



**INTERIM FINANCIAL STATEMENTS
FOR THE 09 MONTHS ENDED 30TH SEPTEMBER 2018**

COMPANY REGISTRATION NO : PQ 48

In Rupee Thousands

Income Statement						
	For the Nine Months ended 30 th September		Change	For the Quarter ended 30 th September		Change
	2 018	2 017	%	2 018	2 017	%
Interest Income	13,721,007	11,713,240	17	4,842,866	3,982,224	22
Interest Expense	(9,286,861)	(8,042,174)	15	(3,229,613)	(2,692,841)	20
Net Interest Income	4,434,146	3,671,066	21	1,613,253	1,289,383	25
Fees and Commission Income	1,231,457	1,048,173	17	429,148	346,590	24
Fees and Commission Expense	(86,962)	(64,118)	36	(24,099)	(24,391)	(1)
Net Fee and Commission Income	1,144,495	984,055	16	405,049	322,199	26
Net Gain from Trading	427,685	258,802	65	127,370	93,079	37
Net Gain from Financial Investments	920	-	100	920	-	100
Other Operating Income	285,264	208,234	37	110,783	60,776	82
Total Operating Income	6,292,510	5,122,157	23	2,257,375	1,765,437	28
Impairment for Loans and Other (Losses) / Reversals						
Individual Impairment	(746,133)	(390,068)	91	(466,536)	(118,345)	294
Collective Impairment	(507,355)	(178,687)	184	(118,103)	(107,552)	10
Others	-	298	(100)	-	(2)	(100)
Net Operating Income	5,039,022	4,553,700	11	1,672,736	1,539,538	9
Operating Expenses						
Personnel Expenses	1,433,710	1,198,554	20	473,775	429,597	10
Depreciation and Amortisation	146,021	162,713	(10)	47,521	51,867	(8)
Other Expenses	1,664,879	1,366,861	22	578,376	479,516	21
Operating Profit before VAT and NBT on Financial Services	1,794,412	1,825,572	(2)	573,064	578,558	(1)
Value Added Tax and Nation Building Tax on Financial Services	469,561	442,015	6	151,480	147,263	3
Profit before Tax	1,324,851	1,383,557	(4)	421,584	431,295	(2)
Income Tax Expense	244,609	465,473	(47)	160,912	130,012	24
Profit for the Period	1,080,242	918,084	18	260,672	301,283	(13)
Earnings Per Share - Basic /Diluted (Annualised) (Rs)	3.26	2.91		2.34	2.87	

In Rupee Thousands

Statement of Comprehensive Income

	For the Nine Months ended 30 th September		Change %	For the Quarter ended 30 th September		Change %
	2 018	2 017		2 018	2 017	
Profit for the Period	1,080,242	918,084	18	260,672	301,283	(13)
Other Comprehensive Income for the Period						
Revaluation Surplus on Property Plant and Equipment	-	547,963	(100)	-	547,963	(100)
Deferred Tax Effect on Above	-	(7,112)	(100)	-	(7,112)	(100)
	-	540,851	(100)	-	540,851	(100)
Other Comprehensive Income for the Period	-	540,851	(100)	-	540,851	(100)
Total Comprehensive Income for the Period	1,080,242	1,458,935	(26)	260,672	842,134	(69)

In Rupee Thousands

Statement of Financial Position			
	As at 30/09/2018	As at 31/12/2017 (Audited)	Change %
Assets			
Cash and Cash Equivalents	3,984,505	1,665,041	139
Balances with Central Bank of Sri Lanka	7,826,739	6,884,018	14
Placements with Banks	150,925	237,368	(36)
Derivative Financial Instruments	15,138	16,091	(6)
Other Financial Assets Held for Trading	11,629	4,549,189	(100)
Loans and Receivables to Banks	655,678	653,088	0
Loans and Receivables to Other Customers	122,715,071	109,139,936	12
Financial Investments - Available for Sale	6,158	6,158	-
Financial Investments - Held to Maturity	17,866,479	12,287,192	45
Property, Plant and Equipment	1,936,743	1,989,971	(3)
Intangible Assets	307,767	284,390	8
Other Assets	900,993	789,243	14
Total Assets	156,377,825	138,501,685	13
Liabilities			
Due to Banks	4,835,536	2,497,901	94
Derivative Financial Instruments	118,093	7,367	1,503
Due to Other Customers	116,278,018	107,193,030	8
Other Borrowings	12,276,861	8,465,787	45
Current Tax Liabilities	664,614	550,342	21
Deferred Tax Liabilities	536,724	630,734	(15)
Other Provisions and Accruals	247,950	229,536	8
Other Liabilities	3,769,155	1,110,050	240
Debentures	5,900,746	7,147,052	(17)
Total Liabilities	144,627,697	127,831,799	13
Equity			
Stated Capital	3,614,253	3,614,253	-
Statutory Reserve Fund	374,106	374,106	-
Retained Earnings	7,136,252	6,050,893	18
Revaluation Reserve	625,517	630,634	(1)
Total Equity	11,750,128	10,669,886	10
Total Equity and Liabilities	156,377,825	138,501,685	13
Commitments and Contingencies	43,829,381	32,426,389	35
Net Asset Value per Share (Rs.)	26.55	24.11	10
Memorandum Information			
Number of Employees	1,522	1,472	
Number of Branches	85	85	

In Rupee Thousands

Statement of Changes In Equity						
	Stated Capital*		Reserves			Total
	Ordinary Voting Shares	Ordinary Non-Voting Shares	Statutory Reserve Fund	Revaluation Reserve	Retained Earnings	
Balance as at 01/01/2017	1,548,966	-	304,581	264,498	4,754,100	6,872,145
Profit for the Period	-	-	-	-	918,084	918,084
Other Comprehensive Income for the Period	-	-	-	540,851	-	540,851
Total Comprehensive Income for the Period	-	-	-	540,851	918,084	1,458,935
Transactions with Equity Holders, Recognised Directly in Equity						
Rights Issue	2,065,287	-	-	-	-	2,065,287
Realisation of Revaluation Reserve	-	-	-	(4,658)	4,658	-
Total Transactions with Equity Holders	2,065,287	-	-	(4,658)	4,658	2,065,287
Balance as at 30/09/2017	3,614,253	-	304,581	800,691	5,676,842	10,396,367
Balance as at 01/01/2018	3,614,253	-	374,106	630,634	6,050,893	10,669,886
Profit for the Period	-	-	-	-	1,080,242	1,080,242
Other Comprehensive Income for the Period	-	-	-	-	-	-
Total Comprehensive Income for the Period	-	-	-	-	1,080,242	1,080,242
Transactions with Equity Holders, Recognised Directly in Equity						
Rights Issue	-	-	-	-	-	-
Realisation of Revaluation Reserve	-	-	-	(5,117)	5,117	-
Total Transactions with Equity Holders	-	-	-	(5,117)	5,117	-
Balance as at 30/09/2018	3,614,253	-	374,106	625,517	7,136,252	11,750,128

* Number of Ordinary Shares (Voting) as at 30th September 2018 - 442,561,629

In Rupee Thousands

Statement of Cash Flows		
	Current Period From 01/01/18 To 30/09/18	Previous Period From 01/01/17 To 30/09/17
Cash Flows from Operating Activities		
Profit before Tax	1,324,851	1,383,557
Adjustment for:		
Non Cash Items Included in Profit before Tax	1,460,463	780,773
Change in Operating Assets	(11,347,171)	(6,616,869)
Change in Operating Liabilities	17,083,607	(5,514,098)
Net Gains from Investing Activities	-	-
Interest Expense on Debentures and Other Term Debts	1,039,035	861,962
Gratuity Paid	(17,592)	(22,048)
Income Tax Paid	(224,347)	(267,176)
Net Cash Generated From / (Used in) Operating Activities	9,318,846	(9,393,899)
Cash Flows from Investing Activities		
Acquisition of Property, Plant and Equipment	(68,121)	(93,648)
Proceeds from the Sale of Property, Plant and Equipment	2,619	125
Purchase of Financial Investments	-	-
Net Investment in Held to Maturity Investments	(5,579,287)	8,782,335
Acquisition of Intangible Assets	(48,507)	(1,751)
Net Cash Generated From / (Used in) Investing Activities	(5,693,296)	8,687,061
Cash Flows from Financing Activities		
Proceeds from the Right Issue	-	2,065,287
Net Proceeds from Term Borrowings	870,094	-
Redemption of Debentures	(1,309,145)	(750,000)
Interest Paid on Debentures and Other Term Debts	(953,479)	(755,920)
Net Cash Generated From / (Used in) Financing Activities	(1,392,530)	559,367
Net Increase/(Decrease) in Cash & Cash Equivalents	2,233,020	(147,471)
Cash and Cash Equivalents at the beginning of the Period	1,902,409	1,778,547
Cash and Cash Equivalents at the end of the Period	4,135,429	1,631,076

In Rupee Thousands

Measurement of Financial Instruments						
As at 30/09/2018	Held for Trading	Held to Maturity - At Amortised Cost	Loans & Receivables / Financial Liabilities- At Amortised Cost	Available for Sale	Derivative Financial Instruments	Total
Financial Assets						
Cash and Cash Equivalents	-	-	3,984,505	-	-	3,984,505
Balances with Central Bank of Sri Lanka	-	-	7,826,739	-	-	7,826,739
Placements with Banks	-	-	150,925	-	-	150,925
Derivative Financial Instruments	-	-	-	-	15,138	15,138
Other Financial Assets Held for Trading	11,629	-	-	-	-	11,629
Loans and Receivables to Banks	-	-	655,678	-	-	655,678
Loans and Receivables to Other Customers	-	-	122,715,071	-	-	122,715,071
Financial Investments	-	17,866,479	-	6,158	-	17,872,637
Total Financial Assets	11,629	17,866,479	135,332,918	6,158	15,138	153,232,322
Financial Liabilities						
Due to Banks	-	-	4,835,536	-	-	4,835,536
Derivative Financial Instruments	-	-	-	-	118,093	118,093
Due to Other Customers	-	-	116,278,018	-	-	116,278,018
Other Borrowings	-	-	12,276,861	-	-	12,276,861
Debentures	-	-	5,900,746	-	-	5,900,746
Total Financial Liabilities	-	-	139,291,161	-	118,093	139,409,254

In Rupee Thousands

Measurement of Financial Instruments						
As at 31/12/2017	Held for Trading	Held to Maturity - At Amortised Cost	Loans & Receivables / Financial Liabilities- At Amortised Cost	Available for Sale	Derivative Financial Instruments	Total
Financial Assets						
Cash and Cash Equivalents	-	-	1,665,041	-	-	1,665,041
Balances with Central Bank of Sri Lanka	-	-	6,884,018	-	-	6,884,018
Placements with Banks	-	-	237,368	-	-	237,368
Derivative Financial Instruments	-	-	-	-	16,091	16,091
Other Financial Assets Held for Trading	4,549,189	-	-	-	-	4,549,189
Loans and Receivables to Banks	-	-	653,088	-	-	653,088
Loans and Receivables to Other Customers	-	-	109,139,936	-	-	109,139,936
Financial Investments	-	12,287,192	-	6,158	-	12,293,350
Total Financial Assets	4,549,189	12,287,192	118,579,451	6,158	16,091	135,438,081
Financial Liabilities						
Due to Banks	-	-	2,497,901	-	-	2,497,901
Derivative Financial Instruments	-	-	-	-	7,367	7,367
Due to Other Customers	-	-	107,193,030	-	-	107,193,030
Other Borrowings	-	-	8,465,787	-	-	8,465,787
Debentures	-	-	7,147,052	-	-	7,147,052
Total Financial Liabilities	-	-	125,303,770	-	7,367	125,311,137

Notes to the Financial Statements

Loans and Receivables to Other Customers		In Rupee Thousands
	As at 30/09/2018	As at 31/12/2017
Gross Loans and Receivables	126,358,369	111,351,500
Less: Individual Impairment	(2,140,070)	(1,068,901)
Collective Impairment	(1,503,228)	(1,142,663)
Net Loans and Receivables including those designated at fair value through profit or loss	122,715,071	109,139,936
Less: Loans and Receivables designated at fair value through profit or loss	-	-
Net Loans and Receivables	122,715,071	109,139,936

Loans and Receivables to Other Customers - By Product		In Rupee Thousands
	As at 30/09/2018	As at 31/12/2017
By Product-Domestic Currency		
Overdrafts	17,423,522	16,809,676
Term Loans	63,230,853	54,387,083
Lease Rentals Receivable	10,872,096	9,449,637
Pawning & Ran Loans	2,694,328	2,437,588
Staff Loans	855,187	821,813
Trade Finance	3,238,614	2,473,112
Margin Trading	1,020,236	1,467,071
Securities Purchased under Resale Agreements	66,091	186,290
Debentures - Quoted	1,389,957	1,592,696
Others	6,282,983	5,391,219
Sub Total	107,073,867	95,016,185
By Product-Foreign Currency		
Overdrafts	1,810,700	893,769
Term Loans	6,221,892	4,500,785
Trade Finance	1,223,503	2,073,416
Sri Lanka Development Bonds	10,027,096	8,865,418
Others	1,311	1,927
Sub Total	19,284,502	16,335,315
Total	126,358,369	111,351,500

Movements in Individual and Collective Impairment during the Period for Loans and Receivables to Other Customers

	In Rupee Thousands	
	As at 30/09/2018	As at 31/12/2017
Individual Impairment		
Opening Balance	1,068,901	1,693,536
Charge to Profit or Loss	746,133	337,265
(Write off)/Recoveries during the Period	-	(786,966)
Other Movements	325,036	(174,934)
Closing Balance	2,140,070	1,068,901
Collective Impairment		
Opening Balance	1,142,663	982,491
Charge /(Reversal) to Profit or Loss	507,355	160,172
(Write off) /Recoveries during the Period	(146,790)	-
Closing Balance	1,503,228	1,142,663
Total Impairment	3,643,298	2,211,564

Due to Other Customers - By Product		In Rupee Thousands
	As at 30/09/2018	As at 31/12/2017
By Product-Domestic Currency		
Demand Deposits	6,141,728	3,788,872
Savings Deposits	13,699,180	12,656,260
Fixed Deposits	81,171,256	77,112,381
Certificates of Deposits	4,388,921	4,603,819
Margin Deposits	781,765	413,627
Sub Total	106,182,850	98,574,959
By Product- Foreign Currency		
Demand Deposits	868,522	1,026,613
Savings Deposits	2,096,689	1,503,356
Fixed Deposits	7,129,957	6,088,102
Margin Deposits	-	-
Sub Total	10,095,168	8,618,071
Total	116,278,018	107,193,030

Selected Performance Indicators		
	Bank	
	Current Period As at 30/09/2018	Previous Period As at 31/12/2017 (Audited)
Regulatory Capital (LKR '000)		
Common Equity Tier I (CET I) Capital before Adjustments	10,858,824	10,039,254
Common Equity Tier I (CET I) Capital after Adjustments	10,551,058	9,754,864
Total Tier 1 Capital	10,551,058	9,754,864
Total Capital	11,992,111	11,588,904
Regulatory Capital Ratios (%)		
Common Equity Tier 1 Capital Ratio (Minimum Requirement -6.375%)	10.65%	11.38%
Tier 1 Capital Ratio (Minimum Requirement -7.875%)	10.65%	11.38%
Total Capital Ratio (Minimum Requirement -11.875%)	12.11%	13.53%
Assets Quality (Quality of Loan Portfolio)		
Gross Non - Performing Advances Ratio, % (Net of Interest in Suspense)	4.83%	4.36%
Net Non - Performing Advances Ratio, % (Net of Interest in Suspense and Provision)	3.14%	3.05%
Profitability (Annualised)		
Interest Margin, %	4.01%	3.61%
Return on Assets (After Tax). %	0.98%	1.07%
Return on Equity, %	12.87%	14.86%
Regulatory Liquidity		
Statutory Liquid Assets,-DBU (LKR'000)	28,023,541	27,347,197
Statutory Liquid Assets,-Off Shore Banking Unit (USD'000)	12,873	7,907
Statutory Liquid Assets Ratio,% (Minimum Requirement, 20%)		
Domestic Banking Unit (%)	25.95%	23.25%
Off-Shore Banking Unit (%)	20.81%	27.04%
Liquidity Coverage Ratio (%) - (Minimum Requirement -90%)		
Rupee (%)	141.06%	208.84%
All Currency (%)	122.14%	195.36%

CERTIFICATION:

I certify that the above Financial Statements comply with the requirements of the Companies Act No. 7 of 2007.

(Sgd)

Lalith Jayakody

Chief Financial Officer

We, the undersigned, being the Chairman and Director/ Chief Executive Officer of Pan Asia Banking Corporation PLC certify jointly that:-

- (a) the above statements have been prepared in compliance with the format and definitions prescribed by the Central Bank of Sri Lanka ;
- (b) the information contained in these statements have been extracted from the unaudited financials of the bank unless indicated as audited.

(Sgd)

Dimuth Prasanna

Chairman

30th October 2018

(Sgd)

Nimal Tillekeratne

Director/ Chief Executive Officer

EXPLANATORY NOTES

- These Interim Financial Statements have been prepared in accordance with LKAS 34 - Interim Financial Reporting (refer note 2) and present information required by Listing Rules of Colombo Stock Exchange. These Financial Statements are drawn up from the unaudited Financial Statements of the Bank unless otherwise indicated. There are no significant changes in accounting policies, methods of computation and risk management policies since the publication of Audited Financial Statements for the year 2017. Previous period figures and phrases have been re-arranged wherever necessary to conform to the current presentation.
- The Sri Lanka Accounting Standard - SLFRS 9 *Financial Instruments* is effective for annual periods beginning on or after 01st January 2018 and will replace LKAS 39 - Financial Instruments: Recognition and Measurement. Accordingly, in reporting the interim results, the Bank is required to apply SLFRS 9 and to be in compliance with the same. However, SLFRS 9 permits an entity not to apply the requirements of this Standard to interim periods prior to the date of initial application, if it is impracticable.

Meanwhile, CA Sri Lanka via the Statement of Alternative Treatment (SoAT) on the Figures in the Interim Financial Statements issued on 21st December 2017, permitted an option for entities to prepare the interim financial statements continuing the application of LKAS 39 - Financial Instruments: Recognition and Measurement with disclosures on impact to the Statement of Comprehensive Income for the period if SLFRS 9 has been applied during the financial year commencing on or after 01st January 2018. If that determination of impact is impracticable, that fact shall be disclosed.

The Bank has set up a multidisciplinary implementation team with members from its Risk and Finance departments to prepare for SLFRS 9 implementation. The initial assessment and analysis stage was completed for impairment in 2017 with the assistance of external consultants and the team is currently finalising the classification and measurement phase. The Bank has undertaken a thorough analysis of how SLFRS 9 should be implemented and has taken tentative accounting policy decisions. The Bank has performed a provisional day 1 SLFRS calculation and has a directional idea of the potential impact of SLFRS 9. Currently the risk modeling methodologies used for impairment computations are being further tested and sharpened by the Bank with the inputs from the external consultant and the management. Accordingly the Bank will be better placed to provide the required disclosures by end of the year for which all required steps will have been taken.

Therefore, the Bank has prepared the interim Financial Statements for the nine months ended 30th September 2018 under LKAS 39 - Financial Instruments: Recognition and Measurement

- There are no material changes in the composition of assets, liabilities, contingent liabilities and use of funds raised through shares and debentures during the period.
- All known expenses have been provided for in these Financial Statements.
- Post Balance Sheet Events**
There are no material events that took place after the Statement of Financial Position date which require adjustments to or disclosures in the Financial Statements.

6. Listed Debenture Information

i) Interest Rates and Market Prices

	Interest Rate (%)	Interest Rate of Comparable Govt.Security (%)	Last Traded Price (Rs.)	Yield as at Last Traded	Yield To Maturity as at Last Traded
Unsecured Subordinated Redeemable Debentures					
2014/2019					
Fixed Rate - Interest Semi Annually - 2014/2019	9.5233	10.49	Not Traded	Not Traded	Not Traded
Fixed Rate - Interest Annually - 2014/2019	9.75	10.49	Not Traded	Not Traded	Not Traded
2015/2019					
Fixed Rate - Interest Semi Annually - 2015/2019	10.00	10.50	100.00	10.00	8.77
Floating Rate - Interest Semi Annually - 2015/2019					
(3.0% Above the average of 06 months Net Treasury Bill Rate)	11.665	9.87	Not Traded	Not Traded	Not Traded

ii) Ratios

Debt to Equity (Times)	1.37
Interest Cover (Times)	2.28

7. Market Price of Ordinary Shares

Market Price Per Share	30/09/2018 (Rs.)		30/09/2017 (Rs.)	
	Voting	Non Voting	Voting	Non Voting
Last Traded Price	13.90	--	15.90	--
Highest Price for the Quarter	15.10	--	19.20	--
Lowest Price for the Quarter	13.00	--	15.50	--

Shareholders' Information

Major Shareholders as at 30th September 2018

No	Name	No. of Shares	%
1	K. D. D. Perera	132,724,230	29.99
2	Bansei Securities Co., Ltd.	66,384,246	15.00
3	Seylan Bank PLC/Ambeon Holdings PLC(Collateral)	43,930,641	9.93
4	W.K. H Wegapitiya	27,303,169	6.17
5	D. C. C. Joseph	25,199,658	5.69
6	K. D. H. Perera	23,305,998	5.27
7	P. J. Tay	21,917,994	4.95
8	K. D. A. Perera	19,200,000	4.34
9	Sri Lanka Samurdhi Authority	11,114,376	2.51
10	Sri Lanka Savings Bank Limited	10,298,499	2.33
11	R. E. U. De Silva	6,799,582	1.54
12	A. R. Molligoda	3,737,319	0.84
13	Bank of Ceylon A/c Ceybank Unit Trust	2,748,651	0.62
14	Capital Development & Investment Company PLC A/c No.2	2,123,343	0.48
15	H. Beruwalage	2,046,648	0.46
16	Favourite Garments (Pvt) Ltd	1,850,000	0.42
17	M. F. Hashim	1,826,402	0.41
18	D. T. Beruwalage	1,161,448	0.26
19	R. A. De Silva	1,093,636	0.25
20	A. S. Palihena	1,000,000	0.23
		405,765,840	91.69
	Others	36,795,789	8.31
	Total	442,561,629	100.00

Public holding as at 30th September 2018 is 54.93% in the hands of 4,190 shareholders.

Directors' and Chief Executive Officer's Holding in Shares as at 30th September 2018

No	Name of Director	No. of Shares
1	G. A. R. D. Prasanna	34,801
2	S. B. Rangamuwa	-
3	M. A. Abeynaike	-
4	T. Igarashi	-
5	T. Murakami	-
6	H. N. J. Chandrasekera	100
7	J. D. N. Kekulawala	3,900
8	M. Y.A Perera	-
9	N. R. Tillekeratne	-