PAN ASIA BANK

The Truly Sri Lankan Bank

PAN ASIA BANKING CORPORATION PLC

INTERIM FINANCIAL STATEMENTS

For the six months ended 30th June 2026

Company Registration No: PQ 48

PRESS RELEASE

Pan Asia Bank Crosses Rs. 350 Billion Assets as Half year Profits rises 16% to Rs. 2.5 Billion

Financial Performance

- Net Interest Income - Rs. 7.07 billion (+13%)
- Net Fee and Commission Income - Rs. 1.50 billion (+28%)
- Operating Profit before Taxes on Financial Services - Rs. 3.91 billion (+ 2%)
- Earnings per Share - Rs. 5.65 (+16%)
- Profitability Ratios: NIM-4.29%, ROA (Before Tax)- 1.78%, ROE-16.23%

Balance Sheet Growth

- Total Assets increased by Rs. 46.02 billion (+15%) to Rs. 354.03 billion.
- Gross Loans and Advances grew by Rs. 31.01 billion (+14%) to Rs. 248.13 billion.
- Customer Deposits expanded by Rs. 40.20 billion (+17%) to Rs. 271.24 billion.

Credit Quality

- Stage 3 Loans to Total Loans (Gross) ratio improved from 4.62% to 3.97%.
- Stage 3 Loans to Total Loans (Net) ratio improved from 1.73% to 1.39%.
- Stage 3 provision coverage ratio increased from 62.63% to 64.92%.

Capital and Liquidity Position

- The Bank remains well capitalised and liquid;
  - CET1 Ratio: 14.93% *(Regulatory Minimum - 7%)*
  - Tier 1 Ratio: 14.93% *(Regulatory Minimum - 8.50%)*
  - Total Capital Ratio: 16.47% *(Regulatory Minimum - 12.50%)*
  - Leverage Ratio: 7.98% *(Regulatory Minimum - 3%)*
  - Liquidity Coverage Ratio (All Currency): 168.79% *(Regulatory minimum: 100%)*
  - Liquidity Coverage Ratio (Rupee): 221.63% *(Regulatory Minimum - 100%)*
  - Net Stable Funding Ratio: 128.96% *(Regulatory Minimum - 100%)*

Financial Performance Summary

Pan Asia Banking Corporation PLC reported a strong financial performance for the six months ended 30 June 2026, posting a Profit After Tax (PAT) of Rs. 2.5 billion. The Bank's results were driven by continued business momentum, reflected in a 13% growth in Net Interest Income and a 28% increase in Net Fee and Commission Income compared to the corresponding period in 2025.

Demonstrating a prudent and forward-looking risk management approach, Pan Asia increased its impairment charge by 32% during the year under review. This strategic measure further strengthened the Bank’s provision buffer, ensuring greater resilience and preparedness to navigate potential market challenges and unforeseen economic disruptions.

Demonstrating its continued growth trajectory, the Bank's total asset base surpassed Rs. 350 billion for the first time in its history, marking a significant milestone. This achievement was underpinned by robust loan portfolio expansion, supported by sustained growth in customer deposits, reflecting the confidence and trust placed in the Bank by its customers and stakeholders.

Income Performance

The Bank reported total interest income of Rs. 18.21 billion during the first half of 2026, representing a healthy year-on-year growth of 21%. This performance was underpinned by the continued expansion of Loans and Advances, supported by the Bank's strategic focus on strengthening its Corporate and Business Banking segments from the latter part of the previous year, thereby positioning itself for sustainable credit growth.

Interest expense increased by 27% to Rs. 11.13 billion compared to the corresponding period of 2025, reflecting growth in deposits and borrowings, coupled with the upward adjustment in interest rates across the industry amidst evolving global economic conditions and geopolitical uncertainties.

As a result, Net Interest Income grew by 13% year-on-year to Rs. 7.07 billion. Meanwhile, Net Interest Margin (NIM) moderated marginally to 4.29% from 4.55% recorded in the corresponding period of 2025, primarily due to lower returns from the Government Securities portfolio, reflecting the lagged effect of market yield movements on the repricing of the Bank's investment book.

Net fee and commission income recorded a robust growth of 28% to Rs. 1.46 billion, driven by healthy credit expansion, increased card usage, growth in trade-related business, and strong remittance inflows. The growth was broad-based, with trade finance, card-related services, and remittance products making significant contributions to the Bank's non-interest income stream.

Net gains from trading and gains from the derecognition of FVOCI financial assets declined by 31% and 74%, respectively, compared to the corresponding period of the previous year. This was mainly attributable to the upward movement in Treasury bill and Treasury bond yields during the period, which led to lower market valuations of fixed-income securities and consequently reduced mark-to-market and realization gains.

Despite these market-related headwinds, the Bank demonstrated the resilience and diversity of its earnings profile, recording a total operating income of Rs. 8.68 billion, an increase of 9% over the corresponding period of 2025. The performance reflects the Bank's ability to sustain growth momentum through a balanced mix of fund-based and fee-based income streams while navigating a dynamic operating environment.

Asset Quality and Impairment Expenses

Stage-wise impairment movements continued to demonstrate disciplined portfolio management. Stage 1 impairment charges rose to Rs. 124.23 million, primarily driven by the expansion of the loan book and the incorporation of updated forward-looking macroeconomic risk indicators. Stage 2 impairment charges amounted to Rs. 278.13 million, reflecting moderate risk migration within certain segments of the portfolio.

In line with its conservative risk management framework, the Bank also increased Stage 3 impairment provisions by Rs. 132.86 million as a prudential measure against selected borrower segments. This proactive provisioning underscores the Bank's commitment to maintaining a resilient balance sheet while safeguarding asset quality amid evolving economic conditions.

The Bank maintained healthy asset quality indicators, with the Net Stage 3 Loan Ratio improving to 1.39% from 1.73% and the Gross Stage 3 Loan Ratio improving to 3.97% from 4.62% at end-2025. This reflects the effectiveness of the Bank's prudent credit risk management framework and disciplined underwriting practices.

Amid prevailing economic challenges and the indirect effects of ongoing geopolitical uncertainties, the Bank remained focused on preserving portfolio quality through targeted recovery initiatives and proactive customer engagement strategies, while continuing to support borrowers facing temporary financial pressures.

The Stage 3 Provision Coverage Ratio improved to 64.92% from 62.63% at the end of 2025, underscoring the Bank's prudent provisioning approach and continued focus on strengthening balance sheet resilience. The increase reflects additional buffers maintained against sectors displaying early signs of stress, reinforcing the Bank's capacity to navigate evolving credit conditions.

Operational Efficiency

The Bank continued to balance strategic investments with disciplined cost management during the period. Operating expenses increased by 15% year-on-year, largely driven by investments in technology, digital transformation, and business infrastructure to support future growth and enhance customer experience. Consequently, the Cost-to-Income Ratio increased marginally to 50.32% from 48.94% in the corresponding period of 2025.

Notwithstanding these investments, the Bank maintained a strong focus on operational efficiency through process optimization, automation, and the expanded use of digital channels. These initiatives improved productivity and operational resilience while enabling the Bank to support growing business volumes and deliver sustainable long-term value.

Taxation

Taxes and levies on financial services increased by 6% during the period, reflecting the Bank's improved operating profitability and continued business growth. Despite the increase in operating profit, income tax expense declined compared to the corresponding period of the previous year, primarily due to the reversal of excess income tax provisions relating to prior years.

The Bank remains committed to maintaining robust tax governance and compliance standards, supported by prudent tax planning and proactive engagement with regulatory authorities. This disciplined approach continues to reinforce a transparent, sustainable, and well-governed tax position while supporting long-term value creation for stakeholders.

Profitability and Returns

The Bank recorded a 16% year-on-year increase in Profit After Tax in 1H 2026, reflecting strong underlying earnings momentum. The Net Interest Margin (NIM) was sustained at a healthy level, supported by effective balance sheet management and stable funding dynamics.

Key profitability indicators remained robust, with Return on Equity and Return on Assets Before Tax reflecting resilient core income generation, improved asset quality, and disciplined execution across the Bank’s operations.

The positive earnings performance was further supported by strong growth in both fund-based and non-fund-based income streams, alongside continued cost discipline and operational efficiency improvements.

Overall, the Bank remains well-positioned to sustain its earnings trajectory, supported by a resilient business model, stable funding base, and a continued focus on high-quality growth amid evolving macroeconomic conditions.

Other Comprehensive Income

Fair value losses were recorded on government securities classified under FVOCI, mainly Rupee Treasury Bills and Treasury Bonds, due to increases in market interest rates during the period. These are mark-to-market adjustments arising from yield movements and do not impact the Bank’s underlying earnings performance.

Balance Sheet Growth

The Bank achieved a significant milestone in June 2026, surpassing a total asset base of Rs. 350 billion for the first time in its 31-year history. Total assets grew by 15% year-on-year, reflecting sustained business momentum and the successful execution of the Bank's growth strategy.

Gross Loans and advances increased by 14% to Rs. 248.12 billion, driven by strong credit demand across the SME, Corporate, and Retail segments. The growth was supported by targeted sector-focused strategies and a disciplined approach to business origination, enabling the Bank to further strengthen its market presence while maintaining prudent lending standards.

Customer deposits also recorded robust growth, rising by 17% year-on-year to Rs. 271.24 billion as at 30 June 2026. This strong performance reflects the continued trust and confidence placed in the Bank by its customers over more than three decades. Deposit growth was broad-based, supported by healthy mobilisation of both term deposits and low-cost CASA balances, further enhancing the Bank's funding profile.

The expansion of the balance sheet was complemented by strengthened liquidity buffers, including higher cash reserves and continued growth in foreign currency deposits. These measures further reinforced funding stability while supporting the Bank's ongoing asset growth initiatives.

The sustained growth across assets, loans, and deposits underscores the Bank's resilient business model and strong franchise, positioning it well to capitalize on future growth opportunities while maintaining a solid financial foundation.

Capital and Liquidity

The Bank maintained a strong capital and liquidity position during the period, with all regulatory ratios remaining comfortably above minimum requirements. Capital adequacy remained robust, with a Common Equity Tier 1 (CET1) Ratio and Tier 1 Ratio of 14.93%, and a Total Capital Ratio of 16.47%, providing a solid buffer to support growth while maintaining prudent risk coverage.

Liquidity indicators continued to demonstrate resilience, reflecting effective balance sheet management and a stable funding profile. The Liquidity Coverage Ratio (LCR) stood well above regulatory thresholds, with the Rupee LCR at 221.63% and the All Currency LCR at 168.79%, while the Net Stable Funding Ratio (NSFR) remained strong at 128.96%.

The Bank’s Leverage Ratio of 7.98% further underscores its balance sheet strength, reinforcing overall financial resilience and providing capacity to sustain future expansion in a disciplined manner.

Chairman’s and CEO’s Statements

Commenting on the Bank's performance for the first half of 2026, Chairman B. D. A. Perera stated:

"Pan Asia Bank has recorded a solid performance during the first six months of 2026, reflecting the strength of its business fundamentals, disciplined execution of strategy, and the continued trust of customers and stakeholders. The Bank achieved meaningful growth in earnings while further expanding its lending and deposit franchises, reinforcing its competitive position within the banking industry."

"During the period under review, total assets exceeded Rs. 350 billion, supported by strong growth in both advances and customer deposits. These results were achieved while maintaining healthy capital and liquidity

levels and upholding prudent risk management standards. Such performance underscores the Bank's ability to grow sustainably while preserving financial resilience."

"The Board remains committed to driving long-term value creation through sound governance, operational excellence, and customer-focused banking solutions. We will continue to support individuals, businesses, and communities while strengthening the Bank's capability to respond to evolving market opportunities."

"As we move into the remainder of the year, we are encouraged by the opportunities ahead. Backed by a strong balance sheet, a loyal customer base, and an experienced management team, Pan Asia Bank is well positioned to deliver sustainable growth and attractive returns to shareholders."

Director/CEO Naleen Edirisinghe commented on the Bank's financial performance as follows:

"Pan Asia Bank delivered a strong financial result for the six months ended 30 June 2026. Profit Before Tax reached Rs. 2.93 billion, while Profit After Tax grew to Rs. 2.50 billion. This achievement was driven by growth across our core banking businesses, supported by healthy net interest earnings and fee-based income."

"Our lending portfolio continued to expand across the corporate, SME, and retail banking segments, reflecting increased customer demand and our ability to meet diverse financing requirements. Customer deposits also recorded strong growth, further strengthening the Bank's funding base and demonstrating the confidence customers place in Pan Asia Bank."

"The Bank's profitability benefited from increased business volumes, treasury income contributions, and ongoing cost discipline. At the same time, we maintained a strong focus on risk management and credit quality, ensuring that growth remained balanced and sustainable."

"We continued to invest in digital transformation initiatives, process improvements, analytics capabilities, and customer experience enhancement programmes. These investments are helping us improve efficiency, strengthen customer relationships, and respond effectively to changing customer expectations in an increasingly technology-driven environment."

"Looking ahead, our priorities remain focused on quality asset growth, profitability enhancement, productivity improvement, and revenue diversification. Supported by a strong capital position and disciplined execution of our strategic agenda, we are confident in our ability to sustain growth and create long-term value for all stakeholders."

Outlook and Strategic Direction

Pan Asia Bank enters the second half of 2026 with strong momentum, supported by robust balance sheet growth, sound profitability, and a strengthened funding base. The Bank remains focused on sustaining high-quality growth, preserving asset quality, optimising operational efficiency, and strengthening customer engagement through digital innovation and service excellence. Supported by strong capital and liquidity buffers, Pan Asia Bank is well positioned to navigate evolving market conditions while capitalising on new growth opportunities and delivering sustainable long-term value for shareholders and other stakeholders.

In Rupee Thousands

Income Statement

	For the Six Months ended 30th June		Change %	For the Quarter ended 30th June		Change %
	2 026	2 025		2 026	2 025	
Gross Income	**19,856,226**	**16,709,538**	**19**	**10,116,813**	**8,485,314**	**19**
Interest Income	18,207,573	15,007,881	21	9,440,354	7,603,248	24
Less: Interest Expense	11,133,417	8,741,425	27	5,777,407	4,373,201	32
Net Interest Income	**7,074,156**	**6,266,456**	**13**	**3,662,947**	**3,230,047**	**13**
Fee and Commission Income	1,504,495	1,180,346	27	713,692	664,446	7
Less: Fee and Commission Expense	44,854	36,763	22	23,985	18,107	32
Net Fee and Commission Income	**1,459,641**	**1,143,583**	**28**	**689,707**	**646,339**	**7**
Net Gains from Trading	171,554	248,665	(31)	83,042	185,497	(55)
Net Fair Value Losses from Financial Assets at FVPL	(4,793)	(23,194)	79	(2,780)	(91,064)	97
Net Gains from Derecognition of Financial Assets at FVOCI	66,751	254,242	(74)	167	78,473	(100)
Net Other Operating Gains/(Losses)	(89,354)	41,598	(315)	(117,662)	44,714	(363)
Total Operating Income	**8,677,955**	**7,931,350**	**9**	**4,315,421**	**4,094,006**	**5**
Less: Impairment Charges	399,679	303,817	32	391,543	180,955	116
Net Operating Income	**8,278,276**	**7,627,533**	**9**	**3,923,878**	**3,913,051**	**0**
Less: Operating Expenses						
Personnel Expenses	2,102,712	1,808,574	16	1,046,493	998,345	5
Depreciation and Amortisation	327,176	292,814	12	166,853	150,228	11
Other Operating Expenses	1,936,958	1,699,026	14	968,854	848,147	14
Total Operating Expenses	**4,366,846**	**3,800,414**	**15**	**2,182,200**	**1,996,720**	**9**
Operating Profit before Taxes on Financial Services	**3,911,430**	**3,827,119**	**2**	**1,741,678**	**1,916,331**	**(9)**
Less: Taxes and Levies on Financial Services	977,236	920,977	6	457,893	473,810	(3)
Profit before Tax	**2,934,194**	**2,906,142**	**1**	**1,283,785**	**1,442,521**	**(11)**
Less: Income Tax Expense	432,137	754,231	(43)	(168,091)	307,390	(155)
Profit for the Period	**2,502,057**	**2,151,911**	**16**	**1,451,876**	**1,135,131**	**28**
Earnings Per Share - Basic/Diluted (Rs.)	5.65	4.86	16	3.28	2.56	28

In Rupee Thousands

Statement of Comprehensive Income

	For the Six Months ended 30th June		Change %	For the Quarter ended 30th June		Change %
	2026	2025		2026	2025	
Profit for the Period	**2,502,057**	**2,151,911**	**16**	**1,451,876**	**1,135,131**	**28**
Other Comprehensive Income for the Period						
Other Comprehensive to be Reclassified to Profit or Loss						
Debt Instruments at FVOCI						
Net Fair Value Gains/(Losses) arising on Remeasurement	(710,915)	313,765	(327)	(587,722)	224,858	(361)
Reclassification of Gains to Profit or Loss due to Derecognition	(66,751)	(254,242)	74	(167)	(78,473)	100
	(777,666)	**59,523**	**(1,406)**	**(587,889)**	**146,385**	**(502)**
Deferred Tax Effect on above	233,300	(17,857)	1,406	176,367	(43,916)	502
Other Comprehensive Income/(Losses) for the Period	**(544,366)**	**41,666**	**(1,406)**	**(411,522)**	**102,469**	**(502)**
Total Comprehensive Income for the Period	**1,957,691**	**2,193,577**	**(11)**	**1,040,354**	**1,237,600**	**(16)**

In Rupee Thousands

Statement of Financial Position

	As at 30/06/2026	As at 31/12/2025 (Audited)	Change %
Assets			
Cash and Cash Equivalents	7,327,066	5,273,592	39
Balances with Central Bank of Sri Lanka	7,788,195	11,847,843	(34)
Placements with Banks	6,499,602	1,049,717	519
Reverse Repurchase Agreements	1,000,254	2,531,544	(60)
Derivative Financial Instruments	1,096,335	158,553	591
Financial Assets at Fair Value through Profit or Loss (FVPL)	484,240	2,577,568	(81)
Financial Assets at Amortised Cost			
-Loans and Advances	238,550,772	208,052,059	15
-Debt and Other Instruments	56,436,268	55,056,833	3
Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)	27,635,731	14,336,711	93
Property, Plant and Equipment	3,310,956	3,356,173	(1)
Right-of-Use Assets	1,482,310	1,488,444	(0)
Intangible Assets	354,886	391,016	(9)
Deferred Tax Assets	570,565	212,056	169
Other Assets	1,496,919	1,683,686	(11)
Total Assets	**354,034,099**	**308,015,795**	**15**
Liabilities			
Due to Banks	14,158,114	13,052,683	8
Repurchase Agreements	12,181,814	20,241,528	(40)
Derivative Financial Instruments	167,669	26,685	528
Financial Liabilities at Amortised Cost			
-Due to Depositors	271,238,948	231,039,744	17
-Due to Debt Securities Holders	16,437,643	4,998,322	229
Retirement Benefit Obligations	859,678	762,826	13
Current Tax Liabilities	946,474	1,419,410	(33)
Other Provisions and Accruals	763,261	804,821	(5)
Other Liabilities	5,375,199	5,279,606	2
Total Liabilities	**322,128,801**	**277,625,625**	**16**
Equity			
Stated Capital	3,614,253	3,614,253	-
Statutory Reserve Fund	1,394,753	1,394,753	-
Special Reserve	749,490	595,771	26
Retained Earnings	25,244,083	23,331,770	8
FVOCI Reserve	(409,512)	134,854	(404)
Revaluation Reserve	1,312,232	1,318,769	(0)
Total Equity	**31,905,299**	**30,390,170**	**5**
Total Equity and Liabilities	**354,034,099**	**308,015,795**	**15**
Commitments and Contingencies	**112,489,246**	**98,210,306**	**15**
Net Assets Value Per Share (Rs.)	**72.09**	**68.67**	**5**
Memorandum Information			
Number of Employees	1,644	1,604	
Number of Branches	88	88	

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 30th June 2026 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)
B.D.A. Perera
Chairman

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

12th August 2026
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 01/01/2025	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	-	-	-	-	2,151,911	-	-	2,151,911
Other Comprehensive Income for the Period	-	-	-	-	-	41,666	-	41,666
Total Comprehensive Income for the Period	**-**	**-**	**-**	**-**	**2,151,911**	**41,666**	**-**	**2,193,577**
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	-	-	-	-	6,537	-	(6,537)	-
Total Other Transactions	**-**	**-**	**-**	**-**	**6,537**	**-**	**(6,537)**	**-**
Balance as at 30/06/2025	**3,614,253**	**-**	**1,194,474**	**595,771**	**21,670,657**	**206,795**	**1,246,843**	**28,528,793**
Balance as at 01/01/2026	3,614,253	-	1,394,753	595,771	23,331,770	134,854	1,318,769	30,390,170
Comprehensive Income for the Period								
Profit for the Period	-	-	-	-	2,502,057	-	-	2,502,057
Other Comprehensive Losses for the Period	-	-	-	-	-	(544,366)	-	(544,366)
Total Comprehensive Income/(Losses) for the Period	**-**	**-**	**-**	**-**	**2,502,057**	**(544,366)**	**-**	**1,957,691**
Transactions with Equity Holders, Recognised Directly in Equity, Contribution by and Distribution to Equity Holders								
Final Dividend for 2025 - Cash	-	-	-	-	(442,562)	-	-	(442,562)
Total Transactions with Equity Holders	**-**	**-**	**-**	**-**	**(442,562)**	**-**	**-**	**(442,562)**
Other Transactions								
Transfer to Special Reserve				153,719	(153,719)			
Realisation of Revaluation Reserve	-	-	-	-	6,537	-	(6,537)	-
Total Other Transactions	**-**	**-**	**-**	**153,719**	**(147,182)**	**-**	**(6,537)**	**-**
Balance as at 30/06/2026	**3,614,253**	**-**	**1,394,753**	**749,490**	**25,244,083**	**(409,512)**	**1,312,232**	**31,905,299**

*** Number of Ordinary Shares (Voting) as at 30th June 2026 - 442,561,629**

In Rupee Thousands

Statement of Cash Flows	Current Period From 01/01/2026 To 30/06/2026	Previous Period From 01/01/2025 To 30/06/2025
Cash Flows from Operating Activities		
Profit Before Tax	2,934,194	2,906,142
Adjustments for:		
Non-Cash Items included in Profit before Tax	184,904	717,557
Change in Operating Assets	(36,887,583)	(15,014,702)
Change in Operating Liabilities	31,408,597	17,003,267
Interest Expense on Subordinated Debentures and Other Term Borrowings	341,767	78,810
Interest Expense on Lease Liabilities	83,061	77,486
Gratuity Paid	(16,888)	(18,919)
Income Tax Paid	(1,030,282)	(150,806)
Net Cash Flows Generated from/(Used in) Operating Activities	**(2,982,230)**	**5,598,835**
Cash Flows from Investing Activities		
Purchase of Property, Plant and Equipment	(70,967)	(161,055)
Proceeds from the Sale of Property, Plant and Equipment	-	55
Aquisition of Intangible Assets	(5,884)	(16,605)
Net Cash Flows Used in Investing Activities	**(76,851)**	**(177,605)**
Cash Flows from Financing Activities		
Proceeds from Term Borrowings	12,015,828	-
Repayment of Term Borrowings	(625,000)	(1,576,645)
Interest Paid on Subordinated Debentures and Other Term Borrowings	(293,275)	(96,556)
Dividend Paid	(442,562)	(442,561)
Repayment of Principal Portion of Lease Liabilities	(134,508)	(127,290)
Interest Paid on Lease Liabilities	(83,061)	(77,486)
Net Cash Flows Generated from/(Used in) Financing Activities	**10,437,422**	**(2,320,538)**
Net Increase in Cash & Cash Equivalents	**7,378,341**	**3,100,692**
Net Foreign Exchange Difference	161,499	8,521
Cash and Cash Equivalents at the Beginning of the Period	6,325,256	3,414,202
Cash and Cash Equivalents at the End of the Period (Note A)	**13,865,096**	**6,523,415**

In Rupee Thousands

Note A - Cash & Cash Equivalents	**As at 30/06/2026**	**As at 30/06/2025**
Cash in Hand	4,380,931	3,656,732
Balances with Local and Foreign Banks	2,982,519	2,866,683
Placements with Banks	6,501,646	-
Cash & Cash Equivalents as per the Statement of Cash Flows	**13,865,096**	**6,523,415**
Less : Allowance for Expected Credit Losses	(38,427)	(1,952)
Cash & Cash Equivalents as per the Statement of Financial Position	**13,826,669**	**6,521,463**

In Rupee Thousands

Measurement of Financial Instruments

As at 30/06/2026	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	-	-	7,327,066	-	7,327,066
Balances with Central Bank of Sri Lanka	-	-	7,788,195	-	7,788,195
Placements with Banks	-	-	6,499,602	-	6,499,602
Reverse Repurchase Agreements	-	-	1,000,254	-	1,000,254
Derivative Financial Instruments	-	-	-	1,096,335	1,096,335
Financial Assets at Fair Value through Profit or Loss (FVPL)	484,240	-	-	-	484,240
Financial Assets at Amortised Cost-Loans and Advances	-	-	238,550,772	-	238,550,772
Financial Assets at Amortised Cost-Debt and Other Instruments	-	-	56,436,268	-	56,436,268
Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)	-	27,635,731	-	-	27,635,731
	484,240	**27,635,731**	**317,602,157**	**1,096,335**	**346,818,463**
Financial Liabilities					
Due to Banks	-	-	14,158,114	-	14,158,114
Repurchase Agreements	-	-	12,181,814	-	12,181,814
Derivative Financial Instruments	-	-	-	167,669	167,669
Due to Depositors	-	-	271,238,948	-	271,238,948
Due to Debt Securities Holders	-	-	16,437,643	-	16,437,643
Other Liabilities	-	-	1,843,815	-	1,843,815
	-	-	**315,860,334**	**167,669**	**316,028,003**

In Rupee Thousands

Measurement of Financial Instruments

As at 31/12/2025 (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	-	-	5,273,592	-	5,273,592
Balances with Central Bank of Sri Lanka	-	-	11,847,843	-	11,847,843
Placements with Banks	-	-	1,049,717	-	1,049,717
Reverse Repurchase Agreements	-	-	2,531,544	-	2,531,544
Derivative Financial Instruments	-	-	-	158,553	158,553
Financial Assets at Fair Value through Profit or Loss (FVPL)	2,577,568	-	-	-	2,577,568
Financial Assets at Amortised Cost-Loans and Advances	-	-	208,052,059	-	208,052,059
Financial Assets at Amortised Cost-Debt and Other Instruments	-	-	55,056,833	-	55,056,833
Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)	-	14,336,711	-	-	14,336,711
	2,577,568	**14,336,711**	**283,811,587**	**158,553**	**300,884,420**
Financial Liabilities					
Due to Banks	-	-	13,052,683	-	13,052,683
Repurchase Agreements	-	-	20,241,528	-	20,241,528
Derivative Financial Instruments	-	-	-	26,685	26,685
Due to Depositors	-	-	231,039,744	-	231,039,744
Due to Debt Securities Holders	-	-	4,998,322	-	4,998,322
Other Liabilities	-	-	1,915,635	-	1,915,635
	-	-	**271,247,912**	**26,685**	**271,274,597**

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 30/06/2026	As at 31/12/2025 (Audited)
Gross Loans and Advances (Note 1.2)	248,129,228	217,123,936
Less: Accumulated Impairment under Stage 1 (Note 1.3)	(1,813,003)	(1,688,770)
Accumulated Impairment under Stage 2 (Note 1.3)	(926,349)	(648,216)
Accumulated Impairment under Stage 3 (Note 1.3)	(6,839,104)	(6,734,891)
Net Loans and Advances	**238,550,772**	**208,052,059**

1.2 Loans and Advances - By Product

In Rupee Thousands

	As at 30/06/2026	As at 31/12/2025 (Audited)
Domestic Currency		
Term Loans	141,026,400	129,082,571
Overdraft	24,189,325	21,528,201
Trade Finance	3,119,392	2,351,518
Lease Rentals Receivable	23,803,013	17,974,833
Pawning and Gold Loans	26,408,398	21,155,350
Credit Cards	5,579,871	5,109,038
Others	2,370,351	1,887,102
Sub Total	**226,496,750**	**199,088,613**
Foreign Currency		
Term Loans	20,328,640	16,630,251
Overdraft	16,054	20,091
Trade Finance	1,287,784	1,384,981
Sub Total	**21,632,478**	**18,035,323**
Total	**248,129,228**	**217,123,936**

1.3 Movement of Impairment During the Period - Loans and Advances

In Rupee Thousands

	As at 30/06/2026	As at 31/12/2025 (Audited)
Under Stage 1		
Opening Balance	1,688,770	1,144,168
Charge to Income Statement	124,233	544,602
Closing Balance	**1,813,003**	**1,688,770**
Under Stage 2		
Opening Balance	648,216	565,977
Charge to Income Statement	278,133	82,239
Closing Balance	**926,349**	**648,216**
Under Stage 3		
Opening Balance	6,734,891	8,106,510
Charge/(Reversal) to Income Statement	132,856	(122,226)
Net Write-offs During the Period	(28,643)	(1,249,394)
Closing Balance	**6,839,104**	**6,734,891**
Total Impairment - Closing Balance	**9,578,456**	**9,071,877**

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 30/06/2026	As at 31/12/2025 (Audited)
Gross Commitments and Contingencies	112,489,246	98,210,306
Less: Accumulated Impairment under Stage 1 (Note 3)	(6,063)	(151,869)
Net Commitments and Contingencies	**112,483,183**	**98,058,437**

2.2 Commitments and Contingencies - By Product

	As at 30/06/2026	As at 31/12/2025 (Audited)
Domestic Currency		
Guarantees	7,316,415	5,434,179
Documentary Credit	14,927	15,596
Currency Swaps	33,182,779	30,035,106
Undrawn Credit Commitments	16,941,155	15,173,311
Sub Total	**57,455,276**	**50,658,192**
Foreign Currency		
Guarantees	187,067	230,966
Documentary Credit	5,524,235	5,809,230
Currency Swaps	49,150,992	41,390,300
Undrawn Credit Commitments	171,676	121,618
Sub Total	**55,033,970**	**47,552,114**
Total	**112,489,246**	**98,210,306**

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

In Rupee Thousands

	Cash & Cash Equivalents	Placements with Banks	Debt & Other Instruments	Documentary Credit	Financial Guarantees	Total
Opening Balance as at 01/01/2025	501	-	82,067	43,858	81,152	**207,578**
Charge/(Reversal) to Income Statement	932	514	(12,113)	32,794	(5,935)	**16,192**
Closing Balance as at 31/12/2025 (Audited)	**1,433**	**514**	**69,954**	**76,652**	**75,217**	**223,770**
Opening Balance as at 01/01/2026	1,433	514	69,954	76,652	75,217	**223,770**
Charge/(Reversal) to Income Statement	34,951	1,529	(26,217)	(74,458)	(71,348)	**(135,543)**
Closing Balance as at 31/03/2026	**36,384**	**2,043**	**43,737**	**2,194**	**3,869**	**88,227**

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 30/06/2026	As at 31/12/2025 (Audited)
Domestic Currency		
Demand Deposits	9,345,178	7,855,505
Savings Deposits	39,388,494	33,773,916
Fixed Deposits	176,411,471	151,226,263
Certificate of Deposits	591,146	289,999
Margin Deposits	1,546,713	1,561,082
Sub Total	**227,283,002**	**194,706,765**
Foreign Currency		
Demand Deposits	882,400	934,730
Savings Deposits	5,289,953	4,049,438
Fixed Deposits	37,716,335	31,286,865
Margin Deposits	67,258	61,946
Sub Total	**43,955,946**	**36,332,979**
Total	**271,238,948**	**231,039,744**

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 6 months period 2026.

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 June 2026	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets				
Derivative Financial Instruments	-	1,096,335	-	1,096,335
Financial Assets at FVPL				
- Sri Lanka Government Rupee Securities - Treasury Bills & Bonds	484,240	-	-	484,240
Financial Assets at FVOCI				
- Sri Lanka Government Rupee Securities - Treasury Bills & Bonds	27,631,979	-	-	27,631,979
- Equities - Unquoted	-	3,752	-	3,752
Total	**28,116,219**	**1,100,087**	**-**	**29,216,306**
Non-Financial Assets				
Land - Revalued	-	-	1,725,000	1,725,000
Building - Revalued	-	-	669,718	669,718
Total	**-**	**-**	**2,394,718**	**2,394,718**
Financial Liabilities				
Derivative Financial Instruments	-	167,669	-	167,669
Total	**-**	**167,669**	**-**	**167,669**

				In Rupee Thousands
As at 31st December 2025	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets				
Derivative Financial Instruments	-	158,553	-	158,553
Financial Assets at FVPL				
- Sri Lanka Government Rupee Securities - Treasury Bills & Bonds	2,577,568	-	-	2,577,568
Financial Assets at FVOCI				
- Sri Lanka Government Rupee Securities - Treasury Bills and Bonds	14,332,959	-	-	14,332,959
- Equities - Unquoted	-	3,752	-	3,752
Total	**16,910,527**	**162,305**	**-**	**17,072,832**
Non-Financial Assets				
Land - Revalued	-	-	1,725,000	1,725,000
Building - Revalued	-	-	686,000	686,000
Total	**-**	**-**	**2,411,000**	**2,411,000**
Financial Liabilities				
Derivative Financial Instruments	-	26,685	-	26,685
Total	**-**	**26,685**	**-**	**26,685**

There were no transfers between Level 1, Level 2 and Level 3 during the 6 months period 2026 and the year 2025.

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 value approximates their fair value. This assumption is applied for Cash and Cash Equivalents, Balances with Central Bank of Sri Lanka, Placements with Banks 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.

	As at 30th June 2026					As at 31st December 2025				
	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	7,327,066	-	7,327,066	-	7,327,066	5,273,592	-	5,273,592	-	5,273,592
Balances with Central Bank of Sri Lanka	7,788,195	-	7,788,195	-	7,788,195	11,847,843	-	11,847,843	-	11,847,843
Placements with Banks	6,499,602	-	6,499,602		6,499,602	1,049,717	-	1,049,717	-	1,049,717
Reverse Repurchase Agreements	1,000,254	-	1,000,254	-	1,000,254	2,531,544	-	2,531,544	-	2,531,544
Loans and Advances - at Amortised Cost	238,550,772	-	238,109,300	-	238,109,300	208,052,059	-	208,328,645	-	208,328,645
Debt and Other Instruments - at Amortised Cost	56,436,268	46,607,227	9,130,062	-	55,737,289	55,056,833	46,789,805	8,762,954	-	55,552,759
Total Financial Assets	**317,602,157**	**46,607,227**	**269,854,479**	**-**	**316,461,706**	**283,811,588**	**46,789,805**	**237,794,295**	**-**	**284,584,100**
Financial Liabilities										
Due to Banks	14,158,114	-	14,158,114	-	14,158,114	13,052,683	-	13,052,683	-	13,052,683
Repurchase Agreements	12,181,814	-	12,181,814	-	12,181,814	20,241,528	-	20,241,528	-	20,241,528
Due to Depositors - at Amortised Cost	271,238,948	-	273,415,769	-	273,415,769	231,039,744	-	233,652,801	-	233,652,801
Due to Debt Securities Holders - at Amortised Cost	16,437,643	-	16,465,012	-	16,465,012	4,998,322	-	4,998,322	-	4,998,322
Other Liabilities	1,843,815	-	1,819,070	-	1,819,070	1,915,635	-	1,918,545	-	1,918,545
Total Financial Liabilities	**315,860,334**	**-**	**318,039,779**	**-**	**318,039,779**	**271,247,912**	**-**	**273,863,879**	**-**	**273,863,879**

6 Segment Reporting

For the Six Months ended 30th June				In Rupee Thousands
	2026			
	Retail & SME Banking	Corporate Banking	Treasury and Investments	Total
Gross Income				
Third Party	13,334,068	2,400,607	4,121,551	19,856,226
Inter-Segment	3,235,103	(759,911)	(2,475,192)	-
Total Income	**16,569,171**	**1,640,696**	**1,646,359**	**19,856,226**
Extract of Results				
Interest Income	11,734,306	2,282,631	4,190,636	18,207,573
Less: Interest Expense	8,636,641	1,163,719	1,333,057	11,133,417
Inter - Segment	3,235,103	(759,911)	(2,475,192)	-
Net Interest Income	**6,332,768**	**359,001**	**382,387**	**7,074,156**
Fees and Commission Income	1,431,742	72,753	-	1,504,495
Less: Fees and Commission Expenses	26,178	-	18,676	44,854
Net Fee and Commission Income/(Losses)	**1,405,564**	**72,753**	**(18,676)**	**1,459,641**
Net Gains from Trading	-	-	171,554	171,554
Net Fair Value Losses from Financial Assets at FVPL	-	-	(4,793)	(4,793)
Net Gains from Derecognition of Financial Assets at FVOCI	-	-	66,751	66,751
Net Other Operating Gains/(Losses)	168,019	45,223	(302,596)	(89,354)
Total Operating Income	**7,906,351**	**476,977**	**294,627**	**8,677,955**
Less: Impairment Charges/(Reversals)	390,239	391	9,049	399,679
Net Operating Income	**7,516,112**	**476,586**	**285,578**	**8,278,276**
Less: Depreciation and Amortisation Expenses	324,183	480	2,513	327,176
Total Operating Expenses	2,518,444	78,256	106,913	2,703,613
Segment Result	**4,673,485**	**397,850**	**176,152**	**5,247,487**
Less: Un-allocated Expenses				1,336,057
Operating Profit Before Taxes on Financial Services				**3,911,430**
Less: Taxes and Levies on Financial Services				977,236
Profit Before Tax				**2,934,194**
Less: Income Tax Expense				432,137
Profit for the Period				**2,502,057**
Other Comprehensive Losses for the Period				(544,366)
Total Comprehensive Income for the Peroid				**1,957,691**
Capital Expenditure				
Property, Plant and Equipment	68,809	2,158	-	70,967
Intangible Assets	5,884	-	-	5,884
As at 30th June				
Segment Assets	194,218,346	49,431,279	100,123,824	343,773,449
Unallocated Assets	-	-	-	10,260,650
Total Assets	**194,218,346**	**49,431,279**	**100,123,824**	**354,034,099**
Segment Liabilities	247,244,819	36,697,156	30,242,214	314,184,189
Unallocated Liabilities and Equity	-	-	-	39,849,910
Total Liabilities and Equity	**247,244,819**	**36,697,156**	**30,242,214**	**354,034,099**

Notes to the Financial Statements

6 **Segment Reporting**

For the Six Months ended 30th June

	2025			In Rupee Thousands
	Retail & SME Banking	**Corporate Banking**	**Treasury and Investments**	**Total**
Gross Income				
Third Party	10,241,748	1,317,886	5,149,904	16,709,538
Inter-Segment	3,079,668	(530,002)	(2,549,666)	-
Total Income	**13,321,416**	**787,884**	**2,600,238**	**16,709,538**
Extract of Results				
Interest Income	9,097,920	1,238,374	4,671,587	15,007,881
Less: Interest Expense	7,023,868	496,626	1,220,931	8,741,425
Inter - Segment	3,079,668	(530,002)	(2,549,666)	-
Net Interest Income	**5,153,720**	**211,746**	**900,990**	**6,266,456**
Fee and Commission Income	1,117,167	63,179	-	1,180,346
Less: Fees and Commission Expenses	14,011	-	22,752	36,763
Net Fee and Commission Income/(Losses)	**1,103,156**	**63,179**	**(22,752)**	**1,143,583**
Net Gains from Trading	-	-	248,665	248,665
Net Fair Value Losses from Financial Assets at FVPL	-	-	(23,194)	(23,194)
Net Gains from Derecognition of Financial Assets at FVOCI	-	-	254,242	254,242
Net Other Operating Gains/(Losses)	26,661	16,332	(1,395)	41,598
Total Operating Income	**6,283,537**	**291,258**	**1,356,556**	**7,931,350**
Less: Impairment Charges/(Reversals)	382,784	(64,221)	(14,746)	303,817
Net Operating Income	**5,900,753**	**355,480**	**1,371,303**	**7,627,533**
Less: Depreciation and Amortisation	290,427	278	2,109	292,814
Total Operating Expenses	2,254,512	55,159	94,881	2,404,552
Segment Result	**3,355,815**	**300,043**	**1,274,313**	**4,930,167**
Less: Un-allocated Expenses				1,103,048
Operating Profit before Taxes & Levies on Financial Services				**3,827,119**
Less: Taxes & Levies on Financial Services				920,977
Profit before Tax				**2,906,142**
Less: Income Tax Expense				754,231
Profit for the Period				**2,151,911**
Other Comprehensive Income for the Period				41,666
Total Comprehensive Income for the Period				**2,193,577**
Capital Expenditure				
Property, Plant and Equipment	161,027	28	-	161,055
Intangible Assets	16,605	-	-	16,605
As at 30th June				
Segment Assets	144,983,796	33,103,424	92,456,461	270,543,681
Unallocated Assets	-	-	-	10,436,233
Total Assets	**144,983,796**	**33,103,424**	**92,456,461**	**280,979,914**
Segment Liabilities	170,970,814	36,041,578	36,422,887	243,435,279
Unallocated Liabilities and Equity	-	-	-	37,544,635
Total Liabilities and Equity	**170,970,814**	**36,041,578**	**36,422,887**	**280,979,914**

Selected Performance Indicators (As per Regulatory Reporting)		
	Bank	
	Current Period As at 30/06/2026	Previous Period As at 31/12/2025
Regulatory Capital Adequacy (LKR '000)*		
Common Equity Tier 1 (CET 1) Capital before Adjustments	30,082,636	27,981,343
Common Equity Tier 1 (CET 1) Capital after Adjustments	28,866,401	27,378,270
Total Tier 1 Capital	28,866,401	27,378,270
Total Capital	31,939,794	30,024,080
Regulatory Capital Ratios (%)*		
Common Equity Tier 1 Capital Ratio (Minimum Requirement - 7%)	14.93%	16.66%
Tier 1 Capital Ratio (Minimum Requirement - 8.5%)	14.93%	16.66%
Total Capital Ratio (Minimum Requirement - 12.5%)	16.47%	18.27%
Leverage Ratio (%)		
Leverage Ratio (%) (Minimum Requirement - 3%)	7.98%	8.74%
Assets Quality (%)		
Stage 3 Loans (Impaired Loans) to Total Loans - Gross**	3.97%	4.62%
Stage 3 Loans (Impaired Loans) to Total Loans - Net**	1.39%	1.73%
Stage 3 Loan Impairment to Stage 3 Loans (Stage 3 Provision Cover)**	64.92%	62.63%
Income & Profitability (%)		
Interest Margin, %	4.29%	4.55%
Return on Assets (Before Tax), %	1.78%	2.08%
Return on Equity, %	16.23%	14.09%
Cost to Income Ratio (%)	50.32%	48.94%
Regulatory Liquidity		
Liquidity Coverage Ratio (%) - (Minimum Requirement, 100%)		
Rupee (%)	221.63%	204.90%
All Currency (%)	168.79%	154.97%
Net Stable Funding Ratio (%) - (Minimum Requirement, 100%)	128.96%	128.52%
Memorandum Information		
Credit Rating (Fitch Ratings)	BBB(lka) Stable Outlook	BBB(lka) Stable Outlook
Number of Employees	1,644	1,604
Number of Branches	88	88

*The profit after tax for the six months ended 30th June 2026 has been certified by the External Auditors of the Bank for capital adequacy purposes.
** Impaired loans (Stage 3) and total loans 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 2025.

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. **Changes to the Board of Directors**

6.1 Mr. M. Y. A. Perera retired from the Board and relinquished his position as Chairman of the Bank with effect from 02nd August 2026, upon completion of his tenure of nine years as a Director of the Bank.

6.2 Mr. B. D. A. Perera, who previously served as Deputy Chairman and Senior Independent Director, was appointed Chairman of the Bank with effect from 03rd August 2026. Consequently, he ceased to hold the position of Senior Independent Director with effect from the same date.

6.3 Ms. W.M. A.V. I. Perera was appointed Deputy Chairperson of the Bank with effect from 03rd August 2026.

7. **Impact of On-going Geopolitical Conflict in the Middle East**

The on-going armed conflict in the Middle East has contributed to heighten the geopolitical and economic uncertainty globally, including volatility in energy prices, disruptions to trade and logistics and tightening global financial conditions, with indirect implications for the Sri Lankan economy. While the Bank did not experience any significant direct financial impact arising from the conflict, certain indirect effects were observed among customer segments exposed to higher import costs, energy price fluctuations and supply chain disruptions.

The Bank closely monitored these developments and considered their potential impact on credit risk, liquidity and overall financial performance of the Bank. The conditions arising from the conflict existed at the reporting date and, where applicable, the related effects have been recognised in these Financial Statements.

The management has made various estimates and exercised significant judgements where appropriate in these Financial Statements using forward-looking information based on circumstances prevailing as at 30th June 2026, which are inherently subject to uncertainties often outside the control of the Bank. Accordingly, the actual results are likely to be different from those forecasts since anticipated events frequently do not occur as expected and the effect of those differences may significantly impact accounting estimates included in these Financial Statements. The estimates and underlying assumptions are reviewed on an on-going basis and revisions to estimates are recognised prospectively. The significant accounting estimates impacted by these forecasts and associated uncertainties are predominantly related to expected credit losses and fair value measurement.

8. **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.

9. **Ratios**

Ratios	30/06/2026
Debt to Equity (Times)	0.52
Interest Cover (Times)	9.59

10. **Market Price of Ordinary Shares**

Market Price Per Share	30/06/2026 (Rs.)		30/06/2025 (Rs.)	
	Voting	Non-Voting	Voting	Non-Voting
Last Traded Price	54.90	-	45.30	-
Highest Price for the Quarter	56.50	-	46.10	-
Lowest Price for the Quarter	48.80	-	31.00	-

Shareholders' Information

Major Shareholders as at 30th June 2026

No	Name	No. of Shares	%
1	K. A. D. D. Perera	132,724,230	29.99
2	Bansei Securities Co. Ltd	44,256,164	10.00
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	Seylan Bank PLC/JN Lanka Holdings Company (Pvt) Ltd	12,461,599	2.82
7	Department of Samurdhi Development	11,114,376	2.51
8	G. I. A. Perera	7,106,591	1.61
9	National Savings Bank	7,000,000	1.58
10	HNB Investment Bank (Pvt) Ltd/ Elayathamby Thavagnanasooriyam & Elayathamby Thavagnana Sundram	6,737,591	1.52
11	People's Leasing and Finance PLC/M. A. D. S. Madurapperuma	6,710,939	1.51
12	Imminent Technologies (Pvt) Ltd	6,237,697	1.41
13	Sampath Bank PLC/J N Lanka Holdings Company (Pvt) Ltd	4,839,050	1.09
14	Sampath Bank PLC/Andaradeniya Estate (Pvt) Ltd	4,001,095	0.91
15	Assetline Finance PLC/S. K. Wijekoon	3,682,626	0.83
16	Hatton National Bank PLC/JN Lanka Holdings Company (Pvt) Ltd	3,150,000	0.71
17	JN Lanka Holdings Company (Pvt) Ltd	2,979,610	0.67
18	Commercial Bank of Ceylon PLC/W. Jinadasa	2,378,000	0.54
19	Sri Lanka Insurance Corporation General Limited	2,287,044	0.52
20	Hatton National Bank PLC/Weththinge Jinadasa	2,249,346	0.51
		324,339,950	**73.29**
	Others	**118,221,679**	**26.71**
	Total	**442,561,629**	**100**

Public holding as at 30th June 2026 was 60.00% in the hands of 12,422 public shareholders.

Float Adjusted Market Capitalisation as at 30th June 2026 was Rs. 14,577,980,059/- and the Bank complies with Option No. 01.

Directors' and Chief Executive Officer's Holding in Shares as at 30th June 2026

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	W.M. A.V. I. Perera	-
9	E. M. N. Edirisinghe	1,950