

**BASEL III –  
DISCLOSURE UNDER PILLAR 3  
AS PER THE BANKING  
ACT DIRECTIONS NO. 01 OF 2016  
AS AT 31 DECEMBER 2025**



**Pride of the Nation**

# BASEL III – MARKET DISCIPLINE DISCLOSURE REQUIREMENT UNDER PILLAR III

## Capital Adequacy

Capital adequacy is one of the key financial indicators which illustrate the soundness and the stability of a bank. This measures Bank's ability to withstand in an unexpected loss scenarios during various activities carried out by the Bank.

Basle committee on Bank supervision (BCBS) has implemented set of stringent measures of capital, liquidity and funding reforms. Accordingly BASLE III accord was issued in December 2010 and it has come into force and effect in Sri Lanka on 1 July 2017 based on the Central bank direction 01 of 2016 on capital requirement under BASEL III for licensed commercial banks. This replaces Basel II reforms which were in force and effect in Sri Lanka since 1 January 2008 onwards.

Commencing from 1 July 2017, with the amendment thereto under Direction No. 11 of 2019 on Domestically Systemically Important Banks (D-SIBS) dated 20 December 2019; Bank has to maintain the Capital in 3 Tiers as mentioned below.

Accordingly minimum capital requirement of the Bank are as follows.

Minimum Requirement	%
Common Equity Tier I Capital Ratio (CETI)	8.00
Total Tier I Capital Ratio (CET I+ AT I)	9.50
<b>Total Capital Ratio</b>	<b>13.50</b>

Common Equity Tier I (CET I) is mainly comprised of equity capital, other capital and retained earnings. CET I is the highest quality capital and effective capital in absorbing losses.

Additional Tier I (AT 1) capital includes capital instruments other than the instruments included in CET I capital.

Total capital comprised Tier I plus other qualifying capital instruments (i.e. such as subordinated debentures subject to regulatory deductions, revaluation reserves on property plant and equipment with a cap of up to 50% and general loan loss provision)

BASEL III has introduced new capital buffers and all banks are required to hold additional capital buffers over and above the minimum CET I and Total Capital Adequacy levels stipulated above.

- Capital Conservation Buffer
- High Loss Absorbency (HLA) requirement on Domestically Significant Banks (D-SIBs)
- Counter Cyclical Buffer

Three Pillars introduced by BASEL II is continued to be applied in the BASEL III framework is mentioned below.

- **Pillar I** – Minimum capital requirements
- **Pillar II** – Supervisory Review Process
- **Pillar III** – Market Discipline

## Pillar I – Minimum Capital Requirement

Minimum Capital Requirement shall maintain as a percentage of Risk Weighted Assets (RWAs) and bank calculated its RWAs based on following approaches.

- The Standardised Approach for Credit Risk
- The Standardised Measurement Method for Market Risk
- The Basic Indicator Approach for Operational Risk

## Pillar II – Supervisory Review Process (SRP)

SRP framework assesses the Bank's capital adequacy and determining whether Bank is maintaining additional capital to cover its risks. Bank has developed an Internal Capital Adequacy Assessment Process (ICAAP) framework in this regard, which closely indicates risks and capital assessment processes to support the Bank's current and projected demand for capital under unexpected and stressed conditions.

## Pillar III – Market Discipline

Pillar III aims to provide consistent and comprehensive disclosure framework which enhances the comparability between banks. It requires number of disclosure requirements to give better understanding of capital adequacy to external shareholders by providing an insight into the internal computation procedures followed by the Bank.

Accordingly, disclosures required to be published as per the Central Bank Direction No. 01 of 2016 are set out below.

### Template 1: Key regulatory ratio – Capital and Liquidity

	Bank		Group	
	As at 31 December 2025 LKR '000	As at 31 December 2024 LKR '000	As at 31 December 2025 LKR '000	As at 31 December 2024 LKR '000
<b>Regulatory Capital (Rs '000)</b>				
Common Equity Tier 1 Capital	149,649,766	117,433,508	195,009,563	155,947,874
Total Tier 1 Capital	154,649,766	122,433,508	200,009,563	160,947,874
Total Capital	209,165,741	186,055,559	256,299,852	226,208,990
<b>Regulatory Capital Ratio (%)</b>				
Common Equity Tier 1 Capital Ratio (Minimum Requirement – 2022 – 8.00%, 2021 – 7.00%)	11.79	10.44	12.78	12.18
Total Tier 1 Capital (Minimum Requirement – 2022, 9.50%, 2021 – 8.50%)	12.18	10.88	13.10	12.57
Total Capital (Minimum Requirement – 2022 – 13.50%, 2021 – 12.50%)	16.48	16.53	16.79	17.67
<b>Regulatory Liquidity</b>				
Liquidity Coverage Ratio (%) Rupee (Minimum Requirement 2022-90%, 2021-100%)	263.32	353.86	NA	NA
Liquidity Coverage Ratio (%) All currency (Minimum Requirement 2022-90%, 2021-100%)	218.54	279.52	NA	NA

## Template 2: key regulatory ratio – Capital and Liquidity

	Bank		Group	
	As at 31 December 2025 LKR '000	As at 31 December 2024 LKR '000	As at 31 December 2025 LKR '000	As at 31 December 2024 LKR '000
<b>Common Equity Tier 1 (CET I) Capital after adjustments</b>	149,649,766	117,433,508	195,009,563	155,947,874
<b>Common Equity Tier 1 (CET I) Capital</b>	161,166,686	127,341,526	202,168,811	162,057,327
Equity/assigned capital	12,201,998	12,201,998	12,201,998	12,201,998
Reserve Fund	12,201,998	11,828,689	12,201,998	11,828,689
Public Retained Earnings/(Accumulated retained losses)	122,443,086	88,985,599	154,044,659	118,455,452
Publish accumulated other comprehensive income (OCI)	178,231	183,867	178,231	177,563
General and other disclosed reserves	14,141,373	14,141,373	14,141,373	14,141,373
Unpublished current year's profit/loss and gain reflected in OCI	–	–	–	–
Ordinary shares issued by consolidated banking and financial subsidiaries of the bank and held by third parties	–	–	9,400,552	5,252,252
<b>Total Adjustments to CETI Capital</b>	11,516,920	9,908,018	7,159,248	6,109,453
Goodwill (net)	–	–	–	–
Deferred Tax Asset (Net)	–	–	–	–
Intangible Assets (Net)	1,842,564	2,586,674	2,090,489	2,760,809
Revaluation losses of property, plant and equipment	2,265,199	–	2,265,199	–
Other (Investment in the Capital of Subsidiaries and Other Financial Institution)	4,605,598	3,972,700	–	–
Defined Benefit Asset	2,803,559	3,348,644	2,803,559	3,348,644
<b>Additional Tier 1 (AT i) Capital after adjustments</b>	5,000,000	5,000,000	5,000,000	5,000,000
<b>Additional Tier 1 (AT i) Capital</b>	5,000,000	5,000,000	5,000,000	5,000,000
Qualifying additional Tier 1 Capital instruments	5,000,000	5,000,000	5,000,000	5,000,000
Instrument issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties	–	–	–	–
<b>Total Adjustments to AT I Capital</b>	–	–	–	–
Investment in own shares	–	–	–	–
Other (Specify)	–	–	–	–
<b>Tier 2 Capital after adjustments</b>	54,515,976	63,622,052	56,290,289	65,261,116
<b>Tier 2 Capital</b>	54,515,976	63,622,052	56,290,289	65,261,116
Qualifying Tier 2 capital instruments	28,449,500	36,352,750	28,449,500	36,352,750
Revaluation Gains	14,981,528	14,981,528	14,981,528	14,981,528
Loan Loss Provisions	11,084,948	12,287,774	12,859,261	13,926,838
Instrument issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties	–	–	–	–

	Bank		Group	
	As at 31 December 2025 LKR '000	As at 31 December 2024 LKR '000	As at 31 December 2025 LKR '000	As at 31 December 2024 LKR '000
<b>Total Adjustment to Tier 2</b>	–	–	–	–
Investment in own shares	–	–	–	–
Other (specify)	–	–	–	–
<b>CET Capital</b>	149,649,766	117,433,508	195,009,563	155,947,874
<b>Total Tier 1 Capital</b>	154,649,766	122,433,508	200,009,563	160,947,874
<b>Total Capital</b>	209,165,741	186,055,559	256,299,852	226,208,990
<b>Total Risk Weighted Assets (RWA)</b>	1,269,586,943	1,125,156,919	1,526,399,839	1,280,052,361
RWA for Credit Risk	1,102,569,055	983,021,898	1,337,465,437	1,114,147,040
RWA for Market Risk	28,622,011	24,745,126	28,622,011	28,239,784
RWA for Operational Risk	138,395,877	117,389,896	160,312,390	137,665,537
<b>CET I Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer and Surcharge on D-SIB) (%)</b>	11.79	10.43	12.78	12.18
of which: Capital Conservation Buffer (%)	2.50	2.50	2.50	2.50
of which: Countercyclical Buffer (%)	–	–	–	–
of which: Capital surcharge on D-SIBs (%)	1.00	1.00	1.00	1.00
<b>Total Tier 1 Capital Ratio (%)</b>	12.18	10.88	13.10	12.57
<b>Total Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer and Surcharge on D-SIBs) (%)</b>	16.48	16.53	16.79	17.67
of which: Capital Conservation Buffer (%)	2.50	2.50	2.50	2.50
of which: Countercyclical Buffer (%)	–	–	–	–
of which: Capital surcharge on D-SIBs (%)	1.00	1.00	1.00	1.00

### Template 03: Computation of Leverage Ratio

	Bank		Group	
	As at 31 December 2025 LKR '000	As at 31 December 2024 LKR '000	As at 31 December 2025 LKR '000	As at 31 December 2024 LKR '000
Tier 1 Capital	154,649,766	122,433,508	200,009,563	160,947,874
Total Exposures	3,772,890,118	3,353,594,241	4,078,238,627	3,531,299,634
On balance Sheet items (Excluding derivatives and securities financing transactions, but including collateral)	3,608,844,169	3,259,949,793	3,909,277,767	3,428,803,280
Derivative Exposures	7,127,041	9,524,081	7,127,041	9,524,081
Securities financing transaction exposures	89,801,196	37,471,372	94,716,107	42,524,712
Other off-balance sheet exposures	67,117,712	56,557,014	67,117,712	56,557,014
Basel III Leverage ratio (%) (Tier 1/total Exposure)	4.10%	3.65%	4.90%	4.56%

## Basel III Disclosure Requirement

### Template 04: Computation of Liquidity Coverage Ratio

	As at 31 December 2025		As at 31 December 2024	
	Total unweighted value LKR '000	Total weighted value LKR '000	Total unweighted value LKR '000	Total weighted value LKR '000
<b>Total Stock of High-Quality Liquid Assets (HQLA)</b>	1,469,897,481	1,467,524,635	1,418,666,041	1,417,850,575
<b>Level 1 Assets</b>	1,459,478,770	1,459,478,770	1,417,035,108	1,417,035,108
<b>Level 2A Assets</b>	8,104,313	6,888,666	–	–
<b>Level 2B Assets</b>	2,314,398	1,157,199	1,630,933	815,467
<b>Total Cash Outflows</b>	3,581,371,809	872,607,142	3,135,665,982	667,806,233
Deposits	2,030,888,220	203,088,822	2,042,708,670	204,270,867
Unsecured Wholesale Funding	1,263,114,301	598,758,380	832,413,905	404,072,368
Secured Funding Transactions	29,530,845	–	38,218,067	–
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	236,880,005	49,801,502	203,892,650	41,030,308
Additional requirements	20,958,438	20,958,438	18,432,690	18,432,690
<b>Total Cash Inflows</b>	385,856,594	201,087,232	262,716,225	160,564,255
Maturing Secured Lending Transactions Backed by Collateral	83,518,470	–	32,017,334	–
Committed Facilities	12,745,000	–	12,331,250	–
Other Inflows by Counterparty which are Maturing within 30 Days	249,894,058	190,847,869	194,237,363	142,391,436
Operational deposits	29,459,703	–	5,957,459	–
Other Cash Inflows	10,239,363	10,239,363	18,172,819	18,172,819
<b>Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/Total Net Cash Outflows over the Next Calendar Days)* 100</b>		218.54		279.52

**Template 05: Main Features of Regulatory Capital Instruments**

	Tier 2 Debenture issued in 2019  LKR '000	Tier 2 debenture issued in 2020  LKR '000	Additional Tier 1 debenture 1 2021 LKR '000	Additional Tier 1 debenture 2 2021 LKR '000
<b>Description of the Capital Instrument</b>				
Issuer	People's Bank	People's Bank	People's Bank	People's Bank
Unique Identifier (e.g. ISIN or Bloomberg Identifier for Private placement)	A	B	1	2
Original Date of Issuance	8 November 2019	27 July 2020	29 March 2021	3 August 2021
Par Value of Instrument	3,437,000,000	7,100,000,000	3,500,000,000	1,500,000,000
Original Maturity Date, if Applicable	8 November 2027	27 July 2028	N/A	N/A
Amount Recognised in Regulatory Capital (in LKR '000 as at the Reporting date)	1,890,350,000	4,970,000,000	3,500,000,000	1,500,000,000
Accounting Classification (Equity/Liability)	Liability	Liability	Liability	Liability
<b>Issuer Call subject to Prior Supervisory Approval</b>				
Optional Call Date, Contingent Call dates and Redemption Amount (LKR '000)	N/A	N/A	N/A	N/A
Subsequent Call Dates, if Applicable	N/A	N/A	N/A	N/A
<b>Coupons/Dividends</b>				
Fixed or Floating Dividend/Coupon	Fixed rate	Fixed rate	Fixed rate	Fixed rate
Coupon rate and any Related Index	12.25%	10.25%	9.50%	9.50%
Non-Cumulative or Cumulative	N/A	N/A	N/A	N/A
<b>Convertible or Non-Convertible</b>				
If Convertible, Conversion trigger (s)	Non-convertible	Non-convertible	Non-convertible	Non-convertible
If Convertible, Fully or Partially	N/A	N/A	N/A	N/A
If Convertible, Mandatory or Optional	N/A	N/A	N/A	N/A
If Convertible, Conversion rate	N/A	N/A	N/A	N/A

	Tier 2 Debenture issued in 2023  LKR '000	Tier 2 Debenture issued in 2023  LKR '000	Tier 2 Debenture issued in 2024  LKR '000	Tier 2 Debenture issued in 2024  LKR '000
	People's Bank	People's Bank	People's Bank	People's Bank
	A	B	A	B
	30 November 2023	1 December 2023	30 August 2024	19 September 2024
	3,000,000,000	7,000,000,000	10,515,000,000	3,000,000,000
	1 December 2031	1 December 2028	30 August 2029	30 September 2032
	3,000,000,000	5,600,000,000	9,989,250,000	3,000,000,000
	Liability	Liability	Liability	Liability
	N/A	N/A	N/A	N/A
	N/A	N/A	N/A	N/A
	Fixed rate	Fixed rate	Fixed rate	Fixed rate
	16.25%	16.00%	13.50%	13.75%
	N/A	N/A	N/A	N/A
	Non-convertible	Non-convertible	Non-convertible	Non-convertible
	N/A	N/A	N/A	N/A
	N/A	N/A	N/A	N/A
	N/A	N/A	N/A	N/A

## Basel III – Market Discipline Disclosure Requirement Under Pillar III

### Summary discussion on the adequacy/meeting current and future capital requirements

#### Overview

- In accordance with CBSL stipulations, the Bank carries out an annual Internal Capital Adequacy Assessment Process. The assessment covers a five (5) year time horizon with the last carried out for 2020-2025.

#### Material exposures

**At the end of 2025, close to 20.7% of the Bank's total loan book was composed of exposures to the State and other State-Owned Enterprises. State exposures mostly backed by sovereign undertaking(s) by way of either a Treasury guarantee/indemnity and/or another form of government assurance.**

#### Initiatives taken to bolster regulatory capital during 2017-2025

- During 2017 – 2023 the Bank undertook several initiatives to bolster its regulatory capital and meet all requisite Basel III Risk Control measures. From a capital adequacy/ solvency perspective, these included amongst other.

#### 2017

- Raise LKR 5.0 Bn. in New Capital from General Treasury, Ministry of Finance on 21 July 2017. This was first so received over the last eight (8) years.
- Reduce its dividend payout, as measured as a function of post tax profit, to 28.6% during 2017 from 54.8% in 2016.
- Revalued all its land and buildings on 1 July 2017. This enabled the Bank recognise close to LKR 3.6 Bn. in Tier II Capital with requisite regulatory clearance.
- Ensured new facilities extended to State-Owned Enterprises were backed by the sovereign backed and, in case of other forms of government assurances, ensure they are as a general rule routed through the Monetary Board of the Central Bank of Sri Lanka for prior approval.
- Carry-out an interim profit certification for the six months period ended 30 June 2017 in view of ensuring interim regulatory capital pressures are managed in order to support loan book growth.

- Undertake efforts necessary to amend the People's Bank Act to facilitate the issuance of debentures to enable the Bank conform with Basel rules. This process was once again revived with the assistance of the finance ministry.

As a result of all the above, during 2017 – the Bank successfully met all Basel III Risk Control measures without any exception or excuse, be Capital Adequacy Ratio, Liquidity Coverage Ratio, Net Stable Funding and Leverage.

#### 2018

- The Bank endeavoured to further reduce its dividend payout ratio, as measured as a function of dividends over post tax profit, to 20.0% in 2018 from 28.6% in 2017.
- Loan book growth was risk measured during 2018.
- Interim profit certifications were carried out for the six months period ended 30 June 2018 in view of ensuring interim regulatory capital requirements were met.
- The process in relation to the People's Bank Act amendment continued. This was key to long-term sustainable loan book growth.

As a result of all the above, during 2018 – the Bank successfully met all Basel III Risk Control measures without any exception or excuse, be Capital Adequacy Ratio, Liquidity Coverage Ratio, Net Stable Funding and Leverage.

#### 2019

- The Bank further reduced its dividend payout ratio to 18.7% in 2019 from 20.0% in 2018.
- Interim profit certifications were carried during the three months ended 31 March 2019, six months ended 30 June 2019 and the nine months ended 30 September 2019 in view of managing/avoiding interim regulatory capital pressures.
- The People's Bank Act amendments was finalised in September 2019.
- On 8 November 2019 – the Bank issued its first Basel III, Tier II compliant debenture for value LKR 10.0 Bn.

As a result of all the above, during 2019 – the Bank successfully met all Basel III Risk Control measures without any exception or excuse, be Capital Adequacy Ratio, Liquidity Coverage Ratio, Net Stable Funding and Leverage.

## 2020

- On 1 July 2020 – as originally planned – the Bank revalued all its land and buildings. This resulted in a Tier II benefit of close to LKR 2.3 Bn. The next detailed revaluation is set to be carried out on 1 July 2023.
- On 27 July 2020 – the Bank issued LKR 20.0 Bn. in Basel III, Tier II debentures which was the single largest issuance for any bank/Financial services provider to date in the country.

As a result of all the above, during 2020 – the Bank successfully met all Basel III Risk Control measures without any exception or excuse, be Capital Adequacy Ratio, Liquidity Coverage Ratio, Net Stable Funding and Leverage.

## 2021

- On 29 March 2021 and 3, August 2021 – as originally planned – the Bank issued LKR 3.5 Bn. and LKR 1.5 Bn. Basel III, Additional Tier I Compliant debentures.
- The Bank further reduced its dividend payout ratio to 9.2% in 2021.
- Interim Profit Certifications were carried out for three months ended 31 March 2021, Six months ended 30 June 2021 and nine months ended 30 September 2021 in view of managing regulatory capital pressure.

As a result of all the above, during 2021 – the Bank successfully met all Basel III Risk Control measures without any exception or excuse, be Capital Adequacy Ratio, Liquidity Coverage Ratio, Net Stable Funding and Leverage.

## 2022

- The Bank further reduced its dividend payout ratio to 3.9% in 2022.
- Interim Profit Certifications were carried out for Six months ended 30 June 2022 in view of managing regulatory capital pressure.

As a result of all the above, during 2022 – the Bank successfully met all Basel III Risk Control measures without any exception or excuse, be Capital Adequacy Ratio, Liquidity Coverage Ratio, Net Stable Funding and Leverage.

## 2023

- During the year the Bank issued LKR 10.0 Bn. Basel III, Additional Tier II Compliant debentures.
- The Bank revalued all its land and buildings. This resulted in a Tier II benefit of close to LKR 3.37 Bn.
- The Bank further reduced its dividend payout ratio to 0.18% in 2023.

As a result of all the above, during 2023 – the Bank successfully met all Basel III Risk Control measures without any exception or excuse, be Capital Adequacy Ratio, Liquidity Coverage Ratio, Net Stable Funding and Leverage 2024.

## 2024

- During the year the Bank issued LKR 13.515 Bn. Basel III, Additional Tier II Compliant debentures.
- The Bank did not pay dividend in 2024.

As a result of all the above, during 2024 – the Bank successfully met all Basel III Risk Control measures without any exception or excuse, be Capital Adequacy Ratio, Liquidity Coverage Ratio, Net Stable Funding and Leverage Ratios.

## 2025

- Interim Profit Certifications were carried out for the six-month period ended 30 June 2025 in view of ensuring interim regulatory capital requirements were met.
- The Bank paid dividends totalling LKR 2.0 Bn. while recording provisions of LKR 1.55 Bn. during the period with dividend payout ratio is 8.82%.

As a result of all the above, during 2025 – the Bank successfully met all Basel III Risk Control measures without any exception or excuse, be Capital Adequacy Ratio, Liquidity Coverage Ratio, Net Stable Funding and Leverage Ratios.

## 2026 plan

- The Bank is in a constant and continuous process of undertaking measures reasonably necessary to bolster its regulatory capital levels.
- Following are slated to be undertaken during 2026.
  - Continue to maintain its lower dividend/levy payout policy during the year
  - Carry-out an interim profit certification with a view to avoiding regulatory capital shortfalls.
  - Plans to issue Tier II capital to support capital requirements arising from business expansion.

**Template 07: Credit risk under standardised approach****Credit risk exposures and credit risk mitigation effects (Bank)**

Item	Exposures before CCF and CRM			Exposures before CCF and CRM			Risk weighted assets LKR '000	RWA density %
	Exposures on balance sheet LKR '000	Exposures off balance sheet LKR '000	Total LKR '000	Exposures on balance sheet LKR '000	Exposures off balance sheet LKR '000	Total LKR '000		
Total Risk-weighted amount for credit risk	3,378,710,540	224,731,215	3,603,441,755	3,259,092,429	67,759,062	3,326,851,491	1,102,569,053	33
Claims on central government and Central Bank of Sri Lanka	1,626,786,455	0	1,626,786,455	1,560,439,467	0	1,560,439,467	36,454,928	2
Claims on foreign sovereigns and their Central Banks	0	0	0	0	0	0	0	0
Claims on Public Sector Entities (PSEs)	26,032,249	20,407	26,052,656	26,032,249	4,407,398	30,439,647	22,150,186	73
Claims on BIS, IMF and Multilateral Development Banks (MDBs)	0	0	0	0	0	0	0	0
Claims on Banks exposures	122,169,685	0	122,169,685	122,169,685	0	122,169,685	40,791,197	33
Claims on Financial institutions	95,697,886	0	95,697,886	95,697,886	0	95,697,886	53,778,826	56
Claims on corporates	134,865,278	145,938,321	280,803,599	134,865,278	48,230,379	183,095,656	153,860,318	84
Retail claims	653,264,608	78,772,486	732,037,095	599,993,485	15,121,286	615,114,771	495,872,359	81
Claims secured by gold	385,671,251	0	385,671,251	385,671,251	0	385,671,251	0	0
Claims secured by residential property	56,748,831	0	56,748,831	56,748,831	0	56,748,831	19,862,091	35
Claims secured by commercial real estate	-	-	0	0	0	0	0	0
Non Performing Assets (NPAs)	148,845,945	0	148,845,945	148,845,945	0	148,845,945	208,976,520	140
Higher-risk categories	1,542,554	0	1,542,554	1,542,554	0	1,542,554	3,856,384	250
Cash items	60,241,019	0	60,241,019	60,241,019	0	60,241,019	121,468	0
Other assets	66,844,779	0	66,844,779	66,844,779	0	66,844,779	66,844,779	100

## Template 07: Credit risk under standardised approach

### Credit risk exposures and credit risk mitigation effects (Group)

Item	Exposures before CCF and CRM			Exposures before CCF and CRM			Risk weighted assets LKR '000	RWA density %
	Exposures on balance sheet LKR '000	Exposures off balance sheet LKR '000	Total LKR '000	Exposures on balance sheet LKR '000	Exposures off balance sheet LKR '000	Total LKR '000		
Total risk-weighted amount for credit risk	3,681,229,407	224,731,215	3,905,960,622	3,561,611,296	67,759,062	3,629,370,358	1,337,465,434	37
Claims on Central Government and Central Bank of Sri Lanka	1,653,039,925	0	1,653,039,925	1,586,692,937	0	1,586,692,937	36,454,928	2
Claims on foreign sovereigns and their Central Banks	0	0	0	0	0	0	0	0
Claims on Public Sector Entities (PSEs)	27,002,009	20,407	27,022,416	27,002,009	4,407,398	31,409,407	22,344,138	71
Claims on BIS, IMF and Multilateral Development Banks (MDBs)	0	0	0	0	0	0	0	0
Claims on Banks exposures	126,855,708	0	126,855,708	126,855,708	0	126,855,708	41,728,402	33
Claims on Financial institutions	93,451,713	0	93,451,713	93,451,713	0	93,451,713	52,655,739	56
Claims on corporates	134,865,278	145,938,321	280,803,599	134,865,278	48,230,379	183,095,656	153,860,318	84
Retail claims	869,056,360	78,772,486	947,828,847	815,785,237	15,121,286	830,906,523	711,664,111	86
Claims secured by gold	422,849,931	0	422,849,931	422,849,931	0	422,849,931	1,033,381	0
Claims secured by residential property	56,748,831	0	56,748,831	56,748,831	0	56,748,831	19,862,091	35
Claims secured by commercial real estate	-	-	0	0	0	0	0	0
Non Performing Assets (NPAs)	152,748,566	0	152,748,566	152,748,566	0	152,748,566	214,830,451	141
Higher-risk categories	0	0	0	0	0	0	0	0
Cash items	61,700,675	0	61,700,675	61,700,675	0	61,700,675	121,468	0
Other assets	82,910,411	0	82,910,411	82,910,411	0	82,910,411	82,910,411	100

## Basel III Disclosure Requirement

### Template 8: Credit Risk under Standardised Approach: Exposures by Asset Classes and Risk Weights – Bank

Description	Risk Weight	Amount (LKR '000) as at 31 December 2025 (Pre CCF and CRM)		
		0%	20%	35%
<b>Asset Classes</b>				
Claims on Central Government and Central Bank of Sri Lanka		1,378,164,827	182,274,639	
Claims on Foreign Sovereigns and their Central Banks		-	-	-
Claims on Public Sector Entities		-	-	-
Claims on Banks Exposures		-	92,599,789	-
Claims on Financial Institutions		-	-	-
Claims on Corporates		-	9,501,947	-
SME Exposures		-	-	-
Retail Claims		385,671,251	-	-
Claims Secured by Residential Property		-	-	56,748,831
Claims Secured by Commercial Real Estate		-	-	-
Non-Performing Assets (NPAs)		-	-	-
Higher-risk Categories		-	-	-
Cash Items and Other Assets		59,633,677	607,342	-
<b>Total</b>		<b>1,823,469,755</b>	<b>284,983,717</b>	<b>56,748,831</b>

Description	Risk Weight	Amount (LKR '000) as at 31 December 2025 (Post CCF and CRM)		
		0%	20%	35%
<b>Asset Classes</b>				
Claims on Central Government and Central Bank of Sri Lanka		-	36,454,928	-
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		-	18,519,958	-
Claims on Financial Institutions		-	-	-
Claims on Corporates		-	1,900,389	-
SME Exposures		-	-	-
Retail Claims		-	-	-
Claims Secured by Residential Property		-	-	19,862,091
Claims Secured by Commercial Real Estate		-	-	-
Non- Performing Assets (NPAs)		-	-	-
Higher-risk Categories		-	-	-
Cash Items and Other Assets		-	121,468	-
<b>Total</b>		<b>-</b>	<b>56,996,743</b>	<b>19,862,091</b>

Amount (LKR '000) as at 31 December 2025 (Pre CCF and CRM)

	50%	60%	75%	100%	150%	250%	Total Credit Exposures Amount LKR '000
	-	-	-	-	-	-	1,560,439,467
	-	-	-	-	-	-	-
	16,578,922	-	-	13,860,724	-	-	30,439,647
	15,180,200	-	-	13,806,811	582,885	-	122,169,685
	83,838,121	-	-	11,859,765	-	-	95,697,886
	43,267,561	-	-	130,326,148	-	-	183,095,656
	-	1,196,239	-	-	-	-	1,196,239
	-	-	475,055,669	138,862,864	-	-	999,589,784
	0	-	-	-	-	-	56,748,831
	-	-	-	-	-	-	-
	5,687	-	-	28,573,421	120,266,837	-	148,845,945
	-	-	-	-	-	1,542,554	1,542,554
	-	-	-	66,844,779	-	-	127,085,798
	158,870,492	1,196,239	475,055,669	404,134,513	120,849,722	1,542,554	3,326,851,491

Amount (LKR '000) as at 31 December 2025 (Post CCF and CRM)

	50%	60%	75%	100%	150%	250%	Total Credit Exposures LKR '000
	-	-	-	-	-	-	36,454,928
	-	-	-	-	-	-	-
	8,289,461	-	-	13,860,724	-	-	22,150,186
	-	-	-	-	-	-	-
	7,590,100	-	-	13,806,811	874,328	-	40,791,197
	41,919,060	-	-	11,859,765	-	-	53,778,826
	21,633,781	-	-	130,326,148	-	-	153,860,318
	-	717,743	-	-	-	-	717,743
	-	-	356,291,752	138,862,864	-	-	495,154,615
	-	-	-	-	-	-	19,862,091
	-	-	-	-	-	-	-
	2,844	-	-	28,573,421	180,400,255	-	208,976,520
	-	-	-	-	-	3,856,384	3,856,384
	-	-	-	66,844,779	-	-	66,966,247
	79,435,246	717,743	356,291,752	404,134,513	181,274,583	3,856,384	1,102,569,055

## Basel III Disclosure Requirement

### Template 8: Credit Risk under Standardised Approach: Exposures by Asset Classes and Risk Weights – Group

Description	Risk Weight	Amount (LKR '000) as at 31 December 2025 (Pre CCF and CRM)		
		0%	20%	35%
<b>Asset Classes</b>				
Claims on Central Government and Central Bank of Sri Lanka		1,404,418,297	182,274,639	–
Claims on Foreign Sovereigns and their Central Banks		–	–	–
Claims on Public Sector Entities		–	969,760	–
Claims on Banks Exposures		–	97,285,812	–
Claims on Financial Institutions		–	–	–
Claims on Corporates		–	9,501,947	–
SME Exposures		–	–	–
Retail Claims		417,683,027	5,166,904	–
Claims Secured by Residential Property		–	–	56,748,831
Claims Secured by Commercial Real Estate		–	–	–
Non-Performing Assets (NPAs)		–	–	–
Higher-risk Categories		–	–	–
Cash Items and Other Assets		61,093,333	607,342	–
<b>Total</b>		<b>1,883,194,657</b>	<b>295,806,404</b>	<b>56,748,831</b>

Description	Risk Weight	Amount (LKR '000) as at 31 December 2025 (Post CCF and CRM)		
		0%	20%	35%
<b>Asset Classes</b>				
Claims on Central Government and Central Bank of Sri Lanka		–	36,454,928	–
Claims on Foreign Sovereigns and their Central Banks		–	–	–
Claims on Public Sector Entities		–	193,952	–
Claims on Official Entities and Multilateral Development Banks		–	–	–
Claims on Banks Exposures		–	19,457,162	–
Claims on Financial Institutions		–	–	–
Claims on Corporates		–	1,900,389	–
SME Exposures		–	–	–
Retail Claims		–	1,033,381	–
Claims Secured by Residential Property		–	–	19,862,091
Claims Secured by Commercial Real Estate		–	–	–
Non- Performing Assets (NPAs)		–	–	–
Higher-risk Categories		–	–	–
Cash Items and Other Assets		–	121,468	–
<b>Total</b>		<b>–</b>	<b>59,161,281</b>	<b>19,862,091</b>

Amount (LKR '000) as at 31 December 2025 (Pre CCF and CRM)							
	50%	60%	75%	100%	150%	250%	Total Credit Exposures Amount LKR '000
	-	-	-	-	-	-	1,586,692,937
	-	-	-	-	-	-	-
	16,578,922	-	-	13,860,724	-	-	31,409,407
	15,180,200	-	-	13,806,811	582,885	-	126,855,708
	81,591,948	-	-	11,859,765	-	-	93,451,713
	43,267,561	-	-	130,326,148	-	-	183,095,656
	-	1,196,239	-	-	-	-	1,196,239
	-	-	475,055,669	354,654,616	-	-	1,252,560,216
	-	-	-	-	-	-	56,748,831
	-	-	-	-	-	-	-
	5,687	-	-	28,573,421	124,169,458	-	152,748,566
	-	-	-	-	-	-	-
	-	-	-	82,910,411	-	-	144,611,086
	156,624,319	1,196,239	475,055,669	635,991,897	124,752,343	-	3,629,370,358

Amount (LKR '000) as at 31 December 2025 (Post CCF and CRM)							
	50%	60%	75%	100%	150%	250%	Total Credit Exposures Amount LKR '000
	-	-	-	-	-	-	36,454,928
	-	-	-	-	-	-	-
	8,289,461	-	-	13,860,724	-	-	22,344,138
	-	-	-	-	-	-	-
	7,590,100	-	-	13,806,811	874,328	-	41,728,402
	40,795,974	-	-	11,859,765	-	-	52,655,739
	21,633,781	-	-	130,326,148	-	-	153,860,318
	-	717,743	-	-	-	-	717,743
	-	-	356,291,752	354,654,616	-	-	711,979,748
	-	-	-	-	-	-	19,862,091
	-	-	-	-	-	-	-
	2,844	-	-	28,573,421	186,254,187	-	214,830,451
	-	-	-	-	-	-	-
	-	-	-	82,910,411	-	-	83,031,879
	78,312,159	717,743	356,291,752	635,991,897	187,128,515	-	1,337,465,437

### Template 9: Market Risk under Standardised Measurement Method

	Bank		Group	
	As at 31 December 2025	As at 31 December 2024	As at 31 December 2025	As at 31 December 2024
	LKR '000	LKR '000	LKR '000	LKR '000
<b>(a) R W A for Interest Rate Risk</b>	2,709,341	2,493,107	2,712,341	2,493,107
General Interest Rate Risk	2,376,841	1,812,995	2,376,841	1,812,995
(i) Net Long or short Position	2,376,841	1,812,995	2,376,841	1,812,995
(ii) Horizontal Disallowance			-	-
(iii) Vertical Disallowance			-	-
(iv) Options			-	-
Specific Interest Rate Risk	332,500	680,112	335,500	680,112
<b>(b) R W A for Equity</b>	1,018,310	697,450	1,018,310	1,169,229
(i) General Equity Risk	511,399	352,932	511,399	588,821
(ii) Specific Equity Risk	506,911	344,518	506,911	580,408
<b>© RWA for foreign exchange and gold</b>	136,321	150,035	136,321	150,035
<b>(d) Capital charge for Market Risk (a)+(b)+©</b>	3,863,972	3,340,592	3,866,972	3,812,371
<b>RWA for Market risk (d) *100/13.5 (2023), *100/13.5 (2022)</b>	28,622,011	24,745,126	28,644,233	28,239,784

### Template 10: Operational Risk under Basic Indicator Approach

	Gross Income							
	Bank				Group			
	1 year	2 year	3 year	Average	1 year	2 year	3 year	Average
<b>The basic indicator approach</b>	81,092,272	125,252,435	167,324,160	124,556,289	96,136,211	145,007,833	191,699,410	144,281,151
<b>Capital Charges for Operational Risk (LKR '000)</b>								
The Basic Indicator Approach 15%	12,163,841	18,787,865	25,098,624	18,683,443	14,420,432	21,751,175	28,754,912	21,642,173
<b>Risk Weighted Amount for Operational Risk (LKR '000)</b>								
The Basic Indicator Approach 7.4	90,102,524	139,169,372	185,915,733	138,395,877	106,818,012	161,119,814	212,999,344	160,312,390

## Template 11: Differences Between Accounting and Regulatory Scopes and Mapping of Financial Statement Categories with Regulatory Risk Categories – Bank Only

	Carrying value as reported in published financial statements	Carrying value under scope of regulatory reporting	Subject to credit risk framework	Subject to market risk framework	Subject to deduction from Capital
<b>Assets</b>	3,708,404,491	3,708,404,491	3,382,169,821	316,978,002	9,256,668
Cash and Cash Equivalents	109,138,690	109,138,690	109,138,690	–	–
Balances with Central Bank of Sri Lanka	38,417,296	38,417,296	38,417,296	–	–
Placements with Banks	85,166,913	85,166,913	85,166,913	–	–
Derivative Financial Instruments	4,524,930	4,524,930	4,524,930	–	–
Financial Assets – At Fair Value through Profit or Loss	307,296,907	307,296,907	–	307,296,907	–
Financial Assets – At Amortised Cost	–	–	–	–	–
Loans and Receivables to Banks	83,506,019	83,506,019	83,506,019	–	–
Loans and Receivables to Other Customers	1,730,671,216	1,730,671,216	1,730,671,216	–	–
Debt instruments measured at amortised cost	1,230,298,162	1,230,298,162	1,230,298,162	–	–
Financial Assets – At Fair Value through Other Comprehensive Income (OCI)	–	–	–	–	–
Equity instruments at fair value through OCI	3,431,075	3,431,075	–	3,431,075	–
Debt instruments at fair value through OCI	7,081,782	7,081,782	831,762	6,250,020	–
Investments in Subsidiaries	6,153,102	6,153,102	1,542,554	–	4,610,548
Investments in Associates	–	–	–	–	–
Goodwill and Intangible assets	1,842,560	1,842,560	–	–	1,842,560
Property, plant and equipment	60,687,299	60,687,299	60,687,299	–	–
Other Assets	40,188,540	40,188,540	37,384,981	–	2,803,559
<b>Liabilities</b>	3,489,366,881	3,489,366,881	–	–	–
Due to Banks	25,969,385	25,969,385	–	–	–
Derivative Financial Instruments	93,407	93,407	–	–	–
Due to Other Customers	3,229,886,179	3,229,886,179	–	–	–
Other Borrowings	100,014,574	100,014,574	–	–	–
Current Tax Liabilities	9,845,693	9,845,693	–	–	–
Net Deferred Tax Liabilities	6,787,488	6,787,488	–	–	–
Other Liabilities	76,217,192	76,217,192	–	–	–
Subordinated Term Debts	40,552,963	40,552,963	–	–	–
<b>Shareholders' Equity</b>	219,037,610	219,037,610	–	–	–
Stated Capital/Assigned Capital	12,201,998	12,201,998	–	–	–
Statutory Reserve Fund	12,201,998	12,201,998	–	–	–
Other Reserves	70,674,271	70,674,271	–	–	–
Retained Earnings	123,959,343	123,959,343	–	–	–
<b>Total Equity and Liabilities</b>	3,708,404,491	3,708,404,491	–	–	–
<b>Off-Balance Sheet Liabilities</b>	248,762,020	248,762,020	248,762,020	–	–
Acceptances	9,988,331	9,988,331	9,988,331	–	–
Documentary Credit	34,257,594	34,257,594	34,257,594	–	–
Guarantees	62,131,257	62,131,257	62,131,257	–	–
Forward Exchange Contracts	26,217,005	26,217,005	26,217,005	–	–
Undrawn overdrafts and loans	116,286,509	116,286,509	116,286,509	–	–
(-) Allowance for ECL/impairment losses	(118,676)	(118,676)	(118,676)	–	–

## Template 12: Group Assessment of Domestic Systemically Important Banks (D-SIBS) As at 31 December 2025

General Information	
Name of the bank	People's Bank

Size	LKR '000
<b>Indicator 1 – Total Exposure</b>	4,078,238,627
<b>Interconnectedness</b>	
<b>Indicator 2 – Intra-financial System Assets</b>	261,369,211
(a) Funds deposited with or lent to other financial institutions (including unused portion of committed lines extended)	173,220,885
(i) Funds deposited	89,852,936
(ii) lending	83,367,949
(b) Holdings of securities issued by other financial institutions	134,808
(c) Net positive current exposure of securities financing transactions (SFTs) with other financial institutions	83,506,019
(d) Over-the-counter (OTC) derivatives with other financial institutions that have a net positive mark to mark value	4,507,499
<b>Indicator 3 – Intra-financial System Liabilities</b>	134,575,573
(a) Funds deposited by or borrowed from other financial institutions (including unused portion of committed lines obtained)	45,743,550
(i) Funds deposited	19,774,165
(ii) Borrowings	25,969,385
(b) Net negative current exposure of securities financing transactions with other financial institutions	88,799,020
(c) Over-the-counter derivatives with other financial institutions that have a net negative mark to mark value	33,003
<b>Indicator 4 – Securities Outstanding</b>	54,156,709
<b>Substitutability/Financial Institution Infrastructure</b>	
<b>Indicator 5 – Payments made in the reporting year (excluding intra-group payments)</b>	7,700,784,792
<b>Indicator 6 – Gross Loans and Receivables to Non-bank Customers (excluding Government)</b>	1,264,646,456
<b>Indicator 7 – Deposits of Non-bank Customers (excluding Government)</b>	2,517,856,046
<b>Complexity</b>	
<b>Indicator 8 – Notional Amount of Over-the-Counter (OTC) Derivatives</b>	32,067,524
<b>Indicator 9 – Cross-jurisdictional Claims (excluding derivatives and intra-group claims)</b>	112,586,387
<b>Indicator 10 – Cross-jurisdictional Liabilities (excluding derivatives and intra-group liabilities)</b>	156,470,241
<b>Indicator 11 – Trading and Available-for-Sale (AFS) Securities</b>	320,200,597

\*As per the Banking Act Direction No. 02 of 2025 – Domestic Systemically Important Banks.



**PEOPLE'S  
BANK**

**Pride of the Nation**