PAN ASIA BANK
The Truly Sri Lankan Bank

INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31ST MARCH 2024

COMPANY REGISTRATION NO : PQ 48

Press Release

Pan Asia Bank posts Steady Performance in 1Q 2024 - Profit before Tax increases by 47% reflecting improved macro-economic conditions.

- Net Interest Income for the quarter Rs. 2,884 Mn, up by 42%
- Net Fee and Commission Income for the quarter Rs. 398 Mn, up by 17%
- Operating Profit for the quarter Rs. 1,105 Mn, up by 43%
- Profit before Tax for the quarter Rs. 796 Mn, up by 47%
- Profit after Tax for the quarter Rs. 363 Mn, up by 12%
- Gross Loans and Advances Rs. 146 Bn, grew by 5%.
- Customer Deposit base reaches Rs. 180 Bn, grew by 3%.
- CASA ratio improves to 20%.
- Net Interest Margin - 4.91%, Return on Assets (Pre-tax) - 1.36%, Return on Equity - 6.42%
- Stage 3 Loan Ratio stands at 4.10%.
- The Bank remains well capitalised and liquid:
    - Tier 1 Capital Ratio 15.11% (Regulatory Minimum - 8.50%)
    - Total Capital Ratio 17.09% (Regulatory Minimum - 12.50%)
    - Rupee LCR 445.37%, All Currency LCR 354.62% (Regulatory Minimum - 100%)
    - Statutory Liquid Assets Ratio (SLAR) - 35.75% (Regulatory Minimum – 20%)

Pan Asia Banking Corporation PLC reported a steady performance reflecting improved macro-economic conditions as the Bank reported its financial performance during 1Q 2024, which showed judicious portfolio management and prudency exercised in dealing with possible fallout on its asset quality in challenging times. The Bank reported a Pre-tax Profit of Rs. 796 Mn for the quarter ended 31st March 2024, which is 47% increase compared to the corresponding quarter last year, supported by improved net interest income, net fee & commission income, and other operating income.

The Sri Lankan economy has experienced some positive signs of gradual economic recovery and a measure of stability in macro-economic factors compared to the corresponding quarter last year, with the appreciation of LKR against USD and the IMF bailout followed by the Domestic Debt Optimization (DDO) announcement.

The models used regarding collective impairment in 2023 were continued in 1Q 2024 to ensure that adequate provision buffers were in place to absorb any potential credit risk that could arise in the future. The allowance for overlays applied in 2023 were continued and maintained during 1Q 2024 as well. Meanwhile, the Bank managed to end the quarter with healthy credit quality matrices due to improved credit underwriting standards and concerted collection & recovery efforts. The Bank also increased impairment provision buffers held on Stage 1 and 2 exposures further during 1Q 2024 to accommodate elevation in credit risks of affected borrowers/segments.

Since the latter part of 2023, market interest rates for both lending and deposit interest rates have gradually come down in line with the policy decisions of the by the Monetary Board of CBSL to reduce policy rates couple of times. Thus, the Bank’s the interest income of 1Q 2024 has decreased by 11% compared to corresponding period due to its response to the market conditions. Also, the interest expense of 1Q 2024 has decreased by 26% against the interest expense of 1Q 2023 due to low interest rates prevailed in 1Q 2024 despite the growth in deposit book. Consequently, the net interest income has increased by 42% in 1Q 2024 due to drop in interest expense at a faster rate than the drop in interest income.

The Bank's net fee and commission income has increased by 17% during 1Q 2024 mainly due to the increase in fee income generated from loans and advances due to increased demand for credit which resulted from the prevailing low interest rate regime and other conducive macro-economic factors in the country.

The net gains from trading decreased by 35% during the reporting period due to the drop in capital gains from Sri Lanka Government Rupee Securities (T-Bills/Bonds) classified under FVPL.

The other operating income has increased significantly by 293% due to the prudently managed FX Positions with the appreciation of LKR against USD from Rs. 324 to Rs. 300 during 1Q 2024.

The increase in personnel expenses is mainly driven by increased staff salaries, bonuses, and allowances. The increase in other operating expenses contained to 8% due to the effective cost management strategies of the Bank and the cost increase is primarily due to effect of increase of VAT rates from 01st January 2024 onwards and general price increase of goods and services such as electricity and travelling expenses.

The taxes and levies on financial services and income tax expense have gone up mainly due to the increase in operating profits.

The Bank reported a Profit after Tax (PAT) of Rs. 363 Mn in 1Q 2024 which is a 12% increase compared to the corresponding quarter last year. The Bank reported an Earnings Per Share (EPS) of Rs. 0.82 for 1Q 2024.

The Bank reported a Net Interest Margin (NIM) of 4.91% for 1Q 2024. Meanwhile, the Bank reported a Return on Equity (ROE) of 6.42% and a Pre-Tax Return on Assets (ROA) of 1.36% for the quarter under review. Meanwhile, the Bank's Net Asset Value Per Share as of 31st March 2024 stood at Rs. 51.63.

The Bank's total assets experienced an increase of 2% mainly driven by the loans and advances, reverse repurchase agreements and financial assets at FVPL. The loans and advances book has increased by 5% during the quarter under review mainly due to the increase in SME and Corporate credit exposures. In the meantime, supported by the expansion in savings deposits the Bank's total customer deposits base recorded a growth of 3% to reach Rs. 180 Bn as of 31st March 2024. As a result, the CASA ratio of the Bank has improved by 200 bps to 20% level.

The Bank's Impaired (Stage 3) Loan Ratio stood at 4.10% and Stage 3 Provision Cover stood at 46.74% as of 31st March 2024. The Bank continued its focused actions towards managing the quality of its loan book by containing NPLs amidst the extremely weakened economic landscape.

The Bank maintains all its capital and liquidity ratios well above the regulatory minimum standards. The Bank's Tier 1 Capital Ratio and Total Capital Ratio as of 31st March 2024 stood at 15.11% and 17.09% respectively. Further, the Bank's Leverage Ratio stood at 7.65% as of 31st March 2024.

The Total Bank Level Statutory Liquid Assets Ratio (SLAR) as of 31st March 2024 stood at 35.75%. Meanwhile, the Bank's Liquidity Coverage Ratio (LCR) under BASEL III stood well above the statutory minimums. The Bank maintained LCR of 354.62% and 445.37% in All Currencies and Rupees respectively.

Commenting on the Bank's performance, Naleen Edirisinghe, Director and CEO of Pan Asia Bank said, "Our resounding performance for the 1Q 2024 demonstrates that we are well on track to meet our ambitious targets post economic crisis. A growth in PBT of nearly 50% for 1Q 2024 affirms the efficacy of our strategy which will be accelerated for generating greater earnings from core banking while *infusing operational efficiencies. Pan Asia Bank leveraged on its spirit of innovation backed by digital enhancements and can-do spirit as one team to deliver this encouraging performance which sets the stage for the coming year".*

Pan Asia Bank rose 5 places in the Business Today's Top 40 business organizations ranking for 2022-2023 based on criteria such as portfolio, profits and risks taken, resilience, passion and how well challenges are met. The Bank was also selected by LMD as one of the 'Most Awarded Entities' and 'Most Respected Entities in Sri Lanka' in 2023. In addition, Pan Asia Bank was bestowed with gold and bronze awards at the Effie 2023 and a Black Dragon Award at the 2023 Dragons of Asia, International adverting Awards.

Recording consistent growth year after year, Pan Asia Bank is strongly positioned as the 'Truly Sri Lankan Bank', marking an illustrious journey that has promoted financial security and fulfilled the aspirations of its customers while supporting the prosperity of the nation.

In Rupee Thousands

Income Statement

	For the Three Months ended 31st March		Change %
	2 024	2 023	
Interest Income	8,163,797	9,159,772	(11)
Interest Expense	(5,279,968)	(7,125,710)	(26)
Net Interest Income	**2,883,829**	**2,034,062**	**42**
Fee and Commission Income	415,045	351,254	18
Fee and Commission Expense	(16,653)	(9,685)	72
Net Fee and Commission Income	**398,392**	**341,569**	**17**
Net Gains from Trading	128,963	197,372	(35)
Net Other Operating Income/(Losses)	58,535	(30,316)	293
Total Operating Income	**3,469,719**	**2,542,687**	**36**
Impairment Charges	747,989	381,535	96
Net Operating Income	**2,721,730**	**2,161,152**	**26**
Operating Expenses			
Personnel Expenses	750,112	590,897	27
Depreciation and Amortisation	136,056	124,584	9
Other Operating Expenses	730,424	675,140	8
Total Operating Expenses	**1,616,592**	**1,390,621**	**16**
Operating Profit before Taxes on Financial Services	**1,105,138**	**770,531**	**43**
Taxes and Levies on Financial Services	309,469	230,402	34
Profit before Tax	**795,669**	**540,129**	**47**
Income Tax Expense	432,873	216,612	100
Profit for the Period	**362,796**	**323,517**	**12**
Earnings Per Share - Basic/Diluted (Rs.)	0.82	0.73	12

In Rupee Thousands

Statement of Comprehensive Income

	For the Three Months ended 31st March		Change %
	2024	2023	
Profit for the Period	**362,796**	**323,517**	**12**
Other Comprehensive Income for the Period	-	-	-
Total Comprehensive Income for the Period	**362,796**	**323,517**	**12**

In Rupee Thousands

Statement of Financial Position

	As at 31/03/2024	As at 31/12/2023 (Audited)	Change %
Assets			
Cash and Cash Equivalents	6,003,949	6,238,153	(4)
Balances with Central Bank of Sri Lanka	1,497,877	2,909,271	(49)
Reverse Repurchase Agreements	4,511,591	-	100
Derivative Financial Instruments	10,800	26,238	(59)
Financial Assets at Fair Value through Profit or Loss	7,428,888	4,277,569	74
Financial Assets at Amortised Cost			
-Loans and Advances	137,274,284	131,296,112	5
-Debt and Other Instruments	72,095,602	80,216,838	(10)
Financial Assets at Fair Value through Other Comprehensive Income	3,752	3,752	-
Property, Plant and Equipment	2,784,649	2,806,066	(1)
Right-of-Use Assets	1,327,983	1,399,766	(5)
Intangible Assets	309,135	321,561	(4)
Deferred Tax Assets	2,312,094	2,128,428	9
Other Assets	1,454,837	1,832,569	(21)
Total Assets	**237,015,441**	**233,456,323**	**2**
Liabilities			
Due to Banks	4,544,928	1,547,695	194
Repurchase Agreements	9,159,836	11,611,454	(21)
Derivative Financial Instruments	292,348	142,069	106
Financial Liabilities at Amortised Cost			
-Due to Depositors	179,785,013	175,344,870	3
-Due to Debt Securities Holders	10,295,686	13,051,593	(21)
Subordinated Debentures	843,589	872,839	(3)
Retirement Benefit Obligations	531,133	505,946	5
Current Tax Liabilities	3,221,363	2,609,963	23
Other Provisions and Accruals	704,694	536,138	31
Other Liabilities	4,787,045	4,636,105	3
Total Liabilities	**214,165,635**	**210,858,672**	**2**
Equity			
Stated Capital	3,614,253	3,614,253	-
Statutory Reserve Fund	987,738	987,738	-
Retained Earnings	17,049,815	16,794,390	2
Revaluation Reserve	1,198,000	1,201,270	(0)
Total Equity	**22,849,806**	**22,597,651**	**1**
Total Equity and Liabilities	**237,015,441**	**233,456,323**	**2**
Commitments and Contingencies	**61,595,504**	**49,081,753**	**25**
Net Asset Value per Share (Rs.)	**51.63**	**51.06**	**1**
Memorandum Information			
Number of Employees	1,521	1,469	
Number of Branches	85	85	

CERTIFICATION:

I certify that the above Financial Statements comply with the requirements of the Companies Act No. 07 of 2007.

(Sgd)
M.D.J.S. Fernando
Chief Financial Officer

We, the undersigned, being the Chairman and Director/Chief Executive Officer of Pan Asia Banking Corporation PLC, certify jointly that;

(a) the above Financial Statements have been prepared in compliance with the format and definitions prescribed by the Central Bank of Sri Lanka;
(b) the information contained in these Financial Statements have been extracted from the Unaudited Financial Statements of the Bank unless indicated as 'Audited'.

(Sgd)
M.Y.A. Perera
Chairman

(Sgd)
E.M.N. Edirisinghe
Director/Chief Executive Officer

26th April 2024
Colombo

In Rupee Thousands

Statement of Changes In Equity

	Stated Capital*		Reserves			Total
	Ordinary Voting Shares	Ordinary Non-Voting Shares	Statutory Reserve Fund	Retained Earnings	Revaluation Reserve	
Balance as at 01/01/2023	3,614,253	-	894,990	15,018,525	1,088,780	20,616,548
Comprehensive Income for the Period						
Profit for the Period	-	-	-	323,517	-	323,517
Other Comprehensive Income for the Period	-	-	-	-	-	-
Total Comprehensive Income for the Period	**-**	**-**	**-**	**323,517**	**-**	**323,517**
Transactions with Equity Holders, Recognised Directly in Equity, Contribution by and Distribution to Equity Holders	-	-	-	-	-	-
Other Transactions						
Realisation of Revaluation Reserve	-	-	-	3,269	(3,269)	-
Total Other Transactions	**-**	**-**	**-**	**3,269**	**(3,269)**	**-**
Balance as at 31/03/2023	**3,614,253**	**-**	**894,990**	**15,345,311**	**1,085,511**	**20,940,065**
Balance as at 01/01/2024	3,614,253	-	987,738	16,794,390	1,201,270	22,597,651
Comprehensive Income for the Period						
Profit for the Period	-	-	-	362,796	-	362,796
Other Comprehensive Income for the Period	-	-	-	-	-	-
Total Comprehensive Income for the Period	**-**	**-**	**-**	**362,796**	**-**	**362,796**
Transactions with Equity Holders, Recognised Directly in Equity, Contribution by and Distribution to Equity Holders						
Final Dividend for 2023 - Cash	-	-	-	(110,641)	-	(110,641)
Total Transactions with Equity Holders	**-**	**-**	**-**	**(110,641)**	**-**	**(110,641)**
Other Transactions						
Transfer to Statutory Reserve Fund	-	-	-	-		-
Realisation of Revaluation Reserve	-	-	-	3,270	(3,270)	-
Total Other Transactions	**-**	**-**	**-**	**3,270**	**(3,270)**	**-**
Balance as at 31/03/2024	**3,614,253**	**-**	**987,738**	**17,049,815**	**1,198,000**	**22,849,806**

*** Number of Ordinary Shares (Voting) as at 31st March 2024 - 442,561,629**

In Rupee Thousands

Statement of Cash Flows

	Current Period From 01/01/2024 To 31/03/2024	Previous Period From 01/01/2023 To 31/03/2023
Cash Flows from Operating Activities		
Profit before Tax	795,669	540,129
Adjustments for:		
Non-Cash Items Included in Profit before Tax	515,757	405,361
Change in Operating Assets	(4,057,376)	(4,639,778)
Change in Operating Liabilities	4,671,249	5,299,361
Interest Expense on Subordinated Debentures and Other Term Borrowings	295,105	348,704
Interest Expense on Lease Liability	32,950	33,550
Gratuity Paid	(7,497)	(25,371)
Income Tax Paid	(5,139)	(10)
Net Cash Flows from Operating Activities	**2,240,718**	**1,961,946**
Cash Flows from Investing Activities		
Purchase of Property, Plant and Equipment	(20,351)	(38,463)
Proceeds from the Sale of Property, Plant and Equipment	-	27
Acquisition of Intangible Assets	(2,704)	-
Net Cash Flows used in Investing Activities	**(23,055)**	**(38,436)**
Cash Flows from Financing Activities		
Repayment of Term Borrowings	(2,181,836)	-
Interest Paid on Subordinated Debentures and Other Term Borrowings	(181,225)	(173,352)
Repayment of Principal Portion of Lease Liabilities	(53,710)	(54,252)
Interest Paid on Lease Liabilities	(32,950)	(33,550)
Net Cash Flows used in Financing Activities	**(2,449,721)**	**(261,154)**
Net Increase in Cash & Cash Equivalents	**(232,058)**	**1,662,356**
Cash and Cash Equivalents at the Beginning of the Period	6,240,388	5,394,118
Cash and Cash Equivalents at the End of the Period	**6,008,330**	**7,056,474**

In Rupee Thousands

Measurement of Financial Instruments

As at 31/03/2024	Financial Assets at FVPL	Financial Assets at FVOCI	Financial Assets and Liabilities at Amortised Cost	Derivative Financial Instruments at Fair Value	Total
Financial Assets					
Cash and Cash Equivalents	-	-	6,003,949	-	6,003,949
Balances with Central Bank of Sri Lanka	-	-	1,497,877	-	1,497,877
Reverse Repurchase Agreements	-	-	4,511,591	-	4,511,591
Derivative Financial Instruments	-	-	-	10,800	10,800
Financial Assets at Fair Value through Profit or Loss (FVPL)	7,428,888	-	-	-	7,428,888
Financial Assets at Amortised Cost-Loans and Advances	-	-	137,274,284	-	137,274,284
Financial Assets at Amortised Cost-Debt and Other Instruments	-	-	72,095,602	-	72,095,602
Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)	-	3,752	-	-	3,752
Total Financial Assets	**7,428,888**	**3,752**	**221,383,303**	**10,800**	**228,826,743**
Financial Liabilities					
Due to Banks	-	-	4,544,928	-	4,544,928
Repurchase Agreements	-	-	9,159,836	-	9,159,836
Derivative Financial Instruments	-	-	-	292,348	292,348
Due to Depositors	-	-	179,785,013	-	179,785,013
Due to Debt Securities Holders	-	-	10,295,686	-	10,295,686
Subordinated Debentures	-	-	843,589	-	843,589
Other Liabilities	-	-	1,612,029	-	1,612,029
Total Financial Liabilities	**-**	**-**	**206,241,081**	**292,348**	**206,533,429**

In Rupee Thousands

Measurement of Financial Instruments

As at 31/12/2023 (Audited)	Financial Assets at FVPL	Financial Assets at FVOCI	Financial Assets and Liabilities at Amortised Cost	Derivative Financial Instruments at Fair Value	Total
Financial Assets					
Cash and Cash Equivalents	-	-	6,238,153	-	6,238,153
Balances with Central Bank of Sri Lanka	-	-	2,909,271	-	2,909,271
Derivative Financial Instruments	-	-	-	26,238	26,238
Financial Assets at Fair Value through Profit or Loss (FVPL)	4,277,569	-	-	-	4,277,569
Financial Assets at Amortised Cost-Loans and Advances	-	-	131,296,112	-	131,296,112
Financial Assets at Amortised Cost-Debt and Other Instruments	-	-	80,216,838	-	80,216,838
Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)	-	3,752	-	-	3,752
Total Financial Assets	**4,277,569**	**3,752**	**220,660,374**	**26,238**	**224,967,931**
Financial Liabilities					
Due to Banks	-	-	1,547,695	-	1,547,695
Repurchase Agreements	-	-	11,611,454	-	11,611,454
Derivative Financial Instruments	-	-	-	142,069	142,069
Due to Depositors	-	-	175,344,870	-	175,344,870
Due to Debt Securities Holders	-	-	13,051,593	-	13,051,593
Subordinated Debentures	-	-	872,839	-	872,839
Other Liabilities	-	-	1,653,382	-	1,653,382
Total Financial Liabilities	**-**	**-**	**204,081,833**	**142,069**	**204,223,902**

Notes to the Financial Statements

1. Analysis of Loans and Advances and Impairment

1.1 Stage Wise Impairment on Loans and Advances

In Rupee Thousands

	As at 31/03/2024	As at 31/12/2023 (Audited)
Gross Loans and Advances (Note 1.2)	146,380,237	139,885,756
Less: Accumulated Impairment under Stage 1 (Note 1.3)	(996,890)	(981,329)
Accumulated Impairment under Stage 2 (Note 1.3)	(2,397,369)	(1,672,898)
Accumulated Impairment under Stage 3 (Note 1.3)	(5,711,694)	(5,935,417)
Net Loans and Advances	**137,274,284**	**131,296,112**

1.2 Loans and Advances - By Product

In Rupee Thousands

	As at 31/03/2024	As at 31/12/2023 (Audited)
Domestic Currency		
Term Loans	97,418,961	92,190,280
Overdraft	13,888,320	12,550,274
Trade Finance	1,195,732	1,144,642
Lease Rentals Receivable	9,740,178	9,140,396
Pawning and Gold Loans	13,540,242	14,339,050
Credit Cards	4,713,038	4,781,099
Others	1,380,700	1,399,902
Sub Total	**141,877,171**	**135,545,643**
Foreign Currency		
Term Loans	3,418,551	3,285,645
Overdraft	166,121	104,401
Trade Finance	918,394	950,067
Sub Total	**4,503,066**	**4,340,113**
Total	**146,380,237**	**139,885,756**

1.3 Movement of Impairment During the Period - Loans and Advances

In Rupee Thousands

	As at 31/03/2024	As at 31/12/2023 (Audited)
Under Stage 1		
Opening Balance	981,329	1,129,765
Charge/(Reversal) to Income Statement	15,561	(148,436)
Closing Balance	**996,890**	**981,329**
Under Stage 2		
Opening Balance	1,672,898	1,897,450
Charge/(Reversal) to Income Statement	724,471	(224,552)
Closing Balance	**2,397,369**	**1,672,898**
Under Stage 3		
Opening Balance	5,935,417	6,903,984
Charge/(Reversal) to Income Statement	(83,417)	1,746,818
Write-offs During the Period	(42,840)	(2,602,167)
Exchange Rate Variance on Foreign Currency Provisions	(97,466)	(113,218)
Closing Balance	**5,711,694**	**5,935,417**
Total Impairment - Closing Balance	**9,105,953**	**8,589,644**

Notes to the Financial Statements

2. Analysis of Commitments and Contingencies

2.1 Stage Wise Impairment on Commitments and Contingencies

In Rupee Thousands

	As at 31/03/2024	As at 31/12/2023 (Audited)
Gross Commitments and Contingencies	61,595,504	49,081,753
Less: Accumulated Impairment under Stage 1 (Note 3)	(119,490)	(109,340)
Net Commitments and Contingencies	**61,476,014**	**48,972,413**

2.2 Commitments and Contingencies - By Product

	As at 31/03/2024	As at 31/12/2023 (Audited)
Domestic Currency		
Guarantees	4,579,331	4,265,126
Documentary Credit	139,004	116,462
Currency Swaps	18,031,644	11,320,380
Undrawn Credit Commitments	13,617,481	13,658,659
Sub Total	**36,367,460**	**29,360,626**
Foreign Currency		
Guarantees	531,490	601,423
Documentary Credit	1,855,384	1,547,963
Currency Swaps	22,531,521	17,164,472
Undrawn Credit Commitments	309,649	407,269
Sub Total	**25,228,044**	**19,721,126**
Total	**61,595,504**	**49,081,753**

3. Movement of Impairment During the Period - Other Financial Instruments

In Rupee Thousands

	Cash & Cash Equivalents	Debt & Other Financial Instruments	Documentary Credit	Financial Guarantees	Total
Opening Balance as at 01/01/2023 (Audited)	19,834	4,889,068	24,119	85,990	**5,019,011**
Charge/(Reversal) to Income Statement	(17,599)	1,799,642	5,597	(6,367)	**1,781,273**
Exchange Rate Variance on Foreign Currency Provisions	-	(292,081)	-	-	**(292,081)**
Closing Balance at 31/12/2023 (Audited)	**2,235**	**6,396,629**	**29,716**	**79,623**	**6,508,203**
Opening Balance as at 01/01/2024 (Audited)	2,235	6,396,629	29,716	79,623	**6,508,203**
Charge/(Reversal) to Income Statement	2,146	78,462	5,503	4,648	**90,759**
Exchange Rate Variance on Foreign Currency Provisions	-	(281,662)	-	-	**(281,662)**
Closing Balance at 31/03/2024	**4,381**	**6,193,429**	**35,219**	**84,271**	**6,317,300**

3.1 Impairment provisions on 'Debt and Other Financial Instruments' include provisions made on foreign currency denominated debt instruments of the Government of Sri Lanka.

4. Analysis of Deposits - By Product

In Rupee Thousands

	As at 31/03/2024	As at 31/12/2023 (Audited)
Domestic Currency		
Demand Deposits	5,769,708	5,842,489
Savings Deposits	27,546,611	22,694,924
Fixed Deposits	127,810,375	128,124,295
Certificate of Deposits	1,027,998	1,206,540
Margin Deposits	181,361	227,860
Sub Total	**162,336,053**	**158,096,108**
Foreign Currency		
Demand Deposits	511,313	663,653
Savings Deposits	2,228,279	2,394,873
Fixed Deposits	14,623,500	14,087,257
Margin Deposits	85,868	102,979
Sub Total	**17,448,960**	**17,248,762**
Total	**179,785,013**	**175,344,870**

5. Fair Value of Financial Instruments

5.1 Financial Instruments Recorded at Fair Value

The following is a description of how fair values are determined for financial instruments that are recorded at fair value using valuation techniques. These incorporate the Bank's estimate of assumptions that a market participant would make when valuing the instruments.

(a) Derivatives

Derivative products valued with market-observable inputs are mainly currency swaps and forward foreign exchange contracts. The most frequently applied valuation techniques include forward exchange spot and forward premiums.

(b) Financial Assets at Fair Value through Other Comprehensive Income

Financial Assets at Fair Value through Other Comprehensive Income are valued using valuation techniques or pricing models primarily consist of unquoted equities.

(c) Financial Assets at Fair Value through Profit or Loss

Quoted Equities and Sri Lanka Government Securities are included in Financial Assets at Fair Value through Profit or Loss. Sri Lanka Government Securities are valued using yeild curves published by Central Bank of Sri Lanka. The Bank uses quoted market prices in the active market as at the reporting date, for Quoted Equities.

5.2 Determination of Fair Value and Fair Value Hierarchy

The Bank uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique.

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

a) The following table shows an analysis of financial instruments and non-financial assets and liabilities recorded at fair value by level of fair value hierarchy.

				In Rupee Thousands
As at 31st March 2024	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets				
Derivative Financial Instruments	-	10,800	-	10,800
Financial Assets at FVPL				
- Sri Lanka Government Rupee Securities - Treasury Bills and Bonds	5,410,143	-	-	5,410,143
- Guilt Edged Funds	2,018,745	-	-	-
Financial Assets at FVOCI	-	3,752	-	3,752
Total	**7,428,888**	**14,552**	**-**	**5,424,695**
Non-Financial Assets				
Land - Revalued	-	-	1,616,000	1,616,000
Building - Revalued	-	-	640,951	640,951
Total	**-**	**-**	**2,256,951**	**2,256,951**
Financial Liabilities				
Derivative Financial Instruments	-	292,348	-	292,348
Total	**-**	**292,348**	**-**	**292,348**

Notes to the Financial Statements

As at 31st December 2023	Level 1	Level 2	Level 3	Total
				In Rupee Thousands
Financial Assets				
Derivative Financial Instruments	-	26,238	-	26,238
Financial Assets at FVPL				
- Sri Lanka Government Rupee Securities - Treasury Bills and Bonds	4,277,569	-	-	4,277,569
Financial Assets at FVOCI	-	3,752	-	3,752
Total	**4,277,569**	**56,228**	**-**	**4,333,797**
Non-Financial Assets				
Land - Revalued	-	-	1,616,000	1,616,000
Building - Revalued	-	-	647,976	647,976
Total	**-**	**-**	**2,263,976**	**2,263,976**
Financial Liabilities				
Derivative Financial Instruments	-	142,069	-	142,069
Total	**-**	**142,069**	**-**	**142,069**

b) The following table shows the fair value gains/(losses) recognised in Profit or Loss during the period relating to financial assets and liabilities at fair value through profit or loss held at the period end.

	For the Three Months ended 31st March 2024	For the Three Months ended 31st March 2023
		In Rupee Thousands
Derivative Financial Instruments	(165,717)	(58,654)
Financial Assets at Fair Value through Profit or Loss		
- Unit Trusts	18,745	-
- Sri Lanka Government Rupee Securities - Treasury Bills and Bonds	(15,810)	530,493
Total	**(162,782)**	**471,839**

5.3 Fair Value of Financial Assets and Liabilities Not Carried at Fair Value

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the Financial Statements.

Assets for which Fair Value Approximates Carrying Value

For financial assets and financial liabilities that have a short term maturity, it is assumed that the carrying values approximate their fair value. This assumption is applied for Cash and Cash Equivalents, Balances with Central Bank of Sri Lanka, Placements with Banks and Securities Purchased under Resale Agreements. This assumption is also applied to Demand Deposits, Savings Accounts without a specific maturity, floating rate instruments and fixed rate instruments having maturities within 12 months.

Fixed Rate Financial Instruments

The fair value of fixed rate financial assets and liabilities (other than assets and liabilities with maturities within 12 months) carried at amortised cost are estimated by comparing market interest rates when they were first recognised with current market rates for similar financial instruments.

Set out below is a comparison, by class, of the carrying values and fair values of the Bank's financial instruments that are not carried at fair value in the Financial Statements. This table does not include the fair values of non-financial assets and non-financial liabilities.

				In Rupee Thousands
	As at 31st March 2024		As at 31st December 2023	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
Cash and Cash Equivalents	6,003,949	6,003,949	6,238,153	6,238,153
Balances with Central Bank of Sri Lanka	1,497,877	1,497,877	2,909,271	2,909,271
Reverse Repurchase Agreements	4,511,591	4,511,591	-	-
Loans and Advances -at Amortised Cost	137,274,284	137,307,931	131,296,112	131,173,599
Debt and Other Instruments - at Amortised Cost	72,095,602	73,195,045	80,216,838	80,420,231
Total Financial Assets	**221,383,303**	**222,516,392**	**220,660,372**	**220,741,253**
Financial Liabilities				
Due to Banks	4,544,928	4,544,928	1,547,695	1,547,695
Repurchase Agreement	9,159,836	9,159,836	11,611,454	11,611,454
Due to Depositors - at Amortised Cost	179,785,013	181,779,087	175,344,871	176,920,669
Due to Debt Securities Holders - at Amortised Cost	10,295,686	10,295,686	13,051,593	13,051,593
Subordinated Debentures	843,589	835,074	872,839	861,420
Other Liabilities	1,612,029	1,552,648	1,653,381	1,494,026
Total Financial Liabilities	**206,241,081**	**208,167,259**	**204,081,833**	**205,486,857**

Notes to the Financial Statements

6 Segment Reporting

For the Three Months ended 31st March				In Rupee Thousands
	2024			
	Retail & SME Banking	Corporate Banking	Treasury and Investments	Total
Gross Income				
Third Party	5,087,093	663,103	3,016,145	8,766,340
Inter-Segment	1,903,318	(201,720)	(1,701,599)	-
Total Income	**6,990,410**	**461,384**	**1,314,546**	**8,766,340**
Extract of Results				
Interest Income	4,681,599	560,145	2,922,053	8,163,797
Interest Expense	(5,640,864)	(247,947)	608,843	(5,279,968)
Inter - Segment	1,903,318	(201,720)	(1,701,599)	-
Net Interest Income	**944,052**	**110,479**	**1,829,298**	**2,883,829**
Fees and Commission Income	396,007	19,038	-	415,045
Fees and Commission Expenses	(5,323)	-	(11,330)	(16,653)
Net Fee and Commission Income	**390,684**	**19,038**	**(11,330)**	**398,392**
Net Gains from Trading	-	-	128,963	128,963
Other Operating Income/(Losses)	9,487	83,920	(34,873)	58,535
Total Operating Income	**1,344,223**	**213,437**	**1,912,058**	**3,469,719**
Impairment (Charges)/Reversals	(557,961)	(413,081)	223,053	(747,989)
Net Operating Income	**786,262**	**(199,644)**	**2,135,111**	**2,721,730**
Depreciation of Property, Plant and Equipment	120,726	29	171	120,927
Amortisation of Intangible Assets	14,275	-	854	15,129
Segment Result	**651,261**	**(199,674)**	**2,134,085**	**2,585,674**
Un-allocated Expenses				1,480,536
Operating Profit before Taxes & Levies on Financial Services				**1,105,138**
Taxes and Levies on Financial Services				309,469
Profit before Tax				**795,669**
Income Tax Expense				432,873
Profit for the Period				**362,796**
Other Comprehensive Income for the Period				-
Total Comprehensive Income for the Period				**362,796**
Capital Expenditure				
Property, Plant and Equipment	20,351	-	-	20,351
Intangible Assets	2,704	-	-	2,704
As at 31st March				
Segment Assets	123,875,716	17,771,303	81,921,229	223,568,248
Unallocated Assets	-	-	-	13,447,192
Total Assets	**123,875,716**	**17,771,303**	**81,921,229**	**237,015,441**
Segment Liabilities	168,575,724	12,858,005	23,487,671	204,921,400
Unallocated Liabilities and Equity	-	-	-	32,094,041
Total Liabilities and Equity	**168,575,724**	**12,858,005**	**23,487,671**	**237,015,441**

Notes to the Financial Statements

6 SEGMENT REPORTING

For the Three Months ended 31st March — In Rupee Thousands

	2023			
	Retail & SME Banking	**Corporate Banking**	**Treasury and Investments**	**Total**
Gross Income				
Third Party	6,496,948	851,423	2,329,711	9,678,082
Inter-Segment	1,908,281	(277,419)	(1,630,862)	-
Total Income	**8,405,229**	**574,004**	**698,849**	**9,678,082**
Extract of Results				
Interest Income	6,153,444	827,007	2,179,321	9,159,772
Interest Expense	(6,255,425)	(484,740)	(385,545)	(7,125,710)
Inter - Segment	1,908,282	(277,419)	(1,630,863)	-
Net Interest Income	**1,806,301**	**64,848**	**162,913**	**2,034,062**
Fee and Commission Income	320,143	31,111	-	351,254
Fee and Commission Expense	(6,248)	-	(3,437)	(9,685)
Net Fee and Commission Income	**313,895**	**31,111**	**(3,437)**	**341,569**
Net Gains from Trading	-	-	197,372	197,372
Other Operating Income/(Losses)	23,361	(6,695)	(46,982)	(30,316)
Total Operating Income	**2,143,557**	**89,264**	**309,866**	**2,542,687**
Impairment Charges	(342,208)	(33,583)	(5,744)	(381,535)
Net Operating Income/(Losses)	**1,801,349**	**55,681**	**304,122**	**2,161,152**
Depreciation of Property, Plant and Equipment	109,521	45	163	109,729
Amortisation of Intangible Assets	13,778	-	1,077	14,855
Segment Result	**1,678,050**	**55,636**	**302,882**	**2,036,568**
Unallocated Expenses				1,266,037
Operating Profit before Taxes & Levies on Financial Services				**770,531**
Taxes & Levies on Financial Services				230,402
Profit before Tax				**540,129**
Income Tax Expense				216,612
Profit for the Period				**323,517**
Other Comprehensive Income for the Period				-
Total Comprehensive Income for the Period				**323,517**
Capital Expenditure				
Property, Plant and Equipment	38,463	-	-	38,463
Intangible Assets	-	-	-	-
As at 31st March				
Segment Assets	129,650,174	16,474,799	51,990,295	198,115,268
Unallocated Assets	-	-	-	17,390,353
Total Assets	**129,650,174**	**16,474,799**	**51,990,295**	**215,505,621**
Segment Liabilities	157,659,233	10,620,215	15,095,591	183,375,039
Unallocated Liabilities and Equity	-	-	-	32,130,582
Total Liabilities and Equity	**157,659,233**	**10,620,215**	**15,095,591**	**215,505,621**

Selected Performance Indicators (As per Regulatory Reporting)		
	Bank	
	Current Period As at 31/03/2024	Previous Period As at 31/12/2023
Regulatory Capital (LKR '000)		
Common Equity Tier I (CET I) Capital before Adjustments	21,235,203	21,235,203
Common Equity Tier I (CET I) Capital after Adjustments	18,613,974	18,785,214
Total Tier 1 Capital	18,613,974	18,785,214
Total Capital	21,048,227	21,155,676
Regulatory Capital Ratios (%)		
Common Equity Tier 1 Capital Ratio (Minimum Requirement - 7%)	15.11%	16.45%
Tier 1 Capital Ratio (Minimum Requirement - 8.5%)	15.11%	16.45%
Total Capital Ratio (Minimum Requirement - 12.5%)	17.09%	18.52%
Leverage Ratio		
Leverage Ratio (%) (Minimum Requirement - 3%)	7.65%	7.60%
Assets Quality		
Stage 3 Loans (Impaired Loans) to Total Loans*	4.10%	4.36%
Stage 3 Loan Impairment to Stage 3 Loans (Stage 3 Provision Cover)*	46.74%	47.13%
Profitability		
Interest Margin, %	4.91%	4.67%
Return on Assets (Before Tax), %	1.36%	1.06%
Return on Equity, %	6.42%	8.62%
Regulatory Liquidity		
Statutory Liquid Assets		
Total Bank (LKR'000)	72,272,154	76,120,892
Statutory Liquid Assets Ratio,% (Minimum Requirement, 20%)		
Total Bank (%)	35.75%	38.55%
Total Stock of High-Quality Liquid Assets (LKR '000)		
Rupee	66,879,410	68,598,119
All Currency	70,650,619	72,903,051
Liquidity Coverage Ratio (%) - (Minimum Requirement, 100%)		
Rupee (%)	445.37%	520.84%
All Currency (%)	354.62%	458.18%
Net Stable Funding Ratio (%) - (Minimum Requirement, 100%)	145.08%	152.97%

* Impaired loans (Stage 3) and total loans shall include total outstanding amount of on-balance sheet credit facilities and their respective undrawn amounts.

EXPLANATORY NOTES

1. These Interim Financial Statements have been prepared in accordance with LKAS 34 - Interim Financial Reporting and present information required by Listing Rule 7.4 of the Colombo Stock Exchange. These Financial Statements have been extracted from the Unaudited Financial Statements of the Bank unless indicated as 'Audited'.

2. There are no significant changes in accounting policies and methods of computation since the publication of Audited Financial Statements for the year 2023.

3 There are no material changes in the composition of assets, liabilities, contingent liabilities and use of funds raised through issue of shares and debentures.

4. All known expenses have been provided for in these Financial Statements.

5. The presentation and classification of previous period have been amended for better presentation and to be comparable with those of the current period.

6 Events after the Reporting Date

There are no material events that took place after the Statement of Financial Position date which require adjustment to or disclosures in these Financial Statements.

7. Ratios

	31/03/2024
Debt to Equity (Times)	0.49
Interest Cover (Times)	3.70

8. Market Price of Ordinary Shares

Market Price Per Share	**31/03/2024 (Rs.)**		**31/03/2023 (Rs.)**	
	Voting	**Non-Voting**	**Voting**	**Non-Voting**
Last Traded Price	21.30	-	12.50	-
Highest Price for the Quarter	21.50	-	15.10	-
Lowest Price for the Quarter	17.60	-	8.90	-

Shareholders' Information

Major Shareholders as at 31st March 2024

No	Name	No. of Shares	%
1	K. D. D. Perera	132,724,230	29.99
2	Bansei Securities Co., Ltd.	66,384,246	15.00
3	K. D. H. Perera	23,305,998	5.27
4	P. J. Tay	21,917,994	4.95
5	K. D. A. Perera	19,200,000	4.34
6	EMFI Capital Limited	12,058,840	2.72
7	Sri Lanka Samurdhi Authority	11,114,376	2.51
8	Sri Lanka Savings Bank Limited	10,298,499	2.33
9	Seylan Bank PLC/Ambeon Holdings PLC (Collateral)	9,749,616	2.20
10	Imminent Technologies (Pvt) Ltd	6,637,697	1.50
11	Commercial Bank of Ceylon PLC/Andaradeniya Estate (Pvt) Ltd	4,001,095	0.90
12	Commercial Bank of Ceylon PLC/G.S.N. Peiris	2,999,482	0.68
13	Hatton National Bank PLC/J N Lanka Holdings Company (Pvt) Ltd	2,656,360	0.60
14	Sampath Bank PLC/ J N Lanka Holdings Company (Pvt) Ltd	2,550,000	0.58
15	H. Beruwalage	1,903,648	0.43
16	DFCC Bank PLC/N. G. N. Maduranga	1,702,572	0.38
17	A. U. De Silva	1,680,000	0.38
18	Seylan Bank PLC/ J N Lanka Holdings Company (Pvt) Ltd	1,625,586	0.37
19	Merchant Bank of Sri Lanka & Finance PLC/R A Niranjana	1,551,834	0.35
20	S. A. Cooray	1,500,000	0.34
		335,562,073	**75.82**
	Others	**106,999,556**	**24.18**
	Total	**442,561,629**	**100.00**

Public holding as at 31st March 2024 was 55.01% in the hands of 6,673 public shareholders.

Float Adjusted Market Capitalisation as at 31st March 2024 was Rs. 5,185,552,140 /- and the Bank complies with Option No. 03.

Directors' and Chief Executive Officer's Holding in Shares as at 31st March 2024

No	Name of Director	No. of Shares
1	M. Y. A. Perera	-
2	J. D. N. Kekulawala	-
3	B. D. A. Perera	-
4	S. A. Walgama	-
5	H. Ota	-
6	A. A. K. Amarasinghe	-
7	K. A. M. K. Ranasinghe	-
8	E. M. N. Edirisinghe	1,950