stage 02	Stage 03	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Individually impaired loans	-	-	8,173,038	8,173,038	-	7,805,784	8,567,684	16,373,468
Collectively impaired loans	44,305,043	14,441,533	1,330,505	60,077,081	31,804,450	1,941,517	1,319,217	35,065,184
Total gross loans and advances to other customers (a) (28.1)	44,305,043	14,441,533	9,503,543	68,250,119	31,804,450	9,747,301	9,886,901	51,438,652
Individual impairment provision	-	-	3,743,124	3,743,124	-	309,055	4,185,454	4,494,509
Collective impairment provision	242,405	519,504	623,830	1,385,739	219,164	165,923	455,418	840,505
Total impairment provision for loans and advances to other customers (b) (28.2)	242,405	519,504	4,366,954	5,128,863	219,164	474,978	4,640,872	5,335,014
Net loans and advances to other customers (a-b)	44,062,638	13,922,029	5,136,589	63,121,257	31,585,286	9,272,323	5,246,029	46,103,638

Maturity analysis of Financial Assets at Amortised Cost - Loans and Advances to Other Customers is given in Note 48 to the Financial Statements.

28.1 Analysis of Financial Assets at Amortised Cost - Gross Loans and Advances to Other Customers

28.1.1 Gross Loans and Advances to Other Customers - By Product

As at 31 December	2025 Rs. '000	2024 Rs. '000
Overdrafts	8,107,959	6,491,097
Trade finance	11,007,067	6,126,940
Housing loans	1,783,256	1,133,713
Personal loans	3,804,705	2,920,334
Staff loans	481,430	403,308
Term loans	26,995,274	20,863,754
Loans against property	1,767,999	1,534,296
Agriculture loans	861,741	739,462
Money market loans/Revolving loans	9,650,618	8,734,527
Vehicle loans	879,569	206,661
Credit cards	1,859,637	1,627,028
Micro finance	95,416	48,146
Pawning and gold loans	343,992	-
Others	611,456	609,386
Total gross loans and advances to other customers	68,250,119	51,438,652

28.1.2 Gross Loans and Advances to Other Customers - By Currency

Sri Lankan Rupee	62,728,851	45,896,077
United States Dollar	5,489,816	5,508,075
Great Britain Pounds	7,643	7,827
Singapore Dollars	23,809	26,673
Total gross loans and advances to other customers	68,250,119	51,438,652

28.1.3 Gross Loans and Advances to Other Customers - By Industry

As at 31 December	2025		2024	
	(Rs.'000)	%	(Rs.'000)	%
Agriculture, forestry and fishing	9,883,783	14.48	6,618,599	12.88
Manufacturing	4,615,790	6.76	2,183,528	4.24
Tourism	2,740,568	4.02	3,052,568	5.93
Transportation and storage	496,507	0.73	362,821	0.71
Construction	9,247,983	13.55	9,090,247	17.67
Traders	14,630,347	21.44	9,115,823	17.72
New economy	756,322	1.11	1,477,280	2.87
Financial and business services	9,014,543	13.21	9,214,895	17.91
Infrastructure development	3,181,622	4.66	19,231	0.04
Other services	2,426,323	3.56	1,878,223	3.65
Other customers	11,256,331	16.49	8,425,437	16.38
Total gross loans and advances to other customers	68,250,119	100.00	51,438,652	100.00

* *As per the Central Bank requirements, mandatory lending to the agriculture sector is minimum 10% of the total loans and advances. The bank is complied with the said requirement as at 31 December 2025 and 31 December 2024.*

28.1.4 Gross Loans and Advances to Other Customers - By Province

	2025 (Rs.'000)	2024 (Rs.'000)
Western Province	51,453,800	40,775,913
Central Province	3,303,531	3,042,397
North Western Province	3,424,736	2,423,061
Southern Province	2,787,181	1,699,811
North Central Province	2,132,004	1,401,678
Northern Province	3,422,814	1,116,460
Uva Province	872,253	425,808
Sabaragamuwa Province	687,227	384,716
Eastern Province	166,573	168,808
Total gross loans and advances to other customers	68,250,119	51,438,652

* *The province wise disclosure is made based on the location of the branch from which the facilities have been disbursed.*

28.2 Impairment Allowance for Loans and Advances to Other Customers at Amortised Cost - Stage Wise Analysis

	Note	Stage 1	Stage 2	Stage 3	Total
(a) 2025					
Balance as at 01 January		219,164	474,977	4,640,872	5,335,014
Charge/(Write back) to Statement of Profit or Loss	14.1	12,827	43,004	(276,172)	(220,341)
Write off during the year		-	-	(22,171)	(22,171)
Exchange rate variance on foreign currency provision		10,414	1,523	24,424	36,361
Balance as at 31 December		242,405	519,504	4,366,954	5,128,863
(b) 2024					
Balance as at 01 January		188,024	709,734	4,095,898	4,993,656
Charge/(Write back) to Statement of Profit or Loss	14.1	32,542	(231,123)	688,135	489,554
Write off during the year		-	-	(71,085)	(71,085)
Exchange rate variance on foreign currency provision		(1,403)	(3,613)	(72,076)	(77,113)
Balance as at 31 December		219,164	474,977	4,640,872	5,335,014

28.2.1 Movement in Impairment Allowance During the Year

Loans and advances to other customers at amortised cost	Stage 1 Rs.'000	Stage 2 Rs.'000	Stage 3 Rs.'000	Total Rs.'000
(a) 2025				
Balance as at 01 January	219,164	474,978	4,640,872	5,335,014
Transfer to Stage 1	26,556	(24,983)	(1,573)	-
Transfer to Stage 2	(23,107)	26,146	(3,039)	-
Transfer to Stage 3	(721)	(3,901,164)	3,901,885	-
Net remeasurement of loss allowance	(70,641)	3,868,585	(3,962,796)	(164,852)
Impairment on new loans granted during the year	166,351	177,392	548,871	892,614
Financial assets that have been derecognised	(75,196)	(101,449)	(735,097)	(911,742)
Write offs	-	-	(22,171)	(22,171)
Balance as at 31 December	242,405	519,504	4,366,954	5,128,863
(b) 2024				
Balance as at 01 January	188,025	709,734	4,095,898	4,993,656
Transfer to Stage 1	39,045	(26,283)	(12,762)	-
Transfer to Stage 2	(22,256)	243,553	(221,297)	-
Transfer to Stage 3	(1,358)	(3,412,095)	3,413,452	-
Net remeasurement of loss allowance	(51,485)	2,936,307	(2,666,527)	218,295
Impairment on new loans granted during the year	126,475	128,808	552,936	808,220
Financial assets that have been derecognised	(59,282)	(105,047)	(449,743)	(614,072)
Write offs	-	-	(71,085)	(71,085)
Balance as at 31 December	219,164	474,977	4,640,872	5,335,014

29. FINANCIAL ASSETS AT AMORTISED COST - DEBT AND OTHER FINANCIAL INSTRUMENTS

Accounting Policy

As per SLFRS 9, financial assets are measured at amortised cost if it meets both of the following conditions and is not designated at Fair Value Through Profit or Loss (FVTPL):

The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Principal is the fair value of instrument at initial recognition. Interest is the return within a basic lending arrangement and typically consists of consideration for the time value of money, and credit risk. It may also include consideration for other basic lending risks such as liquidity risk as well as profit margin.

After initial recognition, these assets are subsequently measured at amortised cost (gross carrying amount using the EIR, less provision for impairment). Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. The amortisation is included in interest income while the losses arising from impairment are recognised in "Impairment losses on financial instruments and other assets" in the Statement of Profit or Loss.

As at 31 December	Note	2025 Rs. '000	2024 Rs. '000
Sri Lanka Government Securities - Treasury Bills and Bonds		4,277,110	3,119,166
Investment in Debenture	29.1	153,852	154,338
Investment in Fixed Deposits		103,458	-
Gross financial assets at amortised cost		4,534,420	3,273,503
Less: Provision for impairment	29.3	(2,557)	(7,142)
Net financial assets at amortised cost - Debt and other financial instruments		4,531,863	3,266,362

Maturity analysis of Financial Assets at Amortised Cost - Debt and Other Financial Instruments is given in Note 48 to the Financial Statements.

29.1 Investment in Debenture

	2025 Rs. '000	2024 Rs. '000
Resus Energy PLC	153,852	154,337
Total investment in debenture	153,852	154,337

29.2 Analysis of gross financial assets at amortised cost - Debt and other financial instruments

By collateralization

Sri Lanka Government Securities pledged as collateral	1,090,985	401,995
Unencumbered	3,186,125	2,717,171
	4,277,110	3,119,166

All debt and other financial instruments as at 31 December 2025 and 2024 were denominated in Sri Lankan Rupees.

29.3 Movement in Provision for Impairment During the Year

As at 31 December	Note	2025 Rs. '000	2024 Rs. '000
Stage 1			
Balance as at 01 January		7,141	16,155
Charge/(Write back) to Statement of Profit or Loss	14	(4,584)	(9,013)
Balance as at 31 December		2,557	7,142

30. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI)

Accounting Policy

As per SLFRS 9, this comprises debt instruments measured at Fair Value through Other Comprehensive Income (FVOCI) and equity instruments designated at FVOCI.

Debt instruments measured at FVOCI

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated at FVTPL :

- The instrument is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

Debt instruments at FVOCI are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income, foreign exchange gains and losses, ECL and reversals are recognised in Statement of Profit or Loss. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to Statement of Profit or Loss.

Equity instruments at FVOCI

Upon initial recognition, the Bank occasionally elects to classify irrevocably some of its equity investments held for strategic purpose, as equity instruments at FVOCI when they meet the definition of Equity under LKAS 32 “Financial Instruments: Presentation” and are not held for trading. Such classification is determined on an instrument-by- instrument basis.

Gains and losses on these equity instruments are never recycled to profit or loss instead directly transferred to retained earnings at the time of derecognition. Dividends are recognised in statement of profit or loss in “Net other operating income” when the right to receive payment has been established. Equity instruments at FVOCI are not subject to an impairment assessment.

30. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI) contd.

As at 31 December	Note	2025 Rs. '000	2024 Rs. '000
Sri Lanka Government Securities			
Treasury bills		11,859,957	9,795,598
Treasury bonds		3,949,310	12,581,562
Total Sri Lanka government securities	30.2	15,809,268	22,377,160
Equity securities			
Unquoted shares	30.1	27,065	23,809
Total Equity securities		27,065	23,809
Financial assets measured at fair value through other comprehensive income		15,836,333	22,400,969

Maturity analysis of Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI) is given in Note 48 to the Financial Statements.

30.1 Unquoted Shares

As at 31 December	No. of Shares	2025 Market Value	2025 Cost	2024 Market Value	2024 Cost
Lankapay (Pvt) Ltd	50,000	19,991	3,500	16,735	3,500
Credit Information Bureau of Sri Lanka (CRIB)	300	7,074	2,383	7,074	2,383
Total Unquoted shares	50,300	27,065	5,883	23,809	5,883

Refer Note 22 for fair value of financial assets and liabilities.

30.2 Analysis of financial assets measured at FVOCI

By collateralization	2025 Rs.' 000	2024 Rs.' 000
Sri Lanka Government Securities pledged as collateral	3,256,000	1,198,000
Unencombered	12,553,268	21,179,160
	15,809,268	22,377,160

All financial assets measured at FVOCI as at 31 December 2025 and 2024 were denominated in Sri Lankan Rupees.

31. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

Accounting Policy

The Bank applies the requirements of the Sri Lanka Accounting Standard - LKAS 16 on "Property, Plant and Equipment" in accounting for its owned assets which are held for and used in the provision of services, for rental to others or for administrative purposes and are expected to be used for more than one year.

Basis of recognition

Property, plant and equipment is recognised if it is probable that future economic benefits associated with the asset will flow to the Bank and cost of the asset can be reliably measured.

Basis of measurement

An item of property, plant and equipment that qualifies for recognition as an asset is initially measured at its cost. Cost includes expenditure that is directly attributable to the acquisition of the asset and subsequent costs (excluding the costs of day-to-day servicing) as explained below.

The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use and the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs. Purchased software which is integral to the functionality of the related equipment is capitalised as part of Computer Equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Cost Model

The Bank applies the Cost Model to all property, plant and equipment and these are recorded at cost of purchase together with any incidental expenses thereon, less accumulated depreciation and accumulated impairment losses, if any.

Subsequent expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits of the expenditure will flow to the Bank. Ongoing repairs and maintenance are expensed as incurred.

Capital work-in-progress

These are expenses of capital nature directly incurred in the construction of buildings, major plant and machinery and system development, awaiting capitalisation. These are stated in the Statement of Financial Position at cost less any accumulated impairment losses. Capital work-in-progress is transferred to the relevant asset when it is in the location and condition necessary for it to be capable of operating in the manner intended by Management (i.e., available for use).

The accounting policy and the estimates used in the computation of depreciation of the property, plant and equipment are explained in detail in note 16 on page 357.

Right-of-use assets

Right-of-Use Assets are presented together with property, plant and equipment in the Statement of Financial Position.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset), is recognised in "Net other operating income" in the Statement of Profit or Loss in the year the asset is derecognised.

When replacement costs are recognised in the carrying amount of an item of property, plant and equipment, the remaining carrying amount of the replaced part is derecognised as required by Sri Lanka Accounting Standard – LKAS 16 on "Property, Plant and Equipment".

31. PROPERTY, PLANT AND EQUIPMENT AND RIGHT OF USE ASSET contd.

Borrowing Costs

As per the Sri Lanka Accounting Standard - LKAS 23 on 'Borrowing costs', the Bank capitalises borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of the asset. A qualifying asset is an asset which takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are recognised in the profit or loss in the period in which they occur.

Depreciation and Amortization

The accounting policy and the judgements and estimates used in the computation of depreciation and amortisation of property plant and equipment are explained in note 16 page 357.

31.1 The movement in Property Plant and Equipments

(a) 2025	Improvements to Leasehold Buildings	Computer Hardware	Office Equipment, Furniture & Fittings	Motor Vehicles	Machinery	Work in Progress	Right-of-Use Asset	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cost								
Balance as at 01 January	130,273	930,908	327,624	22,960	117,750	-	1,275,287	2,804,802
Additions during the year	-	113,766	46,641	42,409	17,780	-	90,445	311,041
Disposals during the year	(9,547)	-	-	-	(1,970)	-	(662)	(12,179)
Transfers/ Adjustments	-	-	-	-	-	-	-	-
Write-off	(146)	(72,676)	(3,570)	-	(166)	-	-	(76,558)
Balance as at 31 December	120,580	971,998	370,695	65,369	133,394	-	1,365,070	3,027,106
Accumulated Depreciation								
Balance as at 01 January	116,647	732,606	244,505	21,960	89,700	-	756,362	1,961,780
Charge for the year (Note 16)	4,754	76,964	29,755	3,922	9,654	-	143,789	268,838
Disposals during the year	(9,546)	-	-	-	(1,970)	-	-	(11,517)
Transfers/ Adjustments	-	-	-	-	-	-	-	-
Write-off	(146)	(72,676)	(2,225)	-	(166)	-	-	(75,212)
Balance as at 31 December	111,709	736,894	272,035	25,882	97,218	-	900,151	2,143,889
Less: Provision for Impairment								
Balance as at 01 January	-	-	-	-	-	-	-	-
Charge/(write back) to income statement	-	-	-	-	-	-	-	-
Balance as at 31 December	-	-	-	-	-	-	-	-
Carrying amount as at 31 December 2025	8,871	235,104	98,660	39,487	36,176	-	464,919	883,217

(b) 2024	Improvements to Leasehold Buildings	Computer Hardware	Office Equipment, Furniture & Fittings	Motor Vehicles	Machinery	Work in Progress	Right-of-Use Asset	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cost								
Balance as at 01 January	125,037	845,123	298,290	22,960	96,498	1,486	910,758	2,300,152
Additions during the year	6,755	149,105	51,865	-	25,235	-	366,554	599,514
Disposals during the year	(310)	(60,301)	(5,625)	-	(2,230)	-	-	(68,466)
Transfers/ Adjustments	-	-	-	-	-	(1,486)	(2,025)	(3,511)
Write-off	(1,209)	(3,019)	(16,906)	-	(1,753)	-	-	(22,887)
Balance as at 31 December	130,273	930,908	327,624	22,960	117,750	-	1,275,287	2,804,802
Accumulated Depreciation								
Balance as at 01 January	111,425	741,029	245,937	19,932	88,454	-	630,080	1,836,857
Charge for the year (Note 16)	6,219	54,497	20,429	2,028	5,147	-	126,282	214,602
Disposals during the year	(231)	(60,234)	(5,565)	-	(2,149)	-	-	(68,179)
Transfers/ Adjustments	-	-	-	-	-	-	-	-
Write-off	(766)	(2,686)	(16,296)	-	(1,752)	-	-	(21,500)
Balance as at 31 December	116,647	732,606	244,505	21,960	89,700	-	756,362	1,961,780
Less: Provision for Impairment								
Balance as at 01 January	-	-	589	-	-	-	-	589
Charge/(write back) to income statement	-	-	(589)	-	-	-	-	(589)
Balance as at 31 December	-	-	-	-	-	-	-	-
Carrying amount as at 31 December 2024	13,626	198,302	83,119	1,000	28,050	-	518,925	843,022

Maturity analysis of Property Plant and Equipments is given in Note 48 to the Financial Statements.

31.2 Title Restrictions on Property, Plant and Equipment

There were no restrictions on the title of the property, plant and equipment of the Bank as at the reporting date (2024 - Nil).

31.3 Property, Plant and Equipment Pledged as Security for Liabilities

There were no items of property, plant and equipment pledged as securities for liabilities of the Bank as at the reporting date (2024- Nil).

31.4 Borrowing Costs

There were no capitalized borrowing cost related to the acquisition of property, plant and equipment during the year 2025 (2024 - Nil).

31.5 Cost of Fully Depreciated Property, Plant and Equipment and Intangible Assets

The cost of fully depreciated property, plant and equipment of the Bank which are still in use are as follows:

As at 31 December	2025 Rs. '000	2024 Rs. '000
Improvements to leasehold buildings	86,335	88,764
Computer hardware	599,318	656,078
Office equipment, furniture and fittings	210,955	208,204
Machinery	80,810	82,469
Motor vehicles	22,960	14,850
Core Banking system	191,111	191,111
Computer software	738,726	709,771
Total	1,930,215	1,951,247

31.6 Right of Use Assets and Lease Liability

Accounting Policy

Basis of Recognition

The Bank applies Sri Lanka Accounting Standard SLFRS 16 "Leases" in accounting for all lease hold rights except for short term leases, which are held for use in the provision of services.

Basis of Measurement

The Bank recognises right-of-use assets at the date of commencement of the lease, which is the present value of lease payments to be made over the lease term. Right-of-use assets are measured at cost less any accumulated amortisation and impairment losses and adjusted for any re- measurement of lease liabilities. The cost of the right-of-use assets includes the amount of lease liabilities recognised, initial direct cost incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are amortised on a straight line basis over the term of the lease.

Lease Liability

Refer Note 33 and item 3.4 on leases for the detailed explanation.

Right-of-Use Asset	2025 Rs. '000	2024 Rs. '000
Balance as at 1 January	518,925	280,678
Additions during the year	90,445	366,554
Terminations	(662)	-
Adjustments	-	(2,025)
Depreciation charge during the year	(143,789)	(126,282)
Balance as at 31 December	464,919	518,925

The right-of-use assets are depreciated over 04-15 Years. Incremental Borrowing rates used range between 6% - 21%. (2024 -6%-21%).

32. INTANGIBLE ASSETS

Accounting Policy

The Bank's intangible assets include the value of core-banking software, other computer software and software under development.

Basis of Recognition

An intangible asset is recognised if it is probable that future economic benefits associated with the asset will flow to the entity and the cost of the asset can be measured reliably in accordance with the Sri Lanka Accounting Standard – LKAS 38 on "Intangible Assets".

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, these assets are stated in the Statement of Financial Position at cost, less accumulated amortisation and accumulated impairment losses, if any.

Expenditure on internally developed software is recognised as an asset when the Bank is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development. The capitalised costs of internally developed software include all costs directly attributable to developing the software and capitalised borrowing costs and are amortised over its useful life. Internally developed software is stated at capitalised cost less accumulated amortisation and any accumulated impairment losses.

Subsequent Expenditure

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Useful economic lives and amortisation

The useful economic lives of intangible assets are assessed to be either finite or indefinite. Useful economic lives, amortisation and impairment of finite intangible assets are described below;

Core-Banking Software and Other Computer Software

Software is amortised on a straight-line basis in profit or loss over its estimated useful life, from the date on which it is available for use. The estimated useful life of software for the current and comparative period is 4-8 years. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses.

As at the reporting date, the Bank does not have development costs capitalised as an internally-generated intangible asset.

The Bank did not hold intangible assets with indefinite useful-life as at the reporting date.

32. INTANGIBLE ASSETS contd.

	Core Banking Software	Other Computer Software	Other Computer Software-Work In Progress	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
(a) 2025				
Cost				
Balance as at 01 January	350,095	867,802	44,687	1,262,584
Additions during the year	2,537	92,260	-	94,797
Transfers	-	19,040	(19,040)	-
Disposals during the year	-	-	-	-
Write-off	-	-	(6,836)	(6,836)
Balance as at 31 December	352,632	979,102	18,811	1,350,545
Accumulated Depreciation				
Balance as at 01 January	262,612	788,060	-	1,050,672
Charge for the year (Note 16)	31,844	46,798	-	78,642
Balance as at 31 December (Note 16)	294,456	834,858	-	1,129,314
Less: Provision for impairment				
Balance as at 01 January	-	-	9,853	9,853
Write-off against provision	-	-	(6,836)	(6,836)
Balance as at 31 December	-	-	3,017	3,017
Carrying amount as at 31 December 2025	58,176	144,244	15,794	218,214
(b) 2024				
Cost				
Balance as at 01 January	350,095	857,003	20,806	1,227,904
Additions during the year	-	10,799	23,881	34,680
Transfers	-	-	-	-
Disposals during the year	-	-	-	-
Write-off	-	-	-	-
Balance as at 31 December	350,095	867,802	44,687	1,262,584
Accumulated Depreciation				
Balance as at 01 January	230,874	713,585	-	944,459
Charge for the year (Note 16)	31,738	74,475	-	106,213
Balance as at 31 December (Note 16)	262,612	788,060	-	1,050,672
Less: Provision for impairment				
Balance as at 01 January	-	-	-	-
Write-off against provision	-	-	9,853	9,853
Balance as at 31 December	-	-	9,853	9,853
Carrying amount as at 31 December 2024	87,483	79,742	34,834	202,059

Other computer software - work in progress includes the software under development

Maturity analysis of Intangible Assets is given in Note 48 to the Financial Statements.

There were no restrictions on the title of the intangible assets of the Bank as at the reporting date. Further, there were no items pledged as securities for liabilities. There were no capitalised borrowing costs related to the acquisition of intangible assets during the year. (2024 - Nil).

33. LEASE LIABILITY

Accounting Policy

At the commencement date of the lease, the Bank recognises lease liabilities, measured at present value of lease payments to be made over the lease term. The Bank applied modified retrospective approach in accordance with SLFRS 16 when accounting for right-of-use assets and operating lease liabilities. The interest expense on the lease liabilities and the depreciation expense on the right-of-use assets are recognised separately in the Statement of Profit or Loss in line with the requirements of SLFRS 16 - Leases. Further the lease liabilities will be remeasured upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The Bank will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Refer item 3.4 on leases on page 339 for details. Set out below are the carrying amounts of lease liabilities disclosed in terms of SLFRS 16 - Leases.

	2025 Rs. '000	2024 Rs. '000
33.1 Movement During the Year		
Balance as at 01 January	599,355	335,781
Additions during the year	90,445	366,554
Accretion of interest	80,864	75,545
Terminations during the year	(1,053)	(1,835)
Payments	(203,380)	(176,690)
Balance as at 31 December	566,231	599,355
33.2 Maturity analysis - Contractual undiscounted cash flows		
Less than one year	191,939	173,349
One to five years	506,614	600,418
More than five years	76,389	81,413
Total undiscounted lease liability	774,943	855,180
33.3 Lease liability recognised in the Statement of Financial Position		
Current	125,128	98,694
Non-current	441,103	500,661
Total	566,231	599,355
33.4 Amounts recognised in the Statement of Profit or Loss		
Interest on lease liabilities	80,864	75,545
Total	80,864	75,545

	2025 Rs. '000	2024 Rs. '000
33.5 Amounts recognised in the Statement of Cash Flows		
Interest repayment recognized in operating cash flows	80,864	75,545
Capital repayments recognised in financing cash flows	122,516	101,145
Total cash outflows of leases	203,380	176,690

33.6 Sensitivity Analysis of Lease Liabilities

Asset Class	Increase/ (Decrease) in Interest Rate %	Sensitivity Effect on the Profit or loss Increase/(Decrease) for the Year Rs. 000	Sensitivity Effect on the Financial position Increase/(Decrease) in Lease Liabilities Rs. 000
Land and Building	1	577	(26,966)
	-1	(619)	28,033

34. DEFERRED TAX ASSETS AND LIABILITIES

Accounting Policy

Deferred tax is recognised for temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, carried forward unused tax credits and unused tax losses (if any), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary differences arising from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is probable that sufficient taxable profit will be available to allow the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current and deferred tax assets and liabilities are offset only to the extent that they relate to income taxes imposed by the same taxation authority, there is a legal right and intentions to settle on a net basis and it is allowed under the tax laws of the relevant jurisdiction.

34.1 Summary of Net Deferred Tax Assets/(Liabilities)

As at 31 December	Note	2025 Rs. '000	2024 Rs. '000
Recognised under deferred tax assets	34.2	683,336	523,232
Recognised under deferred tax liabilities		-	-
Net deferred tax assets		683,336	523,232

34.2 Movement in Net Deferred Tax Assets/(Liabilities)

		2025		2024	
	Note	Temporary difference Rs. '000	Tax effect Rs. '000	Temporary difference Rs. '000	Tax effect Rs. '000
Balance as at 01 January		1,978,684	523,232	1,181,543	284,090
Recognised in profit or loss					
Amount recognised during the year	34.3	(304,803)	(91,441)	188,644	56,593
Recognised in other comprehensive income					
Effect on actuarial (gains)/ losses on defined benefit plans	34.3	6,965	2,090	24,055	7,216
Effect on fair value (gains)/ losses on financial investments measured at FVOCI	34.3	834,774	250,432	587,563	176,269
Effect on fair value (gains)/ losses on equity instruments measured at FVOCI	34.3	(3,256)	(977)	(3,121)	(936)
Balance as at 31 December		2,512,364	683,336	1,978,684	523,232

34.3 Reconciliation of Net Deferred Tax Asset

For the year ended/as at 31 December	Statement of Financial Position		Statement of Profit or Loss		Statement of Profit or Loss and Other Comprehensive Income	
	2025	2024	2025	2024	2025	2024
Deferred Tax Assets on:						
Defined benefit plans	56,682	45,496	9,096	5,698	2,090	7,216
Unrealised loss on financial assets measured at Fair Value through Other Comprehensive Income (FVOCI)	-	-	-	-	-	-
Carried forward tax losses	-	-	-	-	-	-
Impairment provision	677,244	765,917	(88,673)	13,565	-	-
Impact from SLFRS 16 - Leases Liability	169,869	179,807	(9,938)	79,072	-	-
Short-term employee benefits	18,064	31,101	(13,038)	31,100	-	-
	921,859	1,022,322	(102,552)	129,435	2,090	7,216
Deferred Tax Liabilities on:						
Accelerated depreciation for tax purposes	34,331	29,241	5,091	1,368	-	-
Unrealised gains on Financial assets measured at Fair Value through Other Comprehensive Income - Financial investments	61,142	311,574	-	-	(250,432)	(176,269)
Unrealised gains on Financial assets measured at Fair Value through Other Comprehensive Income (FVOCI) - Equity instruments	3,574	2,597	-	-	977	936
Impact from SLFRS 16 - Right-of-use assets	139,476	155,677	(16,202)	71,474	-	-
	238,523	499,089	(11,111)	72,842	(249,455)	(175,333)
Deferred tax effect on Statement of Profit or Loss and Other Comprehensive Income	-	-	(91,441)	56,593	251,545	182,549
Net deferred tax asset as at 31 December	683,336	523,233	-	-		

34.4 The total temporary differences arising from tax losses and tax credits was nil (2024 - nil).

Maturity analysis of Deferred Tax Assets and Liabilities is given in Note 28 to the Financial Statements.

35. OTHER ASSETS

Accounting Policy

Other assets mainly comprise of deposits and prepayments, unamortised staff costs and sundry receivables, tax recoverable, etc. Deposits and tax recoverable are carried at historical cost less impairment allowance. Prepayments are amortised during the period in which they are utilised and are carried at historical cost less impairment allowance.

As all staff loans granted at below market interest rates are recognised at fair value, the difference between the fair value and the amount disbursed was treated as the Day 1 difference. The Day 1 difference is classified as "prepaid staff cost" and is amortised over the loan period by using the Effective Interest Rate (EIR). The staff loans are subsequently measured at amortised cost.

As at 31 December		2025 Rs.'000	2024 Rs.'000
Deposits and prepayments		499,316	375,119
Other receivables		842,584	855,975
Prepaid staff cost		191,376	176,120
Tax recoverable		84,609	86,681
Reimbursement under Special Deposit Account (SDA) Scheme		313	313
Total		1,618,198	1,494,208
Less: Provision for impairment	35.1	(82,860)	(86,128)
Total other assets		1,535,338	1,408,080

Maturity analysis of Other Assets is given in Note 48 to the Financial Statements.

35.1 Movement in provision for impairment during the year

	2025 Rs. '000	2024 Rs. '000
Balance as at 01 January	86,128	-
Charge/ (write back) to Statement of Profit or Loss - Reimbursement under SDA Scheme	-	141
Charge/ (write back) to Statement of Profit or Loss - Other assets	-	85,987
Write off against provision	(3,268)	-
Balance as at 31 December	82,860	86,128

36. DUE TO BANKS

Accounting Policy

These represent refinance borrowings, call money borrowings, credit balances in Nostro Accounts and borrowings from financial institutions. Subsequent to initial recognition, these are measured at their amortised cost using the EIR method. Interest paid/payable on these borrowings is recognised in the Statement of Profit or Loss under 'interest expenses'.

As at 31 December	2025 Rs. '000	2024 Rs. '000
Borrowings		
Local currency borrowings	3,930,338	2,032,393
Foreign currency borrowings	306,042	-
Securities sold under repurchase agreements*	3,970,881	1,494,335
Total due to banks	8,207,261	3,526,728

* *Securities sold under repurchase (repo) agreements, are shown under Financial Liabilities at Amortised Cost - Due to other borrowers except for the repos with Banks.*

Maturity analysis of Due to Banks is given in Note 28 to the Financial Statements.

37. DERIVATIVE FINANCIAL LIABILITIES

Derivative financial liabilities are classified as held for trading. This category includes derivative financial instruments entered into by the Bank that are not designated as hedging instruments in hedge relationships.

Derivatives are recorded at fair value with corresponding gains or losses are recognised in net gains/(losses) on trading in the Statement of Profit or Loss. Refer note 26 for more details of the accounting policy.

As at 31 December	2025 Rs. '000	2024 Rs. '000
Derivative financial liabilities - Held for trading		
Forward foreign exchange contracts	180	-
Total	180	-

Maturity analysis of Derivative Financial Liabilities is given in Note 28 to the Financial Statements.

38. FINANCIAL LIABILITIES AT AMORTISED COST - DUE TO DEPOSITORS

Accounting Policy

These include non-interest bearing deposits, savings deposits, term deposits, deposits payable at call, certificates of deposit and other deposits. Subsequent to initial recognition, deposits are measured at amortised cost using the EIR method, except where the Bank designates liabilities at Fair Value Through Profit or Loss. Interest paid/payable on these deposits is recognised in "Interest expense" in the Statement of Profit or Loss.

As at 31 December	2025 Rs. '000	2024 Rs. '000
Local currency deposits	62,209,771	53,929,465
Foreign currency deposits	3,980,268	5,497,423
Total due to depositors	66,190,039	59,426,888

Maturity analysis of Financial Liabilities at Amortised Cost - Due to Depositors is given in Note 28 to the Financial Statements.

38.1 Analysis of Due to Depositors

As at 31 December	2025 Rs. '000	2024 Rs. '000
38.1.1 Financial Liabilities at Amortised Cost - Due To Depositors - By Product		
Demand deposits	3,095,327	3,861,438
Savings deposits	10,299,123	10,614,114
Time deposits	52,681,790	44,791,698
Certificates of deposit	56,513	69,525
Margin deposits	57,286	90,113
Total due to depositors	66,190,039	59,426,888
38.1.2 Financial Liabilities at Amortised Cost - Due To Depositors - By Currency		
Sri Lanka Rupees	62,209,771	53,929,465
United States Dollars	3,917,644	5,444,610
Great Britain Pound	7,907	4,158
Euro	28,477	17,470
Australian Dollars	14,104	11,906
Other currencies	12,136	19,279
Total due to depositors	66,190,039	59,426,888
38.1.3 Financial Liabilities at Amortised Cost - Due To Depositors - By Institution/Customers		
Deposits from banks	1,265,886	2,039,819
Deposits from finance companies	2,325,768	1,535,068
Deposits from other corporates	24,508,155	18,484,436
Deposits from other customers	38,090,230	37,367,565
Total due to depositors	66,190,039	59,426,888

As at 31 December	2025	2024
	Rs. '000	Rs. '000
38.1.4 Financial Liabilities at Amortised Cost - Due To Depositors - By Province		
Central Province	4,020,729	3,886,996
Eastern Province	159,502	161,461
North Province	5,987,342	5,892,121
North Central Province	1,341,794	1,127,872
North Western Province	5,015,066	3,155,526
Sabaragamuwa Province	985,168	788,129
Southern Province	2,687,483	2,332,207
Uwa Province	1,288,735	987,005
Western Province	44,704,220	41,095,571
Total due to depositors	66,190,039	59,426,888

39. FINANCIAL LIABILITIES AT AMORTISED COST - DUE TO OTHER BORROWERS

Accounting Policy

Other borrowings include funds borrowed by the Bank for long-term and short-term liquidity funding requirements and includes repo borrowing, debt securities issued and other funds borrowed by the Bank. Subsequent to initial recognition, these are measured at their amortised cost using the EIR method. Interest paid /payable on these borrowing is recognised in Interest Expense in the Statement of Profit or Loss.

As at 31st December	Note	2025	2024
		Rs. '000	Rs. '000
Securities sold under repurchase (repo) agreements*	39.1	-	16,666
Perpetual Debenture	39.2	1,500,000	1,500,000
Total other borrowings		1,500,000	1,516,666

* *Securities sold under repurchase agreements represents the repo borrowings from counter parties other than Banks.*

Maturity analysis of Financial Liabilities at Amortised Cost - Due to Other Borrowers is given in Note 48 to the Financial Statements.

39.1 Securities Sold Under Repurchase (Repo) Agreements

Refer Note 50 for further disclosures made in terms of the directive No 1 of 2019 on repurchase and reverse repurchase transactions of dealer direct participants in scripless treasury bonds and scripless treasury bills issue by the Central Bank of Sri Lanka.

39.2 Perpetual Debenture

As at 31st December	Note	2025	2024
		Rs. '000	Rs. '000
Debenture issued	39.2.1	1,500,000	1,500,000
		1,500,000	1,500,000

39.2.1 The principal terms of the debenture is as follows:

The Bank issued Fifteen Million (15,000,000) Basel III Additional Tier 1 Compliant Unlisted Unsecured Subordinated Perpetual Convertible Debentures with a conversion at the option of the debenture holder and Non-Viability Conversion upon the occurrence of a trigger event at the par value of Sri Lankan Rupees One Hundred (LKR 100/-).

The interest is cumulative and will be paid only if the Bank has distributable profits. The Bank has discretion at all times to cancel the interest payments and any such cancellation of interest in accordance with No (7) i) of the Web Based Return Code 20.2.2.1.1.1 of the Banking Act Direction No.1 of 2016 will not result in an event of default. However, such interest shall be paid as soon as the underlying factors for the non-payment are no longer prevalent. Therefore, the Bank cannot avoid its obligation to pay interest.

"The debenture holder has the right to convert the debenture to ordinary shares of the Bank during the conversion period. The conversion option does not meet the fixed-for-fixed requirement as a variable number of shares would be issued."

Based on the above factors, the Bank has classified this debenture as a liability.

These Debentures are included within the Bank's regulatory capital base as Tier 1 capital in terms of the directions issued by the Central Bank of Sri Lanka.

The Bank did not have any default of principal or interest or other breaches with respect to its debentures for the years ended 31 December 2025 and 2024.

Interest Rate (Per Annum)	Tenor	Date of Issue	Floor Rate on the Interest Rate	Interest Payment Frequency	No.of Debentures	Face Value Rs. '000	Amortised Cost Rs. '000	
							2025	2024
Weighted Average Twelve-Month Net Treasury Bill Rate + 2% p.a.	Perpetual	15-Dec-21	9.5% p.a. (2024 - 9.5% p.a.)	Annually	15,000,000	1,500,000	1,500,000	1,500,000

40. RETIREMENT BENEFIT OBLIGATIONS

Accounting Policy

Retirement benefit obligations include the provisions made for retirement gratuity in compliance with the Gratuity Act No.12 of 1983. The costs of retirement gratuities are determined by a qualified Actuary using the projected unit credit method. Actuarial gains and losses are recognised as income or expense in the Statement of Comprehensive Income, during the financial year in which it arose.

Basis of Measurement

The cost of the defined benefit plan is determined using an actuarial valuation. The actuarial valuation involves making various assumptions, which may differ from actual developments in the future. These include the determination of discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainties. All assumptions are reviewed at each reporting date. The assumptions used to arrive at the value of defined benefit obligation is given in Note 40.2. In determining the appropriate discount rate, the Management considers the interest rates of Sri Lanka Government Bonds with extrapolated maturities, corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables. Estimated future salary increases are based on expected future inflation rates and the policy on salary revisions of the Bank.

	Note	2025 Rs. '000	2024 Rs. '000
Balance as at 1 January		151,655	108,605
Expenses recognised in the Statement of Profit or Loss	40.1	40,201	36,247
Amounts paid on defined benefits plan		(9,881)	(16,775)
Benefits payable for those who left during the period		-	(477)
Actuarial (gains)/losses recognised in OCI		6,965	24,055
(Gains)/losses due to change in experience assumptions		6,459	28,713
(Gains)/losses due to change in financial assumptions		-	(2,555)
(Gains)/losses due to change in demographic assumptions		506	(2,103)
Balance as at 31 December		188,940	151,655

40.1 Expense Recognised in the Statement of Profit or Loss – Gratuity

	Note	2025 Rs. '000	2024 Rs. '000
Current service cost		26,997	22,128
Past service cost		-	-
Interest cost		13,204	14,119
		40,201	36,247

40.2 Details of Actuarial assumptions;

An actuarial valuation of the retirement benefit obligation was carried out as at 31 December 2025 by Mr. M . Jayaraman, FIA, FIAI of Messrs. Units Actuaries and Consultants (Pvt) Ltd, a firm of professional actuaries. The valuation method used by the actuary to value the fund is the 'Projected Unit Credit Method (PUC)', the method prescribed by the Sri Lanka Accounting Standard LKAS 19 on 'Employee Benefits'.

Details of the actuarial assumptions,

Type of Assumption	Criteria	Description
Demographic Assumption	Mortality - in Service	For this valuation, the IALM 2006–08 Mortality Table, developed by the Institute of Actuaries of India (IAI), has been adopted. This mortality table is relatively recent, widely used across South Asia, geographically consistent, and broadly aligned with Sri Lankan life expectancy. In the absence of a locally developed standard mortality table, the IALM 2006–08 table is considered appropriate and fit for the intended purpose of setting mortality assumptions.
	Staff Turnover	The staff turnover rate at an age represents the probability of an employee leaving within one year of that age due to reasons other than death, ill health and normal retirement. Staff turnover rates used for the valuation is based on the staff turnover statistics of the Bank.
	Disability	The disability rate at an age represents the probability of an employee leaving with one year of that age due to ill health/disability. Assumptions similar to those used in other comparable plans for disability were used as the data required to do a "Scheme Specific" study was not available.
	Normal Retirement Age	60 years (2024- 60 Years)
Financial Assumption	Rate of Discount	9% discount rate adopted in our valuation has been determined in accordance with LKAS 19 - Employee Benefits. The rate is derived by reference to market yields on government bonds (or high-quality corporate bonds, where applicable) at the reporting date, with durations consistent with the expected maturity profile of the defined benefit obligation. (2024 - 9%) The rate applied is a nominal discount rate; therefore, no explicit adjustment has been made for anticipated long-term inflation. Inflationary expectations and future salary increases are reflected in the projected benefit cash flows rather than through adjustments to the discount rate. Accordingly, rate does not incorporate an inflation adjustment within the discount rate assumption.
	Salary Escalation Rates	A salary increment rate of 7% p.a (2024- 7% p.a) has been used in respect of the active employees.

As at 31 December 2025, the weighted-average duration of the defined benefit obligation of the permanent cadre was 4.4 years (2024- 4 years).

The liability is not externally funded.

40.3 Sensitivity Analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

As at 31 December	Note	Sensitivity effect on defined benefit obligation	
		2025	2024
		Rs. '000	Rs. '000
1% increase in discount rate		(181,522)	(145,922)
1% decrease in discount rate		197,050	157,873
1% increase in salary escalation rate		197,848	158,487
1% decrease in salary escalation rate		(180,660)	(145,252)

40.4 Expected benefit payouts in the future years for retirement gratuity

	2025 Rs. '000	2024 Rs. '000
Within next 12 months	37,619	28,314
Between 1 and 2 years	67,219	17,162
Between 2 and 5 years	39,075	68,405
Beyond 5 years	45,027	37,774
	188,940	151,655

41. OTHER LIABILITIES AND PROVISIONS

Accounting Policy

Other liabilities include other financial liabilities and other non-financial liabilities. These include accrued expenses, amounts payable for deposit insurance and other provisions. These liabilities are recorded at amounts expected to be payable at the reporting date.

Provisions are recognised when the Bank has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Details of other liabilities are summarised below:

As at 31 December	Note	2025 Rs.'000	2024 Rs.'000
Accrued expenditure		507,099	478,304
Cheques sent on clearing and pay oders & drafts issued		249,250	423,858
Impairment provision in respect of undrawn credit commitments and financial guarantees	45.1.2	124,200	114,123
Current tax liability	41.1	207,114	437,781
Other payables		1,860,797	1,409,411
Total other liabilities		2,948,460	2,863,477

41.1 Current Tax Liabilities

Balance as at 01 January	437,781	161,973
Provision for the year	400,393	541,880
Over/(Under) provision	(484)	13,606
Self assessment payments made	(630,576)	(279,678)
Balance as at 31 December	207,114	437,781

Maturity analysis of Other Liabilities and Provisions is given in the Note 48 to the Financial Statements.

42. STATED CAPITAL

Accounting Policy

Ordinary shares of the Bank are recognised at the amount paid per ordinary share after deducting incremental costs that are directly attributable to the issue of the equity instrument.

As at 31 December	2025 Rs.'000	2024 Rs.'000
Balance as at 01 January*	11,894,421	11,894,421
Issue of ordinary shares	-	-
Balance as at 31 December	11,894,421	11,894,421

42.1 Movement in Number of Ordinary Shares

Balance as at 01 January	945,642,858	945,642,858
Issue of ordinary shares	-	-
Balance as at 31 December	945,642,858	945,642,858

* *No voting right will be exercised by Cargills (Ceylon) PLC and CT Holdings PLC on any shares held in excess of 30% of the issued capital of the Bank carrying voting rights.*

42.2 Issue of New Shares

The Bank successfully concluded its Initial Public Offering of ordinary voting shares in December 2023, where a total of 62,500,000 shares were allocated at Rs. 8.00 per share as approved by the shareholders of the Bank at the Extraordinary General Meeting held on 27 September 2023.

Accordingly, Rs. 500 Mn was raised through the Initial Public Offering and the ordinary shares of the Bank are now listed on the Main Board of the Colombo Stock Exchange (CSE) from 09 January 2024.

43. RETAINED EARNINGS/ (LOSSES)

As at 31 December	2025 Rs.'000	2024 Rs.'000
Balance as at 01 January	(575,548)	(1,176,968)
Total comprehensive income for the year		
Profit/(loss) for the year	541,546	650,798
Other comprehensive income	(4,876)	(16,838)
Transfer to statutory reserves	(27,077)	(32,540)
Balance as at 31 December	(65,955)	(575,548)

44. OTHER RESERVES

44.1 Statutory Reserve Fund

The statutory reserve fund is maintained as per the requirements under Section 20 (1) of the Banking Act No.30 of 1988. Accordingly, the fund is built up by allocating a sum equivalent to not less than 5% of the profit after tax, but before declaring any dividend or any profits that are transferred elsewhere until the reserve is equal to 50% of the Bank's stated capital and thereafter a further sum equivalent to 2% of such profit until the amount of the said reserve fund is equal to the stated capital of the Bank.

The balance in the statutory reserve fund will be used only for the purpose specified in the section 20(2) of the Banking Act No.30 of 1988.

As at 31 December	2025 Rs.'000	2024 Rs.'000
Balance as at 01 January	111,315	78,775
Transfers during the year, net of tax	27,077	32,540
Balance as at 31 December	138,392	111,315

44.2 Fair Value through Other Comprehensive Income Reserve (FVOCI Reserve)

The fair value reserves comprises the cumulative net change in the fair value of equity securities measured at FVOCI and the cumulative net change in the fair value of debt securities measured at FVOCI until the assets are derecognised or reclassified.

	2025 Rs.'000	2024 Rs.'000
Balance as at 01 January	737,445	1,146,555
Net change in fair value during the year in equity instruments	2,279	2,184
Net change in fair value during the year in debt instruments	(584,342)	(411,294)
Net impact during the year	(582,063)	(409,110)
Balance as at 31 December	155,382	737,445

45. CONTINGENT LIABILITIES AND COMMITMENTS

All discernible risks are accounted for in determining the amount of all known liabilities

Contingent liabilities are possible obligations whose existence will be confirmed only by an uncertain future event or present obligation where the transfer of economic benefit is not probable or cannot be readily measured as defined in the Sri Lanka Accounting Standard - LKAS 37 on 'Provisions, Contingent Liabilities and Contingent Assets'.

To meet the financial needs of customers, the Bank enters into various irrevocable commitments and contingent liabilities. These consist of financial guarantees, letters of credits, forward exchange contracts and other undrawn commitments to lend. Letters of credit and guarantees commit the Bank to make payments on behalf of customers in the event of a specific act, generally related to the import or export of goods. Guarantees and standby letters of credit carry a similar credit risk to loans.

Contingent liabilities are not recognised in the Statement of Financial Position but are disclosed unless its occurrence is remote. Even though these obligations may not be recognised on the Statement of Financial Position, they may contain credit risk and are therefore part of the overall risk of the Bank.

No any pending legal claims against the Bank form a part of contingencies as at 31 December 2025. (Refer Note 46)

45.1 Contingent Liabilities

As at 31 December	Note	2025 Rs. '000	2024 Rs. '000
Guarantees	45.1.1	7,508,733	7,288,252
Documentary credits		1,670,546	2,777,631
Bills for collection		21,338	20,709
Forward exchange contracts		232,395	-
Spot exchange purchases		976,862	-
Other		50,728	43,788
Total gross contingent liabilities		10,460,602	10,130,380
Undrawn commitments		11,482,765	8,982,281
Capital commitments			
Commitments in relation to property, plant & equipment		21,209	39,950
Commitments in relation to intangible assets		150,950	72,960
Total capital commitments		172,159	112,910
Total gross commitments		11,654,924	9,095,191
Total gross contingent liabilities and commitments		22,115,526	19,225,571
Less: Provision for impairment	45.1.2	(124,200)	(114,123)
Total net contingent liabilities and commitments		21,991,326	19,111,448

45.1.1 Guarantees and loan commitments

'Financial guarantees' are contracts that require the Bank to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument. 'Loan commitments' are firm commitments to provide credit under pre-specified terms and conditions.

45.1.2 Movement in provision for impairment during the year

	Stage 1	Stage 2	Stage 3	Total
(a) 2025				
Balance as at 01 January	68,050	44,823	1,250	114,123
Charge/(write back) to Statement of Profit or Loss	(7,236)	18,564	(1,250)	10,077
write off during the year	-	-	-	-
Balance as at 31 December	60,813	63,387	-	124,200
(b) 2024				
Balance as at 01 January	48,239	10,872	15,853	74,964
Charge/(write back) to Statement of Profit or Loss	19,811	33,951	(14,434)	39,328
write off during the year	-	-	(169)	(169)
Balance as at 31 December	68,050	44,823	1,250	114,123

46. LITIGATION AGAINST THE BANK

In the normal course of business, the bank is a party to various types of litigation, including litigation with borrowers who are in default in terms of their facility agreements. Based on the assessment carried out, the Bank is of the view that the legal cases filed against the Bank will not have a material impact on the reported financial results or the future operations of the Bank.

46.1 Tax matters

Income Tax - Year of Assessment 2013/2014

The Commissioner General of Inland Revenue (CGIR) issued a Notice of Assessment for the Year of Assessment 2013/2014 disallowing some expenses and capital allowances stating that the Bank was not in its commercial operations to deduct such expenses to arrive at Taxable Income.

The Bank has appealed to the Court of Appeal and the Bank awaits the hearing.

Income Tax - Year of Assessment 2017/2018, 2019/2020, and 2020/2021

The Commissioner General of Inland Revenue (CGIR) issued Notices of Assessment for the above years of Assessments. The Bank has lodged appeals against the said assessments. The appeals are currently determination stage at the Inland Revenue Department.

NBT on Financial Service - Year of Assessment 2017/2018

The Commissioner General of Inland Revenue (CGIR) issued the above notice, disallowing some expenses and capital allowances to arrive at NBT on Financial Services.

The Bank has appealed to the Tax Appeals Commission and the Bank awaits the hearing of the Appeal from the Tax Appeals Commission for the NBT on Financial Service YA 2017/2018. Management is of the opinion that these amounts are not material and will not have an unfavorable impact to the Bank.

Management assesses each matter in terms of its status as of the reporting date and appropriately provides for, where necessary based on a probability weighted approach.

47. NET ASSETS VALUE PER SHARE

As at 31 December	2025 Rs.'000	2024 Rs.'000
Amount used as the numerator		
Total equity attributable to equity holders of the Bank (Rs.'000)	12,122,240	12,167,633
Amount used as the denominator		
Total number of ordinary shares	945,642,858	945,642,858
Net assets value per ordinary share (Rs.)	12.82	12.87

48. ANALYSIS OF ASSETS AND LIABILITIES BY REMAINING CONTRACTUAL MATURITIES

The table below summarises the maturity profile of the undiscounted cash flows of the Bank's assets and liabilities;

48.1

As at 31 December 2025	Up to 3 Months	3 to 12 Months	1 to 3 Years	3 to 5 Years	More than 5 Years	Total as at 31-Dec-25
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Interest earning assets						
Placements with banks	-	-	-	-	-	-
Securities purchased under resale agreements	300,144	-	-	-	-	300,144
Derivative financial assets	1,380	-	-	-	-	1,380
Financial assets measured at fair value through profit or loss	-	-	-	-	-	-
Financial assets at amortised cost - Loans and advances to other customers	24,371,817	9,558,214	14,546,530	7,651,109	6,993,588	63,121,257
Financial assets at amortised cost - Debt and other financial instruments	7,310	2,722,856	1,664,990	136,707	-	4,531,863
Financial assets measured at fair value through other comprehensive income	4,422,028	10,882,157	488,450	16,633	-	15,809,268
Total interest earning assets	29,102,679	23,163,227	16,699,969	7,804,449	6,993,588	83,763,912
Non-interest earning assets						
Cash and cash equivalents	3,436,287	-	-	-	-	3,436,287
Balances with Central Bank of Sri Lanka	352,390	391,068	287,538	85,019	59,967	1,175,982
Financial assets measured at fair value through other comprehensive income	-	-	-	-	27,065	27,065
Property, plant and equipment and right-of-use assets	-	-	-	-	883,217	883,217
Intangible assets	-	-	-	218,214	-	218,214
Deferred tax assets	-	-	-	-	683,336	683,336
Other assets	1,130,710	299,409	105,219	-	-	1,535,338
Total non-interest earning assets	4,919,387	690,477	392,757	303,233	1,653,585	7,959,439
Total assets	34,022,066	23,853,704	17,092,726	8,107,682	8,647,173	91,723,351
Interest bearing liabilities						
Due to banks	8,010,335	68,218	80,670	25,815	22,223	8,207,261
Derivative financial liabilities	180	-	-	-	-	180
Financial liabilities at amortised cost - Due to depositors	19,834,220	22,011,208	16,184,051	4,785,312	3,375,249	66,190,039
Financial liabilities at amortised cost - Due to other borrowers	-	-	-	-	1,500,000	1,500,000
Total interest bearing liabilities	27,844,735	22,079,426	16,264,721	4,811,127	4,897,472	75,897,480

48. ANALYSIS OF ASSETS AND LIABILITIES BY REMAINING CONTRACTUAL MATURITIES contd.

As at 31 December 2025	Up to 3 Months	3 to 12 Months	1 to 3 Years	3 to 5 Years	More than 5 Years	Total as at 31-Dec-25
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Non-interest bearing liabilities						
Retirement benefit obligation	-	-	-	-	188,940	188,940
Lease liability	28,470	113,943	222,910	100,199	100,709	566,231
Other liabilities	2,422,161	268,621	255,690	1,988	-	2,948,460
Stated capital	-	-	-	-	11,894,421	11,894,421
Statutory reserve fund	-	-	-	-	138,392	138,392
Retained earnings/(losses)	-	-	-	-	(65,955)	(65,955)
Other reserves	-	-	-	-	155,382	155,382
Total non-interest bearing liabilities and equity	2,450,631	382,564	478,600	102,187	12,411,890	15,825,871
Total liabilities and equity	30,295,366	22,461,990	16,743,321	4,913,314	17,309,362	91,723,351

48.2

As at 31 December 2024	Up to 3 Months	3 to 12 Months	1 to 3 Years	3 to 5 Years	More than 5 Years	Total as at 31-Dec-24
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Interest earning assets						
Placements with banks	-	-	-	-	-	-
Securities purchased under resale agreements	700,862	-	-	-	-	700,862
Derivative financial assets	-	-	-	-	-	-
Financial assets measured at fair value through profit or loss	2,324,912	-	-	-	-	2,324,912
Financial assets at amortised cost - Loans and advances to other customers	17,968,043	7,123,887	10,709,972	5,860,204	4,441,532	46,103,638
Financial assets at amortised cost - Debt and other financial instruments	4,337	-	-	150,000	3,112,025	3,266,362
Financial assets measured at fair value through other comprehensive income	1,368,040	12,058,520	5,780,484	3,170,116	-	22,377,160
Total interest earning assets	22,366,194	19,182,407	16,490,456	9,180,320	7,553,557	74,772,934
Non-interest earning assets						
Cash and cash equivalents	1,715,116	-	-	-	-	1,715,116
Balances with Central Bank of Sri Lanka	330,184	266,935	71,780	47,741	47,511	764,150
Financial assets measured at fair value through other comprehensive income	-	-	-	-	23,809	23,809
Property, plant and equipment and right-of-use assets	-	-	-	-	843,022	843,022
Intangible assets	-	-	-	202,059	-	202,059
Deferred tax assets	-	-	-	-	523,232	523,232
Other assets	1,114,644	257,010	36,425	-	-	1,408,080
Total non-interest earning assets	3,159,944	523,945	108,205	249,800	1,437,574	5,479,468
Total assets	25,526,138	19,706,352	16,598,661	9,430,120	8,991,131	80,252,402

As at 31 December 2024	Up to 3 Months	3 to 12 Months	1 to 3 Years	3 to 5 Years	More than 5 Years	Total as at 31-Dec-24
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Interest bearing liabilities						
Due to banks	3,308,794	65,328	110,243	37,598	4,765	3,526,728
Derivative financial liabilities	-	-	-	-	-	-
Financial liabilities at amortised cost - Due to depositors	25,677,791	20,759,196	5,582,229	3,712,784	3,694,888	59,426,888
Financial liabilities at amortised cost - Other borrowings	16,666	-	-	-	1,500,000	1,516,666
Total interest bearing liabilities	29,003,251	20,824,524	5,692,472	3,750,382	5,199,653	64,470,282
Non-interest bearing liabilities						
Derivative financial liabilities	-	-	-	-	-	-
Retirement benefit obligation	-	-	-	-	151,655	151,655
Lease liability	38,044	81,500	325,519	80,047	74,245	599,355
Other liabilities	2,092,318	587,468	181,702	1,988	-	2,863,477
Stated capital	-	-	-	-	11,894,421	11,894,421
Statutory reserve fund	-	-	-	-	111,315	111,315
Retained earnings/ (losses)	-	-	-	-	(575,548)	(575,548)
Other Reserves	-	-	-	-	737,445	737,445
Total non-interest bearing liabilities and equity	2,130,362	668,968	507,221	82,035	12,393,534	15,782,120
Total liabilities and equity	31,133,613	21,493,492	6,199,693	3,832,417	17,593,187	80,252,402

49. OPERATING SEGMENTS

Accounting Policy

An operating segment is a component of the Bank that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Bank's other components, whose operating results are reviewed regularly by the Corporate Management Team headed by the Managing Director/ Chief Executive Officer (being the Chief Operating Decision Maker - CODM) to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Bank's CEO (being the CODM) include items that are directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Bank's headquarters), head office expenses and tax assets and liabilities.

In accordance with the Sri Lankan Accounting Standard SLFRS 8 - 'Segmental Reporting', segmental information is presented in respect of the Bank based on the Bank's management and internal reporting structure.

The Bank has the following strategic divisions which are reportable segments. These divisions offer different business products and services and are managed separately based on the Bank's management and internal reporting structure.

- Banking
- Treasury and Investments
- Unallocated

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment's performance is evaluated based on operating profit or loss of respective segment.

49. OPERATING SEGMENTS contd.

The following table presents the income, profit and asset and liability information on the Bank's business segments.

For the year ended 31 December	Banking		Treasury and Investments		Unallocated		Total	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Net interest income	3,111,607	2,787,495	620,882	801,285	-	-	3,732,488	3,588,780
Net fees and commission income	940,350	885,778	12,296	8,494	-	-	952,646	894,272
Net gains/(losses) from trading	(36,362)	22,504	1,200	(22,117)	-	-	1,200	387
Net gains/(losses) from financial assets at fair value through profit or loss	-	-	78,703	275,917	-	-	78,703	275,917
Net gains/(losses) from derecognition of financial assets	-	-	360,641	670,487	-	-	360,641	670,486
Net other operating income	3,657	54,875	68,042	-	5,262	6,520	76,961	61,395
Operating income by segment	4,055,615	3,750,653	1,141,763	1,734,064	5,262	6,520	5,202,639	5,491,237
Impairment losses on financial instruments and other assets	166,653	(658,497)	(40,560)	51,138	-	-	126,093	(607,360)
Net operating income	4,222,268	3,092,156	1,101,203	1,785,202	5,262	6,520	5,328,732	4,883,877
Personnel expenses	(1,248,918)	(1,052,934)	(280,712)	(276,705)	-	-	(1,529,631)	(1,329,639)
Depreciation /amortisation and other write off	(259,763)	(223,107)	(87,717)	(97,708)	-	-	(347,480)	(320,815)
Other operating expenses	(1,451,692)	(1,179,116)	(348,594)	(367,367)	-	-	(1,800,285)	(1,547,082)
Total operating expenses	(2,930,373)	(2,455,757)	(717,023)	(741,780)	-	-	(3,677,396)	(3,197,537)
Operating profit/ (loss) before tax on financial services	1,261,895	636,399	384,180	1,043,422	5,262	6,520	1,651,336	1,686,340
Less: Taxes on financial services	410,725	301,243	207,230	235,406	-	-	617,956	536,649
Segment result	851,168	335,156	176,950	808,016	5,262	6,520	1,033,380	1,149,692
Income tax expense							491,834	498,894
Profit for the year							541,546	650,798
Other information								
Segment assets	71,335,449	52,101,150	20,387,902	28,151,252	-	-	91,723,351	80,252,402
Segment liabilities	71,434,561	66,674,118	8,166,546	1,410,650	-	-	79,601,107	68,084,769

Information on cash flows	2025 Rs.' 000	2024 Rs.' 000
From operating activities	2,367,882	304,008
From investing activities	(313,602)	(262,842)
From financing activities	(287,966)	(324,495)
Net cash flow generated during the year	1,766,314	283,328

50. REPURCHASE AND REVERSE REPURCHASE TRANSACTIONS IN SCRIPLESS TREASURY BONDS AND SCRIPLESS TREASURY BILLS

Directive No. 01 of 2019, issued by the Central Bank of Sri Lanka, requires licensed banks/primary dealers to disclose following additional information on repurchase and reverse repurchase transactions in scripless treasury bonds and bills.

As at 31 December	Note	Amortised Cost		Fair Value	
		2025	2024	2025	2024
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
50.1 Carrying Value of Securities Allocated for Repurchase Transactions					
Financial assets measured at fair value through other comprehensive income		4,272,084	1,503,152	4,325,313	1,554,195
50.2 Market Value of Securities Received for Reverse Repurchase Transactions					
Financial assets measured at fair value through other comprehensive income		300,000	700,000	355,390	808,292

50.3 Bank's Policy on Haircuts for Repurchase and Reverse Repurchase Transactions

In terms of the minimum haircut for Repo (Borrowing) and Reverse repo (Lending) transactions, security allocation is carried out based on remaining maturity of the security and it is required to offer and accept Treasury Bills and Bonds only with maturity of less than 03 years.

At the time of entering into a Repo/Reverse repo transaction, the market value of eligible securities should adequately cover the maturity value of transaction and hair cut requirement should be 10% from the dirty price and should not fall less than the below mentioned CBSL haircut levels over its tenor.

Remaining Term to Maturity of the Eligible Security	Minimum Haircut requirement (%)
Up to 1 Year	4
More than 1 year and up to 3 years	6

50.4 Any penalties imposed during the period under review

None. (2024 - Nil)

51. RELATED PARTY DISCLOSURES

51.1 Parent and ultimate controlling party.

The Bank does not have identifiable parent of its own.

51.2 Terms and Conditions

The Bank carried out transactions in the ordinary course of business on an arm's length basis at commercial rates with parties who are defined as Related Parties as per the Sri Lanka Accounting Standard - LKAS 24 'Related Party Disclosures', except for the transactions that the Key Management Personnel (KMP) have availed under schemes uniformly applicable to all staff at concessionary rates.

The pricing applicable to such transactions is based on the risk and pricing model of the Bank and is comparable with what is applied to transactions between the Bank and its unrelated customers.

51.3 Key Management Personnel and their close family members (CFMs)

Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Bank directly or indirectly. Accordingly the Bank's KMP include the Board of Directors (Including Executive and Non-Executive Directors).

Close Family Members (CFM) of a KMP are those family members who may be expected to influence, or be influenced by, that KMP in their dealings with the Bank. They include KMP's domestic partner and children, children of the KMP's domestic partner and dependents of the KMP or the KMP's domestic partner who are identified as related parties of the Bank.

51.4 Transactions with Key Management Personnel (KMP)

51.4.1 Compensation of directors

For the year ended 31 December	2025 Rs. '000	2024 Rs. '000
Non-executive Directors' emoluments	33,075	25,860
Executive Directors' emoluments	60,900	44,850
Post-employment benefits	19,231	12,904
	113,206	83,614

In addition to the salaries, the Bank also provides non cash benefits to Key Management Personnel.

51.5 Transactions, arrangements and agreements involving KMP, and their CFMs

As at 31 December	2025 Rs. '000	2024 Rs. '000
Items in the Statement of Financial Position		
Assets		
Financial assets at amortised cost - Loans and advances to other customers	-	-
Credit cards	229	249
Total	229	249
Liabilities		
Financial liabilities at amortised cost - Due to depositors	33,367	29,365
Total	33,367	29,365
Commitments and contingencies		
Undrawn facilities	2,771	1,751
Total	2,771	1,751
Net accommodation as a percentage of the Bank's regulatory capital		
Direct and indirect accommodation	0.002%	0.002%
Items in the Statement of Profit or Loss		
Interest income	1	3
Interest expense	(2,775)	(3,843)
Fee and commission income	45	30
Compensation to KMP	(113,206)	(83,614)
Total	(115,935)	(87,424)
Shareholdings of KMP and CFM		
Number of shares	112,500	112,500
Shareholding %	0.01%	0.01%

51.6 Transactions with Related Companies

The Bank carries out transactions with parties who are defined as related parties in Sri Lanka Accounting Standard - LKAS 24 - Related Party Disclosures, the details of which are disclosed below.

51.6.1 Transactions with Significant Shareholders

As at 31 December/ For the year ended 31 December	2025 Rs. '000	2024 Rs. '000
Items in the Statement of Financial Position		
Assets		
Financial assets at amortised cost - Loans and advances to other customers	390	704
Other receivables	-	4,611
Total	390	5,315
Liabilities		
Financial liabilities at amortised cost - Due to depositors	518,010	565,384
Perpetual Debenture	1,500,000	1,500,000
Other payables	8,655	6,228
Total	2,026,665	2,071,612
Commitments and contingencies		
Undrawn facilities	1,610	1,296
Total	1,610	1,296
Net accommodation as a percentage of the Bank's regulatory capital		
Direct and indirect accommodations	0.003%	0.006%
Items in the Statement of Profit or Loss		
Interest expense	(188,413)	(254,225)
Fee and commission income	522	525
Rent expense	(13,296)	(8,229)
Reimbursement of expenses	(25,317)	(23,484)
Other expenses	-	(2,178)
Total	(226,504)	(287,591)
Shareholdings of related companies		
Number of shares	574,042,858	574,042,858
Shareholding %	60.71	60.70
Voting rights %	30	30

51.6.2 Transactions with Subsidiaries of Significant Shareholders

As at 31 December/ For the year ended 31 December	2025 Rs. '000	2024 Rs. '000
Items in the Statement of Financial Position		
Assets		
Financial assets at amortised cost - Loans and advances to other customers	114,934	36,517
Other receivables	131,790	106,609
Total	246,724	143,126
Liabilities		
Financial liabilities at amortised cost - Due to depositors	1,889,907	1,757,023
Other payables	101,202	46,393
Total	1,991,109	1,803,416
Commitments and contingencies		
Off balance sheet	-	74,173
Undrawn commitments	955,778	973,024
Total	955,778	1,047,197
Net accommodation as a percentage of the Bank's regulatory capital		
Direct and indirect accommodations	0.87%	0.29%
Items in the Statement of Profit or Loss		
Interest income	1,769	5,213
Interest expense	(126,373)	(143,512)
Fee and commission income	19,452	28,483
Rent expense	(32,448)	(32,115)
Reimbursement of expenses	(16,106)	(15,151)
Other expenses	(114,742)	(86,082)
Total	(268,448)	(243,164)
Shareholdings of related companies		
Number of shares	-	-
Shareholding %	0	0

51.6.3 Transactions with Provident Fund of Significant Shareholders

As at 31 December/ For the year ended 31 December	2025 Rs. '000	2024 Rs. '000
Items in the Statement of Financial Position		
Assets		
Financial assets at amortised cost- Loans and advances to other customers	-	-
Other receivables	-	-
Total	-	-
Liabilities		
Financial liabilities at amortised cost - Due to depositors	2,388	2,200
Securities sold under repurchase agreements	-	-
Other investments	-	-
Other payables	-	-
Total	2,388	2,200
Commitments and contingencies		
Undrawn commitments	-	-
Total	-	-
Net accommodation as a percentage of the Bank's regulatory capital		
Direct and indirect accomodations	0%	0%
Items in the Statement of Profit or Loss		
Interest income	-	421
Interest expense	(482)	(194)
Fee and commission income	1,350	1
Fee and commission expense	-	-
Rent expense	-	-
Reimbursement of expenses	-	-
Other expenses	-	-
Net gains from derecognition of financial assets	-	8,687
Total	868	8,914
Shareholdings of related companies		
Number of shares	-	-
Shareholding %	0	0

52. NON-CASH ITEMS INCLUDED IN PROFIT BEFORE TAX

As at 31 December	Note	2025 Rs. '000	2024 Rs. '000
Depreciation of property, plant and equipment	16	268,838	214,602
Impairment provisions over other assets		-	9,264
Amortisation of intangible assets	16	78,642	106,213
Adjustments to fixed assets		(391)	1,574
Interest cost - Leases	33.5	80,864	75,545
Disposal profit on fixed assets		(237)	(1,741)
Realised gain on financial assets at fair value through profit or loss	31	-	(119,072)
Provisions for contingencies	45.1.2	10,077	39,328
Impairment losses on loans and advances	14	(220,341)	566,667
Foreign exchange Revaluation gain/(losses)		36,362	(77,113)
Impairment losses on other financial instruments		37,291	(43,995)
Write off other assets	14	(1,458)	100,276
Interest cost - Perpetual Debenture	8.2	165,450	223,350
Direct Write-offs	14	45,070	22,027
Charge for defined benefit plans	15	40,201	36,247
Total		540,368	1,153,174

53. CHANGE IN OPERATING ASSETS

As at 31 December	2025 Rs. '000	2024 Rs. '000
Change in balances with Central Bank of Sri Lanka	(411,832)	(331,345)
Change in Derivative financial assets	(1,380)	6
Change in securities purchased under resale agreements	400,718	29,704
Change in Financial assets -at fair value through profit or loss	2,324,912	262,561
Change in loans and advances to other customers	(16,878,574)	(6,055,953)
Change in debt and other instruments	(1,260,917)	(1,207,229)
Change in Financial assets -at fair value through OCI	5,733,118	(5,205,891)
Change in other assets	(121,194)	1,436,264
Total	(10,215,149)	(11,071,882)

54. CHANGE IN OPERATING LIABILITIES

As at 31 December	2025 Rs. '000	2024 Rs. '000
Change in derivative financial liabilities	180	(27)
Change in deposits from banks, customers and debt securities issued	11,443,685	10,012,761
Change in securities sold under repurchase agreements	(16,665)	(658,924)
Change in other liabilities	304,958	92,495
Total	11,732,158	9,446,304

55. EVENTS AFTER THE REPORTING PERIOD

Events after the reporting period are those events, favourable and unfavourable, that occur between the reporting date and the date when the Financial Statements are authorised for issue.

No circumstances have arisen since the reporting date which would require adjustments or disclosure in the Financial Statements other than disclosed below. (2024-Nil)

- Central Bank of Sri Lanka vide its letter to the Bank dated 31 December 2025 provided an extension to Cargills Bank PLC to raise approximately Rs. 2.5 Bn in external capital through market mechanisms, with the objective of reducing the major shareholders' current stake to 50% by 31 March 2026.

  The following actions were initiated to comply with the above after the reporting period.

  - The major shareholders, Cargills (Ceylon) PLC and CT Holdings PLC, have divested a shareholding equivalent to 10. 7% of the total shares outstanding in February 2026. Consequent to these transactions, the major shareholders' combined shareholding in the Bank stands at 472,821,429 shares, equivalent to 50% of the shareholding of the Bank as at the date of this report.
  - The proposed Rights Issue to raise Rs.2.5 Bn to comply with the CBSL directive on capital augmentation was approved at the Extraordinary General Meeting (EGM) of the shareholders of the Bank held on 20 February 2026.

    Directors are confident the required conditions specified by CBSL will be met before 31 March 2026.

- CBSL vide its letter to the Bank dated 19 February 2026 has also directed the Board of Directors of Cargills Bank PLC to meet interim capital targets and the shareholding limits of the major shareholders, Cargills (Ceylon) PLC and CT Holdings PLC, as set out in the table below in order to meet the minimum capital requirement of Rs. 20 Bn by end 2029:

Interim Targets on Capital Augmentation & Shareholding Limits

By end of	Requirement to maintain the minimum balance of total capital	Target to reduce the combined shareholding of the major shareholders
31.03.2027	Rs.16.0Bn	45%
31.03.2028	Rs.17.5Bn	35%
31.03.2029	Rs.19.0Bn	25%
31.12.2029	Rs.20Bn	15%

56. COMPARATIVE INFORMATION

Statement of Financial Position	Current Presentation 2024	As Disclosed Previously 2024
Due to banks	3,526,728	2,032,393
Financial liabilities at amortised cost - Other borrowings	1,516,666	3,011,001

Statement of Cash Flows	Current Presentation 2024	As previously disclosed 2024
Cash flows from operating activities		
Net increase/ (decrease) in operating liabilities	9,446,304	10,105,228
Cash flows from financing activities		
Net cash from/ (used in) financing activities	(324,495)	(983,419)

57. FINANCIAL RISK MANAGEMENT

This note presents the information about the Bank's exposure to financial risks and the Bank's management of capital.

57.1 Introduction

Risk is inherent in any activity that the Bank undertakes to fulfill a broader spectrum of stakeholder expectations. It is managed through risk management function, a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls.

The risk appetite, limits, and tolerance levels are closely tied to the Bank's strategic objectives, as the Bank aims to balance risk and reward to maximise financial soundness while ensuring the safety.

Strategically, the Bank employs various methods to manage and mitigate risks, including diversification of their loan portfolio across different sectors and geographies, implementing robust risk management frameworks, and employing sophisticated financial instruments such as derivatives to hedge against adverse market movements, etc.

Risk management involves identifying, assessing, and monitoring various types of risks, including;

Credit risk;
Market risk;
Operational risk; and
Liquidity risk

Banks use quantitative models, stress testing, and scenario analysis, etc. to measure and evaluate these risks, allowing them to make informed decisions about capital allocation and risk tolerance.

Pursuing higher returns often entails taking on more risk, which may expose the Bank to potential losses during economic downturns or adverse market conditions. Conversely, adopting overly conservative risk management practices may limit profitability and hinder growth opportunities.

Capital allocation plays a crucial role in managing risk, as the Bank must allocate sufficient capital to support their risk-bearing activities while maintaining regulatory capital requirements and satisfying investor expectations. Banks optimize capital allocation by weighing the potential returns of various business lines against their associated risks, ensuring that capital is deployed efficiently to maximize shareholder value. Ultimately, the effectiveness of a bank's risk management function directly impacts its profitability and long-term viability. By carefully balancing associated risks with prudent risk management, banks are able to enhance its soundness while safeguarding against adverse outcomes and maintaining the trust and confidence of stakeholders.

57.2 Risk Management Framework

The Board is assisted by the Board Integrated Risk Management Committee (BIRMC) for the overall Risk Management approach and for approving the Risk Management strategies and principles.

The overarching responsibility for capital and risk management approaches, along with the approval of risk management strategies and principles, lies with the Board of Directors. An oversight body known as the BIRMC, appointed by the Board, is tasked with monitoring and supervising the Bank's overall risk processes. This committee holds the primary responsibility for formulating the risk strategy and implementing associated frameworks, policies, and limits. Additionally, the BIRMC manages risks, tracks risk levels, and provides quarterly reports to the Board.

Execution and maintenance of risk-related procedures to ensure an independent control process are within the purview of the Risk Management Department (RMD). Collaborating closely with the BIRMC, this department ensures procedural compliance within the overarching framework. Moreover, the RMD oversees adherence to risk principles, policies, and limits across the Bank, ensuring comprehensive risk capture within measurement and reporting systems. Any exceptions identified are reported as necessary on a period basis to the BIRMC or its sub-committees, with requisite actions to be taken to address exceptions and rectify weaknesses.

Material data related to risk management by business units undergoes thorough analysis and processing to promptly identify and manage risks. This information is then presented to the relevant Risk Committees, BIRMC and ultimately to the Board of Directors. Regular reports cover a range of aspects including aggregate credit exposures, credit concentration,

57.2 Risk Management Framework contd.

operational and market risks, liquidity ratios, and stress test results. Detailed assessments of industry, customer, and geographic risks are conducted quarterly. Senior management reviews the adequacy of credit loss provisions on a monthly basis. On monthly basis comprehensive risk reports are submitted to the Board to facilitate informed decision-making regarding the Bank's risk profile. The BIRMC meets once in two months or as and when necessary to review and assess the Bank's overall risk profile, to focus on policy recommendations and strategies in an integrated manner and the Board of Directors are duly updated of its activities as per the regulatory guidelines.

Detailed insights over the Bank's risk management infrastructure and governance framework are discussed in the section on Risk Management (Pages 232 to 251)

57.3 Credit risk

Credit risk is the risk of financial loss to the Bank in the event a customer or counter-party to a financial instrument fails to meet its contractual obligations, and arises principally from the Bank's loans and advances to customers and other banks, and investments in debt securities and other financial instruments. In addition to the credit risk from direct funding exposure (i.e. on balance sheet exposure), indirect liabilities such as Letters of Credit, Guarantees, etc. would also expose the Bank to credit risk. The objective of credit risk management is to optimize the Bank's risk-adjusted return by keeping credit risk exposure within acceptable boundaries. The Bank therefore oversees the credit risk across the entire portfolio as well as in individual transactions, ensuring that it remains within manageable levels. Additionally, the Bank analyses the interplay between credit risk and other types of risks. Successful credit risk management is integral to a holistic risk management strategy and is fundamental to the sustained success of any banking institution.

The Bank ensures stringent credit risk management practices to manage overall elements of credit risk exposures (such as individual obligor default risk, country and sector concentration risks, etc.). Loans typically represent the primary and most conspicuous source of credit risk for the Bank. However, credit risk pervades various facets of a bank's operations, extending beyond traditional lending activities. It manifests in both the banking book and the trading book, as well as on and off the balance sheet. Nowadays, the Bank encounters credit risk, also known as counter-party risk, in a multitude of financial instruments beyond loans. The diverse nature of these exposures underscores the necessity for the Bank to adopt comprehensive risk management practices to effectively identify, assess, and mitigate credit risk across their entire spectrum of activities.

57.3.1 Credit Related Commitments Risks

To meet the financial needs of customers, the Bank enters into various irrevocable commitments and contingent liabilities. These may include acceptances, interbank transactions, trade financing, foreign exchange transactions, financial derivatives, as well as in the provision of commitments and guarantees, and the settlement of transactions. Even though these obligations may not be recognised as part of on balance sheet exposures, they do contain credit risk and are therefore part of the overall risk of the Bank.

57.3.2 Consideration of the Market Conditions

In 2025 Sri Lanka's economy showed a move towards stability with the support of policy measures implemented by the Government and the Central Bank of Sri Lanka. Improvements in external sector indicators, moderating inflation, and stable exchange rate contributed to a recovery in economic activity. Credit demand showed an improvement during the year, although growth remained uneven across sectors. While sectors such as construction, trade, and small and medium enterprises recorded progress, high living costs, cautious consumer sentiment, and limited disposable incomes continued to influence spending and investment decisions.

Macroeconomic conditions during the year were further supported by ongoing engagement under the IMF-EFF programme and progress in debt restructuring arrangements, contributing to an improvement in strengthening the financial sector confidence. The Bank undertook a comprehensive analysis of various sectors to manage potential stresses within its lending portfolio. As part of this initiative, the Bank diversified its lending portfolio in alignment with the Central Bank of Sri Lanka's (CBSL) designated sectors. The Bank's risk management framework continued to emphasize close monitoring of portfolio quality and forward-looking risk assessment. Adjustments to Expected Credit Loss (ECL) models were made where necessary to reflect macroeconomic conditions and sector developments, enabling recognition of potential impairments and maintenance of provisioning levels.

This approach allows the Bank to adapt to changing economic conditions and sector-specific challenges, thereby enhancing its ability to mitigate potential credit losses. By closely aligning its lending practices with the CBSL and regularly reassessing stressed sectors, the Bank seeks to strengthen its risk management framework and safeguard its financial stability in the face of economic uncertainties. Considering the economic condition of the country, the Bank performed a detailed analysis of sectors with a view of managing portfolio stresses. The Bank makes continuous assessment on stressed sector to manage the probable default of the lending and considers necessary adjustment to ECL models on a need basis, to capture additional to impairment provision to mitigate the credit risk.

57.3.3 Impairment assessment

At each reporting date, a loss allowance or Expected Credit Loss (ECL) will be recognised based on either 12-month ECLs or lifetime ECLs, depending on whether or not there has been a significant increase in credit risk of the financial instrument since initial recognition. The changes in the loss allowance are recognised in profit or loss as an impairment charge or reversal.

Input, assumptions and techniques used for estimating impairment under SLFRS 9 is disclosed under accounting policies and Note 14 to the Financial Statements.

57.3.3.1 Key input into the measurement of ECL

The key input into the measurement of ECL are the term structure of the following variables:

- Probability of Default (PD)
- Loss Given Default (LGD) and
- Exposure At Default (EAD)

Probability of Default (PD)

Probability of Default (PD) is the estimate of the likelihood of default over a given time horizon. A default may only happen at a time horizon if the facility has not been previously derecognised and is still in the portfolio.

The Bank use an average of 07 years of PD data to assess credit risk. This approach helps smooth out short term fluctuations and provides a more stable estimation of a borrower's likelihood of default.

12 Months PD (12M PD)

This is the estimated probability of default occurring within the next 12 months. The 12 months PD is applied for the "Current" and "1-30 days" buckets since there is no significant deterioration in credit risk.

Age Bucket	Probability of Default
Current	12 Months PD
1- 30 Days	12 Months PD

Lifetime PD (LTPD)

This is the estimated probability of default occurring over the remaining life of the financial instrument. The lifetime PD is applied for the 31-60 days and 61-90 days buckets since there is a significant deterioration in credit risk.

Age Bucket	Probability of Default
31 – 60 Days	Lifetime PD
61 – 90 Days	Lifetime PD
Above 90 Days*	Lifetime PD

* *The PD for the above 90 days category is 100% since there is objective evidence of impairment as the default has occurred.*

57.3.3.1 Key input into the measurement of ECL contd.

Exposure at Default (EAD)

The Exposure At Default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments, if any.

To measure ECLs on revolving facilities, such as credit cards, and other revolving facilities, it will be necessary to estimate several components that make up the EAD.

For the contracts which are 90 days past due ; EAD is limited to the gross carrying amount of the facility (i.e. utilised amount). For other contracts; gross carrying amount and the sanction limit adjusted for credit convertion factor.

The Bank considered the regulatory ratios as per the BASEL III direction as credit conversion factor to arrive the EAD of the revolving facility.

Loss Given Default (LGD)

Loss Given Default (LGD) is the magnitude of likely loss on exposure and is expressed as a percentage of exposure. These LGD rates take into account the expected EAD in comparison to the amount expected to be recovered or realised from any collateral held.

The Bank segments its lending products into smaller homogeneous portfolios, based on key characteristics that are relevant to the estimation of future cash flows. The applied data is based on historically collected loss data and involves a wider set of transaction characteristics (e.g. product type, wider range of collateral types) as well as borrower characteristics.

For each year, closed contracts which have crossed above 90 days at least once in their lifetime are considered for LGD. LGD will factor in all cash flows subsequent to the point of default until the full settlement of the loan.

Virtually closed contracts are also added to this data set. Virtually closed contracts are active loans which have been long outstanding. A contract is determined to be virtually closed at the point the Bank determines that the cash flows have dried up.

57.3.3.2 Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information, based on the Bank's historical experience and expert credit assessment and including forward looking information. The Bank uses a backstop of 30 days past due for determining whether there is a significant increase in credit risk.

The Bank continuously monitors all assets subject to Expected Credit Losses (ECL). In order to determine whether an instrument or a portfolio of instruments is subject to 12M ECL or LTECL, the Bank assesses whether there has been a significant increase in credit risk since initial recognition.

The Bank also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, such as moving a customer/ facility to the watch list, or the account having been restructured.

57.3.3.3 Staging of credit facilities

The Bank applies the following in the categorization of credit facilities/ exposures into stages for computation of expected credit losses.

Stage 1	All accounts which have not shown any sign of deterioration since origination. All accounts which have been identified as Low Credit Risk (LCR) (under low credit risk expedient) shall be classified as Stage 1. The Bank computes ECLs based on the delinquency method where all facilities which are less than or equal to 30 days past due are considered under Stage 1. 12 months ECL shall be calculated for stage 1 facilities
Stage 2	All accounts which have shown a significant deterioration in credit quality since origination. Lifetime losses are computed for all accounts classified as Stage 2. The Bank computes ECLs based on the delinquency method where all facilities which are more than 30 days past due upto 90 days past due are considered under Stage 2 and the qualitative factors that are being considered to classify as stage 2 are as follows, • Loans that have been restructured once or twice (Subject to upgrading) • Exitance of any other objective evidences other than mentioned for stage 3 classification

Stage 3	All impaired assets (purchased impaired and originally credit impaired assets).
	Lifetime losses are computed for all accounts classified as Stage 3.The Bank computes ECLs based on the delinquency method and the qualitative factors that are being considered to classify as stage 3 are as follows;
	• Loans that have been restructured more than twice (subject to upgrading)
	• All rescheduled credit facilities,other than upgraded credit facilities.
	• NPCF Facilities less than 90 DPD awaiting upgrading to PCF
	• Exitance of any of the following objective evidence indicator,
	  • The auditors have qualified their audit opinion due to a going concern issue
	  • Liquidation has already been commenced or is about to commence
	  • The borrower is diseased (or permenently disabled0/ insolvent

It is the Bank's policy to consider a financial instrument as 'cured' and therefore reclassified out of a higher stage to a lower stage (e.g. from stage 3 to stage 2) other than normal movement of a contract based on the change of DPD on an exceptional basis:

- Credit facilities in Stage 3 other than restructured credit facilities in Stage 3 and rescheduled credit facilities are upgraded if due payments are fully settled by the customer
- Rescheduled and restructured contracts are upgraded only upon satisfactory performance during the relevant monitoring period where customer complies with the applicable terms of repayment

57.3.3.4 Assessment of impairment allowances

The Bank calculates ECLs either on a individual or collective basis.

For the loans and advances above a predetermined threshold, the Bank individually assesses for significant increase in credit risk.

Exposures that are assessed for individual impairment and for which an impairment provision has been recognised are not included in the collective assessment of impairment. If it is determined that no objective evidence of expected loss warrenting Stage 3 classification, such exposures are included in a group of exposures with similar credit risk characteristics that are collectively assessed for impairment under the relevant bucket, as morefully described in Note 14 to the Financial Statements.

57.3.3.5 Analysis of risk concentration

The Bank ensures stringent credit risk management practices to manage overall elements of credit risk exposures (such as individual obligor default risk, country and sector concentration risks, etc.). The Bank's concentration of risks are managed by business segment and industry sector.

57.3.3.5.1 Industry Analysis

The maximum exposure to credit risk to the components of financial assets (before impairment) in the Statement of Financial Position as at 31 December, broken down by industry sector financial assets are given below:

As at 31 December 2025	Agriculture & fishing	Manufacturing	Tourism	Transport	Construction
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial Assets					
Cash and cash equivalents	-	-	-	-	-
Balances with Central Bank of Sri Lanka	-	-	-	-	-
Placements with Banks	-	-	-	-	-
Securities purchased under resale agreements	-	-	-	-	-
Derivative financial assets	-	-	-	-	-
Financial assets measured at fair value through profit or loss	-	-	-	-	-
Financial assets at amortised cost - Loans and advances to other customers					
Business Banking	3,944,619	1,553,730	1,068,535	161,331	545,550
Business Revival Unit	408,768	0	-	28,571	827,049
SME	4,108,960	2,755,880	1,636,455	227,837	2,093,752
Retail Banking	75,548	299,529	35,578	74,597	5,720,202
Agri	1,083,086	6,507	-	4,169	61,429
Pawning	262,802	145	-	-	-
Gross loans and receivables to other customers	9,883,783	4,615,790	2,740,568	496,507	9,247,983
Financial assets at amortised cost - Debt and other financial instruments	-	-	-	-	-
Financial assets -measured at fair value through other comprehensive income	-	-	-	-	-
Total	9,883,783	4,615,790	2,740,568	496,507	9,247,983

Traders	New economy	Financial & business services	Government	Infrastructure	Other services	Other customers	Total
Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
-	-	3,509,895	-	-	-	-	3,509,895
-	-	-	1,175,982	-	-	-	1,175,982
-	-	-	-	-	-	-	-
-	-	300,144	-	-	-	-	300,144
-	-	1,380	-	-	-	-	1,380
-	-	-	-	-	-	-	-
2,776,591	535,270	5,494,991	-	2,479,876	775,828	1,725	19,338,045
342,754	-	-	-	-	-	-	1,607,142
11,348,420	215,468	3,402,486	-	701,099	1,638,975	404,821	28,534,152
159,609	5,584	116,972	-	485	10,897	10,586,010	17,085,011
2,173	-	-	-	162	411	183,838	1,341,776
800	-	95	-	-	211	79,938	343,992
14,630,347	756,322	9,014,543	-	3,181,622	2,426,322	11,256,331	68,250,119
-	-	4,534,420	-	-	-	-	4,534,420
-	-	27,065	15,809,268	-	-	-	15,836,333
14,630,347	756,322	17,387,448	16,985,250	3,181,622	2,426,322	11,256,331	93,608,274

57.3.3.5.1 Industry Analysis contd.

As at 31 December 2024	Agriculture & fishing	Manufacturing	Tourism	Transport	Construction
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial Assets					
Cash and cash equivalents	-	-	-	-	-
Balances with Central Bank of Sri Lanka	-	-	-	-	-
Securities purchased under resale agreements	-	-	-	-	-
Derivative financial assets	-	-	-	-	-
Financial assets measured at fair value through profit or loss	-	-	-	-	-
Financial assets at amortised cost - Loans and advances to other customers					
Business Banking	3,865,970	670,256	1,396,827	109,400	728,469
Business Revival Unit	200,638	-	-	31,091	650,702
SME	1,497,128	1,493,245	1,655,740	186,768	2,897,078
Retail Banking	22,832	18,734	-	35,562	4,800,806
Agri	1,032,031	1,293	-	-	13,192
Gross loans and receivables to other customers	6,618,599	2,183,528	3,052,567	362,821	9,090,247
Financial assets at amortised cost - Debt and other financial instruments	-	-	-	-	-
Financial assets -measured at fair value through other comprehensive income	-	-	-	-	-
Total	6,618,599	2,183,528	3,052,567	362,821	9,090,247

Traders	New economy	Financial & business services	Government	Infrastructure	Other services	Other customers	Total
Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
-	-	1,743,581	-	-	-	-	1,743,581
-	-	-	764,150	-	-	-	764,150
-	-	700,862	-	-	-	-	700,862
-	-	-	-	-	-	-	-
-	-	2,324,912	-	-	-	-	2,324,912
2,658,143	439,496	5,956,820	-	-	573,570	338,761	16,737,713
365,861	-	-	-	-	-	-	1,248,293
5,854,957	1,028,197	3,258,015	-	19,231	1,281,915	337,211	19,509,485
231,415	9,587	61	-	-	22,738	7,675,776	12,817,511
5,447	-	-	-	-	-	73,687	1,125,650
9,115,823	1,477,280	9,214,896	-	19,231	1,878,223	8,425,435	51,438,652
-	-	3,273,503	-	-	-	-	3,273,503
-	-	23,809	22,377,160	-	-	-	22,400,969
9,115,823	1,477,280	17,281,563	23,141,310	19,231	1,878,223	8,425,435	82,646,629

57.3.3.5.2 Credit quality analysis

The following table sets out the information about the credit quality of financial assets measured at amortised cost, debt instruments measured at FVOCI and contingent liabilities and commitments.

On Balance Sheet	2025					2024
As at 31 December			Subject to			
	Carrying Amount	Not Subject to ECL	12-Month ECL (Stage 1)	Life-time ECL- Not Credit Impaired - (Stage 2)	Life-time ECL- Credit Impaired - (Stage 3)	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cash and cash equivalents (balances with Banks)						
Balances with local banks	-					
Investment grade	89,542	-	89,542	-	-	235,366
Non-investment grade	28,432				28,432	42,015
Balances with foreign banks	-					
Investment grade	2,268,435	-	2,268,435	-	-	538,080
Non-investment grade	100,406	-	-	-	100,406	851
Total balances with banks	2,486,815	-	2,357,977	-	128,838	816,313
Expected credit loss allowance	(73,608)	-	(15,632)	-	(57,977)	(28,465)
Net balances with banks	2,413,207	-	2,342,345	-	70,861	787,848
Balances with Central Bank of Sri Lanka	1,175,982	1,175,982	-	-	-	764,150
Financial assets at amortised cost - Loans and advances to other customers						
Grade 0 – 2 performing loans	58,746,576	-	44,305,043	14,441,533	-	41,547,211
Grade 3: NPCF special mention	4,309,781	-	-	-	4,309,781	3,992,385
Grade 4: NPCF substandard	268,211	-	-	-	268,211	505,598
Grade 5: NPCF doubtful	146,275	-	-	-	146,275	108,423
Grade 6: NPCF loss	4,779,276	-	-	-	4,779,276	5,285,034
Total gross loans and advances	68,250,119	-	44,305,043	14,441,533	9,503,543	51,438,652
Expected credit loss allowance/ impairment allowance	(5,128,863)	-	(242,405)	(519,504)	(4,366,954)	(5,335,014)
Total net loans and advances	63,121,257	-	44,062,638	13,922,029	5,136,589	46,103,638

On Balance Sheet	2025					2024
As at 31 December			Subject to			
	Carrying Amount	Not Subject to ECL	12-Month ECL (Stage 1)	Life-time ECL- Not Credit Impaired - (Stage 2)	Life-time ECL- Credit Impaired - (Stage 3)	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Financial assets at amortised cost - Debt and other financial instruments						
Government securities *	4,277,110	4,277,110	-	-	-	3,119,166
Other investments	257,310	103,458	153,852	-	-	154,337
Total debt and other financial instruments	4,534,420	4,380,568	153,852	-	-	3,273,503
Expected credit loss allowance/ impairment allowance	(2,557)	-	(2,557)	-	-	(7,142)
Net debt and other financial instruments	4,531,863	4,380,568	151,295	-	-	3,266,362
Financial assets measured at fair value through other comprehensive income						
Government securities *	15,809,268	15,809,268	-	-	-	22,377,160
Equity securities	27,065	27,065	-	-	-	23,809
Total Financial assets measured at fair value through other comprehensive income	15,836,333	15,836,333	-	-	-	22,400,969
Off Balance Sheet						
Contingent liabilities and commitments						
Gross contingent liabilities and commitments						
(i) Contingent Liabilities						
Grade 0 – 2 performing loans	9,875,443	1,209,257	7,331,239	1,334,946	-	9,873,439
Grade 3: NPCF special mention	570,294	-	-	-	570,294	242,090
Grade 4: NPCF substandard	15	-	-	-	15	5
Grade 5: NPCF doubtful	-	-	-	-	-	14,623
Grade 6: NPCF loss	14,850	-	-	-	14,850	223
Gross carrying amount	10,460,602	1,209,257	7,331,239	1,334,946	585,159	10,130,380

57.3.3.5.2 Credit quality analysis contd.

On Balance Sheet	2025					2024
As at 31 December			Subject to			
	Carrying Amount	Not Subject to ECL	12-Month ECL (Stage 1)	Life-time ECL- Not Credit Impaired - (Stage 2)	Life-time ECL- Credit Impaired - (Stage 3)	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
(ii) Undrawn commitments						
Grade 0 – 2 performing loans	11,591,672	172,159	10,856,142	563,371	-	9,059,990
Grade 3: NPCF special mention	51,409	-	-	-	51,409	24,125
Grade 4: NPCF substandard	1,682	-	-	-	1,682	1,562
Grade 5: NPCF doubtful	240	-	-	-	240	545
Grade 6: NPCF loss	9,921	-	-	-	9,921	8,968
Gross carrying amount	11,654,924	172,159	10,856,142	563,371	63,252	9,095,190
Total gross contingent liabilities and undrawn commitments (Excluding capital commitments)	22,115,526	1,381,416	18,187,381	1,898,317	648,411	19,225,571
Expected credit loss allowance	(124,200)	-	(60,813)	(63,387)	-	(114,123)
Total net contingent liabilities and commitments	21,991,326	1,381,416	18,126,568	1,834,930	648,411	19,111,448

* *Subject to sovereign guarantees.*

57.3.3.5.3 Incorporation of forward looking information

"The Bank incorporates forward-looking information into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL.

The Bank has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macroeconomic variables and credit risk and credit losses.

57.3.3.5.3.1 Exposures affected by Cyclone Ditwah

Identified exposures affected by Cyclone Ditwah which were in Stage 1 were mannually moved to Stage 2 to reflect the Significant Increase in Credit Risk (SICR) of these customers and resulted increase in impairment provisions were booked as at 31 December 2025.

57.3.3.5.3.2 Post Model Overlay Adjustments (PMAs) and Overlays

Where appropriate, the Bank makes adjustments to the ECL estimate outside the regular modelling process to reflect management judgements. Changes to the assumptions underlying these judgemental adjustments could materially affect ECL within the next 12 months. These adjustments include PMAs and overlays.

In instances where an adequate number of loss cases to compute a meaningful Loss Given Default (LGD) was not available for a given product segment, the Bank applied a regulatory minimum LGD rate of 45% in terms of the Banking Act Direction No. 13 of 2021, which results in a model overlay.

For retail portfolios such as personal loans, agri and micro-finance, and retail overdrafts which were past due for more than six years, an LGD rate of 100% was applied as a model overlay.

For credit card balances outstanding for more than six months, the Bank applies a 100% LGD rate to ensure prudent provisioning for long-term delinquency.

The following table outlines the impact of specific model overlays on the Bank's impairment provisions,

As at 31 December	2025 Rs. 000	2024 Rs. 000
Loss allowance before Post-Model Adjustments and Overlays	4,775,904	5,134,002
Post Model Adjustments and Overlays		
Applied a regulatory minimum LGD rate of 45%*	102,925	109,645
Past due for more than six years, an LGD rate of 100%	169,636	-
Credit card balances outstanding for more than six months	80,398	91,367
Loss allowance after Post-Model Adjustments and Overlays	5,128,863	5,335,014

* *Exclude product segments that lack a sufficient reasonable population of historical loss cases. Additionally, exclude overdrafts and credit cards in terms of the Bank's impairment policy.*

57.3.3.5.3.3 Economic Factor Adjustment

In the computation of impairment, the Bank formulates multiple economic scenarios to reflect base case, best case and worst case.

The scenario probability weightages applied in measuring ECL are as follows.

As at 31 December	2025			2024		
	Base	Best	Worse	Base	Best	Worse
Scenario probability weightages (%)	45%	20%	35%	15%	5%	80%

Economic factor scenario weightage was changed in 2025 for Base Case (increase from 15% to 45%), Best Case (increase from 5% to 20%) and Worst Case (decreased from 80% to 35%), considering the improvements in the macro-economic conditions.

The key drivers for credit risk are GDP growth, unemployment rates, inflation rates and interest rates.

The table below lists the macroeconomic assumptions used in the base, best and worse scenarios over the five-year forecasted period. The assumptions represent the absolute percentages,

Year	GDP Growth	Inflation (YoY) (CCPI)	Interest Rate (RF)	Unemployment
Base case				
Average 5-year forecast				
2024	5.50%	1.20%	10.42%	4.10%
2025	3.5%*	-0.50%	8.45%	4.30%
Best Case				
Average 5-year forecast				
2024	6.50%	0.20%	9.42%	3.10%
2025	4.50%	-1.50%	7.45%	3.30%
Worst Case				
Average 5-year forecast				
2024	4.50%	2.20%	11.42%	5.10%
2025	2.50%	0.50%	9.45%	5.30%

* *IMF published GDP growth rate of 4.2% was stressed/ reduced by 0.7% to reflect the potential economic impact expected from Cyclone Ditwah struck in December 2025, in the PD model.*

57.3.3.5.4 Sensitivity of ECL to future economic conditions

The table below illustrates the loss allowance on loans and advances to corporate and retail customers in the collective impairment model assuming each forward-looking scenario (e.g. Best, Base and Worse) was weighted 100% instead of applying scenario probability weights across the three scenarios. For ease of comparison, the table also includes the probability-weighted amounts that are reflected in the financial statements. The amounts are inclusive of post-model adjustments, as appropriate to each scenario.

As at 31 December	2025				2024			
	Best	Base	Worst	Probability weighted	Best	Base	Worst	Probability weighted
Exposure (Rs. 000)								
Corporate	43,543,135	43,543,135	43,543,135	43,543,135	24,281,273	24,281,273	24,281,273	24,281,273
Retail	16,533,946	16,533,946	16,533,946	16,533,946	10,783,911	10,783,911	10,783,911	10,783,911
Loss Allowance (Rs. 000)								
Corporate	458,297	625,424	801,928	651,134	247,787	288,290	335,034	323,516
Retail	621,097	719,807	817,520	734,605	429,024	479,794	529,169	516,988
Loss Allowance as % of Exposure								
Corporate	1%	1%	2%	1%	1%	1%	1%	1%
Retail	4%	4%	5%	4%	4%	4%	5%	5%

57.3.4 Collaterals held & other credit enhancement and their valuation

The amount and type of collateral required depend on an assessment of the credit risk of the counterparty. Guidelines are in place covering the acceptability and valuation of each type of collateral. The main types of collateral obtained are as follows:

- Securities purchased under resale agreements, cash or securities
- For corporate and small business lending, cash, charges over real estate properties, inventory and trade receivables and, in special circumstances, government guarantees
- For retail lending, cash, mortgages over residential properties

The Management monitors the market value of collateral and will request additional collateral if the market values are not sufficient in accordance with the underlying agreement. The Bank's Collateral Policy is covered in the Bank's Credit Policy Manual and is reviewed annually. There have been no significant changes to the collateral policy.

The tables below demonstrates the maximum exposure to credit risk by class of financial assets, the total fair value of collateral, any surplus collateral (the extent to which the fair value of collateral held is greater than the exposure to which it relates), and the net exposure to credit risk.

As at 31st December	2025				2024			
Rs. 000	Total Maximum exposure to credit risk	Value of Collateral	Stage 3 - Maximum exposure to credit risk	Stage 3 - Value of Collateral	Total Maximum exposure to credit risk	Value of Collateral	Stage 3 - Maximum exposure to credit risk	Stage 3 - Value of Collateral
Financial Assets								
Cash and cash equivalent	3,509,895	-	-	-	1,743,581	-	-	-
Securities purchased under resale agreements	300,144	-	-	-	700,862	-	-	-
Derivative financial assets	1,380	-	-	-	-	-	-	-
Financial assets - fair value through profit or loss	-	-	-	-	2,324,912	-	-	-
Financial assets at amortised cost	-	-	-	-				
Loans and advances to other customers	68,250,119	28,237,774	9,503,543	4,372,748	51,438,652	21,795,563	9,886,901	5,052,947
Debt and other financial instruments	4,531,863	-	-	-	3,266,362	-	-	-
Financial assets measured at fair value through comprehensive income	15,836,333	-	-	-	22,400,969	-	-	-
Other assets	1,535,338	-	-	-	1,408,080	-	-	-
	93,965,072	28,237,774	9,503,543	4,372,748	83,283,418	21,795,563	9,886,901	5,052,947

Approximately 15% and 6% of the total loans & advances of the Bank are secured against immovable property and cash/ deposits held within the Bank, respectively. Further, 22% of the loans & advances are secured against other securities including movable property, gold, stocks, etc. Approximately 21% of stage 3 loans & advances of the Bank are secured against immovable properties, cash/deposits held within the Bank.

Extent to which the advances were covered by cash/deposits held within the Bank, no loss allowance has been recognized in the Financial Statements. Value of the cash collateral held as at 31 December 2025 was stood at Rs. 4,430 Mn (2024 - Rs. 3,366 Mn).

The Bank held cash and cash equivalents of Rs. 3,510 Mn as at 31 December 2025 (2024 - Rs. 1,744 Mn), which represents its maximum credit exposure on these assets. The cash and cash equivalents held with banks, were rated AAA (lka) to CCC/C (lka), based on Fitch Ratings.

The table below sets out the carrying amount and the value of identifiable collateral (mainly residential and commercial properties) held against loans and advances to customers at amortised cost, other than reverse sale and repurchase agreements. For each loan, the value of disclosed collateral is capped at the nominal amount of the loan that it is held against.

As at 31 December	2025		2024	
Rs' 000	Carrying amount	Collateral value	Carrying amount	Collateral value
Stage 1	44,305,043	17,587,913	31,804,450	12,321,023
Stage 2	14,441,533	6,277,113	9,747,301	4,421,593
Stage 3	9,503,543	4,372,748	9,886,901	5,052,947
	68,250,119	28,237,774	51,438,652	21,795,563

Collateral Repossessed

The Bank's policy is to dispose collaterals repossessed at the earliest possible opportunity and any surplus funds are returned to the customers/obligors. As a result of this practice, the residential properties under legal repossession processes are not recorded in the Statement of Fianancial Position and not treated as non-current assets held for sale.

The Bank holds collateral and other credit enhancements against its credit exposures. The following tables sets out the principal types of collateral held and their approximate collateral percentages against different types of financial assets.

Type of credit exposure	Principal type of collateral held for secured lending	Percentage of exposure that is subject to collateral requirements	
		2025	2024
Loans and advances to retail customers			
Mortgage lending	Residential property	100%	100%
Credit cards	None/Limited cash deposits	-	-
Personal loans	None/Guarantors	-	-
Loans and advances to corporate customers			
Corporate loans	Commercial property, Floating charges over other loans and advances	41%*	42%*

* *Based on the exposure covered with collateral.*

By setting various concentration limits under different criteria within the established risk appetite framework (i.e., single borrower/ group, industry sectors, product, counterparty and country etc.), the Bank ensures that an acceptable level of risk diversification is maintained on an ongoing basis. These limits are continuously monitored and periodically reviewed by the Credit Policy Committee (CPC), the Executive Integrated Risk Management Committee (EIRMC) and the Board Integrated Risk Management Committee (BIRMC) to capture the developments in market, political and economical environment both locally and internationally to strengthen the dynamic portfolio management practices and to provide an early warning on possible credit concentrations.

57.4 Market risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads will affect the Bank's income or the value of its holdings of financial instruments. The main objective of the Cargills Bank's market risk management is to manage and control market risk exposures within acceptable levels in order to ensure the Bank's solvency while maximizing the returns.

The Bank has completed only 11 years since commencing operations and hence the relative exposures are at a very low level. However, necessary policies and procedures are in place to regularly assess its assets and liability profile in terms of interest rate and other risks and depending on this assessment, realignments of assets and liability structure are undertaken where necessary.

The market risk could be further sub-divided into trading and non-trading risks.

57.4.1 Exposure to Market Risk - Trading and Non-Trading Portfolios

The table below sets out the allocation of assets and liabilities subject to market risk between trading and non-trading portfolios:

As at 31 December		2025			2024		
			Market Risk Measurement			Market Risk Measurement	
	Note	Carrying Amount Rs. '000	Trading Portfolios Rs. '000	Non-Trading Portfolios Rs. '000	Carrying Amount Rs. '000	Trading Portfolios Rs. '000	Non-Trading Portfolios Rs. '000
Assets Subject to Market Risk							
Derivative financial assets	26	1,380	1,380	-	-	-	-
Financial assets measured at fair value through profit or loss	27	-	-		2,324,912	2,324,912	
Financial assets at amortised cost - Loans and advances to other customers	28	63,121,257	-	63,121,257	46,103,638	-	46,103,638
Financial assets at amortised cost - Debt and other financial instruments	29	4,531,863	-	4,531,863	3,266,362	-	3,266,362
Financial assets measured at fair value through other comprehensive income	30	15,836,333	-	15,836,333	22,400,969	-	22,400,969
Total		83,490,833	1,380	83,489,453	74,095,881	2,324,912	71,770,969
Liabilities Subject to Market Risk							
Due to banks	36	8,207,261	-	8,207,261	3,526,728	-	3,526,728
Derivative financial liabilities	37	180	180	-	-	-	-
Financial liabilities at amortised cost - Due to depositors	38	66,190,039	-	66,190,039	59,426,888	-	59,426,888
Financial liabilities at amortised cost - Due to other borrowers	39	1,500,000	-	1,500,000	1,516,666	-	1,516,666
Total		75,897,480	180	75,897,300	64,470,282	-	64,470,282

57.4.2 Exposure to interest rate risk – Sensitivity Analysis

(a) Exposure to Interest Rate Risk – Non-Trading Portfolio

The possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments gives rise to interest rate risk. The Bank's policy is to continuously monitor portfolios and adopt hedging strategies to ensure that interest rate risk is managed within prudent levels.

The following is a summary of the Bank's interest rate gap position on non-trading portfolios. The interest rate repricing gap table analyses the full-term structure of interest rate mismatches within the Bank's balance sheet based on either (i) the next repricing date or the maturity date if floating rate or (ii) the maturity date if fixed rate.

As at 31 December 2025	Up to 3 months	3 to 12 months	1 to 3 Years	3 to 5 Years	More than 5 Years	Non-Sensitive	Total as at 31.12.2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial Assets							
Cash and cash equivalents	-	-	-	-	-	3,436,287	3,436,287
Balances with Central Bank of Sri Lanka	-	-	-	-	-	1,175,982	1,175,982
Placements with Banks	-	-	-	-	-	-	-
Securities purchased under resale agreements	300,144	-	-	-	-	-	300,144
Derivative financial assets	1,380	-	-	-	-	-	1,380
Financial assets measured at fair value through profit or loss	-	-	-	-	-	-	-
Financial assets at amortised cost - Loans and advances to other customers	42,362,914	8,273,654	5,823,326	4,754,850	1,804,789	101,724	63,121,257
Financial assets at amortised cost - Debt and other financial instruments	7,312	2,722,856	1,664,990	136,705	-	-	4,531,863
Financial assets measured at fair value through other comprehensive income	4,422,028	10,882,157	488,450	16,633	-	27,065	15,836,333
Other assets	-	-	-	-	-	1,535,338	1,535,338
Total Financial Assets	47,093,778	21,878,667	7,976,766	4,908,188	1,804,789	6,276,396	89,938,584
Financial Liabilities							
Due to banks	7,704,292	68,218	80,670	25,815	22,223	306,043	8,207,261
Derivative financial liabilities	180	-	-	-	-	-	180
Other financial liabilities at fair value through profit or loss	-	-	-	-	-	-	-
Financial liabilities at amortised cost - Due to depositors	27,395,351	18,737,313	12,682,970	2,117,604	-	5,256,801	66,190,039
Financial liabilities at amortised cost - Due to other borrowers	-	-	-	-	1,500,000	-	1,500,000
Retirement benefit obligation	-	188,940	-	-	-	-	188,940
Lease liability	-	-	-	-	-	566,231	566,231
Other liabilities	-	-	-	-	-	2,948,460	2,948,460
Total Financial Liabilities	35,099,823	18,994,471	12,763,640	2,143,419	1,522,223	9,077,535	79,601,111
Interest rate sensitivity gap	11,993,955	2,884,196	(4,786,874)	2,764,771	282,566	(2,801,139)	10,337,473
1% increase	119,940	28,842	(47,869)	27,648	2,826	-	131,387
1% decrease	(119,940)	(28,842)	47,869	(27,648)	(2,826)	-	(131,387)

As at 31 December 2024	Up to 3 months	3 to 12 months	1 to 3 Years	3 to 5 Years	More than 5 Years	Non-Sensitive	Total as at 31.12.2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial Assets							
Cash and cash equivalents	-	-	-	-	-	1,715,116	1,715,116
Balances with Central Bank of Sri Lanka	-	-	-	-	-	764,150	764,150
Securities purchased under resale agreements	700,862	-	-	-	-	-	700,862
Derivative financial assets	-	-	-	-	-	-	-
Financial assets measured at fair value through profit or loss	2,324,912	-	-	-	-	-	2,324,912
Financial assets at amortised cost - Loans and advances to other customers	31,124,909	3,361,707	3,945,719	4,978,719	2,494,096	198,488	46,103,638
Financial assets at amortised cost - Debt and other financial instruments	4,337	-	-	150,000	3,112,025	-	3,266,362
Financial assets measured at fair value through other comprehensive income	1,368,039	12,058,520	5,780,484	3,170,116	-	23,809	22,400,969
Other assets	-	-	-	-	-	1,408,080	1,408,080
Total Financial Assets	35,523,059	15,420,227	9,726,203	8,298,835	5,606,121	4,109,644	78,684,089
Financial Liabilities							
Due to banks	3,308,794	65,328	110,243	37,598	4,765	-	3,526,728
Derivative financial liabilities	-	-	-	-	-	-	-
Other financial liabilities at fair value through profit or loss	-	-	-	-	-	-	-
Financial liabilities at amortised cost - Due to depositors	31,031,438	15,392,320	4,122,768	973,580	2,594,606	5,312,176	59,426,888
Financial liabilities at amortised cost - Due to other borrowers	1,516,666	-	-	-	-	-	1,516,666
Retirement benefit obligation	-	151,655	-	-	-	-	151,655
Lease liability	-	-	-	-	-	599,355	599,355
Other liabilities	-	-	-	-	-	2,863,477	2,863,477
Total Financial Liabilities	35,856,898	15,609,303	4,233,011	1,011,178	2,599,371	8,775,008	68,084,769
Interest rate sensitivity gap	(333,839)	(189,075)	5,493,192	7,287,657	3,006,750	(4,665,364)	10,599,320
1% increase	(3,338)	(1,891)	54,932	72,877	30,068	-	152,648
1% decrease	3,338	1,891	(54,932)	(72,877)	(30,068)	-	(152,648)

The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Bank's financial assets and financial liabilities to various standard and non-standard interest rate scenarios. Standard scenarios that are considered include a 100bp parallel fall or rise in all yield curves across the board. The above table contains the Bank's sensitivity to an increase or decrease in market interest rates, assuming no asymmetrical movement in yield curves and a constant financial position.

57.4.2 Exposure to interest rate risk – Sensitivity Analysis contd.

As at 31 December	2025 Rs. '000	2024 Rs. '000
(b) Exposure to interest rate risk		
Savings deposits	10,299,123	10,614,114
Time deposits	52,681,790	44,791,698
Certificate of deposits	56,513	69,525
Total	63,037,427	55,475,337

As at the reporting date, there were no significant foreign currency exposures in the non-trading book, other than following foreign currency exposure as set out in the table below. The below table further contains the Bank's sensitivity to 5% depreciation or appreciation in foreign currencies in the forex market, assuming no asymmetrical movement in other variables and a constant financial position.

57.4.3 Exposure to currency risk

As at 31 December	2025	Sensitivity		2024	Sensitivity	
	Exposure Rs. 000	5% increase Rs. 000	5% decrease Rs. 000	Exposure Rs. 000	5% increase Rs. 000	5% decrease Rs. 000
Foreign exchange position - USD	1,282	64	(64)	470	24	(24)
Foreign exchange position - AUD	9	0	(0)	1	0	(0)
Foreign exchange position - AED	-	-	-	-	-	-
Foreign exchange position - EUR	12	1	(1)	5	0	(0)
Foreign exchange position - THB	-	-	-	-	-	-
Foreign exchange position - SGD	122	6	(6)	167	8	(8)
Foreign exchange position - GBP	10	0	(0)	42	2	(2)
Foreign exchange position - JPY	1,133	57	(57)	631	32	(32)
Foreign exchange position - CAD	0	0	(0)	0	0	(0)
Foreign exchange position - SEK	0	0	(0)	0	0	(0)
Foreign exchange position - DKK	-	-	-	-	-	-
Foreign exchange position - CNY	19	1	(1)	53	3	(3)
Foreign exchange position - MYR	0	0	(0)	1	0	(0)
Foreign exchange position - INR	265	13	(13)	393	20	(20)
Foreign exchange position - SAR	-	-	-	0	0	(0)

57.5 Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems, or external events. This definition includes legal risk but excludes strategic and reputational risk. It encompasses a wide range of potential issues, including fraudulent activities, human error, technology failures, and external events like natural disasters or cyberattacks. Cargills Bank PLC aims to manage and mitigate these risks in a cost-effective manner, aligned with the Bank's overall risk appetite.

Oversight and Direction: The BIRMC, the apex body established by the Board provides the overall direction to the Bank's risk management activities and its risk appetite. The Operational Risk Management Committee (ORMC) oversees and directs operational risk management for the Bank. This committee is supported by the Operational Risk Management Unit (ORMU) within the Integrated Risk Management Department (IRMD).

Tools and Controls: The bank employs a variety of tools and controls to manage operational risk. These include the segregation of duties with defined authority limits, internal and external audits, and strict monitoring facilitated by the technology platform. The Bank also maintains information backup facilities.

Monitoring and Reporting: Risk Management Department continuously monitors Risk and Control Self- Assessment (RCSA) and Key Risk Indicators (KRIs). Trend analysis of operational risk incidents is also conducted and reviewed by the ORMC. Corrective actions are taken when risk tolerance levels are exceeded. The overall Risk governance structure is supported by the Branch and department coordinators.

Review of Human Resources: The risk management department assesses and reviews HR-related aspects and provides suitable, strategic presentations to senior management from an operational risk perspective.

Product and Process Reviews: Regular reviews of products and processes are conducted to identify operational risks and recommend changes. Operational risks associated with new product developments are also evaluated.

Business Continuity and Disaster Recovery: The Department supports Business Continuity Planning and Disaster Recovery (DR) processes. Results of DR drills are reviewed to provide recommendations for future improvements.

Information Security: The ORMU actively participates in Information Security Committee (ISC) meetings, providing analyses, information, and recommendations on information security aspects. This includes contributing to the identification, assessment, and mitigation of information security risks, staying abreast of cybersecurity threats and vulnerabilities, and advising on security best practices and compliance requirements.

57.6 Liquidity Risk and Fund Management

Liquidity risk is the risk that the Bank will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or and other financial asset. Liquidity risks stems from mismatched cash flows related to assets and liabilities as well as the behavioural characteristics of certain products such as savings and current accounts and non-fixed term deposits.

The Bank understands the importance of a vigorous liquidity risk management policy and constantly monitors the liquidity position of the Bank in line with the regulatory guidelines.

57.6.1 Exposure to Liquidity Risk

As per the section 5 of Banking Act Determination No. 01 of 2024 issued by CBSL, all the regulatory requirements relating to Statutory Liquid Assets Ratio by licensed banks are discontinued with effect from 15 June 2024. Therefore, the Bank uses Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) for managing the liquidity risk.

In accordance with the Basel III guidelines and the amendment of Banking Act Determination No. 01 of 2024, the Bank is required to maintain LCR and NSFR not less than 100% at each respectively. Details of the reported ratio of liquidity as at the reporting date are as follows:

	2025	2024
	%	%
Liquidity Coverage Ratio (LCR) (Minimum Requirement - 2025: 100% & 2024: 100%)*		
Rupee	145.45	459.23
All Currency	163.90	313.34
Net Stable Funding Ratio (NSFR) (Minimum Requirement - 2025: 100% & 2024: 100%)**	129.64	136.28

As at 31 December	LCR - Rupee		LCR - All		NSFR	
	2025	2024	2025	2024	2025	2024
	%	%	%	%	%	%
Average for the period	230.80	480.49	191.96	320.66	129.84	129.28
Maximum for the period	468.14	788.28	329.34	520.41	136.93	136.28
Minimum for the period	139.17	261.23	130.63	228.84	125.06	121.09

* *LCR determines the ability of the Bank to withstand adverse shocks (i.e. sudden withdrawal of a significant portion of deposits) by holding high quality liquid assets in a 30 days.*

** *NSFR measures the availability of stable funds against the required funds of the Bank. NSFR, requires banks to maintain stable funding profile by creating additional incentives to fund their activities with more stable sources of funding on an ongoing basis, over a longer time horizon.*

Refer Basel III - Pillar III market Disclosures - Template 04 on pages 446 to 447 for more details.

57.6.2 Analysis of financial assets and liabilities by remaining contractual maturities

The table below summarizes the maturity profile of the discounted cash flows of the Bank's financial assets and liabilities as at 31 December 2025 and 2024.

Rs. 000	Up to 3 Months	3 to 12 Months	1 to 3 Years	3 to 5 Years	More than 5 Years	Total as at 31-Dec-25
Interest earning assets						
Placements with banks	-	-	-	-	-	-
Securities purchased under resale agreements	300,144	-	-	-	-	300,144
Derivative financial assets	1,380	-	-	-	-	1,380
Financial assets measured at fair value through profit or loss	-	-	-	-	-	-
Financial assets at amortised cost - Loans and advances to other customers	24,371,817	9,558,214	14,546,530	7,651,109	6,993,588	63,121,257
Financial assets at amortised cost - Debt and other financial instruments	7,310	2,722,856	1,664,990	136,707	-	4,531,863
Financial assets - measured at fair value through other comprehensive income	4,422,028	10,882,157	488,450	16,633	-	15,809,268
Total interest earning assets	29,102,679	23,163,227	16,699,969	7,804,449	6,993,588	83,763,912
Non-interest earning assets						
Total non-interest earning assets	4,919,387	690,477	392,757	303,233	1,653,585	7,959,439
Total assets	34,022,066	23,853,704	17,092,726	8,107,682	8,647,173	91,723,351
Interest bearing liabilities						
Due to banks	8,010,335	68,218	80,670	25,815	22,223	8,207,261
Derivative financial liabilities	180	-	-	-	-	180
Financial liabilities at amortised cost - Due to depositors	19,834,220	22,011,208	16,184,051	4,785,312	3,375,249	66,190,039
Financial liabilities at amortised cost - Due to other borrowers	-	-	-	-	1,500,000	1,500,000
Total interest bearing liabilities	27,844,735	22,079,426	16,264,721	4,811,127	4,897,472	75,897,480
Non-interest bearing liabilities						
Total non-interest bearing liabilities and equity	2,450,631	382,564	478,600	102,186	12,411,890	15,825,871
Total Liabilities and Equity	30,295,366	22,461,990	16,743,321	4,913,313	17,309,362	91,723,351

57.6.2 Analysis of financial assets and liabilities by remaining contractual maturities contd.

Rs. 000	Up to 3 Months	3 to 12 Months	1 to 3 Years	3 to 5 Years	More than 5 Years	Total as at 31-Dec-24
Interest earning assets						
Placements with banks	-	-	-	-	-	-
Securities purchased under resale agreements	700,862	-	-	-	-	700,862
Derivative financial assets	-	-	-	-	-	-
Financial assets measured at fair value through profit or loss	2,324,912	-	-	-	-	2,324,912
Financial assets at amortised cost - Loans and advances to other customers	17,968,043	7,123,887	10,709,972	5,860,204	4,441,532	46,103,638
Financial assets at amortised cost - Debt and other financial instruments	4,337	-	-	150,000	3,112,025	3,266,362
Financial assets - measured at fair value through other comprehensive income	1,368,040	12,058,520	5,780,484	3,170,116	-	22,377,160
Total interest earning assets	22,366,194	19,182,407	16,490,456	9,180,320	7,553,557	74,772,934
Non-interest earning assets						
Total non-interest earning assets	3,159,944	523,945	108,205	249,800	1,437,574	5,479,468
Total assets	25,526,138	19,706,352	16,598,661	9,430,120	8,991,131	80,252,402
Interest bearing liabilities						
Due to banks	3,308,794	65,328	110,243	37,598	4,765	3,526,728
Derivative financial liabilities	-	-	-	-	-	-
Financial liabilities at amortised cost - Due to depositors	25,677,791	20,759,196	5,582,229	3,712,784	3,694,888	59,426,888
Financial liabilities at amortised cost - Other borrowings	16,666	-	-	-	1,500,000	1,516,666
Total interest bearing liabilities	29,003,251	20,824,524	5,692,472	3,750,382	5,199,653	64,470,282
Non-interest bearing liabilities						
Total Non-interest bearing liabilities and equity	2,130,362	668,968	507,221	80,035	12,393,534	15,782,120
Total Liabilities and Equity	31,133,613	21,493,492	6,199,693	3,832,417	17,593,187	80,252,402

The Bank's policy is to monitor portfolios and adopt appropriate hedging strategies to ensure that liquidity risk is maintained within prudent levels. Liquidity risk is mainly monitored through a stock approach and a flow approach. Under the stock approach liquidity is measured in terms of key ratios showing the liquidity stored on the Balance Sheet. Under the flow approach the Bank monitors contractual and behavioral liquidity mismatches through static and dynamic maturity analyses. Less than 1-year buckets include a sizable proportion of savings balances which may not be withdrawn within a short period of time based on its behavioral pattern.

57.6.3 Undiscounted cash flow of financial assets and financial liabilities

The following table shows the expected undiscounted cash flows for financial assets and financial liabilities at 31 December 2025 and 2024.

Rs. 000	Up to 3 Months	3 to 12 Months	1 to 3 Years	3 to 5 Years	More than 5 Years	Total as at 31-Dec-25
Financial assets						
Cash and cash equivalents	3,436,287	-	-	-	-	3,436,287
Balances with Central Bank of Sri Lanka	352,390	391,068	287,538	85,019	59,967	1,175,982
Securities purchased under resale agreements	350,005	-	-	-	-	350,005
Derivative financial assets	1,380	-	-	-	-	1,380
Financial assets measured at fair value through profit or loss	-	-	-	-	-	-
Financial assets at amortised cost - Loans and advances to other customers	20,889,525	13,418,491	17,755,769	9,292,373	9,060,054	70,416,212
Financial assets at amortised cost - Debt and other financial instruments	155,593	2,973,157	1,928,420	180,000	-	5,237,170
Financial assets -at fair value through other comprehensive income	4,499,983	11,403,348	501,202	14,207	-	16,418,740
Financial liabilities						
Due to banks	4,347,946	70,374	83,400	26,590	-	4,528,310
Derivative financial liabilities	180	-	-	-	-	180
Financial liabilities at amortised cost - Due to depositors	31,510,973	20,198,809	17,020,403	3,039,465	-	71,769,650
Financial liabilities at amortised cost - Due to other borrowers	-	-	-	-	1,500,000	1,500,000
Lease liability	29,054	121,096	262,207	117,863	118,463	648,683

57.6.3 Undiscounted cash flow of financial assets and financial liabilities contd.

Rs. 000	Up to 3 Months	3 to 12 Months	1 to 3 Years	3 to 5 Years	More than 5 Years	Total as at 31-Dec-24
Financial assets						
Cash and cash equivalents	1,715,116	-	-	-	-	1,715,116
Balances with Central Bank of Sri Lanka	331,740	265,977	71,522	47,570	47,341	764,150
Securities purchased under resale agreements	778,006	-	-	-	-	778,006
Derivative financial assets	-	-	-	-	-	-
Financial assets measured at fair value through profit or loss	2,324,912	-	-	-	-	2,324,912
Financial assets at amortised cost - Loans and advances to other customers	16,205,280	10,728,168	15,358,506	9,212,906	4,655,318	56,160,178
Financial assets at amortised cost - Debt and other financial instruments	239,645	539,645	2,070,554	1,563,157	-	4,413,002
Financial assets -at fair value through other comprehensive income	1,058,156	10,017,309	4,988,940	3,336,195	-	19,400,600
Financial liabilities						
Due to banks	1,600,351	56,578	93,903	21,020	-	1,771,852
Derivative financial liabilities	-	-	-	-	-	-
Financial liabilities at amortised cost - Due to depositors	38,370,723	18,505,788	4,187,983	1,672,557	-	62,737,051
Financial liabilities at amortised cost - Due to other borrowers	21,005	-	-	-	1,500,000	1,521,005
Lease liability	39,014	87,897	398,181	97,915	90,819	713,825

57.7 Capital Management

57.7.1 Objective

The Bank is required to manage its capital considering the need to meet the regulatory requirements as well as the current and future business needs, stakeholder expectations and available options for raising capital.

57.7.2 Regulatory Capital

Capital Adequacy Ratio (CAR) is calculated based on the CBSL Directions stemming from Basel III Accord. These guidelines require a bank to maintain Capital Adequacy Ratio (CAR) of not less than 7% with Common Equity Tier I capital (CET I) in relation to total risk-weighted assets and a minimum overall CAR of 12.50% inclusive of Tier I and Tier II in relation to total risk-weighted assets.

Please refer Note 57.7.2.1 Minimum Capital Requirements for additional requirements applicable for the Bank regarding its capital management.

As at 31 December	2025 Rs. '000	2024 Rs. '000
Common Equity Tier1 (CET 1) Capital		
Paid-up ordinary shares/Common stock/Assigned capital	11,894,421	11,894,421
Statutory reserve fund	138,392	111,315
Published retained profits/(accumulated losses)	(65,955)	(575,548)
General and other reserves	141,076	725,418
	12,107,934	12,155,606
Deductions/Adjustments		
Net Deferred Tax Assets	(683,336)	(523,232)
Other intangible assets	(218,214)	(202,059)
Qualifying Additional Tier 1 Capital Instruments	1,500,000	1,500,000
Total Tier 1 Capital	12,706,383	12,930,314
Tier II Capital		
General provisions	502,157	456,652
Deductions/Adjustments		
50% of investments in unconsolidated banking and financial subsidiary companies	-	-
50% investments in the capital of other banks and financial institutions	-	-
Total Tier II Capital	502,157	456,652
Total Capital	13,208,540	13,386,966
Capital adecuacy ratios		
Common Equity Tier 1 Capital Ratio (%)	14.52	19.16
Tier 1 Capital Ratio (%)	16.46	21.68
Total Capital Ratio (%)	17.12	22.44

57.7.2.1 Minimum Capital Requirement

As mandated under Banking Act Direction No. 05 of 2017 on enhancement of minimum capital requirement for banks, all locally incorporated licensed commercial banks are required to maintain a minimum capital of Rs. 20 Bn.

Further, the Bank should maintain Total Tier 1 Capital Ratio 250 basis points above the minimum applicable until it complies with the regulatory minimum capital requirement of Rs. 20 Bn by end 2029.

The Central Bank of Sri Lanka (CBSL) having considered the assurance provided by the Cargills Group (CG) to comply with the directions issued on the above and the initiatives taken by the Bank to raise capital, has granted approval for an extension to the Bank to raise approximately Rs. 2.5 Bn in external capital through market mechanisms, with the objective of reducing the major shareholder, i.e., CG's current stake of 60.71 per cent to 50 per cent by 31.03.2026 including the requirement to:

i. explore options for diversifying the ownership structure of the Bank to reach the holding of CG in the Bank's shares carrying voting rights from 60.71 per cent to 15 per cent by the end of 2029; and
ii. raise external capital through market mechanisms to meet the minimum capital requirement of Rs. 20 Bn by the end of 2029, in accordance with the interim annual targets.

The Board Capital Augmentation Steering Committee, the report of which Committee is available on pages 295 and 296 of this Annual Report, was formed during the year to advise the Board on the Capital Augmentation Plan of the Bank. The mandate of the Committee includes analysing multiple options for raising capital taking into consideration critical factors such as the Bank's performance trajectory, trends in the capital markets, and broader economic development, etc. Based on the recommendations made by the Committee, a Capital Augmentation Plan is approved by the Board.

Pls refer Note 55 on Events after the reporting period for more disclosures on developments took place after the reporting period in this regard.

Basel III - Pillar III Market Disclosures

Disclosures under pillar III as per the Banking Act Direction No. 01 of 2016 mainly include the regulatory capital requirements and liquidity, risk weighted assets, discussion on adequacy to meet current and future capital requirements of banks and linkages between financial statements and regulatory exposures. It is required to disclose the templates specified by the Central Bank of Sri Lanka as per Basel III – Minimum disclosure requirements with effective from 1 July 2017.

TEMPLATE 01

Key Regulatory Ratios - Capital and Liquidity

Item	31-Dec-2025	31-Dec-2024
Regulatory Capital (Rs. '000)		
Common Equity Tier 1	11,206,383	11,430,314
Tier 1 Capital	12,706,383	12,930,314
Total Capital	13,208,540	13,386,966
Regulatory Capital Ratios (%)*		
Common Equity Tier 1 Capital Ratio (Minimum Requirement - 2025: 7 & 2024: 7)	14.52	19.16
Tier 1 Capital Ratio (Minimum Requirement - 2025: 8.5 & 2024: 8.5)	16.46	21.68
Total Capital Ratio (Minimum Requirement - 2025: 12.5 & 2024: 12.5)	17.12	22.44
Leverage Ratio (Minimum Requirement - 2025: 3 & 2024: 3)	12.70	13.00
Regulatory Liquidity		
Statutory Liquid Assets (Rs. '000)**	N/A	N/A
Total Stock of High Quality Liquid Assets	17,025,869	26,310,841
Liquidity Coverage Ratio (%) - Rupee (Minimum Requirement - 2025: 100 & 2024: 100)	145.45	459.23
Liquidity Coverage Ratio (%) - All Currency (Minimum Requirement - 2025: 100 & 2024: 100)	163.90	313.34
Net Stable Funding Ratio (Minimum Requirement - 2025: 100 & 2024: 100)	129.64	136.28

* *The Bank should maintain a Total Tier 1 Capital Ratio 250 basis points above the minimum applicable until it complies with a regulatory minimum capital requirement of LKR 20 Bn. It has been granted until the end of 2029 to comply with this requirement with time-based targets. Refer capital management disclosures in Note 57.7 to the Financial Statement for more details.*

** *As per the section 5 of Banking Act Determination No. 01 of 2024 issued by CBSL, all the regulatory requirements relating to Statutory Liquid Assets Ratio by licensed banks are discontinued with effect from 15 June 2024.*

TEMPLATE 02

Basel III Computation of Capital Ratios

Item	31-Dec-2025 Rs. '000	31-Dec-2024 Rs. '000
Common Equity Tier 1 (CET1) Capital after Adjustment	11,206,383	11,430,314
Common Equity Tier 1 (CET1) Capital	12,107,934	12,155,605
Equity Capital (Stated Capital)/Assigned Capital	11,894,421	11,894,421
Reserve Fund	138,392	111,315
Published Retained Earnings/(Accumulated Retained Losses)	(65,955)	(575,548)
Published Accumulated Other Comprehensive Income (OCI)	141,076	725,418
General and other Disclosed Reserves	-	-
Unpublished Current Year's Profit/Loss and Gains reflected in OCI	-	-
Ordinary Shares issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties	-	-
Total Adjustments to CET1 Capital	901,550	725,291
Goodwill (net)	-	-
Intangible Assets (net)	218,214	202,059
Others (specify) – Deferred tax asset	683,337	523,232
Additional Tier 1 (AT1) Capital after Adjustments	1,500,000	1,500,000
Additional Tier 1 (AT1) Capital	1,500,000	1,500,000
Qualifying Additional Tier 1 Capital Instruments	1,500,000	1,500,000
Instruments issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties	-	-
Total Adjustments to AT1 Capital	-	-
Investment in Own Shares	-	-
Others (specify)	-	-
Tier 2 Capital after Adjustments	502,157	456,652
Tier 2 Capital	502,157	456,652
Qualifying Tier 2 Capital Instruments	-	-
Revaluation Gains	-	-
Loan Loss Provisions	502,157	456,652
Instruments issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties	-	-
Total Adjustments to Tier 2	-	-
Investment in Own Shares	-	-
Others (specify)	-	-
CET1 Capital	12,107,934	12,155,605
Total Tier 1 Capital	12,706,383	12,930,315
Total Capital	13,208,540	13,386,967

	31-Dec-2025 Rs. '000	31-Dec-2024 Rs. '000
Total Risk Weighted Assets (RWA)		
RWAs for Credit Risk	70,931,950	53,784,232
RWAs for Market Risk	13,871	440
RWAs for Operational Risk	6,227,587	5,858,807
CET1 Capital Ratio (Including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	14.52	19.16
Of which: Capital Conservation Buffer (%)	2.50	2.50
Of which: Countercyclical Buffer (%)	-	-
Of which: Capital Surcharge on D-SIBs (%)	-	-
Total Tier 1 Capital Ratio	16.46	21.68
Total Capital Ratio (Including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	17.12	22.44
Of which: Capital Conservation Buffer (%)	2.50	2.50
Of which: Countercyclical Buffer (%)	-	-
Of which: Capital Surcharge on D-SIBs (%)	-	-

TEMPLATE 03

Computation of Leverage Ratio

Item	31-Dec-2025 Rs. '000	31-Dec-2024 Rs. '000
Tier 1 Capital	12,706,383	11,430,314
Total Exposures	100,082,118	87,912,467
On-Balance Sheet Items (Excluding Derivatives and Securities Financing Transactions, but including Collateral)	90,520,277	79,527,109
Derivative Exposure	-	-
Securities Financing Transaction Exposure	300,144	-
Other Off-Balance Sheet Exposure	9,261,698	8,385,358
Basel III Leverage Ratio (%) (Tier 1/ Total Exposure)	12.70	13.00

TEMPLATE 04

4.1 Basel III Computation of Liquidity Coverage Ratio (Rupee)

Item	31-Dec-2025 Rs. '000		31-Dec-2024 Rs. '000	
	Total Un-weighted Value	Total Weighted Value	Total Un-weighted Value	Total Weighted Value
Total Stock of High Quality Liquid Assets (HQLA)	16,994,186	16,994,186	26,285,715	26,285,715
Total Adjusted Level 1 Assets	17,299,474	17,299,474	26,275,860	26,275,860
Level 1 Assets	16,994,186	16,994,186	26,285,715	26,285,715
Total Adjusted Level 2A Assets	-	-	-	-
Level 2 Assets	-	-	-	-
Total Adjusted Level 2B Assets	-	-	-	-
Level 2B Assets	-	-	-	-
Total Cash Outflows	78,460,310	16,997,876	69,546,942	13,671,955
Deposits	40,010,913	4,001,091	39,266,400	3,926,640
Unsecured Wholesale Funding	19,477,175	12,341,299	14,498,985	9,359,229
Secured Funding Transactions	-	-	-	-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	18,972,221	655,486	15,781,557	386,086
Additional Requirements	-	-	-	-
Total Cash Inflows	10,566,902	5,314,378	12,202,593	7,948,049
Maturing Secured Lending Transactions Backed by Collateral	300,503	-	-	-
Committed Facilities	-	-	-	-
Other Inflows by Counterparty which are Maturing within 30 Days	10,266,399	5,314,378	12,202,593	7,948,049
Operational Deposits	-	-	-	-
Other Cash Inflows	-	-	-	-
Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/Total Net Cash Outflows over the Next 30 Calendar Days) * 100	-	145.45	-	459.23

4.2 Basel III Computation of Liquidity Coverage Ratio (All Currency)

Item	31-Dec-2025 Rs. '000		31-Dec-2024 Rs. '000	
	Total Un-weighted Value	Total Weighted Value	Total Un-weighted Value	Total Weighted Value
Total Stock of High Quality Liquid Assets (HQLA)	17,025,869	17,025,869	26,310,841	26,310,841
Total Adjusted Level 1 Assets	17,331,158	17,331,158	26,300,986	26,300,986
Level 1 Assets	17,025,869	17,025,869	26,310,841	26,310,841
Total Adjusted Level 2A Assets	-	-	-	-
Level 2 Assets	-	-	-	-
Total Adjusted Level 2B Assets	-	-	-	-
Level 2B Assets	-	-	-	-
Total Cash Outflows	84,824,171	19,133,766	78,369,270	16,579,289
Deposits	42,223,312	4,222,331	41,022,249	4,102,225
Unsecured Wholesale Funding	21,860,007	14,183,560	18,324,868	11,946,210
Secured Funding Transactions	-	-	-	-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	20,740,852	727,874	19,022,153	530,854
Additional Requirements	-	-	-	-
Total Cash Inflows	17,393,638	8,745,717	13,383,201	8,182,264
Maturing Secured Lending Transactions Backed by Collateral	300,503.42	-	-	-
Committed Facilities	-	-	-	-
Other Inflows by Counterparty which are Maturing within 30 Days	14,731,803	8,745,717	12,628,748	8,182,264
Operational Deposits	2,361,332	-	754,453	-
Other Cash Inflows	-	-	-	-
Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/Total Net Cash Outflows over the Next 30 Calendar Days) * 100		163.90		313.34

4.3 Net Stable Funding Ratio (NSFR)

Item	31-Dec-2025 Rs. '000	31-Dec-2024 Rs. '000
Total available stable funding (ASF)	60,717,407	52,614,906
Total required stable funding (RSF)	46,834,732	38,607,969
Required stable funding – On balance sheet assets	46,436,965	38,237,786
Required stable funding – Off balance sheet items	397,767	370,183
NSFR (Minimum Requirement – 2025: 100 & 2024: 100)	129.64	136.28

TEMPALTE 05

Main Features of Regulatory Capital Instruments

Description of the Capital Instrument	BASEL III Additional Tier 1 Compliant Unlisted Unsecured Subordinated Perpetual Convertible Debentures
Issuer	Cargills Bank PLC
Governing Law(s) of the Instrument	Companies Act No. 07 of 2007, Banking Act No. 30 of 1988 and other applicable laws and regulations
Original Date of Issuance	15 December 2021
Par Value of Instrument	LKR 100/-
Perpetual or Dated	Perpetual
Original Maturity Date, if Applicable	N/A
Amount Recognised in Regulatory Capital (in Rs. '000 as at the Reporting Date)	1,500,000
Accounting Classification (Equity/Liability)	Liability
Issuer Call subject to Prior Supervisory Approval	
Optional Call Date, Contingent Call Dates and Redemption Amount (Rs. '000)	*
Subsequent Call Dates, if Applicable	1 May to 31 May of each year from 2028 to 2031
Coupons/Dividends	
Fixed or Floating Dividend/Coupon	Floating
Coupon Rate and any Related Index	Weighted average twelve-month Net Treasury Bill rate + 2.00% p.a with the floor rate of 9.5% p.a.
Non-Cumulative or Cumulative	Cumulative
Convertible or Non-Convertible	Convertible
If Convertible, Conversion Trigger (s)	*
If Convertible, Fully or Partially	*
If Convertible, Mandatory or Optional	*
If Convertible, Conversion Rate	*

* *The debenture may be convertible by the debenture holder (subject to satisfaction of regulatory requirements), at any time during the conversion periods after a minimum of 05 years from the date of issue or a non viability conversion arising from an occurrence of a trigger event at a par value of LKR 100 per debenture.*

TEMPLATE 06

Summary Discussion on Adequacy/Meeting Current and Future Capital Requirements

The Bank has set up an internal threshold on minimum CARs and ensures that appropriate measures are employed to maintain the CARs above the said threshold when preparing the budget. The Bank has a well established monitoring mechanism to periodically ensure the level of achievement against the predetermined targets and corrective action is taken for any deviations.

Methods of improving the CARs are being evaluated on an ongoing basis and in extreme situations, the Bank will deliberate on strategically curtailing the expansion of risk weighted assets. Prior to taking such decisions, the Bank will assess the impact on the internally developed thresholds of minimum CARs resulting from the short-term asset expansion plans. The Bank takes every endeavour to ensure maintaining the internal CAR thresholds.

Further, in December 2021, The Bank issued Fifteen Million (15,000,000) Basel III Additional Tier 1 Compliant Unlisted Unsecured Subordinated Perpetual Convertible Debentures with a conversion option to raise Rs. 1.5 Bn to meet the regulatory minimum capital requirement.

TEMPLATE 07

Credit Risk under Standardised Approach

Credit Risk Exposures and Credit Risk Mitigation (CRM) Effects

Asset Class	Amount as at 31 December 2025 (Rs. '000)					
	Exposure before Credit Conversion Factor (CCF) and CRM		Exposures post CCF and CRM		RWA & RWA Density (%)	
	On-Balance Sheet Amount	Off-Balance Sheet Amount	On-Balance Sheet Amount	Off-Balance Sheet Amount	RWA	RWA Density
Claims on Central Government and CBSL	21,365,818	-	21,365,818	-	-	0.00%
Claims on Foreign Sovereigns and Their Central Banks	-	-	-	-	-	-
Claims on Public Sector Entities	-	-	-	-	-	-
Claims on Official Entities and Multilateral Development Banks	-	-	-	-	-	-
Claims on Banks Exposures	2,413,207	-	2,413,207	24,185	579,597	23.78%
Claims on Financial Institutions	5,387,649	-	5,387,649	-	5,003,783	92.88%
Claims on Corporates	31,609,375	16,314,952	31,609,375	6,693,966	38,227,388	99.80%
Retail Claims	15,694,470	5,800,574	15,694,470	1,903,662	15,275,897	86.80%
Claims Secured by Residential Property	1,908,308	-	1,969,831	55,507	1,963,815	96.96%
Claims Secured by Commercial Real Estate	-	-	-	-	-	-
Non-Performing Assets (NPAs)	5,117,626	-	5,056,103	584,378	7,462,610	132.30%
High-risk Categories	-	-	-	-	-	-
Cash Items and Other Assets	3,441,634	-	3,441,634	-	2,418,553	70.27%
Total	86,938,087	22,115,526	86,938,087	9,261,698	70,931,950	73.73%

TEMPLATE 08

Credit Risk under Standardised Approach: Exposures by Asset Classes and Risk Weights

Asset Classes \ Risk Weight	Amount as at 31 December 2025 (Post CCF and CRM) (Rs. '000)							
	0%	20%	50%	75%	100%	150%	>150%	Total Credit Exposure Amount
Claims on Central Government and CBSL	21,365,818	-	-	-	-	-	-	21,365,818
Claims on Foreign Sovereigns and Their Central Banks	-	-	-	-	-	-	-	-
Claims on Public Sector Entities	-	-	-	-	-	-	-	-
Claims on Official Entities and Multilateral Development Banks	-	-	-	-	-	-	-	-
Claims on Banks Exposures	-	2,366,531	-	-	-	70,861	-	2,437,392
Claims on Financial Institutions	-	-	767,731	-	4,619,918	-	-	5,387,649
Claims on Corporates	-	-	151,295	-	38,152,046	-	-	38,303,341
Retail Claims	276,809	67,183	-	7,912,792	9,341,168	-	-	17,598,131
Claims Secured by Residential Property	-	-	-	-	1,963,815	-	-	1,963,815
Claims Secured by Commercial Real Estate	-	-	-	-	-	-	-	-
Non-Performing Assets (NPAs)	-	-	49,308	-	2,082,175	3,570,520	-	5,702,004
High-risk Categories	-	-	-	-	-	-	-	-
Cash Items and Other Assets	1,023,081	-	-	-	2,418,553	-	-	3,441,634
Total	22,665,708	2,433,714	968,334	7,912,792	58,577,676	3,641,381	-	96,199,785

TEMPLATE 09

Market Risk under Standardised Measurement Method

Item	RWA Amount Rs. '000 As at 31 December 2025
(a) RWA for Interest Rate Risk	13,871
General Interest Rate Risk	
i. Net Long or Short Position	
ii. Horizontal Disallowance	-
iii. Vertical Disallowance	-
iv. Options	-
Specific Interest Rate Risk	-
(b) RWA for Equity	-
i. General Equity Risk	-
ii. Specific Equity Risk	-
(c) RWA for Foreign Exchange & Gold	1,734
Capital Charge for Market Risk [(a) + (b) + (c)] * CAR	1,734

TEMPLATE 10

Operational Risk under Basic Indicator Approach/ The Standardised Approach/ The Alternative Standardised Approach

Business Lines	Capital Charge	Fixed Factor	Gross Income as at 31 December 2025 (Rs. '000)		
			1st Year	2nd Year	3rd Year
Basic Indicator Approach	15%		5,202,636	5,491,237	4,875,094
The Standardised Approach	-		-	-	
Corporate Finance	18%		-	-	-
Trading and Sales	18%		-	-	-
Payment and Settlement	18%		-	-	-
Agency Services	15%		-	-	-
Asset Management	12%		-	-	-
Retail Brokerage	12%		-	-	-
Retail Banking	12%		-	-	-
Commercial Banking	15%		-	-	-
The Alternative Standardised Approach	-		-	-	
Corporate Finance	18%		-	-	-
Trading and Sales	18%		-	-	-
Payment and Settlement	18%		-	-	-
Agency Services	15%		-	-	-
Asset Management	12%		-	-	-
Retail Brokerage	12%		-	-	-
Retail Banking	12%		0.035	-	-
Commercial Banking	15%		0.035	-	-
Capital Charge for Operational Risk (Rs. '000)					
The Basic Indicator Approach	778,448				
The Standardised Approach	-				
The Alternative Standardised Approach	-				
Risk Weighted Amount for Operational Risk (Rs. '000)					
The Basic Indicator Approach	6,227,587				
The Standardised Approach	-				
The Alternative Standardised Approach	-				

TEMPLATE 11

Differences between Accounting and Regulatory Scopes and Mapping of Financial Statement Categories with Regulatory Risk Categories - Bank Only

Item	Amount as at 31 December 2025 (Rs. '000)				
	a	b	c	d	e
	Carrying Values as Reported in Published Financial Statements	Carrying Values under Scope of Regulatory Reporting	Subject to Credit Risk Framework	Subject to Market Risk Framework	Capital Requirements or Subject to Deduction from Capital
Assets					
Cash and Cash Equivalents	3,433,590	3,433,590	3,433,590		
Balances with Central Banks	1,175,982	1,175,982	1,175,982		
Placements with Banks	-	-	-		
Derivative Financial Instruments	1,380	1,380		1,380	
Financial Assets Designated at Fair Value through Profit or Loss	0	0	0		
Loans and Receivables to Banks	-	-			
Loans and Receivables to Other Customers	63,121,256	63,121,256	63,121,256		11,807,140
Financial Investments - Available-For-Sale	15,836,333	15,836,333	15,836,333	15,836,333	
Financial Investments - Held-To-Maturity	4,534,420	4,534,420	4,534,420		
Investments in Subsidiaries	-	-			
Investments in Associates and Joint Ventures	-	-			
Property, Plant and Equipment	883,217	883,217	883,217		
Investment Properties	-	-			
Goodwill and Intangible Assets	218,214	218,214			218,214
Deferred Tax Assets	683,337	683,337			683,337
Other Assets	1,535,478	1,535,337	1,535,337		
Liabilities					
Due to Banks	4,196,366	4,236,380			
Derivative Financial Instruments	180	180			
Other Financial Liabilities Held-For-Trading	-	-			

Basel III - Pillar III Market Disclosures

Item	Amount as at 31 December 2025 (Rs. '000)				
	a	b	c	d	e
	Carrying Values as Reported in Published Financial Statements	Carrying Values under Scope of Regulatory Reporting	Subject to Credit Risk Framework	Subject to Market Risk Framework	Capital Requirements or Subject to Deduction from Capital
Financial Liabilities Designated at Fair Value Through Profit or Loss	-	-			
Due to Other Customers	66,230,052	66,190,037			
Other Borrowings	5,470,881	5,470,881			
Debt Securities Issued	-	-			
Current Tax Liabilities	-	-			
Deferred Tax Liabilities	-	-			
Other Provisions	-	-			
Other Liabilities	3,703,627	3,703,627			
Due to Subsidiaries	-	-			
Subordinated Term Debts	-	-			
Off-Balance Sheet Liabilities					
Guarantees	7,508,733	7,508,733	7,508,733		
Performance Bonds	-	-			
Letters of Credit	1,670,546	1,670,546	1,670,546		
Other Contingent Items	1,281,323	1,281,323	1,281,323		
Undrawn Loan Commitments	11,482,765	11,482,765	11,482,765		
Other Commitments	172,159	172,159			
Shareholders' Equity					
Equity Capital (Stated Capital)/ Assigned Capital)	11,894,421	11,894,421			
of which Amount Eligible for CET1	11,894,421	11,894,421			
of which Amount Eligible for AT1	-	-			
Retained Earnings	(65,955)	(65,955)			
Accumulated Other Comprehensive Income	155,388	155,388			
Other Reserves	138,392	138,392			
Total Shareholders' Equity	12,122,246	12,122,246			

* *The difference is due to the BASEL III Additional Tier 1 Compliant Unlisted Unsecured Subordinated Perpetual Convertible Debentures issued in December 2021 (Refer Template 05)*

Investor Relation

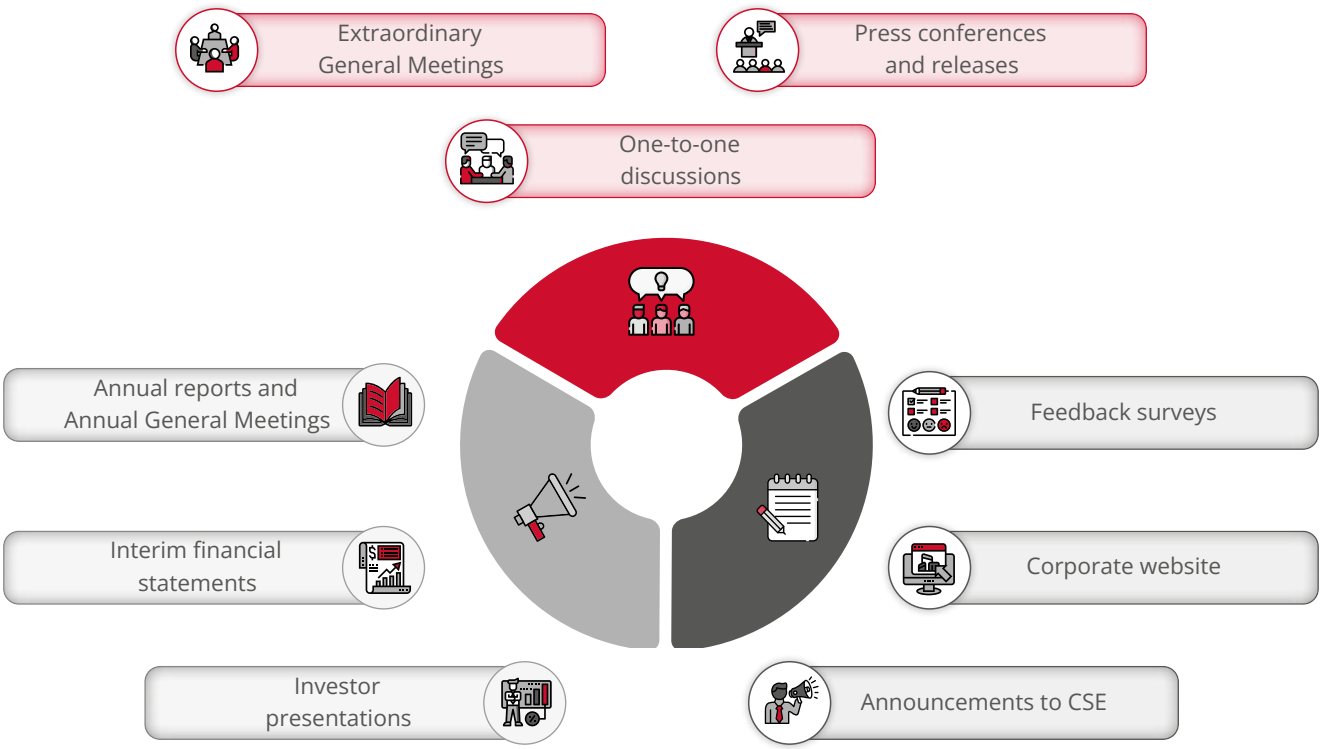
Investor Relations

Welcome to our 2025 Annual Report. Over the past year, we demonstrated the strength and resilience of our business model and the unwavering commitment of our global teams. Despite operating in an evolving and often challenging economic environment, we remained firmly focused on delivering sustainable value to our shareholders.
Through disciplined capital allocation, operational excellence, and strategic execution, we not only achieved our short-term financial objectives but also reinforced the foundation necessary to pursue our long-term growth ambitions. We extend our sincere appreciation for your continued trust and partnership as we navigate the opportunities ahead.

Modes of Engagement with Stakeholders

We believe that effective communication with shareholders is more than a regulatory obligation it is a meaningful, two-way exchange of insights and expectations. In 2025, Cargills Bank enhanced its engagement efforts to ensure that our stakeholders could connect with us through a broader range of channels.

Our objective is to simplify the complexities of market dynamics and provide transparent, jargon-free updates on our financial performance and strategic priorities. As the pace of the market accelerates, we remain committed to evolving our communication tools and practices to keep our investors well-informed, confident, and connected.



Investor Relation

Acting for Regulatory Compliance and Governance

The Bank remains firmly committed to upholding the highest standards of corporate governance, guided by the principles of fairness, transparency, accountability, and responsibility. Our governance framework ensures a clear separation of duties, robust internal controls, and strong independent oversight of management's performance.

Throughout 2025, we further strengthened our reporting and disclosure practices to ensure full alignment with regulatory requirements and evolving industry best practices. These enhancements ensure that our investors receive an accurate, comprehensive, and timely view of our financial position, risk profile, and regulatory compliance.

We believe that strong governance is not merely a statutory obligation it is a strategic advantage that promotes organisational integrity, enhances stakeholder confidence, and ultimately drives long-term shareholder value.

Future Outlook for Investors

The Bank is poised for a transformative phase of growth. Central to our strategy is the continued expansion of our distinctive Supermarket Banking model, which enables us to promote financial inclusion across Sri Lanka. By integrating our banking services over 500 Cargills Food City outlets, we aim to expand our presence in rural and semi-urban communities that remain underserved by traditional banking institutions.

In the upcoming financial year, the proceeds from our recent Rs. 2.5 Bn. Rights Issue will be strategically deployed to expand our lending portfolio particularly within the SME and Agri-business sectors, which form the backbone of the national economy. At the same time, we will pursue initiatives to enhance operational efficiency, optimise our digital processes, and reduce the cost of service delivery.

Supported by disciplined risk management practices and a strengthened capital position, we are confident in our ability to generate sustainable, superior value for our shareholders as we navigate the changing macro-economic landscape. In addition, we remain committed to aligning our business with both local and global sustainability standards, ensuring that our growth contributes positively to society and the environment.

1. 21 LARGEST REGISTERED SHAREHOLDERS OF THE BANK AS AT 31 DECEMBER

Ordinary Shareholders Share Information - Voting

No.		2025		No.		2024	
	Full Name	No of Shares	%		Full Name	No of Shares	%
1	Cargills (Ceylon) PLC*	350,696,905	37.09	1	Cargills (Ceylon) PLC*	350,696,905	37.09
2	CT Holdings PLC*	223,345,953	23.62	2	CT Holdings PLC*	223,345,953	23.62
3	Sampath Bank PLC/Yaden Capital (Private) Limited	50,501,473	5.34	3	Employee's Provident Fund	44,000,000	4.65
4	MJF Charitable Foundation	28,000,000	2.96	4	Mulitex Investment Limited	30,800,000	3.26
5	Mulitex Investments Limited	19,800,000	2.09	5	MJF Foundation Investments (Pvt) Ltd	28,000,000	2.96
6	Aindri Holdings Pte Ltd	11,000,000	1.16	6	Softlogic Life Insurance PLC Account Number 03/Life Shareholders Fund	26,600,000	2.81
6	A I A Holdings Lanka (Pvt) Ltd	11,000,000	1.16	7	MAS Amaliya (Private) Limited	22,000,000	2.33
8	Capstone Real Estate (Private) Limited	9,999,046	1.06	8	People's Leasing and Finance PLC/ Suhada Gas Distributors (Pvt) Ltd	20,000,000	2.11
9	Seylan Bank PLC./Sarath Kumara Wijekoon	8,296,202	0.88	9	Rosewood (Pvt) Ltd - Account No.1	13,477,900	1.43
10	GF Capital Global Limited	7,210,900	0.76	10	Assetline Finance Limited/Suhada Gas Distributors (Pvt) Ltd	11,094,766	1.17
11	Mr. Dilhan Crishantha Fernando	6,260,000	0.66	11	Aindri Holdings Pte Ltd	11,000,000	1.16
12	Global Stanford Campus (Pvt) Ltd	5,015,000	0.53	11	A I A Holdings Lanka (Pvt) Ltd	11,000,000	1.16
13	Mr. Gardiya Lokuge Harris Premaratne	5,000,000	0.53	13	Distilleries Company of Sri Lanka PLC	9,593,555	1.01
14	Mr. Ishara Chinthaka Nanayakkara	4,400,000	0.47	14	Mr. Gardiya Lokuge Harris Premaratne	9,089,000	0.96
14	Lalan Rubber Holdings (Pvt) Ltd	4,400,000	0.47	15	Mr. Malik Joseph Fernando	7,540,000	0.80
14	Mr. Periyasamipillai Barathamanickam	4,400,000	0.47	16	GF Capital Global Limited	7,210,900	0.76
14	Mr. Periyasamipillai Muruganandhan	4,400,000	0.47	17	Mr. Dilhan Crishantha Fernando	6,260,000	0.66
14	Mr. Periyasamipillai Anandarajah	4,400,000	0.47	18	Melstacorp PLC	5,854,200	0.62
14	Mr. Periyasamipillai Devaraj	4,400,000	0.47	19	Sri Lanka Insurance Corporation Ltd-Life Fund	5,086,470	0.54
14	Mr. Periyasamipillai Barathakumar	4,400,000	0.47	20	Sri Lanka Insurance Corporation Ltd-General Fund	5,065,870	0.54
21	Mr. Herbert Beruwalage	4,370,281	0.46				
	Sub Total	771,295,760	81.56		Sub Total	847,715,519	89.64
	Other Shareholders	174,347,098	18.44		Other Shareholders	97,927,339	10.36
	Total	945,642,858	100.00		Total	945,642,858	100.00

* *No voting rights will be exercised by Cargills (Ceylon) PLC and CT Holdings PLC on any shares held in excess of 30% of the issued capital of the Bank carrying voting rights.*

2. PERCENTAGE OF THE SHARES HELD BY THE PUBLIC

	As at 31 December-25	As at 31 December-24
Float adjusted market capitalization (total market capital-share not available for trading)* share price	3,553,196,300.00	3,146,059,224.28
Public holding percentage (%)	39.14	39.14
Number of public shareholders	6,742	2,664
Option the Listed Entity complies with the Minimum Public Holding requirement	Option 4	Option 4

* *The ordinary shares were listed on the Main Board of the Colombo Stock Exchange on 09 January 2024.*

3. NUMBER OF SHARES REPRESENTING THE ENTITY'S STATED CAPITAL AS AT 31 DECEMBER 2025

Year	Details	No. of Shares	Stated capital Rs
2011	Share issue	2	20
2013	Share issue	439,999,998	4,968,849,980
2015	Rights issue	43,000,000	623,500,000
2016	Rights issue	400,142,858	5,802,071,441
2023	Initial Public Offering	62,500,000	500,000,000
2024	-	-	-
2025	-	-	-
Total		945,642,858	11,894,421,441

4. ANALYSIS OF ORDINARY SHAREHOLDERS AS AT 31 DECEMBER

4.1 Distribution of shareholding

Share Holding Range	As at 31st December 2025				As at 31st December 2024			
	No of shareholders	%	No of Shares	%	No of shareholders	%	No of Shares	%
1-1,000	3,031	44.86	1,088,891	0.11	1215	45.37	431,945	0.04
1,001-10,000	2,282	33.78	10,201,911	1.08	803	29.99	3,804,673	0.40
10,001-100,000	1,187	17.57	39,403,151	4.17	568	21.21	17,194,980	1.82
100,001-1,000,000	200	2.96	53,385,392	5.65	49	1.83	14,164,660	1.50
Over 1,000,000	56	0.83	841,563,513	88.99	43	1.60	910,046,600	96.24
Total	6,756	100.00	945,642,858	100.00	2,678	100.00	945,642,858	100.00

4.2 Resident/Non - resident shareholding

Share Holding Range	As at 31st December 2025				As at 31st December 2024			
	No of shareholders	%	No of Shares	%	No of shareholders	%	No of Shares	%
Resident	6,733	99.66	901,457,488	95.33	2,663	99.44	889,520,119	94.06
Non -Resident	23	0.34	44,185,370	4.67	15	0.56	56,122,739	5.94
Total	6,756	100.00	945,642,858	100.00	2,678	100.00	945,642,858	100.00

4.3 Individual/Institutional shareholding

	As at 31st December 2025				As at 31st December 2024			
Share Holding Range	No of shareholders	%	No of Shares	%	No of shareholders	%	No of Shares	%
Individuals	6,559	97.08	168,615,441	17.83	2,604	97.24	103,296,229	10.92
Institutions	197	2.92	777,027,417	82.17	74	2.76	842,346,629	89.08
	6,756	100	945,642,858	100.00	2,678	100	945,642,858	100.00

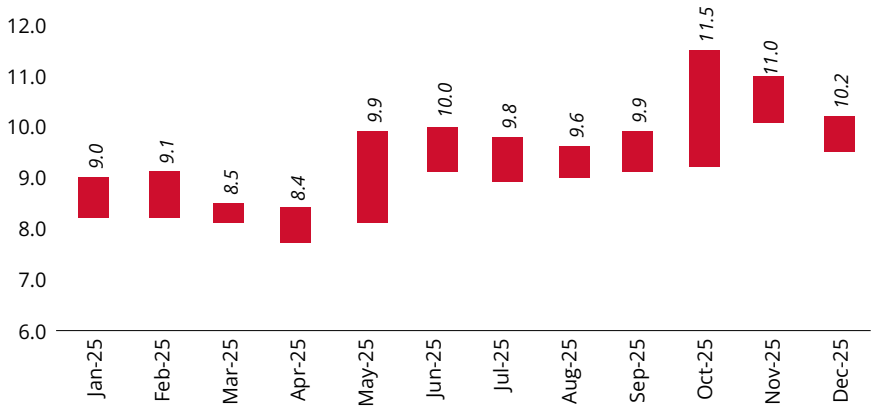
5. SHARE PRICE INFORMATION

	As at 31st December 2025	As at 31st December 2024
Highest price (Rs.)	11.5	8.80
Lowest price (Rs.)	7.7	7.10
Last Traded Price (Rs.)	9.6	8.50

5.1 Share Price Movement Over the Year

Share Price Movement												
Month	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25
Highest price (Rs.)	9.0	9.1	8.5	8.4	9.9	10.0	9.8	9.6	9.9	11.5	11.0	10.2
Lowest price (Rs.)	8.2	8.2	8.1	7.7	8.1	9.1	8.9	9.0	9.1	9.2	10.1	9.5
Price as at month end (Rs.)	8.6	8.4	8.2	8.1	9.2	9.7	9.3	9.3	9.5	10.5	10.3	9.6

Monthly Share price movement during the year 2025 (Rs.)

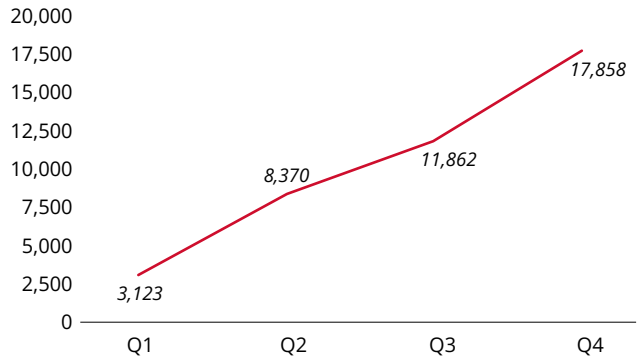


5.2 Share Trading Details

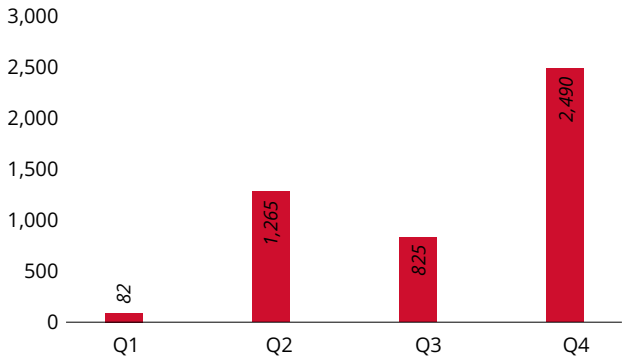
Summary Table

Share Trading Details	2025					
Year/Quarter	2025	Q4	Q3	Q2	Q1	2024
Number of trades (CB)	41,213	17,858	11,862	8,370	3,123	12,496
Percentage of total market trades (%)	0.443%	0.801%	0.277%	0.615%	0.221%	0.355%
Number of shares traded (CB)	479,231,531	244,337,732	87,745,309	137,560,357	9,588,133	92,136,586
Percentage of total shares traded in the market (%)	0.84%	2.01%	0.33%	1.49%	0.10%	0.40%
Turnover - CB (Rs. Mn)	4,662	2,490	825	1,265	82	738,432
Average daily turnover (Rs. Mn)	20	41	13	22	1	3,129
Percentage of total market turnover (%)	0.30%	0.76%	0.11%	0.56%	0.03%	0.14%

Number of shares traded 2025 (CB)



Turnover - CB 2025 (LKR Mn)



6. KEY SHAREHOLDER RETURN INDICATORS

Year	2025	2024	2023	2022	2021	2020	2019
Net asset value per share (Rs.)	12.82	12.87	12.63	11.01	10.56	11.02	11.81
Market value per share (Rs.)	9.60	8.60	-	-	-	-	-
Return on equity %	4.51	5.42	4.12	5.28	(2.99)	(7.14)	5.96
Return on assets (before income tax) %	1.15	1.47	1.1	0.36	(0.74)	(2.03)	(2.41)
Net interest margin %	4.38	4.86	5.61	5.99	3.97	3.88	5.55
Credit Rating of the Bank (Fitch)	A (lka)	A (lka)	A (lka)	A (lka)	AA-(lka)	AA- (lka)	-

7. DEBT SECURITIES

7.1 Details of the debenture issued by the Bank are given in the Note 39.2.1 to the financial statements.

7.2 Key indicators of liquidity position of the Bank

	2025	2024
Debt to Equity (Times)	6.11	5.05
Interest Cover (Times)	1.20	1.22
Net Stable Funding Ratio (NSFR)	129.64	136.28
Liquidity Coverage Ratio (%) - Rupee (Minimum Requirement - (2025 - 100%, 2024 - 100%)	145.45	459.23
Liquidity Coverage Ratio (%) - All Currency (Minimum Requirement - (2025 - 100%, 2024 - 100%)	163.90	313.34

8. TEN YEAR SUMMARY

8.1 Statement of Profit or Loss

As at 31 December (Rs. '000) Operational result	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Gross income	1,701,713	3,611,813	4,300,243	4,959,253	4,774,212	4,994,170	9,488,610	12,907,417	11,322,766	10,902,906
Interest income	1,540,488	2,850,581	3,903,955	4,390,508	4,117,856	4,099,607	8,002,096	10,929,050	8,931,702	8,841,257
Interest expenses	(586,998)	(1,369,924)	(1,874,648)	(2,346,857)	(2,553,081)	(2,259,926)	(4,797,845)	(7,547,659)	(5,342,922)	(5,108,769)
Net fees and commission income	79,223	113,633	158,058	223,926	248,713	492,081	862,368	798,768	894,272	952,646
Other opertating income	58,042	602,036	170,616	184,737	199,450	126,745	214,068	694,935	1,008,185	517,505
Total operating income	1,090,755	2,196,326	2,357,981	2,452,314	2,012,938	2,458,507	4,280,687	4,875,094	5,491,237	5,202,639
Operating expenses, impairement and tax on Financial Service	1,147,025	1,575,189	2,196,537	3,339,728	2,899,474	2,827,162	4,074,250	4,145,218	4,341,545	4,169,259
Profit/(Loss) before tax	(56,270)	621,137	161,444	(887,414)	(886,536)	(368,655)	206,437	729,876	1,149,692	1,033,380
Income tax expenses	(68,337)	108,278	38,639	(220,814)	(142,589)	(91,528)	(281,327)	(289,856)	(498,894)	(491,834)
Profit for the year	12,067	512,859	122,805	(666,600)	(743,947)	(277,127)	487,764	440,020	650,798	541,546
Net Interest Margin %	6.47	5.53	5.88	5.55	3.88	3.97	5.99	5.61	4.86	4.38
Cost to income ratio (%)	-	-	-	89.40	104.20	82.80	55.40	59.30	58.23	70.68
Regulatory Ratios										
Tier 1 Capital Adequacy Ratio	51.93	34.39	32.27	26.37	20.72	22.75	22.32	22.63	21.68	16.46
Tier 1 & 2 Capital Adequacy Ratio	50.81	34.76	32.62	26.87	21.28	23.47	22.85	23.15	22.44	17.12
Liquid Assest Ratio	55.98	43.99	23.34	32.65	33.63	26.30	26.70	39.82	N/A	N/A
Share information										
Basic earnings / (loss) per share	0.02	0.58	0.14	(0.75)	(0.84)	(0.31)	0.55	0.50	0.69	0.57
Net assest value per share	12.06	12.68	12.48	11.81	11.02	10.56	11.01	12.63	12.87	12.82
Other information										
Number of employees	430	451	586	650	632	622	598	623	690	715
No of delivery point	15	17	19	20	20	21	23	24	24	26
No of touch point	310	350+	380+	400+	450+	500+	500+	500+	500+	500+
Fitch rating	-	-	-	-	AA-(lka)	AA-(lka)	A(lka)	A(lka)	A(lka)	A(lka)
Customer base	-	-	-	-	150,000+	175,000+	199,000+	215,000+	245,000+	278,000+

8.2 Statement of Financial position

As at 31 December (Rs. '000)	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
ASSETS										
Cash and cash equivalents	618,120	2,805,145	1,231,655	993,133	1,420,123	1,214,754	1,232,272	1,963,321	1,715,116	3,436,287
Balances with Central Bank of Sri Lanka	417,161	925,719	994,405	1,040,397	443,993	567,802	1,311,926	432,805	764,150	1,175,982
Placements with Banks	2,118,462	1,916,178	-	689,336	-	601,151	-	-	-	-
Securities purchased under resale agreements	1,350,759	-	-	-	-	-	-	730,566	700,862	300,144
Derivative financial assets	-	1,272	24	386	3,658	3,200	-	6	-	1,380
Loans and receivables to banks	158,367	44,131	-	-	-	-	-	-	-	-
Financial assets measured at fair value through profit or loss	-	-	-	-	1,596,166	-	-	2,468,401	2,324,912	-
Loans & receivables to other customers	13,424,038	-	-	-	-	-	-	-	-	-
Financial investments available for sale	1,569,722	-	-	-	-	-	-	-	-	
Financial assets at amortised costs- loans and advances to other customers	-	20,797,560	23,917,397	27,013,673	29,079,121	40,490,736	35,960,080	40,559,438	46,103,638	63,121,257
Financial assets at amortised costs - debt and other instruments	-	-	524,002	477,663	436,049	15,528	1,996,950	2,050,119	3,266,362	4,531,863
Financial assets measured at fair value through other comprehensive income	-	4,751,412	5,548,169	6,667,681	11,533,615	10,783,609	10,253,496	17,779,520	22,400,969	15,836,333
Investments in subsidiary	566,917	-	-	-	-	-	-	-	-	-
Property, plant and equipment	213,253	347,234	488,148	858,304	657,912	518,272	475,180	462,706	843,022	883,217
Intangible assets	166,728	340,493	474,374	457,570	357,739	258,942	335,150	283,445	202,059	218,214
Deferred tax assets	200,360	139,752	168,776	366,648	498,536	637,588	955,721	284,090	523,232	683,336
Other assets	185,411	443,815	456,170	573,743	505,622	675,479	1,232,034	2,944,760	1,408,080	1,535,338
Total assets	20,989,298	32,512,711	33,803,120	39,138,534	46,532,534	55,767,061	53,752,809	69,959,177	80,252,402	91,723,351

As at 31 December (Rs. '000)	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
LIABILITIES										
Due to banks	282,533	961,253	1,364,712	1,517,942	1,556,948	926,405	514,193	781,950	3,526,728	8,207,261
Derivative financial liabilities	2,915	1,397	15,004	2,281	149	3,009	30	27	-	180
Financial liabilities at amortised cost - Due to depositors	9,435,089	18,808,432	19,902,741	25,042,562	31,997,601	40,182,402	37,802,680	50,664,570	59,426,888	66,190,039
Financial liabilities at amortised cost - Due to other borrowers	-	742,994	662,523	948,298	2,121,192	3,969,617	3,688,924	3,669,925	1,516,666	1,500,000
Retirement benefit obligation	-	16,455	51,233	43,577	64,763	81,336	96,806	108,605	151,655	188,940
Securities sold under repurchase agreements	340,702	-	-	-	-	-	-	-	-	-
Lease Liability	-	-	-	444,214	339,985	332,675	340,542	335,781	599,355	566,231
Other liabilities	274,880	787,849	782,945	707,195	717,594	946,756	1,589,329	2,455,536	2,863,477	2,948,460
Total liabilities	10,336,119	21,318,380	22,779,158	28,706,069	36,798,232	46,442,200	44,032,504	58,016,394	68,084,769	79,601,111
EQUITY										
Stated capital	11,394,421	11,394,421	11,394,421	11,394,421	11,394,421	11,394,421	11,394,421	11,894,421	11,894,421	11,894,421
Statutory reserve fund	603	26,246	32,386	32,386	32,386	32,386	56,774	78,775	111,315	138,392
Retained earnings/(losses)	(725,747)	(236,882)	(374,608)	(1,030,112)	(1,772,667)	(2,055,814)	(1,598,139)	(1,176,968)	(575,548)	(65,955)
Other reserves	(16,098)	10,546	(28,237)	35,770	80,162	(46,132)	(132,751)	1,146,555	737,445	155,382
Total equity attributable to equity holders of the bank	10,653,179	11,194,331	11,023,962	10,432,465	9,734,302	9,324,861	9,720,305	11,942,783	12,167,633	12,122,240
Total liabilities and equity	20,989,298	32,512,711	33,803,120	39,138,534	46,532,534	55,767,061	53,752,809	69,959,177	80,252,402	91,723,351
Contingent liabilities & commitments	10,619,325	18,751,069	17,891,677	11,638,569	16,089,767	18,687,750	22,292,738	16,697,057	19,111,448	21,991,326

Above summarized financial information and its extraction from the audited financial statements, is the responsibility of the Board of Directors.

9) COMPLIANCE REPORT IN TERMS OF SECTION 7.6 - CONTENTS OF THE ANNUAL REPORT IN TERMS OF THE LISTING RULES OF THE COLOMBO STOCK EXCHANGE

Tabulated below is the manner in which the Bank complied with the contents of the Annual Report as specified in Section 7.6 of the Listing Rules issued by the Colombo Stock Exchange. The table provides the disclosure requirements of Section 7.6, together with a reference to the respective section within this Annual Report.

Rule no	Disclosure Requirement	Reference Page/s in this Annual Report
7.6 (i)	Names of persons who during the financial year were Directors of the Entity	38 - 43
7.6 (ii)	Principal activities of the Entity and its subsidiaries during the year and any changes therein	328
7.6 (iii)	The names and the number of shares held by the 20 largest holders of voting and non-voting shares denominated in LKR or any other class of shares denominated in Foreign Currency and the percentage of such shares held	457
7.6 (iv)	a) Public holding details for LKR denominated Shares and related information. b) Public holding details for Foreign Currency denominated Shares • public holding percentage (%) • number of public shareholders	458
7.6 (v)	A statement of each director's holding and Chief Executive Officer's holding in each class of shares of the Entity denominated in LKR and in Foreign Currency (as applicable)	300
7.6 (vi)	Information pertaining to material foreseeable risk factors of the Entity	65, 232 - 255
7.6 (vii)	Details of material issues pertaining to employees and industrial relations of the Entity	82 - 96
7.6 (viii)	Extents, locations, valuations and the number of buildings of the Entity's land holdings and investment properties	N/A
7.6 (ix)	Number of shares representing the Entity's stated capital	397
7.6 (x)	A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings	458
7.6 (xi)	The following ratios and market price information: 1. Dividend per share 2. Dividend pay out 3. Net asset value per share 4. Market value per share (highest and lowest values recorded during the financial year, value as at the end of financial year) DEBT (only if listed) 1. Interest rate of comparable government security 2. Debt/equity ratio 3. Interest cover 4. Quick asset ratio 5. Debt service coverage ratio 6. The market prices and yield during the year (ex: interest, highest price, Lowest price, Last traded price) 7. Any changes in credit rating (for the Entity or any other instrument issued by the Entity), if applicable	460
7.6 (xii)	Significant changes of entity and subsidiaries' fixed assets including substantial difference between market value and book value of lands	380 - 382

GRI Content Index

Statement of use	Cargills Bank PLC has reported in accordance with the GRI Standards for the period 1 January 2025 to 31 December 2025
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	Not applicable

GRI Standards/ Other Source	Disclosure	Location	Requirement (S) Omitted	Reason	Explanation	GRI Sector Standard Ref. No.
General disclosures						
GRI 2: General Disclosures 2021	2-1 Organizational details	488	A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.			
	2-2 Entities included in the organization's sustainability reporting	2				
	2-3 Reporting period, frequency and contact point	2, 3				
	2-4 Restatements of information	2				
	2-5 External assurance	2				
	2-6 Activities, value chain and other business relationships	54,124				
	2-7 Employees	85				
	2-8 Workers who are not employees	85				
	2-9 Governance structure and composition	38-43, 185				
	2-10 Nomination and selection of the highest governance body	275-278				
	2-11 Chair of the highest governance body	38				
	2-12 Role of the highest governance body in overseeing the management of impacts	186				
	2-13 Delegation of responsibility for managing impacts	186				
	2-14 Role of the highest governance body in sustainability reporting	71-79				
	2-15 Conflicts of interest	284-286				
	2-16 Communication of critical concerns	102				
	2-17 Collective knowledge of the highest governance body	38				
	2-18 Evaluation of the performance of the highest governance body	275-278				
	2-19 Remuneration policies	92, 279-281				
	2-20 Process to determine remuneration	279-281				

GRI Content Index

GRI Standards/ Other Source	Disclosure	Location	Requirement (S) Omitted	Reason	Explanation	GRI Sector Standard Ref. No.
	2-21 Annual total compensation ratio					
	2-22 Statement on sustainable development strategy		2-21	Confidentiality constraints	Confidentiality constraints	
	2-23 Policy commitments	131, 185				
	2-24 Embedding policy commitments	131, 185				
	2-25 Processes to remediate negative impacts					
	2-26 Mechanisms for seeking advice and raising concerns					
	2-27 Compliance with laws and regulations	185				
	2-28 Membership associations	133				
	2-29 Approach to stakeholder engagement	58				
	2-30 Collective bargaining agreements	96				
Material topics						
GRI 3: Material Topics 2021	3-1 Process to determine material topics	65-70	A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.			
	3-2 List of material topics	65				
Economic performance						
GRI 3: Material Topics 2021	3-3 Management of material topics	15				
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	17-22				
	201-2 Financial implications and other risks and opportunities due to climate change	112				
	201-3 Defined benefit plan obligations and other retirement plans	92				
	201-4 Financial assistance received from government		201-4	Not applicable	The Cargills Bank does not receive financial assistant from the government	

GRI Standards/ Other Source	Disclosure	Location	Requirement (S) Omitted	Reason	Explanation	GRI Sector Standard Ref. No.
Indirect economic impacts						
GRI 3: Material Topics 2021	3-3 Management of material topics	110				
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	126				
	203-2 Significant indirect economic impacts	126				
Procurement practices						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	132				
Anti-corruption						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption					
	205-2 Communication and training about anti-corruption policies and procedures	85				
	205-3 Confirmed incidents of corruption and actions taken	85				
Anti-competitive behavior						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	85				
Tax						
GRI 3: Material Topics 2021	3-3 Management of material topics	136-141				
GRI 207: Tax 2019	207-1 Approach to tax	299				
	207-2 Tax governance, control, and risk management	136-141				
	207-3 Stakeholder engagement and management of concerns related to tax	58				
	207-4 Country-by-country reporting		207-4	Not applicable	The Bank does not have operation overseas	

GRI Content Index

GRI Standards/ Other Source	Disclosure	Location	Requirement (S) Omitted	Reason	Explanation	GRI Sector Standard Ref. No.
Energy						
GRI 3: Material Topics 2021	3-3 Management of material topics	112				
GRI 302: Energy 2016	302-1 Energy consumption within the organization	113				
	302-2 Energy consumption outside of the organization		302-2	Information unavailable/ incomplete	Currently the Bank does not track this information	
	302-3 Energy intensity		302-3	Information unavailable/ incomplete	Currently the Bank does not track this information	
	302-4 Reduction of energy consumption	113				
	302-5 Reductions in energy requirements of products and services	113				
Emissions						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	115				
	305-2 Energy indirect (Scope 2) GHG emissions				Currently the Bank does not track this information	
	305-3 Other indirect (Scope 3) GHG emissions					
	305-4 GHG emissions intensity					
	305-5 Reduction of GHG emissions					
	305-6 Emissions of ozone-depleting substances (ODS)					
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions					
Waste						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	114				
	306-2 Management of significant waste-related impacts	114				
	306-3 Waste generated	114				
	306-4 Waste diverted from disposal	114				
	306-5 Waste directed to disposal	114				

GRI Standards/ Other Source	Disclosure	Location	Requirement (S) Omitted	Reason	Explanation	GRI Sector Standard Ref. No.
Supplier environmental assessment						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	132				
	308-2 Negative environmental impacts in the supply chain and actions taken	132				
Employment						
GRI 3: Material Topics 2021	3-3 Management of material topics	84				
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	87				
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	92				
	401-3 Parental leave	95				
Labor/management relations						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 402: Labor/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	85				
Training and education						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	88, 89				
	404-2 Programs for upgrading employee skills and transition assistance programs	89				
	404-3 Percentage of employees receiving regular performance and career development reviews	91				
Diversity and equal opportunity						
GRI 3: Material Topics 2021	3-3 Management of material topics					

GRI Content Index

GRI Standards/ Other Source	Disclosure	Location	Requirement (S) Omitted	Reason	Explanation	GRI Sector Standard Ref. No.
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	94				
	405-2 Ratio of basic salary and remuneration of women to men	94				
Non-discrimination						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	94				
Freedom of association and collective bargaining						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	96				
Child labor						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	85				
Forced or compulsory labor						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	85				
Local communities						
GRI 3: Material Topics 2021	3-3 Management of material topics	129				
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	129				
	413-2 Operations with significant actual and potential negative impacts on local communities		413-2	Not applicable	The Bank does not exert negative impact on local communities	

GRI Standards/ Other Source	Disclosure	Location	Requirement (S) Omitted	Reason	Explanation	GRI Sector Standard Ref. No.
Supplier social assessment						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	132				
	414-2 Negative social impacts in the supply chain and actions taken	132				
Customer health and safety						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	123				
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	123				
Marketing and labeling						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	121				
	417-2 Incidents of non-compliance concerning product and service information and labeling	121				
	417-3 Incidents of non-compliance concerning marketing communications	121				
Customer privacy						
GRI 3: Material Topics 2021	3-3 Management of material topics	113				
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	123				

Glossary of Financial and Banking Terms

A

Acceptances
Promise to pay, created when the drawee of a time draft, stamps or writes the word 'accepted' above his signature and a designated payment date.

Accounting Policies
The specific principles, bases, conventions, rules and practices adopted by an entity in preparing and presenting Financial Statements.

Accrual Basis
Recognising the effects of transaction and other events when they occur without waiting for receipt or payment of cash or its equivalent.

Actuarial Gain/Loss
Gains or losses arising from the difference between estimates and actual experience in the entity's pension plan and retirement gratuity.

Actuarial Assumptions
An entity's unbiased and mutually compatible best estimates of the demographic and financial variable that will determine the ultimate cost of providing post-employment benefits.

Amortisation
The systematic allocation of the depreciable amount of an intangible asset over its useful life.

Amortised Cost
The amount at which the financial asset or financial liability is measured at initial recognition minus principal prepayments, plus or minus
the cumulative amortisation using the effective interest rate method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectability.

Asset and Liability Committee (ALCO)
A risk-management committee in a bank that generally comprises the Senior Management of the institution. The ALCO's primary goal is to evaluate, monitor and approve practices relating to risk due to imbalances in the capital structure. Among the factors considered are liquidity risk, interest rate risk, operational risk and external events that may affect the Bank's forecast and strategic balance sheet allocations.

Average Weighted Deposit Rate (AWDR)
AWDR is calculated by the Central Bank weekly, based on Commercial bank's deposit rates offered to their prime customers during the week.

Average Weighted PRIME Lending Rate (AWPLR) AWPLR is calculated by the Central Bank weekly based on commercial banks' lending rates offered to their prime customers during the week.

B

Basel III
The Basel Committee on Banking Supervision (BCBS) issued the Basel III rules text, which represent the details of strengthened global regulatory standards on Bank capital adequacy and liquidity.

Basis point (bps)
One hundredth of a percentage point, i.e. 100bps equals 1%, used in quoting movements in interest rates, security yields, etc.

C

Capital Adequacy Ratios
The relationship between capital and risk weighted assets as defined in the framework developed by the Bank for International Settlements (BIS) and as modified by the Central Bank of Sri Lanka to suit local requirements.

Capitals
Refer to any stock of value such as customer base, staff strength, relationships with the community, etc. that will increase, decrease or transform through the activities of an organisation and that will help it generate earnings in the future.

Cash Equivalents
Short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash Flows
Cash flows are inflows and outflows of cash and cash equivalents.

Cash Generating Unit (CGU)
The smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Collectively Assessed Impairment Allowance Provisions
Also known as portfolio impairment provisions. Impairment assessment on a collective basis for homogeneous groups of loans that are not considered individually significant and to cover losses that has been incurred but has not yet been identified at the reporting date. Typically assets within the Retail Banking business (housing, personal, leasing, credit cards etc.) are assessed on a portfolio basis.

Commitments
Credit facilities approved but not yet utilised by the clients at the date of the Statement of Financial Position.

Contract
An agreement between two or more parties that creates enforceable rights and obligations.

Contingencies
A condition or situation existing at the date of the Statement of Financial Position where the outcome will be confirmed only by occurrence or non- occurrence of one or more future events.

Contractual Maturity
Contractual Maturity refers to the final payment date of a loan or other financial instrument, at which point all the remaining outstanding principal will be repaid and interest is due to be paid.

Control
Control is the power over an investee, exposure, or rights, to variable returns from its involvement with the investee, and the ability to use its powers over the investee to affect the amount of the investor's returns.

Corporate Governance
The process by which corporate entities are governed. It is concerned with the way in which power is exercised over the management and direction of entity, the supervision of executive actions and accountability to owners and others.

Cost to Income Ratio
Operating expenses excluding impairment for loans and receivables and other losses as a percentage of total operating income.

Credit Ratings
An evaluation of a corporate's ability to repay its obligations or the likelihood of not defaulting, carried out by an independent rating agency.

Credit Risk
Credit risk or default risk is most simply defined as the potential that a borrower or counterparty will fail to meet its obligations in accordance with agreed terms and conditions.

Credit Risk Mitigation
A technique to reduce the credit risk associated with an exposure by application of credit risk mitigates such as collateral, guarantee and credit protection.

Currency Risk
The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Currency swaps
The simultaneous purchase of an amount of currency for spot settlement and the sale of the same amount of the same currency for forward settlement.

Customers Deposits
Money deposited by account holders. Such funds are recorded as liabilities.

D

Debt Restructuring/Rescheduling
This is when the terms and provisions of outstanding debt agreements are changed. This is often done in order to improve cash flow and the ability of the borrower to repay the debt. It can involve altering the repayment schedules as well as debt or interest charge reduction.

Deferred Taxation
Sum set aside for tax in the Financial Statements that may become payable/receivable in a financial year other than the current financial year.

Delinquency
A debt or other financial obligation is considered to be in a state of delinquency when payments are overdue. Loans and receivables are considered to be delinquent when consecutive payments are missed. Also known as 'Arrears'.

Depreciation
The systematic allocation of the depreciable amount of an asset over its useful life.

Glossary of Financial and Banking Terms

Derecognition
Removal of a previously recognised financial asset or financial liability from an entity's Statement of Financial Position.

Derivatives
A derivative is a financial instrument or other contract, the value of which changes in response to some underlying variable (e.g., an interest rate).

Discount Rate
A rate used to place a current value on future cash flows. It is needed to reflect the fact that money has a time value.

Documentary Credits
Commercial letters of credit provided for payment by a bank to the named beneficiary usually
the seller of merchandise, against delivery of documents specified in the credit.

E

Earnings per Share (EPS)
Profit attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue.

Effective Interest Rate (EIR)
Rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instruments or when appropriate a shorter period to the net carrying amount of the financial asset or financial liability.

Embedded Derivatives
An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract with the effect that
some of the cash flows of the combined instrument vary in a way similar to a stand- alone derivative.

Equity risk
The risk arising from positions, either long or short, in equities or equity-based instruments, which create exposure to a change in the market price of the equities or equity instruments.

Equity Instrument
Equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Events after the Reporting Period
Events after the reporting period are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the Financial Statements are authorised for issue.

Expected Credit Loss
The amount expected to be lost on an exposure over the life of the asset. ECL is calculated by multiplying the Probability of Default (a percentage) by the Exposure at Default (an amount) and Loss Given Default (a percentage).

Exposure
A claim, contingent or position which carries a risk of financial loss.

F

Fair Value
The amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair Value Measurement
An adjustment to the fair value of a financial instrument which is determined using a valuation technique (level 2 and level 3) to include additional factors that would be considered by a market participant that are not incorporated within the valuation model.

Fair Value Through Profit or Loss
A financial asset/liability: Acquired/incurred principally for the purpose of selling or repurchasing it in the near term, part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of a short term profit taking, or a derivative (except for a derivative that is a financial guarantee contract).

Financial Assets
Any assets that is cash, equity instrument of another entity, a contractual right to receive cash or contractual right to receive another financial asset from another entity

Financial Instruments
A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity instrument in another entity.

Financial Liabilities
A contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity.

Financial Risk
The risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates or credit rating or credit index or other variable that the variable is not specific to the party to the contract.

Foreign Exchange Income
The realised gains recorded when assets or liabilities denominated in foreign currencies are translated into Sri Lankan rates which differ from those rates in force at inception or on the previous reporting date. Foreign exchange income also arises from trading in foreign currencies.

Forward Exchange Contract
Agreement between two parties to exchange one currency for another at a future date at a rate agreed upon today.

G

Global Reporting Initiative (GRI)
GRI is a leading organisation in the sustainability field. GRI promotes the use of sustainability reporting as a way for organisations to become more sustainable and contribute to sustainable development.

Going Concern
The Financial Statements are normally prepared on the assumption that an entity is a going concern and will continue in operation for the foreseeable future. Hence, it is assumed that the entity has neither the intention nor the need to liquidate or curtail materially or the scale of its operations.

Group
A Group is a parent and all its subsidiaries and associates.

Guarantees
Three party agreement involving a promise by one party (the guarantor) to fulfil the obligations of a person owing a debt if that person fails to perform.

H

Hedging
A strategy under which transactions are effected with the aim of providing cover against the risk of unfavourable price movements (Interest rate, Prices and Commodities, etc.).

Held-for-Trading
Debt and equity investments that are purchased with the intent of selling them within a short period of time (usually less than one year).

Held-to-Maturity
Investments and debt securities that a Company has the ability and intent to hold until maturity.

High Quality Liquid Assets (HQLA)
HQLA are assets that can be easily and immediately converted into cash at little or no loss of value that can be readily sold or used as collateral to obtain funds in a range of stress scenarios and are unencumbered, i.e. without legal, regulatory or operational impediments.

Historical Cost
Historical cost is the original nominal value of an economic item.

I

Impaired Loans
Loans where identified impairment allowances have been raised and also include loans which are collateralised or where indebtedness has already been written down to the expected realisable value. The impaired loan category may include loans, which, while impaired, are still performing.

Impairment charges for Loans and advances Amounts set aside against possible losses on loans, receivables and other credit facilities as a result of such facilities becoming partly or wholly uncollectible.

Impairment
This occurs when recoverable amount of an asset is less than its carrying amount.

Impairment Allowances
Impairment allowances are provisions held on the Statement of Financial Position as a result of the raising of a charge against profit for the incurred (under LKAS 39)/ expected (under SLFRS 9) loss. An impairment allowance may either be identified or unidentified and individual (specific) or collective (portfolio).

Glossary of Financial and Banking Terms

Individually Significant Loans
Exposures which are above a certain threshold decided by the Bank's management which should be assessed for objective evidence, measurement, and recognition of impairment on an individual basis.

Intangible Asset
An intangible asset is an identifiable non monetary asset without physical substance.

Integrated Reporting
A methodology of reporting an organisation's strategy, governance, financial performance and prospects in relation to the creation of value over the short, medium and long term in its economic, social and environmental context

Interest Cover
A ratio showing the number of times interest charges is covered by earnings before interest and tax.

Interest Margin
Net interest income expressed as a percentage of average interest earning assets.

Interest Rate Risk
The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

K

Key Management Personnel (KMP)
Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether Executive or otherwise) of that entity and key employees who are holding directorships in subsidiary companies and other key employees who meet the criteria mentioned above.

L

Liquid Assets
Assets that are held in cash or in a form that can be converted to cash readily, such as deposits with other banks, Bills of Exchange, Treasury Bills and Bonds.

Liquidity coverage ratio (LCR)
Ratio of stock of high quality liquid assets available to total net cash outflows over next 30 calendar days. LCR is expected to improve the banking sector's ability to absorb shocks arising from financial and economic stress, thus, reducing the risk of spillover from the financial sector to the real economy.

Loss Given Default (LGD)
The estimated ratio (percentage) of the loss on an exposure to the amount outstanding at default (EAD) upon default of counterparty.

Liquidity Risk
The risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

Loan-to-Value Ratio
The loan-to-value (LTV) ratio is a financial term used by lenders to express the ratio of a loan to the value of an asset purchased. The term is commonly used to represent the ratio of the first mortgage lien as a percentage of the total appraised value of real property.

M

Market Capitalisation
Number of ordinary shares in issue multiplied by the market value of a share as at a date.

Market Risk
This refers to the possibility of loss arising from changes in the value of a financial instrument as a result of changes in market variables such as interest rates, exchange rates, credit spreads and other asset prices.

Materiality
The relative significance of a transaction or an event, the omission or misstatement of which could influence the economic decisions of users of Financial Statements.

N

Net Assets Value per Share
Shareholders' funds divided by the number of ordinary shares in issue.

Net Interest Income (NII)
The difference between the amounts a bank earns on assets such as loans and securities and the amount it pays on liabilities such as deposits, refinance funds and inter-bank borrowings.

Net Interest Margins (NIM)
Net interest income expressed as a percentage of average interest earning assets.

Net Stable Funding Ratio (NSFR)
The ratio of available stable funding to required stable funding over a one year time horizon, assuming a stressed scenario. Available stable funding would include items such as equity capital, preferred stock with a maturity of over one year and liabilities with an assessed maturity of over one year. The Basel III rules require this ratio to be over 90% with effect from 01 January 2019. The NSFR is still subject to an observation period and review to address any unintended consequences.

Non-Performing Credit Facilities (NPCF)
A loan or a receivable placed on cash basis (i.e. Interest income is only recognised when cash is received) because, in the opinion of management, there is reasonable doubt regarding the collectability of principal or interest.

Nostro Account
A bank account held in a foreign country by a domestic bank, denominated in the currency of that country. Nostro accounts are used to
facilitate the settlement of foreign exchange trade transactions.

O

Operational Risk
This refers to the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

P

Past Due
A financial asset is past due when a counterparty has failed to make a payment when contractually due.

Probability of Default (PD)
The probability that an obligor will default on an obligation within a given period of time.

Projected Unit Credit Method (PUC)
An actuarial valuation method that sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. (sometimes known as the accrued benefit method pro-rated on service or as the benefit/ years of service method). Prudence Inclusion of a degree of caution in the exercise of judgment needed in making the estimates required under conditions of uncertainty, such that assets or income are not overstated and liabilities or expenses are not understated.

R

Related Parties
Parties where one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions, directly or indirectly.

Related Party Transactions (RPT)
RPT is a transfer of resources, services or obligations between a reporting entity and a related party, regardless whether a price is charged.

Remittances
A remittance is a transfer of money by a foreign worker to an individual in his or her home country

Repurchase Agreement
Contract to sell and subsequently repurchase securities at a specified date and price.

Return on Average Assets (ROA)
Profit after tax divided by the average assets.

Return on Average Equity (ROE)
Net profit for the year, less preference share dividends, if any, expressed as a percentage of average ordinary shareholders' equity

Risk-Weighted Assets
The sum total of assets as per the Statement of Financial Position and the credit equivalent of assets that are not on the Statement of Financial Position multiplied by the relevant risk weighting factors.

S

Segment Reporting
Segment reporting indicates the contribution to the revenue derived from business segments such as banking operations, leasing operations, stock broking and securities dealing, property and insurance.

Shareholders' Funds
Total of stated capital and reserves.

Statutory Reserve Fund
A capital reserve created as per the provisions of the Banking Act, No. 30 of 1988.

Glossary of Financial and Banking Terms

U

Unit Trust
An undertaking formed to invest in securities under the terms of a trust deed.

Useful Life
Useful life is the period over which an asset is expected to be available for use by an entity or the number of production or similar units expected to be obtained from the asset by an entity.

V

Value Added
Value of wealth created by providing banking and other related services less the cost of providing such services.

T

Tier I Capital
Core capital representing permanent shareholders' equity and reserves created or increased by appropriations of retained earnings or other surpluses.

Tier II Capital
Supplementary capital representing revaluation reserves, general provisions and other capital instruments, which combine certain characteristics of equity and debt such as hybrid capital instruments and subordinated term debts.

Total Capital
Capital base is summation of the core capital (Tier I) and the supplementary capital (Tier II).

Transaction Costs
Incremental costs that is directly attributable to the acquisition, issue or disposal of a financial asset or financial liability.

Acronyms and Abbreviations

&	And
12mECL	12 Months Expected Credit Loss
24/7, 365	At any time, all year round
1H/2H	First Half/Second Half
AED	United Arab Emirates Dirham
AGM	Annual General Meeting
ALCO	Asset and Liability Management Committee
AML	Anti-Money Laundering
AT1	Additional Tier I
ATL	Above the Line
ATM	Automated Teller Machine
AUD	Australian Dollar
AWPLR	Average Weighted Prime Lending Rate
BAC	Board Audit Committee
BHRRC	Board Human Resources and Remuneration Committee
BIRMC	Board Integrated Risk Management Committee
BIS	Bank for International Settlement
Bn	Billion
BNC	Board Nomination Committee
bps	Basis Points
BRPTRC	Board Related Party Transactions Review Committee
BTL	Below the Line
CA Sri Lanka/ ICASL	Institute of Chartered Accountants of Sri Lanka
CAD	Credit Adminstration Department
CAPEX	Capital Expenditure
CAR	Capital Adequacy Ratio
CASA	Current Accounts and Savings Accounts
CBSL	Central Bank of Sri Lanka
CCC	Customer Care Centre
CCPI	Colombo Consumer Price Index
CEFT	Common Electronic Fund Transfer
CEO	Chief Executive Officer
CET I	Common Equity Tier I
CFM	Close Family Members
CFO	Chief Financial Officer
CIO	Chief Information Officer
CRM	Cash Recycler Machine
CRRO	Climate Related Risk and Opportunities
CSE	Colombo Stock Exchange
CSP	Customer Security Programme
CSR	Corporate Social Responsibility
DBU	Domestic Banking Unit
DPD	Days Past Due
D-SIB	Domestic Systemically Important Bank
EAD	Exposure at Default
ECL	Expected Credit Loss
EDB	Export Development Board
EIR	Effective Interest Rate
EMDE	Emerging Market and Developing Economies
EPF	Employees' Provident Fund
EPS	Earnings per Share
ESG	Environmental, Social and Governance
ESMS	Environmental and Social Management System
ESOP	Employee Share Ownership/ Option Plan
ESOS	Employee Share Option Scheme
ESPS	Employee Share Purchase Scheme
EUR	Euro
FD	Fixed Deposit
FMCG	Fast-Moving Consumer Goods
FVOCI	Fair Value through Other Comprehensive Income
FVPL	Fair Value Through Profit or Loss
FX/FOREX	Foreign Exchange
FY	Financial Year
GBP	British Pound Sterling
GDP	Gross Domestic Product
GHG	Green House Gas
GRI	Global Reporting Initiative
HQLA	High Quality Liquid Assets
HR	Human Resources
HRIS	Human Resource Information System
i.e.	That is
ICAAP	Internal Capital Adequacy Assessment Process
IFC	International Finance Corporation
IMF	International Monetary Fund
IMF-EFF	International Monetary Fund-Extended Fund Facility
IPG	Internet Payment Gateway
IR	Integrated Reporting
IRR	Interest Rate Risk
ISO	International Organisation for Standardisation
IT	Information Technology
JPY	Japanese Yen
Kg	Kilograms
KMP	Key Management Personnel
KPI	Key Performance Indicators
KRI	Key Risk Indicators
kWh	Kilowatt-hour
KYC	Know-Your-Customer
LCR	Liquidity Coverage Ratio
LGD	Loss Given Default

Acronyms and Abbreviations

LKR	Sri Lankan Rupee
LTECL	Life Time Expected Credit Loss
MD	Managing Director
MIS	Management Information System
Mn	Million
MSME	Micro, Small and Medium Scale Entrepreneurs
MTM	Mark to Market
NIC	National Identity Card
NII	Net Interest Income
NIM	Net Interest Margin
NPA	Non-Performing Advances
NSFR	Net Stable Funding Ratio
OBU	Offshore Banking Unit
OCI	Other Comprehensive Income
OD	Overdraft
OTP	One-Time-Password
p.a.	Per Annum
PAM	Privileged Access Management
PAT	Profit After Tax
PBT	Profit Before Tax
PD	Probability of Default
PLC	Public Limited Company
PPE	Property, Plant and Equipment
PUC	Projected Unit Credit
PVBP	Present Value Basis Points
Q1/Q2/Q3/ Q4	Quarter 1/Quarter 2/Quarter 3/ Quarter 4
RBP	Risk Based Pricing
RCSA	Risk and Control Self-Assessment
ROA	Return on Assets
ROE	Return on Equity
RPT	Related Party Transactions
RWA	Risk Weighted Assets
SGD	Singapore Dollar
SLAR	Statutory Liquid Assets Ratio
SLDB	Sri Lanka Development Bond
SLFRS/LKAS	Sri Lanka Accounting Standards
SLSAE	Sri Lanka Standard on Assurance Engagements
SME	Small and Medium-sized Enterprises
SMS	Short Message/Messaging Service
SOC	Security Operation Centre
SPPI	Solely Payments of Principal and Interest Sri Lanka
SRRO	Sustainability Related Risk and Opportunities
NCPC	National Cleaner Production Centre of Sri Lanka
SRR	Statutory Reserve Ratio
SWIFT	Society for Worldwide Interbank Financial Telecommunications
T-Bill	Treasury Bill
T-Bond	Treasury Bond
Tn	Trillion
UK	United Kingdom
US	United States
USD/US$	United States Dollar
VaR	Value at Risk
VAT	Value Added Tax
Vis-à-vis	In relation to, counterpart
w.e.f.	With Effect From
YoY	Year-on-Year

Notice of Meeting

NOTICE IS HEREBY GIVEN THAT the Fourteenth Annual General Meeting of Cargills Bank PLC will be held at the Institute of Chartered Accountants of Sri Lanka, No: 30 A, Malalasekara Mawatha, Colombo 07, on Tuesday, 31 March 2026 at 10.00 a.m. for the following purposes;

1. To receive and consider the Annual Report of the Board of Directors and Statement of Audited Accounts for the year ended 31 December 2025 with Report of the Auditors thereon.
2. To re-elect as a Director Mr. Asoka Pieris who retires by rotation in terms of Article 86 of the Articles of Association of the Bank.
3. To re-elect as a Director Mr. Arjuna Herath who retires by rotation in terms of Article 86 of the Articles of Association of the Bank.
4. To elect as a Director Mr. Rajitha Basnayake in terms of Article 92 of the Articles of Association of the Bank.
5. To appoint Messrs. Ernst & Young, Chartered Accountants, as Auditors of the Bank for the ensuing financial year at a remuneration to be determined by the Directors.

By Order of the Board,

Ms. Amendra de Silva
Company Secretary

27 February 2026
Colombo

Notice of Meeting

Notes:

1. A shareholder is entitled to attend and vote at the meeting or appoint a Proxy holder to attend and vote at the meeting instead of him/her. The Proxy holder need not be a shareholder of the Company.

2. A Form of Proxy accompanies this notice.

3. The completed Form of Proxy must be lodged at the Registered Office of the Company not less than 48 hours before the meeting.

4. Shareholders/Proxy holders attending the meeting are requested to bring their National Identity Cards.

5. Voting at a Meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by-

   (i) The Chairman of the meeting; or

   (ii) Not less than five persons present in person or by attorney or representative or by proxy and entitled to vote; or

   (iii) A Member or Members present in person or by attorney or representative or by proxy and representing not less than one-tenth of the total voting rights of all the Members having the right to vote at the Meeting.

   A demand for a poll may be withdrawn. Unless a poll be demanded (and the demand be not withdrawn) a declaration by the Chairman of the Meeting that a resolution has been carried or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the minute book, shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded for or against such resolution.

6. If a poll is taken, every member who is present in person or by proxy or by attorney or by representative shall be entitled to one vote for each share held by him subject to any rights or restrictions for the time being attached to the shares. In the case of an equality of votes, whether on a show of hands or poll, the Chairman of the Meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a second or casting vote.

Form of Proxy

I/We ..... of

.....

being a Member/Members of Cargills Bank PLC hereby appoint .....

.....

(holder of NIC No : .....) of ..... or failing him/her;

Mr. Asoka Pieris (Chairman)	or failing him
Mr. Senarath Bandara (MD/CEO)	or failing him
Ms. Marianne Page	or failing her
Mr. Yudhishtran Kanagasabai	or failing him
Mr. Buwanekabahu Perera	or failing him
Mr. Ravindra Jayawardena	or failing him
Mrs. Shanti Gnanapragasam	or failing her
Mr. Arjuna Herath	or failing him
Mr. Rajitha Basnayake	

as my/our Proxy to represent me/us to speak and vote whether on a show of hands or on a poll for me/ us and on my/our behalf at the Fourteenth Annual General Meeting of the Bank to be held on 31 March 2026 and at any adjournment thereof and at every poll which may be taken in consequence thereof. (Please indicate your preference with "✓");

		For	Against
1.	To re-elect as a Director Mr. Asoka Pieris who retires by rotation in terms of Article 86 of the Articles of Association of the Bank.		
2.	To re-elect as a Director Mr. Arjuna Herath who retires by rotation in terms of Article 86 of the Articles of Association of the Bank.		
3	To elect as a Director Mr. Rajitha Basnayake in terms of Article 92 of the Articles of Association of the Bank.		
4.	To appoint Messrs. Ernst & Young, Chartered Accountants, as Auditors of the Bank for the ensuing financial year at a remuneration to be determined by the Directors.		

Signed on this ..... day of ..... 2026.

....

Signature/s of Shareholder/s NIC/PP/ Co. Reg. No. of Shareholder/s

Note:

1. A Proxy holder need not be a shareholder of the Company.
2. Instructions as to completion of this form are given overleaf.

Form of Proxy

INSTRUCTIONS AS TO COMPLETION OF THE PROXY FORM

1. Please perfect the Form of Proxy by filling legibly your full name and address, by signing in the space provided and filling in the date of signature.
2. The completed Form of Proxy should be deposited at the registered office of the Bank, No: 696, Galle Road, Colombo - 03 or scan of the signed document emailed to amendra.d@cargillsbank.com with the subject title “Annual General Meeting - Cargills Bank PLC” or sent to facsimile number (+94) 112 055 575 not less than 48 hours before the time appointed for holding of the meeting.
3. If the Proxy Form is signed by an Attorney, the relevant Power of Attorney or a notarially certified copy thereof, should also accompany the completed Form of Proxy, if it has not already been registered with the Bank.
4. If the appointer is a Company or Corporation, this form must be executed under the Common Seal or in such other manner prescribed by its Articles of Association or other constitutional documents.
5. In the case of joint holders, only one need to sign.

Notes

Notes

Corporate Information

Name of the Company
Cargills Bank PLC

Legal Form
A public limited liability company incorporated in Sri Lanka on 3 November 2011 under the Companies Act No.7 of 2007.

A licensed Commercial Bank under the Banking Act No. 30 of 1988 as amended from time to time.

Stock Exchange Listing
The ordinary shares are listed on the Colombo Stock Exchange

Registration Number
PQ00293614 (Previously PB 4847)

Accounting Year-End
December 31
Head Office and Registered Office
No. 696, Galle Road,
Colombo 03,
Sri Lanka

Telephone
+9411 - 7 640 000

Facsimile
+9411 - 2 055 575

Swift Code
CGRBLKLX

E-MAIL
info@cargillsbank.com

Web Page
www.cargillsbank.com

Credit Rating
A(lka)

Taxpayer Identification Number (Tin)
134048476

VAT Registration Number:
134048476 - 7000

Board of Directors
Asoka Pieris - *Chairman*
Senarath Bandara *(MD/CEO)*
Ms. Marianne Page
Yudhishtran Kanagasabai
Buwanekabahu Perera
Ravindra Jayawardena
Mrs. Shanti Gnanapragasam
Arjuna Herath
Rajitha Basnayake

Board Sub-Committees

Board Human Resources and Remuneration Committee
Mrs. Shanti Gnanapragasam - *Committee Chairperson*
Asoka Pieris
Ravindra Jayawardena
Arjuna Herath
Ms. Amendra de Silva - *Secretary*

Board Integrated Risk Management Committee
Yudhishtran Kanagasabai - *Committee Chairman*
Asoka Pieris
Mrs. Shanti Gnanapragasam
Gayantha Wijekoon - *Secretary*

Board Nominations & Governance Committee
Buwanekabahu Perera - *Committee Chairman*
Asoka Pieris
Yudhishtran Kanagasabai
Arjuna Herath
Ms. Amendra de Silva - *Secretary*

Board Audit Committee
Arjuna Herath - *Committee Chairman*
Yudhishtran Kanagasabai
Buwanekabahu Perera
Mrs. Shanti Gnanapragasam
Sanjaya Mallawarachchi - *Secretary*

Board Credit Committee
Buwanekabahu Perera - *Committee Chairman*
Asoka Pieris
Ms. Marianne Page
Mrs. Shanti Gnanapragasam
Wimal Karunaarachchi - *Secretary*

Board Strategic Planning Committee
Asoka Pieris - *Committee Chairman*
Senarath Bandara - *MD/CEO*
Ms. Marianne Page
Yudhishtran Kanagasabai
Buwanekabahu Perera
Ravindra Jayawardena
Mrs. Shanti Gnanapragasam
Arjuna Herath
Ms. Amendra de Silva - *Secretary*

Board Related Party Transactions Review Committee
Yudhishtran Kanagasabai - *Committee Chairman*
Mrs. Shanti Gnanapragasam
Arjuna Herath
Ms. Amendra de Silva – *Secretary*

Board Information Technology Committee
Arjuna Herath - *Committee Chairman*
Yudhishtran Kanagasabai
Mrs. Shanti Gnanapragasam
Senarath Bandara *(MD/CEO)*
Prabhu Mathavan - *COO*
Wimal Karunaarachchi - *Secretary*

Board Capital Augmentation Steering Committee
Asoka Pieris - *Committee Chairman*
Ms. Marianne Page
Arjuna Herath
Senarath Bandara *(MD/CEO)*
Prabhu Mathavan *(COO)*
Talaal Maruzook *(CSO)* - *Secretary*

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Copyline
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Other Informtion

Auditors
KPMG
Chartered Accountants,
No. 32A, Sir Mohamed Macan Markar Mw,
Colombo 03,
Sri Lanka

Lawyers
Julius & Creasy
No. 371, R.A. de Mel Mawatha
Colombo 03,
Sri Lanka

Compliance Officer
Gayantha Wijekoon

Company Secretary
Ms. Amendra de Silva
No. 696, Galle Road,
Colombo 03,
Sri Lanka
amendra.d@cargillsbank.com
+9411 - 7 640 170

Registrar
S S P Corporate Services (Pvt) Ltd
No. 101, Inner Flower Road,
Colombo 03,
Sri Lanka
Tel : +9411 - 2 573 894
Fax : +9411 - 2 573 609
E-mail : sspsec@sltnet.lk

Queries on the 2025 Annual Report
Ms. Dilhani Gajanayaka
Assistant General Manager - Finance
No. 696, Galle Road,
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dilhani.g@cargillsbank.com
+9411 - 7 640 140

On Investor Relations
Mr. Talaal Maruzook
Chief Strategy Officer
No. 696, Galle Road,
Colombo 03,
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CargillsBank
BANKING ON THE HUMAN SPIRIT