



**INTERIM FINANCIAL STATEMENTS
FOR THE 09 MONTHS ENDED 30TH SEPTEMBER 2017**

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
	2 017	2 016	%	2 017	2 016	%
Interest Income	11,713,240	9,527,352	23	3,982,224	3,384,828	18
Interest Expense	(8,042,174)	(6,134,832)	31	(2,692,841)	(2,330,116)	16
Net Interest Income	3,671,066	3,392,520	8	1,289,383	1,054,712	22
Fees and Commission Income	1,048,173	831,854	26	346,590	319,941	8
Fees and Commission Expense	(64,118)	(48,549)	32	(24,391)	(19,090)	28
Net Fee and Commission Income	984,055	783,305	26	322,199	300,851	7
Net Gain from Trading	258,802	213,155	21	93,079	102,295	(9)
Net Gain from Financial Investments	-	207	(100)	-	27	(100)
Other Operating Income	208,234	276,309	(25)	60,776	43,203	41
Total Operating Income	5,122,157	4,665,496	10	1,765,437	1,501,088	18
Impairment for Loans and Other (Losses) / Reversals						
Individual Impairment	(390,068)	(261,889)	49	(118,345)	(2,783)	4,152
Collective Impairment	(178,687)	(18,593)	861	(107,552)	(19,290)	458
Others	298	1,026	(71)	(2)	-	(100)
Net Operating Income	4,553,700	4,386,040	4	1,539,538	1,479,015	4
Operating Expenses						
Personnel Expenses	1,198,554	1,203,875	(0)	429,597	410,157	5
Depreciation and Amortisation	162,713	167,778	(3)	51,867	56,681	(8)
Other Expenses	1,366,861	1,236,543	11	479,516	417,295	15
Operating Profit before VAT and NBT on Financial Services	1,825,572	1,777,844	3	578,558	594,882	(3)
Value Added Tax and Nation Building Tax on Financial Services	442,015	383,657	15	147,263	137,598	7
Profit before Tax	1,383,557	1,394,187	(1)	431,295	457,284	(6)
Tax Expense	465,473	488,413	(5)	130,012	155,168	(16)
Profit for the Period	918,084	905,774	1	301,283	302,116	(0)
Earnings Per Share - Basic /Diluted (Annualised) (Rs)	2.91	3.87		2.87	3.89	

In Rupee Thousands

Statement of Comprehensive Income

	For the nine months ended 30 th September		Change %	For the Quarter ended 30 th September		Change %
	2 017	2 016		2 017	2 016	
Profit for the Period	918,084	905,774	1	301,283	302,116	(0)
Other Comprehensive Income for the Period						
Acturial Gains on Defined Benefits Plan	-	7,300	(100)	-	-	-
Deferred Tax Effect on Above	-	(2,044)	(100)	-	-	-
	-	5,256	(100)	-	-	-
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, Net of Taxes	540,851	5,256	10,190	540,851	-	100
Total Comprehensive Income for the Period	1,458,935	911,030	60	842,134	302,116	179

In Rupee Thousands

Statement of Financial Position			
	As at 30/09/2017	As at 31/12/2016 (Audited)	Change %
Assets			
Cash and Cash Equivalents	1,477,905	1,703,450	(13)
Balances with Central Bank of Sri Lanka	6,252,231	6,218,564	1
Placements with Banks	153,171	75,097	104
Derivative Financial Instruments	39,071	26,280	49
Other Financial Assets Held for Trading	2,655,440	629,745	322
Loans and Receivables to Banks	688,831	754,131	(9)
Loans and Receivables to Other Customers	99,780,320	95,833,759	4
Financial Investments - Available for Sale	6,158	6,158	-
Financial Investments - Held to Maturity	12,971,094	21,753,428	(40)
Property, Plant and Equipment	1,991,883	1,489,391	34
Intangible Assets	292,620	315,704	(7)
Other Assets	740,370	645,372	15
Total Assets	127,049,094	129,451,079	(2)
Liabilities			
Due to Banks	4,177,382	14,238,392	(71)
Due to Other Customers	95,634,252	91,456,410	5
Other Borrowings	7,221,126	6,762,948	7
Current Tax Liabilities	529,773	411,033	29
Deferred Tax Liabilities	532,437	445,769	19
Other Provisions and Accruals	146,288	170,399	(14)
Other Liabilities	1,206,310	1,143,812	5
Debentures	7,205,159	7,950,171	(9)
Total Liabilities	116,652,727	122,578,934	(5)
Equity			
Stated Capital	3,614,253	1,548,966	133
Statutory Reserve Fund	304,581	304,581	-
Retained Earnings	5,676,842	4,754,100	19
Revaluation Reserve	800,691	264,498	203
Total Equity	10,396,367	6,872,145	51
Total Equity and Liabilities	127,049,094	129,451,079	(2)
Commitments and Contingencies	29,442,532	28,003,930	5
Net Asset Value per Share (Rs.)	23.49	23.29	1
Memorandum Information			
Number of Employees	1,414	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	-	-	-	-	905,774	905,774
Other Comprehensive Income for the Period	-	-	-	-	5,256	5,256
Total Comprehensive Income for the Period	-	-	-	-	911,030	911,030
Transactions with Equity Holders, Recognised Directly in Equity						
Final Cash Dividend - 2015	-	-	-	-	(147,521)	(147,521)
Realisation of Revaluation Reserve	-	-	-	(4,657)	4,657	-
Total Transactions with Equity Holders	-	-	-	(4,657)	(142,864)	(147,521)
Balance as at 30/09/2016	1,548,966	-	241,996	266,049	4,479,771	6,536,782
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

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

In Rupee Thousands

Statement of Cash Flows		
	Current Period From 01/01/17 To 30/09/17	Previous Period From 01/01/16 To 30/09/16
Cash Flows from Operating Activities		
Profit before Tax	1,383,557	1,394,187
<i>Adjustment for:</i>		
Non Cash Items Included in Profit before Tax	780,773	494,632
Change in Operating Assets	(6,616,869)	(14,174,450)
Change in Operating Liabilities	(5,514,098)	17,941,521
Interest Expense on Debentures and Other Term Debts	861,962	699,708
Gratuity Paid	(22,048)	(8,899)
Income Tax Paid	(267,176)	(139,891)
Net Cash Generated From / (Used in) Operating Activities	(9,393,899)	6,206,808
Cash Flows from Investing Activities		
Acquisition of Property, Plant and Equipment	(93,648)	(152,411)
Proceeds from the Sale of Property, Plant and Equipment	125	6,185
Net Investment in Held to Maturity Investments	8,782,335	(4,755,393)
Acquisition of Intangible Assets	(1,751)	(14,454)
Net Cash Generated From / (Used in) Investing Activities	8,687,061	(4,916,073)
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	(755,920)	(594,275)
Net Cash Generated From / (Used in) Financing Activities	559,367	(741,796)
Net Increase/(Decrease) in Cash & Cash Equivalents	(147,471)	548,939
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	1,631,076	1,942,207

In Rupee Thousands

Measurement of Financial Instruments						
As at 30/09/2017	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	-	-	1,477,905	-	-	1,477,905
Balances with Central Bank of Sri Lanka	-	-	6,252,231	-	-	6,252,231
Placements with Banks	-	-	153,171	-	-	153,171
Derivative Financial Instruments	-	-	-	-	39,071	39,071
Other Financial Assets Held for Trading	2,655,440	-	-	-	-	2,655,440
Loans and Receivables to Banks	-	-	688,831	-	-	688,831
Loans and Receivables to Other Customers	-	-	99,780,320	-	-	99,780,320
Financial Investments	-	12,971,094	-	6,158	-	12,977,252
Total Financial Assets	2,655,440	12,971,094	108,352,458	6,158	39,071	124,024,221
Financial Liabilities						
Due to Banks	-	-	4,177,382	-	-	4,177,382
Derivative Financial Instruments	-	-	-	-	-	-
Due to Other Customers	-	-	95,634,252	-	-	95,634,252
Other Borrowings	-	-	7,221,126	-	-	7,221,126
Debentures	-	-	7,205,159	-	-	7,205,159
Total Financial Liabilities	-	-	114,237,919	-	-	114,237,919

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 30/09/2017	As at 31/12/2016
Gross Loans and Receivables	103,326,133	98,509,786
Less: Individual Impairment	(2,383,973)	(1,693,536)
Collective Impairment	(1,161,840)	(982,491)
Net Loans and Receivables including those designated at fair value through profit or loss	99,780,320	95,833,759
Less: Loans and Receivables designated at fair value through profit or loss	-	-
Net Loans and Receivables	99,780,320	95,833,759

Loans and Receivables to Other Customers - By Product		In Rupee Thousands
	As at 30/09/2017	As at 31/12/2016
By Product-Domestic Currency		
Overdrafts	16,642,484	17,861,979
Term Loans	49,241,875	45,781,814
Lease Rentals Receivable	9,116,473	8,792,506
Pawning & Ran Loans	2,353,275	2,646,972
Staff Loans	831,191	809,692
Trade Finance	1,990,146	2,214,430
Margin Trading	1,956,462	2,447,732
Securities Purchased under Resale Agreements	549,946	1,683,561
Debentures - Quoted	1,667,158	1,793,326
Others	4,810,892	3,729,260
Sub Total	89,159,902	87,761,272
By Product-Foreign Currency		
Overdrafts	156,043	584,900
Term Loans	4,075,969	2,691,811
Trade Finance	1,003,710	1,248,524
Sri Lanka Development Bonds	8,926,784	6,207,879
Others	3,725	15,400
Sub Total	14,166,231	10,748,514
Total	103,326,133	98,509,786

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

	In Rupee Thousands	
	As at 30/09/2017	As at 31/12/2016
Individual Impairment		
Opening Balance	1,693,536	1,201,653
Charge to Profit or Loss	390,068	482,268
(Write off)/Recoveries during the Period	17,048	(18,274)
Interest Accrued on Impaired Loans and Receivables	(162,652)	(168,050)
Other Movements	445,973	195,939
Closing Balance	2,383,973	1,693,536
Collective Impairment		
Opening Balance	982,491	935,482
Charge /(Reversal) to Profit or Loss	178,687	47,009
(Write off) /Recoveries during the Period	662	-
Closing Balance	1,161,840	982,491
Total Impairment	3,545,813	2,676,027

Due to Other Customers - By Product		In Rupee Thousands
	As at 30/09/2017	As at 31/12/2016
By Product-Domestic Currency		
Demand Deposits	3,919,254	4,484,703
Savings Deposits	11,832,360	12,289,358
Fixed Deposits	66,670,760	62,263,699
Certificates of Deposits	4,650,144	5,488,401
Margin Deposits	342,782	325,377
Sub Total	87,415,300	84,851,538
By Product- Foreign Currency		
Demand Deposits	793,241	657,288
Savings Deposits	1,355,482	1,163,446
Fixed Deposits	6,070,229	4,784,138
Margin Deposits	-	-
Sub Total	8,218,952	6,604,872
Total	95,634,252	91,456,410

Selected Performance Indicators		
	Bank	
	Current Period As at 30/09/2017	Previous Period As at 31/12/2016 (Audited)
Regulatory Capital (LKR '000)		
Common Equity Tier 1	8,672,936	N/A
Tier 1 Capital	8,380,316	N/A
Total Capital	10,402,494	N/A
Regulatory Capital Ratios (%)		
Common Equity Tier 1 Capital Ratio (Minimum Requirement -5.75%)	10.56	N/A
Tier 1 Capital Ratio (Minimum Requirement -7.25%)	10.56	N/A
Total Capital Ratio (Minimum Requirement -11.25%)	13.10	N/A
Assets Quality (Quality of Loan Portfolio)		
Gross Non - Performing Advances Ratio, % (Net of Interest in Suspense)	6.03%	4.74%
Net Non - Performing Advances Ratio, % (Net of Interest in Suspense and Provision)	3.80%	2.95%
Profitability (Annualised)		
Interest Margin, %	3.81%	3.87%
Return on Assets (After Tax). %	0.95%	1.05%
Return on Equity, %	13.55%	19.97%
Regulatory Liquidity		
Statutory Liquid Assets,-DBU (LKR'000)	25,505,475	32,493,941
Statutory Liquid Assets,-Off Shore Banking Unit (USD'000)	5,820	30,178
Statutory Liquid Assets Ratio,% (Minimum Requirement, 20%)		
Domestic Banking Unit (%)	22.65%	28.03%
Off-Shore Banking Unit (%)	21.09%	38.82%
Liquidity Coverage Ratio (%) - (Minimum Requirement -80%)		
Rupee (%)	135.67%	163.62%
All Currency (%)	133.04%	230.21%

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)

G.A.R.D. Prasanna

Chairman

25th October 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. R.E.U. De Silva completed his term of 9 Years and resigned office as 'the Chairman' and Director of the Bank with effect from 29th July 2017.
 - Mr. G.A.R.D. Prasanna has been appointed as a Chairman of the Bank with effect from 30th July 2017.
 - Mr. M.Y.A. Perera has been appointed as a Director of the Bank with effect from 3rd August 2017.
 - Mr. T.G. Thoradeniya resigned from the Board of the Bank with effect from 31st August 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	10.47	Not Traded	Not Traded	Not Traded
Fixed Rate - Interest Annually - 2014/2019	9.75	10.47	Not Traded	Not Traded	Not Traded
Unsecured Senior Redeemable Debentures 2015/2018					
Fixed Rate - Interest Semi Annually - 2015/2018	9.50	10.27	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)	11.6300	9.91	Not Traded	Not Traded	Not Traded
2015/2019					
Fixed Rate - Interest Semi Annually - 2015/2019	10.00	10.44	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)	12.1300	9.91	Not Traded	Not Traded	Not Traded

ii) Ratios

Debt to Equity (Times)	1.24
Interest Cover (Times)	2.61

7. Market Price of Ordinary Shares

Market Price Per Share	30/09/2017 (Rs.)		30/09/2016 (Rs.)	
	Voting	Non Voting	Voting	Non Voting
Last Traded Price	15.90	--	24.90	--
Highest Price for the Quarter	19.20	--	27.20	--
Lowest Price for the Quarter	15.50	--	24.00	--

Shareholders' Information

Major Shareholders as at 30th September 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 Samudhi 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	A P Somasiri	1,000,000	0.23
19	Waldock Mackenzie Ltd/S. N. P. Palihena & A. S. Palihena	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 September 2017 is 54.93% in the hands of 4,156 shareholders.

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

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