PAN ASIA BANK
The Truly Sri Lankan Bank

INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30TH SEPTEMBER 2024

COMPANY REGISTRATION NO : PQ 48

Press Release

Pan Asia Bank Posts an Impressive Financial Performance for the 9 Months ended 30th September 2024 - Profit after Tax Increases by 78%

- Net Interest Income - Rs. 8.79 Bn, up by 18%
- Net Fee and Commission Income - Rs. 1.39 Bn, up by 26%
- Other Operating Income - Rs. 0.44 Bn, up by 189%
- Operating Profit before Taxes on Financial Services - Rs. 4.37 Bn, up by 49%
- Profit before Tax - Rs. 3.22 Bn, up by 52%
- Profit after Tax - Rs. 2.22 Bn, up by 78%
- Total Assets - Rs. 251.06 Bn, up by 8%.
- Gross Loan book increases by Rs. 16.45 Bn (up by 12%)
- Customer Deposit base increases by Rs.14.81 Bn (up by 8%)
- Net Interest Margin - 4.84% (2023 - 4.67%)
- Profitability Indicators Improves significantly
    - Return on Assets (pre-tax) - 1.77% (2023 - 1.06%)
    - Return on Equity - 12.67% (2023 - 8.62%)
- Stage 3 Loan Ratio improves from 4.36% to 3.80%
- The Bank remains well capitalised and liquid:
    - Tier 1 Capital Ratio 15.20% (Regulatory Minimum - 8.50%)
    - Total Capital Ratio 17.08% (Regulatory Minimum - 12.50%)
    - Rupee LCR 221.71%, All Currency LCR 312.89% (Regulatory Minimum - 100%)
    - Net Stable Funding Ratio (NSFR) - 143.17% (Regulatory Minimum - 100%)

Pan Asia Banking Corporation PLC reported a resilient financial performance for the 9-month period ended 30th September 2024 amidst diverse challenges emerging from the improved but challenging macro-economic environment. The Bank's financial performance in the current period demonstrated excellence in core banking performance, judicious portfolio management and prudency in navigating a possible fallout on its asset quality. Supported by improved net interest income, fee & commission income and other operating income and reduced credit costs, the Bank reported a Pre-tax Profit of Rs. 3.22 Bn for the 9 months period ended 30th September 2024, which is 52% increase compared to the corresponding period last year.

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 period last year, with the appreciation of LKR against USD and the IMF bailout followed by the domestic and foreign debt optimization announcements made by the Government of Sri Lanka.

The models used regarding collective impairment in 2023 were continued in 9 months period ended 30th September 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 9 months period ended 30th September 2024 as well. Meanwhile the Bank managed to end the 9 months period 2024 with healthy credit quality matrices due to improved credit underwriting standards and concerted collection and recovery efforts. The Bank has further strengthened the impairment provision buffers held on Stage 3 exposures prudentially during the period under review.

Since the latter part of 2023, the market interest rates for both lending and deposits have gradually come down in line with the policy decisions taken by the Monetary Board of CBSL to reduce the policy rates couple of times. Thus, the Bank's interest income of the 9 months period 2024 has decreased by 19% compared to the corresponding period last year, due to its response to the market conditions. Also, the interest expense of the 9 months period 2024 has decreased by 32% against the interest expense of the 9 months period 2023 due to low interest rates prevailed despite the growth in deposit book. Consequently, the net interest income has increased by 18% in the 9 months period 2024 due to the 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 26% during the 9 months period 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 61% during the reporting period due to drop in capital gains from Sri Lanka Government Rupee Securities (T-Bills/Bonds) classified under FVPL. The other operating income has increased significantly by 189% due to the prudently managed FX Positions with the appreciation of LKR against USD during the 9 months period 2024.

The Bank strived for earnings maximization through portfolio re-alignment and effective cost management amidst improved macro-economic conditions as the Bank reported an improved Cost-to-Income ratio of 47.63% during the reporting period from 48.31% for the year 2023.

The increase in personnel expenses was mainly driven by increased staff salaries, bonuses and allowances to recognise and retain staff. The increase in other operating expenses contained to 11% due to the effective cost management strategies of the Bank and the cost increase is primarily due to effect of increased 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 increase in income tax expense for the 9 months period 2024 was negated to some extent by reversal of previous period income tax provisions based on the successful outcomes of tax appeal processes.

The Bank reported a Profit after Tax (PAT) of Rs. 2.22 Bn in the 9 months period 2024 which is a 78% increase compared to the corresponding period last year. The Bank reported an Earnings Per Share (EPS) of Rs. 5.01 for the 9 months period ended 30th September 2024.

The Bank reported a Net Interest Margin (NIM) of 4.84% for the 9 months period 2024. Meanwhile, the Bank reported a Return on Equity (ROE) of 12.67% and a Pre-Tax Return on Assets (ROA) of 1.77% for the period under review. Meanwhile, the Bank's Net Asset Value Per Share as of 30th September 2024 stood at Rs. 55.81.

The Bank's total assets experienced an increase of 8% mainly driven by loans and advances and financial assets at FVOCI. The loans and advances book has increased by 12% during the period under review mainly due to the increased credit demand specially in the business banking segment. In the meantime, the Bank's total customer deposits base recorded a healthy growth of 8% to reach Rs. 190 Bn as of 30th September 2024. As a result, the CASA Ratio of the Bank has improved by 431 bps to 22% level.

The Bank's Stage 3 Loan Ratio improved to 3.80% as of 30th September 2024 from 4.36% as of the last year-end while Stage 3 Provision Cover increased to 52.65% as of 30th September 2024 from 47.13% as of last year-end. These healthy credit quality matrices reflect the Bank's improved credit underwriting standards, concerted collection & recovery efforts and prudent provisioning policies of the Bank. The Bank continued its focused actions towards managing the quality of its loan book by containing NPLs amidst the challenging 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 30th September 2024 stood at 15.20% and 17.08% respectively. Further, the Bank's Leverage Ratio stood at 7.05% as of 30th September 2024.

The Bank's Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) under BASEL III Accord stood well above the statutory minimums. The Bank maintained LCR of 312.89% and 221.71% in All Currencies and Rupees respectively and NSFR of 143.17% as of 30th September 2024.

Commenting on the Bank's performance, Naleen Edirisinghe, Director and CEO of Pan Asia Bank said, "Pan Asia Bank continues to demonstrate resilience despite external challenges by delivering on the fundamentals. Our solid financial and operational results for the 9-month period of the year 2024 demonstrate that we are well positioned to achieve the financial goals of the Bank. A growth in PAT of 78% for the 9 months period 2024 affirms our sound strategy, which will be accelerated for generating greater earnings from core banking while infusing operational efficiencies. The spirit of innovation continues to drive Pan Asia Bank as we make notable strides in the digitalization of our products and services, backed by an industry best team, thereby paving the way to achieve new milestones in the coming year".

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 Nine Months ended 30th September		Change %	For the Quarter ended 30th September		Change %
	2 024	2 023		2 024	2 023	
Interest Income	23,095,995	28,420,298	(19)	7,361,896	9,339,300	(21)
Interest Expense	(14,301,107)	(20,956,610)	(32)	(4,419,810)	(6,427,310)	(31)
Net Interest Income	**8,794,888**	**7,463,688**	**18**	**2,942,086**	**2,911,990**	**1**
Fee and Commission Income	1,394,059	1,104,688	26	503,917	390,066	29
Fee and Commission Expense	(51,346)	(40,367)	27	(15,964)	(15,802)	1
Net Fee and Commission Income	**1,342,713**	**1,064,321**	**26**	**487,953**	**374,264**	**30**
Net Gains from Trading	454,006	1,163,596	(61)	39,167	206,999	(81)
Net Other Operating Income/(Losses)	436,077	(488,451)	189	107,254	(295,179)	136
Total Operating Income	**11,027,684**	**9,203,154**	**20**	**3,576,460**	**3,198,074**	**12**
Impairment Charges	1,408,744	1,908,522	(26)	93,083	832,924	(89)
Net Operating Income	**9,618,940**	**7,294,632**	**32**	**3,483,377**	**2,365,150**	**47**
Operating Expenses						
Personnel Expenses	2,531,071	1,903,979	33	867,033	678,435	28
Depreciation and Amortisation	403,338	369,285	9	136,507	124,180	10
Other Operating Expenses	2,318,071	2,094,229	11	838,553	706,195	19
Total Operating Expenses	**5,252,480**	**4,367,493**	**20**	**1,842,093**	**1,508,810**	**22**
Operating Profit before Taxes on Financial Services	**4,366,460**	**2,927,139**	**49**	**1,641,284**	**856,340**	**92**
Taxes and Levies on Financial Services	1,143,106	810,158	41	414,234	255,231	62
Profit before Tax	**3,223,354**	**2,116,981**	**52**	**1,227,050**	**601,109**	**104**
Income Tax Expense	1,006,719	874,548	15	35,289	284,422	(88)
Profit for the Period	**2,216,635**	**1,242,433**	**78**	**1,191,761**	**316,687**	**276**
Earnings Per Share - Basic/Diluted (Rs.)	5.01	2.81	78	2.69	0.72	276

In Rupee Thousands

Statement of Comprehensive Income

	For the Nine Months ended 30th September		Change %	For the Quarter ended 30th September		Change %
	2024	2023		2024	2023	
Profit for the Period	**2,216,635**	**1,242,433**	**78**	**1,191,761**	**316,687**	**276**
Other Comprehensive Income for the Period						
Other Comprehensive to be Re-classified to Profit or Loss						
Gains & (Losses) Arising on Re-measurement of Debt Instruments at Fair Value through Other Comprehensive Income (FVOCI)	(3,429)	-	(100)	(3,429)	-	(100)
Deferred Tax Effect on Above	1,029	-	100	1,029	-	100
	(2,400)	-	**(100)**	**(2,400)**	-	**(100)**
Total Comprehensive Income for the Period	**2,214,235**	**1,242,433**	**78**	**1,189,361**	**316,687**	**276**

In Rupee Thousands

Statement of Financial Position

	As at 30/09/2024	As at 31/12/2023 (Audited)	Change %
Assets			
Cash and Cash Equivalents	3,276,983	6,238,153	(47)
Balances with Central Bank of Sri Lanka	7,546,149	2,909,271	159
Derivative Financial Instruments	43,737	26,238	67
Financial Assets at Fair Value through Profit or Loss	5,080,293	4,277,569	19
Financial Assets at Amortised Cost			
-Loans and Advances	147,239,969	131,296,112	12
-Debt and Other Instruments	72,961,687	80,216,838	(9)
Financial Assets at Fair Value through Other Comprehensive Income	6,767,092	3,752	180,260
Property, Plant and Equipment	2,771,960	2,806,066	(1)
Right-of-Use Assets	1,466,720	1,399,766	5
Intangible Assets	309,697	321,561	(4)
Deferred Tax Assets	1,930,473	2,128,428	(9)
Other Assets	1,666,342	1,832,569	(9)
Total Assets	**251,061,102**	**233,456,323**	**8**
Liabilities			
Due to Banks	6,217,656	1,547,695	302
Repurchase Agreements	15,693,001	11,611,454	35
Derivative Financial Instruments	250,629	142,069	76
Financial Liabilities at Amortised Cost			
-Due to Depositors	190,157,624	175,344,870	8
-Due to Debt Securities Holders	4,708,567	13,051,593	(64)
Subordinated Debentures	843,904	872,839	(3)
Retirement Benefit Obligations	601,372	505,946	19
Current Tax Liabilities	2,180,625	2,609,963	(16)
Other Provisions and Accruals	829,649	536,138	55
Other Liabilities	4,876,831	4,636,105	5
Total Liabilities	**226,359,858**	**210,858,672**	**7**
Equity			
Stated Capital	3,614,253	3,614,253	-
Statutory Reserve Fund	987,738	987,738	-
Retained Earnings	18,910,190	16,794,390	13
FVOCI Reserve	(2,400)	-	(100)
Revaluation Reserve	1,191,463	1,201,270	(1)
Total Equity	**24,701,244**	**22,597,651**	**9**
Total Equity and Liabilities	**251,061,102**	**233,456,323**	**8**
Commitments and Contingencies	**62,848,197**	**49,081,753**	**28**
Net Asset Value per Share (Rs.)	**55.81**	**51.06**	**9**
Memorandum Information			
Number of Employees	1,542	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

28th October 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	FVOCI Reserve	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	-	-	-	1,242,433	-	-	1,242,433
Other Comprehensive Income for the Period	-	-	-	-		-	-
Total Comprehensive Income for the Period	**-**	**-**	**-**	**1,242,433**	**-**	**-**	**1,242,433**
Transactions with Equity Holders, Recognised Directly in Equity, Contribution by and Distribution to Equity Holders	-	-	-	-	-	-	-
Other Transactions							
Realisation of Revaluation Reserve	-	-	-	9,807	-	(9,807)	-
Total Other Transactions	**-**	**-**	**-**	**9,807**	**-**	**(9,807)**	**-**
Balance as at 30/09/2023	**3,614,253**	**-**	**894,990**	**16,270,765**	**-**	**1,078,973**	**21,858,981**
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	-	-	-	2,216,635	-	-	2,216,635
Other Comprehensive Income for the Period	-	-	-		(2,400)	-	(2,400)
Total Comprehensive Income for the Period	**-**	**-**	**-**	**2,216,635**	**(2,400)**	**-**	**2,214,235**
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							
Realisation of Revaluation Reserve	-	-	-	9,807	-	(9,807)	-
Total Other Transactions	**-**	**-**	**-**	**9,807**	**-**	**(9,807)**	**-**
Balance as at 30/09/2024	**3,614,253**	**-**	**987,738**	**18,910,190**	**(2,400)**	**1,191,463**	**24,701,244**

*** Number of Ordinary Shares (Voting) as at 30th September 2024 - 442,561,629**

In Rupee Thousands

Statement of Cash Flows

	Current Period From 01/01/2024 To 30/09/2024	Previous Period From 01/01/2023 To 30/09/2023
Cash Flows from Operating Activities		
Profit before Tax	3,223,354	2,116,981
Adjustments for:		
Non-Cash Items Included in Profit before Tax	1,928,121	2,288,630
Change in Operating Assets	(22,410,058)	(15,659,894)
Change in Operating Liabilities	23,978,466	14,614,313
Interest Expense on Subordinated Debentures and Other Term Borrowings	704,575	1,006,714
Interest Expense on Lease Liability	101,025	99,460
Gratuity Paid	(42,745)	(81,331)
Income Tax Paid	(1,238,102)	(32,696)
Net Cash Flows from Operating Activities	**6,244,636**	**4,352,177**
Cash Flows from Investing Activities		
Purchase of Property, Plant and Equipment	(91,639)	(182,446)
Proceeds from the Sale of Property, Plant and Equipment	20	72
Acquisition of Intangible Assets	(33,988)	(26,370)
Net Cash Flows used in Investing Activities	**(125,607)**	**(208,744)**
Cash Flows from Financing Activities		
Repayment of Term Borrowings	(7,972,228)	(1,245,883)
Interest Paid on Subordinated Debentures and Other Term Borrowings	(703,329)	(855,954)
Dividend Paid	(110,640)	-
Repayment of Principal Portion of Lease Liability	(195,035)	(186,179)
Interest Paid on Lease Liability	(101,025)	(99,460)
Net Cash Flows used in Financing Activities	**(9,082,257)**	**(2,387,476)**
Net Increase/(Decrease) in Cash & Cash Equivalents	**(2,963,228)**	**1,755,957**
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 (Note A)	**3,277,160**	**7,150,075**

In Rupee Thousands

Note A - Cash & Cash Equivalents	**As at 30/09/2024**	**As at 30/09/2023**
Cash in Hand	3,080,866	2,358,806
Balances with Local and Foreign Banks	196,294	4,791,269
Cash & Cash Equivalents as per the Statement of Cash Flows	**3,277,160**	**7,150,075**
Less : Allowance for Expected Credit Losses	(177)	(9,176)
Cash & Cash Equivalents as per the Statement of Financial Position	**3,276,983**	**7,140,899**

In Rupee Thousands

Measurement of Financial Instruments

As at 30/09/2024	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	-	-	3,276,983	-	3,276,983
Balances with Central Bank of Sri Lanka	-	-	7,546,149	-	7,546,149
Derivative Financial Instruments	-	-	-	43,737	43,737
Financial Assets at Fair Value through Profit or Loss (FVPL)	5,080,293	-	-	-	5,080,293
Financial Assets at Amortised Cost-Loans and Advances	-	-	147,239,969	-	147,239,969
Financial Assets at Amortised Cost-Debt and Other Instruments	-	-	72,961,687	-	72,961,687
Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)	-	6,767,092	-	-	6,767,092
Total Financial Assets	**5,080,293**	**6,767,092**	**231,024,788**	**43,737**	**242,915,910**
Financial Liabilities					
Due to Banks	-	-	6,217,656	-	6,217,656
Repurchase Agreements	-	-	15,693,001	-	15,693,001
Derivative Financial Instruments	-	-	-	250,629	250,629
Due to Depositors	-	-	190,157,624	-	190,157,624
Due to Debt Securities Holders	-	-	4,708,567	-	4,708,567
Subordinated Debentures	-	-	843,904	-	843,904
Other Liabilities	-	-	1,775,065	-	1,775,065
Total Financial Liabilities	**-**	**-**	**219,395,817**	**250,629**	**219,646,446**

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 30/09/2024	As at 31/12/2023 (Audited)
Gross Loans and Advances (Note 1.2)	156,338,511	139,885,756
Less: Accumulated Impairment under Stage 1 (Note 1.3)	(1,083,187)	(981,329)
Accumulated Impairment under Stage 2 (Note 1.3)	(876,059)	(1,672,898)
Accumulated Impairment under Stage 3 (Note 1.3)	(7,139,296)	(5,935,417)
Net Loans and Advances	**147,239,969**	**131,296,112**

1.2 Loans and Advances - By Product

In Rupee Thousands

	As at 30/09/2024	As at 31/12/2023 (Audited)
Domestic Currency		
Term Loans	102,816,181	92,190,280
Overdraft	12,937,962	12,550,274
Trade Finance	1,428,074	1,144,642
Lease Rentals Receivable	11,124,354	9,140,396
Pawning and Gold Loans	14,500,564	14,339,050
Credit Cards	4,593,817	4,781,099
Others	1,561,252	1,399,902
Sub Total	**148,962,204**	**135,545,643**
Foreign Currency		
Term Loans	5,884,567	3,285,645
Overdraft	245,916	104,401
Trade Finance	1,245,824	950,067
Sub Total	**7,376,307**	**4,340,113**
Total	**156,338,511**	**139,885,756**

1.3 Movement of Impairment During the Period - Loans and Advances

In Rupee Thousands

	As at 30/09/2024	As at 31/12/2023 (Audited)
Under Stage 1		
Opening Balance	981,329	1,129,765
Charge/(Reversal) to Income Statement	101,858	(148,436)
Closing Balance	**1,083,187**	**981,329**
Under Stage 2		
Opening Balance	1,672,898	1,897,450
Charge/(Reversal) to Income Statement	(796,839)	(224,552)
Closing Balance	**876,059**	**1,672,898**
Under Stage 3		
Opening Balance	5,935,417	6,903,984
Charge/(Reversal) to Income Statement	1,428,383	1,746,818
Write-offs During the Period	(115,646)	(2,602,167)
Exchange Rate Variance on Foreign Currency Provisions	(108,858)	(113,218)
Closing Balance	**7,139,296**	**5,935,417**
Total Impairment - Closing Balance	**9,098,542**	**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 30/09/2024	As at 31/12/2023 (Audited)
Gross Commitments and Contingencies	62,848,197	49,081,753
Less: Accumulated Impairment under Stage 1 (Note 3)	(131,988)	(109,340)
Net Commitments and Contingencies	**62,716,209**	**48,972,413**

2.2 Commitments and Contingencies - By Product

	As at 30/09/2024	As at 31/12/2023 (Audited)
Domestic Currency		
Guarantees	6,851,249	4,265,126
Documentary Credit	78,665	116,462
Currency Swaps	18,045,867	11,320,380
Undrawn Credit Commitments	13,140,709	13,658,659
Sub Total	**38,116,490**	**29,360,626**
Foreign Currency		
Guarantees	545,920	601,423
Documentary Credit	1,477,098	1,547,963
Currency Swaps	22,482,759	17,164,472
Undrawn Credit Commitments	225,930	407,269
Sub Total	**24,731,707**	**19,721,126**
Total	**62,848,197**	**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	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	2,235	6,396,629	29,716	79,623	**6,508,203**
Charge/(Reversal) to Income Statement	(2,058)	654,753	(5,416)	28,064	**675,343**
Exchange Rate Variance on Foreign Currency Provisions	-	(773,087)	-	-	**(773,087)**
Closing Balance at 30/09/2024	**177**	**6,278,295**	**24,300**	**107,687**	**6,410,459**

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 30/09/2024	As at 31/12/2023 (Audited)
Domestic Currency		
Demand Deposits	7,056,744	5,842,489
Savings Deposits	30,482,874	22,694,924
Fixed Deposits	131,995,801	128,124,295
Certificate of Deposits	752,993	1,206,540
Margin Deposits	167,381	227,860
Sub Total	**170,455,793**	**158,096,108**
Foreign Currency		
Demand Deposits	527,652	663,653
Savings Deposits	4,384,650	2,394,873
Fixed Deposits	14,704,895	14,087,257
Margin Deposits	84,634	102,979
Sub Total	**19,701,831**	**17,248,762**
Total	**190,157,624**	**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 30th September 2024	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets				
Derivative Financial Instruments	-	43,737	-	43,737
Financial Assets at FVPL				
- Sri Lanka Government Rupee Securities - Treasury Bills & Bonds	5,080,293	-	-	5,080,293
Financial Assets at FVOCI				
- Sri Lanka Government Rupee Securities - Treasury Bills & Bonds	6,763,340			6,763,340
- Equities - Unquoted	-	3,752	-	3,752
Total	**11,843,633**	**47,489**	**-**	**11,891,122**
Non-Financial Assets				
Land - Revalued	-	-	1,616,000	1,616,000
Building - Revalued	-	-	626,902	626,902
Total	**-**	**-**	**2,242,902**	**2,242,902**
Financial Liabilities				
Derivative Financial Instruments	-	250,629	-	250,629
Total	**-**	**250,629**	**-**	**250,629**

Notes to the Financial Statements

				In Rupee Thousands
As at 31st December 2023	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets				
Derivative Financial Instruments	-	26,238	-	26,238
Financial Assets at FVPL				
- Sri Lanka Government Rupee Securities - Treasury Bills & Bonds	4,277,569	-	-	4,277,569
Financial Assets at FVOCI - Equities - Unquoted	-	3,752	-	3,752
Total	**4,277,569**	**29,990**	**-**	**4,307,559**
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 (FVPL) held at the period end.

		In Rupee Thousands
	For the Nine Months ended 30th September 2024	**For the Nine Months ended 30th September 2023**
Derivative Financial Instruments	(91,061)	(182,425)
Financial Assets at Fair Value through Profit or Loss		
- Sri Lanka Government Rupee Securities - Treasury Bills & Bonds	(123,195)	460,187
Total	**(214,256)**	**277,762**

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 liabilities that have a short term maturity, it is assumed that the carrying value approximates their fair value. This assumption is applied for Cash and Cash Equivalents, Balances with Central Bank of Sri Lanka and Reverse Repurchase Agreements. This assumption is also applied to Call Money Borrowings, Balances with Foreign Banks, Repurchase Agreements, Demand Deposits, Margin Deposits, Savings Accounts without a specific maturity, floating rate instruments and fixed rate instrumemts 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 value and fair value of the Bank's financial instruments that are not carried at fair value in the Financial Statements. This table does not include the fair value of non-financial assets and non-financial liabilities.

				In Rupee Thousands
	As at 30th September 2024		As at 31st December 2023	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
Cash and Cash Equivalents	3,276,983	3,276,983	6,238,153	6,238,153
Balances with Central Bank of Sri Lanka	7,546,149	7,546,149	2,909,271	2,909,271
Loans and Advances - at Amortised Cost	147,239,969	147,487,748	131,296,112	131,173,599
Debt and Other Instruments - at Amortised Cost	72,961,687	73,621,958	80,216,838	80,420,231
Total Financial Assets	**231,024,788**	**231,932,838**	**220,660,372**	**220,741,253**
Financial Liabilities				
Due to Banks	6,217,656	6,217,656	1,547,695	1,547,695
Repurchase Agreements	15,693,001	15,693,001	11,611,454	11,611,454
Due to Depositors - at Amortised Cost	190,157,624	193,935,794	175,344,871	176,920,669
Due to Debt Securities Holders - at Amortised Cost	4,708,567	4,708,567	13,051,593	13,051,593
Subordinated Debentures	843,904	843,904	872,839	861,420
Other Liabilities	1,775,065	1,795,976	1,653,381	1,494,026
Total Financial Liabilities	**219,395,817**	**223,194,898**	**204,081,833**	**205,486,857**

Notes to the Financial Statements

6 Segment Reporting

For the Nine Months ended 30th September

				In Rupee Thousands
	2024			
	Retail & SME Banking	**Corporate Banking**	**Treasury and Investments**	**Total**
Gross Income				
Third Party	15,108,126	1,780,746	8,491,265	25,380,137
Inter-Segment	5,199,884	(486,118)	(4,713,766)	-
Total Income	**20,308,010**	**1,294,628**	**3,777,499**	**25,380,137**
Extract of Results				
Interest Income	13,749,863	1,605,523	7,740,609	23,095,995
Interest Expense	(11,935,232)	(763,755)	(1,602,120)	(14,301,107)
Inter - Segment	5,199,884	(486,118)	(4,713,766)	-
Net Interest Income	**7,014,515**	**355,650**	**1,424,723**	**8,794,888**
Fees and Commission Income	1,324,254	69,805	-	1,394,059
Fees and Commission Expenses	(18,382)	(32)	(32,932)	(51,346)
Net Fee and Commission Income/(Losses)	**1,305,872**	**69,773**	**(32,932)**	**1,342,713**
Net Gains from Trading	1,705	1,051	451,250	454,006
Other Operating Income	32,303	104,367	299,407	436,077
Total Operating Income	**8,354,395**	**530,841**	**2,142,448**	**11,027,684**
Impairment Charges	(208,591)	(671,030)	(529,123)	(1,408,744)
Net Operating Income/(Losses)	**8,145,804**	**(140,189)**	**1,613,325**	**9,618,940**
Depreciation of Property, Plant and Equipment	356,848	125	513	357,486
Amortisation of Intangible Assets	43,289	-	2,563	45,852
Segment Result	**7,745,667**	**(140,314)**	**1,610,249**	**9,215,602**
Un-allocated Expenses				4,849,142
Operating Profit before Taxes & Levies on Financial Services				**4,366,460**
Taxes and Levies on Financial Services				1,143,106
Profit before Tax				**3,223,354**
Income Tax Expense				1,006,719
Profit for the Period				**2,216,635**
Other Comprehensive Income for the Period				(2,400)
Total Comprehensive Income for the Period				**2,214,235**
Capital Expenditure				
Property, Plant and Equipment	91,639	-	-	91,639
Intangible Assets	33,988	-	-	33,988
As at 30th September				
Segment Assets	129,696,637	22,045,081	72,130,355	223,872,073
Unallocated Assets	-	-	-	27,189,029
Total Assets	**129,696,637**	**22,045,081**	**72,130,355**	**251,061,102**
Segment Liabilities	176,454,765	15,802,664	25,613,952	217,871,381
Unallocated Liabilities and Equity	-	-	-	33,189,721
Total Liabilities and Equity	**176,454,765**	**15,802,664**	**25,613,952**	**251,061,102**

Notes to the Financial Statements

6 Segment Reporting

For the Nine Months ended 30th September

				In Rupee Thousands
	2023			
	Retail & SME Banking	**Corporate Banking**	**Treasury and Investments**	**Total**
Gross Income				
Third Party	18,606,898	2,308,580	9,284,652	30,200,131
Inter-Segment	6,087,335	(675,912)	(5,411,424)	-
Total Income	**24,694,233**	**1,632,669**	**3,873,229**	**30,200,131**
Extract of Results				
Interest Income	17,462,526	2,275,264	8,682,509	28,420,298
Interest Expense	(18,162,880)	(1,213,209)	(1,580,521)	(20,956,610)
Inter - Segment	6,087,335	(675,912)	(5,411,424)	-
Net Interest Income	**5,386,980**	**386,143**	**1,690,564**	**7,463,688**
Fee and Commission Income	1,036,220	68,468	-	1,104,688
Fee and Commission Expense	(12,793)	-	(27,574)	(40,367)
Net Fee and Commission Income/(Losses)	**1,023,427**	**68,468**	**(27,574)**	**1,064,321**
Net Gains from Trading	525	-	1,163,071	1,163,596
Other Operating Income/(Losses)	107,628	(35,152)	(560,928)	(488,451)
Total Operating Income	**6,518,561**	**419,460**	**2,265,133**	**9,203,154**
Impairment (Charges)/Reversals	(2,536,278)	340,494	287,262	(1,908,522)
Net Operating Income	**3,982,283**	**759,954**	**2,552,395**	**7,294,632**
Depreciation of Property, Plant and Equipment	325,761	133	487	326,382
Amortisation of Intangible Assets	39,820	-	3,083	42,903
Segment Result	**3,616,701**	**759,820**	**2,548,825**	**6,925,347**
Unallocated Expenses				3,998,208
Operating Profit before Taxes & Levies on Financial Services				**2,927,139**
Taxes & Levies on Financial Services				810,158
Profit before Tax				**2,116,981**
Income Tax Expense				874,548
Profit for the Period				**1,242,433**
Other Comprehensive Income for the Period				-
Total Comprehensive Income for the Period				**1,242,433**
Capital Expenditure				
Property, Plant and Equipment	182,446	-	-	182,446
Intangible Assets	26,370	-	-	26,370
As at 30th September				
Segment Assets	121,804,778	14,684,083	73,275,295	209,764,155
Unallocated Assets	-	-	-	13,769,567
Total Assets	**121,804,778**	**14,684,083**	**73,275,295**	**223,533,723**
Segment Liabilities	161,540,749	10,557,693	21,489,176	193,587,618
Unallocated Liabilities and Equity	-	-	-	29,946,105
Total Liabilities and Equity	**161,540,749**	**10,557,693**	**21,489,176**	**223,533,723**

Selected Performance Indicators (As per Regulatory Reporting)	Bank	
	Current Period As at 30/09/2024	Previous Period As at 31/12/2023
Regulatory Capital (LKR '000)		
Common Equity Tier I (CET I) Capital before Adjustments	21,232,803	21,235,203
Common Equity Tier I (CET I) Capital after Adjustments	18,992,633	18,785,214
Total Tier 1 Capital	18,992,633	18,785,214
Total Capital	21,340,380	21,155,676
Regulatory Capital Ratios (%)		
Common Equity Tier 1 Capital Ratio (Minimum Requirement - 7%)	15.20%	16.45%
Tier 1 Capital Ratio (Minimum Requirement - 8.5%)	15.20%	16.45%
Total Capital Ratio (Minimum Requirement - 12.5%)	17.08%	18.52%
Leverage Ratio		
Leverage Ratio (%) (Minimum Requirement - 3%)	7.05%	7.60%
Assets Quality		
Stage 3 Loans (Impaired Loans) to Total Loans*	3.80%	4.36%
Stage 3 Loan Impairment to Stage 3 Loans (Stage 3 Provision Cover)*	52.65%	47.13%
Profitability		
Interest Margin, %	4.84%	4.67%
Return on Assets (Before Tax), %	1.77%	1.06%
Return on Equity, %	12.67%	8.62%
Regulatory Liquidity		
Total Stock of High-Quality Liquid Assets (LKR '000)		
Rupee	71,021,646	68,598,119
All Currency	74,428,270	72,903,051
Liquidity Coverage Ratio (%) - (Minimum Requirement, 100%)		
Rupee (%)	221.71%	520.84%
All Currency (%)	312.89%	458.18%
Net Stable Funding Ratio (%) - (Minimum Requirement, 100%)	143.17%	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**

	30/09/2024
Debt to Equity (Times)	0.22
Interest Cover (Times)	5.57

8. **Market Price of Ordinary Shares**

Market Price Per Share	**30/09/2024 (Rs.)**		**30/09/2023 (Rs.)**	
	Voting	**Non-Voting**	**Voting**	**Non-Voting**
Last Traded Price	22.40	-	20.20	-
Highest Price for the Quarter	23.00	-	23.50	-
Lowest Price for the Quarter	17.80	-	13.90	-

Shareholders' Information

Major Shareholders as at 30th September 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	Department of Samurdhi Development	11,114,376	2.51
7	Sri Lanka Savings Bank Limited	10,298,499	2.33
8	Seylan Bank PLC/ARRC Capital (Pvt) Ltd	7,750,518	1.75
9	Imminent Technologies (Pvt) Ltd	6,637,697	1.50
10	Hatton National Bank PLC/J N Lanka Holdings Company (Pvt) Ltd	4,606,360	1.04
11	Sampath Bank PLC/Andaradeniya Estate (Pvt) Ltd	4,001,095	0.90
12	Sampath Bank PLC/J N Lanka Holdings Company (Pvt) Ltd	3,270,563	0.74
13	Commercial Bank of Ceylon PLC/G. S. N. Peiris	2,802,627	0.63
14	R. C. D. De Silva	2,017,259	0.46
15	Thread Capital (Pvt) Ltd	1,918,454	0.43
16	H. Beruwalage	1,903,648	0.43
17	A. N. P. Abhayagunawardhana	1,800,000	0.41
18	DFCC Bank PLC/N. G. N. Maduranga	1,702,572	0.39
19	Capital Land and General (Pvt) Ltd	1,500,000	0.34
20	Merchant Bank of Sri Lanka & Finance PLC/R. A. Niranjana	1,480,040	0.33
		326,336,176	**73.74**
	Others	**116,225,453**	**26.26**
	Total	**442,561,629**	**100.00**

Public holding as at 30th September 2024 was 55.01% in the hands of 6,658 public shareholders.

Float Adjusted Market Capitalisation as at 30th September 2024 was Rs. 5,453,350,607/- and the Bank complies with Option No. 03.

Directors' and Chief Executive Officer's Holding in Shares as at 30th September 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	M. D. D. D. Perera	-
9	A. Goonesekere	-
10	E. M. N. Edirisinghe	1,950