



YOUR PARTNER IN PROGRESS

Interim Financial Statements

For the year ended 31st December 2024

FINANCIAL COMMENTARY FOR THE YEAR ENDED 31ST DECEMBER 2024

- Total tax expense of Rs 60.4 Bn for the Group
- Bank Assets cross Rs 2.0 Tn
- Rs 117.8 Bn growth in Gross Loans and Advances
- Rs 135.7 Bn growth in Deposits
- Stage 3 Ratio improves to 1.88% from 3.76% in 2023
- Affirms commitment to uplift MSME sector
- Declares a cash dividend of Rs 15.00 per share

Hatton National Bank PLC (HNB) posted robust overall performance in the year 2024, demonstrating marked improvement on all fronts. Group Profit After Tax (PAT) improved to Rs 44.8 Bn in 2024, up from Rs 23.6 Bn in 2023 while Bank's PAT increased to Rs 41.3 Bn, compared to Rs 20.3 Bn in the previous year.

Bank recorded an impressive 11.3% YoY growth in loans and advances during 2024. Despite the growth in loan book, interest income of the Bank experienced a YoY decline of 21.6%, primarily due to the gradual relaxation of monetary policy, which led to the average yields on loans and government securities dropping by nearly 45% in 2024 compared to 2023. However, the decrease in net interest income was moderated towards the latter part of the year, as the reduction in interest expenses outpaced the drop in income, owing to lower rates and the focus on driving CASA deposits.

Net fee and commission income of the Bank saw a notable YoY increase of 12.7% to Rs 17.8 Bn. Growth in fee income was driven primarily by the growth in transactional volumes across digital platforms and card services compensating for the drop in commission income from trade services. Trade commission dropped by over 25% YoY despite notable growth in trade volumes as the tariffs continued to adjust downwards reflecting higher foreign currency liquidity amongst the banks. The appreciation of the Sri Lankan rupee against the dollar resulted in an exchange loss of Rs 2.9 Bn.

The gradual improvement of the economic environment supported by the concerted efforts on rehabilitation and recovery efforts led to much improved asset quality. This resulted in positive movements in both stage 2 and stage 3 loans. Nevertheless, on a prudent basis the Bank recognised a total impairment of Rs 11.5 Bn on loans and receivables. Accordingly, the Bank's Net Stage 3 ratio improved to 1.88% from 3.76% in the previous year, while the Stage 3 Provision Coverage ratio improved to 74.4%, from 57.5% in 2023.

With the International Sovereign Bond (ISB) restructure in December 2024, the Bank opted for the 'Local option', which included 30% of the ISB exposure being exchanged to LKR bonds, with the balance 70% in USD bonds being subject to a 10% haircut. As a result, the Bank reversed the provisions of Rs 91.6 Bn that had been made previously on account of the exposure to ISB. Simultaneously the Bank recognised a loss of Rs 49.5 Bn as losses

arising from derecognition of ISBs which included the haircut on previously held ISBs and the day one loss on the new instruments. The restructure resulted in an increase of Rs 38.0 Bn in profit before taxes. With the reversal of the impairment provisions made previously on ISBs, a net deferred tax asset of Rs 26.2 Bn was charged resulting in a net positive impact of Rs 11.8 Bn in PAT. Excluding the impact of the ISB restructure the YoY growth in Bank's PAT would be 45% YoY.

In 2024, the Bank's Asset base exceeded Rs 2.0 Tn, reflecting a 7.5% YoY expansion. Total Gross Loans and Advances grew by Rs 117.8 Bn during the year, reaching a total of Rs 1.16 Tn despite a Rs 26.5 Bn drop witnessed in the first quarter of 2024. Additionally, the Bank's deposit base increased by 8.6% YoY to Rs 1.7 Tn. CASA deposits led this growth, with an impressive increase of Rs 113.5 Bn, raising the CASA ratio to 34.2% from 29.9% in 2023.

The Bank recorded strong capital buffers with Tier 1 and Total Capital Adequacy ratios at 19.59% and 23.96%, respectively, against the minimum statutory requirements of 9.5% and 13.5%. This increase was driven by higher profitability, a Tier II capital infusion, and the favourable impact on capital from the reversal of deferred tax assets due to the reversal of provisions on ISBs. Additionally, the Bank maintained a strong liquidity position, with an all currency Liquidity Coverage Ratio of 331.5%, well above the regulatory minimum requirement of 100%.

HNB's voting share traded within a high Rs 319.75 and a low of Rs 155.00 during the year 2024 while the non-voting share ranged between a high and low of Rs 256.75 and Rs 128.00, respectively. The Net Book Value per share for the Group improved to Rs 457.07 as at end of December 2024 from Rs 371.17 in the previous year. On 21st February 2025, the Board of Directors of HNB PLC proposed a final cash dividend of Rs 15.00 per share, applicable to both voting and non-voting shares, subject to approval of the shareholders.

HNB's credit rating was upgraded to AA-(lka) by Fitch Ratings Lanka Ltd, subsequent to the rating recalibration, post completion of the external debt restructuring programme. HNB was ranked as the 'No. 1 corporate in Sri Lanka' under 'Business Top 40' rankings in 2024 and was recognised as the 'Best Bank in Sri Lanka' and 'The Best SME Bank in Sri Lanka' by Euromoney. Other major accolades include being recognised as the "Best Retail Bank in Sri Lanka" by 'The Asian Banker'.

INCOME STATEMENT												
	Bank			Bank			Group			Group		
	For the year ended 31st December			For the quarter ended 31st December			For the year ended 31st December			For the quarter ended 31st December		
	2024	2023	Increase/	2024	2023	Increase /	2024	2023	Increase /	2024	2023	Increase /
	(Audited)	(Audited)	(Decrease)		(Decrease)		(Audited)	(Audited)	(Decrease)		(Decrease)	
Rs 000	Rs 000	%	Rs 000	Rs 000	%	Rs 000	Rs 000	%	Rs 000	Rs 000	%	
Gross income	190,869,912	299,139,347	(36)	12,001,613	68,285,667	(82)	228,945,309	336,638,191	(32)	22,112,561	77,908,436	(72)
Interest income	222,690,253	284,097,697	(22)	56,734,081	63,417,160	(11)	240,243,657	304,578,112	(21)	61,035,152	68,220,093	(11)
Less : Interest expenses	126,402,153	179,755,441	(30)	28,907,912	42,299,265	(32)	130,478,678	186,503,550	(30)	29,797,150	43,594,742	(32)
Net interest income	96,288,100	104,342,256	(8)	27,826,169	21,117,895	32	109,764,979	118,074,562	(7)	31,238,002	24,625,351	27
Fee and commission income	18,412,099	16,308,907	13	5,122,890	4,286,957	19	20,022,671	17,207,633	16	5,529,383	4,435,534	25
Less: Fee and commission expenses	564,359	467,572	21	155,087	145,513	7	873,946	634,980	38	253,981	197,632	29
Net fee and commission income	17,847,740	15,841,335	13	4,967,803	4,141,444	20	19,148,725	16,572,653	16	5,275,402	4,237,902	24
Net interest, fee and commission income	114,135,840	120,183,591	(5)	32,793,972	25,259,339	30	128,913,704	134,647,215	(4)	36,513,404	28,863,253	27
Net gains / (losses) from trading	(4,308,429)	(11,951,627)	(64)	(225,367)	(1,988,365)	(89)	(3,965,732)	(11,850,918)	(67)	(7,485)	(1,957,382)	(100)
Net gains from financial investments at fair value through other comprehensive income	379,172	271,537	40	49,761	271,537	(82)	506,803	310,852	63	83,505	292,726	(71)
Net insurance premium income	-	-	-	-	-	-	17,968,647	15,249,250	18	4,754,178	4,215,469	13
Net losses arising on de-recognition of international sovereign bonds	(49,461,541)	-	-	(49,461,541)	-	-	(49,461,541)	-	-	(49,461,541)	-	-
Net other operating income	3,158,358	10,412,833	(70)	(218,211)	2,298,378	(109)	3,630,804	11,143,262	(67)	179,369	2,701,996	(93)
Total operating income / (loss)	63,903,400	118,916,334	(46)	(17,061,386)	25,840,889	(166)	97,592,685	149,499,661	(35)	(7,938,570)	34,116,062	(123)
Less: Impairment charge / (reversal) for loans and other losses	(78,655,988)	40,589,311	(294)	(81,901,153)	8,218,133	(1,097)	(77,405,549)	42,523,930	(282)	(81,678,619)	8,687,627	(1,040)
Net operating income	142,559,388	78,327,023	82	64,839,767	17,622,756	268	174,998,234	106,975,731	64	73,740,049	25,428,435	190
Less : Operating expenses												
Personnel expenses	21,189,328	16,944,206	25	6,428,627	4,122,744	56	26,328,854	20,934,258	26	7,947,812	5,235,785	52
Depreciation and amortisation	3,028,654	2,776,261	9	773,843	749,489	3	3,830,974	3,417,133	12	1,009,486	891,624	13
Benefits, claims and underwriting expenditure	-	-	-	-	-	-	17,314,118	15,218,729	14	3,554,666	2,910,337	22
Other expenses	17,986,603	15,783,348	14	4,727,043	4,136,832	14	23,654,837	20,805,075	14	6,248,784	5,772,210	8
Total operating expenses	42,204,585	35,503,815	19	11,929,513	9,009,065	32	71,128,783	60,375,195	18	18,760,748	14,809,956	27
Operating profit before taxes on financial services	100,354,803	42,823,208	134	52,910,254	8,613,691	514	103,869,451	46,600,536	123	54,979,301	10,618,479	418
Less : Taxes on financial services	20,534,046	10,134,513	103	9,932,365	2,180,190	356	21,147,935	10,523,130	101	10,149,170	2,320,474	337
Operating profit after taxes on financial services	79,820,757	32,688,695	144	42,977,889	6,433,501	568	82,721,516	36,077,406	129	44,830,131	8,298,005	440
Share of profit of joint venture (net of income tax)	-	-	-	-	-	-	1,377,926	1,140,769	21	557,307	(117,236)	575
PROFIT BEFORE INCOME TAX	79,820,757	32,688,695	144	42,977,889	6,433,501	568	84,099,442	37,218,175	126	45,387,438	8,180,769	455
Less: Income tax expense	38,478,964	12,335,577	212	23,842,695	2,641,731	803	39,259,810	13,611,684	188	24,208,983	3,423,813	607
PROFIT FOR THE PERIOD	41,341,793	20,353,118	103	19,135,194	3,791,770	405	44,839,632	23,606,491	90	21,178,455	4,756,956	345
Profit attributable to:												
Equity holders of the Bank	41,341,793	20,353,118	103	19,135,194	3,791,770	405	43,538,931	22,770,791	91	20,539,224	4,439,848	363
Non-controlling interests	-	-	-	-	-	-	1,300,701	835,700	56	639,231	317,108	102
PROFIT FOR THE PERIOD	41,341,793	20,353,118	103	19,135,194	3,791,770	405	44,839,632	23,606,491	90	21,178,455	4,756,956	345
Earnings per share												
Basic earnings per ordinary share (Rs)	72.30	35.59	103	33.46	6.63	405	76.14	39.82	91	35.92	7.76	363
Diluted earnings per ordinary share (Rs)	72.30	35.59	103	33.46	6.63	405	76.14	39.82	91	35.92	7.76	363

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME												
	Bank			Bank			Group			Group		
	For the year ended 31st December			For the quarter ended 31st December			For the year ended 31st December			For the quarter ended 31st December		
	2024	2023	Increase / (Decrease)	2024	2023	Increase / (Decrease)	2024	2023	Increase / (Decrease)	2024	2023	Increase / (Decrease)
	(Audited)	(Audited)	%	(Audited)	(Audited)	%	(Audited)	(Audited)	%	(Audited)	(Audited)	%
	Rs 000	Rs 000	%	Rs 000	Rs 000	%	Rs 000	Rs 000	%	Rs 000	Rs 000	%
PROFIT FOR THE PERIOD	41,341,793	20,353,118	103	19,135,194	3,791,770	405	44,839,632	23,606,491	90	21,178,455	4,756,956	345
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods												
Change in fair value of investments in equity instruments designated at fair value through other comprehensive income	3,043,986	3,398,710	(10)	2,961,004	(432,101)	785	3,042,939	3,399,392	(10)	2,959,957	(433,761)	782
Remeasurement of post-employment benefit obligations	(3,138,087)	3,507	(89,581)	(3,138,087)	3,507	(89,581)	(3,280,236)	(30,683)	10,591	(3,243,429)	(69,331)	4,578
Revaluation gain on freehold land and buildings	4,733,055	-	-	4,733,055	-	-	5,490,076	-	-	5,490,076	-	-
Less: Tax expense relating to items that will not be reclassified to profit or loss	(1,419,916)	-	-	(1,419,916)	-	-	(1,632,877)	10,921	(15,052)	(1,643,919)	81,946	(2,106)
Total other comprehensive income that will not be reclassified to profit or loss	3,219,038	3,402,217	(5)	3,136,056	(428,594)	832	3,619,902	3,379,630	7	3,562,685	(421,146)	946
Other comprehensive income that will be reclassified to profit or loss in subsequent periods												
Debt instruments at fair value through other comprehensive income :												
Net gains / (losses) on investments in debt instruments measured at fair value through other comprehensive income	4,136,290	3,238,371	28	2,188,820	(236,157)	1,027	4,462,226	4,470,635	-	2,853,224	(158,488)	1,900
Net change in expected credit losses of debt securities measured at fair value through other comprehensive income	1,593,267	-	-	1,593,267	-	-	1,593,267	-	-	1,593,267	-	-
Transfer to / (from) life policy holder reserve fund	-	-	-	-	-	-	(190,566)	(654,729)	(71)	67,515	(99,031)	168
Share of other comprehensive income of joint venture that will be reclassified to profit or loss	-	-	-	-	-	-	(299,689)	(316,335)	(5)	74,670	(64,770)	215
Less: Tax expense relating to items that will be reclassified to profit or loss	(1,240,887)	(971,511)	28	(656,646)	70,847	(1,027)	(1,241,243)	(1,079,170)	15	(675,741)	68,120	(1,092)
Total other comprehensive income that will be reclassified to profit or loss	4,488,670	2,266,860	98	3,125,441	(165,310)	1,991	4,323,995	2,420,401	79	3,912,935	(254,169)	1,640
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	7,707,708	5,669,077	36	6,261,497	(593,904)	1,154	7,943,897	5,800,031	37	7,475,620	(675,315)	1,207
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	49,049,501	26,022,195	88	25,396,691	3,197,866	694	52,783,529	29,406,522	79	28,654,075	4,081,641	602
Total comprehensive income attributable to:												
Equity holders of the Bank	49,049,501	26,022,195	88	25,396,691	3,197,866	694	51,477,698	28,384,289	81	27,763,688	3,758,213	639
Non-controlling interests	-	-	-	-	-	-	1,305,831	1,022,233	28	890,387	323,428	175
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	49,049,501	26,022,195	88	25,396,691	3,197,866	694	52,783,529	29,406,522	79	28,654,075	4,081,641	602

STATEMENT OF FINANCIAL POSITION

	Bank		Group			
	As at	As at	Increase / (Decrease)	As at	As at	Increase / (Decrease)
	31.12.2024	31.12.2023		31.12.2024	31.12.2023	
	(Audited)	(Audited)	(Audited)	(Audited)		
Rs 000	Rs 000	%	Rs 000	Rs 000	%	
ASSETS						
Cash and cash equivalents	63,356,259	73,148,596	(13)	64,065,041	73,758,907	(13)
Placements with banks	41,858,517	55,991,134	(25)	48,656,010	61,836,382	(21)
Balances with Central Bank of Sri Lanka	6,913,009	12,234,361	(43)	6,913,009	12,234,361	(43)
Reverse repurchase agreements	-	-	-	5,280,692	1,830,461	188
Derivative financial instruments	375,060	452,193	(17)	375,060	452,193	(17)
Financial assets measured at fair value through profit or loss	1,835,469	115,641	1,487	2,962,612	801,065	270
Financial assets measured at amortised cost - loans and advances to customers	1,063,675,345	954,880,316	11	1,104,013,319	988,601,197	12
Financial assets measured at amortised cost - debt and other financial instruments	741,761,201	549,772,155	35	770,020,546	584,131,263	32
Financial assets measured at fair value through other comprehensive income	96,309,470	189,325,958	(49)	112,407,299	195,975,307	(43)
Investment in joint venture	755,000	755,000	-	5,553,026	4,474,789	24
Investment in subsidiaries	3,017,285	3,017,285	-	-	-	-
Investment properties	453,769	459,104	(1)	868,188	913,922	(5)
Property, plant and equipment	30,126,467	25,418,520	19	55,467,867	50,164,957	11
Right-of-use assets	4,512,346	5,081,338	(11)	2,302,947	2,473,450	(7)
Intangible assets and goodwill	1,322,941	1,560,099	(15)	1,808,753	2,009,896	(10)
Deferred tax assets	3,393,785	33,944,563	(90)	3,941,633	33,967,277	(88)
Other assets	18,872,133	28,096,221	(33)	24,537,698	33,414,983	(27)
Total assets	2,078,538,056	1,934,252,484	7	2,209,173,700	2,047,040,410	8
LIABILITIES						
Due to banks	6,595,571	9,019,582	(27)	6,595,571	9,019,582	(27)
Derivative financial instruments	1,573,417	1,365,523	15	1,573,417	1,365,523	15
Securities sold under repurchase agreements	26,486,104	61,793,694	(57)	26,486,104	61,793,694	(57)
Financial liabilities measured at amortised cost - due to depositors	1,715,484,127	1,579,780,228	9	1,750,259,233	1,609,153,685	9
Dividends payable	976,029	974,790	-	994,123	990,781	-
Financial liabilities measured at amortised cost - other borrowings	19,740,135	24,933,215	(21)	19,742,152	25,031,784	(21)
Debt securities issued	-	87,569	(100)	448,108	550,160	(19)
Current tax liabilities	10,435,749	23,953,823	(56)	11,387,381	24,707,679	(54)
Deferred tax liabilities	-	-	-	6,731,283	6,552,515	3
Insurance provision - life	-	-	-	38,877,712	30,975,260	26
Insurance provision - non life	-	-	-	4,507,058	4,694,303	(4)
Other provisions	19,523,788	9,079,375	115	20,306,114	9,697,283	109
Other liabilities	18,069,634	19,325,952	(7)	21,548,786	20,696,216	4
Subordinated term debts	28,174,227	18,961,556	49	29,967,185	22,255,164	35
Total liabilities	1,847,058,781	1,749,275,307	6	1,939,424,227	1,827,483,629	6

STATEMENT OF FINANCIAL POSITION

	Bank			Group		
	As at	As at	Increase / (Decrease)	As at	As at	Increase / (Decrease)
	31.12.2024	31.12.2023		31.12.2024	31.12.2023	
	(Audited)	(Audited)	(Audited)	(Audited)		
Rs 000	Rs 000	%	Rs 000	Rs 000	%	
EQUITY						
Stated capital	42,858,227	40,955,116	5	42,858,227	40,955,116	5
Statutory reserve fund	12,610,000	10,410,000	21	12,610,000	10,410,000	21
Retained earnings	77,316,202	56,311,574	37	91,384,909	68,251,694	34
Other reserves	98,694,846	77,300,487	28	114,507,771	92,623,236	24
Total shareholders' equity	231,479,275	184,977,177	25	261,360,907	212,240,046	23
Non-controlling interests	-	-	-	8,388,566	7,316,735	15
Total equity	231,479,275	184,977,177	25	269,749,473	219,556,781	23
Total equity and liabilities	2,078,538,056	1,934,252,484	7	2,209,173,700	2,047,040,410	8
Contingent liabilities and commitments	867,243,839	883,033,112	(2)	867,243,839	883,033,112	(2)
Net assets value per ordinary share (Rs.)	404.81	323.49	25	457.07	371.17	23
Memorandum Information						
Number of Employees	5,577	5,492				
Number of Customer Centers	254	254				

CERTIFICATION

I certify that the above financial statements are in compliance with the requirements of the Companies Act No. 7 of 2007 and give a true and fair view of the state of affairs of Hatton National Bank PLC and the Group as at 31st December 2024 and its profit for the year ended 31st December 2024.

-Sgd.

Anuradhi Delage
Chief Financial Officer
21st February 2025

We the undersigned, being the Managing Director/Chief Executive Officer and the Chairman of Hatton National Bank PLC certify jointly that :

- (a) the above statements have been prepared in compliance with the formats and definitions prescribed by the Central Bank of Sri Lanka;
- (b) the information contained in these statements have been extracted from the audited financial statements of the Bank, it's Joint Venture and Subsidiary Companies.

-Sgd.

Damith Pallewatte
Managing Director/Chief Executive Officer
21st February 2025

-Sgd.

Nihal Jayawardena
Chairman
21st February 2025

STATEMENT OF CHANGES IN EQUITY - BANK									
	<u>Stated Capital</u>		Statutory Reserve	<u>Other Reserves</u>					Total Equity
	Voting Shares	Non-Voting Shares		Capital Reserve	Fair value Reserve	Special Reserve	General Reserve	Retained Earnings	
For the year ended 31st December 2023 (Audited)	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Balance as at 1st January 2023	31,732,741	6,946,264	9,310,000	13,927,316	(1,395,906)	-	58,100,000	40,706,963	159,327,378
Total comprehensive income for the year									
Net profit for the year	-	-	-	-	-	-	-	20,353,118	20,353,118
Other comprehensive income for the year, net of tax	-	-	-	-	5,669,077	-	-	-	5,669,077
Total comprehensive income for the year	-	-	-	-	5,669,077	-	-	20,353,118	26,022,195
Transactions with equity holders, recognised directly in equity									
Contributions by and distributions to equity holders									
Dividends to equity holders									
Final dividend 2022 - Scrip	1,820,883	455,228	-	-	-	-	-	(2,677,777)	(401,666)
Total contributions by and distributions to equity holders	1,820,883	455,228	-	-	-	-	-	(2,677,777)	(401,666)
Transfer of /(subsequent settlement of) unclaimed dividends	-	-	-	-	-	-	-	29,270	29,270
Transfers during the year	-	-	1,100,000	-	-	-	1,000,000	(2,100,000)	-
Balance as at 31st December 2023	33,553,624	7,401,492	10,410,000	13,927,316	4,273,171	-	59,100,000	56,311,574	184,977,177
	<u>Stated Capital</u>		Statutory Reserve	<u>Other Reserves</u>					Total Equity
	Voting Shares	Non-Voting Shares		Capital Reserve	Fair value Reserve	Special Reserve	General Reserve	Retained Earnings	
For the year ended 31st December 2024 (Audited)	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Balance as at 1st January 2024	33,553,624	7,401,492	10,410,000	13,927,316	4,273,171	-	59,100,000	56,311,574	184,977,177
Total comprehensive income for the year									
Net profit for the year	-	-	-	-	-	-	-	41,341,793	41,341,793
Other comprehensive income for the year, net of tax	-	-	-	3,313,139	7,532,656	-	-	(3,138,087)	7,707,708
Total comprehensive income for the year	-	-	-	3,313,139	7,532,656	-	-	38,203,706	49,049,501
Transactions with equity holders, recognised directly in equity									
Contributions by and distributions to equity holders									
Dividends to equity holders									
Final dividend 2023 - Cash	-	-	-	-	-	-	-	(2,238,954)	(2,238,954)
Final dividend 2023 - Scrip	1,518,616	384,495	-	-	-	-	-	(2,238,954)	(335,843)
Total contributions by and distributions to equity holders	1,518,616	384,495	-	-	-	-	-	(4,477,908)	(2,574,797)
Transfer of /(subsequent settlement of) unclaimed dividends	-	-	-	-	-	-	-	27,394	27,394
Transfers during the year	-	-	2,200,000	-	-	9,548,564	1,000,000	(12,748,564)	-
Balance as at 31st December 2024	35,072,240	7,785,987	12,610,000	17,240,455	11,805,827	9,548,564	60,100,000	77,316,202	231,479,275

STATEMENT OF CHANGES IN EQUITY - GROUP

	Stated Capital		Other Reserves								Retained Earnings	Shareholders' Funds	Non Controlling Interests	Total Equity
	Voting Shares	Non-Voting Shares	Statutory Reserve	Capital Reserve	General Reserve	Fair value Reserve	Special Reserve	Life Policy Holder Reserve Fund	Restricted Regulatory Reserve	Exchange Equalization Reserve				
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000				
For the year ended 31st December 2023 (Audited)	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Balance as at 1st January 2023	31,732,741	6,946,264	9,310,000	28,493,417	58,100,000	(1,182,630)	-	(1,347,731)	381,156	611,253	50,247,360	183,291,830	6,795,096	190,086,926
Total comprehensive income for the year														
Net profit for the year	-	-	-	-	-	-	-	-	-	-	22,770,791	22,770,791	835,700	23,606,491
Other comprehensive income for the year, net of tax	-	-	-	-	-	5,674,494	-	-	-	(43,046)	(17,950)	5,613,498	186,533	5,800,031
Total comprehensive income for the year	-	-	-	-	-	5,674,494	-	-	-	(43,046)	22,752,841	28,384,289	1,022,233	29,406,522
Transactions with equity holders, recognised directly in equity														
Contributions by and distributions to equity holders														
Dividends to equity holders														
Final dividend 2022 - Scrip	1,820,883	455,228	-	-	-	-	-	-	-	-	(2,677,777)	(401,666)	-	(401,666)
Final dividend 2022 - Cash	-	-	-	-	-	-	-	-	-	-	-	-	(219,000)	(219,000)
Total contributions by and distributions to equity holders	1,820,883	455,228	-	-	-	-	-	-	-	-	(2,677,777)	(401,666)	(219,000)	(620,666)
Transfer from life policy holder reserve fund	-	-	-	-	-	(422,391)	-	1,358,714	-	-	-	936,323	(281,594)	654,729
Transfer of / (subsequent settlement of) unclaimed dividends	-	-	-	-	-	-	-	-	-	-	29,270	29,270	-	29,270
Transfers during the year	-	-	1,100,000	-	1,000,000	-	-	-	-	-	(2,100,000)	-	-	-
Balance as at 31st December 2023	33,553,624	7,401,492	10,410,000	28,493,417	59,100,000	4,069,473	-	10,983	381,156	568,207	68,251,694	212,240,046	7,316,735	219,556,781

STATEMENT OF CHANGES IN EQUITY - GROUP

	Stated Capital		Other Reserves								Retained Earnings	Shareholders' Funds	Non Controlling Interests	Total Equity
	Voting Shares	Non-Voting Shares	Statutory Reserve	Capital Reserve	General Reserve	Fair value Reserve	Special Reserve	Life Policy Holder Reserve Fund	Restricted Regulatory Reserve	Exchange Equalization Reserve				
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000				
For the year ended 31st December 2024 (Audited)	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Balance as at 1st January 2024	33,553,624	7,401,492	10,410,000	28,493,417	59,100,000	4,069,473	-	10,983	381,156	568,207	68,251,694	212,240,046	7,316,735	219,556,781
Total comprehensive income for the year														
Net profit for the year	-	-	-	-	-	-	-	-	-	-	43,538,931	43,538,931	1,300,701	44,839,632
Other comprehensive income for the year, net of tax	-	-	-	3,831,870	-	7,579,976	-	-	-	(266,441)	(3,206,638)	7,938,767	5,130	7,943,897
Total comprehensive income for the year	-	-	-	3,831,870	-	7,579,976	-	-	-	(266,441)	40,332,293	51,477,698	1,305,831	52,783,529
Transactions with equity holders, recognised directly in equity														
Contributions by and distributions to equity holders														
Dividends to equity holders														
Final dividend 2023 - Cash	-	-	-	-	-	-	-	-	-	-	(2,238,954)	(2,238,954)	(234,000)	(2,472,954)
Final dividend 2023 - Scrip	1,518,616	384,495	-	-	-	-	-	-	-	-	(2,238,954)	(335,843)	-	(335,843)
Total contributions by and distributions to equity holders	1,518,616	384,495	-	-	-	-	-	-	-	-	(4,477,908)	(2,574,797)	(234,000)	(2,808,797)
Transfer to life policy holder reserve fund	-	-	-	-	-	-	-	190,566	-	-	-	190,566	-	190,566
Transfer of / (subsequent settlement of) unclaimed dividends	-	-	-	-	-	-	-	-	-	-	27,394	27,394	-	27,394
Transfers during the year	-	-	2,200,000	-	1,000,000	-	9,548,564	-	-	-	(12,748,564)	-	-	-
Balance as at 31st December 2024	35,072,240	7,785,987	12,610,000	32,325,287	60,100,000	11,649,449	9,548,564	201,549	381,156	301,766	91,384,909	261,360,907	8,388,566	269,749,473

STATEMENT OF CASH FLOWS

For the year ended 31st December	Bank		Group	
	2024	2023	2024	2023
	(Audited)	(Audited)	(Audited)	(Audited)
	Rs 000	Rs 000	Rs 000	Rs 000
Cash flows from operating activities				
Interest receipts	201,623,178	278,180,411	218,752,576	290,876,688
Interest payments	(128,565,113)	(154,092,480)	(133,557,378)	(161,351,036)
Net commission receipts	17,684,449	15,738,388	18,985,433	16,469,601
Payments to employees	(17,695,193)	(14,832,343)	(22,750,135)	(18,716,444)
Taxes on financial services	(13,319,538)	(7,494,176)	(13,893,960)	(7,878,196)
(Loss) / receipts from other operating activities	(10,811,220)	(13,335,103)	8,502,446	2,929,554
Payments for other operating activities	(18,746,267)	(17,147,416)	(33,660,738)	(30,118,408)
Operating profit before changes in operating assets and liabilities	30,170,296	87,017,281	42,378,244	92,211,759
(Increase)/decrease in operating assets				
Balances with Central Bank of Sri Lanka	5,320,239	20,107,587	5,320,239	20,107,587
Financial assets measured at amortised cost - loans and advances to customers	(116,835,715)	(3,338,089)	(123,531,526)	1,994,876
Reverse repurchase agreements	-	-	(3,450,231)	(449,882)
Other assets	1,874,838	(1,052,139)	1,341,578	(2,273,981)
	(109,640,638)	15,717,359	(120,319,940)	19,378,600
Increase/(decrease) in operating liabilities				
Financial liabilities measured at amortised cost - due to depositors	167,098,275	183,203,524	172,499,922	177,265,179
Financial liabilities measured at amortised cost - other borrowings	(7,711,581)	(4,491,892)	(7,808,132)	(5,428,327)
Securities sold under repurchase agreements	(35,208,798)	55,144,079	(35,208,798)	55,144,079
Other liabilities	(164,878)	2,555,130	928,835	3,235,465
	124,013,018	236,410,841	130,411,827	230,216,396
Net cash generated from operating activities before income tax	44,542,676	339,145,481	52,470,131	341,806,755
Income tax paid	(24,107,062)	(22,852,568)	(25,249,820)	(23,549,119)
Net cash generated from operating activities	20,435,614	316,292,913	27,220,311	318,257,636
Cash flows from investing activities				
Purchase of property, plant and equipment	(1,516,991)	(2,082,288)	(1,993,957)	(2,580,384)
Proceeds from the sale of property, plant and equipment	10,650	12,692	36,976	18,513
Net proceeds from sale, maturity and purchase of financial investments	(49,949,296)	(312,813,721)	(52,906,022)	(311,452,319)
Net purchase of intangible assets	(358,166)	(760,637)	(499,081)	(812,659)
Dividends received from investment in subsidiaries	893,280	288,473	-	-
Dividends received from other investments	236,374	33,497	236,831	43,724
Net cash used in investing activities	(50,684,149)	(315,321,984)	(55,125,253)	(314,783,125)
Cash flows from financing activities				
Proceeds from the issue of subordinated debt	12,000,000	-	12,000,000	-
Repayment of subordinated debt/debt securities issued	(3,334,074)	(6,000,000)	(4,391,391)	(6,005,946)
Dividend paid to non controlling interest	-	-	(234,000)	(233,226)
Dividend paid to shareholders of the parent company	(2,546,164)	(405,932)	(2,547,403)	(405,932)
Net cash generated from / (used in) financing activities	6,119,762	(6,405,932)	4,827,206	(6,645,104)
Net decrease in cash and cash equivalents	(24,128,773)	(5,435,003)	(23,077,736)	(3,170,593)
Cash and cash equivalents at the beginning of the year	129,390,056	134,825,059	135,847,014	139,017,607
Cash and cash equivalents at the end of the year	105,261,283	129,390,056	112,769,278	135,847,014
Cash and cash equivalents at the end of the year				
Cash and cash equivalents	63,384,494	73,365,223	64,093,301	73,975,559
Placements with banks	41,876,789	56,024,833	48,675,977	61,871,455
	105,261,283	129,390,056	112,769,278	135,847,014

ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS - BANK

As at 31st December 2024 (Audited)	Fair Value through Profit or Loss	Amortised Cost	Fair Value through Other Comprehensive Income	Total Carrying Amount
	Rs 000	Rs 000	Rs 000	Rs 000
Assets				
Cash and cash equivalents	-	63,356,259	-	63,356,259
Placements with banks	-	41,858,517	-	41,858,517
Balances with Central Bank of Sri Lanka	-	6,913,009	-	6,913,009
Reverse repurchase agreements	-	-	-	-
Derivative financial instruments	375,060	-	-	375,060
Financial assets measured at fair value through profit or loss	1,835,469	-	-	1,835,469
Financial assets measured at amortised cost - loans and advances to customers	-	1,063,675,345	-	1,063,675,345
Financial assets measured at amortised cost - debt and other financial instruments	-	741,761,201	-	741,761,201
Financial assets measured at fair value through other comprehensive income	-	-	96,309,470	96,309,470
Other financial assets	-	4,746,539	-	4,746,539
Total financial assets	2,210,529	1,922,310,870	96,309,470	2,020,830,869
Liabilities				
Due to banks	-	6,595,571	-	6,595,571
Derivative financial instruments	1,573,417	-	-	1,573,417
Securities sold under repurchase agreements	-	26,486,104	-	26,486,104
Financial liabilities measured at amortised cost - due to depositors	-	1,715,484,127	-	1,715,484,127
Financial liabilities measured at amortised cost - other borrowings	-	19,740,135	-	19,740,135
Debt securities issued	-	-	-	-
Other financial liabilities	-	10,466	-	10,466
Subordinated term debts	-	28,174,227	-	28,174,227
Total financial liabilities	1,573,417	1,796,490,630	-	1,798,064,047

ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS - BANK

As at 31st December 2023 (Audited)	Fair Value through Profit or Loss	Amortised Cost	Fair Value through Other Comprehensive Income	Total Carrying Amount
	Rs 000	Rs 000	Rs 000	Rs 000
Assets				
Cash and cash equivalents	-	73,148,596	-	73,148,596
Placements with banks	-	55,991,134	-	55,991,134
Balances with Central Bank of Sri Lanka	-	12,234,361	-	12,234,361
Derivative financial instruments	452,193	-	-	452,193
Financial assets measured at fair value through profit or loss	115,641	-	-	115,641
Financial assets measured at amortised cost - loans and advances to customers	-	954,880,316	-	954,880,316
Financial assets measured at amortised cost - debt and other financial instruments	-	549,772,155	-	549,772,155
Financial assets measured at fair value through other comprehensive income	-	-	189,325,958	189,325,958
Other financial assets	-	11,029,182	-	11,029,182
Total financial assets	567,834	1,657,055,744	189,325,958	1,846,949,536
Liabilities				
Due to banks	-	9,019,582	-	9,019,582
Derivative financial instruments	1,365,523	-	-	1,365,523
Securities sold under repurchase agreements	-	61,793,694	-	61,793,694
Financial liabilities measured at amortised cost - due to depositors	-	1,579,780,228	-	1,579,780,228
Financial liabilities measured at amortised cost - other borrowings	-	24,933,215	-	24,933,215
Debt securities issued	-	87,569	-	87,569
Other financial liabilities	-	7,224	-	7,224
Subordinated term debts	-	18,961,556	-	18,961,556
Total financial liabilities	1,365,523	1,694,583,068	-	1,695,948,591

ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS - GROUP

As at 31st December 2024 (Audited)	Fair Value through Profit or Loss	Amortised Cost	Fair Value through Other Comprehensive Income	Total Carrying Amount
	Rs 000	Rs 000	Rs 000	Rs 000
Assets				
Cash and cash equivalents	-	64,065,041	-	64,065,041
Placements with banks	-	48,656,010	-	48,656,010
Balances with Central Bank of Sri Lanka	-	6,913,009	-	6,913,009
Reverse repurchase agreements	-	5,280,692	-	5,280,692
Derivative financial instruments	375,060	-	-	375,060
Financial assets measured at fair value through profit or loss	2,962,612	-	-	2,962,612
Financial assets measured at amortised cost - loans and advances to customers	-	1,104,013,319	-	1,104,013,319
Financial assets measured at amortised cost - debt and other financial instruments	-	770,020,546	-	770,020,546
Financial assets measured at fair value through other comprehensive income	-	-	112,407,299	112,407,299
Other financial assets	-	8,414,670	-	8,414,670
Total financial assets	3,337,672	2,007,363,287	112,407,299	2,123,108,258
Liabilities				
Due to banks	-	6,595,571	-	6,595,571
Derivative financial instruments	1,573,417	-	-	1,573,417
Securities sold under repurchase agreements	-	26,486,104	-	26,486,104
Financial liabilities measured at amortised cost - due to depositors	-	1,750,259,233	-	1,750,259,233
Financial liabilities measured at amortised cost - other borrowings	-	19,742,152	-	19,742,152
Debt securities issued	-	448,108	-	448,108
Other financial liabilities	-	4,190,120	-	4,190,120
Subordinated term debts	-	29,967,185	-	29,967,185
Total financial liabilities	1,573,417	1,837,688,473	-	1,839,261,890

ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS - GROUP

As at 31st December 2023 (Audited)	Fair Value through Profit or Loss	Amortised Cost	Fair Value through Other Comprehensive Income	Total Carrying Amount
	Rs 000	Rs 000	Rs 000	Rs 000
Assets				
Cash and cash equivalents	-	73,758,907	-	73,758,907
Placements with banks	-	61,836,382	-	61,836,382
Balances with Central Bank of Sri Lanka	-	12,234,361	-	12,234,361
Reverse repurchase agreements	-	1,830,461	-	1,830,461
Derivative financial instruments	452,193	-	-	452,193
Financial assets measured at fair value through profit or loss	801,065	-	-	801,065
Financial assets measured at amortised cost - loans and advances to customers	-	988,601,197	-	988,601,197
Financial assets measured at amortised cost - debt and other financial instruments	-	584,131,263	-	584,131,263
Financial assets measured at fair value through other comprehensive income	-	-	195,975,307	195,975,307
Other financial assets	-	14,269,396	-	14,269,396
Total financial assets	1,253,258	1,736,661,967	195,975,307	1,933,890,532
Liabilities				
Due to banks	-	9,019,582	-	9,019,582
Derivative financial instruments	1,365,523	-	-	1,365,523
Securities sold under repurchase agreements	-	61,793,694	-	61,793,694
Financial liabilities measured at amortised cost - due to depositors	-	1,609,153,685	-	1,609,153,685
Financial liabilities measured at amortised cost - other borrowings	-	25,031,784	-	25,031,784
Debt securities issued	-	550,160	-	550,160
Other financial liabilities	-	2,869,423	-	2,869,423
Subordinated term debts	-	22,255,164	-	22,255,164
Total financial liabilities	1,365,523	1,730,673,492	-	1,732,039,015

SEGMENT REPORTING (AUDITED)																				
For the year ended 31st December	Corporate		Retail		SME		Micro		Treasury		Real Estate		Insurance		NBFI*		Eliminations / Unallocated		Consolidated	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Net interest income	16,457,649	22,045,429	36,252,228	49,578,270	15,136,415	19,337,186	2,123,942	1,267,020	25,321,977	17,208,435	143,351	311,203	7,434,738	7,159,312	5,310,093	5,652,291	1,584,586	(4,484,584)	109,764,979	118,074,562
Foreign exchange income	632,210	3,008,229	1,401,079	614,220	700,628	837,589	17,012	4,450	(559,013)	(2,282,712)	-	-	-	-	-	-	(5,057,856)	(4,483,285)	(2,865,940)	(2,301,509)
Net fee and commission income	4,589,305	4,765,840	9,763,892	7,205,344	3,536,899	3,871,812	325,934	240,737	10,674	32,166	-	-	421,784	317,622	906,293	413,696	(406,056)	(274,564)	19,148,725	16,572,653
Other operating income / (loss)	-	-	-	-	-	-	-	-	(49,212,690)	245,500	1,045,973	1,090,141	18,765,349	15,749,807	1,311,724	960,113	(365,435)	(891,606)	(28,455,079)	17,153,955
Total operating income / (loss)	21,679,164	29,819,498	47,417,199	57,397,834	19,373,942	24,046,587	2,466,888	1,512,207	(24,439,052)	15,203,389	1,189,324	1,401,344	26,621,871	23,226,741	7,528,110	7,026,100	(4,244,761)	(10,134,039)	97,592,685	149,499,661
Impairment charge / (reversal) for																				
loans and other losses	8,269,695	4,747,389	901,797	587,042	1,185,878	(599,956)	207,844	(186,357)	(90,268,781)	36,090,229	-	-	864	(34,460)	1,249,575	1,969,078	1,047,579	(49,035)	(77,405,549)	42,523,930
Net operating income / (loss)	13,409,469	25,072,109	46,515,402	56,810,792	18,188,064	24,646,543	2,259,044	1,698,564	65,829,729	(20,886,840)	1,189,324	1,401,344	26,621,007	23,261,201	6,278,535	5,057,022	(5,292,340)	(10,085,004)	174,998,234	106,975,731
Profit from operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	82,721,516	36,077,406
Share of profit of joint venture	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,377,926	1,140,769
Less: Income tax expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	39,259,810	13,611,684
Less: Non - controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,300,701	835,700
Net Profit for the year attributable to equity holders of the parent	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	43,538,931	22,770,791
As at 31st December	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Segment assets	589,140,010	527,604,481	285,904,178	268,166,524	185,874,986	159,156,826	32,795,429	26,270,376	843,337,050	771,434,547	11,258,395	11,643,471	62,437,072	51,737,402	53,066,750	49,246,593	139,806,804	177,305,401	2,203,620,674	2,042,565,621
Investment in joint venture	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,553,026	4,474,789	5,553,026	4,474,789
Total assets	589,140,010	527,604,481	285,904,178	268,166,524	185,874,986	159,156,826	32,795,429	26,270,376	843,337,050	771,434,547	11,258,395	11,643,471	62,437,072	51,737,402	53,066,750	49,246,593	145,359,830	181,780,190	2,209,173,700	2,047,040,410
Segment liabilities	319,289,011	281,331,965	1,029,724,392	935,319,515	300,310,970	268,483,661	33,787,452	26,837,029	37,055,277	85,438,776	11,258,395	11,643,471	62,437,072	51,737,402	53,066,750	49,246,593	362,244,381	337,001,998	2,209,173,700	2,047,040,410
Total liabilities	319,289,011	281,331,965	1,029,724,392	935,319,515	300,310,970	268,483,661	33,787,452	26,837,029	37,055,277	85,438,776	11,258,395	11,643,471	62,437,072	51,737,402	53,066,750	49,246,593	362,244,381	337,001,998	2,209,173,700	2,047,040,410
For the year ended 31st December	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Information on cash flows																				
Cash flows from operating activities	94,361,875	46,631,583	108,425,194	130,966,616	18,235,535	56,560,857	2,340,534	7,444,116	14,024,725	76,978,433	443,640	539,600	3,228,226	1,669,131	(3,200,678)	(6,988,275)	(210,638,740)	4,455,575	27,220,311	318,257,636
Cash flows from investing activities	-	-	-	-	-	-	-	-	(49,949,296)	(311,452,319)	281,844	140,623	(2,075,617)	(1,042,621)	3,504,439	(3,476,255)	(6,886,623)	1,047,447	(55,125,253)	(314,783,125)
Cash flows from financing activities	-	-	-	-	-	-	-	-	-	(726,824)	(26,776)	(820,909)	(742,545)	(179,459)	(1,795,825)	6,554,398	(4,079,958)	4,827,206	(6,645,104)	
Net cash flow generated / (used in) during the year	94,361,875	46,631,583	108,425,194	130,966,616	18,235,535	56,560,857	2,340,534	7,444,116	(35,924,571)	(234,473,886)	(1,340)	653,447	331,700	(116,035)	124,302	(12,260,355)	(210,970,965)	1,423,064	(23,077,736)	(3,170,593)
Capital expenditure																				
- Property, plant and equipment	-	-	-	-	-	-	-	-	-	-	-	-	250,380	400,565	226,586	97,531	1,516,991	2,082,288	1,993,957	2,580,384
- Intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	137,493	45,998	3,422	6,024	358,166	760,637	499,081	812,659
Total Capital Expenditure	-	-	-	-	-	-	-	-	-	-	-	-	387,873	446,563	230,008	103,555	1,875,157	2,842,925	2,493,038	3,393,043

* Business of HNB Finance PLC.

EXPLANATORY NOTES

1. The figures are extracted from the audited financial statements for the year ended 31st December 2024. External Auditors of the Group/Bank, M/s KPMG carried out an audit for the year ended 31st December 2024 and expressed an unqualified opinion on the financial statements of the Bank and the Group for the year ended 31st December 2024.
2. There are no changes in accounting policies and methods of computation since the publication of annual accounts for the year 2023.
3. There are no material changes during the period in the composition of assets, liabilities and contingent liabilities and use of funds raised through debentures. All known expenditure items have been provided for.
4. These interim financial statements are presented in accordance with Sri Lanka Accounting Standard (LKAS 34) "Interim Financial Reporting" and provide the information as required in terms of Rule 7.4 of the Colombo Stock Exchange.

5. ECL Assessment and computation

The Bank reassessed the Probabilities of Default (PD), Loss Given Default (LGD) and the Economic Factor Adjustment used in collective impairment assessment as at December 2024 after taking into consideration the improved macro economic conditions such as the reduction in exchange rates, interest rates, inflation and improvements in GDP growth rates. Further management overlays continued to be recognised in respect of exposures to specific industries where an elevated level of risk have been identified as at the reporting date. Bank has made adequate provisions for expected credit losses in the financial statements as at 31st December 2024 to ensure that the potential impact to its loan portfolio is adequately covered. The Board will continue to monitor the implications and make adjustments, if required.

6. Restructure of Sri Lanka International Sovereign Bonds (SLISBs)

The Government of Sri Lanka suspended the servicing of external public debts w.e.f. 12th April 2022. After an extensive debt restructuring process, in December 2024, Sri Lanka successfully completed the exchange of its International Sovereign Bonds as part of its external debt restructuring efforts. The primary objective was to restore the country's debt sustainability by reducing the debt burden.

As per the terms of the exchange, the bond holders could opt for either "Global option" or "Local bond option" and the Bank opted for the latter.

A summary of the key terms and the details of new bonds received by the Bank are as follows.

Type of Bonds	Key terms	Amount received by the Bank
LKR Bond	<ul style="list-style-type: none"> • 30% of the existing bonds exchanged into eight (8) new variable coupon Treasury bonds denominated in LKR with zero hair cut • Variable interest rate of SLFR + 0.5% • Maturity between March 2036 and March 2043, with one bond maturing each year during this period. 	LKR 48.84 Bn LKR bonds.
USD step up Bond	<ul style="list-style-type: none"> • 70% of the existing bonds exchanged into a USD step up bond with a 10% haircut. • The interest rate will range from 1% to 3.5% throughout its tenor (1% at inception which will gradually increase to 3.5% by the bond's final maturity date). • Capital repayments will consist of 10 instalments which will commence from June 2029 and end on June 2038 (five installments of 8% of the total value of the USD step-up bonds and another five installments of 12% of the total value of the USD step-up bond). • Repayment will primarily be in US dollars; however, in the event the Government determines that it is unable or impracticable to make any payments in USD, interest or amortization amount can be settled in LKR. 	USD 353 Mn step up bonds.
Past Due Interest (PDI) Bond	<ul style="list-style-type: none"> • This bond was issued o/a of the Past Due Interest for the previous ISBs with a 11% haircut. • The interest rate for this instrument is fixed at 4% throughout its tenor. • This bond will be repaid in USD only. • As per the amortization schedule the bond will mature in 2028 	USD 72 Mn PDI bonds.

Recognition of new instruments

As per SLFRS 9 – “Financial Instruments”, the above noted exchange resulted in derecognition of the previously held ISBs due to the significant modification to the cashflows and the terms and conditions. The Bank recognized the new instruments at fair value.

The Bank assessed the fair value of the new instruments in accordance with SLFRS 9, using the discounted cash flow valuation method. The discount rate was determined using a risk-free rate derived based on long-term US Treasury bills, which was adjusted for credit, liquidity and other risks. Accordingly, the Bank applied a rate of 10.25% to determine the fair value of PDI Bonds and a rate of 8.5% was used for the fair value determination of USD Step-Up Bond after adjusting for the de-risk factor.

The Bank recognized a loss on derecognition of Rs 52.55 Bn in respect of this restructure, which was netted off against the realization of the exchange fee bond paid to bondholders who validly delivered the original bonds before the expiration date. The resultant net loss on derecognition amounted to Rs 49.5 Bn, which is reported under “Net losses arising on de-recognition of International Sovereign Bonds”. A detailed breakdown of the same is shown below.

For the year ended 31st December	2024
	Rs 000
Loss on haircut from previously held ISBs	(10,974,980)
Net Day one loss	(41,572,931)
Loss on derecognition	(52,547,911)
Exchange fee	3,086,370
Net loss on derecognition of International Sovereign Bonds	(49,461,541)

Sensitivity analysis of fair value of bonds

A 1% increase the discount rate of both the USD Step-Up Bond and the PDI Bond would decrease the fair value by Rs 5.0 Bn while a 1% decrease in discount rate would increase the fair value by Rs 5.4 Bn.

ECL provision of previously held ISBs

Given the significant uncertainty surrounding the debt restructuring discussions, Bank has recognized impairment provisions amounting to LKR 92 Bn up to 31st December 2023. With the successful conclusion of the debt restructuring in December 2024, the Bank reversed the full impairment provision recognized in respect of previous ISBs as disclosed under “Impairment charge/(reversal) for loans and other losses”.

ECL provision of newly recognised instruments

Bank did not recognize ECL provisions on USD Step up bonds and LKR bonds received as part of ISB restructure, considering the ability of the Government to settle the dues in LKR while, the Bank recognized Rs 1.5 Bn ECL provisions on PDI bonds. The said ECL provisions have been determined by considering the LGD for foreign currency exposures issued by sovereigns while the PD was derived based on historical loss rates published by international rating agencies for sovereigns with similar risk rating as Sri Lanka.

Special Reserve

As per the instructions received from the Central Bank of Sri Lanka, the Bank recognised a special reserve of Rs 9.5 Bn, amounting to 15% regulatory capital charge on the outstanding exposure of foreign currency denominated sovereign bonds which carry a LKR option, issued in connection with the restructured international sovereign bonds.

7. Bank re-classified its debt securities portfolio measured at Fair Value Through Other Comprehensive Income category to Amortised Cost category with effect from 1st April 2022 in accordance with “Statement of Alternative Treatment (SoAT) on Reclassification of Debt Portfolio” issued by CA Sri Lanka. Accordingly, Treasury Bills, Treasury Bonds and International Sovereign Bond investments which were previously classified as financial assets measured at Fair Value Through Other Comprehensive Income

(FVOCI) were re-classified as financial assets measured at amortised cost. There was no change to the effective interest rate used and interest revenue recognised in respect of the reclassified assets. Had these investments continued to be carried at fair value through other comprehensive income, the fair value of same as at 31st December 2024 would have amounted to LKR 11.5 Bn and would have resulted in the recognition of a fair value loss of LKR 326 Mn (net of tax) in other comprehensive income during the period.

8. Utilization of funds raised via capital markets

8.1 Utilization of funds raised from debenture issue 2024

Objective Number	Objective as per Prospectus	Amount allocated as per Prospectus	Proposed date of utilization as per Prospectus	Amount allocated from proceeds	% of total proceeds	Amount utilized	% of utilisation against allocation (B/A)	Clarification if not fully utilized including where the funds are invested
1	To strengthen the Tier 2 capital base of the Bank in line with the BASEL III accord	Rs 12 Bn	27. 08. 2024	Rs 12 Bn	100%	Rs 12 Bn	100%	Fully utilised
2	To facilitate future expansion of business activities of the Bank	Rs 12 Bn	27. 08. 2025	Rs 12 Bn	100%	Rs 5 Bn	42%	The unutilised funds have been invested in Government Securities at zero risk at the prevailing market rates.

8.2 The funds raised through debentures previously issued were fully utilized for the objectives mentioned in the respective prospectuses.

9. Where required, figures on the audited annual financial statements have been reclassified to conform to Central Bank of Sri Lanka's publication requirements.

10. Reporting entity

Bank does not have an identifiable parent of its own. Hatton National Bank PLC is the ultimate parent of the Group. The consolidated financial statements of the Bank cover the Bank and its subsidiaries, HNB Assurance PLC, Sithma Development (Pvt) Ltd, HNB Finance PLC & the Group's interest in Joint Venture Acuity Partners (Pvt) Ltd (subsequently rebranded as HNB Investment Bank (Pvt) Ltd).

11. There are no material events that took place after the balance sheet date which require adjustment or disclosure in the financial statements other than as disclosed below.

12. Appointment of Directors

Mrs. Dilani Champika Alagaratnam Goonatilleke was appointed as a Non-Executive / Independent Director of the Bank w.e.f 31st January 2025.

13. Proposed dividends

The Directors recommend that a final dividend of Rs. 15 per share on both voting and non-voting shares of the Bank, be paid for the financial year ended 31st December 2024. The final cash dividend is to be approved at the Annual General Meeting to be held on 27th March 2025. In accordance with Sri Lanka Accounting Standard LKAS 10 “Events after the reporting period”, this proposed final cash dividend has not been recognised as a liability as at 31st December 2024.

14. Acquisition of remaining 50% shares of Acuity Partners (Pvt) Ltd

Pursuant to the approvals granted by the Central Bank of Sri Lanka and the Securities and Exchange Commission of Sri Lanka, on 21st January 2025, Hatton National Bank PLC (HNB PLC) acquired 75,500,001 ordinary voting shares, representing a 50% stake in Acuity Partners (Pvt) Ltd held by DFCC Bank PLC for a total consideration of Rs 6.5 Bn. With this acquisition, Acuity Partners (Pvt) Ltd, which was subsequently rebranded as HNB Investment Bank (Pvt) Ltd, became a wholly owned subsidiary of HNB PLC.

SELECTED PERFORMANCE INDICATORS (AS PER REGULATORY REPORTING)

	As at	As at	As at	As at
	31.12.2024	31.12.2023	31.12.2024	31.12.2023
	Bank		Group	
BASEL III				
Regulatory Capital				
Common Equity Tier 1. Rs. Mn	190,812	126,927	219,579	148,882
Tier 1 Capital. Rs. Mn	190,812	126,927	219,579	148,882
Total Capital. Rs. Mn	233,314	159,255	262,769	181,877
Regulatory Capital Ratios				
Common Equity Tier 1 Capital Ratio (Minimum Requirement - 2024 - 8.00%: 2023 - 8.00%)	19.59%	13.66%	20.64%	14.70%
Tier 1 Capital Ratio (Minimum Requirement - 2024 - 9.50%: 2023 - 9.50%)	19.59%	13.66%	20.64%	14.70%
Total Capital Ratio (Minimum Requirement 2024 - 13.50%: 2023 - 13.50%)	23.96%	17.13%	24.70%	17.95%
Leverage Ratio (Minimum Requirement- 3.00%)	7.93%	5.61%	8.64%	6.27%

Assets Quality (Quality of Loan Portfolio)		
Impaired Loans (Stage 3) Ratio, %*	1.88%	3.76%
Impairment (Stage 3) to Stage 3 loans Ratio, %*	74.42%	57.49%
Profitability (Annualised)		
Interest Margin, %	4.86%	5.66%
Return on Assets (before Tax), %	4.03%	1.77%
Return on Equity, %	20.40%	11.59%
Cost to Income, %	66.04%	29.86%
Regulatory Liquidity		
Statutory Liquid Assets, Rs. Mn		
Domestic Banking unit	N/A	742,281
Off-Shore Banking Unit	N/A	59,674
Consolidated (Bank)	N/A	784,704
Statutory Liquid Assets Ratio (Minimum requirement 20%)		
Domestic Banking unit	N/A	46.53%
Off-Shore Banking Unit	N/A	34.06%
Consolidated (Bank)	N/A	48.17%
Total Stock of High-Quality Liquid Assets, Rs. Mn	841,183	662,094
Liquidity Coverage Ratio (%) - Rupee	292.61%	387.17%
(Minimum Requirement - 2024 - 100%, 2023 - 100%)		
Liquidity Coverage Ratio (%) - All Currency	331.49%	445.92%
(Minimum Requirement - 2024 - 100%, 2023 - 100%)		
Net Stable Funding Ratio (Minimum Requirement - 2024 - 100%, 2023 - 100%)	161.18%	150.19%
Credit Rating**	A(Ika)	A(Ika)

*Including Undrawn Portion of Credit

**Pursuant to the sovereign upgrade and the recalibration of Sri Lanka national rating scale by Fitch Ratings, the National Long-Term rating of the Bank was upgraded to "AA-(Ika)" in January 2025.

N/A - Not Applicable

CBSL has discontinued the requirement to maintain the Statutory Liquid Assets Ratio w.e.f 15th June 2024

SHARE INFORMATION

As at	31-Dec-24	31-Dec-23
Number of Shares		
Voting	455,968,474	446,651,811
Non-voting	115,852,722	113,086,576
Last Traded Price per share		
Voting	319.75	169.25
Non-voting	256.75	140.00

For the Quarter Ended	31-Dec-24	31-Dec-23
Highest price per share		
Voting	324.00	175.00
Non-voting	264.50	149.00
Lowest price per share		
Voting	203.00	158.00
Non-voting	165.00	130.25

PUBLIC SHAREHOLDING PERCENTAGE

	31-Dec-24	
	Number	%
Number of shareholders representing the public holding (Voting)	8,563	69% approx.
Number of shareholders representing the public holding (Non Voting)	11,077	99% approx.
Compliant under Option 1 - Float Adjusted Market Capitalization	Rs. 100.60 Bn	

DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S SHAREHOLDING

	Number of shares		Type of Directorship
	31-Dec-24	31-Dec-23	
1. Mr. K. V. N. Jayawardene PC	-	-	Non-Independent / Non-Executive
2. Mr. P. G. D. B. Pallewatte (Appointed as Managing Director / Chief Executive Officer on 22.11.2024)	-	N/A	Executive
3. Mr. A.J. Alles (Former Managing Director / Chief Executive Officer - Retired w.e.f. 23.08.2024)	N/A	140,353	N/A
4. Mr. W.M.M.D. Ratnayake	-	-	Independent / Non-Executive
5. Mr. M.P.D.Cooray	9,491	9,265	Independent / Non-Executive
6. Mr. D.P.N.Rodrigo (Resigned w.e.f. 12.01.2024)	N/A	27,275	N/A
7. Mr. P.H.O. Chandrawansa (Retired w.e.f. 11.09.2024)	N/A	-	N/A
8. Mr. P.R. Saldin	3,505	3,422	Non-Independent / Non-Executive
9. Mr. K. A. K. P. Gunawardena	-	-	Non-Independent / Non-Executive
10. Mr. G. B. R. P. Gunawardana	26,261	25,653	Independent / Non-Executive
11. Dr. T.K.D.A.P Samarasinghe	-	-	Non-Independent / Non-Executive
12. Mr. M. N. R. Fernando (Appointed as Director on 02.04.2024)	-	N/A	Independent / Non-Executive
13. Mr. S. Renganathan (Appointed as Director on 02.04.2024)	-	N/A	Independent / Non-Executive
14. Mr. S. K. Shah (Appointed as Director on 10.05.2024)	-	N/A	Independent / Non-Executive

**20 MAJOR SHAREHOLDERS (VOTING) OF HNB PLC
AS AT 31ST DECEMBER 2024**

	Name	No. of Shares	% on voting capital
1.	BROWNS INVESTMENTS PLC (CONSISTING OF SAMPATH BANK PLC/ BROWNS INVESTMENTS PLC & BROWNS INVESTMENTS PLC ACCOUNTS)	45,529,714	9.99
2.	EMPLOYEE'S PROVIDENT FUND	44,443,363	9.75
3.	SRI LANKA INSURANCE CORPORATION LTD-LIFE FUND	37,696,270	8.27
4.	MILFORD EXPORTS (CEYLON) (PVT) LIMITED	36,055,836	* 7.91
5.	STASSEN EXPORTS (PVT) LIMITED	31,252,000	* 6.85
6.	SONETTO HOLDINGS LIMITED	22,410,383	4.91
7.	SRI LANKA INSURANCE CORPORATION LTD-GENERAL FUND	19,366,354	4.25
8.	CITIBANK NEWYORK S/A NORGES BANK ACCOUNT 2	17,184,380	3.77
9.	DISTILLERIES COMPANY OF SRI LANKA PLC	13,982,540	* 3.07
10.	NATIONAL SAVINGS BANK	13,083,066	2.87
11.	MR. H.H. ABDULHUSEIN	10,940,000	2.40
12.	MR. Y.S.H.I. SILVA	10,728,905	2.35
13.	STANDARD CHARTERED BANK SINGAPORE S/A HL BANK SINGAPORE BRANCH	8,558,121	1.88
14.	FIRST CAPITAL HOLDINGS PLC	7,600,000	1.67
15.	MR. Y.S.H.R.S. SILVA	5,224,858	1.15
16.	SIMONAS TRUST SERVICE PVT LTD	4,640,728	1.02
17.	GALLE FACE CAPITAL PARTNERS PLC	3,500,000	0.77
18.	JANASHAKTHI INSURANCE PLC - SHAREHOLDERS	3,000,000	0.66
19.	DFCC BANK PLC A/C NO. 02	2,727,476	0.60
20.	JANASHAKTHI INSURANCE PLC - NON PAR	2,445,000	0.54

*Pursuant to the provisions of the Banking Act Directions No. 1 of 2007, the total collective voting rights in the Bank, of Milford Exports (Ceylon) Limited, Stassen Exports Limited and Distilleries Company of Sri Lanka (who collectively hold 17.83% of the voting shares of the Bank) are limited to 10% of the total voting rights of the Bank with effect from 15th March 2012 as the voting rights in excess of such percentage is deemed invalid from that date.

**20 MAJOR SHAREHOLDERS (NON-VOTING) OF HNB PLC
AS AT 31ST DECEMBER 2024**

	Name	No. of Shares	% on non voting capital
1.	BROWNS INVESTMENTS PLC (CONSISTING OF SAMPATH BANK PLC/BROWNS INVESTMENTS PLC & BROWNS INVESTMENTS PLC ACCOUNTS)	53,140,789	45.87
2.	ACUITY PARTNERS (PVT) LIMITED/MR.ELAYATHAMBY THAVAGNANASOORIYAM / MR.ELAYATHAMBY THAVAGNANASUNDARAM	5,393,513	4.66
3.	AKBAR BROTHERS PVT LTD A/C NO 1	5,096,874	4.40
4.	PEOPLE'S LEASING & FINANCE PLC/MR. I.D.R. PERERA	925,000	0.80
5.	SABOOR CHATOOR (PVT) LTD	854,000	0.74
6.	HATTON NATIONAL BANK PLC A/C NO 2 - (EMPLOYEES PROVIDENT FUND)	833,694	0.72
7.	EMPLOYEES TRUST FUND BOARD	813,775	0.70
8.	MR. E. CHATOOR	762,044	0.66
9.	MR. S.E. CAPTAIN	651,163	0.56
10.	SENKADAGALA FINANCE PLC / E.THAWAGNANASUNDARAM	581,539	0.50
11.	E.W. BALASURIYA & CO. (PVT) LTD ACC NO 01	578,704	0.50
12.	MR. Y.H. ABDULHUSSEIN	517,397	0.45
13.	MISS R.H. ABDULHUSSEIN	509,800	0.44
14.	MR. M.J. FERNANDO (DECEASED)	474,289	0.41
15.	DFCC BANK PLC A/C 2	469,190	0.40
16.	NAGOYA CEYLON TRADING (PVT) LTD	463,809	0.40
17.	DR. R.D. BANDARANAIKE / MRS. A.D. BANDARANAIKE (J)	448,373	0.39
18.	DFCC BANK PLC A/C 1	435,463	0.38
19.	LANKA SYNTHETIC FIBRE CO LTD	422,039	0.36
20.	MR. J.D. BANDARANAYAKE / DR. V. BANDARANAYAKE (J) / MISS I. BANDARANAYAKE (J)	413,804	0.36

ANALYSIS OF LOANS & ADVANCES AND IMPAIRMENT (AUDITED)				
As at	Bank		Group	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023
	Rs 000	Rs 000	Rs 000	Rs 000
1) Gross loans and advances to customers	1,159,740,459	1,041,990,203	1,206,782,185	1,081,186,166
Less : Accumulated impairment under stage 1	9,924,864	10,653,265	10,477,990	12,960,050
Accumulated impairment under stage 2	8,383,867	10,333,747	8,897,502	10,659,837
Accumulated impairment under stage 3	77,756,383	66,122,875	83,393,374	68,965,082
Net loans and advances to customers	1,063,675,345	954,880,316	1,104,013,319	988,601,197
Product-wise Gross loans and advances to customers				
By product-Domestic Currency				
Overdrafts	124,849,956	119,040,237	124,624,950	118,568,179
Bills of exchange	358,205	285,863	358,205	285,863
Commercial papers	242,634	185,812	242,634	185,812
Credit Cards	20,581,153	17,009,417	20,581,153	17,009,417
Trust receipts	29,276,080	24,082,806	29,276,080	24,082,806
Packing credit loans	8,385,343	8,585,425	8,385,343	8,585,425
Staff loans	20,371,999	16,050,668	20,757,747	16,523,156
Term loans	573,456,540	507,630,305	588,383,078	528,057,671
Lease rentals receivable	81,136,319	70,025,243	104,758,599	83,902,281
Housing loans	55,731,372	49,795,600	55,731,372	49,795,600
Pawning advances	80,249,186	73,339,142	88,581,352	78,230,271
Sub total	994,638,787	886,030,518	1,041,680,513	925,226,481
By product-Foreign Currency				
Overdrafts	4,560,295	5,393,812	4,560,295	5,393,812
Bills of exchange	1,332,285	1,049,918	1,332,285	1,049,918
Trust receipts	3,172,138	4,317,835	3,172,138	4,317,835
Packing credit loans	26,935,578	24,427,884	26,935,578	24,427,884
Term loans	127,474,279	118,311,370	127,474,279	118,311,370
Lease rentals receivable	184,493	330,260	184,493	330,260
Housing loans	1,442,604	2,128,606	1,442,604	2,128,606
Sub total	165,101,672	155,959,685	165,101,672	155,959,685
Total	1,159,740,459	1,041,990,203	1,206,782,185	1,081,186,166
Movements in stage-wise impairment of loans & advances during the year				
	Bank			Total
	Stage 1	Stage 2	Stage 3	
	Rs 000	Rs 000	Rs 000	Rs 000
Opening balance as at 1st January 2023	12,477,377	16,235,373	58,527,652	87,240,402
Net impairment charge for the year	(1,700,774)	(5,687,845)	10,941,566	3,552,947
Write-offs during the year	-	-	(1,690,976)	(1,690,976)
Effect of exchange rate fluctuations	(123,338)	(213,781)	(1,655,367)	(1,992,486)
Closing balance as at 31st December 2023	10,653,265	10,333,747	66,122,875	87,109,887
Opening balance as at 1st January 2024	10,653,265	10,333,747	66,122,875	87,109,887
Net impairment charge for the year	(640,148)	(1,824,681)	13,464,786	10,999,957
Write-offs during the year	-	-	(752,915)	(752,915)
Effect of exchange rate fluctuations	(88,253)	(125,199)	(1,078,363)	(1,291,815)
Closing balance as at 31st December 2024	9,924,864	8,383,867	77,756,383	96,065,114
	Group			Total
	Stage 1	Stage 2	Stage 3	
	Rs 000	Rs 000	Rs 000	Rs 000
Opening balance as at 1st January 2023	14,914,751	16,799,238	61,267,133	92,981,122
Net impairment charge for the year	(1,831,363)	(5,925,620)	13,244,742	5,487,759
Write-offs during the year	-	-	(3,891,426)	(3,891,426)
Effect of exchange rate fluctuations	(123,338)	(213,781)	(1,655,367)	(1,992,486)
Closing balance as at 31st December 2023	12,960,050	10,659,837	68,965,082	92,584,969
Opening balance as at 1st January 2024	12,960,050	10,659,837	68,965,082	92,584,969
Net impairment charge for the year	(2,393,807)	(1,637,136)	16,284,739	12,253,796
Write-offs during the year	-	-	(778,084)	(778,084)
Effect of exchange rate fluctuations	(88,253)	(125,199)	(1,078,363)	(1,291,815)
Closing balance as at 31st December 2024	10,477,990	8,897,502	83,393,374	102,768,866

ANALYSIS OF COMMITMENTS, CONTINGENCIES AND IMPAIRMENT (AUDITED)				
As at	Bank		Group	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023
	Rs 000	Rs 000	Rs 000	Rs 000
2) Gross commitments and contingencies	867,243,839	883,033,112	867,243,839	883,033,112
Less : Accumulated impairment under stage 1	1,984,084	3,026,254	1,984,084	3,026,254
Accumulated impairment under stage 2	106,880	347,953	106,880	347,953
Accumulated impairment under stage 3	1,872,125	1,265,662	1,872,125	1,265,662
	863,280,750	878,393,243	863,280,750	878,393,243
Product-wise commitments and contingencies				
By Product - Domestic Currency				
Documentary credit	561,718	580,268	561,718	580,268
Guarantees	61,383,820	57,810,230	61,383,820	57,810,230
Acceptances	78,060	7,002	78,060	7,002
Bills for collection	367,655	437,148	367,655	437,148
Forward exchange contracts				
Forward exchange sales	-	-	-	-
Forward exchange purchases	-	-	-	-
Cheques sent on clearing	5,987,687	5,693,029	5,987,687	5,693,029
Undrawn credit lines	417,808,730	397,126,442	417,808,730	397,126,442
Sub total	486,187,670	461,654,119	486,187,670	461,654,119
By Product - Foreign Currency				
Documentary credit	26,770,025	26,384,606	26,770,025	26,384,606
Guarantees	17,162,303	57,117,506	17,162,303	57,117,506
Acceptances	14,639,979	11,263,526	14,639,979	11,263,526
Bills for collection	33,206,021	26,748,753	33,206,021	26,748,753
Forward exchange contracts				
Forward exchange sales	52,460,878	31,440,180	52,460,878	31,440,180
Forward exchange purchases	140,389,106	122,106,261	140,389,106	122,106,261
Cheques sent on clearing	16,029	19,103	16,029	19,103
Undrawn credit lines	96,411,828	146,299,058	96,411,828	146,299,058
Sub total	381,056,169	421,378,993	381,056,169	421,378,993
Total	867,243,839	883,033,112	867,243,839	883,033,112
Movements in stage-wise impairment of commitments and contingencies during the year				
	Bank / Group			
	Stage 1	Stage 2	Stage 3	Total
	Rs 000	Rs 000	Rs 000	Rs 000
Opening balance as at 1st January 2023	2,567,514	517,350	1,325,651	4,410,515
Net impairment charge for the year	458,740	(169,397)	(59,989)	229,354
Closing balance as at 31st December 2023	3,026,254	347,953	1,265,662	4,639,869
Opening balance as at 1st January 2024	3,026,254	347,953	1,265,662	4,639,869
Net impairment charge for the year	(1,042,170)	(241,073)	606,463	(676,780)
Closing balance as at 31st December 2024	1,984,084	106,880	1,872,125	3,963,089

ANALYSIS OF DEPOSITS (AUDITED)				
	Bank		Group	
As at	31.12.2024	31.12.2023	31.12.2024	31.12.2023
	Rs 000	Rs 000	Rs 000	Rs 000
3) Due to Customers - By product				
By product-Domestic Currency				
Current account deposits	97,132,894	80,159,961	96,263,478	77,321,011
Savings deposits	409,389,702	306,935,107	410,597,836	309,557,436
Time deposits	883,991,720	829,767,550	918,928,682	859,941,918
Certificates of deposit	274,153	270,265	274,153	270,265
Margin deposits	2,170,970	1,400,071	2,170,970	1,400,071
Sub total	1,392,959,439	1,218,532,954	1,428,235,119	1,248,490,701
By product- Foreign Currency				
Current account deposits	9,703,793	10,951,886	9,703,793	10,951,886
Savings deposits	69,812,801	74,540,101	69,783,145	74,481,751
Time deposits	242,861,554	275,561,340	242,390,636	275,035,400
Margin deposits	146,540	193,947	146,540	193,947
Sub total	322,524,688	361,247,274	322,024,114	360,662,984
Total	1,715,484,127	1,579,780,228	1,750,259,233	1,609,153,685

FAIR VALUE DISCLOSURE OF FINANCIAL INSTRUMENTS

Fair value Disclosure of Financial Instruments

The Group measures the fair values of financial instruments using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

Level 1: Fair value measurement using unadjusted quoted market price

When available, the fair values of financial instruments are determined using quoted market prices (unadjusted) in active markets for identical instruments. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis. Accordingly, the fair values of treasury bills and bonds have been derived using the market yields and market prices published by Central Bank of Sri Lanka while fair value of quoted equity securities and Sri Lanka Sovereign Bonds have been valued using the quoted market prices as at the reporting date

Level 2: Fair value measurement using significant observable inputs

In the absence of an active market for a financial instrument, the fair value is determined using quoted market prices in active markets for similar instruments or quoted prices for identical or similar instruments in markets that are considered less than active or other valuation techniques in which all significant inputs are directly or indirectly observable from market data. The spot and forward premiums available as at the reporting date have been used to estimate the fair value of derivative financial instruments while the fair value of unquoted units have been measured using manager's selling prices. The fair values of financial assets and financial liabilities carried at amortised cost have been estimated by comparing the interest rates when they were first recognised with the current market rates of similar instruments.

Level 3: Fair value measurement using significant unobservable inputs

Financial instruments for which the valuation technique includes inputs that are not observable and the unobservable inputs have a significant effect on the instrument's valuation.

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 2023. The Group has not changed the valuation models and assumptions used to measure the fair values of Level 3 financial instruments during the year ended 31st December 2024.

FINANCIAL ASSETS & LIABILITIES MEASURED AT FAIR VALUE - FAIR VALUE HIERARCHY

As at 31st December 2024	Bank				Group			
	Level 1 Rs 000	Level 2 Rs 000	Level 3 Rs 000	Total Rs 000	Level 1 Rs 000	Level 2 Rs 000	Level 3 Rs 000	Total Rs 000
Financial assets measured at fair value								
Derivative financial instruments	-	375,060	-	375,060	-	375,060	-	375,060
Financial assets measured at fair value through profit or loss	1,835,469	-	-	1,835,469	2,669,597	293,015	-	2,962,612
Financial assets measured at fair value through other comprehensive income	76,913,149	19,212,141	184,180	96,309,470	93,006,546	19,212,141	188,612	112,407,299
Total financial assets measured at fair value	78,748,618	19,587,201	184,180	98,519,999	95,676,143	19,880,216	188,612	115,744,971
Financial liabilities measured at fair value								
Derivative financial instruments	-	1,573,417	-	1,573,417	-	1,573,417	-	1,573,417
Total financial assets measured at fair value	-	1,573,417	-	1,573,417	-	1,573,417	-	1,573,417

As at 31st December 2023	Bank				Group			
	Level 1 Rs 000	Level 2 Rs 000	Level 3 Rs 000	Total Rs 000	Level 1 Rs 000	Level 2 Rs 000	Level 3 Rs 000	Total Rs 000
Financial assets measured at fair value								
Derivative financial instruments	-	452,193	-	452,193	-	452,193	-	452,193
Financial assets measured at fair value through profit or loss	115,641	-	-	115,641	333,439	467,626	-	801,065
Financial assets measured at fair value through other comprehensive income	188,598,823	694,100	33,035	189,325,958	195,242,692	694,100	38,515	195,975,307
Total financial assets measured at fair value	188,714,464	1,146,293	33,035	189,893,792	195,576,131	1,613,919	38,515	197,228,565
Financial liabilities measured at fair value								
Derivative financial instruments	-	1,365,523	-	1,365,523	-	1,365,523	-	1,365,523
Total financial assets measured at fair value	-	1,365,523	-	1,365,523	-	1,365,523	-	1,365,523

FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES CARRIED AT AMORTISED COST

As at 31st December 2024	Bank					Group				
	Carrying Value Rs 000	Fair Value			Total Rs 000	Carrying Value Rs 000	Fair Value			Total Rs 000
		Level 1	Level 2	Level 3			Level 1	Level 2	Level 3	
		Rs 000	Rs 000	Rs 000			Rs 000	Rs 000	Rs 000	
Financial Assets										
Financial assets measured at amortised cost										
Loans and advances to customers	1,063,675,345	-	1,075,048,670	-	1,075,048,670	1,104,013,319	-	1,114,972,987	-	1,114,972,987
Debt and other financial instruments	741,761,201	682,838,280	75,431,246	-	758,269,526	770,020,546	700,813,971	90,791,756	-	791,605,727
Total financial assets measured at amortised cost	1,805,436,546	682,838,280	1,150,479,916	-	1,833,318,196	1,874,033,865	700,813,971	1,205,764,743	-	1,906,578,714
Financial Liabilities										
Financial liabilities measured at amortised cost										
Due to depositors	1,715,484,127	-	1,734,577,618	-	1,734,577,618	1,750,259,233	-	1,769,175,119	-	1,769,175,119
Other borrowings	19,740,135	-	19,740,135	-	19,740,135	19,742,152	-	19,742,152	-	19,742,152
Debt securities issued	-	-	-	-	-	448,108	-	448,108	-	448,108
Subordinated term debts	28,174,227	-	30,554,562	-	30,554,562	29,967,185	-	32,347,519	-	32,347,519
Total financial liabilities measured at amortised cost	1,763,398,489	-	1,784,872,315	-	1,784,872,315	1,800,416,678	-	1,821,712,898	-	1,821,712,898

As at 31st December 2023	Bank					Group				
	Carrying Value Rs 000	Fair Value			Total Rs 000	Carrying Value Rs 000	Fair Value			Total Rs 000
		Level 1	Level 2	Level 3			Level 1	Level 2	Level 3	
		Rs 000	Rs 000	Rs 000			Rs 000	Rs 000	Rs 000	
Financial Assets										
Financial assets measured at amortised cost										
Loans and advances to customers	954,880,316	-	949,550,566	-	949,550,566	988,601,197	-	989,517,180	-	989,517,180
Debt and other financial instruments	549,772,155	493,293,433	10,603,890	-	503,897,323	584,131,263	493,293,433	16,808,956	-	510,102,389
Total financial assets measured at amortised cost	1,504,652,471	493,293,433	960,154,456	-	1,453,447,889	1,572,732,460	493,293,433	1,006,326,136	-	1,499,619,569
Financial Liabilities										
Financial liabilities measured at amortised cost										
Due to depositors	1,579,780,228	-	1,596,246,417	-	1,596,246,417	1,609,153,685	-	1,624,937,437	-	1,624,937,437
Other borrowings	24,933,215	-	24,933,215	-	24,933,215	25,031,784	-	25,031,784	-	25,031,784
Debt securities issued	87,569	-	87,569	-	87,569	550,160	-	544,007	-	544,007
Subordinated term debts	18,961,556	-	17,977,991	-	17,977,991	22,255,164	-	21,121,727	-	21,121,727
Total financial liabilities measured at amortised cost	1,623,762,568	-	1,639,245,192	-	1,639,245,192	1,656,990,793	-	1,671,634,955	-	1,671,634,955