PAN ASIA BANK
The Truly Sri Lankan Bank

INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30TH JUNE 2025

COMPANY REGISTRATION NO : PQ 48

Press Release

Pan Asia Bank Posts Stellar Performance with PAT of over Rs. 2 billion for 1H 2025, Up by 110%

- Net Interest Income - Rs. 6.27 billion, up by 7%
- Net Fee and Commission Income - Rs. 1.14 billion, up by 34%
- Operating Profit before Taxes on Financial Services - Rs. 3.83 billion, up by 40%
- Profit before Tax - Rs. 2.91 billion, up by 46%
- Profit after Tax - Rs. 2.15 billion, up by 110%
- Total Assets grow by Rs. 18 billion, up by 7%
- Gross Loan Book expands by Rs. 22 billion, up by 14%
- Customer Deposit Base increases by Rs. 13 billion, up by 7%
- CASA Ratio improves from 21.36% to 23.14%
- Cost-to-Income Ratio improves from 52.68% to 47.92%
- Net Interest Margin - 4.68%, Return on Assets (Pre-tax) - 2.17%, Return on Equity -15.79%
- Earnings per Share more than doubled from Rs. 2.32 to reach Rs. 4.86
- Credit Quality Indicators improve further;
  - Stage 3 Loans to Total Loans Ratio improves from 3.10% to 2.39%
  - Stage 3 Provision Cover improves from 60.10% to 63.13%
- The Bank remains well capitalised and liquid;
  - Common Equity Tier 1 Capital Ratio - 16.65% (Regulatory Minimum - 7.00%)
  - Tier 1 Capital Ratio - 16.65% (Regulatory Minimum - 8.50%)
  - Total Capital Ratio - 18.32% (Regulatory Minimum - 12.50%)
  - Leverage Ratio - 7.89% (Regulatory Minimum - 3%)
  - All Currency LCR - 188.56%, Rupee LCR 212.94% (Regulatory Minimum - 100%)
  - Net Stable Funding Ratio - 139.71% (Regulatory Minimum - 100%)

Pan Asia Banking Corporation PLC reported an impressive financial performance for 1H 2025 amidst diverse challenges emerging from the gradually reviving but challenging macro-economic environment. In financial terms, the Bank witnessed another period of growth and profitability, with an increase in Profit After Tax (PAT) of 110%. This growth is reflective of the robust portfolio management, effective cost management and commitment to generating sustainable profits. As a result, the Bank ended 1H 2025 with a PAT of Rs. 2.15 billion to report an Earnings Per Share (EPS) more than doubled to reach Rs. 4.86. 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 2.39% as of 30th June 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 63.13% as of 30th June 2025 from 60.10% as of last year end due to prudential impairment provisioning on borrowers/sectors which exhibited financial distress.

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 1H 2025 has decreased by 5% 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 1H 2025 has decreased by 12%

against the interest expense for 1H 2024 due to low interest rates prevailed despite the strong growth in average deposit book. Consequently, the net interest income has increased by 7% during 1H 2025 as the drop in interest expense outpaced the drop in interest income.

The Bank's net fee and commission income has increased by 34% during 1H 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, the fee income generated from trade & remittances has also increased significantly during the period under review.

The net gains from trading have decreased by 47% 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 losses from financial assets at FVPL have decreased during 1H 2025 due to decrease in MTM losses from investments in Sri Lanka Government Rupee Securities classified under FVPL. The Bank posted a notable capital gain of Rs. 254 million during 1H 2025 as derecognition gains on financial assets at FVOCI.

The Bank's Cost-to-Income Ratio has improved remarkably by over 475 bps to 47.92% in 1H 2025 from 52.68% for the year 2024. The increase in other operating expenses contained to 15% 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 has increased mainly due to the increase in operating profits. The decrease in income tax expense for 1H 2025, despite of increased operating profits was due to reversal of some income tax provisions pertaining to previous years based on the successful outcomes of tax appeal process.

The Bank reported a Net Interest Margin (NIM) of 4.68% for 1H 2025. Meanwhile, the Bank reported a Return on Equity (ROE) of 15.79% and a Pre-Tax Return on Assets (ROA) of 2.17% 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 7% mainly driven by loans and advances. The Bank's loans and advances book has expanded by 14% during the period under review mainly due to increased credit demand from all 3 segments of SME Banking, Corporate Banking and Retail Banking. In the meantime, the Bank's total customer deposits base recorded a healthy growth of Rs. 13 billion or increased by 7% passing Rs. 204 billion mark to end the 1H 2025. Moreover, the impressive growth in Current and Savings Accounts (CASA) base of over Rs. 6 billion ensured the CASA Ratio improving by 179 bps during 1H 2025.

During 1H 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 16.65%, staying well above the regulatory minimums of 7% and 8.50%, respectively. The Total Capital Ratio stood at 18.32% 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 7.89% in 1H 2025.

Despite the significant expansion in loan book witnessed during 1H 2025, liquidity levels remained robust, with an All-Currency Liquidity Coverage Ratio (LCR) of 188.56% and Rupee LCR of 212.94%, both comfortably surpassing regulatory thresholds. The Net Stable Funding Ratio (NSFR) of 139.71% 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's strong performance in 1H 2025 is a clear reflection of our disciplined execution and unwavering focus on value creation. Despite a dynamic external environment, we delivered steady growth and improved profitability, validating the strength of our core banking strategy. Our consistent asset expansion and bottom-line growth speak to the trust our customers place in us. Looking ahead, we remain committed to driving digital innovation, enhancing customer experiences, and sustaining operational excellence to unlock further value and long-term growth."

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 Six Months ended 30th June		Change %	For the Quarter ended 30th June		Change %
	2 025	2 024		2 025	2 024	
Interest Income	15,007,881	15,734,099	(5)	7,603,248	7,570,302	0
Interest Expense	(8,741,425)	(9,881,297)	(12)	(4,373,201)	(4,601,329)	(5)
Net Interest Income	**6,266,456**	**5,852,802**	**7**	**3,230,047**	**2,968,973**	**9**
Fee and Commission Income	1,180,346	890,142	33	664,446	475,097	40
Fee and Commission Expense	(36,763)	(35,382)	4	(18,107)	(18,729)	(3)
Net Fee and Commission Income	**1,143,583**	**854,760**	**34**	**646,339**	**456,368**	**42**
Net Gains from Trading	248,665	465,042	(47)	185,497	339,013	(45)
Net Fair Value Losses from Financial Assets at FVPL	(23,194)	(50,203)	54	(91,064)	(53,137)	(71)
Net Gains from Derecognition of Financial Assets at FVOCI	254,242	-	100	78,473	-	100
Net Other Operating Gains/(Losses)	41,598	(252,441)	116	44,714	103,856	(57)
Total Operating Income	**7,931,350**	**6,869,960**	**15**	**4,094,006**	**3,815,073**	**7**
Impairment Charges	303,817	734,755	(59)	180,955	401,442	(55)
Net Operating Income	**7,627,533**	**6,135,205**	**24**	**3,913,051**	**3,413,631**	**15**
Operating Expenses						
Personnel Expenses	1,808,574	1,664,038	9	998,345	913,926	9
Depreciation and Amortisation	292,814	266,831	10	150,228	130,775	15
Other Operating Expenses	1,699,026	1,479,160	15	848,147	748,892	13
Total Operating Expenses	**3,800,414**	**3,410,029**	**11**	**1,996,720**	**1,793,593**	**11**
Operating Profit before Taxes on Financial Services	**3,827,119**	**2,725,176**	**40**	**1,916,331**	**1,620,038**	**18**
Taxes and Levies on Financial Services	920,977	728,872	26	473,810	419,403	13
Profit before Tax	**2,906,142**	**1,996,304**	**46**	**1,442,521**	**1,200,635**	**20**
Income Tax Expense	754,231	971,430	(22)	307,390	538,557	(43)
Profit for the Period	**2,151,911**	**1,024,874**	**110**	**1,135,131**	**662,078**	**71**
Earnings Per Share - Basic/Diluted (Rs.)	4.86	2.32	110	2.56	1.50	71

In Rupee Thousands

Statement of Comprehensive Income

	For the Six Months ended 30th June		Change %	For the Quarter ended 30th June		Change %
	2025	2024		2025	2024	
Profit for the Period	**2,151,911**	**1,024,874**	**110**	**1,135,131**	**662,078**	**71**
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	313,765	-	100	224,858	-	100
Reclassification of Gains to Profit or Loss due to Derecognition	(254,242)	-	(100)	(78,473)	-	(100)
	59,523	**-**	**100**	**146,385**	**-**	**100**
Deferred Tax Effect on above	(17,857)	-	(100)	(43,916)	-	(100)
Other Comprehensive Income for the Period	**41,666**	**-**	**100**	**102,469**	**-**	**100**
Total Comprehensive Income for the Period	**2,193,577**	**1,024,874**	**114**	**1,237,600**	**662,078**	**87**

In Rupee Thousands

Statement of Financial Position

	As at 30/06/2025	As at 31/12/2024 (Audited)	Change %
Assets			
Cash and Cash Equivalents	6,521,463	3,413,701	91
Balances with Central Bank of Sri Lanka	5,206,766	5,499,181	(5)
Reverse Repurchase Agreements	9,824,432	1,001,140	881
Derivative Financial Instruments	41,101	79,869	(49)
Financial Assets at Fair Value through Profit or Loss (FVPL)	6,330,530	13,107,697	(52)
Financial Assets at Amortised Cost			
-Loans and Advances	173,287,907	151,069,047	15
-Debt and Other Instruments	60,482,455	63,348,832	(5)
Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)	12,935,440	19,347,634	(33)
Property, Plant and Equipment	2,994,219	2,926,217	2
Right-of-Use Assets	1,548,350	1,409,786	10
Intangible Assets	305,770	328,682	(7)
Deferred Tax Assets	130,607	27,357	377
Other Assets	1,370,874	1,303,869	5
Total Assets	**280,979,914**	**262,863,012**	**7**
Liabilities			
Due to Banks	16,090,863	8,893,612	81
Repurchase Agreements	22,391,057	25,345,992	(12)
Derivative Financial Instruments	33,027	58,248	(43)
Financial Liabilities at Amortised Cost			
-Due to Depositors	204,048,437	191,293,162	7
-Due to Debt Securities Holders	-	1,592,971	(100)
Subordinated Debentures	871,896	872,839	(0)
Retirement Benefit Obligations	762,917	682,806	12
Current Tax Liabilities	1,880,868	1,156,336	63
Other Provisions and Accruals	693,660	1,033,202	(33)
Other Liabilities	5,678,396	5,156,066	10
Total Liabilities	**252,451,121**	**236,085,234**	**7**
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	21,670,657	19,954,770	9
FVOCI Reserve	206,795	165,129	25
Revaluation Reserve	1,246,843	1,253,381	(1)
Total Equity	**28,528,793**	**26,777,778**	**7**
Total Equity and Liabilities	**280,979,914**	**262,863,012**	**7**
Commitments and Contingencies	**63,688,547**	**57,054,510**	**12**
Net Assets Value per Share (Rs.)	**64.46**	**60.51**	**7**
Memorandum Information			
Number of Employees	1,616	1,567	
Number of Branches	88	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 30th June 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

31st July 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	-	-	-	-	1,024,874	-	-	1,024,874
Other Comprehensive Income for the Period	-	-	-	-	-	-	-	-
Total Comprehensive Income for the Period	**-**	**-**	**-**	**-**	**1,024,874**	**-**	**-**	**1,024,874**
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	-	-	-	-	6,537	-	(6,537)	-
Total Other Transactions	**-**	**-**	**-**	**-**	**6,537**	**-**	**(6,537)**	**-**
Balance as at 30/06/2024	**3,614,253**	**-**	**987,738**	**-**	**17,715,161**	**-**	**1,194,732**	**23,511,884**
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**

*** Number of Ordinary Shares (Voting) as at 30th June 2025 - 442,561,629**

In Rupee Thousands

Statement of Cash Flows	Current Period From 01/01/2025 To 30/06/2025	Previous Period From 01/01/2024 To 30/06/2024
Cash Flows from Operating Activities		
Profit Before Tax	2,906,142	1,996,304
Adjustments for:		
Non-Cash Items included in Profit before Tax	702,354	1,089,574
Change in Operating Assets	(15,209,132)	(17,726,142)
Change in Operating Liabilities	17,221,420	17,618,714
Interest Expense on Subordinated Debentures and Other Term Borrowings	78,810	540,325
Interest Expense on Lease Liabilities	77,486	65,366
Gratuity Paid	(18,919)	(19,493)
Income Tax Paid	(150,806)	(10,027)
Net Cash Flows Generated from Operating Activities	**5,607,356**	**3,554,620**
Cash Flows from Investing Activities		
Purchase of Property, Plant and Equipment	(161,055)	(34,680)
Proceeds from the Sale of Property, Plant and Equipment	55	-
Acquisition of Intangible Assets	(16,605)	(17,692)
Net Cash Flows Used in Investing Activities	**(177,605)**	**(52,372)**
Cash Flows from Financing Activities		
Repayment of Term Borrowings	(1,576,645)	(5,023,960)
Interest Paid on Subordinated Debentures and Other Term Borrowings	(96,556)	(566,569)
Dividend Paid	(442,561)	(110,640)
Repayment of Principal Portion of Lease Liabilities	(127,290)	(120,476)
Interest Paid on Lease Liabilities	(77,486)	(65,366)
Net Cash Flows Used in Financing Activities	**(2,320,538)**	**(5,887,011)**
Net Increase/(Decrease) in Cash & Cash Equivalents	**3,109,213**	**(2,384,763)**
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)	**6,523,415**	**3,855,625**

In Rupee Thousands

Note A - Cash & Cash Equivalents	**As at 30/06/2025**	**As at 30/06/2024**
Cash in Hand	3,656,732	2,267,430
Balances with Local and Foreign Banks	2,866,683	1,588,195
Cash & Cash Equivalents as per the Statement of Cash Flows	**6,523,415**	**3,855,625**
Less : Allowance for Expected Credit Losses	(1,952)	(12,156)
Cash & Cash Equivalents as per the Statement of Financial Position	**6,521,463**	**3,843,469**

In Rupee Thousands

Measurement of Financial Instruments

As at 30/06/2025	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	-	-	6,521,463	-	6,521,463
Balances with Central Bank of Sri Lanka	-	-	5,206,766	-	5,206,766
Reverse Repurchase Agreements	-	-	9,824,432	-	9,824,432
Derivative Financial Instruments	-	-	-	41,101	41,101
Financial Assets at Fair Value through Profit or Loss (FVPL)	6,330,530	-	-	-	6,330,530
Financial Assets at Amortised Cost-Loans and Advances	-	-	173,287,907	-	173,287,907
Financial Assets at Amortised Cost-Debt and Other Instruments	-	-	60,482,455	-	60,482,455
Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)	-	12,935,440	-	-	12,935,440
Total Financial Assets	**6,330,530**	**12,935,440**	**255,323,023**	**41,101**	**274,630,094**
Financial Liabilities					
Due to Banks	-	-	16,090,863	-	16,090,863
Repurchase Agreements	-	-	22,391,057	-	22,391,057
Derivative Financial Instruments	-	-	-	33,027	33,027
Due to Depositors	-	-	204,048,437	-	204,048,437
Subordinated Debentures	-	-	871,896	-	871,896
Other Liabilities	-	-	1,965,368	-	1,965,368
Total Financial Liabilities	**-**	**-**	**245,367,621**	**33,027**	**245,400,648**

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 30/06/2025	As at 31/12/2024 (Audited)
Gross Loans and Advances (Note 1.2)	183,299,654	160,885,702
Less: Accumulated Impairment under Stage 1 (Note 1.3)	(1,300,835)	(1,144,168)
Accumulated Impairment under Stage 2 (Note 1.3)	(671,519)	(565,977)
Accumulated Impairment under Stage 3 (Note 1.3)	(8,039,393)	(8,106,510)
Net Loans and Advances	**173,287,907**	**151,069,047**

1.2 Loans and Advances - By Product

In Rupee Thousands

	As at 30/06/2025	As at 31/12/2024 (Audited)
Domestic Currency		
Term Loans	111,442,314	103,733,249
Overdraft	18,485,890	15,490,520
Trade Finance	1,474,865	852,883
Lease Rentals Receivable	13,721,524	11,386,967
Pawning and Gold Loans	16,401,643	14,739,176
Credit Cards	4,948,853	4,774,041
Others	1,715,248	1,600,150
Sub Total	**168,190,337**	**152,576,986**
Foreign Currency		
Term Loans	14,371,199	7,134,719
Overdraft	19,030	175,866
Trade Finance	719,088	998,131
Sub Total	**15,109,317**	**8,308,716**
Total	**183,299,654**	**160,885,702**

1.3 Movement of Impairment During the Period - Loans and Advances

In Rupee Thousands

	As at 30/06/2025	As at 31/12/2024 (Audited)
Under Stage 1		
Opening Balance	1,144,168	981,329
Charge/(Reversal) to Income Statement	156,667	162,839
Closing Balance	**1,300,835**	**1,144,168**
Under Stage 2		
Opening Balance	565,977	1,672,898
Charge/(Reversal) to Income Statement	105,542	(1,106,921)
Closing Balance	**671,519**	**565,977**
Under Stage 3		
Opening Balance	8,106,510	5,935,417
Charge/(Reversal) to Income Statement	(5,128)	2,183,493
Write-offs During the Period	(61,989)	(12,400)
Closing Balance	**8,039,393**	**8,106,510**
Total Impairment - Closing Balance	**10,011,747**	**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 30/06/2025	As at 31/12/2024 (Audited)
Gross Commitments and Contingencies	63,688,547	57,054,510
Less: Accumulated Impairment under Stage 1 (Note 3)	(186,510)	(125,010)
Net Commitments and Contingencies	**63,502,037**	**56,929,500**

2.2 Commitments and Contingencies - By Product

	As at 30/06/2025	As at 31/12/2024 (Audited)
Domestic Currency		
Guarantees	5,402,794	4,986,332
Documentary Credit	84,948	47,139
Currency Swaps	14,779,792	15,929,562
Undrawn Credit Commitments	13,026,340	12,818,575
Sub Total	**33,293,875**	**33,781,608**
Foreign Currency		
Guarantees	258,935	153,886
Documentary Credit	7,283,922	2,412,204
Currency Swaps	22,757,681	20,333,283
Undrawn Credit Commitments	94,135	373,529
Sub Total	**30,394,673**	**23,272,902**
Total	**63,688,547**	**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	1,451	(16,214)	62,613	(1,112)	**46,739**
Closing Balance at 30/06/2025	**1,952**	**65,854**	**106,471**	**80,039**	**254,316**

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 30/06/2025	As at 31/12/2024 (Audited)
Domestic Currency		
Demand Deposits	8,979,899	7,929,179
Savings Deposits	33,345,544	28,771,574
Fixed Deposits	136,365,234	132,816,223
Certificate of Deposits	345,289	699,043
Margin Deposits	2,029,343	200,119
Sub Total	**181,065,309**	**170,416,138**
Foreign Currency		
Demand Deposits	1,121,851	572,904
Savings Deposits	3,778,015	3,577,667
Fixed Deposits	17,997,693	16,642,791
Margin Deposits	85,569	83,662
Sub Total	**22,983,128**	**20,877,024**
Total	**204,048,437**	**191,293,162**

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 30th June 2025	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets				
Derivative Financial Instruments	-	41,101	-	41,101
Financial Assets at FVPL				
- Sri Lanka Government Rupee Securities - Treasury Bills & Bonds	6,330,530	-	-	6,330,530
Financial Assets at FVOCI				
- Sri Lanka Government Rupee Securities - Treasury Bills & Bonds	12,931,688	-	-	12,931,688
- Equities - Unquoted	-	3,752	-	3,752
Total	**19,262,218**	**44,853**	**-**	**19,307,071**
Non-Financial Assets				
Land - Revalued	-	-	1,665,000	1,665,000
Building - Revalued	-	-	648,956	648,956
Total	**-**	**-**	**2,313,956**	**2,313,956**
Financial Liabilities				
Derivative Financial Instruments	-	33,027	-	33,027
Total	**-**	**33,027**	**-**	**33,027**

				In Rupee Thousands
As at 31st December 2024	Level 1	Level 2	Level 3	Total
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 1H 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.

	As at 30th June 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	6,521,463	-	6,521,463	-	6,521,463	3,413,701	-	3,413,701	-	3,413,701
Balances with Central Bank of Sri Lanka	5,206,766	-	5,206,766	-	5,206,766	5,499,181	-	5,499,181	-	5,499,181
Reverse Repurchase Agreements	9,824,432	-	9,824,432	-	9,824,432	1,001,140	-	1,001,140	-	1,001,140
Loans and Advances - at Amortised Cost	173,287,907	-	173,678,091	-	173,678,091	151,069,047	-	151,313,288	-	151,313,288
Debt and Other Instruments - at Amortised Cost	60,482,455	52,825,299	8,828,779	-	61,654,078	63,348,832	55,473,667	8,993,370	-	64,467,037
Total Financial Assets	**255,323,023**	**52,825,299**	**204,059,531**	**-**	**256,884,830**	**224,331,901**	**55,473,667**	**170,220,680**	**-**	**225,694,347**
Financial Liabilities										
Due to Banks	16,090,863	-	16,090,863	-	16,090,863	8,893,612	-	8,893,612	-	8,893,612
Repurchase Agreements	22,391,057	-	22,391,057	-	22,391,057	25,345,992	-	25,345,992	-	25,345,992
Due to Depositors - at Amortised Cost	204,048,437	-	207,539,074	-	207,539,074	191,293,162	-	195,009,495	-	195,009,495
Due to Debt Securities Holders - at Amortised Cost	-	-	-	-	-	1,592,971	-	1,592,971	-	1,592,971
Subordinated Debentures	871,896	-	871,896	-	871,896	872,839	-	872,839	-	872,839
Other Liabilities	1,965,368	-	1,985,140	-	1,985,140	1,719,278	-	1,738,523	-	1,738,523
Total Financial Liabilities	**245,367,621**	**-**	**248,878,030**	**-**	**248,878,030**	**229,717,854**	**-**	**233,453,432**	**-**	**233,453,432**

6 Segment Reporting

For the Six Months ended 30th June — In Rupee Thousands

	2025			
	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
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**
Fees and Commission Income	1,117,167	63,179	-	1,180,346
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**
Impairment (Charges)/Reversals	(382,784)	64,221	14,746	(303,817)
Net Operating Income	**5,900,753**	**355,479**	**1,371,302**	**7,627,533**
Depreciation and Amortisation Expenses	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**	**300,042**	**1,274,312**	**4,930,167**
Un-allocated Expenses				1,103,048
Operating Profit Before Taxes on Financial Services				**3,827,119**
Taxes and Levies on Financial Services				920,977
Profit Before Tax				**2,906,142**
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**

Notes to the Financial Statements

6 Segment Reporting

For the Six Months ended 30th June				In Rupee Thousands
	2024			
	Retail & SME Banking	Corporate Banking	Treasury and Investments	Total
Gross Income				
Third Party	10,063,091	1,080,019	5,643,529	16,786,639
Inter-Segment	3,531,281	(285,713)	(3,245,568)	-
Total Income	**13,594,372**	**794,305**	**2,397,961**	**16,786,639**
Extract of Results				
Interest Income	9,265,070	1,068,648	5,400,380	15,734,099
Interest Expense	(8,276,414)	(526,907)	(1,077,976)	(9,881,297)
Inter - Segment	3,531,281	(285,713)	(3,245,568)	-
Net Interest Income	**4,519,938**	**256,028**	**1,076,836**	**5,852,802**
Fee and Commission Income	852,627	37,515	-	890,142
Fee and Commission Expense	(11,525)	(18)	(23,840)	(35,382)
Net Fee and Commission Income/(Losses)	**841,102**	**37,497**	**(23,840)**	**854,760**
Net Gains from Trading	-	-	465,042	465,042
Net Fair Value Losses from Financial Assets at FVPL	-	-	(50,203)	(50,203)
Net Other Operating Losses	(54,607)	(26,145)	(171,690)	(252,441)
Total Operating Income	**5,306,434**	**267,380**	**1,296,146**	**6,869,960**
Impairment (Charges)/Reversals	(266,331)	(468,956)	533	(734,755)
Net Operating Income/(Losses)	**5,040,103**	**(201,576)**	**1,296,678**	**6,135,205**
Depreciation and Amortisation Expenses	264,532	248	2,051	266,831
Total Operating Expenses	1,971,135	49,466	69,452	2,090,053
Segment Result	**2,804,436**	**(251,290)**	**1,225,176**	**3,778,322**
Un-allocated Expenses				1,053,145
Operating Profit before Taxes & Levies on Financial Services				**2,725,176**
Taxes & Levies on Financial Services				728,872
Profit before Tax				**1,996,304**
Income Tax Expense				971,430
Profit for the Period				**1,024,874**
Other Comprehensive Income for the Period				-
Total Comprehensive Income for the Period				**1,024,874**
Capital Expenditure				
Property, Plant and Equipment	34,680	-	-	34,680
Intangible Assets	17,692	-	-	17,692
As at 30th June				
Segment Assets	126,125,441	17,684,674	88,163,350	231,973,466
Unallocated Assets	-	-	-	15,534,924
Total Assets	**126,125,441**	**17,684,674**	**88,163,350**	**247,508,390**
Segment Liabilities	178,861,062	15,738,911	20,359,690	214,959,663
Unallocated Liabilities and Equity	-	-	-	32,548,727
Total Liabilities and Equity	**178,861,062**	**15,738,911**	**20,359,690**	**247,508,390**

Selected Performance Indicators (As per Regulatory Reporting)		
	Bank	
	Current Period As at 30/06/2025	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	23,999,151	24,079,489
Total Tier 1 Capital	23,999,151	24,079,489
Total Capital	26,419,878	26,348,045
Regulatory Capital Ratios (%)		
Common Equity Tier 1 Capital Ratio (Minimum Requirement - 7%)	16.65%	19.17%
Tier 1 Capital Ratio (Minimum Requirement - 8.5%)	16.65%	19.17%
Total Capital Ratio (Minimum Requirement - 12.5%)	18.32%	20.98%
Leverage Ratio (%)		
Leverage Ratio (%) (Minimum Requirement - 3%)	7.89%	8.18%
Assets Quality (%)		
Stage 3 Loans (Impaired Loans) to Total Loans*	2.39%	3.10%
Stage 3 Loan Impairment to Stage 3 Loans (Stage 3 Provision Cover)*	63.13%	60.10%
Income & Profitability (%)		
Interest Margin, %	4.68%	4.93%
Return on Assets (Before Tax), %	2.17%	2.45%
Return on Equity, %	15.79%	17.30%
Cost to Income Ratio (%)	47.92%	52.68%
Regulatory Liquidity		
Liquidity Coverage Ratio (%) - (Minimum Requirement, 100%)		
Rupee (%)	212.94%	264.10%
All Currency (%)	188.56%	344.37%
Net Stable Funding Ratio (%) - (Minimum Requirement, 100%)	139.71%	153.44%
Memorandum Information		
Credit Rating (Fitch Ratings)	BBB(lka) Stable Outlook	BBB-(lka) Stable Outlook
Number of Employees	1,616	1,567
Number of Branches	88	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	30/06/2025
Debt to Equity (Times)	0.03
Interest Cover (Times)	37.88

8. **Market Price of Ordinary Shares**

Market Price Per Share	30/06/2025 (Rs.)		30/06/2024 (Rs.)	
	Voting	Non-Voting	Voting	Non-Voting
Last Traded Price	45.30	-	22.40	-
Highest Price for the Quarter	46.10	-	24.60	-
Lowest Price for the Quarter	31.00	-	20.60	-

Shareholders' Information

Major Shareholders as at 30th June 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	9,602,207	2.17
8	HNB Investment Bank (Pvt) Ltd/E Thavagnanasooriyam & E Thavagnanasundaram	7,037,591	1.59
9	Sri Lanka Savings Bank Limited	7,000,000	1.58
10	Imminent Technologies (Pvt) Ltd	6,637,697	1.50
11	Hatton National Bank PLC/ E Thavagnanasundaram	5,607,256	1.27
12	Sampath Bank PLC/Andaradeniya Estate (Pvt) Ltd	4,001,095	0.90
13	Sampath Bank PLC/J N Lanka Holdings Company (Pvt) Ltd	3,492,644	0.79
14	Nuwara Eliya Property Developers (Pvt) Ltd	2,262,357	0.51
15	Commercial Bank of Ceylon PLC/W Jinadasa	2,128,000	0.48
16	JN Lanka Holdings Company (Pvt) Ltd	1,977,788	0.45
17	Senkadagala Finance PLC/E Thavagnanasundaram	1,888,155	0.43
18	KIU Campus (Pvt) Ltd	1,875,000	0.42
19	A. N. P. Abhayagunawardhana	1,800,000	0.41
20	Seylan Bank PLC/Weththinge Jinadasa	1,688,934	0.38
		331,645,568	**74.94**
	Others	**110,916,061**	**25.06**
	Total	**442,561,629**	**100.00**

Public holding as at 30th June 2025 was 55.01% in the hands of 8,040 public shareholders.

Float Adjusted Market Capitalisation as at 30th June 2025 was Rs. 11,028,427,791/- and the Bank complies with Option No. 01.

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