



**INTERIM FINANCIAL STATEMENTS
FOR THE 06 MONTHS ENDED 30TH JUNE 2019**

COMPANY REGISTRATION NO : PQ 48

In Rupee Thousands

Income Statement						
	For the Six months ended 30th June		Change %	For the Quarter ended 30th June		Change %
	2019 * (Audited)	2018 (Audited)		2019 * (Audited)	2018 (Audited)	
Interest Income	9,581,803	8,878,141	8	4,742,549	4,561,166	4
Interest Expense	(6,611,962)	(6,057,248)	9	(3,326,180)	(3,076,402)	8
Net Interest Income	2,969,841	2,820,893	5	1,416,369	1,484,764	(5)
Fees and Commission Income	732,102	802,309	(9)	383,571	404,557	(5)
Fees and Commission Expense	(24,345)	(62,862)	(61)	(14,764)	(33,227)	(56)
Net Fee and Commission Income	707,757	739,447	(4)	368,807	371,330	(1)
Net Gain from Trading	385,584	300,315	28	222,259	100,735	121
Other Operating Income	92,133	174,481	(47)	56,848	93,256	(39)
Total Operating Income	4,155,315	4,035,136	3	2,064,283	2,050,085	1
Impairment for Loans and Other Losses						
Individual Impairment	382,756	279,597	37	142,677	143,189	(0)
Collective Impairment	436,417	389,252	12	315,109	205,423	53
Net Operating Income	3,336,142	3,366,287	(1)	1,606,497	1,701,473	(6)
Operating Expenses						
Personnel Expenses	909,126	959,935	(5)	477,257	524,622	(9)
Depreciation and Amortisation	93,686	98,500	(5)	46,541	48,679	(4)
Other Expenses	1,142,633	1,086,503	5	559,987	564,679	(1)
Operating Profit before Taxes & Levies on Financial Services	1,190,697	1,221,349	(3)	522,712	563,493	(7)
Taxes and Levies on Financial Services	439,682	318,081	38	198,691	158,203	26
Profit before Tax	751,015	903,268	(17)	324,021	405,290	(20)
Tax Expense	(2,733)	83,697	(103)	(157,537)	(101,466)	(55)
Profit for the Period	753,748	819,571	(8)	481,558	506,756	(5)
Earnings Per Share - Basic /Diluted (Rs)	1.70	1.85		1.09	1.15	

*The amounts for the period ended 30th June 2019 have been prepared in accordance with Sri Lanka Accounting Standard – SLFRS 9 (Financial Instruments), whereas prior period amounts have not been restated. As permitted by Statement of Alternative Treatment issued by the Institute of Chartered Accountants of Sri Lanka, the Bank prepared and presented interim financial statements for the period ended 30th June 2018 based on LKAS 39.

In Rupee Thousands

Statement of Comprehensive Income						
	For the Six months ended 30th June		Change	For the Quarter ended 30th June		Change
	2019*	2018	%	2019*	2018	%
Profit for the Period	753,748	819,571	(8)	481,558	506,756	(5)
Other Comprehensive Income	-	-	-	-	-	-
Total Comprehensive Income for the Period	753,748	819,571	(8)	481,558	506,756	(5)

*The amounts for the period ended 30th June 2019 have been prepared in accordance with Sri Lanka Accounting Standard –SLFRS 9 (Financial Instruments), whereas prior period amounts have not been restated. As permitted by Statement of Alternative Treatment issued by the Institute of Chartered Accountants of Sri Lanka, the Bank prepared and presented interim financial statements for the period ended 30th June 2018 based on LKAS 39.

In Rupee Thousands

Statement of Financial Position			
	As at 30/06/2019	As at 31/12/2018 (Audited)	Change %
Assets			
Cash and Cash Equivalents	1,932,256	2,214,106	(13)
Balances with Central Bank of Sri Lanka	5,212,272	6,481,994	(20)
Derivative Financial Instruments	614	210	193
Financial Assets at Fair Value through Profit or Loss	1,317,232	11,629	11,228
Financial Assets at Amortised Cost			
-Loans and Advances	104,202,742	108,168,861	(4)
-Debt and Other Instruments	33,659,834	34,074,558	(1)
Financial Assets - Fair Value through Other Comprehensive Income	6,158	6,158	-
Property, Plant and Equipment	1,884,170	1,934,574	(3)
Intangible Assets	294,216	305,083	(4)
Deferred Tax Assets	99,355	4,931	1,915
Other Assets	1,687,901	824,179	105
Total Assets	150,296,750	154,026,283	(2)
Liabilities			
Due to Banks	574,884	1,744,207	(67)
Derivative Financial Instruments	47	114	(59)
Financial Liabilities at Amortised Cost			
-Due to Depositors	117,782,582	118,627,349	(1)
-Due to Debt Securities holders	10,104,280	13,295,604	(24)
Debentures Issued	5,906,928	5,809,186	2
Current Tax Liabilities	791,124	785,735	1
Other Provisions and Accruals	215,446	208,398	3
Other Liabilities	2,921,067	2,309,046	27
Total Liabilities	138,296,358	142,779,639	(3)
Equity			
Stated Capital	3,614,253	3,614,253	-
Statutory Reserve Fund	451,189	451,189	(0)
Retained Earnings	7,314,547	6,557,389	12
Revaluation Reserve	620,403	623,813	(1)
Total Equity	12,000,392	11,246,644	7
Total Equity and Liabilities	150,296,750	154,026,283	(2)
Commitments and Contingencies	48,730,048	44,169,941	10
Net Asset Value per Share (Rs.)	27.12	25.41	7
Memorandum Information			
Number of Employees	1,569	1,497	
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 01/01/2018	3,614,253	-	374,106	630,634	6,050,893	10,669,886
Total Comprehensive Income for the Period						
Profit for the Period	-	-	-	-	819,571	819,571
Other Comprehensive Income for the Period	-	-	-	-	-	-
Total Comprehensive Income for the Period	-	-	-	-	819,571	819,571
Transactions with Equity Holders, Recognised Directly in Equity, Contribution by and Distribution to Equity Holders						
Other Transaction						
Transfer to Statutory Reserve Fund	-	-	-	-	-	-
Realisation of Revaluation Reserve	-	-	-	(3,411)	3,411	-
Total Other Transactions	-	-	-	(3,411)	3,411	-
Balance as at 30/06/2018	3,614,253	-	374,106	627,223	6,873,875	11,489,457
Balance as at 01/01/2019	3,614,253	-	451,189	623,813	6,557,389	11,246,644
Total Comprehensive Income for the Period						
Profit for the Period	-	-	-	-	753,748	753,748
Other Comprehensive Income for the Period	-	-	-	-	-	-
Total Comprehensive Income for the Period	-	-	-	-	753,748	753,748
Transactions with Equity Holders, Recognised Directly in Equity, Contribution by and Distribution to Equity Holders						
Other Transactions						
Transfer to Statutory Reserve Fund	-	-	-	-	-	-
Realisation of Revaluation Reserve	-	-	-	(3,410)	3,410	-
Total Other Transactions	-	-	-	(3,410)	3,410	-
Balance as at 30/06/2019	3,614,253	-	451,189	620,403	7,314,547	12,000,392

* Number of Ordinary Shares (Voting) as at 30th June 2019 - 442,561,629

In Rupee Thousands

Statement of Cash Flows		
	Current Period From 01/01/19 To 30/06/19	Previous Period From 01/01/18 To 30/06/18
Cash Flows from Operating Activities		
Profit before Tax	751,015	903,268
<i>Adjustment for:</i>		
Non Cash Items Included in Profit before Tax	1,058,488	797,873
Change in Operating Assets	2,553,065	(9,636,352)
Change in Operating Liabilities	(4,599,874)	10,767,704
Interest Expense on Debentures and Other Term Debts	730,874	623,613
Gratuity Paid	(9,523)	(10,663)
Income Tax Paid	(86,301)	(145,900)
Net Cash Flows Generated From/ (Used in) Operating Activities	397,744	3,299,543
Cash Flows from Investing Activities		
Acquisition of Property, Plant and Equipment	(30,697)	(49,138)
Proceeds from the Sale of Property, Plant and Equipment	633	2,479
Net Investment in Held to Maturity Investments	-	(2,262,626)
Acquisition of Intangible Assets	(7,711)	(9,273)
Net Cash Flows Generated From/ (Used in) Investing Activities	(37,775)	(2,318,558)
Cash Flows from Financing Activities		
Interest Paid on Debentures and Other Term Debts	(641,819)	(497,402)
Net Cash Flows Generated From/ (Used in) Financing Activities	(641,819)	(497,402)
Net Increase/ (Decrease) in Cash & Cash Equivalents	(281,850)	483,583
Cash and Cash Equivalents at the beginning of the period	2,214,106	1,902,409
Cash and Cash Equivalents at the end of the period	1,932,256	2,385,992

In Rupee Thousands

Measurement of Financial Instruments					
As at 30/06/2019	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	-	-	1,932,256	-	1,932,256
Balances with Central Bank of Sri Lanka	-	-	5,212,272	-	5,212,272
Derivative Financial Instruments	-	-	-	614	614
Financial Assets at Fair Value through Profit or Loss	1,317,232	-	-	-	1,317,232
Financial Assets at Amortised Cost-Loans and Advances	-	-	104,202,742	-	104,202,742
Financial Assets at Amortised Cost-Debt and Other Instruments	-	-	33,659,834	-	33,659,834
Financial Assets at Fair Value through Other Comprehensive Income	-	6,158	-	-	6,158
Total Financial Assets	1,317,232	6,158	145,007,104	614	146,331,108
Financial Liabilities					
Due to Banks	-	-	574,884	-	574,884
Derivative Financial Instruments	-	-	-	47	47
Due to Depositors	-	-	117,782,582	-	117,782,582
Due to Debt Securities Holders	-	-	10,104,280	-	10,104,280
Debentures Issued	-	-	5,906,928	-	5,906,928
Total Financial Liabilities	-	-	134,368,674	47	134,368,721

In Rupee Thousands

Measurement of Financial Instruments					
As at 31/12/2018 (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	-	-	2,214,106	-	2,214,106
Balances with Central Bank of Sri Lanka	-	-	6,481,994	-	6,481,994
Derivative Financial Instruments	-	-	-	210	210
Financial Assets at Fair Value through Profit or Loss	11,629	-	-	-	11,629
Financial Assets at Amortised Cost-Loans and Advances	-	-	108,168,861	-	108,168,861
Financial Assets at Amortised Cost-Debt and Other Instruments	-	-	34,074,558	-	34,074,558
Financial Assets at Fair Value through Other Comprehensive Income	-	6,158	-	-	6,158
Total Financial Assets	11,629	6,158	150,939,519	210	150,957,516
Financial Liabilities					
Due to Banks	-	-	1,744,207	-	1,744,207
Derivative Financial Instruments	-	-	-	114	114
Due to Depositors	-	-	118,627,349	-	118,627,349
Due to Debt Securities Holders	-	-	13,295,604	-	13,295,604
Debentures Issued	-	-	5,809,186	-	5,809,186
Total Financial Liabilities	-	-	139,476,346	114	139,476,460

Notes to the Financial Statements

Loans and Advances			In Rupee Thousands
	As at 30/06/2019	As at 31/12/2018 (Audited)	
Gross Loans and Advances	110,262,257	113,494,424	
Less: Individual Impairment	(2,748,956)	(2,366,201)	
Collective Impairment	(3,310,559)	(2,959,362)	
Net Loans and Advances including those designated at fair value through profit or loss	104,202,742	108,168,861	
Less: Loans and Advances designated at fair value through profit or loss	-	-	
Net Loans and Advances	104,202,742	108,168,861	

Loans and Advances - By Product			In Rupee Thousands
	As at 30/06/2019	As at 31/12/2018 (Audited)	
By Product-Domestic Currency			
Term Loans	62,776,697	63,797,517	
Overdraft	15,176,875	16,217,001	
Trade Finance	2,290,095	2,681,440	
Lease Rentals Receivable	8,659,941	9,804,133	
Others	11,460,675	10,845,602	
Sub Total	100,364,283	103,345,693	
By Product-Foreign Currency			
Term Loans	6,892,258	7,073,071	
Overdraft	1,713,036	1,719,817	
Trade Finance	1,290,632	1,355,536	
Lease Rentals Receivable	-	-	
Others	2,048	307	
Sub Total	9,897,974	10,148,731	
Total	110,262,257	113,494,424	

Stage Wise Impairment on Loans and Advances				In Rupee Thousands		
	As at 30/06/2019			As at 31/12/2018 (Audited)		
	Individual	Collective	Total	Individual	Collective	Total
Gross Loans and Advances	3,710,432	106,551,825	110,262,257	3,447,617	110,046,807	113,494,424
Less: Accumulated Impairment under Stage 1	-	(1,051,313)	(1,051,313)	-	(1,184,379)	(1,184,379)
Accumulated Impairment under Stage 2	(1,390)	(596,858)	(598,248)	-	(599,125)	(599,125)
Accumulated Impairment under Stage 3	(2,747,566)	(1,662,388)	(4,409,954)	(2,366,201)	(1,175,858)	(3,542,059)
Net Loans and Advances	961,476	103,241,266	104,202,742	1,081,416	107,087,445	108,168,861

Movement of Impairment during the period - Loans and Advances				In Rupee Thousands		
	As at 30/06/2019			As at 31/12/2018 (Audited)		
	Individual	Collective	Total	Individual	Collective	Total
Under Stage 1						
Opening balance	-	1,184,379	1,184,379	721	926,795	927,516
Charge/ (Write back) to income statement	-	(133,066)	(133,066)	(721)	257,584	256,863
Write - off during the period	-	-	-	-	-	-
Closing balance	-	1,051,313	1,051,313	-	1,184,379	1,184,379
Under Stage 2						
Opening balance	-	599,125	599,125	-	563,972	563,972
Charge/ (Write back) to income statement	1,390	(2,267)	(877)	-	35,153	35,153
Write - off during the period	-	-	-	-	-	-
Closing balance	1,390	596,858	598,248	-	599,125	599,125
Under Stage 3						
Opening balance	2,366,201	1,175,858	3,542,059	1,068,180	942,990	2,011,170
Charge/ (Write back) to income statement	381,365	542,757	924,122	1,298,021	409,075	1,707,096
Write - off during the period	-	(56,227)	(56,227)	-	(176,207)	(176,207)
Closing balance	2,747,566	1,662,388	4,409,954	2,366,201	1,175,858	3,542,059
Total impairment Closing Balance	2,748,956	3,310,559	6,059,515	2,366,201	2,959,362	5,325,563

Movement of Impairment during the period - Other Financial Instruments					In Rupee Thousands	
	Cash & Cash Equivalents	Placements with Banks	Debt & Other Instrument	Documentary Credit	Financial Guarantees	Total
Opening balance as at 01/01/2018	953	645	50,068	8,250	14,642	74,558
Charge/ (Write back) to income statement	(591)	(645)	33,764	(6,359)	(8,134)	18,035
Write - off during the period	-	-	-	-	-	-
Other movements	-	-	-	-	-	-
Closing balance at 31/12/2018	362	-	83,832	1,891	6,508	92,593
Opening balance as at 01/01/2019	362	-	83,832	1,891	6,508	92,593
Charge/ (Write back) to income statement	1,019	-	25,679	1,277	1,018	28,993
Write - off during the period	-	-	-	-	-	-
Other movements	-	-	-	-	-	-
Closing balance at 30/06/2019	1,381	-	109,511	3,168	7,526	121,586

Due to Other Customers - By Product			In Rupee Thousands
	As at 30/06/2019	As at 31/12/2018 (Audited)	
By Product-Domestic Currency			
Demand Deposits	3,976,025	3,764,903	
Savings Deposits	13,912,896	12,737,487	
Fixed Deposits	85,445,103	85,717,385	
Certificates of Deposits	4,017,030	4,359,723	
Margin Deposits	297,854	510,959	
Sub Total	107,648,908	107,090,457	
By Product- Foreign Currency			
Demand Deposits	812,547	1,106,572	
Savings Deposits	1,147,088	1,667,228	
Fixed Deposits	8,169,892	8,757,664	
Margin Deposits	4,147	5,428	
Sub Total	10,133,674	11,536,892	
Total	117,782,582	118,627,349	

Selected Performance Indicators (As per Regulatory Reporting)		
	Bank	
	Current Period As at 30/06/2019	Previous Period As at 31/12/2018 (Audited)
Regulatory Capital (LKR '000)		
Common Equity Tier I (CET I) Capital before Adjustments	12,095,648	11,341,900
Common Equity Tier I (CET I) Capital after Adjustments	11,801,432	11,036,817
Total Tier I Capital	11,801,432	11,036,817
Total Capital	13,302,533	12,767,157
Regulatory Capital Ratios (%)		
Common Equity Tier I Capital Ratio (Minimum Requirement -7%)	12.67%	11.51%
Tier I Capital Ratio (Minimum Requirement -8.5%)	12.67%	11.51%
Total Capital Ratio (Minimum Requirement -12.5%)	14.28%	13.32%
Leverage Ratio		
Leverage Ratio (%) (Minimum Requirement - 3%)	6.78%	N/A
Assets Quality (Quality of Loan Portfolio)		
Gross Non - Performing Advances Ratio, % (Net of Interest in Suspense)	6.48%	5.44%
Net Non - Performing Advances Ratio, % (Net of Interest in Suspense and Provision)	3.44%	3.08%
Profitability		
Interest Margin, %	3.94%	4.37%
Return on Assets (Before Tax). %	1.00%	1.28%
Return on Equity, %	13.12%	13.73%
Regulatory Liquidity		
Statutory Liquid Assets,-DBU (LKR'000)	49,501,962	41,565,575
Statutory Liquid Assets,-Off Shore Banking Unit (USD'000)	19,106	14,393
Statutory Liquid Assets Ratio,% (Minimum Requirement, 20%)		
Domestic Banking Unit (%)	33.73%	29.17%
Off-Shore Banking Unit (%)	20.43%	20.09%
Total Stock of High-Quality Liquid Assets (LKR '000)		
Rupee	20,298,516	19,173,971
All Currency	22,809,432	19,235,760
Liquidity Coverage Ratio (%) - (Minimum Requirement -100%)		
Rupee (%)	205.55%	166.08%
All Currency (%)	222.64%	136.52%
Net Stable Funding Ratio (%) - (Minimum Requirement - 90%)	133.54%	N/A

CERTIFICATION:

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

(Sgd)

Suranga Fernando

Chief Financial Officer (Acting)

We, the undersigned, being the Chairman and 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 statements have been extracted from the unaudited financials of the bank unless indicated as audited.

(Sgd)

Dimuth Prasanna

Chairman

09th August 2019

(Sgd)

Nimal 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 as 'Audited'.
- 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 2018 other than the item disclosed in note 4 below (SLFRS 16 - Leases). Previous period figures and phrases have been re-arranged wherever necessary to conform to the current presentation.
- The Bank prepared financial statements for the six months ended 30th June 2019 in accordance with the requirements of SLFRS 9 - Financial Instruments which has been adopted by the bank with effect from 31st December 2018 (as the bank used the relief provided by the Institute of Chartered Accountants of Sri Lanka for interim periods) hence, current period information is not comparable with comparative information for the period ended 30th June 2018 which was prepared in accordance with LKAS 39.
- SLFRS 16 - Leases**
The Bank adopted SLFRS 16- Leases with effect from 01st January 2019.
- There are no material changes in the composition of assets, liabilities, contingent liabilities and use of funds raised through issue of debentures and shares.
- All known expenses have been provided for in these Financial Statements.

7. Events after the Reporting Period

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

8. 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	9.19	90.00	40.54	10.76
Fixed Rate - Interest Annually - 2014/2019	9.75	9.19	Not Traded	Not Traded	Not Traded
2015/2019					
Fixed Rate - Interest Semi Annually - 2015/2019	10.00	9.12	Not Traded	Not Traded	Not Traded
Floating Rate - Interest Semi Annually - 2015/2019 (3.0% Above the average of 06 month Net Treasury Bill Rate)	12.80	9.21	Not Traded	Not Traded	Not Traded

ii) Ratios

Debt to Equity (Times)	1.28
Interest Cover (Times)	2.03

9. Market Price of Ordinary Shares

Market Price Per Share	30/06/2019 (Rs.)		30/06/2018 (Rs.)	
	Voting	Non Voting	Voting	Non Voting
Last Traded Price	12.00	--	15.00	--
Highest Price for the Quarter	13.80	--	16.50	--
Lowest Price for the Quarter	11.70	--	14.50	--

Shareholders' Information

Major Shareholders as at 30th June 2019

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	Imminent Technologies (Pvt) Ltd	5,627,697	1.27
13	A R Molligoda	3,737,319	0.84
14	H Beruwalage	2,046,648	0.46
15	Favourite Garments (Pvt) Ltd	1,850,000	0.42
16	M F Hashim	1,826,402	0.41
17	R A De Silva	1,620,797	0.36
18	D M I Dissanayake	1,401,745	0.31
19	D T Beruwalage	1,161,448	0.26
20	M B U N Fernando	1,000,000	0.22
		408,450,449	92.29
	Others	34,111,180	7.71
	Total	442,561,629	100.00

Public holding as at 30th June 2019 was 55.00% in the hands of 4,192 public shareholders.

Float adjusted market capitalisation as at 30th June 2019 was 2,920,906,751 and Bank complies with option no 04.

Directors' and Chief Executive Officer's Holding in Shares as at 30th June 2019

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