



**INTERIM FINANCIAL STATEMENTS
FOR THE 06 MONTHS ENDED 30TH JUNE 2017**

COMPANY REGISTRATION NO : PQ 48

In Rupee Thousands

Income Statement						
	For the Six months ended 30 th June		Change	For the Quarter ended 30 th June		Change
	2 017	2 016	%	2 017	2 016	%
Interest Income	7,731,016	6,142,524	26	3,839,927	3,273,120	17
Interest Expense	(5,349,333)	(3,804,716)	41	(2,667,177)	(2,061,662)	29
Net Interest Income	2,381,683	2,337,808	2	1,172,750	1,211,458	(3)
Fees and Commission Income	701,583	511,913	37	343,003	289,935	18
Fees and Commission Expense	(39,727)	(29,460)	35	(21,098)	(16,141)	31
Net Fee and Commission Income	661,856	482,453	37	321,905	273,794	18
Net Gain from Trading	165,724	110,860	49	95,895	54,735	75
Net Gain from Financial Investments	-	180	(100)	-	180	(100)
Other Operating Income	147,458	233,106	(37)	71,501	103,435	(31)
Total Operating Income	3,356,721	3,164,407	6	1,662,051	1,643,602	1
Impairment for Loans and Other (Losses) / Reversals						
Individual Impairment	(271,723)	(259,106)	5	(122,955)	(145,372)	(15)
Collective Impairment	(71,135)	697	10,303	(109,450)	(4,306)	2,442
Others	299	1,026	(71)	-	910	(100)
Net Operating Income	3,014,162	2,907,024	4	1,429,646	1,494,834	(4)
Operating Expenses						
Personnel Expenses	768,957	793,718	(3)	337,323	396,672	(15)
Depreciation and Amortisation	110,847	111,096	(0)	54,782	56,460	(3)
Other Expenses	887,345	819,248	8	464,437	453,935	2
Operating Profit before VAT and NBT on Financial Services	1,247,013	1,182,962	5	573,104	587,767	(2)
Value Added Tax and Nation Building Tax on Financial Services	294,752	246,059	20	133,759	135,355	(1)
Profit before Tax	952,261	936,903	2	439,345	452,412	(3)
Tax Expense	335,461	333,245	1	175,894	152,585	15
Profit for the Period	616,800	603,658	2	263,451	299,827	(12)
Earnings Per Share - Basic /Diluted (Annualised) (Rs)	2.96	3.88		2.51	3.86	

In Rupee Thousands

Statement of Comprehensive Income

in Rupee Thousands

Statement of Comprehensive Income						
	For the Six months ended 30 th June		Change %	For the Quarter ended 30 th June		Change %
	2 017	2 016		2 017	2 016	
Profit for the Period	616,800	603,658	2	263,451	299,827	(12)
Other Comprehensive Income for the Period						
Acturial Gains on Defined Benefits Plan	-	7,300	(100)	-	7,300	(100)
Deferred tax effect on above	-	(2,044)	(100)	-	(2,044)	(100)
Other Comprehensive Income for the Period, Net of Taxes	-	5,256	(100)	-	5,256	(100)
Total Comprehensive Income for the Period	616,800	608,914	1	263,451	305,083	(14)

In Rupee Thousands

Statement of Financial Position			
	As at 30/06/2017	As at 31/12/2016 (Audited)	Change %
Assets			
Cash and Cash Equivalents	1,687,125	1,703,450	(1)
Balances with Central Bank of Sri Lanka	6,475,491	6,218,564	4
Placements with Banks	307,197	75,097	309
Derivative Financial Instruments	62,188	26,280	137
Other Financial Assets Held for Trading	1,930,471	629,745	207
Loans and Receivables to Banks	953,487	754,131	26
Loans and Receivables to Other Customers	99,789,573	95,833,759	4
Financial Investments - Available for Sale	6,158	6,158	-
Financial Investments - Held to Maturity	14,427,721	21,753,428	(34)
Property, Plant and Equipment	1,457,446	1,489,391	(2)
Intangible Assets	299,465	315,704	(5)
Other Assets	704,058	645,372	9
Total Assets	128,100,380	129,451,079	(1)
Liabilities			
Due to Banks	2,825,759	14,238,392	(80)
Due to Other Customers	98,090,605	91,456,410	7
Other Borrowings	7,945,582	6,762,948	17
Current Tax Liabilities	558,819	411,033	36
Deferred Tax Liabilities	495,788	445,769	11
Other Provisions and Accruals	159,597	170,399	(6)
Other Liabilities	1,230,242	1,143,812	8
Debentures	7,239,756	7,950,171	(9)
Total Liabilities	118,546,148	122,578,934	(3)
Equity			
Stated Capital	3,614,253	1,548,966	133
Statutory Reserve Fund	304,581	304,581	-
Retained Earnings	5,374,006	4,754,100	13
Revaluation Reserve	261,392	264,498	(1)
Total Equity	9,554,232	6,872,145	39
Total Equity and Liabilities	128,100,380	129,451,079	(1)
Commitments and Contingencies	27,954,639	28,003,930	(0)
Net Asset Value per Share (Rs.)	21.59	23.29	(7)
Memorandum Information			
Number of Employees	1,433	1,458	
Number of Branches	83	82	

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 01/01/2016	1,548,966	-	241,996	270,706	3,711,605	5,773,273
Profit for the Period	-	-	-	-	603,658	603,658
Other Comprehensive Income for the Period	-	-	-	-	5,256	5,256
Total Comprehensive Income for the Period	-	-	-	-	608,914	608,914
Transactions with Equity Holders, Recognised Directly in Equity						
Final Cash Dividend - 2015	-	-	-	-	(147,521)	(147,521)
Realisation of Revaluation Reserve	-	-	-	(3,105)	3,105	-
Total Transactions with Equity Holders	-	-	-	(3,105)	(144,416)	(147,521)
Balance as at 30/06/2016	1,548,966	-	241,996	267,601	4,176,103	6,234,666
Balance as at 01/01/2017	1,548,966	-	304,581	264,498	4,754,100	6,872,145
Profit for the Period	-	-	-	-	616,800	616,800
Other Comprehensive Income for the Period	-	-	-	-	-	-
Total Comprehensive Income for the Period	-	-	-	-	616,800	616,800
Transactions with Equity Holders, Recognised Directly in Equity						
Rights Issue	2,065,287	-	-	-	-	2,065,287
Realisation of Revaluation Reserve	-	-	-	(3,106)	3,106	-
Total Transactions with Equity Holders	2,065,287	-	-	(3,106)	3,106	2,065,287
Balance as at 30/06/2017	3,614,253	-	304,581	261,392	5,374,006	9,554,232

* Number of Ordinary Shares (Voting) as at 30th June 2017 - 442,561,629

In Rupee Thousands

Statement of Cash Flows		
	Current Period From 01/01/17 To 30/06/17	Previous Period From 01/01/16 To 30/06/16
Cash Flows from Operating Activities		
Profit before Tax	952,261	936,903
<i>Adjustment for:</i>		
Non Cash Items Included in Profit before Tax	484,792	403,599
Change in Operating Assets	(6,149,975)	(8,356,030)
Change in Operating Liabilities	(3,559,373)	12,113,779
Interest Expense on Debentures and Other Term Debts	579,778	462,033
Gratuity Paid	(16,187)	(7,657)
Income Tax Paid	(137,657)	(52,748)
Net Cash Generated From / (Used in) Operating Activities	(7,846,361)	5,499,879
Cash Flows from Investing Activities		
Acquisition of Property, Plant and Equipment	(62,677)	(100,436)
Proceeds from the Sale of Property, Plant and Equipment	125	126
Net Investment in Held to Maturity Investments	7,325,708	(4,822,597)
Acquisition of Intangible Assets	(373)	(6,729)
Net Cash Generated From / (Used in) Investing Activities	7,262,783	(4,929,636)
Cash Flows from Financing Activities		
Proceeds from the Right Issue	2,065,287	-
Dividend paid	-	(147,521)
Redemption of Debentures	(750,000)	-
Interest Paid on Debentures and Other Term Debts	(515,934)	(352,363)
Net Cash Generated From / (Used in) Financing Activities	799,353	(499,884)
Net Increase/(Decrease) in Cash & Cash Equivalents	215,775	70,359
Cash and Cash Equivalents at the beginning of the Period	1,778,547	1,393,268
Cash and Cash Equivalents at the end of the Period	1,994,322	1,463,627

In Rupee Thousands

Measurement of Financial Instruments						
As at 30/06/2017	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	-	-	1,687,125	-	-	1,687,125
Balances with Central Bank of Sri Lanka	-	-	6,475,491	-	-	6,475,491
Placements with Banks	-	-	307,197	-	-	307,197
Derivative Financial Instruments	-	-	-	-	62,188	62,188
Other Financial Assets Held for Trading	1,930,471	-	-	-	-	1,930,471
Loans and Receivables to Banks	-	-	953,487	-	-	953,487
Loans and Receivables to Other Customers	-	-	99,789,573	-	-	99,789,573
Financial Investments	-	14,427,721	-	6,158	-	14,433,879
Total Financial Assets	1,930,471	14,427,721	109,212,873	6,158	62,188	125,639,411
Financial Liabilities						
Due to Banks	-	-	2,825,759	-	-	2,825,759
Derivative Financial Instruments	-	-	-	-	-	-
Due to Other Customers	-	-	98,090,605	-	-	98,090,605
Other Borrowings	-	-	7,945,582	-	-	7,945,582
Debentures	-	-	7,239,756	-	-	7,239,756
Total Financial Liabilities	-	-	116,101,702	-	-	116,101,702

In Rupee Thousands

Measurement of Financial Instruments						
As at 31/12/2016	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	-	-	1,703,450	-	-	1,703,450
Balances with Central Bank of Sri Lanka	-	-	6,218,564	-	-	6,218,564
Placements with Banks	-	-	75,097	-	-	75,097
Derivative Financial Instruments	-	-	-	-	26,280	26,280
Other Financial Assets Held for Trading	629,745	-	-	-	-	629,745
Loans and Receivables to Banks	-	-	754,131	-	-	754,131
Loans and Receivables to Other Customers	-	-	95,833,759	-	-	95,833,759
Financial Investments	-	21,753,428	-	6,158	-	21,759,586
Total Financial Assets	629,745	21,753,428	104,585,001	6,158	26,280	127,000,612
Financial Liabilities						
Due to Banks	-	-	14,238,392	-	-	14,238,392
Derivative Financial Instruments	-	-	-	-	-	-
Due to Other Customers	-	-	91,456,410	-	-	91,456,410
Other Borrowings	-	-	6,762,948	-	-	6,762,948
Debentures	-	-	7,950,171	-	-	7,950,171
Total Financial Liabilities	-	-	120,407,921	-	-	120,407,921

Notes to the Financial Statements

Loans and Receivables to Other Customers		In Rupee Thousands
	As at 30/06/2017	As at 31/12/2016
Gross Loans and Receivables	102,901,851	98,509,786
Less: Individual Impairment	(1,936,962)	(1,693,536)
Collective Impairment	(1,175,316)	(982,491)
Net Loans and Receivables including those designated at fair value through profit or loss	99,789,573	95,833,759
Less: Loans and Receivables designated at fair value through profit or loss	-	-
Net Loans and Receivables	99,789,573	95,833,759

Loans and Receivables to Other Customers - By Product		In Rupee Thousands
	As at 30/06/2017	As at 31/12/2016
By Product-Domestic Currency		
Overdrafts	16,859,789	17,861,979
Term Loans	47,619,493	45,781,814
Lease Rentals Receivable	8,728,277	8,792,506
Pawning & Ran Loans	2,250,509	2,646,972
Staff Loans	831,661	809,692
Trade Finance	1,887,866	2,214,430
Margin Trading	2,097,527	2,447,732
Securities Purchased under Resale Agreements	2,452,789	1,683,561
Debentures - Quoted	1,626,308	1,793,326
Others	4,405,471	3,729,260
Sub Total	88,759,690	87,761,272
By Product-Foreign Currency		
Overdrafts	613,837	584,900
Term Loans	3,725,921	2,691,811
Trade Finance	961,574	1,248,524
Sri Lanka Development Bonds	8,839,743	6,207,879
Others	1,086	15,400
Sub Total	14,142,161	10,748,514
Total	102,901,851	98,509,786

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

	In Rupee Thousands	
	As at 30/06/2017	As at 31/12/2016
Individual Impairment		
Opening Balance	1,693,536	1,201,653
Charge to Profit or Loss	271,723	482,268
(Write off)/Recoveries during the Period	-	(18,274)
Interest Accrued on Impaired Loans and Receivables	(91,233)	(168,050)
Other Movements	62,936	195,939
Closing Balance	1,936,962	1,693,536
Collective Impairment		
Opening Balance	982,491	935,482
Charge /(Reversal) to Profit or Loss	71,135	47,009
(Write off) /Recoveries during the Period	121,690	-
Closing Balance	1,175,316	982,491
Total Impairment	3,112,278	2,676,027

Due to Other Customers - By Product		In Rupee Thousands
	As at 30/06/2017	As at 31/12/2016
By Product-Domestic Currency		
Demand Deposits	4,387,496	4,484,703
Savings Deposits	11,729,463	12,289,358
Fixed Deposits	68,580,062	62,263,699
Certificates of Deposits	5,016,075	5,488,401
Margin Deposits	331,266	325,377
Sub Total	90,044,362	84,851,538
By Product- Foreign Currency		
Demand Deposits	612,596	657,288
Savings Deposits	1,522,540	1,163,446
Fixed Deposits	5,911,107	4,784,138
Margin Deposits	-	-
Sub Total	8,046,243	6,604,872
Total	98,090,605	91,456,410

Selected Performance Indicators		
	Bank	
	Current Period As at 30/06/2017	Previous Period As at 31/12/2016 (Audited)
Regulatory Capital Adequacy		
Core Capital , Rs. Mn	8,673	6,608
Total Capital Base, Rs. Mn	10,315	8,567
Core Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 5%)	10.79%	8.37%
Total Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 10%)	13.30%	11.40%
Assets Quality (Quality of Loan Portfolio)		
Gross Non - Performing Advances Ratio, % (Net of Interest in Suspense)	6.26%	4.74%
Net Non - Performing Advances Ratio, % (Net of Interest in Suspense and Provision)	4.21%	2.95%
Profitability (Annualised)		
Interest Margin, %	3.73%	3.87%
Return on Assets (After Tax). %	0.97%	1.05%
Return on Equity, %	14.51%	19.97%
Regulatory Liquidity		
Statutory Liquid Assets,-DBU Rs.Mn.	27,803	32,494
Statutory Liquid Assets,-Off Shore Banking Unit USD.Mn.	19.40	30.18
Statutory Liquid Assets Ratio,% (Minimum Requirement, 20%)		
Domestic Banking Unit	22.59%	28.03%
Off-Shore Banking Unit	20.15%	38.82%

CERTIFICATION:

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

(Sgd)

L. R. 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)

R.E.U. De Silva

Chairman

28th July 2017

(Sgd)

N.R. Tillekeratne

Director/ Chief Executive Officer

EXPLANATORY NOTES

- These Interim Financial Statements have been prepared in accordance with LKAS 34 - Interim Financial Reporting 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 2016. Previous period figures and phrases have been re-arranged wherever necessary to conform to the current presentation.
- 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.
- Changes in Directorships**
- Mr. N.R. Tillekeratne has been appointed as the Chief Executive Officer and a Director of the Bank with effect from 3rd April 2017.

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	12.10	Not Traded	Not Traded	Not Traded
Fixed Rate - Interest Annually - 2014/2019	9.75	12.10	Not Traded	Not Traded	Not Traded
Unsecured Senior Redeemable Debentures					
2015/2018					
Fixed Rate - Interest Semi Annually - 2015/2018	9.50	11.82	Not Traded	Not Traded	Not Traded
Floating Rate - Interest Semi Annually - 2015/2018 (2.5% Above the average of 06 months Net Treasury Bill Rate)	12.8275	10.55	Not Traded	Not Traded	Not Traded
2015/2019					
Fixed Rate - Interest Semi Annually - 2015/2019	10.00	12.06	Not Traded	Not Traded	Not Traded
Floating Rate - Interest Semi Annually - 2015/2019 (3.0% Above the average of 06 months Net Treasury Bill Rate)	13.3275	10.55	Not Traded	Not Traded	Not Traded

ii) Ratios

Debt to Equity (Times)	1.35
Interest Cover (Times)	2.64

7. Market Price of Ordinary Shares

Market Price Per Share	30/06/2017 (Rs.)		30/06/2016 (Rs.)	
	Voting	Non Voting	Voting	Non Voting
Last Traded Price	19.20	--	24.60	--
Highest Price for the Quarter	20.10	--	27.70	--
Lowest Price for the Quarter	15.30	--	23.10	--

Shareholders' Information

Major Shareholders as at 30th June 2017

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/Lanka Century Investments PLC	43,930,641	9.93
4	W.K. H. Wegapitiya	27,000,000	6.10
5	D. C. C. Joseph	25,349,658	5.73
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	Capital Development & Investment Company PLC A/c No.2	2,123,343	0.48
14	Favourite Garments (Pvt) Ltd	1,850,000	0.42
15	M. F. Hashim	1,772,202	0.40
16	Bank of Ceylon A/c Ceybank Unit Trust	1,466,940	0.33
17	H. Beruwalage	1,311,648	0.30
18	Waldock Mackenzie Ltd/S. N. P. Palihena & A. S. Palihena	1,000,000	0.23
19	A. P. Somasiri	1,000,000	0.23
20	Rosewood (Pvt) Ltd - Account No.01	940,130	0.21
		403,226,806	91.13
	Others	39,334,823	8.87
	Total	442,561,629	100.00

Public holding as at 30th June 2017 is 53.33% in the hands of 4,150 shareholders.

Directors' and Chief Executive Officer's Holding in Shares as at 30th June 2017

No	Name of Director	No. of Shares
1	R.E.U. De Silva	6,799,582
2	G. L. H. Premaratne	-
3	M. A. Abeynaïke	-
4	T. G. Thoradeniya	240,120
5	G. A. R. D. Prasanna	34,801
6	T. Igarashi	-
7	T. Murakami	-
8	S. B. Rangamuwa	-
9	A. A. Wijepala	-
10	H. N. J. Chandrasekera	100
11	J. D. N. Kekulawala	3,900
12	N. R. Tillekeratne	-