



**INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30TH SEPTEMBER 2025**

COMPANY REGISTRATION NO : PQ 48

PRESS RELEASE

PAN ASIA BANK MARKS 30 YEARS WITH OUTSTANDING NINE-MONTH FINANCIAL PERFORMANCE WITH A PAT OF OVER RS. 3 BILLION

Financial Performance

- Net Interest Income: Rs. 9.52 billion (+8%)
- Net Fee & Commission Income: Rs. 1.85 billion (+38%)
- Operating Profit (before taxes on financial services): Rs. 5.70 billion (+31%)
- Profit Before Tax: Rs. 4.33 billion (+34%)
- Profit After Tax: Rs. 3.02 billion (+36%)
- Earnings Per Share: Rs. 6.83 (from Rs. 5.01)
- Profitability Ratios: NIM 4.64%, ROA 2.11%, ROE 14.46%

Balance Sheet Growth

- Total Assets Growth: Rs. 31 billion (+12%)
- Gross Loan Book Growth: Rs. 42 billion (+26%)
- Customer Deposits growth: Rs. 26 billion (+14%)

Operational Efficiency

- Cost-to-Income Ratio: Improved from 52.68% to 48.49%

Credit Quality

- Stage 3 Loans to Total Loans: Improved from 3.10% to 2.06%
- Stage 3 Provision Cover: Improved from 60.10% to 60.86%

Capital and Liquidity Position

- Capital Ratios: CET1 ratio :15.43%, Tier 1 ratio: 15.43%, Total Capital ratio: 17.07% (well above regulatory mins.)
- Leverage Ratio: 7.96% (Regulatory min: 3%)
- Liquidity Coverage Ratios: All Currency 166.27%, Rupee 180.89% (Regulatory min: 100%)
- Net Stable Funding Ratio: 127.90% (Regulatory min: 100%)

Pan Asia Banking Corporation PLC reported a stellar financial performance for the nine months ended 30th September 2025, reaffirming its resilience and strategic agility amid a gradually recovering yet challenging macroeconomic environment. The Bank recorded a **36% increase in Profit After Tax (PAT)**, reaching **Rs. 3.02 billion**, and an **Earnings Per Share (EPS)** of **Rs. 6.83**, reflecting strong portfolio and cost management, coupled with a steadfast commitment to sustainable profitability.

The Bank's unwavering commitment to maintaining superior asset quality was demonstrated by sustaining one of the lowest Stage 3 Loan Ratios in the industry at 2.06% as of 30th September 2025-reflecting the strength of its prudent credit risk management and robust underwriting practices. Despite temporary challenges arising from the restrictions that was in force on loan recoveries, the Bank proactively recalibrated its recovery strategies to mitigate potential impacts and preserve portfolio integrity. Reinforcing this disciplined approach, the **Stage 3 Provision Coverage** improved to **60.86%** from **60.10%** at the previous year-end, supported by prudent impairment provisioning across borrowers and sectors exhibiting signs of financial stress.

In line with the Monetary Board of the Central Bank of Sri Lanka's policy rate reductions, market interest rates on both lending and deposits continued to moderate during the period. As a result, the Bank's gross interest income for the nine months ended 30th September 2025 recorded a marginal decline of 2% compared to the corresponding period of the previous year, despite the significant growth in the average loan portfolio. However, the lower interest rate environment also led to an 8% reduction in interest expenses, reflecting effective deposit repricing and disciplined liability management. Consequently, **net interest income rose by 8%**, as the decline in interest expenses more than offset the marginal contraction in interest income, underscoring the Bank's sound balance sheet management and margin optimization strategies.

The Bank achieved a remarkable **38% growth in net fee and commission income** during the period under review, underpinned by strong demand for loans and advances in a low-interest rate environment and favourable macroeconomic conditions. This robust performance reflects the Bank's ability to capitalize on market opportunities while delivering value to its clients. Additionally, fee income from trade and remittance services recorded substantial growth, further demonstrating the Bank's diversified revenue capabilities and operational strength.

Net gains from trading declined by **39%** during the reporting period, attributable to lower capital gains from both investments in unit trusts and Sri Lanka Government Rupee Securities classified under FVPL. However, net fair value losses on financial assets at FVPL decreased during the first nine months of 2025, owing to reduced mark-to-market losses on Sri Lanka Government Rupee Securities. The Bank also recorded a notable capital gain of **Rs. 263 million** as derecognition gains on financial assets classified under FVOCI.

The Bank's **Cost-to-Income Ratio improved significantly by 419 basis points**, declining from 52.68% in 2024 to 48.49% for the nine months ended September 2025. This improvement reflects both strong earnings growth and disciplined cost management, underscoring the Bank's commitment to operational efficiency and sustainable profitability.

This deliberate investment reinforces the Bank's focus on attracting, retaining, and developing high-caliber professionals who are essential for delivering superior customer experiences, fostering innovation, and sustaining long-term shareholder value. While personnel costs have risen, these strategic expenditures are fully aligned with the Bank's objectives of enhancing operational capacity, accelerating digital transformation, and building a future-ready workforce.

This improvement reflects effective cost management strategies, with other operating expenses contained in terms of 11% increase, despite additional expenditure related to new branch openings, technological enhancement projects, and general inflationary pressures on goods and services.

Taxes and levies on financial services recorded an increase during the period, primarily driven by the growth in operating profits. This trend reflects the Bank's strong financial performance and reinforces the direct relationship between improved earnings and statutory obligations. Income tax expenses for the nine-month period rose moderately by 29%, despite a more pronounced increase in operating profitability, demonstrating the Bank's effective tax planning and management practices. This underscores Pan Asia Bank's prudent approach to optimizing its tax position while maintaining full regulatory compliance, thereby supporting sustainable profitability and enhancing shareholder value. In contrast, the income tax expense for the comparative quarter benefited from a one-off tax saving resulting from the successful conclusion of an income tax appeals process. This non-recurring gain reduced the overall income tax expense for that period and contributed to a lower effective tax rate compared to the current quarter.

The Bank reported a **Net Interest Margin (NIM) of 4.64%** for the period under review. Return on Equity (ROE) stood at 14.46%, while Pre-Tax Return on Assets (ROA) reached 2.11%, reflecting the Bank's capacity to deliver strong returns to shareholders. These results were underpinned by robust earnings growth, operational efficiencies, effective asset utilization, and prudent risk management practices, collectively contributing to enhanced profitability.

Total assets grew by 12%, driven primarily by an expansion in loans and advances, which increased by 26% across the SME Banking, Corporate Banking, and Retail Banking segments due to heightened credit demand. The Bank's customer deposits rose by Rs. 26 billion, or 14%, surpassing the Rs. 217 billion by the end of the nine months of September 2025. The Current and Savings Account (CASA) ratio remained steady at 21.27%, reflecting a stable low-cost deposit base.

Throughout the nine-month period, the Bank maintained a strong capital and liquidity position, reinforcing its resilience in a dynamic economic environment. Capital buffers remained well above regulatory minimums, demonstrating prudent management. The Common Equity Tier 1 (CET1) Capital Ratio and Tier 1 Capital Ratio were 15.43%, comfortably above the regulatory thresholds of 7.00% and 8.50%, respectively. The Total Capital Ratio stood at 17.07% versus the statutory minimum of 12.50%, while the Leverage Ratio remained robust at 7.96%, well above the 3% regulatory benchmark.

Liquidity levels remained strong despite significant growth in the loan book. The Bank's All-Currency Liquidity Coverage Ratio (LCR) was 166.27%, and the Rupee LCR stood at 180.89%, both exceeding regulatory requirements. The Net Stable Funding Ratio (NSFR) of 127.90% underscores the Bank's capacity to maintain stable funding in a gradually recovering economic environment. These metrics collectively highlight the Bank's commitment to financial stability, sustainable growth, and long-term shareholder value.

As the Bank commemorates its 30th anniversary, the Bank celebrates three decades of prudent growth, financial stability, and strategic evolution. Since its establishment in 1995, Pan Asia Bank has developed into a leading mid-tier bank in Sri Lanka, recognized for its strong governance framework, disciplined risk management, and consistent delivery of shareholder value.

The Bank's 2025 financial results reflect solid performance across key indicators, underscoring resilience in a dynamic economic environment. Sustained growth in the Corporate, Retail and SME segments, combined with robust capital adequacy and liquidity positions, has reinforced the Bank's financial foundation. The Bank continues to demonstrate strong cost discipline and asset quality, positioning it well for long-term profitability and sustainable expansion.

The Chairman, Mr. Aravinda Perera, remarked, "For three decades, the Bank has consistently evolved to meet the demands of a dynamic financial landscape. Guided by a resilient balance sheet, a culture of innovation, and a commitment to excellence, we have delivered sustainable value to our shareholders and earned the trust of our stakeholders. As we look to the future, we are strategically positioned to lead the next era of banking - driving innovation, expanding our footprint, and creating long-term, enduring growth for all our stakeholders."

Naleen Edirisinghe, Director and Chief Executive Officer of Pan Asia Bank, commented: *"Pan Asia Bank's strong performance during the first nine months of 2025 reflects our disciplined execution and unwavering focus on value creation. Despite a dynamic operating environment, we achieved steady growth and improved profitability, underscoring the strength of our core banking*

strategy and the trust our customers continue to place in us. As we enter the next phase of our growth strategy, we are investing in digital transformation, advanced risk management, and trade finance capabilities. These strategic initiatives are designed to enhance operational efficiency, deepen market penetration, and align with global best practices in banking and sustainability-enabling us to unlock long-term value and deliver sustainable growth for all stakeholders.”.

With a renewed strategic focus on technology-driven banking, ESG integration, and prudent capital management, Pan Asia Bank aims to strengthen its position as a trusted financial partner within Sri Lanka and beyond. The Bank’s 30-year legacy stands as a testament to its commitment to transparency, innovation, and long-term value creation for investors.

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

In Rupee Thousands

Income Statement						
	For the Nine Months ended 30th September		Change %	For the Quarter ended 30th September		Change %
	2 025	2 024		2 025	2 024	
Interest Income	22,648,199	23,095,995	(2)	7,640,318	7,361,896	4
Interest Expense	(13,123,702)	(14,301,107)	(8)	(4,382,277)	(4,419,810)	(1)
Net Interest Income	9,524,497	8,794,888	8	3,258,041	2,942,086	11
Fee and Commission Income	1,916,576	1,394,059	37	736,230	503,917	46
Fee and Commission Expense	(62,920)	(51,346)	23	(26,157)	(15,964)	64
Net Fee and Commission Income	1,853,656	1,342,713	38	710,073	487,953	46
Net Gains from Trading	352,393	575,424	(39)	103,728	110,382	(6)
Net Fair Value Losses from Financial Assets at FVPL	(40,843)	(123,195)	67	(17,649)	(72,992)	76
Net Gains from Derecognition of Financial Assets at FVOCI	262,907	1,778	14,690	8,665	1,778	387
Net Other Operating Gains/(Losses)	86,128	(593,862)	115	44,530	(341,421)	113
Total Operating Income	12,038,738	9,997,745	20	4,107,388	3,127,785	31
Impairment Charges/(Reversals)	497,220	379,548	31	193,403	(355,207)	154
Net Operating Income	11,541,518	9,618,197	20	3,913,985	3,482,992	12
Operating Expenses						
Personnel Expenses	2,787,352	2,531,071	10	978,778	867,033	13
Depreciation and Amortisation	446,773	403,338	11	153,959	136,507	13
Other Operating Expenses	2,603,504	2,317,328	12	904,478	838,168	8
Total Operating Expenses	5,837,629	5,251,737	11	2,037,215	1,841,708	11
Operating Profit before Taxes on Financial Services	5,703,889	4,366,460	31	1,876,770	1,641,284	14
Taxes and Levies on Financial Services	1,377,336	1,143,106	20	456,359	414,234	10
Profit before Tax	4,326,553	3,223,354	34	1,420,411	1,227,050	16
Income Tax Expense	1,302,136	1,006,719	29	547,905	35,289	1,453
Profit for the Period	3,024,417	2,216,635	36	872,506	1,191,761	(27)
Earnings Per Share - Basic/Diluted (Rs.)	6.83	5.01	36	1.97	2.69	(27)

In Rupee Thousands

Statement of Comprehensive Income

	For the Nine Months ended 30th September		Change %	For the Quarter ended 30th September		Change %
	2025	2024		2025	2024	
	Profit for the Period	3,024,417	2,216,635	36	872,506	1,191,761
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	274,559	(1,651)	16,731	(39,206)	(1,651)	(2,275)
Reclassification of Gains to Profit or Loss due to Derecognition	(262,907)	(1,778)	(14,690)	(8,665)	(1,778)	(387)
	11,652	(3,429)	440	(47,871)	(3,429)	(1,296)
Deferred Tax Effect on above	(3,496)	1,029	(440)	14,361	1,029	1,296
Other Comprehensive Income for the Period	8,156	(2,400)	440	(33,510)	(2,400)	(1,296)
Total Comprehensive Income for the Period	3,032,573	2,214,235	37	838,996	1,189,361	(29)

In Rupee Thousands

Statement of Financial Position			
	As at 30/09/2025	As at 31/12/2024 (Audited)	Change %
Assets			
Cash and Cash Equivalents	5,693,380	3,413,701	67
Balances with Central Bank of Sri Lanka	5,996,464	5,499,181	9
Reverse Repurchase Agreements	7,010,266	1,001,140	600
Derivative Financial Instruments	39,833	79,869	(50)
Financial Assets at Fair Value through Profit or Loss (FVPL)	4,286,222	13,107,697	(67)
Financial Assets at Amortised Cost			
-Loans and Advances	194,151,324	151,069,047	29
-Debt and Other Instruments	54,687,878	63,348,832	(14)
Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)	15,802,489	19,347,634	(18)
Property, Plant and Equipment	3,059,932	2,926,217	5
Right-of-Use Assets	1,505,793	1,409,786	7
Intangible Assets	383,636	328,682	17
Deferred Tax Assets	179,545	27,357	556
Other Assets	1,441,903	1,303,869	11
Total Assets	294,238,665	262,863,012	12
Liabilities			
Due to Banks	14,680,617	8,893,612	65
Repurchase Agreements	23,574,692	25,345,992	(7)
Derivative Financial Instruments	31,272	58,248	(46)
Financial Liabilities at Amortised Cost			
-Due to Depositors	217,258,287	191,293,162	14
-Due to Debt Securities Holders	-	1,592,971	(100)
Subordinated Debentures	-	872,839	(100)
Retirement Benefit Obligations	764,027	682,806	12
Current Tax Liabilities	1,371,959	1,156,336	19
Other Provisions and Accruals	902,134	1,033,202	(13)
Other Liabilities	6,287,888	5,156,066	22
Total Liabilities	264,870,876	236,085,234	12
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	22,546,431	19,954,770	13
FVOCI Reserve	173,286	165,129	5
Revaluation Reserve	1,243,574	1,253,381	(1)
Total Equity	29,367,789	26,777,778	10
Total Equity and Liabilities	294,238,665	262,863,012	12
Commitments and Contingencies	83,515,196	57,054,510	46
Net Assets Value per Share (Rs.)	66.36	60.51	10
Memorandum Information			
Number of Employees	1,592	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 September 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

27th October 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	-	-	-	-	2,216,635	-	-	2,216,635
Other Comprehensive Income for the Period	-	-	-	-	-	(2,400)	-	(2,400)
Total Comprehensive Income for the Period	-	-	-	-	2,216,635	(2,400)	-	2,214,235
Transactions with Equity Holders, Recognised Directly in Equity, Contribution by and Distribution to Equity Holders								
Final Dividend for 2023 - Cash	-	-	-	-	(110,641)	-	-	(110,641)
Total Transactions with Equity Holders	-	-	-	-	(110,641)	-	-	(110,641)
Other Transactions								
Realisation of Revaluation Reserve	-	-	-	-	9,807	-	(9,807)	-
Total Other Transactions	-	-	-	-	9,807	-	(9,807)	-
Balance as at 30/09/2024	3,614,253	-	987,738	-	18,910,190	(2,400)	1,191,463	24,701,244
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	-	-	-	-	3,024,417	-	-	3,024,417
Other Comprehensive Income for the Period	-	-	-	-	-	8,156	-	8,156
Total Comprehensive Income for the Period	-	-	-	-	3,024,417	8,156	-	3,032,573
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	-	-	-	-	9,806	-	(9,806)	-
Total Other Transactions	-	-	-	-	9,806	-	(9,806)	-
Balance as at 30/09/2025	3,614,253	-	1,194,474	595,771	22,546,431	173,285	1,243,575	29,367,789

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

In Rupee Thousands

Statement of Cash Flows		
	Current Period	Previous Period
	From 01/01/2025 To	From 01/01/2024 To
	30/09/2025	30/09/2024
Cash Flows from Operating Activities		
Profit Before Tax	4,326,553	3,223,354
<i>Adjustments for:</i>		
Non-Cash Items included in Profit before Tax	1,071,701	898,925
Change in Operating Assets	(29,432,015)	(21,380,862)
Change in Operating Liabilities	31,084,445	23,978,466
Interest Expense on Subordinated Debentures and Other Term Borrowings	83,842	704,575
Interest Expense on Lease Liabilities	117,016	101,025
Gratuity Paid	(39,770)	(42,745)
Income Tax Paid	(1,242,197)	(1,238,102)
Net Cash Flows Generated from Operating Activities	5,969,575	6,244,636
Cash Flows from Investing Activities		
Purchase of Property, Plant and Equipment	(277,019)	(91,639)
Proceeds from the Sale of Property, Plant and Equipment	74	20
Acquisition of Intangible Assets	(113,168)	(33,988)
Net Cash Flows Used in Investing Activities	(390,113)	(125,607)
Cash Flows from Financing Activities		
Repayment of Term Borrowings	(1,576,645)	(7,972,228)
Repayment of Subordinated Debentures	(820,000)	-
Interest Paid on Subordinated Debentures and Other Term Borrowings	(153,484)	(703,329)
Dividend Paid	(442,561)	(110,640)
Repayment of Principal Portion of Lease Liabilities	(188,605)	(195,035)
Interest Paid on Lease Liabilities	(117,016)	(101,025)
Net Cash Flows Used in Financing Activities	(3,298,311)	(9,082,257)
Net Increase/(Decrease) in Cash & Cash Equivalents	2,281,151	(2,963,228)
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)	5,695,353	3,277,160

In Rupee Thousands

Note A - Cash & Cash Equivalents	As at 30/09/2025	As at 30/09/2024
Cash in Hand	3,590,657	3,080,866
Balances with Local and Foreign Banks	2,104,696	196,295
Cash & Cash Equivalents as per the Statement of Cash Flows	5,695,354	3,277,160
Less : Allowance for Expected Credit Losses	(1,974)	(177)
Cash & Cash Equivalents as per the Statement of Financial Position	5,693,380	3,276,983

In Rupee Thousands

Measurement of Financial Instruments					
As at 30/09/2025	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	-	-	5,693,380	-	5,693,380
Balances with Central Bank of Sri Lanka	-	-	5,996,464	-	5,996,464
Reverse Repurchase Agreements	-	-	7,010,266	-	7,010,266
Derivative Financial Instruments	-	-	-	39,833	39,833
Financial Assets at Fair Value through Profit or Loss (FVPL)	4,286,222	-	-	-	4,286,222
Financial Assets at Amortised Cost-Loans and Advances	-	-	194,151,324	-	194,151,324
Financial Assets at Amortised Cost-Debt and Other Instruments	-	-	54,687,878	-	54,687,878
Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)	-	15,802,489	-	-	15,802,489
Total Financial Assets	4,286,222	15,802,489	267,539,312	39,833	287,667,856
Financial Liabilities					
Due to Banks	-	-	14,680,617	-	14,680,617
Repurchase Agreements	-	-	23,574,692	-	23,574,692
Derivative Financial Instruments	-	-	-	31,272	31,272
Due to Depositors	-	-	217,258,287	-	217,258,287
Subordinated Debentures	-	-	-	-	-
Other Liabilities	-	-	1,945,417	-	1,945,417
Total Financial Liabilities	-	-	257,459,013	31,272	257,490,285

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 30/09/2025	As at 31/12/2024 (Audited)
Gross Loans and Advances (Note 1.2)	203,157,774	160,885,702
Less: Accumulated Impairment under Stage 1 (Note 1.3)	(1,466,935)	(1,144,168)
Accumulated Impairment under Stage 2 (Note 1.3)	(628,143)	(565,977)
Accumulated Impairment under Stage 3 (Note 1.3)	(6,911,372)	(8,106,510)
Net Loans and Advances	194,151,324	151,069,047

1.2 Loans and Advances - By Product

In Rupee Thousands

	As at 30/09/2025	As at 31/12/2024 (Audited)
Domestic Currency		
Term Loans	122,476,810	103,733,249
Overdraft	22,753,208	15,490,520
Trade Finance	1,740,696	852,883
Lease Rentals Receivable	16,189,594	11,386,967
Pawning and Gold Loans	18,249,601	14,739,176
Credit Cards	4,806,282	4,774,041
Others	1,908,474	1,600,150
Sub Total	188,124,665	152,576,986
Foreign Currency		
Term Loans	14,072,888	7,134,719
Overdraft	19,505	175,866
Trade Finance	940,716	998,131
Sub Total	15,033,109	8,308,716
Total	203,157,774	160,885,702

1.3 Movement of Impairment During the Period - Loans and Advances

In Rupee Thousands

	As at 30/09/2025	As at 31/12/2024 (Audited)
Under Stage 1		
Opening Balance	1,144,168	981,329
Charge/(Reversal) to Income Statement	322,767	162,839
Closing Balance	1,466,935	1,144,168
Under Stage 2		
Opening Balance	565,977	1,672,898
Charge/(Reversal) to Income Statement	62,166	(1,106,921)
Closing Balance	628,143	565,977
Under Stage 3		
Opening Balance	8,106,510	5,935,417
Charge/(Reversal) to Income Statement	65,541	2,183,493
Write-offs During the Period	(1,260,679)	(12,400)
Closing Balance	6,911,372	8,106,510
Total Impairment - Closing Balance	9,006,450	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 30/09/2025	As at 31/12/2024 (Audited)
Gross Commitments and Contingencies	83,515,196	57,054,510
Less: Accumulated Impairment under Stage 1 (Note 3)	(184,248)	(125,010)
Net Commitments and Contingencies	83,330,948	56,929,500

2.2 Commitments and Contingencies - By Product

	As at 30/09/2025	As at 31/12/2024 (Audited)
Domestic Currency		
Guarantees	5,166,008	4,986,332
Documentary Credit	41,228	47,139
Currency Swaps	24,009,114	15,929,562
Undrawn Credit Commitments	12,393,850	12,818,575
Sub Total	41,610,200	33,781,608
Foreign Currency		
Guarantees	232,476	153,886
Documentary Credit	7,607,497	2,412,204
Currency Swaps	33,946,407	20,333,283
Undrawn Credit Commitments	118,616	373,529
Sub Total	41,904,996	23,272,902
Total	83,515,196	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	1,473	(13,963)	64,510	(5,272)	46,748
Closing Balance at 30/09/2025	1,974	68,104	108,368	75,880	254,326

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 30/09/2025	As at 31/12/2024 (Audited)
Domestic Currency		
Demand Deposits	8,254,370	7,929,179
Savings Deposits	33,124,893	28,771,574
Fixed Deposits	145,110,143	132,816,223
Certificate of Deposits	317,267	699,043
Margin Deposits	1,968,735	200,119
Sub Total	188,775,408	170,416,138
Foreign Currency		
Demand Deposits	926,996	572,904
Savings Deposits	3,903,196	3,577,667
Fixed Deposits	23,592,174	16,642,791
Margin Deposits	60,513	83,662
Sub Total	28,482,879	20,877,024
Total	217,258,287	191,293,162

Notes to the Financial Statements

5. Fair Value of Financial Instruments

5.1 Financial Instruments Recorded at Fair Value

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

(a) Derivatives

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

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

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

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

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

(d) Property, Plant & Equipment

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

5.2 Determination of Fair Value and Fair Value Hierarchy

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

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

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

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

Also, the Bank has not changed the valuation models and assumptions used to measure the fair values of Level 3 financial instruments/assets during the 9 months 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.

As at 30th September 2025	In Rupee Thousands			
	Level 1	Level 2	Level 3	Total
Financial Assets				
Derivative Financial Instruments	-	39,833	-	39,833
Financial Assets at FVPL				
- Sri Lanka Government Rupee Securities - Treasury Bills & Bonds	4,286,222	-	-	4,286,222
Financial Assets at FVOCI				
- Sri Lanka Government Rupee Securities - Treasury Bills & Bonds	15,798,737	-	-	15,798,737
- Equities - Unquoted	-	3,752	-	3,752
Total	20,084,959	43,585	-	20,128,544
Non-Financial Assets				
Land - Revalued	-	-	1,665,000	1,665,000
Building - Revalued	-	-	641,434	641,434
Total	-	-	2,306,434	2,306,434
Financial Liabilities				
Derivative Financial Instruments	-	31,272	-	31,272
Total	-	31,272	-	31,272

Notes to the Financial Statements

As at 31st December 2024	In Rupee Thousands			
	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 9 months period 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 instruments having maturities within 12 months.

Fixed Rate Financial Instruments

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

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

Notes to the Financial Statements

	As at 30th September 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	5,693,380	-	5,693,380	-	5,693,380	3,413,701	-	3,413,701	-	3,413,701
Balances with Central Bank of Sri Lanka	5,996,464	-	5,996,464	-	5,996,464	5,499,181	-	5,499,181	-	5,499,181
Reverse Repurchase Agreements	7,010,266	-	7,010,266	-	7,010,266	1,001,140	-	1,001,140	-	1,001,140
Loans and Advances - at Amortised Cost	194,151,324	-	194,526,240	-	194,526,240	151,069,047	-	151,313,288	-	151,313,288
Debt and Other Instruments - at Amortised Cost	54,687,878	46,963,309	8,648,280	-	55,611,588	63,348,832	55,473,667	8,993,370	-	64,467,037
Total Financial Assets	267,539,312	46,963,309	221,874,630	-	268,837,939	224,331,901	55,473,667	170,220,680	-	225,694,347
Financial Liabilities										
Due to Banks	14,680,617	-	14,680,617	-	14,680,617	8,893,612	-	8,893,612	-	8,893,612
Repurchase Agreements	23,574,692	-	23,574,692	-	23,574,692	25,345,992	-	25,345,992	-	25,345,992
Due to Depositors - at Amortised Cost	217,258,287	-	220,691,668	-	220,691,668	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	-	-	-	-	-	872,839	-	872,839	-	872,839
Other Liabilities	1,945,417	-	1,979,662	-	1,979,662	1,719,278	-	1,738,523	-	1,738,523
Total Financial Liabilities	257,459,013	-	260,926,639	-	260,926,639	229,717,854	-	233,453,432	-	233,453,432

Notes to the Financial Statements

6 Segment Reporting

For the Nine Months ended 30th September

	In Rupee Thousands			
	2025			
	Retail & SME Banking	Corporate Banking	Treasury and Investments	Total
Gross Income				
Third Party	15,930,546	2,146,770	7,148,044	25,225,360
Inter-Segment	4,479,950	(928,905)	(3,551,045)	-
Total Income	20,410,496	1,217,865	3,596,999	25,225,360
Extract of Results				
Interest Income	14,060,061	2,024,552	6,563,586	22,648,199
Interest Expense	(10,607,504)	(747,442)	(1,768,756)	(13,123,702)
Inter - Segment	4,479,950	(928,905)	(3,551,045)	-
Net Interest Income	7,932,507	348,205	1,243,785	9,524,497
Fees and Commission Income	1,817,329	99,242	5	1,916,576
Fees and Commission Expenses	(30,302)	-	(32,618)	(62,920)
Net Fee and Commission Income/(Losses)	1,787,027	99,242	(32,613)	1,853,656
Net Gains from Trading	-	-	352,393	352,393
Net Fair Value Losses from Financial Assets at FVPL	-	-	(40,843)	(40,843)
Net Gains from Derecognition of Financial Assets at FVOCI	-	-	262,907	262,907
Net Other Operating Gains	53,157	22,975	9,996	86,128
Total Operating Income	9,772,691	470,422	1,795,625	12,038,738
Impairment (Charges)/Reversals	(567,831)	58,121	12,490	(497,220)
Net Operating Income	9,204,860	528,543	1,808,115	11,541,518
Depreciation and Amortisation Expenses	443,072	435	3,266	446,773
Total Operating Expenses	3,394,258	87,937	136,121	3,618,316
Segment Result	5,367,530	440,171	1,668,728	7,476,429
Un-allocated Expenses				1,772,540
Operating Profit Before Taxes on Financial Services				5,703,889
Taxes and Levies on Financial Services				1,377,336
Profit Before Tax				4,326,553
Income Tax Expense				1,302,136
Profit for the Period				3,024,417
Other Comprehensive Income for the Period				8,156
Total Comprehensive Income for the Period				3,032,573
Capital Expenditure				
Property, Plant and Equipment	(276,991)	(28)	-	(277,019)
Intangible Assets	(113,168)	-	-	(113,168)
As at 30th September				
Segment Assets	158,015,364	41,036,414	83,906,108	282,957,886
Unallocated Assets	-	-	-	11,280,379
Total Assets	158,015,364	41,036,414	83,906,108	294,238,265
Segment Liabilities	175,490,345	44,156,081	35,832,359	255,478,785
Unallocated Liabilities and Equity	-	-	-	38,759,480
Total Liabilities and Equity	175,490,345	44,156,081	35,832,359	294,238,265

Notes to the Financial Statements

6 Segment Reporting

For the Nine Months ended 30th September

	In Rupee Thousands			
	2024			
	Retail & SME Banking	Corporate Banking	Treasury and Investments	Total
Gross Income				
Third Party	14,993,325	1,635,938	7,720,936	24,350,199
Inter-Segment	5,199,884	(486,118)	(4,713,766)	-
Total Income	20,193,209	1,149,820	3,007,170	24,350,199
Extract of Results				
Interest Income	13,749,863	1,605,523	7,740,609	23,095,995
Interest Expense	(11,935,232)	(763,755)	(1,602,120)	(14,301,107)
Inter - Segment	5,199,884	(486,118)	(4,713,766)	-
Net Interest Income	7,014,515	355,650	1,424,723	8,794,888
Fee and Commission Income	1,324,254	69,805	-	1,394,059
Fee and Commission Expense	(18,382)	(32)	(32,932)	(51,346)
Net Fee and Commission Income/(Losses)	1,305,872	69,773	(32,932)	1,342,713
Net Gains from Trading	-	-	575,424	575,424
Net Fair Value Losses from Financial Assets at FVPL	-	-	(123,195)	(123,195)
Net Gains from Derecognition of Financial Assets at FVOCI	-	-	1,778	1,778
Net Other Operating Losses	(80,793)	(39,390)	(473,679)	(593,862)
Total Operating Income	8,239,594	386,033	1,372,119	9,997,745
Impairment (Charges)/Reversals	(96,238)	(527,273)	243,963	(379,548)
Net Operating Income/(Losses)	8,143,355	(141,240)	1,616,082	9,618,197
Depreciation and Amortisation Expenses	400,138	125	3,075	403,338
Total Operating Expenses	3,079,272	74,458	113,496	3,267,226
Segment Result	4,663,945	(215,823)	1,499,511	5,947,633
Un-allocated Expenses				1,581,173
Operating Profit before Taxes & Levies on Financial Services				4,366,460
Taxes & Levies on Financial Services				1,143,106
Profit before Tax				3,223,354
Income Tax Expense				1,006,719
Profit for the Period				2,216,635
Other Comprehensive Income for the Period				(2,400)
Total Comprehensive Income for the Period				2,214,235
Capital Expenditure				
Property, Plant and Equipment	91,639	-	-	91,639
Intangible Assets	33,988	-	-	33,988
As at 30th September				
Segment Assets	129,696,637	22,045,081	72,130,355	223,872,073
Unallocated Assets	-	-	-	27,189,029
Total Assets	129,696,637	22,045,081	72,130,355	251,061,102
Segment Liabilities	176,454,765	15,802,664	25,613,952	217,871,381
Unallocated Liabilities and Equity	-	-	-	33,189,721
Total Liabilities and Equity	176,454,765	15,802,664	25,613,952	251,061,102

Selected Performance Indicators (As per Regulatory Reporting)		
	Bank	
	Current Period As at 30/09/2025	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	23,872,347	24,079,489
Total Tier 1 Capital	23,872,347	24,079,489
Total Capital	26,417,901	26,348,045
Regulatory Capital Ratios (%)		
Common Equity Tier 1 Capital Ratio (Minimum Requirement - 7%)	15.43%	19.17%
Tier 1 Capital Ratio (Minimum Requirement - 8.5%)	15.43%	19.17%
Total Capital Ratio (Minimum Requirement - 12.5%)	17.07%	20.98%
Leverage Ratio (%)		
Leverage Ratio (%) (Minimum Requirement - 3%)	7.96%	8.18%
Assets Quality (%)		
Stage 3 Loans (Impaired Loans) to Total Loans*	2.06%	3.10%
Stage 3 Loan Impairment to Stage 3 Loans (Stage 3 Provision Cover)*	60.86%	60.10%
Income & Profitability (%)		
Interest Margin, %	4.64%	4.93%
Return on Assets (Before Tax), %	2.11%	2.45%
Return on Equity, %	14.46%	17.30%
Cost to Income Ratio (%)	48.49%	52.68%
Regulatory Liquidity		
Liquidity Coverage Ratio (%) - (Minimum Requirement, 100%)		
Rupee (%)	180.89%	264.10%
All Currency (%)	166.27%	344.37%
Net Stable Funding Ratio (%) - (Minimum Requirement, 100%)	127.90%	153.44%
Memorandum Information		
Credit Rating (Fitch Ratings)	BBB(lka) Stable Outlook	BBB-(lka) Stable Outlook
Number of Employees	1,592	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 30/09/2025

Debt to Equity (Times)	-
Interest Cover (Times)	52.60

8. Market Price of Ordinary Shares

Market Price Per Share	30/09/2025 (Rs.)		30/09/2024 (Rs.)	
	Voting	Non-Voting	Voting	Non-Voting
Last Traded Price	63.90	-	22.40	-
Highest Price for the Quarter	64.50	-	23.00	-
Lowest Price for the Quarter	44.00	-	17.80	-

Shareholders' Information

Major Shareholders as at 30th September 2025

No	Name	No. of Shares	%
1	K. 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	Department of Samurdhi Development	11,114,376	2.51
7	Hatton National Bank PLC/ Elayathamby Thavagnanasundaram	7,856,409	1.77
8	National Savings Bank	7,000,000	1.58
9	HNB Investment Bank (Pvt) Ltd/Elayathamby Thavagnanasooriyam & Elayathamby Thavagnanasundram	6,737,591	1.52
10	Imminent Technologies Private Limited	6,437,697	1.45
11	Sampath Bank PLC/J N Lanka Holdings Company (Private) Limited	5,997,652	1.36
12	Hatton National Bank PLC/JN Lanka Holdings Company (Pvt) Ltd	4,440,443	1.00
13	Sampath Bank PLC/Andaradeniya Estate Private Limited	4,001,095	0.90
14	Seylan Bank PLC/JN Lanka Holdings Company (Pvt) Ltd	3,755,124	0.85
15	Assetline Finance Limited/S.K.Wijekoon	3,632,626	0.82
16	Sampath Bank PLC/Gerard Shamil Niranjana Peiris & Indrani Roshani Peiris	3,526,713	0.80
17	Senkadagala Finance PLC/E.Thawagnasundaram	2,717,155	0.61
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
		315,535,657	71.29
	Others	127,025,972	28.71
	Total	442,561,629	100.00

Public holding as at 30th September 2025 was 60.01% in the hands of 9,837 public shareholders.

Float Adjusted Market Capitalisation as at 30th September 2025 was Rs. 16,970,640,824/- and the Bank complies with Option No. 01.

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