PAN ASIA BANK
The Truly Sri Lankan Bank

INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31ST MARCH 2025

COMPANY REGISTRATION NO : PQ 48

Press Release

Pan Asia Bank Continues to Excel with a PAT of over Rs. 1 billion for 1Q 2025, Up by 180%

- Net Interest Income - Rs. 3.04 billion, up by 5%
- Net Fee and Commission Income - Rs. 0.50 billion, up by 25%
- Operating Profit before Taxes on Financial Services - Rs. 1.91 billion, up by 73%
- Profit before Tax - Rs. 1.46 billion, up by 84%
- Profit after Tax - Rs. 1.02 billion, up by 180%
- Total Assets grow by Rs. 8.50 billion, up by 3%
- Gross Loan Book expands by Rs. 7 billion, up by 4%
- Customer Deposit Base increases by Rs. 6.5 billion, up by 3%
- CASA Ratio improves further to 22.21% from 21.36%
- Cost-to-Income Ratio improves to 47% from 52.68%
- Net Interest Margin - 4.62%, Return on Assets (Pre-tax) - 2.22%, Return on Equity -15.23%
- Earnings per Share more than doubled to reach Rs. 2.30 from Rs. 0.82 (82 Cents)
- Credit Quality Indicators improve further;
  - Stage 3 Loans to Total Loans Ratio improves to 2.79% from 3.10%
  - Stage 3 Provision Cover improves to 61.50% from 60.10%
- The Bank remains well capitalised and liquid;
  - Common Equity Tier 1 Ratio - 17.09% (Regulatory Minimum - 7.00%)
  - Tier 1 Capital Ratio- 17.09% (Regulatory Minimum - 8.50%)
  - Total Capital Ratio - 18.72% (Regulatory Minimum - 12.50%)
  - Leverage Ratio - 7.91% (Regulatory Minimum - 3%)
  - All Currency LCR - 263.77%, Rupee LCR 210.24% (Regulatory Minimum - 100%)
  - Net Stable Funding Ratio - 148.62% (Regulatory Minimum - 100%)

Pan Asia Banking Corporation PLC reported an impressive financial performance for 1Q 2025 amidst diverse challenges emerging from the gradually reviving but challenging macro-economic environment. In financial terms, the Bank witnessed another quarter of growth and profitability, with an increase in Profit After Tax (PAT) of 180%. This growth is reflective of the robust portfolio management, effective cost management and commitment to generating sustainable profits. As a result, the Bank ended 1Q 2025 with a PAT of Rs. 1.02 billion to report an Earnings per Share (EPS) more than doubled to reach Rs. 2.30. The Bank's robust performance was complemented by the ability to navigate external challenges adeptly.

The Bank's unwavering commitment to asset quality was reflected in maintaining one of the lowest Stage 3 Loan Ratios in the industry of 2.79% as of 31st March 2025, a testament to our rigorous credit risk management and underwriting standards. While the government-imposed restrictions on recoveries posed headwinds, the Bank proactively refined our recovery strategies to minimise the impact. Meanwhile, the Bank's Stage 3 Provision Cover improved to 61.50% as of 31st March 2025 from 60.10% as of last year end due to prudential impairment provisioning on borrowers/sectors which exhibited financial distress.

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 for 1Q 2025 has decreased by 9% compared to the corresponding period last year, due to its response to the market conditions even in a situation of increased average loan portfolio. Also, the interest expense for 1Q 2025 has decreased by 17% against the interest expense for 1Q 2024 due to low interest rates prevailed despite the strong growth in average deposit book. Consequently, the net interest income has increased by 5% during 1Q 2025 as the drop in interest expense outpaced the drop in interest income.

The Bank’s net fee and commission income has increased by 25% during 1Q 2025 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. Apart from that, fee income generated from trade & remittances has also increased significantly during the period under review.

The net gains from trading have decreased by 50% during the reporting period due to drop in capital gains from investments in unit trusts and Sri Lanka Government Rupee Securities classified under FVPL. The net fair value gains from financial assets at FVPL have increased remarkably during 1Q 2025 due to increase in MTM gains from investments in unit trusts and Sri Lanka Government Rupee Securities classified under FVPL. The Bank posted a notable capital gain of Rs. 176 million during 1Q 2025 as derecognition gains on financial assets at FVOCI.

The Bank's Cost-to-Income Ratio has improved remarkably by over 500 bps to 47% in 1Q 2025 from 52.68% for the year 2024. The increase in other operating expenses contained to 17% due to the effective cost management strategies of the Bank despite the cost increases primarily caused by the new branch opening and other technological enhancement projects conducted by the Bank and general price increase of goods and services.

The taxes and levies on financial services and income tax expenses increased mainly due to the increase in operating profits. The increase in income tax expense for 1Q 2025 was negated to some extent by reversal of previous period income tax provisions based on the successful outcomes of tax appeal process.

The Bank reported a Net Interest Margin (NIM) of 4.62% for 1Q 2025. Meanwhile, the Bank reported a Return on Equity (ROE) of 15.23% and a Pre-Tax Return on Assets (ROA) of 2.22% for the period under review. This underscores the Bank’s ability to generate higher returns for its shareholders, driven by robust earnings growth and enhanced operational efficiencies. It also highlights the Bank’s effective asset utilisation and prudent risk management strategies, which contributed to improved bottom-line performance.

The Bank’s total assets experienced an increase of 3% mainly driven by loans and advances and investments in unit trusts classified under FVPL. The Bank’s loans and advances book has expanded by 4% during the period under review mainly due to the increased credit demand specially in the SME banking and Retail banking segments. In the meantime, the Bank’s total customer deposits base recorded a healthy growth of Rs. 6.5 billion or increased by 3% passing Rs. 197.8 billion mark to end the 1Q 2025. Moreover, the impressive growth in Current and Savings Accounts (CASA) base of over Rs. 3 billion ensured the CASA Ratio improving by 85 bps during 1Q 2025.

During 1Q 2025, the Bank maintained a solid capital and liquidity position, reinforcing its financial strength in a dynamic environment. Capital buffers remained well above regulatory minimum requirements, reflecting prudent management. The Common Equity Tier 1 Capital Ratio and the Tier 1 Capital Ratio stood at 17.09%, staying well above the regulatory minimums of 7% and 8.50%, respectively. The Total Capital Ratio stood at 18.72% against the statutory minimum of 12.50%, ensuring resilience and growth capacity. Meanwhile, the Bank's Leverage Ratio which rank well above the regulatory minimum of 3%, stood at 7.91% in 1Q 2025.

Despite the significant expansion in loan book witnessed during 1Q 2025, liquidity levels remained robust, with an All-Currency Liquidity Coverage Ratio (LCR) of 263.77% and Rupee LCR of 210.24%, both comfortably surpassing regulatory thresholds. The Net Stable Funding Ratio (NSFR) of 148.62% reflects the Bank's ability in raising stable funding under gradually resurging economic conditions. These strong metrics underline the Bank's commitment to financial stability and sustainable expansion.

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 1Q 2025 affirm that we are well-positioned to achieve our financial goals. The growth witnessed in our total assets book, along with 180% increase in PAT, underscores the effectiveness of our strategy, which we will accelerate to drive greater earnings from core banking while enhancing operational efficiencies. The spirit of innovation continues to propel Pan Asia Bank forward as we make notable strides in digitalizing our products and services, backed by an industry-best team, paving the way for new milestones in the coming period."

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 %
	2 025	2 024	
Interest Income	7,404,633	8,163,797	(9)
Interest Expense	(4,368,224)	(5,279,968)	(17)
Net Interest Income	**3,036,409**	**2,883,829**	**5**
Fee and Commission Income	515,900	415,045	24
Fee and Commission Expense	(18,656)	(16,653)	12
Net Fee and Commission Income	**497,244**	**398,392**	**25**
Net Gains from Trading	63,168	126,028	(50)
Net Fair Value Gains from Financial Assets at FVPL	67,870	2,935	2,213
Net Gains from Derecognition of Financial Assets at FVOCI	175,769	-	100
Net Other Operating Losses	(3,116)	(356,296)	99
Total Operating Income	**3,837,344**	**3,054,887**	**26**
Impairment Charges	122,862	333,313	(63)
Net Operating Income	**3,714,482**	**2,721,575**	**36**
Operating Expenses			
Personnel Expenses	810,229	750,112	8
Depreciation and Amortisation	142,586	136,056	5
Other Operating Expenses	850,879	730,269	17
Total Operating Expenses	**1,803,694**	**1,616,437**	**12**
Operating Profit before Taxes on Financial Services	**1,910,788**	**1,105,138**	**73**
Taxes and Levies on Financial Services	447,167	309,469	44
Profit before Tax	**1,463,621**	**795,669**	**84**
Income Tax Expense	446,841	432,873	3
Profit for the Period	**1,016,780**	**362,796**	**180**
Earnings Per Share - Basic/Diluted (Rs.)	2.30	0.82	180

In Rupee Thousands

Statement of Comprehensive Income

	For the Three Months ended 31st March		Change %
	2025	2024	
Profit for the Period	**1,016,780**	**362,796**	**180**
Other Comprehensive Income for the Period			
Other Comprehensive to be Reclassified to Profit or Loss			
Debt Instruments at FVOCI			
Net Fair Value Gains arising on Remeasurement	88,907	-	100
Reclassification of Gains to Profit or Loss due to Derecognition	(175,769)	-	(100)
	(86,862)	-	(100)
Deferred Tax Effect on above	26,059	-	100
Other Comprehensive Income for the Period	**(60,803)**	-	**(100)**
Total Comprehensive Income for the Period	**955,977**	**362,796**	**164**

In Rupee Thousands

Statement of Financial Position

	As at 31/03/2025	As at 31/12/2024 (Audited)	Change %
Assets			
Cash and Cash Equivalents	3,768,810	3,413,701	10
Balances with Central Bank of Sri Lanka	5,486,674	5,499,181	(0)
Reverse Repurchase Agreements	1,001,327	1,001,140	0
Derivative Financial Instruments	33,079	79,869	(59)
Financial Assets at Fair Value through Profit or Loss (FVPL)	16,530,708	13,107,697	26
Financial Assets at Amortised Cost			
-Loans and Advances	157,990,723	151,069,047	5
-Debt and Other Instruments	62,430,936	63,348,832	(1)
Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)	17,856,667	19,347,634	(8)
Property, Plant and Equipment	2,989,340	2,926,217	2
Right-of-Use Assets	1,501,837	1,409,786	7
Intangible Assets	317,882	328,682	(3)
Deferred Tax Assets	117,844	27,357	331
Other Assets	1,386,199	1,303,869	6
Total Assets	**271,412,026**	**262,863,012**	**3**
Liabilities			
Due to Banks	10,465,657	8,893,612	18
Repurchase Agreements	25,406,042	25,345,992	0
Derivative Financial Instruments	95,049	58,248	63
Financial Liabilities at Amortised Cost			
-Due to Depositors	197,825,875	191,293,162	3
-Due to Debt Securities Holders	-	1,592,971	(100)
Subordinated Debentures	843,275	872,839	(3)
Retirement Benefit Obligations	749,776	682,806	10
Current Tax Liabilities	1,592,202	1,156,336	38
Other Provisions and Accruals	1,012,767	1,033,202	(2)
Other Liabilities	6,130,189	5,156,066	19
Total Liabilities	**244,120,832**	**236,085,234**	**3**
Equity			
Stated Capital	3,614,253	3,614,253	-
Statutory Reserve Fund	1,194,474	1,194,474	-
Special Reserve	595,771	595,771	-
Retained Earnings	20,532,258	19,954,770	3
FVOCI Reserve	104,326	165,129	(37)
Revaluation Reserve	1,250,112	1,253,381	(0)
Total Equity	**27,291,194**	**26,777,778**	**2**
Total Equity and Liabilities	**271,412,026**	**262,863,012**	**3**
Commitments and Contingencies	**62,473,563**	**57,054,510**	**9**
Net Assets Value per Share (Rs.)	**61.67**	**60.51**	**2**
Memorandum Information			
Number of Employees	1,576	1,567	
Number of Branches	87	85	

CERTIFICATION:

I certify that the above Financial Statements are in compliance with the requirements of the Companies Act No. 07 of 2007 and give a true and fair view of the state of affairs of the Pan Asia Banking Corporation PLC as at 31st March 2025 and its profit for the period then ended.

(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

30th April 2025
Colombo

In Rupee Thousands

Statement of Changes In Equity

	Stated Capital*		Reserves					Total
	Ordinary Voting Shares	Ordinary Non-Voting Shares	Statutory Reserve Fund	Special Reserve	Retained Earnings	FVOCI Reserve	Revaluation Reserve	
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								
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**
Balance as at 01/01/2025	3,614,253	-	1,194,474	595,771	19,954,770	165,129	1,253,381	26,777,778
Comprehensive Income for the Period								
Profit for the Period	-	-	-	-	1,016,780	-	-	1,016,780
Other Comprehensive Income for the Period	-	-	-	-	-	(60,803)	-	(60,803)
Total Comprehensive Income for the Period	**-**	**-**	**-**	**-**	**1,016,780**	**(60,803)**	**-**	**955,977**
Transactions with Equity Holders, Recognised Directly in Equity, Contribution by and Distribution to Equity Holders								
Final Dividend for 2024 - Cash	-	-	-	-	(442,561)	-	-	(442,561)
Total Transactions with Equity Holders	**-**	**-**	**-**	**-**	**(442,561)**	**-**	**-**	**(442,561)**
Other Transactions								
Realisation of Revaluation Reserve	-	-	-	-	3,269	-	(3,269)	-
Total Other Transactions	**-**	**-**	**-**	**-**	**3,269**	**-**	**(3,269)**	**-**
Balance as at 31/03/2025	**3,614,253**	**-**	**1,194,474**	**595,771**	**20,532,258**	**104,326**	**1,250,112**	**27,291,194**

*** Number of Ordinary Shares (Voting) as at 31st March 2025 - 442,561,629**

In Rupee Thousands

Statement of Cash Flows

	Current Period From 01/01/2025 To 31/03/2025	Previous Period From 01/01/2024 To 31/03/2024
Cash Flows from Operating Activities		
Profit Before Tax	1,463,621	795,669
Adjustments for:		
Non-Cash Items included in Profit before Tax	349,316	502,208
Change in Operating Assets	(8,311,146)	(4,043,827)
Change in Operating Liabilities	8,741,841	4,671,249
Interest Expense on Subordinated Debentures and Other Term Borrowings	50,188	295,105
Interest Expense on Lease Liabilities	38,049	32,950
Gratuity Paid	(10,324)	(7,497)
Income Tax Paid	(75,403)	(5,139)
Net Cash Flows Generated from Operating Activities	**2,246,142**	**2,240,718**
Cash Flows from Investing Activities		
Purchase of Property, Plant and Equipment	(108,314)	(20,351)
Proceeds from the Sale of Property, Plant and Equipment	55	-
Acquisition of Intangible Assets	(12,097)	(2,704)
Net Cash Flows Used in Investing Activities	**(120,356)**	**(23,055)**
Cash Flows from Financing Activities		
Repayment of Term Borrowings	(1,576,645)	(2,181,836)
Interest Paid on Subordinated Debentures and Other Term Borrowings	(96,556)	(181,225)
Repayment of Principal Portion of Lease Liabilities	(58,399)	(53,710)
Interest Paid on Lease Liabilities	(38,049)	(32,950)
Net Cash Flows Used in Financing Activities	**(1,769,649)**	**(2,449,721)**
Net Increase/(Decrease) in Cash & Cash Equivalents	**356,138**	**(232,058)**
Cash and Cash Equivalents at the Beginning of the Period	3,414,202	6,240,388
Cash and Cash Equivalents at the End of the Period (Note A)	**3,770,340**	**6,008,330**

In Rupee Thousands

Note A - Cash & Cash Equivalents	**As at 31/03/2025**	**As at 31/03/2024**
Cash in Hand	2,837,232	2,319,189
Balances with Local and Foreign Banks	933,108	3,689,141
Cash & Cash Equivalents as per the Statement of Cash Flows	**3,770,340**	**6,008,330**
Less : Allowance for Expected Credit Losses	(1,530)	(4,381)
Cash & Cash Equivalents as per the Statement of Financial Position	**3,768,810**	**6,003,949**

In Rupee Thousands

Measurement of Financial Instruments

As at 31/03/2025	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	-	-	3,768,810	-	3,768,810
Balances with Central Bank of Sri Lanka	-	-	5,486,674	-	5,486,674
Reverse Repurchase Agreements	-	-	1,001,327	-	1,001,327
Derivative Financial Instruments	-	-	-	33,079	33,079
Financial Assets at Fair Value through Profit or Loss (FVPL)	16,530,708	-	-	-	16,530,708
Financial Assets at Amortised Cost-Loans and Advances	-	-	157,990,723	-	157,990,723
Financial Assets at Amortised Cost-Debt and Other Instruments	-	-	62,430,936	-	62,430,936
Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)	-	17,856,667	-	-	17,856,667
Total Financial Assets	**16,530,708**	**17,856,667**	**230,678,470**	**33,079**	**265,098,924**
Financial Liabilities					
Due to Banks	-	-	10,465,657	-	10,465,657
Repurchase Agreements	-	-	25,406,042	-	25,406,042
Derivative Financial Instruments	-	-	-	95,049	95,049
Due to Depositors	-	-	197,825,875	-	197,825,875
Subordinated Debentures	-	-	843,275	-	843,275
Other Liabilities	-	-	1,881,965	-	1,881,965
Total Financial Liabilities	**-**	**-**	**236,422,814**	**95,049**	**236,517,863**

In Rupee Thousands

Measurement of Financial Instruments

As at 31/12/2024 (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	-	-	3,413,701	-	3,413,701
Balances with Central Bank of Sri Lanka	-	-	5,499,181	-	5,499,181
Reverse Repurchase Agreements	-	-	1,001,140	-	1,001,140
Derivative Financial Instruments	-	-	-	79,869	79,869
Financial Assets at Fair Value through Profit or Loss (FVPL)	13,107,697	-	-	-	13,107,697
Financial Assets at Amortised Cost-Loans and Advances	-	-	151,069,047	-	151,069,047
Financial Assets at Amortised Cost-Debt and Other Instruments	-	-	63,348,832	-	63,348,832
Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)	-	19,347,634	-	-	19,347,634
Total Financial Assets	**13,107,697**	**19,347,634**	**224,331,901**	**79,869**	**256,867,101**
Financial Liabilities					
Due to Banks	-	-	8,893,612	-	8,893,612
Repurchase Agreements	-	-	25,345,992	-	25,345,992
Derivative Financial Instruments	-	-	-	58,248	58,248
Due to Depositors	-	-	191,293,162	-	191,293,162
Due to Debt Securities Holders	-	-	1,592,971	-	1,592,971
Subordinated Debentures	-	-	872,839	-	872,839
Other Liabilities	-	-	1,719,278	-	1,719,278
Total Financial Liabilities	**-**	**-**	**229,717,854**	**58,248**	**229,776,102**

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 31/03/2025	As at 31/12/2024 (Audited)
Gross Loans and Advances (Note 1.2)	167,878,066	160,885,702
Less: Accumulated Impairment under Stage 1 (Note 1.3)	(1,211,312)	(1,144,168)
Accumulated Impairment under Stage 2 (Note 1.3)	(606,752)	(565,977)
Accumulated Impairment under Stage 3 (Note 1.3)	(8,069,280)	(8,106,510)
Net Loans and Advances	**157,990,723**	**151,069,047**

1.2 Loans and Advances - By Product

In Rupee Thousands

	As at 31/03/2025	As at 31/12/2024 (Audited)
Domestic Currency		
Term Loans	108,919,178	103,733,249
Overdraft	16,177,220	15,490,520
Trade Finance	954,965	852,883
Lease Rentals Receivable	12,158,344	11,386,967
Pawning and Gold Loans	15,260,782	14,739,176
Credit Cards	4,879,461	4,774,041
Others	1,651,180	1,600,150
Sub Total	**160,001,130**	**152,576,986**
Foreign Currency		
Term Loans	6,852,425	7,134,719
Overdraft	161,749	175,866
Trade Finance	862,762	998,131
Sub Total	**7,876,936**	**8,308,716**
Total	**167,878,066**	**160,885,702**

1.3 Movement of Impairment During the Period - Loans and Advances

In Rupee Thousands

	As at 31/03/2025	As at 31/12/2024 (Audited)
Under Stage 1		
Opening Balance	1,144,168	981,329
Charge/(Reversal) to Income Statement	67,144	162,839
Closing Balance	**1,211,312**	**1,144,168**
Under Stage 2		
Opening Balance	565,977	1,672,898
Charge/(Reversal) to Income Statement	40,775	(1,106,921)
Closing Balance	**606,752**	**565,977**
Under Stage 3		
Opening Balance	8,106,510	5,935,417
Charge/(Reversal) to Income Statement	(18,745)	2,183,493
Write-offs During the Period	(18,485)	(12,400)
Closing Balance	**8,069,280**	**8,106,510**
Total Impairment - Closing Balance	**9,887,344**	**9,816,655**

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 31/03/2025	As at 31/12/2024 (Audited)
Gross Commitments and Contingencies	62,473,563	57,054,510
Less: Accumulated Impairment under Stage 1 (Note 3)	(154,778)	(125,010)
Net Commitments and Contingencies	**62,318,785**	**56,929,500**

2.2 Commitments and Contingencies - By Product

	As at 31/03/2025	As at 31/12/2024 (Audited)
Domestic Currency		
Guarantees	5,485,822	4,986,332
Documentary Credit	172,701	47,139
Currency Swaps	16,328,644	15,929,562
Undrawn Credit Commitments	14,315,150	12,818,575
Sub Total	**36,302,319**	**33,781,608**
Foreign Currency		
Guarantees	168,046	153,886
Documentary Credit	3,966,523	2,412,204
Currency Swaps	21,643,182	20,333,283
Undrawn Credit Commitments	393,495	373,529
Sub Total	**26,171,245**	**23,272,902**
Total	**62,473,563**	**57,054,510**

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

In Rupee Thousands

	Cash & Cash Equivalents	Debt & Other Instruments	Documentary Credit	Financial Guarantees	Total
Opening Balance as at 01/01/2024	2,235	6,396,629	29,716	79,623	**6,508,203**
Charge/(Reversal) to Income Statement	(1,734)	(6,314,562)	14,142	1,529	**(6,300,625)**
Closing Balance at 31/12/2024 (Audited)	**501**	**82,067**	**43,858**	**81,152**	**207,578**
Opening Balance as at 01/01/2025	501	82,067	43,858	81,152	**207,578**
Charge/(Reversal) to Income Statement	1,028	2,893	23,703	6,066	**33,690**
Closing Balance at 31/03/2025	**1,530**	**84,960**	**67,560**	**87,218**	**241,268**

3.1 Impairment provisions on 'Debt and Other 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 31/03/2025	As at 31/12/2024 (Audited)
Domestic Currency		
Demand Deposits	7,863,686	7,929,179
Savings Deposits	31,176,135	28,771,574
Fixed Deposits	134,947,826	132,816,223
Certificate of Deposits	496,464	699,043
Margin Deposits	851,708	200,119
Sub Total	**175,335,819**	**170,416,138**
Foreign Currency		
Demand Deposits	1,156,427	572,904
Savings Deposits	3,740,376	3,577,667
Fixed Deposits	17,508,743	16,642,791
Margin Deposits	84,510	83,662
Sub Total	**22,490,056**	**20,877,024**
Total	**197,825,875**	**191,293,162**

Notes to the Financial Statements

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

FVOCI financial assets primarily consist of unquoted equity securities and government securities. Government securities are valued using the published yield curves while unquoted equity securities are valued using prices of similar assets in quoted market prices in the active markets as at the reporting date.

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

FVPL financial assets measured at fair value are the government securities and units trust securities. Sri Lanka government securities are valued using yield curves published by the Central Bank of Sri Lanka. The Bank uses net asset values of units as at the reporting date as the market value of units.

(d) Property, Plant & Equipment

Freehold land and buildings are carried at revalued amount, being their fair value at the revaluation date less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

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.

Also, the Bank has not changed the valuation models and assumptions used to measure the fair values of Level 3 financial instruments/assets during the period 2025. Further, there are no material changes in the fair value of financial assets categorised under Level 3, compared to the values reported as at 31st December 2024.

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 2025	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets				
Derivative Financial Instruments	-	33,079	-	33,079
Financial Assets at FVPL				
- Sri Lanka Government Rupee Securities - Treasury Bills & Bonds	11,466,753	-	-	11,466,753
- Investments in Unit Trust	5,063,955	-	-	5,063,955
Financial Assets at FVOCI				
- Sri Lanka Government Rupee Securities - Treasury Bills & Bonds	17,852,915	-	-	17,852,915
- Equities - Unquoted	-	3,752	-	3,752
Total	**34,383,623**	**36,831**	**-**	**34,420,454**
Non-Financial Assets				
Land - Revalued	-	-	1,665,000	1,665,000
Building - Revalued	-	-	656,478	656,478
Total	**-**	**-**	**2,321,478**	**2,321,478**
Financial Liabilities				
Derivative Financial Instruments	-	95,049	-	95,049
Total	**-**	**95,049**	**-**	**95,049**

As at 31st December 2024	Level 1	Level 2	Level 3	Total
				In Rupee Thousands
Financial Assets				
Derivative Financial Instruments	-	79,869	-	79,869
Financial Assets at FVPL				
- Sri Lanka Government Rupee Securities - Treasury Bills & Bonds	13,107,697	-	-	13,107,697
Financial Assets at FVOCI				
- Sri Lanka Government Rupee Securities - Treasury Bills and Bonds	19,343,882	-	-	19,343,882
- Equities - Unquoted	-	3,752	-	3,752
Total	**32,451,579**	**83,621**	**-**	**32,535,200**
Non-Financial Assets				
Land - Revalued	-	-	1,665,000	1,665,000
Building - Revalued	-	-	664,000	664,000
Total	**-**	**-**	**2,329,000**	**2,329,000**
Financial Liabilities				
Derivative Financial Instruments	-	58,248	-	58,248
Total	**-**	**58,248**	**-**	**58,248**

There were no transfers between Level 1, Level 2 and Level 3 during the year 2024 and 1Q 2025.

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.

Notes to the Financial Statements

	As at 31st March 2025					As at 31st December 2024				
	Carrying Value	Fair Value				Carrying Value	Fair Value			
		Level 1	Level 2	Level 3	Total		Level 1	Level 2	Level 3	Total
Financial Assets										
Cash and Cash Equivalents	3,768,810	-	3,768,810	-	3,768,810	3,413,701	-	3,413,701	-	3,413,701
Balances with Central Bank of Sri Lanka	5,486,674	-	5,486,674	-	5,486,674	5,499,181	-	5,499,181	-	5,499,181
Reverse Repurchase Agreements	1,001,327	-	1,001,327	-	1,001,327	1,001,140	-	1,001,140	-	1,001,140
Loans and Advances - at Amortised Cost	157,990,723	-	158,311,582	-	158,311,582	151,069,047	-	151,313,288	-	151,313,288
Debt and Other Instruments - at Amortised Cost	62,430,936	54,568,928	8,893,234	-	63,462,162	63,348,832	55,473,667	8,993,370	-	64,467,037
Total Financial Assets	**230,678,470**	**54,568,928**	**177,461,628**	**-**	**232,030,555**	**224,331,901**	**55,473,667**	**170,220,680**	**-**	**225,694,347**
Financial Liabilities										
Due to Banks	10,465,657	-	10,465,657	-	10,465,657	8,893,612	-	8,893,612	-	8,893,612
Repurchase Agreements	25,406,042	-	25,406,042	-	25,406,042	25,345,992	-	25,345,992	-	25,345,992
Due to Depositors - at Amortised Cost	197,825,875	-	201,041,129	-	201,041,129	191,293,162	-	191,293,162	-	195,009,495
Due to Debt Securities Holders - at Amortised Cost	-	-	-	-	-	1,592,971	-	1,592,971	-	1,592,971
Subordinated Debentures	843,275	-	843,275	-	843,275	872,839	-	872,839	-	872,839
Other Liabilities	1,881,966	-	1,895,596	-	1,895,596	1,719,278	-	1,719,278	-	1,738,523
Total Financial Liabilities	**236,422,815**	**-**	**239,651,698**	**-**	**239,651,698**	**229,717,854**	**-**	**229,717,854**	**-**	**233,453,432**

Notes to the Financial Statements

6 Segment Reporting

For the Three Months ended 31st March	Retail & SME Banking	Corporate Banking	Treasury and Investments	Total
	2025			In Rupee Thousands
Gross Income				
Third Party	4,953,840	573,192	2,697,192	8,224,224
Inter-Segment	1,550,233	(238,713)	(1,311,520)	-
Total Income	**6,504,073**	**334,479**	**1,385,672**	**8,224,224**
Extract of Results				
Interest Income	4,448,220	552,057	2,404,356	7,404,633
Interest Expense	(3,509,410)	(232,567)	(626,247)	(4,368,224)
Inter - Segment	1,550,233	(238,713)	(1,311,520)	-
Net Interest Income	**2,489,043**	**80,777**	**466,589**	**3,036,409**
Fees and Commission Income	501,429	14,471	-	515,900
Fees and Commission Expenses	(7,152)	-	(11,504)	(18,656)
Net Fee and Commission Income/(Losses)	**494,277**	**14,471**	**(11,504)**	**497,244**
Net Gains from Trading	-	-	63,168	63,168
Net Fair Value Gains/(Losses) from Financial Assets at FVPL	-	-	67,870	67,870
Net Gains from Derecognition of Financial Assets at FVOCI	-	-	175,769	175,769
Net Other Operating Gains/(Losses)	4,192	6,664	(13,972)	(3,116)
Total Operating Income	**2,987,512**	**101,912**	**747,920**	**3,837,344**
Impairment Charges	(163,235)	44,295	(3,922)	(122,862)
Net Operating Income/(Losses)	**2,824,277**	**146,207**	**743,998**	**3,714,482**
Depreciation and Amortisation Expenses	141,490	62	1,034	142,586
Total Operating Expenses	1,075,329	26,047	45,638	1,147,014
Segment Result	**1,607,460**	**120,098**	**697,326**	**2,424,880**
Un-allocated Expenses				514,094
Operating Profit Before Taxes on Financial Services				**1,910,786**
Taxes and Levies on Financial Services				447,167
Profit Before Tax				**1,463,619**
Income Tax Expense				446,841
Profit for the Period				**1,016,780**
Other Comprehensive Income for the Period				(60,803)
Total Comprehensive Income for the Period				**955,977**
Capital Expenditure				
Property, Plant and Equipment	(108,314)	-	-	(108,314)
Intangible Assets	(12,097)	-	-	(12,097)
As at 31st March				
Segment Assets	136,907,293	25,846,426	98,743,740	261,497,459
Unallocated Assets	-	-	-	9,914,567
Total Assets	**136,907,293**	**25,846,426**	**98,743,740**	**271,412,026**
Segment Liabilities	171,497,999	28,986,711	32,579,143	233,063,853
Unallocated Liabilities and Equity	-	-	-	38,348,173
Total Liabilities and Equity	**171,497,999**	**28,986,711**	**32,579,143**	**271,412,026**

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	5,071,693	545,333	2,731,547	8,348,573
Inter-Segment	1,903,318	(201,720)	(1,701,599)	-
Total Income	**6,975,011**	**343,614**	**1,029,949**	**8,348,573**
Extract of Results				
Interest Income	4,681,599	560,145	2,922,053	8,163,797
Interest Expense	(4,421,374)	(247,947)	(610,646)	(5,279,968)
Inter - Segment	1,903,318	(201,720)	(1,701,599)	-
Net Interest Income	**2,163,543**	**110,478**	**609,808**	**2,883,829**
Fee and Commission Income	396,311	18,733	-	415,045
Fee and Commission Expense	(5,323)	-	(11,330)	(16,653)
Net Fee and Commission Income/(Losses)	**390,989**	**18,733**	**(11,330)**	**398,392**
Net Gains from Trading	-	-	126,028	126,028
Net Fair Value Gains/(Losses) from Financial Assets at FVPL			2,934.58	2,935
Net Other Operating Gains/(Losses)	(6,217)	(33,545)	(316,534)	(356,296)
Total Operating Income	**2,548,314**	**95,666**	**410,907**	**3,054,887**
Impairment (Charges)/Reversals	(163,285)	(393,081)	223,053	(333,313)
Net Operating Income	**2,385,029**	**(297,415)**	**633,960**	**2,721,575**
Depreciation and Amortisation Expenses	134,914	117	1,026	136,056
Total Operating Expenses	899,173	22,589	33,079	954,842
Segment Result	**1,350,942**	**(320,121)**	**599,855**	**1,630,677**
Un-allocated Expenses				525,539
Operating Profit before Taxes & Levies on Financial Services				**1,105,138**
Taxes & 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**

Selected Performance Indicators (As per Regulatory Reporting)		
	Bank	
	Current Period As at 31/03/2025	Previous Period As at 31/12/2024
Regulatory Capital Adequacy (LKR '000)		
Common Equity Tier 1 (CET 1) Capital before Adjustments	24,435,528	24,435,528
Common Equity Tier 1 (CET 1) Capital after Adjustments	23,985,957	24,079,489
Total Tier 1 Capital	23,985,957	24,079,489
Total Capital	26,270,980	26,348,045
Regulatory Capital Ratios (%)		
Common Equity Tier 1 Capital Ratio (Minimum Requirement - 7%)	17.09%	19.17%
Tier 1 Capital Ratio (Minimum Requirement - 8.5%)	17.09%	19.17%
Total Capital Ratio (Minimum Requirement - 12.5%)	18.72%	20.98%
Leverage Ratio (%)		
Leverage Ratio (%) (Minimum Requirement - 3%)	7.91%	8.18%
Assets Quality (%)		
Stage 3 Loans (Impaired Loans) to Total Loans*	2.79%	3.10%
Stage 3 Loan Impairment to Stage 3 Loans (Stage 3 Provision Cover)*	61.50%	60.10%
Income & Profitability (%)		
Interest Margin, %	4.62%	4.93%
Return on Assets (Before Tax), %	2.22%	2.45%
Return on Equity, %	15.23%	17.30%
Cost to Income Ratio (%)	47.00%	52.68%
Regulatory Liquidity		
Liquidity Coverage Ratio (%) - (Minimum Requirement, 100%)		
Rupee (%)	210.24%	264.10%
All Currency (%)	263.77%	344.37%
Net Stable Funding Ratio (%) - (Minimum Requirement, 100%)	148.62%	153.44%
Memorandum Information		
Credit Rating (Fitch Ratings)	BBB(lka) Stable Outlook	BBB-(lka) Stable Outlook
Number of Employees	1,576	1,567
Number of Branches	87	85

* 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 2024.

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**

Ratios	31/03/2025
Debt to Equity (Times)	0.03
Interest Cover (Times)	30.16

8. **Market Price of Ordinary Shares**

Market Price Per Share	31/03/2025 (Rs.)		31/03/2024 (Rs.)	
	Voting	Non-Voting	Voting	Non-Voting
Last Traded Price	35.50	-	21.30	-
Highest Price for the Quarter	41.90	-	21.50	-
Lowest Price for the Quarter	33.60	-	17.60	-

Shareholders' Information

Major Shareholders as at 31st March 2025

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	Seylan Bank PLC/J N Lanka Holdings Company (Pvt) Ltd	10,478,069	2.37
8	Sri Lanka Savings Bank Limited	10,298,499	2.33
9	Acuity Partners (Pvt) Ltd/E Thavagnanasooriyam/E A Thavagnanasundaram	7,037,591	1.59
10	Imminent Technologies (Pvt) Ltd	6,637,697	1.50
11	G B D Thilakaratne	4,247,856	0.96
12	Sampath Bank PLC/Andaradeniya Estate (Pvt) Ltd	4,001,095	0.90
13	Hatton National Bank PLC/E Thavagnanasundaram	3,327,486	0.75
14	JN Lanka Holdings Company (Pvt) Ltd	2,405,479	0.54
15	Sampath Bank PLC/J N Lanka Holdings Company (Pvt) Ltd	1,891,350	0.43
16	A. N. P. Abhayagunawardhana	1,800,000	0.41
17	Senkadagala Finance PLC/E Thavagnanasundaram	1,738,155	0.40
18	Nuwara Eliya Property Developers (Pvt) Ltd	1,677,754	0.38
19	H. Beruwalage	1,603,648	0.36
20	S Amarasekera	1,350,000	0.30
		333,141,523	**75.28**
	Others	**109,420,106**	**24.72**
	Total	**442,561,629**	**100.00**

Public holding as at 31st March 2025 was 55.01% in the hands of 7,999 public shareholders.

Float Adjusted Market Capitalisation as at 31st March 2025 was Rs. 8,642,586,900/- and the Bank complies with Option No. 02.

Directors' and Chief Executive Officer's Holding in Shares as at 31st March 2025

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