



**INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31ST MARCH 2021**

COMPANY REGISTRATION NO : PQ 48

PRESS RELEASE

Pan Asia Bank Records Best-Ever Q1 results in Challenging Times - Profit After Tax soars by 81% to post Rs. 750 Mn.

- Net Interest Income - Rs. 2,234 Mn, up by 17%
- Net Fee and Commission Income - Rs. 466 Mn, up by 28%
- Other Operating Income - Rs. 179 Mn, up by 141%
- Operating Profits up by 47% to post Rs. 1,197 Mn owing to overall excellent core banking performance and success of cost containment strategies
- Operating Efficiency enhances as Cost-to-Income Ratio improves from 45.66% to 38.08%
- Profit Before Tax - Rs. 986 Mn, up by 51% despite increased prudential provisioning
- Key Profitability Indicators are among the best in the industry
 - Net Interest Margin improves from 4.41% to 5.07%
 - Return on Assets (Pre-Tax) improves from 1.70% to 2.24%
 - Return on Equity improves from 14.36% to 19.27%
- Loans and Advances book reaches Rs. 135 Bn and Customer Deposits reach Rs. 142 Bn
- Net Non-Performing Advances Ratio improves from 2.34% to 2.18 % due to prudent 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 the best-ever first quarter financial results during the quarter ended 31st March 2021 to report a Pre-Tax Profit of Rs. 986 Mn and a Post-Tax Profit of Rs. 750 Mn after recording impressive growth rates of 51% and 81% respectively, demonstrating the resilience amidst 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 Profits before VAT on Financial Services reached Rs. 1,197 Mn with an increase of 47%, reflecting excellence in core banking performance and the success of cost containment measures evidenced by improvement in all key matrices which now rank among the industry bests. This feat was achieved even after setting aside provisions for probable loan losses amounting to Rs. 638 Mn. The Bank increased the provision buffers for probable deterioration in credit quality through management overlays, experience adjustments and adjustments for the exposures in the elevated risk industries during the quarter. As a result, total impairment charges for the quarter increased by 21% on YoY basis.

The Bank's Net Interest Income for the period witnessed an increase of 17% due to significant reduction in financial cost of funds at a rate faster than the drop in interest yields of interest bearing assets. Consequently, the Bank's Net Interest Margin for the quarter improved to 5.07% from 4.41% reported three months ago. In the meantime, the Bank's Net Fee and Commission Income recorded a growth of 28% with the rebound in demand for credit due to revival of economic activity amidst the low interest rate regime. The volatility in foreign exchange rates enabled the Bank to increase its Foreign Exchange Income substantially as reflected in Other Operating Income.

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 38.08% within a three 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 overhead costs. In fact, the Bank managed to bring down its Other Operating Expenses by 9% in 2021 Q1 compared to 2020 Q1. Meanwhile, increased allocations for performance bonuses, development of human capital and staff welfare led to an increase in personnel costs during the reporting period compared to 2020 Q1.

The Bank's Post-Tax Profits for the reporting quarter 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 2.24% from 1.70%. Further, the Bank reported a stunning Return on Equity (ROE) of 19.27% during the quarter under review which stands among the industry best. The ROE is the most important performance indicator to gauge the attractiveness of the Banking sector and Pan Asia Bank during its last few years has consistently remained an outlier in the industry.

The Bank's Earnings Per Share (EPS) for the quarter rose to Rs. 1.70 in 2021 Q1 from Rs. 0.94 in 2020 Q1 driven by the excellent overall performance. Meanwhile, the Bank's Net Asset Value Per Share increased by 5% during the quarter to reach Rs. 36.58 as at 31st March 2021.

The Bank's Total Asset Base stood at Rs. 180.74 Bn as at 31st March 2021 after reporting a growth of over 2% during the quarter supported mainly by the expansion in the credit book. The Bank's Gross Loans and Advances Book recorded a growth of over 3% to reach Rs. 135 Bn. Meanwhile; Customer Deposits recorded a modest growth to reach Rs. 142 Bn as at 31st March 2021. The Bank's CASA Ratio remained at the 25% level as at 31st March 2021.

The Bank's Gross Non-Performing Loan Ratio marginally slipped from 6.73% to 6.77% during the quarter amidst tough macro economic conditions. Nevertheless, the Bank's Net Non-

Performing Loan Ratio improved from 2.34% to 2.18% during Q1 2021 due to prudent provisioning.

Commenting on the financial performance, the Bank's Managing Director/CEO, Nimal Tillekeratne said; "The Bank was able to record this excellent performance due to proactive decisions and effective execution of strategies capitalising on the opportunities in the macro economy while managing risks. This stellar performance is a clear testament of the Bank's resiliency, foresight, agility and the growing capability to generate strong financial performance even amidst challenging conditions."

"This is the best-ever post tax profits in a first quarter the Bank had in our history of 25+ years. We have achieved this feat while building additional provision buffers to deal with probable deterioration in credit quality due to the impact of COVID-19 pandemic. This robust performance we recorded in 2021 Q1 with the key contributions from all segments are in line with the set budgets and also gives us the confidence to record even better performance going forward," Tillekeratne added while commending his team which made this performance possible.

The Bank maintains all its Capital and Liquidity Ratios well above the regulatory minimums. The Bank's Tier 1 Capital Ratio and Total Capital Ratio as at 31st March 2021 stood at 12.83% and 15.28% respectively. The Bank's Statutory Liquid Asset Ratios (SLAR) as at 31st March 2021 stood at 28.96% 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 203.95% and 173.30% for all currencies and LKR respectively.

Pan Asia Bank was crowned the "Fastest Growing Commercial Bank in Sri Lanka - 2021" by International Business Magazine. Having recognised in the recent past by many local and global entities for numerous aspects of excellence in the Banking sphere, this award is a great source of pride and honour for Pan Asia Bank. Moreover, the Bank was recently bestowed with the prestigious "Best Bank for Treasury Activities Sri Lanka - 2021" award by the Global Banking & Finance Awards 2021. This accolade is a source of pride for Pan Asia Bank as it has won this award for the first time in its history. This win also marks a moment of pride for Sri Lanka's entire Banking industry as Pan Asia Bank is the first local bank to be recognised and rewarded for its superior treasury management skills, and was part of the 'Treasury & Cash Management Banking' category of the highly reputed Global Banking and Finance Awards.

In addition to its record-breaking financial performance, Pan Asia Bank also played a pivotal role in making a positive impact in the sphere of sustainability. This saw the Bank, which is a pioneer promoter in green financing in Sri Lanka, being awarded the prestigious "Global Climate Partnership Award" by Global Climate Partnership Fund, one of the world's largest climate funds which recognises outstanding performance and impact across categories such as capacities and skills, institutional capacities and green lending offerings, as well as outstanding energy efficiency or renewable energy projects. Further, the Bank's green initiatives have been recognised as the "Best Green Bank in Sri Lanka - 2020" by UK based Global Banking and Finance Review.

‘The Business Today’ included Pan Asia Bank among the “Top 30 Corporates in Sri Lanka” for the second consecutive year in recognition of the Bank’s superlative business performance and financial resilience in challenging times. “Business Today Top 30” is an independent ranking of the country’s listed entities based on a comprehensive evaluation of an entity’s financial and non-financial performance in a financial year.

Acknowledged as one of the fastest-growing banks in Sri Lanka, Pan Asia Bank has earned a solid reputation as an agile and robust Banking institution that is based on a strong framework of good governance, sustainability and ethical operations.

In Rupee Thousands

Income Statement			
	For the Three Months ended 31st March		Change %
	2 021	2 020	
Interest Income	4,630,146	4,941,366	(6)
Interest Expense	(2,396,031)	(3,031,370)	(21)
Net Interest Income	2,234,115	1,909,996	17
Fee and Commission Income	473,910	383,745	23
Fee and Commission Expense	(7,634)	(20,704)	(63)
Net Fee and Commission Income	466,276	363,041	28
Net Gain from Trading	75,582	84,024	(10)
Other Operating Income	179,296	74,469	141
Total Operating Income	2,955,269	2,431,530	22
Impairment Charges	637,850	528,809	21
Net Operating Income	2,317,419	1,902,721	22
Operating Expenses			
Personnel Expenses	508,850	439,087	16
Depreciation and Amortisation	118,027	106,402	11
Other Expenses	493,852	545,493	(9)
Total Operating Expenses	1,120,729	1,090,982	3
Operating Profit before VAT on Financial Services	1,196,690	811,739	47
VAT on Financial Services	210,916	159,882	32
Profit before Tax	985,774	651,857	51
Income Tax Expense	235,332	236,168	(0)
Profit for the Period	750,442	415,689	81
Earnings Per Share - Basic/Diluted (Rs.)	1.70	0.94	81

In Rupee Thousands

Statement of Comprehensive Income

	For the Three Months ended 31st March		Change %
	2 021	2 020	
Profit for the Period	750,442	415,689	81
Other Comprehensive Income for the Period			
Deferred Tax Effect on Revision of Statutory Income Tax Rate	41,705	-	100
	41,705	-	100
Other Comprehensive Income for the Period	41,705	-	100
Total Comprehensive Income for the Period	792,147	415,689	91

In Rupee Thousands

Statement of Financial Position			
	As at 31/03/2021	As at 31/12/2020 (Audited)	Change %
Assets			
Cash and Cash Equivalents	2,693,328	2,914,163	(8)
Balances with Central Bank of Sri Lanka	2,497,895	2,583,394	(3)
Placements with Banks	999,628	-	100
Derivative Financial Instruments	109,719	93,013	18
Financial Assets at Fair Value through Profit or Loss	407,372	-	100
Financial Assets at Amortised Cost			
-Loans and Advances	126,494,909	123,157,188	3
-Debt and Other Instruments	42,687,874	43,519,891	(2)
Financial Assets - Fair Value through Other Comprehensive Income	6,158	6,158	-
Property, Plant and Equipment	2,279,301	2,307,882	(1)
Right-of-Use Assets	927,577	983,365	(6)
Intangible Assets	334,297	346,697	(4)
Other Assets	1,303,882	1,028,656	27
Total Assets	180,741,940	176,940,407	2
Liabilities			
Due to Banks	3,167,755	2,863,376	11
Derivative Financial Instruments	99,461	79,005	26
Financial Liabilities at Amortised Cost			
-Due to Depositors	142,382,339	141,079,707	1
-Due to Debt Securities Holders	10,803,887	11,535,791	(6)
Debentures Issued	843,275	872,839	(3)
Current Tax Liabilities	942,650	825,102	14
Deferred Tax Liabilities	59,400	159,834	(63)
Other Provisions and Accruals	269,788	210,864	28
Other Liabilities	5,984,069	3,916,720	53
Total Liabilities	164,552,624	161,543,238	2
Equity			
Stated Capital	3,614,253	3,614,253	-
Statutory Reserve Fund	641,125	641,125	-
Retained Earnings	10,929,545	10,179,071	7
Revaluation Reserve	1,004,393	962,720	4
Total Equity	16,189,316	15,397,169	5
Total Equity and Liabilities	180,741,940	176,940,407	2
Commitments and Contingencies	69,057,297	67,728,484	2
Net Asset Value per Share (Rs.)	36.58	34.79	5
Memorandum Information			
Number of Employees	1,433	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)

Suranga 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)

Dimuth Prasanna

Chairman

(Sgd)

Nimal Tillekeratne

Managing Director/Chief Executive Officer

29th April 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	-	-	-	-	415,689	415,689
Other Comprehensive Income for the Period	-	-	-	-	-	-
Total Comprehensive Income for the Period	-	-	-	-	415,689	415,689
Transactions with Equity Holders, Recognised Directly in Equity, Contribution by and Distribution to Equity Holders	-	-	-	-	-	-
Other Transaction						
Realisation of Revaluation Reserve	-	-	-	(2,195)	2,195	-
Total Other Transactions	-	-	-	(2,195)	2,195	-
Balance as at 31/03/2020	3,614,253	-	538,717	942,464	8,649,044	13,744,478
Balance as at 01/01/2021	3,614,253	-	641,125	962,720	10,179,071	15,397,169
Profit for the Period	-	-	-	-	750,442	750,442
Other Comprehensive Income for the Period	-	-	-	44,020	(2,315)	41,705
Total Comprehensive Income for the Period	-	-	-	44,020	748,127	792,147
Transactions with Equity Holders, Recognised Directly in Equity, Contribution by and Distribution to Equity Holders	-	-	-	-	-	-
Other Transaction						
Realisation of Revaluation Reserve	-	-	-	(2,347)	2,347	-
Total Other Transactions	-	-	-	(2,347)	2,347	-
Balance as at 31/03/2021	3,614,253	-	641,125	1,004,393	10,929,545	16,189,316

* Number of Ordinary Shares (Voting) as at 31st March 2021 - 442,561,629

In Rupee Thousands

Statement of Cash Flows		
	Current Period From 01/01/2021 To 31/03/2021	Previous Period From 01/01/2020 To 31/03/2020
Cash Flows from Operating Activities		
Profit before Tax	985,774	651,857
<i>Adjustment for:</i>		
Non-Cash Items Included in Profit before Tax	772,556	648,884
Change in Operating Assets	(3,767,820)	(15,089,471)
Change in Operating Liabilities	3,478,551	13,829,769
Interest Expense on Debentures and Other Term Debts	229,197	180,571
Interest Expense on Lease Liabilities	22,666	27,972
Gratuity Paid	(5,446)	(6,945)
Income Tax Paid	(176,513)	(126,125)
Net Cash Generated From Operating Activities	1,538,965	116,512
Cash Flows from Investing Activities		
Acquisition of Property, Plant and Equipment	(9,536)	(13,761)
Proceeds from the Sale of Property, Plant and Equipment	74	-
Acquisition of Intangible Assets	-	(6,434)
Net Cash Used in Investing Activities	(9,462)	(20,195)
Cash Flows from Financing Activities		
Proceeds from Term Borrowings	-	1,000,000
Repayment of Term Borrowing	(500,000)	-
Interest Paid on Debentures and Other Term Debts	(177,178)	(44,287)
Repayment of Principal Portion of Lease Liability	(49,022)	(50,112)
Interest Paid on Lease Liabilities	(22,666)	(27,972)
Net Cash Generated From/(Used in) Financing Activities	(748,866)	877,629
Net Increase/(Decrease) in Cash & Cash Equivalents	780,637	973,946
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	3,697,924	2,683,595

In Rupee Thousands

Measurement of Financial Instruments					
As at 31/03/2021	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	-	-	2,693,328	-	2,693,328
Balances with Central Bank of Sri Lanka	-	-	2,497,895	-	2,497,895
Placements with Banks	-	-	999,628	-	999,628
Derivative Financial Instruments	-	-	-	109,719	109,719
Financial Assets at Fair Value through Profit or Loss	407,372	-	-	-	407,372
Financial Assets at Amortised Cost-Loans and Advances	-	-	126,494,909	-	126,494,909
Financial Assets at Amortised Cost-Debt and Other Instruments	-	-	42,687,874	-	42,687,874
Financial Assets at Fair Value through Other Comprehensive Income	-	6,158	-	-	6,158
Total Financial Assets	407,372	6,158	175,373,634	109,719	175,896,883
Financial Liabilities					
Due to Banks	-	-	3,167,755	-	3,167,755
Derivative Financial Instruments	-	-	-	99,461	99,461
Due to Depositors	-	-	142,382,339	-	142,382,339
Due to Debt Securities Holders	-	-	10,803,887	-	10,803,887
Debentures Issued	-	-	843,275	-	843,275
Other Liabilities	-	-	901,508	-	901,508
Total Financial Liabilities	-	-	158,098,764	99,461	158,198,225

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 31/03/2021	As at 31/12/2020 (Audited)
Gross Loans and Advances (Note 1.2)	134,678,172	130,751,778
Less: Accumulated Impairment under Stage 1 (Note 1.3)	(1,154,847)	(1,116,134)
Accumulated Impairment under Stage 2 (Note 1.3)	(1,376,100)	(1,147,035)
Accumulated Impairment under Stage 3 (Note 1.3)	(5,652,316)	(5,331,421)
Net Loans and Advances	126,494,909	123,157,188

1.2 Loans and Advances - By Product

In Rupee Thousands

	As at 31/03/2021	As at 31/12/2020 (Audited)
Domestic Currency		
Term Loans	88,189,739	85,295,483
Overdraft	12,200,849	11,784,225
Trade Finance	1,294,393	803,346
Lease Rentals Receivable	9,840,737	9,496,585
Others	13,165,721	13,199,490
Sub Total	124,691,439	120,579,129
Foreign Currency		
Term Loans	6,066,285	6,886,184
Overdraft	2,300,790	2,081,889
Trade Finance	1,614,858	1,204,576
Others	4,800	-
Sub Total	9,986,733	10,172,649
Total	134,678,172	130,751,778

1.3 Movement of Impairment During the period - Loans and Advances

In Rupee Thousands

	As at 31/03/2021	As at 31/12/2020 (Audited)
Under Stage 1		
Opening balance	1,116,134	981,068
Charge/(Reversal) to Income Statement	38,713	135,066
Closing balance	1,154,847	1,116,134
Under Stage 2		
Opening balance	1,147,035	496,481
Charge/(Reversal) to Income Statement	229,065	650,554
Closing balance	1,376,100	1,147,035
Under Stage 3		
Opening balance	5,331,421	4,837,771
Charge/(Reversal) to Income Statement	340,814	560,080
Write - off during the Period	(19,919)	(66,430)
Closing balance	5,652,316	5,331,421
Total impairment - Closing Balance	8,183,263	7,594,590

Notes to the Financial Statements

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

In Rupee Thousands

	Cash & Cash Equivalents	Placements with Banks	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	1,345	499	25,205	1,427	784	29,260
Closing balance at 31/03/2021	4,469	499	393,884	7,528	13,986	420,366

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

3. Analysis of Deposits - By Product

In Rupee Thousands

	As at 31/03/2021	As at 31/12/2020 (Audited)
Domestic Currency		
Demand Deposits	5,409,002	5,438,644
Savings Deposits	27,090,579	26,857,353
Fixed Deposits	95,295,374	94,966,788
Certificates of Deposits	3,836,105	3,825,672
Margin Deposits	246,027	300,386
Sub Total	131,877,087	131,388,843
Foreign Currency		
Demand Deposits	562,958	409,093
Savings Deposits	1,168,003	1,481,783
Fixed Deposits	8,774,291	7,799,988
Sub Total	10,505,252	9,690,864
Total	142,382,339	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 Equities.

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.

In Rupee Thousands				
As at 31st March 2021	Level 1	Level 2	Level 3	Total
Financial Assets				
Derivative Financial Instruments	-	109,719	-	109,719
Financial Assets at Fair Value through Profit or Loss				
- Sri Lanka Government Rupee Securities-Treasury Bills and Bonds	407,372	-	-	407,372
Financial Assets at FVOCI	-	6,158	-	6,158
Total	407,372	115,877	-	523,249
Non Financial Assets				
Land - Revalued	-	-	1,420,100	1,420,100
Building - Revalued	-	-	478,522	478,522
Total	-	-	1,898,622	1,898,622
Financial Liabilities				
Derivative Financial Instruments	-	99,461	-	99,461
Total	-	99,461	-	99,461

Notes to the Financial Statements

In Rupee Thousands				
As at 31st December 2020	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 and (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		
	3 Months Ended 31st March 2021	3 Months Ended 31st March 2020
Derivative Financial Instruments	(3,750)	(11,269)
Financial Assets at Fair Value through Profit or Loss - Sri Lanka Government Rupee Securities-Treasury Bills and Bonds	(1,736)	-
Total	(5,486)	(11,269)

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 Re-sale 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 31st March 2021		As at 31st December 2020	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Cash and Cash Equivalents	2,693,328	2,693,328	2,914,163	2,914,163
Balances with Central Bank of Sri Lanka	2,497,895	2,497,895	2,583,394	2,583,394
Placements with Banks	999,628	999,628	-	-
Loans and Advances-at Amortised Cost	126,494,909	129,151,987	123,157,188	126,451,374
Debt and Other Instruments-at Amortised Cost	42,687,874	41,011,240	43,519,891	41,720,091
Total Financial Assets	175,373,634	176,354,078	172,174,635	173,669,022
Financial Liabilities				
Due to Banks	3,167,755	3,167,755	2,863,376	2,863,376
Due to Depositors-at Amortised Cost	142,382,339	145,443,651	141,079,707	144,280,741
Due to Debt Security holders-at Amortised Cost	10,803,887	10,967,027	11,535,791	11,648,116
Debentures Issued	843,275	866,598	872,839	930,507
Other Liabilities	901,508	1,070,699	935,470	1,248,165
Total Financial Liabilities	158,098,764	161,515,730	157,287,183	160,970,906

Selected Performance Indicators (As per Regulatory Reporting)		
	Bank	
	Current Period As at 31/03/2021	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	14,323,676	14,311,276
Total Tier 1 Capital	14,323,676	14,311,276
Total Capital	17,061,424	17,014,768
Regulatory Capital Ratios (%)		
Common Equity Tier 1 Capital Ratio (Minimum Requirement - 6.5%)	12.83%	13.24%
Tier 1 Capital Ratio (Minimum Requirement - 8%)	12.83%	13.24%
Total Capital Ratio (Minimum Requirement - 12%)	15.28%	15.74%
Leverage Ratio		
Leverage Ratio (%) (Minimum Requirement - 3%)	6.55%	6.70%
Assets Quality		
Gross Non - Performing Advances Ratio, % (Net of Interest in Suspense)	6.77%	6.73%
Net Non - Performing Advances Ratio, % (Net of Interest in Suspense and Provision)	2.18%	2.34%
Profitability		
Interest Margin, %	5.07%	4.41%
Return on Assets (Before Tax), %	2.24%	1.70%
Return on Equity, %	19.27%	14.36%
Regulatory Liquidity		
Statutory Liquid Assets,-DBU (LKR'000)	46,782,891	43,213,986
Statutory Liquid Assets,-Off Shore Banking Unit (USD'000)	29,324	23,418
Statutory Liquid Assets Ratio, % (Minimum Requirement, 20%)		
Domestic Banking Unit (%)	28.96%	27.83%
Off-Shore Banking Unit (%)	50.25%	42.36%
Total Stock of High-Quality Liquid Assets (LKR '000)		
Rupee	28,185,382	30,212,947
All Currency	34,441,060	35,652,169
Liquidity Coverage Ratio (%) - (Minimum Requirement - 90%)		
Rupee (%)	173.30%	177.36%
All Currency (%)	203.95%	211.57%
Net Stable Funding Ratio (%) - (Minimum Requirement - 90%)	118.12%	116.80%

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 rate of interest, waiver of late payment charges and granting of loans at concessionary rates in accordance with the directions issued by the Central Bank of Sri Lanka and reduced its lending rates for products in order to comply with the regulations. 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 made an overlay adjustment in assessing forward looking information by increasing the 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 as applicable in computation of ECLs.

7. Mr. B.D.A. Perera was appointed as an Independent Non-Executive Director to the Board of Pan Asia Bank w.e.f. 01st April 2021.

8. Computation of Income Tax and Deferred Tax

The Bank accounted for current tax and deferred tax as at 31st March 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.

9. Events after the Reporting Date

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

There remains 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

31/03/2021

Debt to Equity (Times)	0.72
Interest Cover (Times)	5.30

11. Market Price of Ordinary Shares

Market Price Per Share	31/03/2021 (Rs.)		31/03/2020 (Rs.)	
	Voting	Non-Voting	Voting	Non-Voting
Last Traded Price	14.00	-	8.10	-
Highest Price for the Quarter	22.50	-	12.90	-
Lowest Price for the Quarter	13.00	-	7.80	-

Shareholders' Information

Major Shareholders as at 31st March 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)	43,630,641	9.86
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	Mr.D.C.C.Joseph	10,321,644	2.33
11	Sri Lanka Savings Bank Limited	10,298,499	2.33
12	Mr.G.B.D.Tilakarathne	3,261,433	0.74
13	Mr.H.Beruwalage	2,046,648	0.46
14	Mr.D.M.I.Dissanayake	1,260,101	0.28
15	Mr.D.T.Beruwalage	1,161,448	0.26
16	DFCC Bank PLC/N.G.N.Maduranga	1,090,475	0.25
17	Mr.A.K.Palliya Guruge Don	1,061,311	0.24
18	Mr.T.G.S.Wickrama	1,037,153	0.23
19	Mr.M.B.U.N.Fernando	1,020,000	0.23
20	Mr.R.A.De Silva	1,000,000	0.23
		389,777,063	88.07
	Others	52,784,566	11.93
	Total	442,561,629	100.00

Public holding as at 31st March 2021 was 54.96% in the hands of 5,551 public shareholders.

Float Adjusted Market Capitalisation as at 31st March 2021 was Rs. 3,405,246,198 and the Bank complies with Option No. 04.

Directors' and Chief Executive Officer's Holding in Shares as at 31st March 2021

No	Name of Director	No. of Shares
1	Mr. G.A.R.D.Prasanna	34,801
2	Mr. S.B.Rangamuwa (Seylan Bank PLC/S.B.Rangamuwa)	125,000
3	Mr. M.A.Abeynaikie	-
4	Mr. T.Igarashi	-
5	Mr. T.Murakami	-
6	Mr. J. D. N.Kekulawala	-
7	Mr. M.Y.A.Perera	-
8	Mr. N.R.Tillekeratne	-