



**INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30TH SEPTEMBER 2021**

COMPANY REGISTRATION NO : PQ 48

Press Release

Pan Asia Bank achieves a Post Tax Profit of Rs. 2 Bn during first 9 months amid Challenges - Profit for the Quarter Soars by 89%

- Net Interest Income - Rs. 6,669 Mn, up by 23%
- Net Fee and Commission Income - Rs. 1,256 Mn, up by 41%
- Other Operating Income - Rs. 274 Mn, up by 40%
- Operating Profits up by 42% to post Rs. 3,342 Mn
- Profit before Tax - Rs. 2,718 Mn, up by 46% despite increased prudential provisions
- Key Profitability Indicators are among the best in the industry
 - Net Interest Margin improves from 4.41% to 4.81%
 - Return on Assets (Pre-tax) improves from 1.70% to 1.96%
 - Return on Equity (Post-tax) improves from 14.36% to 16.13%
- Loans and Advances book reaches Rs. 143 Bn, up by 9%
- Customer Deposits reach Rs. 149 Bn, up by 6%
- Net Non-Performing Advances Ratio improves from 2.34% to 1.28%
- Total Impairment Provision cover reaches 76.10% due to prudential provisioning
- The Bank remains highly liquid and well capitalised - all Liquidity and Capital Ratios are well above the regulatory minimums

Pan Asia Banking Corporation PLC reported an impressive performance for the 9 months period ended 30th September 2021 to report a Pre-Tax Profit of Rs. 2,718 Mn and a Post-Tax Profit of Rs. 2,008 Mn with growth rates of 46% and 61% respectively, while demonstrating the resilience amid challenging macro economic conditions. The Bank's performance was characterised by strength and resilience despite the heightened uncertainty due to the impact of the COVID-19 pandemic.

Against the backdrop of the COVID-19 impact on the Sri Lankan economy, the Bank's Operating Profit before VAT on Financial Services reached Rs. 3,342 Mn with an increase of 42% reflecting the excellence in core banking performance and the success of cost containment measures evidenced by improvement in all key profitability matrices which now rank among the industry bests. This feat was achieved even after setting aside sizable provision buffers for the probable deterioration in credit quality due to COVID-19 pandemic. The Bank increased its provision buffers for loan losses during the 9 months period sensibly taking into consideration of increased risks and uncertainties due to COVID-19 pandemic through experience adjustments and management overlays. As a result, total impairment charge for the 9 months period ended 30th September 2021 increased by 17%.

The Bank's Net Interest Income (NII) for the period witnessed an increase of 23% due to significant reduction in financial cost of funds at a rate faster than the drop in interest yields of interest earning assets although extension of debt moratoriums to sectors affected by the COVID 19 pandemic had an adverse impact on NII. Consequently, the Bank's Net Interest Margin for the period improved to 4.81% from 4.41% reported 9 months ago.

In the meantime, the Bank's Net Fee and Commission Income recorded a growth of 41% with the rebound in demand for credit due to revival of economic activities during the 9 months period amidst the low interest rate regime despite the adverse impact of lockdowns had and waiver of fees and charges mandated by the industry regulator. Meanwhile, the volatility in foreign exchange rates enabled the Bank to increase its Foreign Exchange Income substantially as reflected in Other Operating Income. On the other hand, the aforementioned currency volatility had a negative impact on the Bank's Net Trading Income due to mark-to-market losses on forward foreign exchange contracts and currency swaps.

The Bank is committed to revenue maximisation and cost management despite sector vulnerabilities that prevailed since last year. The Bank's Cost-to-Income Ratio improved from 45.66% to 42.19% within the 9 months period owing to the excellence in core banking performance which is reflected in the noteworthy overall growth in key revenue lines and various strategies and measures taken to contain the increase in overhead costs. The cost management culture embedded across the Bank assisted curtailing Other Operating Expenses by 8%. Meanwhile, increased allocations for staff performance bonuses, spending on development of human capital and staff welfare led to an increase in personnel costs during the reporting period compared to previous period despite the reduction in number of staff.

The Bank's Post-Tax Profits for the 9 months period also gained to an extent due to application of lower Corporate Income Tax Rate of 24% for tax provisioning in accordance with the guideline issued by CA Sri Lanka on 23rd April 2021.

The Bank continues to report solid Key Profitability Indicators which rank among the highest in the industry. The Bank's Pre-Tax Return on Assets also improved to 1.96% from 1.70%. Further, the Bank reported a stunning Return on Equity (ROE) of 16.13% during the period under review which stands among the industry best. The Bank's Earnings per Share (EPS) for the 9 months period rose to Rs. 4.54 from Rs. 2.83 driven by the excellent overall performance. Meanwhile, the Bank's Net Asset Value per Share (NAPS) appreciated by 13% during the 9 months period to reach Rs. 39.44 as at 30th September 2021.

The Bank's Total Asset Base stood at Rs. 188.97 Bn as at 30th September 2021 after posting a growth of 7% during the period supported by the expansion in the loan book. The Bank's Gross Loans and Advances Book recorded a growth of 9% to reach Rs. 143 Bn due to overall

excellence in Corporate, Retail and SME segments. Meanwhile the Customer Deposits recorded a growth of 6% to reach Rs. 149 Bn as at 30th September 2021. The Bank also attracted more low-cost current and savings deposits during the period, as out of the Rs. 8 Bn total deposits it raised during the period, over 86% were low cost deposits. The Bank's CASA Ratio improved to by 350 bps to reach 28.50% as at the end of the 3Q, which is one of the reasons for the reduction in financial cost of funds during the period under review.

The Bank's regulatory Gross Non-Performing Loan Ratio improved from 6.73% to 6.06% during the 9 months period amidst tough macro economic conditions whilst the Bank's Net Non-Performing Loan Ratio improved from 2.34% to 1.28% due to prudent provisioning. The Bank continued its focused actions towards managing the quality of its loan book by containing NPLs amidst the weakened economic landscape.

The Bank's Stage 3 loan ratio as at 30th September 2021 stood at 3.20%. The Bank's Stage 3 impairment to Stage 3 loans ratio as at the quarter end stood at 50.99%, while the Bank's Total Impairment Provision cover ratio i.e. total loan impairment divided by Stage 3 loans at the quarter end stood at 76.10%.

Commenting on the financial performance, the Bank's MD/CEO, Nimal Tillekeratne said; "We are extremely proud and pleased to deliver such an excellent performance under the extreme conditions created by the COVID-19 pandemic. This performance has been hard-won on account of a proactive approach to business while leveraging on emerging opportunities in the market in a prudent manner. Despite the moratoriums and provisioning that had to be provided for, the Bank has successfully recorded profitability while consolidating customer and investor confidence".

The Bank maintains all its Capital and Liquidity Ratios well above the regulatory minimum standards. The Bank's Tier 1 Capital Ratio and Total Capital Ratio as at 30th September 2021 stood at 12.36% and 14.63% respectively. The Bank's Statutory Liquid Asset Ratios (SLAR) as at 30th September 2021 stood at 28.76% and 50.25% for Domestic Banking Unit and Off-Shore Banking Unit respectively. Meanwhile, the Bank's Liquidity Coverage Ratio (LCR) under BASEL III stood well above the statutory minimums. The Bank maintained LCR Ratios of 207.38% and 180.01% for all currencies and LKR respectively.

In Rupee Thousands

Income Statement						
	For the Nine Months ended 30th September		Change %	For the Quarter ended 30th September		Change %
	2 021	2 020		2 021	2 020	
Interest Income	13,638,955	14,300,650	(5)	4,564,729	4,586,831	(0)
Interest Expense	(6,970,153)	(8,857,250)	(21)	(2,261,156)	(2,883,921)	(22)
Net Interest Income	6,668,802	5,443,400	23	2,303,573	1,702,910	35
Fee and Commission Income	1,283,928	939,116	37	457,836	353,106	30
Fee and Commission Expense	(27,980)	(50,311)	(44)	(6,908)	(19,514)	(65)
Net Fee and Commission Income	1,255,948	888,805	41	450,928	333,592	35
Net Gains/(Losses) from Trading	66,541	365,196	(82)	(12,087)	133,825	(109)
Other Operating Income	274,429	196,304	40	64,433	56,073	15
Total Operating Income	8,265,720	6,893,705	20	2,806,847	2,226,400	26
Impairment Charges	1,436,798	1,228,828	17	567,150	553,526	2
Net Operating Income	6,828,922	5,664,877	21	2,239,697	1,672,874	34
Operating Expenses						
Personnel Expenses	1,706,770	1,457,841	17	554,699	504,233	10
Depreciation and Amortisation	346,370	302,616	14	113,511	99,200	14
Other Expenses	1,434,178	1,553,488	(8)	474,428	516,607	(8)
Total Operating Expenses	3,487,318	3,313,945	5	1,142,638	1,120,040	2
Operating Profit before VAT on Financial Services	3,341,604	2,350,932	42	1,097,059	552,834	98
VAT on Financial Services	623,166	486,084	28	200,976	120,811	66
Profit before Tax	2,718,438	1,864,848	46	896,083	432,023	107
Income Tax Expense	710,810	614,511	16	244,260	87,642	179
Profit for the Period	2,007,628	1,250,337	61	651,823	344,381	89
Earnings Per Share - Basic/Diluted (Rs.)	4.54	2.83	61	1.47	0.78	89

In Rupee Thousands

Statement of Comprehensive Income						
	For the Nine Months ended 30th September		Change %	For the Quarter ended 30th September		Change %
	2 021	2 020		2 021	2 020	
Profit for the Period	2,007,628	1,250,337	61	651,823	344,381	89
Other Comprehensive Income for the Period						
Other Comprehensive Income not to be Re-Classified to Profit or Loss						
Deferred Tax Effect on Revision of Statutory Income Tax Rate	50,995	-	100	-	-	-
	50,995	-	100	-	-	-
Revaluation Surplus on Property, Plant and Equipment	-	37,493	(100)	-	37,493	(100)
Deferred Tax Effect on Above	-	(10,498)	(100)	-	(10,498)	(100)
	-	26,995	(100)	-	26,995	(100)
Other Comprehensive Income for the Period	50,995	26,995	89	-	26,995	(100)
Total Comprehensive Income for the Period	2,058,623	1,277,332	61	651,823	371,376	76

In Rupee Thousands

Statement of Financial Position			
	As at 30/09/2021	As at 31/12/2020 (Audited)	Change %
Assets			
Cash and Cash Equivalents	2,591,771	2,914,163	(11)
Balances with Central Bank of Sri Lanka	5,237,861	2,583,394	103
Derivative Financial Instruments	20,638	93,013	(78)
Financial Assets at Amortised Cost			
-Loans and Advances	134,948,815	123,157,188	10
-Debt and Other Instruments	40,700,417	43,519,891	(6)
Financial Assets - Fair Value through Other Comprehensive Income	3,752	6,158	(39)
Property, Plant and Equipment	2,303,172	2,307,882	(0)
Right-of-Use Assets	1,195,142	983,365	22
Intangible Assets	321,693	346,697	(7)
Other Assets	1,650,397	1,028,656	60
Total Assets	188,973,658	176,940,407	7
Liabilities			
Due to Banks	2,519,838	2,863,376	(12)
Derivative Financial Instruments	44	79,005	(100)
Financial Liabilities at Amortised Cost			
-Due to Depositors	149,049,524	141,079,707	6
-Due to Debt Securities Holders	12,710,795	11,535,791	10
Debentures Issued	843,904	872,839	(3)
Current Tax Liabilities	1,146,460	825,102	39
Deferred Tax Liabilities	155,774	159,834	(3)
Other Provisions and Accruals	315,492	210,864	50
Other Liabilities	4,776,035	3,916,720	22
Total Liabilities	171,517,866	161,543,238	6
Equity			
Stated Capital	3,614,253	3,614,253	-
Statutory Reserve Fund	641,125	641,125	-
Retained Earnings	12,191,537	10,179,071	20
Revaluation Reserve	1,008,877	962,720	5
Total Equity	17,455,792	15,397,169	13
Total Equity and Liabilities	188,973,658	176,940,407	7
Commitments and Contingencies	31,460,097	67,728,484	(54)
Net Asset Value per Share (Rs.)	39.44	34.79	13
Memorandum Information			
Number of Employees	1,408	1,483	
Number of Branches	85	85	

CERTIFICATION:

I certify that the above Financial Statements comply with the requirements of the Companies Act No. 07 of 2007.

(Sgd)

M.D.J.S. Fernando

Chief Financial Officer

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

- (a) the above Financial 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 Financial Statements have been extracted from the Unaudited Financial Statements of the Bank unless indicated as 'Audited'.

(Sgd)

S.B. Rangamuwa

Chairman

(Sgd)

N.R. Tillekeratne

Managing Director / Chief Executive Officer

29th October 2021
 Colombo

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 01/01/2020	3,614,253	-	538,717	944,659	8,231,160	13,328,789
Profit for the Period	-	-	-	-	1,250,337	1,250,337
Other Comprehensive Income for the Period	-	-	-	26,995	-	26,995
Total Comprehensive Income for the Period	-	-	-	26,995	1,250,337	1,277,332
Transactions with Equity Holders, Recognised Directly in Equity, Contribution by and Distribution to Equity Holders	-	-	-	-	-	-
Other Transaction						
Realisation of Revaluation Reserve	-	-	-	(6,586)	6,586	-
Total Other Transactions	-	-	-	(6,586)	6,586	-
Balance as at 30/09/2020	3,614,253	-	538,717	965,068	9,488,083	14,606,121
Balance as at 01/01/2021	3,614,253	-	641,125	962,720	10,179,071	15,397,169
Profit for the Period	-	-	-	-	2,007,628	2,007,628
Other Comprehensive Income for the Period	-	-	-	53,310	(2,315)	50,995
Total Comprehensive Income for the Period	-	-	-	53,310	2,005,313	2,058,623
Transactions with Equity Holders, Recognised Directly in Equity, Contribution by and Distribution to Equity Holders	-	-	-	-	-	-
Other Transaction						
Realisation of Revaluation Reserve	-	-	-	(7,153)	7,153	-
Total Other Transactions	-	-	-	(7,153)	7,153	-
Balance as at 30/09/2021	3,614,253	-	641,125	1,008,877	12,191,537	17,455,792

* Number of Ordinary Shares (Voting) as at 30th September 2021 - 442,561,629

In Rupee Thousands

Statement of Cash Flows		
	Current Period From 01/01/2021 To 30/09/2021	Previous Period From 01/01/2020 To 30/09/2020
Cash Flows from Operating Activities		
Profit before Tax	2,718,438	1,864,848
<i>Adjustment for:</i>		
Non-Cash Items Included in Profit before Tax	1,835,727	1,531,546
Change in Operating Assets	(14,011,901)	(20,667,959)
Change in Operating Liabilities	8,391,493	17,930,206
Interest Expense on Debentures and Other Term Debts	695,097	670,940
Interest Expense on Lease Liabilities	108,208	79,055
Gratuity Paid	(32,216)	(16,161)
Income Tax Paid	(342,516)	(493,815)
Net Cash Generated From/(Used in) Operating Activities	(637,670)	898,660
Cash Flows from Investing Activities		
Acquisition of Property, Plant and Equipment	(102,885)	(59,668)
Proceeds from the Sale of Property, Plant and Equipment	111	126
Acquisition of Intangible Assets	(12,368)	(87,032)
Net Cash Used in Investing Activities	(115,142)	(146,574)
Cash Flows from Financing Activities		
Proceeds from Term Borrowings	4,385,232	-
Proceeds from Debenture Issue	-	820,000
Repayment of Term Borrowing	(3,061,094)	-
Interest Paid on Debentures and Other Term Debts	(665,188)	(516,832)
Repayment of Principal Portion of Lease Liability	(146,659)	(159,556)
Interest Paid on Lease Liabilities	(69,159)	(79,055)
Net Cash From Financing Activities	443,132	64,557
Net Increase/(Decrease) in Cash & Cash Equivalents	(309,680)	816,643
Cash and Cash Equivalents at the beginning of the Period	2,917,287	1,709,649
Cash and Cash Equivalents at the end of the Period	2,607,607	2,526,292

In Rupee Thousands

Measurement of Financial Instruments					
As at 30/09/2021	Financial Assets at Fair Value through Profit or Loss	Financial Assets at FVOCI	Financial Assets and Liabilities at Amortised Cost	Derivative Financial Instruments at Fair Value	Total
Financial Assets					
Cash and Cash Equivalents	-	-	2,591,771	-	2,591,771
Balances with Central Bank of Sri Lanka	-	-	5,237,861	-	5,237,861
Derivative Financial Instruments	-	-	-	20,638	20,638
Financial Assets at Amortised Cost-Loans and Advances	-	-	134,948,815	-	134,948,815
Financial Assets at Amortised Cost-Debt and Other Instruments	-	-	40,700,417	-	40,700,417
Financial Assets at Fair Value through Other Comprehensive Income	-	3,752	-	-	3,752
Total Financial Assets	-	3,752	183,478,864	20,638	183,503,254
Financial Liabilities					
Due to Banks	-	-	2,519,838	-	2,519,838
Derivative Financial Instruments	-	-	-	44	44
Due to Depositors	-	-	149,049,524	-	149,049,524
Due to Debt Securities Holders	-	-	12,710,795	-	12,710,795
Debentures Issued	-	-	843,904	-	843,904
Other Liabilities	-	-	1,276,491	-	1,276,491
Total Financial Liabilities	-	-	166,400,552	44	166,400,596

In Rupee Thousands

Measurement of Financial Instruments					
As at 31/12/2020 (Audited)	Financial Assets at Fair Value through Profit or Loss	Financial Assets at FVOCI	Financial Assets and Liabilities at Amortised Cost	Derivative Financial Instruments at Fair Value	Total
Financial Assets					
Cash and Cash Equivalents	-	-	2,914,163	-	2,914,163
Balances with Central Bank of Sri Lanka	-	-	2,583,394	-	2,583,394
Derivative Financial Instruments	-	-	-	93,013	93,013
Financial Assets at Amortised Cost-Loans and Advances	-	-	123,157,188	-	123,157,188
Financial Assets at Amortised Cost-Debt and Other Instruments	-	-	43,519,891	-	43,519,891
Financial Assets at Fair Value through Other Comprehensive Income	-	6,158	-	-	6,158
Total Financial Assets	-	6,158	172,174,636	93,013	172,273,807
Financial Liabilities					
Due to Banks	-	-	2,863,376	-	2,863,376
Derivative Financial Instruments	-	-	-	79,005	79,005
Due to Depositors	-	-	141,079,707	-	141,079,707
Due to Debt Securities Holders	-	-	11,535,791	-	11,535,791
Debentures Issued	-	-	872,839	-	872,839
Other Liabilities	-	-	935,470	-	935,470
Total Financial Liabilities	-	-	157,287,183	79,005	157,366,188

Notes to the Financial Statements

1. Analysis of Loans and Advances and Impairment

1.1 Stage Wise Impairment on Loans and Advances

In Rupee Thousands

	As at 30/09/2021	As at 31/12/2020 (Audited)
Gross Loans and Advances (Note 1.2)	143,049,812	130,751,778
Less: Accumulated Impairment under Stage 1 (Note 1.3)	(1,066,058)	(1,116,134)
Accumulated Impairment under Stage 2 (Note 1.3)	(1,607,316)	(1,147,035)
Accumulated Impairment under Stage 3 (Note 1.3)	(5,427,623)	(5,331,421)
Net Loans and Advances	134,948,815	123,157,188

1.2 Loans and Advances - By Product

In Rupee Thousands

	As at 30/09/2021	As at 31/12/2020 (Audited)
Domestic Currency		
Term Loans	93,107,644	85,295,483
Overdraft	14,860,542	11,784,225
Trade Finance	2,548,798	803,346
Lease Rentals Receivable	9,784,419	9,496,585
Others	14,105,206	13,199,490
Sub Total	134,406,609	120,579,129
Foreign Currency		
Term Loans	5,769,549	6,886,184
Overdraft	1,154,335	2,081,889
Trade Finance	1,719,319	1,204,576
Sub Total	8,643,203	10,172,649
Total	143,049,812	130,751,778

1.3 Movement of Impairment During the Period - Loans and Advances

In Rupee Thousands

	As at 30/09/2021	As at 31/12/2020 (Audited)
Under Stage 1		
Opening balance	1,116,134	981,068
Charge/(Reversal) to Income Statement	(50,076)	135,066
Closing balance	1,066,058	1,116,134
Under Stage 2		
Opening balance	1,147,035	496,481
Charge/(Reversal) to Income Statement	460,281	650,554
Closing balance	1,607,316	1,147,035
Under Stage 3		
Opening balance	5,331,421	4,837,771
Charge/(Reversal) to Income Statement	1,008,955	560,080
Write-off during the period	(467,858)	(66,430)
Other movements	(444,895)	-
Closing balance	5,427,623	5,331,421
Total Impairment - Closing Balance	8,100,997	7,594,590

Notes to the Financial Statements

2. Movement of Impairment During the Period - Other Financial Instruments

In Rupee Thousands

	Cash & Cash Equivalents	Debt & Other Instruments	Documentary Credit	Financial Guarantees	Total
Opening balance as at 01/01/2020 (Audited)	1,380	126,357	6,178	6,849	140,764
Charge/(Reversal) to Income Statement	1,744	242,322	(77)	6,353	250,342
Closing balance at 31/12/2020 (Audited)	3,124	368,679	6,101	13,202	391,106
Opening balance as at 01/01/2021	3,124	368,679	6,101	13,202	391,106
Charge/(Reversal) to Income Statement	12,712	(21,608)	5,436	21,098	17,638
Closing balance at 30/09/2021	15,836	347,071	11,537	34,300	408,744

* All the above Financial Assets and Financial Guarantee Contracts are 'Stage 1' exposures.

3. Analysis of Deposits - By Product

In Rupee Thousands

	As at 30/09/2021	As at 31/12/2020 (Audited)
Domestic Currency		
Demand Deposits	5,002,391	5,438,644
Savings Deposits	33,871,467	26,857,353
Fixed Deposits	93,348,162	94,966,788
Certificates of Deposits	3,461,651	3,825,672
Margin Deposits	555,581	300,386
Sub Total	136,239,252	131,388,843
Foreign Currency		
Demand Deposits	447,819	409,093
Savings Deposits	1,728,654	1,481,783
Fixed Deposits	10,509,221	7,799,988
Margin Deposits	124,578	-
Sub Total	12,810,272	9,690,864
Total	149,049,524	141,079,707

Notes to the Financial Statements

4. Fair Value of Financial Instruments

4.1 Financial Instruments Recorded at Fair Value

The following is a description of how fair values are determined for financial instruments that are recorded at fair value using valuation techniques. These incorporate the Bank's estimate of assumptions that a market participant would make when valuing the instruments.

(a) Derivatives

Derivative products valued with market-observable inputs are mainly currency swaps and forward foreign exchange contracts. The most frequently applied valuation techniques include forward exchange spot and forward premiums.

(b) Financial Assets at Fair Value through Other Comprehensive Income

Financial Assets at Fair Value through Other Comprehensive Income are valued using valuation techniques or pricing models primarily consist of unquoted equities.

(c) Financial Assets at Fair Value through Profit or Loss

Quoted Equities and Sri Lanka Government Securities are included in Financial Assets at Fair Value through Profit or Loss. Sri Lanka Government Securities are valued using yield curves published by Central Bank of Sri Lanka. The Bank uses quoted market prices in the active market as at the reporting date, for Quoted

4.2 Determination of Fair Value and Fair Value Hierarchy

The Bank uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique.

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

a) The following table shows an analysis of financial instruments and non-financial assets and liabilities recorded at fair value by level of fair value hierarchy.

As at 30th September 2021	In Rupee Thousands			
	Level 1	Level 2	Level 3	Total
Financial Assets				
Derivative Financial Instruments	-	20,638	-	20,638
Financial Assets at FVOCI	-	3,752	-	3,752
Total	-	24,390	-	24,390
Non-Financial Assets				
Land - Revalued	-	-	1,420,100	1,420,100
Building - Revalued	-	-	469,256	469,256
Total	-	-	1,889,356	1,889,356
Financial Liabilities				
Derivative Financial Instruments	-	44	-	44
Total	-	44	-	44

Notes to the Financial Statements

As at 31st December 2020	In Rupee Thousands			
	Level 1	Level 2	Level 3	Total
Financial Assets				
Derivative Financial Instruments	-	93,013	-	93,013
Financial Assets at FVOCI	-	6,158	-	6,158
Total	-	99,171	-	99,171
Non-Financial Assets				
Land - Revalued	-	-	1,420,100	1,420,100
Building - Revalued	-	-	483,155	483,155
Total	-	-	1,903,255	1,903,255
Financial Liabilities				
Derivative Financial Instruments	-	79,005	-	79,005
Total	-	79,005	-	79,005

- b) The following table shows the fair value gains/(losses) recognised in Profit or Loss during the period relating to financial assets and liabilities at fair value through profit or loss held at the period end.

	In Rupee Thousands	
	For the Nine Months ended 30th September 2021	For the Nine Months ended 30th September 2020
Derivative Financial Instruments	6,587	15,846
Total	6,587	15,846

Notes to the Financial Statements

4.3 Fair Value of Financial Assets and Liabilities Not Carried at Fair Value

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the Financial Statements.

Assets for which Fair Value Approximates Carrying Value

For financial assets and financial liabilities that have a short term maturity, it is assumed that the carrying amounts approximate their fair value. This assumption is applied for Cash and Cash Equivalents, Balances with Central Bank of Sri Lanka, Placements with Banks and Securities Purchased under Resale Agreements. This assumption is also applied to Demand Deposits, Savings Accounts without a specific maturity, floating rate instruments and fixed rate instruments having maturities within 12 months.

Fixed Rate Financial Instruments

The fair value of fixed rate financial assets and liabilities (other than assets and liabilities with maturities within 12 months) carried at amortised cost are estimated by comparing market interest rates when they were first recognised with current market rates for similar financial instruments.

Set out below is a comparison, by class, of the carrying amounts and fair values of the Bank's financial instruments that are not carried at fair value in the Financial Statements. This table does not include the fair values of non-financial assets and non-financial liabilities.

	In Rupee Thousands			
	As at 30th September 2021		As at 31st December 2020	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Cash and Cash Equivalents	2,591,771	2,591,771	2,914,163	2,914,163
Balances with Central Bank of Sri Lanka	5,237,861	5,237,861	2,583,394	2,583,394
Loans and Advances -at Amortised Cost	134,948,815	136,932,490	123,157,188	126,451,374
Debt and Other Instruments - at Amortised Cost	40,700,417	38,364,378	43,519,891	41,720,091
Total Financial Assets	183,478,864	183,126,500	172,174,636	173,669,022
Financial Liabilities				
Due to Banks	2,519,838	2,519,838	2,863,376	2,863,376
Due to Depositors - at Amortised Cost	149,049,524	150,434,352	141,079,707	144,280,741
Due to Debt Security holders - at Amortised Cost	12,710,795	12,797,549	11,535,791	11,648,116
Debentures Issued	843,904	824,380	872,839	930,507
Other Liabilities	1,276,491	1,869,754	935,470	1,248,165
Total Financial Liabilities	166,400,552	168,445,873	157,287,183	160,970,906

Selected Performance Indicators (As per Regulatory Reporting)		
	Bank	
	Current Period As at 30/09/2021	Previous Period As at 31/12/2020 (Audited)
Regulatory Capital (LKR '000)		
Common Equity Tier I (CET I) Capital before Adjustments	14,657,973	14,657,973
Common Equity Tier I (CET I) Capital after Adjustments	14,336,280	14,311,276
Total Tier 1 Capital	14,336,280	14,311,276
Total Capital	16,961,633	17,014,768
Regulatory Capital Ratios (%)		
Common Equity Tier 1 Capital Ratio (Minimum Requirement - 7%, 2020 - 6.5%)	12.36%	13.24%
Tier 1 Capital Ratio (Minimum Requirement - 8.5%, 2020 - 8%)	12.36%	13.24%
Total Capital Ratio (Minimum Requirement - 12.5%, 2020 - 12%)	14.63%	15.74%
Leverage Ratio		
Leverage Ratio (%) (Minimum Requirement - 3%)	7.15%	6.70%
Assets Quality		
Gross Non - Performing Advances Ratio, % (Net of Interest in Suspense)	6.06%	6.73%
Net Non - Performing Advances Ratio, % (Net of Interest in Suspense and Provision)	1.28%	2.34%
Stage 3 Loans (Net of Stage 3 Impairment) to Total Loans*	3.20%	N/A
Stage 3 Loan Impairment to Stage 3 Loans (Stage 3 Provision Cover)*	50.99%	N/A
Profitability		
Interest Margin, %	4.81%	4.41%
Return on Assets (Before Tax), %	1.96%	1.70%
Return on Equity, %	16.13%	14.36%
Regulatory Liquidity		
Statutory Liquid Assets,-DBU (LKR'000)	50,015,137	43,213,986
Statutory Liquid Assets,-Off Shore Banking Unit (USD'000)	31,038	23,418
Statutory Liquid Assets Ratio,% (Minimum Requirement, 20%)		
Domestic Banking Unit (%)	28.76%	27.83%
Off-Shore Banking Unit (%)	50.25%	42.36%
Total Stock of High-Quality Liquid Assets (LKR '000)		
Rupee	28,635,168	30,212,947
All Currency	33,288,326	35,652,169
Liquidity Coverage Ratio (%) - (Minimum Requirement - 100%, 2020 - 90%)		
Rupee (%)	180.01%	177.36%
All Currency (%)	207.38%	211.57%
Net Stable Funding Ratio (%) - (Minimum Requirement - 100%, 2020 - 90%)	127.71%	116.80%

*1. Subsequent to the issuance of new Banking Act Direction No. 13 of 2021 on Classification, Recognition and Measurement of Credit Facilities in Licensed Banks, banks have been requested to publish new ratios in Quarter 3 and Quarter 4 of 2021 to ensure smooth transition to the requirements of the said Direction.

2. Impaired loans (Stage 3) and total loans shall include total outstanding amount of on-balance sheet credit facilities and their respective undrawn amounts.

EXPLANATORY NOTES

1. These Interim Financial Statements have been prepared in accordance with LKAS 34 - Interim Financial Reporting and present information required by Listing Rule 7.4 of the Colombo Stock Exchange. These Financial Statements have been extracted from the Unaudited Financial Statements of the Bank unless indicated as 'Audited'.
2. There are no significant changes in accounting policies and methods of computation since the publication of Audited Financial Statements for the year 2020.
3. There are no material changes in the composition of assets, liabilities, contingent liabilities and use of funds raised through issue of shares and debentures.
4. All known expenses have been provided for in these Financial Statements.
5. The presentation and classification of previous period have been amended for better presentation and to be comparable with those of the current period.

6. Impact of COVID-19

Risks relating to the impact of COVID-19 have had, and continue to have a material impact on businesses around the world and the economic environments in which they operate. Pan Asia Bank has also been impacted by the pandemic and the Bank continues to offer highest possible service to its customers while operating within the highest standards of health guidelines ensuring the protection and well-being of its customers, staff and general public.

The Bank has introduced number of support measures for customers impacted by COVID-19 including payment deferrals at concessionary rates of interest, waiver of late payment charges & various other charges and granting of loans at concessionary interest rates in accordance with the directions issued by the Central Bank of Sri Lanka. The impact of the pandemic on the business operations of the Bank and future prospects has been strategically addressed by the Board and the Management.

Since the circumstances are unique and the impact on Expected Credit Losses (ECL) is unpredictable, the Management continue to make overlay adjustments in assessing forward looking information by using increased weightage assigned to worst case and decreasing it for best and base cases. Further, the Bank has downgraded the borrowers in elevated risk industries between stages in computation of ECLs.

7. Computation of Income Tax and Deferred Tax

The Bank accounted for current tax and deferred tax as at 30th September 2021 in accordance with the guideline issued by CA Sri Lanka on the 'Application of Tax Rates in Measurement of Current Tax and Deferred Tax in LKAS 12' dated 23rd April 2021.

8. Mr. T. Igarashi retired from the Board of Pan Asia Bank, with effect from 02nd October, 2021.

9. Events after the Reporting Date

There are no material events that took place after the Statement of Financial Position date which require adjustment to or disclosures in these Financial Statements other than disclosed below.

There remains a significant uncertainty regarding how the COVID-19 pandemic will evolve, including the duration of the pandemic, the severity of the downturn and the speed of economic recovery. The Bank did not identify any events after the reporting date relating to COVID-19, which would require adjustments to or disclosures in these Financial Statements. Given the flowing nature of the current situation, the Bank will continue to often review forward looking assumptions and forecast economic scenarios.

10. Ratios 30/09/2021

Debt to Equity (Times)	0.78
Interest Cover (Times)	4.91

11. Market Price of Ordinary Shares

Market Price Per Share	30/09/2021 (Rs.)		30/09/2020 (Rs.)	
	Voting	Non-Voting	Voting	Non-Voting
Last Traded Price	15.40	-	13.90	-
Highest Price for the Quarter	16.90	-	14.60	-
Lowest Price for the Quarter	14.90	-	10.80	-

Shareholders' Information

Major Shareholders as at 30th September 2021

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)	42,149,594	9.52
4	Mr. W. K. H. Wegapitiya	27,303,169	6.17
5	Mr. K. D. H. Perera	23,305,998	5.27
6	Mr. P. J. Tay	21,917,994	4.95
7	Mr. K. D. A. Perera	19,200,000	4.34
8	Sri Lanka Samurdhi Authority	11,114,376	2.51
9	Imminent Technologies (Pvt) Ltd	10,637,697	2.40
10	Sri Lanka Savings Bank Limited	10,298,499	2.33
11	Mr. D. C. C. Joseph	7,491,632	1.69
12	Mr. H. Beruwalage	2,046,648	0.46
13	Mr. D. M. I. Dissanayake	1,260,101	0.29
14	DFCC Bank PLC/N. G. N. Maduranga	1,255,404	0.28
15	Mr. R. A. De Silva	1,200,000	0.27
16	Mr. D. T. Beruwalage	1,161,448	0.26
17	Commercial Bank of Ceylon PLC/Andaradeniya Estate (Pvt) Ltd	1,118,165	0.25
18	Mr. T. G. S. Wickrama	1,037,153	0.24
19	Mr. M. B. U. N. Fernando	1,020,000	0.23
20	Mr. A. K. Palliya Guruge Don	1,005,184	0.23
		383,631,538	86.68
	Others	58,930,091	13.32
	Total	442,561,629	100.00

Public holding as at 30th September 2021 was 54.98% in the hands of 6,097 public shareholders.

Float Adjusted Market Capitalisation as at 30th September 2021 was Rs. 3,747,133,907/- and the Bank complies with Option No. 04.

Directors' and Chief Executive Officer's Holding in Shares as at 30th September 2021

No	Name of Director	No. of Shares
1	Mr. S. B. Rangamuwa (Seylan Bank PLC/S B Rangamuwa)	125,000
2	Mr. M. Y. A. Perera	-
3	Mr. M. A. Abeynaike	-
4	Mr. T. Igarashi	-
5	Mr. T. Murakami	-
6	Mr. J. D. N. Kekulawala	-
7	Mr. B. D. A. Perera	-
8	Mr. N. R. Tillekeratne	-