



PAN ASIA BANK

The Truly Sri Lankan Bank

UNLISTED DEBENTURE ISSUE - 2020

PROSPECTUS

(PRIVATE PLACEMENT)



Saffron, the world's most valuable spice by weight is a perfect example that good things come in small packages.

Pan Asia Bank Debenture issue is yet another opportunity that proves this age old adage.

Issue opens on 15th July 2020

Managers To The Issue
Company Secretary's Department
Pan Asia Bank



PROSPECTUS

AN INITIAL ISSUE OF SEVEN MILLION FIVE HUNDRED THOUSAND (7,500,000) BASEL III COMPLIANT- TIER 2, UNLISTED UNSECURED SUBORDINATED REDEEMABLE 5 YEAR DEBENTURES WITH A NON-VIABILITY CONVERSION CLAUSE AT A PAR VALUE OF LKR 100/- EACH TO RAISE RUPEES SEVEN HUNDRED AND FIFTY MILLION (LKR 750,000,000/-) WITH AN OPTION TO ISSUE A FURTHER FIVE MILLION (5,000,000) OF THE SAID DEBENTURES TO RAISE UPTO RUPEES FIVE HUNDRED MILLION (LKR 500,000,000) AT THE DISCRETION OF THE BANK IN THE EVENT OF AN OVER SUBSCRIPTION OF THE INITIAL ISSUE.

ISSUE OPENS ON 15th JULY, 2020.

ISSUE IS LIMITED TO 'QUALIFIED INVESTORS' AS DEFINED HEREIN



**Company Secretary's Department
Mangers to the Issue**

The delivery of this Prospectus shall not under any circumstance constitute a representation or create any implication or suggestion that there has been no material change in the affairs of the Bank since the date of this Prospectus. If any material change in the affairs of the Bank occurs subsequent to the Prospectus date and before the issue opening, same will be notified by way of an addendum.

By acquiring any Debenture, each Debenture Holder irrevocably consents to the principal amount of the Debenture and any accrued and unpaid interest thereon being deemed paid in full by the issuance of ordinary voting shares upon occurrence of a Trigger Event and the resulting Non - Viability Conversion required to be effected by the Bank.

Upon a Non-Viability Conversion;

- i) The Trustees shall not be required to take any further directions from holders/ beneficial owners of the Debentures under the Trust Deed and
- ii) The Trust Deed shall impose no duties upon the Trustees whatsoever with respect to conversion of the Debentures into ordinary voting shares upon a Trigger Event
- iii) Upon the occurrence of a Trigger Event, each outstanding Debenture of this issue will be converted, on a full and permanent basis

We advise you to read the content of the prospectus carefully prior to investment.

This investment instrument is riskier than a bank deposit.

These Debentures are complex products and have provision for loss absorption in the form of Non - Viability Conversion as set out in the Prospectus. This means that following the occurrence of a Trigger Event as may be determined by the Central Bank of Sri Lanka, the Bank will convert the Debentures into ordinary voting shares. A Qualified Investor will be deemed paid in full the principal plus accrued and unpaid interest due on the Debentures, upon such conversion. The number and value of Ordinary Shares to be received on a Non - Viability Conversion may be worth significantly less than the par value of the Debentures and can be variable.

Please refer to the 'Risk Factors Section' of the Prospectus for further details.

Each potential Qualified Investor in these Debentures must determine the suitability of investment in light of its own circumstances. In particular, each potential Qualified Investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether the Qualified Investor:

- i. has sufficient knowledge and experience to make a meaningful evaluation of these Debentures, the merits and risks of investing in the Debentures and the information contained or incorporated by reference in this Prospectus;
- ii. has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in these Debentures and the impact the Debentures will have on its overall investment portfolio;
- iii. has sufficient financial resources and liquidity to bear all of the risks of an investment in these Debentures;
- iv. understands thoroughly the terms of these Debentures, including the provisions relating to the Non - Viability Conversion of the Debentures, and is familiar with the behavior of financial markets; and
- v. is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

A potential Qualified Investor should not invest in these Debentures unless the Qualified Investor has the expertise (either alone or with its financial and other professional advisers) to evaluate how the Debentures will perform under changing conditions, the resulting effects on the value of the Debentures and the impact this investment will have on the potential Qualified Investor's overall investment portfolio.

PROSPECTUS

This Prospectus is dated 06th July, 2020.

RESPONSIBILITY FOR THE CONTENT OF THE PROSPECTUS

This Prospectus has been prepared from information provided by Pan Asia Banking Corporation PLC (hereinafter referred to as the “Bank”, or the “Issuer”) and from the publicly available sources.

The Directors of the Bank have seen and approved this Prospectus and collectively and individually, accept full responsibility for the accuracy of the information given and confirm that after making all reasonable enquiries and to the best of their knowledge and belief, the information contained herein is true and correct in all material respects and that there are no other material facts, the omission of which would make any statement herein misleading or inaccurate.

Where representations regarding the future performance of the Bank have been given in this Prospectus, such representations have been made after due and careful enquiry of the information available to the Bank and making assumptions that are considered to be reasonable at the present point in time in their best judgment.

The Bank accepts responsibility for the information contained in this Prospectus. While the Bank has taken reasonable care to ensure full and fair disclosure of pertinent information, it does not assume responsibility for any investment decisions made by the Qualified Investors based on the information contained herein. In making such investment decisions, prospective Qualified Investors are advised to read the Prospectus and rely on their own examination and assessment of the Bank and the terms of the Debentures issued including the risks associated.

FOR ENQUIRIES PLEASE CONTACT MANAGERS TO THE ISSUE

Registration of the Prospectus

A copy of the Prospectus has been delivered to the Registrar of Companies for registration in compliance with the provisions of section 40 of the Companies Act No.7 of 2007. The following are the documents attached to the copy of the Prospectus delivered to the Registrar of Companies for registration pursuant to section 40(1) of the Companies Act.

- a) The written consent of the External Auditors and Reporting Accountants for the inclusion of their name in the Prospectus as External Auditors and Reporting Accountants to the Issue and to the Bank.
- b) The written consent of the Trustee to the Issue for the inclusion of their name in the Prospectus as Trustee to the Issue.
- c) The written consent of the Bankers to the Issue for the inclusion of their name in the Prospectus as Bankers to the Issue.
- d) The written consent of the Company Secretary for the inclusion of the name in the Prospectus as Company Secretary to the Bank.
- e) The written consent of the Managers to the Issue for the inclusion of the name in the Prospectus as Managers to the Issue.
- f) The written consent of the Registrars to the Issue for the inclusion of the name in the Prospectus as Registrars to the Issue.
- g) The written consent of the Lawyers to the Issue for the inclusion of the name in the Prospectus as Lawyers to the Issue.
- h) The written consent of the Financial Advisors to the Issue for the inclusion of the name in the Prospectus as Financial Advisors to the issue.
- i) The declaration made and subscribed to, by each of the Directors of the Bank herein named as a Director, jointly and severally confirming that each of them have read the provisions of the Companies Act relating to the Issue of the Prospectus and that those provisions have been complied with.

The said external Auditors and Reporting Accountants to the Issue and to the Bank, Trustee to the Issue, Bankers to the Issue, Company Secretary, Managers to the Issue, Registrars to the Issue, Lawyers and the financial advisors to the Issue have not, before the delivery of a copy of the Prospectus for registration with the Registrar General of Companies in Sri Lanka withdrawn such consent.

Registration of the Prospectus in Jurisdictions Outside of Sri Lanka

This issue as contemplated in this Prospectus is made in Sri Lanka and is subject to the exclusive jurisdiction of the courts of Sri Lanka. Non Resident Qualified Investors may be affected by the laws of the jurisdiction of their residence. Such Qualified Investors are responsible to comply with the laws relevant to the country of residence and the laws of Sri Lanka, when making the investment.

Representation

The Debentures are issued solely on the basis of the information contained and representations made in this Prospectus. No dealer, sales person, individual or any other outside party has been authorized to give any information or to make any representation in this connection with the issue other than the information and representations contained in this Prospectus and if given or made such information or representations must not be relied upon as having been authorized by the Bank.

Forward looking Statements

Any Statements including in this Prospectus that are not statements of historical fact constitute "Forward Looking Statements". These can be identified by the use of forward looking terms such as "expect", "anticipate", "intend", "may", "plan to", "believe", "could" and similar terms or variations of such terms. However, these words are not the exclusive means of identifying forward Looking Statements. As such, all or any statements pertaining to expected financial position, business strategy, plans and prospects of the Bank are classified as forward looking Statements.

Such forward Looking Statements involve known and unknown risks, uncertainties and other factors including but not limited to regulatory changes in the sectors in which the Bank operates and its ability to respond to them, the Bank's ability to successfully adapt to technological changes, exposure to market risks, general economic and fiscal policies of Sri Lanka, inflationary pressures, interest rate volatilities, the performance of financial markets both globally and locally, changes in domestic and foreign laws, regulation of taxes and changes in competition in the industry and further uncertainties that may or may not be in the control of the Bank.

Such factors may cause actual results, performance and achievements to materially differ from any future results, performance or achievements expressed or implied by forward looking statements herein. Forward Looking Statements are also based on numerous assumptions regarding the Bank's present and future business strategies and the environment in which the Bank will operate in the future.

Given the risk and uncertainties that may cause the Bank's actual future results, performance or achievements to materially differ from that expected, expressed or implied by forward looking statements in this Prospectus, investors are advised not to place sole reliance on such statements.

Presentation of currency Information and other Numerical Data

The financial statements of the Bank and currency values of economic data or industry data in a local context will be expressed in Sri Lanka Rupees. References in the Prospectus to "LKR", "Rupees" or "Rs." is the lawful currency of Sri Lanka.

Certain numerical figures in the Prospectus have been subject to rounding adjustments, accordingly numerical figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

ISSUE AT A GLANCE

Issuer	PAN ASIA BANKING CORPORATION PLC								
Instrument	Basel III compliant -Tier 2, Unlisted Unsecured, Subordinated, Redeemable 5 year Debentures (2020/25) with a Non-Viability Conversion.								
Number of Debentures to be issued	<p>An initial issue of Seven Million Five Hundred Thousand (7,500,000) Basel III compliant -Tier 2, Unlisted Unsecured, Subordinated, Redeemable 5 year Debentures (2020/25) with a Non-Viability Conversion with an option to issue up to a further Five Million (5,000,000) of said debentures at the discretion of the Bank, in the event of an over subscription of the issue.</p> <p>Oversubscription herein refers to the oversubscription of Seven Million Five Hundred Thousand (7,500,000) Unlisted, Unsecured, Subordinated, Redeemable 5 year Debentures in the event of subscriptions above Seven Million Five Hundred Thousand (7,500,000) of said Debentures, with an option to issue up to a further Five Million (5,000,000) of said debentures.</p>								
Amount to be Raised	<p>Rupees Seven Hundred and Fifty Million (LKR 750,000,000/-) with an option to issue up to a further Rupees Five Hundred Million (Rs. 500,000,000) at the discretion of the Bank, in the event of an over subscription of the issue.</p> <p>Oversubscription herein refers to the oversubscription of Rupees Seven Hundred and Fifty Million (LKR 750,000,000) Unlisted Unsecured, Subordinated, Redeemable 5 year Debentures and in the event of subscriptions above Rupees Seven Hundred and Fifty Million (LKR 750,000,000) of said debentures, with an option to issue up to a further Rupees Five Hundred Million (LKR 500,000,000) of said Debentures.</p>								
Type of Debentures	<p>Basel III compliant -Tier 2, Unlisted, Unsecured, Subordinated, Redeemable 5 year Debentures (2020/25) with a Non-Viability Conversion, as described below:</p> <table border="1"><thead><tr><th>Type of Debentures</th><th>Interest rate (per annum) & Payment frequency</th><th>Annual effective Rate (per annum)</th><th>Redemption (from the date of allotment)</th></tr></thead><tbody><tr><td>Fixed Rate</td><td>14.00% p.a. Payable semi - annually</td><td>14.49% AER</td><td>60 Months (5 years)</td></tr></tbody></table>	Type of Debentures	Interest rate (per annum) & Payment frequency	Annual effective Rate (per annum)	Redemption (from the date of allotment)	Fixed Rate	14.00% p.a. Payable semi - annually	14.49% AER	60 Months (5 years)
Type of Debentures	Interest rate (per annum) & Payment frequency	Annual effective Rate (per annum)	Redemption (from the date of allotment)						
Fixed Rate	14.00% p.a. Payable semi - annually	14.49% AER	60 Months (5 years)						
Method of payment of principal sum and interest	By a cheque marked "Account payee only" or through electronic fund transfer mechanism recognized by the banking system of Sri Lanka such as SLIPS and RTGS where accurate bank account details are provided by the Debenture holders subject to the payment limitation with regard to SLIPS and RTGS.								
Issue Price / Face Value	LKR 100/- per each Debenture								

Minimum Subscription	<p>The minimum subscription requirement applicable for a qualified investor applying for Debt Securities per application is Rupees One Million (LKR 1,000,000).</p> <p>Provided however, the minimum subscription requirement applicable for an individual investor applying for BASEL III compliant Debt Securities shall be Rupees Fifty Million (LKR 50,000,000).</p> <p>Applications in excess of the minimum subscription should be in multiples of Rupees Ten Thousand (LKR 10,000/-).</p>
Bank Rating	Fitch Rating - “BBB-(lka)” Stable outlook
Dates of Interest Payment	<p>The dates on which payment of interest in respect of the Debentures shall fall due, which shall be six months from the Date of Allotment and every six months thereafter from of each year from the Date of Allotment until the Date of Redemption and includes the Date of Redemption.</p> <p>The interest payments on the Debentures will be made by the Bank within Three (03) working days from the due dates except the final interest payment which will be made with the repayment of the principal sum on the date of maturity / redemption of the Debentures within three (3) working days.</p> <p>Interest calculation shall be based upon the actual number of days in each interest payment period (actual /actual).</p>
Issue opening date	15th July, 2020.
Date of Allotment	The date on which the Debentures will be allotted by the Bank to applicants subscribing thereto.
Date of closure of the issue	<p>05th August, 2020 or such earlier date on which;</p> <ul style="list-style-type: none"> • The maximum of 12,500,000 debentures are fully subscribed ; or • Board of Directors of the Bank decides to close the issue upon the initial issue of 7,500,000 debentures becoming fully subscribed or such other higher amount less than the maximum amount referred to above becoming fully subscribed.
Basis of allotment	In the event of an over subscription of the initial Seven Million Five Hundred Thousand (7,500,000) debentures or the entire Twelve Million Five Hundred Thousand (12,500,000) debentures (as the case may be) the Board of Directors of the Bank will endeavour to decide the basis of allotment of the Debentures in a fair manner as soon as practicable.
Non – Viability Conversion	In the event of an occurrence of a Trigger Event as determined at the sole discretion of the Central Bank of Sri Lanka, there would be a conversion of Debentures to ordinary voting shares by the Bank without any requirement of approval by the Debenture Holders, in compliance with BASEL III requirements.

Upon the occurrence of a Trigger Event, the outstanding balance of the Debentures including the total par value of the Debentures and Debenture Interest accrued and unpaid as at that date will be permanently converted to ordinary voting shares at the Conversion Price. In the event of any Debenture Holder being entitled to a fractional allotment of an ordinary voting share on such issuance and allotment, the Bank shall settle such sums in cash, based on the issue price of such share.

Conversion price

The price based on the simple average of the daily Volume Weighted Average Price (VWAP) of an ordinary voting share during the three months (03) period, immediately preceding the date of the Trigger Event.

Volume Weighted Average Price (VWAP) The daily Volume Weighted Average Price (VWAP) of an ordinary voting share as published by the Colombo Stock Exchange

Trigger Event

Means a point at which the Monetary Board of the Central Bank of Sri Lanka determines,

(a) that the Bank would become non-viable without a write down in terms of item 10(iii)(a) of the Web Based Return Code 20.2.3.1.1.1 of the Banking Act Direction No.1 of 2016 dated 29th December 2016 (as maybe amended from time to time) ;

or

(b) to make a public sector injection of capital or equivalent support without which the Bank would have become non-viable in terms of Item 10(iii)(b) of the said Direction

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1.0 PARTIES TO THE ISSUE

Managers to the Issue Company Secretary's Department
Pan Asia Banking Corporation PLC
No. 450, Galle Road,
Colombo 03.
Tel: +94-11-4667610
Fax : + 94- 11- 2301844

Financial Advisors Treasury Department
Pan Asia Banking Corporation PLC
No. 450, Galle Road,
Colombo 03, Sri Lanka.
Tel: +94-11-2565565
Fax: +94-11-2565558

Trustees to the issue Hatton National Bank,
Custody and Trustee Services
Level 15
HNB Towers
Direct - +94 11 2660655
Fax - +94 11 2682659

Registrars to the issue Company Secretary's Department
Pan Asia Banking Corporation PLC,
No. 450, Galle Road,
Colombo 03, Sri Lanka.
Tel: +94-11-4667610
Fax: +94-11-2301844

Secretary to the issue Nayantha Fernando
Company Secretary,
Pan Asia Banking Corporation PLC,
No. 450, Galle Road,
Colombo 03, Sri Lanka.
Tel: +94-11-4667610
Fax: +94-11-2301844

Lawyers to the Issue Varuni Egodage,
Attorney-at-Law,
Pan Asia Banking Corporation PLC
No. 450, Galle Road,
Colombo 03, Sri Lanka.
Tel: +94-11- 4328215
Fax:+94-11-2565573

Bankers to the issue Pan Asia Banking Corporation PLC
No. 450, Galle Road,
Colombo 03, Sri Lanka.
Tel: +94-11-2565565
Fax: +94-11-2565558

Auditors and Reporting Accountants M/s Ernst & Young
Chartered Accountants
No. 201, De Saram Place
Colombo 10, Sri Lanka.
Tel: +94- 11 -2463500
Fax: +94-11-2697369

2.0 CORPORATE INFORMATION

The Bank /Issuer	Pan Asia Banking Corporation PLC
Legal Form	A Public Limited Liability Company incorporated in Sri Lanka on 06 th March, 1995 under the Companies Act No. 17 of 1982 and re-registered under the Companies Act No. 07 of 2007 on 24 th July 2007. A Licensed Commercial Bank under the Banking Act No. 30 of 1988 and listed on the Colombo Stock Exchange, on the 05 th of April, 2005.
Company Registration No.	PQ 48
Registered Office	Pan Asia Banking Corporation PLC No. 450, Galle Road, Colombo 03, Sri Lanka. Tel: +94- 11 -2565565 Fax: +94- 11 -2565558
Rating Agency	Fitch Ratings Lanka Limited Level 15-04, East Tower, World Trade Center, Colombo 01, Sri Lanka. Tel. +94 11 2541900 Fax. +94 11 2501903
Auditors and Reporting Accountants	M/s Ernst & Young Chartered Accountants No. 201, De Saram Place Colombo 10, Sri Lanka. Tel: +94- 11 -2463500 Fax: +94-11-2697369
Board of Directors	Mr. G A R D Prasanna (Chairman) Mr. S B Rangamuwa (Deputy Chairman) Mr. M A Abeynaike (Senior Director) Mr. T Igarashi Mr. T Murakami Mr. J D N Kekulawala Mr. M Y A Perera Mr. N R Tillekeratne (Chief Executive Officer)
Company Secretary	Nayantha Fernando Attorney-at - Law, Pan Asia Banking Corporation PLC, No.450, Galle Road, Colombo 03, Sri Lanka. Tel: +94- 11 -4667610 Fax: +94-11-2301844

3.0 LIST OF ABBREVIATIONS

AER	Annual Effective Rate
CBSL	Central Bank of Sri Lanka
NIC	National Identity Card
POA	Power of Attorney
RTGS	Real Time Gross Settlement
SEC	Securities & Exchange Commission of Sri Lanka
SLIPS	Sri Lanka Inter Bank Payment System
IIA	Inward Investment Account
LKR	Sri Lanka Rupees

4.0 GLOSSARY OF TERMS RELATED TO THE ISSUE

Applicant	Any person who submits an application form under this Prospectus.
Application Form/Application	The application form that constitutes part of this Prospectus through which an applicant may apply for the Debentures in Issue.
Closure Date	05 th August, 2020 or such earlier date on which; <ul style="list-style-type: none">• The maximum of 12,500,000 debentures are fully subscribed ;or• Board of Directors of the Bank decides to close the issue upon the initial issue of 7,500,000 debentures becoming fully subscribed or such other higher amount less than the maximum amount referred to above becoming fully subscribed.
Bank/Issuer	Pan Asia Banking Corporation PLC.
Date of Allotment	The date on which the Debentures will be allotted by the Bank to applicants subscribing thereto.
Date of Redemption	The date on which redemption of the Debentures will take place as referred to in section 5.7 of the Prospectus.
Debentures	Basel III compliant –Tier 2, Unlisted, Unsecured, Subordinated, Redeemable 5 year Debentures (2020/25) with a Non-Viability Conversion, to be issued pursuant to this prospectus.
Tier 2	Tier 2 capital includes qualifying Tier 2 capital instruments, revaluation gains approved by CBSL and 100% of impairment for assets in stage 1 and 50% of impairment for assets in stage 2 under SLFRS of the Bank.
Basel III	A Global Regulatory Framework for More Resilient Banks and Banking System, issued by the Basel Committee on Banking Supervision of the Bank for International Settlement in December 2010 (Revised in June 2011).
Face Value	LKR 100/- per each Debenture
Debenture Holders	Any person who is for the time being the holder of the Debentures and includes his/her respective heirs, executors, administrators or successors in title, as the case may be.
Interest Payment Date(s)	<p>The dates on which payment of interest in respect of the Debentures shall fall due, which shall be six months from the Date of Allotment and every six months there from of each year from the Date of Allotment until the Date of Redemption and includes the Date of Redemption.</p> <p>Interest would be paid not later than three (03) Working Days from each Interest Payment Date.</p>

Interest Period	<p>The six (6) month period from the date immediately succeeding a particular Interest Payment Date and ending on the next Interest Payment Date (inclusive of the aforementioned commencement date and end date) and shall include the period commencing from the Date of allotment and ending on the first Interest Payment</p> <p>Date (inclusive of the aforementioned commencement date and end date) and the period from the date immediately succeeding the last Interest Payment Date before the Date of Redemption and ending on the date immediately preceding the Date of Redemption (inclusive of the aforementioned commencement date and end date).</p>
Non- Resident(s)	Foreign Institutional investors, corporate bodies incorporated outside Sri Lanka, individual's resident outside Sri Lanka and Sri Lankans resident outside Sri Lanka.
Issue	The offer of Debentures to Qualified Investors pursuant to this Prospectus.
Issue Price	LKR 100/- per each Debenture
Prospectus	This Prospectus dated 06 th July, 2020 issued by the Bank.
Surbordinated	Means the claims of the Debenture Holders shall in the event of winding up of the Bank rank after all the claims of depositors and secured and other unsecured creditors of the Bank and any preferential claims under any Statutes governing the Bank, but shall rank <i>pari passu</i> with other subordinated debenture holders and in priority to and over the claims and rights of the Shareholder/s of the Bank <u>unless there has been an issuance of shares to the Debentures Holders upon the occurrence of a Trigger Event in which case a Debenture Holder would cease to be a Debenture Holder and become a shareholder of the Bank to the extent of such issuance.</u>
Trigger Event	<p>Means a point at which the Monetary Board of the Central Bank of Sri Lanka determines</p> <p>(a) that the Bank would become non-viable without a write down in terms of item 10(iii)(a) of the Web Based Return Code 20.2.3.1.1.1 of the Banking Act Direction No.1 of 2016 dated 29th December 2016 (as maybe amended from time to time);</p> <p>or</p> <p>(b) to make a public sector injection of capital, or equivalent support, without which the Bank would have become non-viable, in terms of Item 10(iii)(b) of the said Direction.</p>

Non Viability Conversion	<p>In the event of an occurrence of a Trigger Event as determined at the sole discretion of the Central Bank of Sri Lanka, there would be a conversion of Debentures to ordinary voting shares by the Bank without any requirement of approval by the Debenture Holders in compliance with BASEL III requirements,</p> <p>Upon the occurrence of a Trigger Event, the outstanding balance of the Debentures including the total par value of the Debentures and Debenture Interest accrued and unpaid as at that date will be permanently converted to ordinary voting shares at the Conversion Price. In the event of any Debenture Holder being entitled to a fractional allotment of an ordinary voting share on such issuance and allotment, the Bank shall settle such sums in cash, based on the issue price of such share.</p>
Conversion Price	The price based on the simple average of the daily Volume Weighted Average Price (VWAP) of an ordinary voting share during the three months (03) period, immediately preceding the date of the Trigger Event
Volume Weighted Average Price (VWAP)	The daily Volume Weighted Average Price (VWAP) of an ordinary voting share as published by the Colombo Stock Exchange.
Registered Address	The address provided by the Debenture holders to the Bank.
Trust Deed	Trust Deed executed between the Bank and Hatton National Bank on 29 th June, 2020.
Trustee	Hatton National Bank, Custody and Trustee Services
Unsecured	Repayment of the principal sum and payment of interest on the Debentures are not secured by a charge on any assets of the Bank.
Market day	means any day on which the Exchange is open for trading.

5.0 PRINCIPAL FEATURES RELATING TO THE ISSUE

5.1 Invitation to subscribe

The Board of Directors of Pan Asia Banking Corporation PLC (hereinafter referred to as the “Board”) by circular resolution dated 13/01/2020 resolved to raise a sum of upto Rupees Seven Hundred and Fifty Million (LKR 750,000,000/-) from qualified Investors by an initial issue of upto Seven Million Five Hundred Thousand (7,500,000) Debentures with an option to issue up to a further Rupees Five Hundred Million (Rs. 500,000,000) with an option to issue up to a further Five Million (5,000,000) of said debentures at the discretion of the Bank, in the event of an over subscription of the issue each with a face value of LKR 100/- by way of issuing Unlisted, Unsecured, subordinated, Redeemable Debentures. As such a maximum amount of Rupees One Billion Two Hundred and Fifty Thousand (Rs. 1,250,000,000) would be raised by the issue of a maximum of Twelve Million Five Hundred Thousand (12,500,000) Debentures each with the face value of LKR 100/-

The rights of the Debenture holders with respect to payment of the principal sum and accrued interest due thereon upon a winding – up of the Bank will rank after all claims of depositors and secured and other unsecured creditors of the Bank, and any preferential claims under any statute governing the Bank, but shall rank *pari passu* with other subordinated Debenture holders and in priority and over the claims and rights of any ordinary shareholders. However, if there has been an issuance of ordinary shares to the Debenture holders upon the occurrence of a Trigger Event a Debenture holder would cease to be a Debenture holder and would become a shareholder of the Bank to the extent of such issuance and will rank equal and *pari passu* with existing ordinary shareholders.

Only Qualified Investors would be eligible to invest in the said Debentures, provided that an individual investor who wishes to invest would need to invest a minimum sum of Rs. 50,000,000/-.

THESE DEBENTURES WILL NOT BE LISTED.

5.2 Subscription List

Subject to the provisions contained below, the subscription list for the Debentures will open at 9.30 am on 15th July, 2020 and will remain open for fourteen (14) Market Days including the Issue opening date until closure at 4.30 pm on 05th August, 2020.

However, the subscription list will be closed on an earlier date at 4.30 p. m on the occurrence of the following;

- The maximum of 12,500,000 debentures are fully subscribed ;
or
- Board of Directors of the Bank decides to close the issue upon the initial issue of 7,500,000 debentures becoming fully subscribed or such other higher amount less than the maximum amount referred to above becoming fully subscribed.

Applications can be made forthwith in the manner set out in Section 6 of this Prospectus and duly completed application forms will be accepted at any one of the collection points set out in Annexure I of this Prospectus.

5.3 Types of Debentures

The issue consists of only one type of Debentures, i.e Debentures with a fixed coupon rate each with a par value of Rupees One Hundred (LKR100/-).

5.4 Objectives of the Issue

The Primary objective of the issue is to strengthen the Tier 2 capital base of the Bank, as per the BASEL III requirements for maintenance of capital adequacy ratio of Banks. Approval has been obtained from the Central Bank of Sri Lanka to include these Debentures as a part of Tier 2 capital.

The proceeds from the Issue will be initially added to the Bank’s pool of funds, till such time it is lend to all parties/clients. In the interim period, these funds will be invested in Government Securities at zero default risk at the prevailing market rates, which would generate a return at the rate of 8.0% - 9.20% p.a.

Funds generated through the Debenture Issue will be eventually used to support the lending activities of the Bank, as part of its normal course of business and raising five year funds will further improve the Bank's funding profile by reducing the tenor mismatch between the shorter term liabilities and the medium term assets. This will reduce interest rate and liquidity risk exposure of the Bank by reducing the funding gaps.

Specific Risks Relating to Objectives

The proposed Debenture Issue is to initially raise up to Rs 750 Million with an option to raise a further Rs. 500Mn in the event of an oversubscription and since demand for credit continues to grow in the market, there is no specific risk factor that may lead to non-achievement of the disbursement plan. Until such time the Debenture proceeds are utilized for the specified disbursements, any unutilized Debenture proceeds will be invested in Government Securities at zero default risk at the prevailing market rates, which would generate a return at the rate of 8.0% - 9.20% p.a.

In the event the Debenture proceeds are not fully utilized as per the stated objectives, it will lead to a reduction in net interest margins as the remaining funds would be invested in government securities as opposed to Retail, SME & Commercial Loans which generate higher NIM. The Bank has not earmarked any related parties for the lending of the proceeds of the Issue. Proceeds of the Issue will be disbursed in the ordinary course of business subject to all applicable regulations. In the event of any shortfall of funds to be generated from the proposed Debenture Issue, the Bank will adjust the asset growth to comply with the BASEL III requirements. However, we do not envisage any under-subscription to the issue as we have experienced very high demand for Bank's debt paper in the past.

5.5 Payment of Interest

The Debenture will carry a rate of interest as described below on the interest payment dates:

Type of Debentures	Coupon Payment Frequency	Interest Rate
Fixed Rate	Payable Semi Annually on the Interest payment date	14.00% p.a (AER 14.49% p.a)

Interest accruing on a daily basis will be paid semi annually from the date of allotment until the date of redemption on the outstanding principal sum. The Interest due on the Debentures for a particular interest period will be calculated based on the actual number of days in such interest period and will be paid not later than three (03) working days from each interest payment date. The payment date of interest will include Debenture holders holding Debentures in the Debenture Ledger as of the entitlement date. (One day prior to the due date of interest). If the entitlement date is, a holiday interest shall be calculated including the entitlement date. Bank shall pay interest until maturity irrespective of holidays.

Upon the occurrence of the 'Trigger Event', the Bank shall be required and entitled to issue and within twenty (20) days to allot ordinary voting shares of the Bank ranking equal and *pari-passu* with the existing ordinary voting shares, to the Debenture Holders up to the outstanding balance of such Debentures including the total par value of the Debentures and Debenture Interest. As such upon issuance of ordinary voting shares as above, no interest will be accrued on Debentures thereafter, **as the Debentures will cease to exist.**

5.6 Application of tax on interest payments

Interest on the Debentures will be paid after deducting any taxes and charges thereon (if any) as per the applicable law prevalent at the time the interest payment is due to the Debenture holders.

5.7 Redemption of Debentures and consequence of a trigger event

Redemption of Debentures

Redemption of the Debentures will take place on the date of redemption as described below in accordance with the provisions of the Trust Deed. The principal sum and unpaid and accrued interest (if any) payable on the redemption of Debentures will be paid not later than three (03) market days from the date of redemption.

If the date of redemption falls on a day which is not a Market day, then the date of redemption shall be the immediately succeeding market day and Interest shall be paid for each calendar day upto the date immediately preceding such Market Day.

These Debentures shall not be redeemed by the Bank prior to maturity for any reason whatsoever except due to the occurrence of an Event of Default as contemplated in Clause 10.1 of the Trust Deed. If redemption is to be done before maturity, it will be done subject to the prior written approval from the Central Bank of Sri Lanka [CBSL] and the approval of the Debenture Holders representing $\frac{3}{4}$ th in nominal value of the Debentures outstanding when the Principal Sum is repaid before maturity. The Debenture holder shall not have any right or option to call for redemption of the Debentures before the date of maturity of such Debenture. However, if a Trigger Event occurs prior to maturity or at the point of maturity, the Debentures will get converted to ordinary voting shares ranking equal and *pari passu* with the existing ordinary voting shares of the Bank,

Trigger event

A 'Trigger Event' is determined by and at the sole discretion of the Monetary Board of the Central Bank of Sri Lanka, and is defined in the Banking Act Direction No. 1 of 2016 of Web Based Return Code 20.2.3.1.1.1 (10) (iii) (a & b) as a point/ event is the earlier of;

- a) "Decision that a write-down, without which the Bank would become non-viable, is necessary, as determined by the Monetary Board.

OR

- b) The decision to make a public sector injection of capital, or equivalent support, without which the Bank would have become non-viable, as determined by the Monetary Board"

Conversion Price

Outstanding balance of the Debentures including the total par value of the Debentures and Debenture Interest, will be converted at an issue price for such ordinary voting shares which will be based on the simple average of the daily Volume Weighted Average Price (VWAP) of an ordinary voting share as published by the Colombo Stock Exchange during the three months (03) period, immediately preceding the date of the Trigger Event.

Averaging out of the VWAP over a period of 3 months preceding the Trigger Event as opposed to a shorter window closer to the Trigger Event, is aimed at smoothing out price effects.

If the prevailing 3 month VWAP at the time of the Trigger Event is low, it would result in a comparatively higher number of ordinary voting shares being issued to the Debenture Holders. Alternately, where a higher 3 month Volume Weighted Average Share Price prevails at the time of the Trigger Event it would result in a comparatively lower number of ordinary voting shares being issued to Debenture Holders.

Issuance of ordinary voting shares upon occurrence of a Trigger Event

Based on above conversion mechanism the outstanding balance of the Debentures will get converted to ordinary voting shares. In the event of any Debenture Holder being entitled to a fractional allotment of an ordinary voting share on such issuance and allotment, the Bank shall settle such sums in cash, based on the issue price of such share.

Applicable time lines

Upon the occurrence of the Trigger Event as determined by the Monetary Board of the Central Bank of Sri Lanka, the Bank shall be required and entitled to issue and within twenty (20) days to allot ordinary voting shares of the Bank ranking equal and *pari-passu* with the existing ordinary voting shares to the Debenture Holders as of the Trigger Date, up to the outstanding balance of such Debentures including the total par value of the Debentures and unpaid and accrued Debenture Interest (if any) at an issue **price for such ordinary voting shares which will be based on the Conversion Price.**

The CDS upload pertaining to Ordinary shares will be completed within 10 market days from the date of allotment of such shares. In the event of any Debenture Holder being entitled to a fractional allotment of an ordinary voting share on such issuance and allotment, the Bank shall settle such sums in cash, based on the issue price of such share within fourteen (14) market days from the date of allotment of the said ordinary voting shares.

Market Announcements

The Bank on receipt of a Trigger Event notification from the Central Bank of Sri Lanka will immediately make a market announcement of the same and further announce the “price” and “dates” (i.e trigger event date, date of allotment and CDS upload date) pertaining to such conversion of Debentures to ordinary voting shares.

Compliance with applicable laws and regulations

Issue of any new ordinary voting shares due to occurrence of a Trigger Event, would be carried out in compliance with the applicable laws and regulations of Sri Lanka, including any regulations applicable on ‘material interest that a shareholder may hold’ in terms of the Banking Act No 30 of 1988.

Non Occurrence of a Trigger Event

The proposed Debentures will be redeemed after 05 years from the date of allotment of such Debentures and the principal sum and unpaid and accrued interest (if any) payable on the redemption of Debentures will be paid not later than three (03) Working days from the date of redemption, unless otherwise a Trigger Event’ occurs as detailed above.

5.8 Payment methods

Payment of principal and interest will be made after deducting taxes at source (if applicable) in Sri Lankan Rupees to the registered Debenture holders only as of the entitlement date. In the case of joint Debenture holders the payment of principal sum and interest will be made to the one whose name stands first in the register of Debenture holders on the date of payment.

The payment of principal sum and interest will be made either by cheque/s marked “Account Payee Only” dispatched to the address provided by the Debenture holders at the risk of the Debenture holders or through an electronic fund transfer mechanism recognized by the banking system of Sri Lanka such as RTGS (arranged at the expense of the qualifies Investor) or SLIPS to a bank account provided by the applicant. Where the SLIPS/RTGS account details are given by the Debenture holders, cheques will not be posted to bank accounts. RTGS transfers however shall be accommodated only for amounts over and above the maximum value of Rupees Five Million that cannot be accommodated via SLIPS transfers.

If the Debenture holder has not provided the accurate and correct details of his/her/its/their bank account for the payment of principal sum and interest, such payment to the Debenture holder will be posted to the address in the Debenture ledger through registered post to the Debenture holders, by crossed cheque marked “account payee only”. Interest payable will be made only by cheques within three (03) market days from the end of each period and sent by post at the risk of the Debenture holder.

It is the responsibility of the Non – Resident and foreign Qualified Investors to ensure that their IIA through which they invest for Debentures is recorded correctly against the records in the ledger to dispatch their Debenture interest payments.

5.9 Trustee to the Issue

Bank has entered into an agreement with Hatton National bank PLC who will act as Trustee to the Debenture holders. Debenture holders in their application forms for subscription will be required to authorize the Trustee, to act as the agent in entering into such deeds, writings and instruments with the Bank and to act as the Agent and Trustee for the Debenture holders.

The rights and obligations of the Trustee are set out in the Trust Deed and the Debentures will be subject to the terms and conditions incorporated in the said Trust Deed. The fee payable to the Trustee will be LKR 25,000 per month plus statutory levies. There is no conflict of interest with the Bank.

5.10 Rating of the Debentures

Debentures are not rated.

5.11 Rights and Obligations of the Debenture Holders

The holders of these Debentures are entitled to:

- Receiving the interest on the interest payment dates at the interest rates set out in Section 5.5 of this Prospectus and the principal sum on the date of redemption as set out in Section 5.7 of this Prospectus.
- Calling and attending meetings of Debenture holders as set out in the Trust Deed.
- Receive a copy of the Annual Report within 5 months from the financial year end at the same time and in the same manner as an ordinary shareholder would receive the same.
- The other rights of the holders of these Debentures as set out in the Trust Deed.

In the event of the Bank winding up, the claims of the Debenture holders will rank after all the claims of the secured and unsecured creditors of the Bank and the preferential claims under any statutes governing the Bank, but in priority to and over the claims and rights of the shareholders of the Bank, unless there has been and issuance of ordinary shares to the Debenture holders upon the occurrence of a Trigger event in which case a Debenture Holder would cease to be a Debenture Holder and would become a share holder of the Bank to the extent of such issuance and will rank equal and *pari passu* with existing ordinary share holders.

The holders of these Debentures are not entitled to:

- Attending and voting at meetings of holders of shares and other Debentures
- Sharing in the profits of the Bank
- Participating in any surplus in the event of liquidation
- Calling for redemption before maturity, subject to the provisions stated in the Trust Deed
- Convert the Debentures into ordinary shares at their option

However, in the event the Debenture Holders become shareholders of the Bank, due to the occurrence of Trigger Event as described above there would be an entitlement to exercise such rights as are exercisable by the shareholders of the Bank.

Each Debenture holder must ensure that the information submitted to the Bank is upto date and accurate. Each Debenture holder shall absolve the Bank from any responsibility or liability in respect of any error or inaccuracy or absence of necessary changes in the information recorded with the Bank, where such errors or inaccuracies or absence of changes are attributable to any act or omission of the Debenture holders.

5.12 Benefits of Investing in Debentures

- Provides an opportunity to diversify the investment portfolio of the investor.
- Provides the investor with a regular cash inflow of interest payments.
- Provides the investor with an opportunity to invest in Debentures issued by a leading Bank in Sri Lanka.
- The Debentures may be used as collateral to obtain credit facilities from banks and financial institutions with the exception of the issuing Bank.

5.13 Risks involved in investing in the Debentures

Subscribers to the Debentures could be exposed to the following risks.

(a) Interest Rate Risk - Provided all other factors are equal, the market price of the Debentures will generally fluctuate in the opposite direction to the fluctuation in market interest rates. Thus, the interest rate risk could be identified as the reduction in the market price of Debentures resulting from a rise in interest rates. The Debentures will not be listed, as such the investor can compare the price using a similar market instrument.

(b) Reinvestment Risk - Interest on the Debentures are payable semi-annually. A Qualified Investor may decide to reinvest these interest payments and earn interest from that point onwards. Depending on the prevailing interest rates at the point of reinvestment, the risk of returns generated by Debenture Holders by reinvesting

such interest received being higher or lower than the return offered by the Debentures is known as reinvestment risk.

(c) Duration Risk -Duration risk is a measure of the price sensitivity of fixed income investments to change in interest rates Calculation of this risk is based on the price sensitivity of a fixed income security to a prevailing market interest rate change of 100 basis points. Duration is expressed as a number of years to repay the price from the different cash flows incurred during the period of debenture to its maturity. The duration indicator addresses the risk of interest rate fluctuations. The higher the duration, the greater the price volatility or duration risk, while the lower duration carries a lower risk.

(d) Subordination risk - The Debentures will be the Bank's direct unsecured obligations which, if the Bank becomes insolvent or is wound-up (prior to the occurrence of a Trigger Event), will rank equal with the Bank's other subordinated indebtedness and will be subordinated in right of payment to the claims of the Bank's depositors and other unsubordinated creditors. Therefore, if, prior to the occurrence of a Trigger Event, the Bank becomes insolvent or is wound-up, the assets of the Bank would first be applied to satisfy all rights and claims of holders of senior indebtedness. If the Bank does not have sufficient assets to settle claims of such senior indebtedness holders in full, the claims of the holders of the Debentures will not be settled and, as a result, the holders will lose the entire amount of their investment in Debentures. The Debentures will share equally in payment with claims under other subordinated indebtedness if the Bank does not have sufficient funds to make full payments on all of them, as applicable. In such a situation, holders could lose all or part of their investment.

In addition, holders should be aware that, upon the occurrence of a Trigger Event, all the Bank's obligations under the Debenture shall be deemed paid in full by the issuance of Ordinary Shares upon a Non-Viability Conversion, and each holder will be effectively further subordinated due to the change in their status following such a conversion from being the holder of a debt instrument ranking ahead of holders of Ordinary Shares to being the holder of Ordinary Shares. As a result, upon Non-Viability Conversion, the holders could lose all or part of their investment in the Debentures irrespective of whether the Bank has sufficient assets available to settle what would have been the claims of the holders of the Debentures or other securities subordinated to the same extent as the Debentures, in proceedings relating to an insolvency or winding-up.

(e) Liquidity risk - Liquidity risk depends on the ease with which debentures can be sold after the initial placement. As the Debentures will not be listed on the CSE, investors will be able to trade the instrument via private transfers. However transaction price or bid-ask spread will be dependent upon the marketability, demand, supply and other macro factors such as market interest rates.

Therefore, Qualified Investors may not be able to sell their Debentures easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

(f) Default risk - Default risk also known as credit risk refers to the risk that the Issuer of a Debenture may default, i.e. the Issuer will be unable to pay interest and principal payments when due. It is advisable for prospective PABC Debenture investors to take into account past earnings and asset growth performance of PABC, present financial strengths as reflected in the Balance Sheet of PABC, the rating awarded to the Bank by rating agencies, its risk management policies and the experience of the Directors and Senior Management when forming an opinion on Default Risk.

(g) Call risk - Call risk refers to the risk that the issuer will retire all or a part of the principal value of the debentures before maturity. The risk to investor is in that, the timing of the call is not known and the investor will be faced with a reinvestment risk in the event the call is made at a time when the market interest rates have declined.PABC Debentures do not have a call risk, since these Debentures shall not be redeemed by the Bank prior to maturity for any reason whatsoever except due to unforeseen circumstances beyond the control of the Bank.

(h) Inflation risk - The possibility of a decline in the real value of cash flows of a Debenture, due to increase in inflation is referred to as inflation risk. Since the coupon rate of a fixed rate Debenture is not adjusted upwards in line with the inflation, Debentures carry an inflation risk. The interest rate of a floating rate Debenture is periodically adjusted on the basis of a selected benchmark interest rate and to the extent the benchmark rate properly reflects inflation, floating rate debentures have less inflation risk. (NOTE The proposed Debentures are Fixed rate instruments)

ADDITIONAL RISKS ARISING FROM THE DEBENTURES BEING A BASEL III NON VIABILITY CONVERSION INSTRUMENT

Risks arising from Non-Viability Conversion features

(i) Conversion Risk - Upon the occurrence of a Trigger Event the Bank shall convert the Debentures into Ordinary Shares and any accrued but unpaid interest will be added to the par value of the Debentures and such accrued but unpaid interest, together with the principal amount of the Debentures will be deemed paid in full by the issuance of Ordinary Shares. Upon conversion the Debenture holders shall have no further rights and the Bank shall have no further obligations to holders of the Debentures under the Trust Deed. Moreover, a Non-Viability Conversion upon the occurrence of a Trigger Event is not an event of default under the terms of the Debenture or the Trust Deed.

Potential Qualified Investors in Debentures should understand that, if a Trigger Event occurs and Debentures are converted into Ordinary Shares, Qualified Investors are obliged to accept the Ordinary Shares even if they do not at the time consider such ordinary Shares to be an appropriate investment for them and despite any change in the financial position of the Bank since the issue of the Debentures or any disruption to the market for those Ordinary Shares or to capital markets generally.

(ii) The number and value of Ordinary Shares to be received on a Non - Viability Conversion may be worth significantly less than the par value of the Debentures and can be variable.

Upon the occurrence of Non-Viability Conversion even though Ordinary Shares of equivalent value would be initially issued at the VWAP, yet there is no certainty of the value of such Ordinary Shares to be received by the holders of the Debentures being maintained at such levels and the value of such Ordinary Shares could eventually be significantly less than the par value of the Debentures.

Moreover, there may be an illiquid market, or no market at all, in Ordinary Shares received upon the occurrence of a Non-Viability Trigger event, and Qualified Investors may not be able to sell the ordinary Shares at a price equal to the value of their investment and as a result may suffer significant loss.

(iii) The Debentures are loss-absorption instruments that involve risk and may not be a suitable investment for all Qualified Investors

The Debentures are loss-absorption financial instruments designed to comply with applicable banking regulations and involve certain risks. Each potential Qualified Investor of the Debentures must determine the suitability (either alone or with the help of a financial advisor) of the investment in light of its circumstances. In particular, each potential Qualified Investor should understand thoroughly the terms of the Debentures, such as the provisions governing the Non-Viability Conversion, including under what circumstances a Trigger Event could occur.

A potential Qualified Investor should not invest in the Debentures unless he/she has the knowledge and expertise (either alone or with the financial advisor) to evaluate how the Debentures will perform under changing conditions, the resulting effects on the likelihood of the Non-Viability Conversion into Ordinary Shares and the value of the Debentures, and the impact this investment will have on the potential Qualified Investor's overall investment portfolio. Prior to making an investment decision, potential Qualified Investors should consider carefully, in light of their own financial circumstances and investment objectives, all the information contained in this prospectus.

(iv) Uncertainty regarding the Trigger Event

Because of the inherent uncertainty regarding the determination of when a Trigger Event may occur, it will be difficult to predict when, if at all, the Debentures will be converted into Ordinary Shares. In addition, Qualified Investors in the Debentures are likely not to receive any advance notice of the occurrence of a Non-Viability Trigger Event. As a result of its uncertainty, trading behavior in respect of the Debentures is not necessarily expected to follow trading behavior associated with other types of convertible and exchangeable securities. Any indication, whether real or perceived, that the Bank is trending towards a Trigger Event can be expected to have an adverse effect on the market price of the Debentures and the Ordinary Shares, whether or not such Trigger Event actually occurs. Therefore, in such circumstances, Qualified Investors may not be able to sell their Debentures easily or at prices that will provide them with a yield comparable to other types of subordinated Debentures, including the Bank's other subordinated debt securities. In addition, a Non-Viability Conversion could drive down the price of Ordinary Shares subsequent to the conversion itself arising from the additional shares in issue of the Bank.

(v) Following a Non-Viability Conversion, Qualified Investor will no longer have rights as a creditor and will only have rights as a holder of Ordinary Shares

Upon a Non-Viability Conversion, the rights, terms and conditions of the Debentures, including with respect to priority and rights on liquidation, will no longer be relevant as all such Debentures will have been converted on a full and permanent basis into Ordinary Shares ranking *pari passu* with all other outstanding Ordinary Shares. If a Non-Viability Conversion occurs, then the interest of depositors, other creditors of the Bank, and holders of Bank securities which are not contingent instruments will all rank in priority to the holders of contingent instruments, including the Debentures.

Given the nature of the Non-Viability Trigger Event, a holder of Debentures will become a holder of Ordinary Shares at a time when the Bank's financial condition has deteriorated. If the Bank were to become insolvent or wound-up after the occurrence of a Non-Viability Trigger Event, as holders of Ordinary Shares Qualified Investors may receive substantially less than they might have received had the Debentures not been converted into Ordinary Shares.

(vi) A Qualified Investor's remedies for the Bank's breach of its obligations under the Debenture are limited

An Event of Default (which shall occur if the Bank becomes insolvent or bankrupt, the Bank goes into liquidation either voluntarily or under an order of a court of competent jurisdiction, or the Bank otherwise acknowledges its insolvency), the trustees and holders of Debentures shall not be entitled to declare the principal amount of the Debentures due and payable under any circumstance. As a result, the Qualified Investor will have no right of acceleration in the event of a non-payment of interest or a failure or breach in the performance of any other covenant of the Bank, although legal action could be brought to enforce any covenant given by the Bank.

(e) Acknowledgement of the CBSL Resolution Powers

The CBSL retains full discretion regarding the determination that a Trigger Event has occurred;

The Monetary Board determines the Trigger Event and effects a conversion after considering the other bail-in alternatives available to the Bank. Further, Section 30 and 30(9) of the Monetary Law Act No.58 of 1949 (as amended) and Part VII (A) and Part VIII of the Banking Act No.30 of 1988 (as amended) specify certain events upon which Monetary Board can exercise its resolution mechanism. In view of the above, based on the statutory authority of the Monetary Board, CBSL retains full discretion to choose or not to choose to trigger for Non-Viability as has been provided for in the Banking Act Direction No.1 of 2016 on Capital Requirements under Basel III for Licensed Commercial Banks and Licensed Specialized Banks.

As the CBSL retains full discretion to choose not to trigger Non-Viability Conversion notwithstanding a determination that the Bank has ceased, or is about to cease to be viable, under such circumstances, the holders of the Debentures may be exposed to losses through the use of other resolution tools under applicable statutes.

(f) Generic Risks

(i) Credit ratings may not reflect all risks associated with an investment in the Debentures

A credit rating reflects a relative ranking of credit risk and does not reflect the potential impact of all risks related to the structure, market, additional factors discussed herein, and other factors that may affect the value of the Debentures.

(ii) A Downgrade, suspension or withdrawal of the rating assigned by any rating agency to the Debentures could cause the liquidity or market value of the Debentures to decline

Rating initially assigned to the Debentures may be lowered or withdrawn entirely by the rating agency if, in the rating agency's judgment, circumstances relating to the basis of the rating, such as adverse changes to the Bank's business, so warrant. If the rating agency lowers or withdraws its rating, such event could reduce the liquidity or market value of the Debentures. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

(iii) Changes in law, or changes in regulatory classification may affect the rights of holders as well as the market value of the Debentures

The regulatory regime in connection to these instruments is evolving. Changes in law may include change in statutory, tax and regulatory regimes during the life of the Debentures, which may have an adverse effect on the investment in the Debentures.

5.14 Transfer of the Debentures

The Debentures will be transferable and transmittable in the manner set out in the Trust Deed.

5.15 Listing

The Debentures will not be listed in the CSE.

5.16 Cost of the issue

The Board of Directors estimates that the total cost of the issue including fees to professionals, printing and other costs connected with the issue will be approximately Rs. 3.5Mn. Such costs will be financed by the internally generated funds of the Bank.

5.17 Brokerage fee

Brokerage at the rate of 0.15% of the nominal value of the Debenture shall be paid in respect of the number of Debentures allotted on applications bearing the original seal of any bank operating in Sri Lanka or a member/trading member of the CSE or any other party identified by the Bank involved in the issue.

5.18 Underwriting

This Issue is not underwritten. In the event of an under subscription, the Bank is confident that any short fall in the funds required to meet the objectives of the issue can be financed through internally generated funds and other credit facilities that could be obtained by the Bank, at it's discretion depending on the situation, and in such an instance the Bank would restrict itself accordingly to a slower asset growth.

6.0 PROCEDURE FOR APPLICATION

6.1 Inspection of documents

Articles of Association, the Trust Deed, Auditors' Report and the last Audited Financial Statements for the year ended 31st December, 2019 Interim Financial Statement as at 31st March, 2020 and all other required documents including material contracts and management agreements entered into by the Bank (if any) would be made available for inspection by the public during normal working hours, seven (07) Market Days prior to the date of opening of the subscription list at the registered office of the Bank at No. 450, Galle Road, Colombo 03 until the date of redemption of the Debentures.

The Prospectus, Trust Deed and the Articles of Association of the Bank, will be available on the web site of the Bank, www.pabcbank.com from seven (07) Market Days prior to the date of opening of the subscription list until the Date of Redemption of the Debentures. Audited financial statements of the Entity made up to 31st December, 2019 Interim financial statements as of 31st March, 2020, Accountants Report will be available on the web site of the Bank, www.pabcbank.com.

Furthermore, copies of the Prospectus and Application Forms will be made available free of charge from the collection points as set out in Annexure I of this Prospectus from seven (07) Market Days prior to the date of opening of the subscription list.

6.2 Eligible applicants

Applications are invited for the subscription of Debentures from the following categories of Qualified Investors:

- a) A licensed commercial bank within the meaning of the Banking Act, No. 30 of 1988;
- b) A licensed specialized bank within the meaning of Banking Act, No.30 of 1988 (as amended by Act No. 33 of 1995);
- c) Development Banks;
- d) Specialized Savings Bank;
- e) Housing Banks
- f) Co-operative Bank Unions, excluding Co-operative Societies;
- g) A Finance Company Registered under the Finance Companies Act No 78 of 1988;
- h) A Person registered to carry on Finance Leasing business under the Finance Leasing Act No. 56 of 2000;
- i) Licensed Securities dealer or Broker, acquiring for its own account or acting as agent for or for the purpose of selling to another qualified Investor;
- j) A regulated Finance Company;
- k) A registered Insurer;
- l) The Trustee or the Manager of a mutual fund, pension fund, employee provident fund or any other similar pooled fund;
- m) A Company with net asset of Rs. 500,000,000 or more as disclosed in the last audited accounts of the Company;
- n) An individual whose initial investment is Rs. 50,000,000 or more.

In view of the above transfer of the Debentures will also be limited to Qualified Investors.

Applications will not be accepted from individuals and Sri Lankans residing outside Sri Lanka who are under the age of 18 years, or in the names of sole proprietorships, partnerships or unincorporated trusts, or bodies of persons. Applications will also not be entertained from any financial institution/group over which the Bank has control or significant influence.

Further, the Bank will not directly or indirectly fund the purchase of the Debentures.

"Persons resident outside Sri Lanka" will have the same meaning as in the notice published under the Foreign Exchange Act No 12 of 2017 in Gazette No.2045/56 dated 17th November 2017.

When permitting Non -Residents to invest in the Debentures, the Bank will comply with the relevant Foreign Exchange Regulations including, the conditions stipulated in the notice under the Foreign Exchange Act with regard to the issue and transfer of Debentures of Companies incorporated in Sri Lanka to persons resident outside Sri Lanka as published in the Government Gazette (Extraordinary) No. 2045/56 dated 17th November 2017.

6.3 How to apply

The terms and conditions applicable to the applicants are as follows.

- Applications should be made on the application forms, which accompany and constitute a part of this Prospectus (exact size photocopies of application forms will also be accepted). Care must be taken to follow the instructions given herein and in the application form. Applicants using photocopies are requested to inspect the Prospectus which is available for inspection with the Registrar to the Issue and also issued free of charge by the parties listed in Annexure I of this Prospectus.

The application form can also be downloaded from the website of the Bank www.pabcbank.com until the Closure Date. The Prospectus will be made available and can be downloaded from the website of the Bank www.pabcbank.com until the date of redemption of the Debentures.

Applications which do not strictly conform to instructions and other conditions set out herein or which are incomplete or illegible may be rejected. The Bank reserves the right to ask for additional information to satisfy itself that the applicant is a “Qualified Investor”.

- More than one application submitted by an applicant will not be accepted. If two or more application forms are submitted by a single applicant, those would be considered as multiple applications and the Bank will not accept such multiple applications or suspected multiple applications.
- If the ownership of the Debentures is desired in the name of one applicant, full details should be given only under the heading SOLE/FIRST APPLICANT in the application form. In the case of joint applicants, the signatures and particulars in respect of all applicants must be given under the relevant headings in the application form.
- An applicant of a joint application will not be eligible to apply for the Debentures through a separate application form either individually or jointly. Such applicants are also deemed to have made multiple applications and will be rejected.

In the case of joint applications, the refunds (if any), interest payments and the redemption will be remitted in favour of the first applicant as identified in the application form. The Bank shall not be bound to register more than three (03) natural persons as joint holders of any Debentures (except in the case of executors, administrators or heirs of a deceased member). Joint applicants should note that all parties should either be residents of Sri Lanka or non-residents.

- Applications by companies, corporate bodies, approved provident funds, trust funds and approved contributory pension schemes registered/incorporated/established in Sri Lanka should have obtained necessary internal approvals as provided by their internal approval procedures at the time of applying for the Debentures and should be made under their common seal or in any other manner as provided by their Articles of Association or such other constitutional documents of such applicant or as per the statutes governing them. In the case of approved provident funds, trust funds and approved contributory pension schemes, the applications should be in the name of the trustee/board of management.
- **All applicants should clearly indicate in the application for Debentures, the name, address or NIC number/passport number/company number of the applicant.**
- Application forms may be signed by a third party on behalf of the applicant(s) provided that such person holds the Power of Attorney (POA) of the applicant(s). A copy of such POA certified by a Notary Public as “True Copy” should be attached with the application form. **Original of the POA should not be attached.**
- As per the Foreign Account Tax Compliance Act (FATCA) “US Persons” must provide the duly completed declaration as per the specimen given in Annexure II together with the Application Form. Under the provisions of FATCA, “US Persons” include;
 - US Citizens (including an individual born in U.S. but resident in another country who has not renounced U.S. citizenship)
 - A lawful citizen of the U.S. (including Green card holders)
 - A person residing in the U.S.
 - A person who spends certain number of days in the U.S. each year
 - U.S. Corporations, estates and trusts
 - Any entity that has a linkage or ownership to U.S. or the U.S. territories
 - Non U.S. entities that have at least one U.S. Person as a “substantial beneficial owner”

Funds for the investments in Debentures and the payment for Debentures by non-residents should be

made only out of funds **received as inward remittances or available to the credit of “Inward Investment Account” (IIA)** (formally known as Securities Investment Account) of the non-residents opened and maintained in a licensed commercial bank in Sri Lanka in accordance with directions given by the Director of the Department of Foreign Exchange in that regard to licensed commercial banks.

An endorsement by way of a letter by the licensed commercial bank in Sri Lanka in which the applicant maintains the IIA, should be attached to the application form to the effect that such payment through bank draft/bank guarantee/RTGS has been made out of the funds available in the IIA.

Applications not made in line with the instructions will be rejected.

- Non-Residents should have obtained necessary internal approvals as provided by their internal approval procedures at the time of applying for the Debentures and may be affected by the laws of the jurisdiction of their residence. If the non-resident applicants wish to apply for the Debentures, it is their responsibility to comply with the laws relevant to the jurisdiction of their residence and of Sri Lanka.

Application forms properly filled in accordance with the instructions thereof together with the remittance for the full amount payable on application should be enclosed in an envelope Marked **“PAN ASIA BANK – DEBENTURE ISSUE 2020”** on the top left hand corner in capital letters and dispatched by post or courier or delivered by hand to Registrars to the issue or collection points mentioned in Annexure I of this prospectus.

Applications sent by post or courier or delivered to any collection point set out in Annexure I of this prospectus should reach the office of the Registrar to the issue, Company Secretary, Pan Asia Bank, No. 450, Galle Road, Colombo 03, at least by 4.30 p.m. on the following market day immediately upon the closure date. Applications received after the said period will be rejected even though they have been delivered to any of the said collection points prior to the closure date or carry a postmark dated prior to the closure date. Applications delivered by hand to the Registrars to the issue after the closure date of the issue will also be rejected.

Please note that applicant information such as full name, address, NIC number/passport number/company number should be clearly indicated in the application form. Care must be taken to follow the instructions on the reverse of the application form. Applications that do not strictly conform to such instructions and additional conditions set out hereunder or which are illegible may be rejected.

DEBENTURE CERTIFICATES SHALL BE ISSUED.

6.4 Number of Debentures to be subscribed

The minimum subscription requirement applicable for a Qualified Investor applying for Debt Securities shall be Rupees One Million (LKR 1,000,000/-). Provided however, the minimum subscription requirement applicable for an individual investor applying for BASEL III Compliant Debt Securities shall be Rupees Fifty Million (LKR 50,000,000/-). Any application in excess of the minimum subscription requirement shall be in multiples of Rupees Ten Thousand (LKR 10,000/-)

6.5 Mode of payment of the investment by the applicants

- Payment in full for the total value of Debentures applied for should be made separately in respect of each application either by cheque/s, bank draft/s, bank guarantee drawn upon any licensed commercial bank operating in Sri Lanka or RTGS transfer directed through any licensed commercial bank operating in Sri Lanka, as the case may be, subject to the following:
- Payments for applications for values above and inclusive of Sri Lanka Rupees One Hundred Million (LKR 100,000,000/-) should be supported by either a;

Bank guarantee issued by a licensed commercial bank; or Multiple bank drafts/cheques drawn upon any licensed commercial bank operating in Sri Lanka, each of which should be for a value less than LKR 100,000,000/-; or RTGS transfer with value on the issue opening date.

Multiple cheques or RTGS transfers will not be accepted for application value below Sri Lanka Rupees One Hundred Million (LKR 100,000,000/-).

- Cheques or bank drafts should be made payable to **“PAN ASIA BANK – DEBENTURE ISSUE 2020”** and crossed **“Account Payee Only”**, and must be honoured on the first presentation.

- In case of bank guarantees, such bank guarantees should be issued by any licensed commercial bank in Sri Lanka in favour of **“PAN ASIA BANK – DEBENTURE ISSUE 2020”** in a manner acceptable to the Bank, and be valid for a minimum of one (01) month from the Issue opening date (i.e.17th July, 2020). Applicants are advised to ensure that sufficient funds are available in order to honour the bank guarantees, inclusive of charges when called upon to do so by the Registrars to the Issue. It is advisable that the applicants discuss with their respective bankers the matters with regard to the issuance of bank guarantees and all charges involved. All expenses with regard to such bank guarantees should be borne by the applicants.
- In case of RTGS transfers (only for application values above and inclusive of Sri Lanka Rupees One Hundred Million (LKR 100,000,000/-), such transfers should be made to the credit of **“PAN ASIA BANK – DEBENTURE ISSUE 2020”** bearing **Account Number 100311008846** at Pan Asia Bank with value on the issue opening date (i.e. the funds to be made available to the above account on the issue opening date). The applicant should obtain a confirmation from the applicant’s bank, to the effect that arrangements have been made to transfer payment in full for the total value of Debentures applied for to the credit of **“PAN ASIA BANK – DEBENTURE ISSUE 2020”** bearing **Account Number 100311008846** at Pan Asia Bank with value on issue opening date (i.e. the funds to be made available to the above account on the issue opening date) and should be attached with the application form. For RTGS transfers above and inclusive of Sri Lanka Rupees One Hundred Million (KR 100,000 ,000/-), the applicants are entitled to an interest at the rate of Three per centum (3.00%) per annum from the date of such transfers up to the date of allotment. However, no interest will be paid if the RTGS transfers are not realized before the end of the closure date. Furthermore, even if such RTGS transfers are effected prior to the issue opening date, no interest will be paid for the period prior to the issue opening date.
- Cash will not be accepted.
- Payment for the Debentures by non-residents should be made only out of funds received as inward remittances or available to the credit of “Inward Investment Account” (IIA) maintained with any licensed commercial bank in Sri Lanka in accordance with directions given by the Director Department of Foreign Exchange in that regard to licensed commercial banks. An endorsement by way of a letter by the licensed commercial bank in Sri Lanka in which the applicant maintains the IIA, should be attached to the application form to the effect that such payment through bank draft/bank guarantee/RTGS has been made out of the funds available in the IIA.
- The amount payable should be calculated by multiplying the number of Debentures applied for by the face value (LKR 100/-). If there is a discrepancy in the amount payable and the amount specified in the cheque/bank draft or bank guarantee, the application will be rejected.
- In the event that cheques are not realized prior to the date of deciding the basis of allotment, the monies will be refunded and no allotment of Debentures will be made. Cheques must be honoured on first presentation for the application to be valid.
- All cheques/bank drafts received in respect of the applications for Debentures will be banked commencing from the working day immediately following the closure date.

6.6 Rejection of applications

Application forms and the accompanying cheques/bank drafts/bank guarantees or RTGS transfers, which are illegible or incomplete in any way and/or not in accordance with the terms, conditions and instructions, set out in this Prospectus and in the application form will be rejected at the sole discretion of the Bank.

Applications from individuals and Sri Lankans residing outside of Sri Lanka who are under the age of 18 years or in the names of sole proprietorships, partnerships and unincorporated trusts will also be rejected.

If two or more application forms are submitted by a single applicant, those would be considered as multiple applications and the Bank will not accept such multiple applications or suspected multiple applications.

Any application form with more than three (03) natural persons as joint applicants will be rejected.

Applications delivered by hand to the Registrars to the Issue after the ‘closure date’ will be rejected. Applications received by post or courier after 4.30 p.m. on the Market Day immediately following the closure date, will also be rejected even if they carry a post mark dated prior to the closure date.

Applications delivered to any place mentioned in Annexure I should also reach the office of the Registrars to the issue at least by 4.30 p.m. on the market day immediately following the closure date. Applications received after the said duration will be rejected even though they have been delivered to any of the said collection points prior to the closure date.

In the event that cheques are not realized prior to the date of deciding the basis of allotment and realised after such date, the monies will be refunded and no allotment of Debentures will be made. Cheques must be honoured on first presentation for the application to be valid. In the event cheques are dishonoured/returned on first presentation, such applications will be rejected.

6.7 Banking of payments

All cheques or bank drafts or bank guarantees received in respect of applications will not be banked or called on until the market day immediately after the closure date as set out in Section 5.2 of this Prospectus.

6.8 Allotment of Debentures

In the event of an over subscription, the Board of Directors of the Bank will endeavour to decide the basis of allotment in a fair manner as soon as practicable.

The Bank reserves the right to reject any application or to accept any application in part only, without assigning any reason thereto. A written confirmation informing successful applicants on their allotment of Debentures will be dispatched within ten (10) market days from the closure date.

6.9 Refunds

Monies will be refunded where; - an application is rejected for reasons given in 6.6 of this Prospectus; or
- the application is accepted only in part.

The applicants may indicate the preferred mode of refund payments in the application form (i.e. direct transfer via SLIPS, RTGS or cheque).

If the applicant has provided accurate and complete details of his/her bank account in the application, the Bankers to the Issue will make refund payments up to and inclusive of Rupees Five Million (LKR 5,000,000/-) to the bank account specified by the applicant, through SLIPS and a payment advice will be sent in the event of refunds over Rupees Five Million (LKR 5,000,000/-) if the applicant has provided accurate and correct details of his/her bank account refunds will be made via RTGS or if the applicant has not provided accurate and correct details of his/her bank account in the application or if the applicant has not provided details of the bank account in the application form, the Bank will make such refund payments to the applicant by way of a cheque and sent by post at the risk of the applicant. In the case of joint application, the cheques will be drawn in favour of the applicant's name appearing first in the application form.

It is the responsibility of Non-Residents/Foreign Qualified Investors to ensure that their IIA details are accurately provided on the application Form to forward the refund to IIA through which the application was made.

Applicants can obtain details on bank and branch codes required for providing instructions on SLIPS transfers at the website; http://www.lankaclear.com/product_service/8-guidelines

Refunds on applications rejected or partly allotted Debentures would be made within ten (10) market days excluding the closure date. Applicants would be entitled to receive interest at the rate of the last quoted Average Weighted Prime Lending Rate (AWPLR) published in the immediately preceding week by the Central Bank of Sri Lanka or any other authority (in the event that the Central Bank of Sri Lanka ceases to publish the AWPLR) plus five per centum (5.00%) for the delayed period on any refunds not made within this period.

6.10 Debenture Ledger and Transferability

Debentures allotted will be uploaded to the Debenture Ledger before the expiry of eighteen (18) Market Days, from the closure date. A written confirmation of the credit will be sent to the applicant within two (02) Market Days, by ordinary post to the address provided by each applicant.

7.0 THE BANK

7.1 Background

Pan Asia Banking Corporation PLC commenced its operations on 6th March 1995 as a Licensed Commercial Bank and a public limited liability company under the name “Pan Asia Bank Limited”. The Bank changed its name to “Pan Asia Banking Corporation Limited” on 23rd April 2004. Bank was listed on the Second Board (now Diri Savi Board) on the Colombo Stock Exchange on 5th April 2005 and was moved to the Main Board on the 30th of March, 2007. The Bank re-registered as “Pan Asia Banking Corporation PLC” under the Companies Act No. 07 of 2007 on 24th July 2007. The registered office of the Bank is situated at No 450, Galle Road, Colombo 3.

Fortified by a solid branch network of over 85 branches spread across Sri Lanka, Pan Asia Bank has also been recognized as the ‘Fastest Growing Commercial Bank in Sri Lanka’ for four consecutive years by the “Global Banking & Finance Review” for its robust financial performances over the years. It has also been recognized for its superlative performance multiple times at the National Business Excellence Awards (NBEA). Pan Asia Bank was also recognized as one of the Business Today Top 30 Companies in Sri Lanka for 2018 – 2019.

Today, with a staff strength of over 1,500 serving a customer base of over 500,000; Pan Asia Bank has touched over 2 million Sri Lankan lives, helping them expand their horizons, achieve their dreams and fulfill their personal and business financial goals

7.2 Vision Mission & Core Values of the Bank

Vision - “To become the most customer preferred commercial bank in Sri Lanka”

Mission - “We will create the largest satisfied customer base by providing professional, personalized, secure, quality banking and financial services, using modern technology & innovative products. We will delight our customers, create a better future for employees and enhance stakeholder value”.

Core Values

- Act with courage and integrity - we stand firm for what is right and work with absolute trust and confidence in all our dealings.
- Dependability – we demonstrate consistent performance by fulfilling expectations, be personally accountable deliver on results.
- Teamwork - we believe that the best outcomes are achieved when we worked together.
- Strive for excellence – we will put forth our best to provide the highest quality of banking services by understanding the customer needs and exceeding expectations.
- commitment - we are dedicated to the success of our organization, stake holder including customers, employees and our selves.
- Mutual trust and respect - we connect to customers, communities, regulators and each other with respect, dignity and with mutual trust.

7.3 Principal Activities

Pan Asia Banking Corporation PLC is a licensed commercial bank which offers financial solutions for the Retail, SME and Corporate sectors. The bank raises public funds mainly through deposit products and public and private issues of shares and debt instruments and loan these funds through various lending products designed to meet the requirements of the aforementioned business segments.

Backed by a sterling track record of over two decades of excellence, Pan Asia Bank is today one of the fastest growing local commercial banks in Sri Lanka. Strengthened by a diversified portfolio of innovative and comprehensive banking solutions, the bank’s product range includes but not limited to current, savings and fixed deposits, consumer and business loans, credit cards, leasing, margin trading, remittance services, safety lockers etc. In addition, the bank’s dealing room generates income by way of treasury investments and dealings in the foreign currency markets.

Inspiring trust and loyalty amongst customers by understanding and working to fulfil their needs, Pan Asia Bank has gained a reputation for being an 'Understanding Bank'. This deep understanding which has enabled us to empathise, sympathise and work to resolve the financial needs of Sri Lankan consumers is also the foundation on which we build our latest banking, financial and product innovations.

7.4 Future plans, assumptions and risks associated with future plans

(a) Strategies -The Bank aims to enhance its position as one of the fastest growing commercial banks in Sri Lanka. The bank also focuses more on improving capital adequacy to support the asset growth in the next few years.

According to the strategic plan of the bank, endeavours will be made to diversify revenue sources and introduce new product lines to make Pan Asia Banking Corporation PLC "the Most Customer Preferred Commercial Bank in Sri Lanka".

Under the accelerated branch expansion program and the electronic delivery channels program planned for the next few years, the bank will be geared to touch every life in all corners of the island. As branches opened in the past have increased business volumes and gained market share in the respective locations, we will continue to see an improved cost to income ratio going forward.

The focus will be to further strengthen core banking operations and maintain the growth momentum in business volumes through the branch network already set-up. The Bank will strive to maximize core banking income and achieve a higher degree of cost efficiency to maximize profitability. Focusing more on Retail & SME segments, effective fund management strategies and timely re-pricing of both asset and liability products will be a key strategy to safeguard the net interest margin. The Bank will also consider medium term funding in both foreign and local currencies at a reasonable cost to supplement deposit mobilization. More funds will be diverted to Retail and SME lending.

Strategies are being formulated to modernize the IT platform to offer more efficient customer services. With the upgrading of the core banking system few years ago, several other initiatives are now lined up to transform the bank into a future friendly bank. In addition, the improved and developed IT platform will deliver a more cost effective and efficient services for the existing customers.

(b) Risks - The Bank is subject to various risks, which are inherent to the banking business such as,

Credit Risk: Potential loss that may result owing to the failure by a counterparty or customer to meet their obligations to the Bank in accordance with agreed terms.

Market Risk: Likelihood of loss in earnings that could arise from the possible fall in value of investment or trading portfolios as a direct consequence of changes in market variables such as interest rates, equity price and foreign exchange rates.

Liquidity Risk: Potential risk arising from the inability to meet obligations in a timely manner as and when they become due, mainly on account of mismatches between the maturities of the Bank's assets and liabilities.

Operational Risks: Potential risk arising from the inadequacy of internal processes, controls, IT systems, people, or even external events that may impact the Bank.

The success of the future strategies and prospects mentioned above will depend on numerous external risk factors such as economic conditions, government policy changes, capital market developments, investor sentiments, unexpected external shocks and natural disasters etc.

Risk management functions across the bank are strengthened on an ongoing basis, to manage credit, market, liquidity and operational risks through a process of identification, measurement and monitoring of risks and maintaining other prudential controls.

(c) Assumptions in relation to future plans

Future plans of the Bank have been made with the following assumptions;

- No significant changes in government policies and tax structure of the country
- Interest rates are expected to increase gradually due to rising dollar and inflation and the repayment of bunched up foreign currency debt by the government during the next 5 years
- Sri Lankan Rupee (LKR) is expected to depreciate by 2% - 4% against USD per annum

7.5 Top 20 shareholders as at 20th March, 2020.

No	Name	No. of Shares	%
1	Mr. K. D. D. Perera	132,724,230	29.99
2	Bansei Securities Co., Ltd.	66,384,246	15.00
3	Seylan Bank PLC/Ambeon Holdings PLC(Collateral)	43,930,641	9.93
4	Mr.W.K. H Wegapitiya	27,303,169	6.17
5	Mr. K D H Perera	23,305,998	5.27
6	Mr. D C C Joseph	22,977,896	5.19
7	Mr. P. J. Tay	21,917,994	4.95
8	Mr. K. D. A. Perera	19,200,000	4.34
9	Imminent Technologies (Pvt) Ltd	14,137,697	3.19
10	Sri Lanka Samurdhi Authority	11,114,376	2.51
11	Sri Lanka Savings Bank Limited	10,298,499	2.33
12	Mrs. A R Molligoda	3,737,319	0.84
13	Mr. R A De Silva	2,063,772	0.47
14	Mr.H Beruwalage	2,046,648	0.46
15	Mr.D M I Dissanayake	1,476,501	0.33
16	Mr.D T Beruwalage	1,161,448	0.26
17	Mr.M B U N Fernando	1,020,000	0.23
18	Favourite Garments (Pvt) Ltd	1,000,000	0.23
19	Mr.A P Somasiri	1,000,000	0.23
20	DFCC Bank PLC/N G N Maduranga	951,000	0.21
Sub Total		407,751,434	92.13
Balance held by 4,302 shareholders		34,810,195	7.87
Total		442,561,629	100%

7.6 Stated capital

Stated Capital and Number of Ordinary Voting Shares

	2019		2018		2016	
	No. of Shares	Amount Rs.	No. of Shares	Amount Rs.	No. of Shares	Amount Rs.
As at 1st January	442,561,629	3,614,253,304	442,561,629	3,614,253,304	295,041,086	1,548,965,702
Shares Issued During the year	-	-	-	-	147,520,543	2,065,287,602
As at 31 st December	<u>442,561,629</u>	<u>3,614,253,304</u>	<u>442,561,629</u>	<u>3,614,253,304</u>	<u>442,561,629</u>	<u>3,614,253,304</u>

The Bank does not have non-voting, preference or any other classes of shares in issue. The Bank also does not have any outstanding convertible debt securities.

7.7 Term debt and other borrowed funds (at Amortized Cost)

	31/03/2020	2019	2018
	Rs.	Rs.	Rs.
Unsecured, Subordinated, Redeemable Debentures	-	-	3,045,450,903
Unsecured, Senior, Redeemable Debentures	-	-	2,763,735,250
Unsecured Term Facility Borrowings	10,637,642,758	9,512,176,841	10,203,968,478
Standing Lending Facility Borrowings	-	50,010,989	-
Securities Sold Under Repurchase Agreements	3,393,974,618	2,382,654,921	3,091,635,968
Other Borrowings	1,569,351,240	352,906,221	1,160,175,657
	15,600,968,616	12,297,748,972	20,264,966,256

7.8 Contingent liabilities & Commitments

	As at 31.03.2020	As at 31.12.2019	As at 31.12.2018
	Rs.	Rs.	Rs.
Contingencies			
Guarantees	2,984,093,107	3,069,132,632	2,973,676,651
Documentary Credit	2,615,764,975	2,768,702,557	868,487,803
Forward Foreign Exchange Contracts	2,083,412,752	334,452,350	775,562,653
Currency Swaps	<u>38,543,116,890</u>	<u>25,873,094,038</u>	<u>22,722,596,927</u>
	<u>46,226,387,724</u>	<u>32,045,381,577</u>	<u>27,340,324,034</u>
Commitments			
Undrawn Credit Commitments	12,850,282,042	14,953,647,649	16,829,617,055
	<u>12,850,282,042</u>	<u>14,953,647,649</u>	<u>16,829,617,055</u>
Total	59,076,669,766	46,999,029,226	44,169,941,089

Apart from legal proceedings in the normal course of its banking business, the Bank is not a party to any litigation or arbitration proceedings and are not aware of any pending or threatened litigation or arbitration that, if decided adversely to the Bank, would have a significant effect upon the Bank's financial position nor has it been a party to any such proceedings in the recent past.

7.9 Details of other Debentures in issue

None of the previously issued Debentures of the Bank are outstanding as at 30th November, 2019.

7.10 Litigation against the Bank as at 31/03/2020

20156/L DC Colombo: Plaintiffs have filed the case stating that our Mortgagor had acquired title to the property by a fraudulent Deed and Plaintiffs have Title by prescription. Therefore, our Mortgage Bond does not confer any right to the Bank. Trial is now laid by pending the appeal application filed by one defendant.

6978/Land DC Kegalle: Previous owner had revoked the deed of gift of the Mortgagor under Kandyan Law. The Kegalle District Court Judge delivered the Judgment in favour of the Bank refusing the Plaintiff's position. The High Court of Civil Appeal Kegalle, set aside the original judgment and the Bank appealed to the Supreme Court and the same is refixed for support on 06/10/2020.

P 22762/2006 DC Avissawella: A person claiming to be a Co-owner of the original land in extent 5A had filed a partition action where the son of our Mortgagor has been named a party. Court allowed the Bank to file our statement of claim. Trial commenced. Further trial is on 23/09/2020.

20895/L, DC Colombo: Plaintiff filed action asking for a stay of sale fixed for 26/10/2005. Title Insurance Obtained. Insurance Company is appearing on behalf of the Bank to safe guard the interests of the Bank. Re – examination is fixed on 16/07/2020.

CHC 184/2008 Commercial High Court: Case filed by another bank on a property that was also mortgaged to the Bank. (Bank's recovery cases also filed on separate securities obtained) Judgment given in favour of the Plaintiff and PABC. The Customer appealed. Writ pending appeal filed by the other bank was allowed. Customer objected to the valuation. Court commission issued and the case to be called on 14/05/2020 for commission returnable.

Galle- 5 cases: There are 5 cases filed by the customer. The Bank also filed an action against the customer for pawning faked articles. Now all the cases are referred to the Attorney General for the AG's report. The cases filed by the Bank 47255 & 47254 & 50750 to be called on 20/08/2020 for AG's report & 50748, 50817 & 51273 laid by pending AG's report.

HC Civil 285/2011/MR Commercial High Court: To obtain an Order to prevent re-sale of the property vested in the Bank. Property vested in the Bank has been sold to a 3rd party. Inquiry fixed on 03/07/2020.

202/Spl - DC Mawanella: Enjoining order obtained by one of the previous owners in the chain of title, claiming that the sale proceeds of his land has not been credited to his account by his power of attorney holder, who is his own brother. Seeking to set aside the said deed of transfer and the subsequent deeds. Further Trial is fixed on 16/07/2020.

14166/M- DC Matara: Dispute between an ex-staff of Matara branch and her sister in law. Plaintiff seeking damages from the Bank and requesting the Bank to refund the moneys that she has deposited. Magistrate's Court case is also proceeding. We have made an application to Court that the trial cannot be proceed, without producing the original withdrawal slips which are under the custody of the Magistrate's Court Matara and accordingly the case is to be called on 28/08/2020 for consideration of EQD report.

DMR 1086/15- DC Colombo: Customer filed a case against the Bank and the insurance company regarding a rejection of a medical claim by the insurance company which was granted under the Suwasavi FD scheme. Customer had a dispute with the insurance company and insurance company has terminated the agreement in writing. Further trial is fixed on 30/07/2020.

L/660/17 - DC Nugegoda: Action initiated against the Bank and 08 others by a 3rd party and obtained an enjoining order restraining the defendants from dealing with the land. Interim injunction issued. One Defendant has died. Commission issued on application made by the plaintiff. The case to be called on 30/07/2020.

01258/2017/MR - DC Kandy: A 3rd party has filed the case against our customer claiming that they are entitled to receive Rs. 30 mn together with interest deposited with the Bank. Parties objected to few Issues raised and written submissions have been filed accordingly. The case is now fixed for Trial on 12/06/2020.

15419/18/L DC Embilipitiya: Our customer's wife has filed this case against the Bank claiming the land (2 plots) that her husband has mortgaged to the Bank through a different chain of title. We filed answer and the Plaintiff moved for a Commission and the same is returnable on 02/06/2020.

DMR/3005/2018 DC Colombo: Former customer of the Bank has filed a case against the Bank claiming Rs. 100,000,000/- damages alleging that the Bank has included false information to the CRIB Report and that the Bank has breached the Overdraft Agreement entered into with him. Case to be called to file consolidated issues on 08/09/2020.

M/5586 – DC Panadura : A 3rd party who has taken over to repay the lease taken by a customer has filed this case claiming damages of Rs 1.65Mn as the Bank terminated the lease and re-possessed due to breach of the terms of the lease. Answer due on 24/08/2020.

M/10891 DC Galle : A leasing customer of Ambalangoda Branch has filed a case against the Bank claiming damages alleging that the Bank has repossessed the vehicle without any notice to him and that he has suffered a loss of Rs. 3Mn. Pre Trial fixed on 20/07/2020.

8763/L DC Kurunegala : The previous owner has filed the case against the Bank claiming 4,000,000/-, alleging the existence of a constructive trust. Since enjoining order has not been issued the parate sale was held and the property is vested in the Bank. Order on interim injunction on 11/06/2020.

CP/HC Revision- 14/2019 – Kandy Civil Appeal : A 3rd party has obtained an order on the basis of a constructive trust and had obtained possession from our customer. Customer had not been a party to the said case (DC Matale L/6073). Our customer has filed this case to revise the said order making Bank also a party. Counter objections due by the petitioners on 30/06/2020.

The following cases filed against the Bank in order to prevent the Bank from enforcing the mortgages to recover its dues as at 31/03/2020.

- CHC Colombo
 - HC Civil 00240/17 MR
 - HC Civil 172/2018 MR
 - HC Civil 355/2017/MR
 - HC Civil 538/18 MR
 - HC Civil 202/19 MR
 - HC Civil /683/19 MR
 - HC Civil 850/18 MR
 - HC Civil 782/19 MR
 - HC Civil 39/19 MR
- Civil Appeal Colombo
 - WP/HCCA/Col/56/17/F
 - WP/HCCA/7/19
- Civil Appeal Jaffna
 - NP/HCCA/LA/236/20
- DC Balapitiya
 - SP 2254
- DC Colombo
 - DSP/227/19
 - DMB 211/13
 - DSP 80/18
 - DSP 139/19
 - DSP 322/19
- DC Embilipitiya
 - CL 00018/18
- DC Galle
 - SP 3671
 - SP 3692
 - P 18040
- DC Jaffna
 - L /911/2019
- DC Kegalle
 - SPL 9124
 - P29111
- DC Kaduwela
 - L817
- DC Negambo
 - 7996/L
- DC Nugegoda
 - L 754/18

7.11 Financial Ratios of the Bank

Capital Adequacy Ratios	2019	2018
Common Equity Tier 1 Capital Ratio %	12.87	11.51
Total Tier 1 Capital Ratio %	12.87	11.51
Total Capital Ratio %	14.31	13.3

	2019	2018
Interest Cover (times)*	3.61	2.85
Debt to Equity (times) **	0.71	1.41
Statutory Liquid Assets Ratio,% (Minimum Requirement, 20%)		
Domestic Banking Unit (%)	24.93	29.17
Foreign Currency Banking Unit (%)	23.61	20.09
Liquidity Coverage Ratio - (Minimum Requirement -90% in 2018)		
Rupee (%)	128.84	166.08
All Currency (%)	165.02	136.52

**Debt/ Equity Ratio = $\frac{\text{Long Term Borrowings}}{\text{Total Equity}}$

* Interest Cover Ratio = $\frac{\text{Operating Profit Before taxes and levies on financial services \& Income Taxes}}{\text{Interest Expenses for Long Term Borrowings}}$

$\frac{+ \text{Interest Expenses for Long Term Borrowings}}{\text{Interest Expenses for Long Term Borrowings}}$

7.12 Details of penalties imposed by regulatory and state authorities

The Bank has not been subjected to material penalties imposed by regulatory authority or any other state authority due to breach or noncompliance with statutory/prudential requirements.

7.13 Details of material contracts of the Bank

The Bank has not entered into any material contracts as at date other than contracts entered into in the ordinary course of business.

7.14 Transaction relating to property

There is no transaction relating to the property of the Bank, completed within the two (02) preceding years in which any vendor of the property sold to the Bank was any person who is or was at the time of the transaction, a promoter or a director or proposed director of the Bank who had any interest direct or indirect."

7.15 Details of commission paid

No commission has been paid in the two (2) years preceding the issue or payable for subscribing or agreeing to subscribe or procuring or agreeing to produce subscriptions.

7.16 Management agreements

There are no management agreements entered in to by the bank and in force as at date of this Prospectus.

7.17 Details of benefits paid to promoters

No benefit has been paid or given by the Bank within the two (02) years preceding the Issue and there are no benefits intended to be paid or given to any promoter.

7.18 Dividend policy and Debt Servicing Details

Dividend Policy - The Bank dividend policy is linked with several factors, primarily with the profitability, regulatory capital requirements and financial condition of the Bank. The Board of Directors, subject to the Articles of Association of the Bank and Companies Act No. 07 of 2007 may recommend and declare dividends to the shareholder from and out of the profits of the Bank. The dividend policy ensure that Bank will retain larger share of profits for future growth as the profit is forecasted to grow steadily while the shareholders will also get a constant return.

7.19 Taxation

There are no specific tax concessions or exemptions applicable to the bank as at the date of the prospectus

8.0 Board of Directors

8.1 Details of the Directors

G A R D PRASANNA - Chairman - Non Executive, Non Independent Director

Mr. Prasanna was appointed as the Chairman in July 2017. He was appointed to Pan Asia Bank as a Director in May 2012 and was the Deputy Chairman from September, 2016 to January, 2017. He is the Managing Director of Wise Property Solutions (Pvt) Ltd and serves as a Director on the Boards of Royal Ceramics Lanka PLC, Rocell Bathware Ltd, Country Energy (Pvt) Ltd, La Fortresse (Pvt) Ltd, Delmege Forsyth & Co. (Exports) (Pvt) Ltd, Delmege Insurance Brokers (Pvt) Ltd, Rocell Properties Ltd, Delmege Coir (Pvt) Ltd, Delmege Freight Services (Pvt) Ltd, Delmege Air Services (Pvt) Ltd and Lewis Brown Air Services (Pvt) Ltd. He has wide experience in various businesses & business management.

He serves in the following Committees:

Board Credit Committee, Board Human Resources & Remuneration Committee, Board Integrated Risk Management Committee & Board Nomination Committee.

S B RANGAMUWA - Deputy Chairman, Non Executive, Non Independent Director

Mr. Rangamuwa was appointed to the Board as a Director in August 2014 and was appointed as Deputy Chairman in January 2018. He is an experienced professional in Management, Finance, Credit and Marketing with over 30 years of senior management exposure having held key positions at strategic and operational levels. Mr. Rangamuwa is the Managing Director of Vallibel Finance PLC since its relaunch. He is a former Director of Mercantile Investments PLC and also had stints at Central Finance and Ernst & Young.

A Fellow of the Chartered Institute of Marketing (UK), Mr. Rangamuwa is a member of the Institute of Management Accountants (Australia) and has an MBA from the University of Southern Queensland. He is also a Fellow of the Sri Lanka Institute of Credit Management and holds a Post Graduate Diploma in Finance Administration from the Institute of Chartered Accountants of Sri Lanka and a Certificate in Foundation studies (Sports) from Unitec, New Zealand.

He serves in the following Committees:

Board Credit Committee, Board Audit Committee, Board Strategic Planning Committee, Board Related Party Transaction Review Committee & Board Recoveries Committee.

M A ABEYNAIKE - Senior Director, Non Executive Independent Director

Mr. Abeynaike was appointed to the Board of Pan Asia Bank in October 2014 and as the Senior Director in February 2015. He is a Fellow of the Institute of Chartered Accountants of Sri Lanka. He was a Director of Sampath Bank PLC from 1995 - 2011. Mr. Abeynaike was the President of the Institute of Chartered Accountants of Sri Lanka and a member of the Securities and Exchange Commission of Sri Lanka. He has been Chairman/ Director of several companies and public sector organisations. Mr. Abeynaike is currently the Chairman of Asia Pacific Investments (Pvt) Ltd.

He serves in the following Committees:

Board Audit Committee, Board Strategic Planning Committee, Board Nomination Committee, Board Related Party Transaction Review Committee and Board Human Resources & Remuneration Committee.

T IGARASHI - Non Executive Independent Director

A Japanese national, Mr. Igarashi is an enterprising businessman specializing in the re-structuring of unviable business, export of vehicles and heavy machinery from Japan, and development of IT systems. As a Japanese national for the first time, Mr. Takashi established a licensed securities company named New World Securities Ltd. He is the Chairman of Ramboda Falls Hotels PLC. He sits on the Boards of NWS Holdings (Pvt) Ltd, NWS Management Services (Pvt) Ltd and Prime Ocean Foods (Pvt) Ltd. He was appointed as a Director of Pan Asia Bank in October 2012.

He serves in the following Committees:

Board Integrated Risk Management Committee & Board Related Party Transaction Review Committee.

T MURAKAMI - Non Executive, Non Independent Director

Mr. Toyohiko Murakami is the Chief Executive Officer of Bansei Group, Japan. Mr. Murakami has over 35 years of experience in managing various business fields consisting of Securities, Finance, Insurance and Real Estate. Mr. Murakami has a Bachelors Degree in Law from Kyoto University, Japan. Mr. Murakami joined Bansei Securities Co., Ltd. in November 2005 and was appointed as the Executive Vice President in February 2006 and as President & CEO of the company in June 2009. He is also the Chairman of Bansei Hoken (Insurance) Community Co., Ltd. which is a sister company of Bansei Securities Co., Ltd. Formerly, Mr. Murakami was with Zenkoku Hosho Co., Ltd. from November 2005 - February 2006 and as a Director of H.S. Securities Co., Ltd. from October 2000 to August 2005. He is the Deputy Chairman of Bansei Royal Resorts Hikkaduwa PLC and Chairman of Bansei Holdings LK (Pvt) Ltd, Director of Bansei & NWS Consultancy (Pvt) Ltd, Bansei Securities Capital (Pvt) Ltd and Vallibel Finance PLC. He was appointed as a Director of Pan Asia Bank in April 2013.

He serves in the following Committee:

Board Audit Committee

J D N KEKULAWALA - Non Executive Independent Director

Mr. Kekulawala counts over thirty years in the banking profession and was appointed as a Director in August 2016. He has held senior positions at Hatton National Bank PLC and played a strategic role in the diversification of HNB from Commercial Banking to Investment Banking, venture capital, stock brokering and life/ general insurance. Mr. Kekulawala served as the lead consultant and was responsible for setting up a Commercial Banking Operation in the Solomon Islands. He functioned as the inaugural CEO of the bank. He presently serves on the Board of several public companies. Mr. Kekulawala is a Fellow of the Institute of Chartered Accountants UK and Sri Lanka, Fellow of the Chartered Institute of Bankers in England and has an MBA from the University of Manchester.

He serves in the following Committees:

Board Integrated Risk Management Committee, Board Audit Committee, Board Human Resources & Remuneration Committee and Board Strategic Planning Committee.

MR. M Y A PERERA - Non Executive, Non Independent Director

Mr. Aravinda Perera counts over 36 years in the Banking sector and functioned as the Managing Director of Sampath Bank PLC from 1st January 2012, until his retirement in September 2016. He was appointed to the Pan Asia Bank Board in August 2017. Presently he is the Managing Director of Royal Ceramics Lanka PLC and Chairman of Singer Finance (Lanka) PLC. He is a Director of Hayleys PLC, Hayleys Aventura (Private) Ltd, Fentons Ltd and Hayleys Advantis Ltd. He is also a former Governing Board Member of the Institute of Bankers of Sri Lanka and Past President of Association of Professional Bankers, Sri Lanka. He is a Member of the Institute of Engineers of Sri Lanka (MIESL) and a Chartered Engineer (C.Eng.). He is also a Fellow of the Chartered Institute of Management Accountants (UK) (FCMA) and a Fellow of the Institute of Bankers - Sri Lanka (FIB). He also holds an MBA from the Post Graduate Institute of Management. Mr. Perera was honoured with the "CEO Leadership Achievement Award 2016" by the Asian Banker and was also the recipient of the prestigious "Platinum Honours – 2014" award by the Postgraduate Institute of Management Alumni (PIMA) of Sri Jayawardenapura University. He was also honoured with the "Award for the Outstanding Contribution to the Banking Industry – 2015" by the Association of Professional Bankers.

He serves in the following Committees:

Board Credit Committee, Board Strategic Planning Committee, Board Nomination Committee and Board Recoveries Committee.

Nimal Tillekeratne - Director /Chief Executive Officer

Mr. Tillekeratne was appointed as Director/Chief Executive Officer in April 2017. He counts over 42 years of service in the Banking industry in Sri Lanka and overseas. He is an Associate of Institute of Bankers, Sri Lanka and a passed finalist of Post Graduate Diploma in Business Statistics from University of Moratuwa. He started his career in banking with Commercial Bank of Ceylon PLC, and was the former Senior Deputy General Manager of Sampath Bank PLC and was also in the Board of Sampath Information Technology Solutions Limited, a wholly owned subsidiary of Sampath Bank. He was involved in setting up business processes at Cargills Bank for a short period and also was the Senior Deputy General Manager of Seylan Bank PLC overseeing bank's Core operations, Trade Service, Remittances Business, Alternate Banking and self service channels,

Process digitization efforts, in addition to setting up the Bank's branch expansion ambitions on course. He views process digitization and automation as the way forward for quality customer service, cost control and growth in retail banking sphere. His exposure to various disciplines in the Banking industry is quite wide spread having headed Operations, Branch Credit, Commercial Credit, Credit Card Business, Collections at various banks locally and overseas.

He serves in the following Committees:

Board Credit Committee, Board Human Resources & Remuneration Committee, Board Integrated Risk Management Committee, Board Strategic Planning Committee, Board Related Party Transaction Review Committee & Board Recoveries Committee.

8.2 Directors Interest in assets

The Directors of the Bank hold no interest in acquisition, disposal or lease of any asset of the Bank during the past two (02) years preceding the issue and have not proposed to acquire, dispose or lease any asset of the Bank during the two (02) years succeeding the issue.

8.3 Board Related Party Transaction Review Committee

The Board established the Board Related Party Transactions Review Committee on the 28th of October, 2015 in terms of the code of the Best Practice on Related party Transactions issued by the Securities and Exchange Commission of Sri Lanka and section 9 of the Listing Rules of the Colombo Stock Exchange.

9.0 STATUTORY DECLARTIONS

9.1 Statutory Declaration by the Board of Directors

We, the undersigned who are named herein as Directors of Pan Asia Banking Corporation PLC hereby declare and confirm that we have read the provisions of the Companies Act No. 7 of 2007 and any amendments thereto relating to the issue of the Prospectus and those provisions have been complied with.

“This Prospectus has been seen and approved by the Directors of Pan Asia Banking Corporation PLC and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that provisions of the Companies Act No. 07 of 2007 and any amendments to it from time to time have been complied with and after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading or inaccurate. Where representations regarding the future performance of Pan Asia Banking Corporation PLC have been given in the Prospectus, such representations have been made after due and careful enquiry of the information available to Pan Asia Banking Corporation PLC and making assumptions that are considered to be reasonable at the present point in time in the best judgment of the directors.

Name of Director	Designation	Date	Place	Signature
Mr.G A R D Prasanna	Chairman	24/06/2020	Colombo	Signed
Mr.S B Rangamuwa	Deputy Chairman	24/06/2020	Colombo	Signed
Mr.M A Abeynaike	Senior Director	24/06/2020	Colombo	Signed
Mr.T Igarashi	Director	24/06/2020	Colombo	Signed
Mr.T Murakami	Director	24/06/2020	Colombo	Signed
Mr.J D N Kekulawala	Director	24/06/2020	Colombo	Signed
Mr.M Y A Perera	Director	24/06/2020	Colombo	Signed
Mr.N R Tillekeratne	Director/ Chief Executive Officer	24/06/2020	Colombo	Signed

9.2 Statutory declaration by the Managers to the issue

We, The Company Secretary’s Department of Pan Asia Banking Corporation PLC being the Managers to the Debenture issue of Pan Asia Banking Corporation PLC, hereby declare and confirm that to the best of our knowledge and belief based on the information provided to us by the Bank, the Prospectus constitutes full and true disclosure of all material facts about the Issue and Pan Asia Banking Corporation PLC.

On this 24th June, 2020.

(Sgd)

Company Secretary

ANNEXURE I: COLLECTION POINTS

Copies of the Prospectus and the Application Form can be obtained free of charge from the following collection points.

Managers to the Issue

Company Secretary's Department
Pan Asia Banking Corporation PLC,
No. 450, Galle Road,
Colombo 03, Sri Lanka.
Tel: +94 11 4667610
Fax: +94 11 2301844

Registrars to the Issue

Company Secretary
Pan Asia Banking Corporation PLC
No.450, Galle Road, Colombo 03.
Tel : +94 114667610
Fax : +94 112301844

Bankers to Issue

Pan Asia Banking Corporation PLC
No.450, Galle Road,
Colombo 03.
Tel : +94 112565565
Fax : +94 112565558

Financial Advisors

Treasury Department
Pan Asia Banking Corporation PLC
No.450, Galle Road,
Colombo 03.
Tel : +94 112565565
Fax : +94 112565558

PAN ASIA BANK BRANCH NET WORK

Akkaraipattu Branch

Kaiyoom Complex Building,
No. 280, Main Street,
Akkaraipattu
Tel : 067-4924071
Fax: 067-2279576

Akuressa Branch

No 54, Matara Road,
Akuressa.
Tel : 041-4935855
Fax : 041-2284677

Ambalangoda Branch

No 103, Galle Road,
Ambalangoda.
Tel : 091-4943164
Fax : 091-2258064

Ambalanthota Branch

No 155/1, Tissa Road,
Ambalanthota.
Tel : 047-4931850
Fax : 047-2225056

Anuradhapura Branch

No 49, Main Street,
Anuradhapura.
Tel : 025-4976777
Fax : 025-2234763

Badulla Branch

No 22A, Bank Road (Lower Kings Street),
Badulla.
Tel : 055-4976777
Fax : 055-2225771

Balangoda Branch

No 84, Barns Rathwatte Mawatha,
Balangoda.
Tel : 045-4928310
Fax : 045-2289081

Bambalapitiya Branch

No 329, Galle Road,
Colombo 04.
Tel : 011-4374055
Fax : 011-2506825

Bandarawela Branch

No 340/1A, Badulla Road,
Bandarawela.
Tel : 057-4976777
Fax : 057-2233554

Battaramulla Branch

No 123C, Pannipitiya Road,
Battaramulla.
Tel : 011-4343260
Fax : 011-2885622

Ja-Ela Branch

No. 71, Negombo Road,
Ja-Ela.
Tel : 011-4344149
Fax : 011-2232824

Kandy Branch

No 123, D S Senanayake Veediya,
Kandy.
Tel : 081-4976777
Fax : 081-2232994

Jaffna Branch

No 570, Hospital Road,
Jaffna.
Tel : 021-4976777
Fax : 021-2221485

Kadawatha Branch

No. 143/H, Kandy Road,
Kadawatha.
Tel : 011-4374185
Fax : 011-2925192

Kaduruwela Branch

No 918, Batticaloa Road,
Kaduruwela
Tel : 027-4976777
Fax : 027-2224474

Kaduwela Branch

No 508/4, Avissawella Road,
Kaduwela.
Tel : 011-4328295
Fax : 011-2538552

Kalmunai Branch

No 100 & 104, Batticaloa Road,
Kalmunai.
Tel : 067-4976777
Fax : 067-2225590

Kalubowila Branch

No 46A, S D S Jayasinghe Mawatha,
Kalubowila.
Tel : 011-4374254
Fax : 011-2828338

Kalutara Branch

No.219/3, Galle Road,
Kalutara South.
Tel : 034-4976777
Fax : 034-2221258

Kollupitiya Branch

No 450, Galle Road,
Colombo 03.
Tel : 011 - 4667022
Fax : 011-2301150

Kotahena Branch

No 215A, George R De Silva Mawatha,
Colombo 13.
Tel : 011-4374066
Fax : 011-2346066

Kandy City Centre Branch

No L1-5A, Lower ground floor,
Kandy City Centre, No 5,
Dalada Veediya,
Kandy.
Tel : 081-4951034
Fax : 081-2205776

Kattankudy Branch

No 365, New Kalmunai Road,
Kattankudy.
Tel : 065-4926901
Fax : 065-2248468

Katugastota Branch

No 57, Kurunegala road,
Katugastota.
Tel : 081-4946135
Fax : 081-2500362

Kegalle Branch

No 107, Main Street,
Kegalle.
Tel : 035-4976777
Fax : 035-2221018

Kekirawa Branch

No 91 & 93, Main Street,
Kekirawa.
Tel : 025-4928934
Fax : 025-2264598

Kilinochchi Branch

No.161, Kandy Road,
Kilinochchi.
Tel : 021-4925952
Fax : 021-2280075

Kiribathgoda Branch

No 67, Makola Road,
Kiribathgoda.
Tel : 011-4376061
Fax : 011-2911041

Kirulapone Branch

No 100, High Level Road, Kirulapone,
Colombo 06.
Tel : 011-4374152
Fax : 011-2515227

Kottawa Branch

No 364/11, High level Road,
Kottawa.
Tel : 011-4324145

Kuliyapitiya Branch

No 74 Kurunegala Road,
Kuliyapitiya.
Tel : 037-4943733
Fax : 037-2284141

Kundasale Branch

No 248, Digana Road,
Kundasale.
Tel : 081-4951644
Fax : 081-2424624

Kurunegala Branch

No 22, Suratissa Mawatha,
Kurunegala.
Tel : 037-4976777
Fax : 037-2221731

Maharagama Branch

171/1, Highlevel Road,
Maharagama.
Tel : 011-4374163
Fax : 011-2838397

Malabe Branch

No 410/2, Athurugiriya Road,
Malabe.
Tel : 011-4374218
Fax : 011-2744405

Negombo Branch

No 199, St. Joseph's Street,
Negombo.
Tel : 031-4976777
Fax : 031-2231259

Nugegoda Branch

No 132C, High Level Road,
Nugegoda.
Tel : 011-4374044
Fax: 011-2828228

Nawala Branch

No 162, Nawala Road,
Nugegoda.
Tel : 011-4322814
Fax : 011-2853043

Panchikawatta Branch

No 262 , Sri Sangaraja Mawatha,
Colombo 10.
Tel : 011-4374011
Fax : 011-2447452

Matale Branch

No 165, Trincomalee Street,
Matale.
Tel : 066-4976777
Fax : 066-2223007

Matara Branch

No 45B, Anagarika Dharmapala Mawatha,
Matara.
Tel : 041-4976777
Fax : 041-2231362

Mawanella Branch

No 300, Kandy Road,
Mawanella.
Tel : 035-4935291
Fax : 035-2246140

Minuwangoda Branch

No 42, Veyangoda Road,
Minuwangoda.
Tel : 011-4335770
Fax : 011-2295929

Monaragala branch

No 25, Bus Stand Road,
Monaragala.
Tel : 055-4929313
Fax : 055-2277223

Moratuwa Branch

No. 517,Galle Road, Rawathawatte,
Moratuwa.
Tel : 011-4374174
Tel : 011-2641354

Narahenpita Branch

No 526, Elvitigala Mawatha,
Colombo 05.
Tel : 011-4374141
Fax : 011-2368667

Old Moor Street Branch

No 314, Old Moor Street,
Colombo 12.
Tel : 011-4374099
Fax : 011-2392897

Piliyandala Branch

No 107, Horana Road, Mampe,
Piliyandala.
Tel : 011-4376251
Fax : 011-2604070

Peradeniya Branch

No 767, 769 & 769/11,
Sirimawo Bandaranayake Mawatha,
Kandy.
Tel : 081-4951180
Fax : 081-2232441

Pilimathalawa Branch

No 207, Colombo Road,
Pilimathalawa.
Tel : 081-4951870
Fax : 081-2575335

Ratmalana Branch

No 446, Galle Road,
Ratmalana.
Tel : 011-4374261
Fax : 011-2738840

Tangalle Branch

No 3, Annapitiya Road,
Tangalle.
Tel : 047-4929626
Fax : 047-2241215

Trincomalee Branch

No 459, Dockyard Road,
Trincomalee.
Tel : 026-4925525
Fax : 026-2225700

Warakapola Branch

No 139, Kandy Road,
Warakapola.
Tel : 035-4928777
Fax : 035-2267544

Wattala Branch

No. 218, Negombo road,
Wattala.
Tel : 011-4374088
Fax : 011-2945104

Wellawatte Branch

No. 135, Galle Road,
Colombo 06.
Tel : 011-4374196
Fax : 011-236239

Weligama Branch

204, Hettiveediya,
Weligama.
Tel : 041-4933116

Puttalam Branch

No 116A, Kurunegala Road,
Puttalam.
Tel : 032-4929663
Fax : 032-2267967

Pettah Branch

No 64, Keyzer Street,
Colombo 11.
Tel : 011-4374022
Fax : 011-5363652

Rajagiriya Branch

No 468, Kotte Road,
Rajagiriya.
Tel : 011-4374033
Fax : 011-2866823

Ratnapura Branch

No 37, Bandaranayake Mawatha,
Ratnapura.
Tel : 045-4976777
Fax : 045-2231848

Thalawathugoda Branch

No 351/E, Pannipitiya Road,
Thalawathugoda.
Tel : 011-4344650
Fax : 011-2796016

Vavuniya Branch

No 14, 2nd Cross Street,
Vauniya.
Tel : 024-4976777
Fax : 024-2225444

Wennappuwa Branch

No 6, Chilaw Road,
Wennappuwa.
Tel : 031-4934870
Fax : 031-2249556

World Trade Centre Branch

Level 2, East Tower, World Trade Center,
Echelon Square,
Colombo 01
Tel : 011-4976777
Fax : 011-2346053

ANNEXURE II

FATCA DECLARATION

Manager
Pan Asia Banking Corporation PLC

.....

I/We.....

.....and.....

.....of.....

..... (address).....holder/s of Passport

Number/ NIC Number..... hereby declare and confirm that I/we fall under the definition of a US Person under the provisions of the Foreign Account Tax Compliance Act (“FATCA”) which is a US legislation aimed at preventing tax evasion by US persons through overseas assets. I/We confirm that I/We understand that FATCA is extra-territorial by design and requires “US Persons” to report their financial assets held overseas. (other than in U.S.)

I/We hereby request and authorize the Pan Asia Banking Corporation PLC which is recognized as a Foreign Financial Institution (FFI) in terms of the FATCA to report all information pertaining to the accounts and investments held by me/us in the Pan Asia Banking Corporation PLC including the PABC Debentures (2020/2025) to the Internal Revenue Services of the United States of America (IRS). I /we further authorize PABC to remit any taxes or levies payable to the IRS as may be required in terms of the FACTA and/or corresponding legislation /regulation.

I/We further confirm that this concurrence is granted by me/us with full knowledge and understanding of FATCA and in terms of the provisions of Section 77 of the Banking Act No 30 of 1988 of Sri Lanka.

Date:.....

Name of Applicant/s:

No of PABC Debentures:

Place of Birth :

Sri Lankan with dual citizenship *: Yes/No

Sri Lankan Origin with citizenship in another country *: Yes/No

Permanent Resident /Green Cardholder of USA: Yes/No

Tax Identification/Social Security Number:

Signature/s of Applicants

Name

Date

*Please name the country: