



**INTERIM FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2016**

COMPANY REGISTRATION NO : PQ 48

In Rupee Thousands

Income Statement						
	For the Year ended 31st December		Change	For the Quarter ended 31st December		Change
	2016 (Audited)	2015 (Audited)	%	2016	2015	%
Interest Income	13,366,543	9,038,971	48	3,839,191	2,583,670	49
Interest Expense	(8,733,164)	(5,076,382)	72	(2,598,332)	(1,541,817)	69
Net Interest Income	4,633,379	3,962,589	17	1,240,859	1,041,853	19
Fees and Commission Income	1,175,174	863,025	36	386,558	259,652	49
Fees and Commission Expense	(69,453)	(48,430)	43	(20,903)	(17,487)	20
Net Fee and Commission Income	1,105,721	814,595	36	365,655	242,165	51
Net Gain from Trading	275,095	303,958	(9)	61,940	69,994	(12)
Net Gain from Financial Investments	383	162	136	176	-	100
Other Operating Income	327,548	553,022	(41)	8,000	69,047	(88)
Total Operating Income	6,342,126	5,634,326	13	1,676,630	1,423,059	18
Impairment for Loans and Other Losses / (Reversals)						
Individual Impairment	482,268	761,013	(37)	220,379	217,328	1
Collective Impairment	47,009	30,625	53	28,416	(146,293)	119
Others	(1,168)	(41,113)	97	(142)	(7,637)	98
Net Operating Income	5,814,017	4,883,801	19	1,427,977	1,359,661	5
Operating Expenses						
Personnel Expenses	1,613,604	1,389,142	16	409,729	387,203	6
Depreciation and Amortisation	225,283	222,135	1	57,505	58,184	(1)
Other Expenses	1,684,285	1,368,523	23	447,742	359,384	25
Operating Profit before VAT and NBT on Financial Services	2,290,845	1,904,001	20	513,001	554,890	(8)
Value Added Tax and Nation Building Tax on Financial Services	483,265	361,871	34	99,608	104,593	(5)
Profit before Tax	1,807,580	1,542,130	17	413,393	450,297	(8)
Tax Expense	555,875	501,612	11	67,461	160,745	(58)
Profit for the Year	1,251,705	1,040,518	20	345,932	289,552	19
Earnings Per Share - Basic /Diluted (Annualised) (Rs)	4.24	3.53		4.65	3.89	

In Rupee Thousands

Statement of Comprehensive Income						
	For the Year ended 31st December		Change	For the Quarter ended 31st December		Change
	2 016	2 015	%	2 016	2 015	%
Profit for the Year	1,251,705	1,040,518	20	345,932	289,552	19
Other Comprehensive Income for the Year						
Acturial Losses on Defined Benefits Plan	(7,378)	(2,603)	183	(14,678)	(2,603)	464
Deferred Tax Effect on Above	2,066	729	183	4,110	729	464
	(5,312)	(1,874)	183	(10,568)	(1,874)	464
Total Comprehensive Income for the Year	1,246,393	1,038,644	20	335,364	287,678	17

In Rupee Thousands

Statement of Financial Position			
	As at 31/12/2016 Audited	As at 31/12/2015 Audited	Change %
Assets			
Cash and Cash Equivalents	1,703,450	1,393,268	22
Balances with Central Bank	6,218,564	4,166,741	49
Placements with Banks	75,097	-	100
Derivative Financial Instruments	26,280	1,544	1,602
Other Financial Assets Held for Trading	629,745	14,707	4,182
Loans and Receivables to Banks	754,131	944,836	(20)
Loans and Receivables to Other Customers	95,833,759	84,185,516	14
Financial Investments - Available for Sale	6,158	6,158	-
Financial Investments - Held to Maturity	21,753,428	14,667,282	48
Property, Plant and Equipment	1,489,391	1,470,348	1
Intangible Assets	315,704	329,127	(4)
Other Assets	645,372	603,445	7
Total Assets	129,451,079	107,782,972	20
Liabilities			
Due to Banks	14,238,392	7,515,610	89
Derivative Financial Instruments	-	2,136	(100)
Due to Other Customers	91,456,410	77,697,055	18
Other Borrowings	6,762,948	7,096,951	(5)
Current Tax Liabilities	411,033	114,935	258
Deferred Tax Liabilities	445,769	391,739	14
Other Provisions and Accruals	170,399	190,688	(11)
Other Liabilities	1,143,812	1,085,999	5
Debentures	7,950,171	7,914,586	0
Total Liabilities	122,578,934	102,009,699	20
Equity			
Stated Capital	1,548,966	1,548,966	-
Statutory Reserve Fund	304,581	241,996	26
Retained Earnings	4,754,100	3,711,605	28
Revaluation Reserve	264,498	270,706	(2)
Total Equity	6,872,145	5,773,273	19
Total Equity and Liabilities	129,451,079	107,782,972	20
Commitments and Contingencies	28,003,930	26,223,208	7
Net Asset Value per Share (Rs.)	23.29	19.57	19
Memorandum Information			
Number of Employees	1,458	1,420	
Number of Branches	82	79	

In Rupee Thousands

Statement of Cash Flows		
	Current Year From 01/01/16 To 31/12/16	Previous Year From 01/01/15 To 31/12/15
Cash Flows from Operating Activities		
Profit before Tax	1,807,580	1,542,130
<i>Adjustment for:</i>		
Non Cash Items Included in Profit before Tax	795,989	1,008,753
Change in Operating Assets	(14,719,171)	(16,648,853)
Change in Operating Liabilities	17,556,291	21,358,684
Interest Expense on Debentures and Other Term Debts	951,789	564,580
Gratuity Paid	(11,698)	(8,025)
Income Tax Paid	(205,159)	(99,353)
Net Cash Generated From Operating Activities	6,175,621	7,717,916
Cash Flows from Investing Activities		
Acquisition of Property, Plant and Equipment	(213,585)	(191,357)
Proceeds from the Sale of Property, Plant and Equipment	6,209	74
Net Investment in Held to Maturity Investments	(7,086,147)	(12,103,925)
Acquisition of Intangible Assets	(19,289)	(321,225)
Net Cash Used in Investing Activities	(7,312,812)	(12,616,433)
Cash Flows from Financing Activities		
Net Proceeds from the Issue of Debentures	-	4,000,000
Proceeds from Term Borrowings	2,579,333	1,442,100
Dividends Paid	(147,521)	-
Interest Paid on Debentures and Other Term Debts	(909,342)	(484,721)
Net Cash Generated from Financing Activities	1,522,470	4,957,379
Net Increase in Cash & Cash Equivalents	385,279	58,862
Cash and Cash Equivalents at the beginning of the Year	1,393,268	1,334,406
Cash and Cash Equivalents at the end of the Year	1,778,547	1,393,268

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 01/01/2015	1,548,966	-	189,970	276,916	2,718,777	4,734,629
Profit for the Year	-	-	-	-	1,040,518	1,040,518
Other Comprehensive Income for the Year	-	-	-	-	(1,874)	(1,874)
Total Comprehensive Income for the Year	-	-	-	-	1,038,644	1,038,644
Transactions with Equity Holders, Recognised Directly in Equity						
Transfer to Statutory Reserve Fund	-	-	52,026	-	(52,026)	-
Realisation of Revaluation Reserve	-	-	-	(6,210)	6,210	-
Total Transactions with Equity Holders	-	-	52,026	(6,210)	(45,816)	-
Balance as at 31/12/2015	1,548,966	-	241,996	270,706	3,711,605	5,773,273
Balance as at 01/01/2016	1,548,966	-	241,996	270,706	3,711,605	5,773,273
Profit for the Period (Audited)	-	-	-	-	1,251,705	1,251,705
Other Comprehensive Income for the Year	-	-	-	-	(5,312)	(5,312)
Total Comprehensive Income for the Year	-	-	-	-	1,246,393	1,246,393
Transactions with Equity Holders, Recognised Directly in Equity						
Transfer to Statutory Reserve Fund	-	-	62,585	-	(62,585)	-
Final Dividend (Cash) for 2015	-	-	-	-	(147,521)	(147,521)
Realisation of Revaluation Reserve	-	-	-	(6,208)	6,208	-
Total Transactions with Equity Holders	-	-	62,585	(6,208)	(203,898)	(147,521)
Balance as at 31/12/2016	1,548,966	-	304,581	264,498	4,754,100	6,872,145

* Number of Ordinary Shares (Voting) as at 31st December 2016 -295,041,086

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	-	-	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

In Rupee Thousands

Measurement of Financial Instruments						
As at 31.12.2015	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	-	-	1,393,268	-	-	1,393,268
Balances with Central Bank	-	-	4,166,741	-	-	4,166,741
Derivative Financial Instruments	-	-	-	-	1,544	1,544
Other Financial Assets Held for Trading	14,707	-	-	-	-	14,707
Loans and Receivables to Banks	-	-	944,836	-	-	944,836
Loans and Receivables to Other Customers	-	-	84,185,516	-	-	84,185,516
Financial Investments	-	14,667,282	-	6,158	-	14,673,440
Total Financial Assets	14,707	14,667,282	90,690,361	6,158	1,544	105,380,052
Financial Liabilities						
Due to Banks	-	-	7,515,610	-	-	7,515,610
Derivative Financial Instruments	-	-	-	-	2,136	2,136
Due to Other Customers	-	-	77,697,055	-	-	77,697,055
Other Borrowings	-	-	7,096,951	-	-	7,096,951
Debentures	-	-	7,914,586	-	-	7,914,586
Total Financial Liabilities	-	-	100,224,202	-	2,136	100,226,338

Notes to the Financial Statements

Loans and Receivables to Other Customers		In Rupee Thousands
	As at 31/12/2016	As at 31/12/2015
Gross Loans and Receivables	98,509,786	86,322,651
Less: Individual Impairment	(1,693,536)	(1,201,653)
Collective Impairment	(982,491)	(935,482)
Net Loans and Receivables including those designated at fair value through profit or loss	95,833,759	84,185,516
Less: Loans and Receivables designated at fair value through profit or loss	-	-
Net Loans and Receivables	95,833,759	84,185,516

Loans and Receivables to Other Customers - By Product		In Rupee Thousands
	As at 31/12/2016	As at 31/12/2015
By Product-Domestic Currency		
Overdrafts	17,861,979	16,044,792
Term Loans	45,781,814	38,833,571
Lease Rentals Receivable	8,792,506	8,320,679
Pawning & Ran Loans	2,646,972	1,381,924
Staff Loans	809,692	540,002
Trade Finance	2,214,430	1,517,805
Margin Trading	2,447,732	2,724,764
Securities Purchased under Resale Agreements	1,683,561	984,360
Debentures - Quoted	1,793,326	2,262,835
Others	3,729,260	2,518,020
Sub Total	87,761,272	75,128,752
By Product-Foreign Currency		
Overdrafts	584,900	1,056,909
Term Loans	2,691,811	2,480,505
Trade Finance	1,248,524	1,393,654
Sri Lanka Development Bonds	6,207,879	6,245,116
Others	15,400	17,715
Sub Total	10,748,514	11,193,899
Total	98,509,786	86,322,651

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

	In Rupee Thousands	
	As at 31/12/2016	As at 31/12/2015
Individual Impairment		
Opening Balance	1,201,653	1,923,965
Charge to Profit or Loss	482,268	761,013
(Write off)/Recoveries during the Period	(18,274)	(1,494,358)
Interest Accrued on Impaired Loans and Receivables	(168,050)	(190,748)
Other Movements	195,939	201,781
Closing Balance	1,693,536	1,201,653
Collective Impairment		
Opening Balance	935,482	1,022,113
Charge / (Reversal) to Profit or Loss	47,009	30,625
(Write off) /Recoveries during the Period	-	(117,256)
Closing Balance	982,491	935,482
Total Impairment	2,676,027	2,137,135

Due to Other Customers - By Product		In Rupee Thousands
	As at 31/12/2016	As at 31/12/2015
By Product-Domestic Currency		
Demand Deposits	4,484,703	6,280,582
Savings Deposits	12,289,358	13,536,447
Fixed Deposits	62,263,699	46,921,509
Certificates of Deposits	5,488,401	4,887,367
Margin Deposits	325,377	561,521
Sub Total	84,851,538	72,187,426
By Product- Foreign Currency		
Demand Deposits	657,288	600,950
Savings Deposits	1,163,446	1,344,348
Fixed Deposits	4,784,138	3,558,988
Margin Deposits	-	5,343
Sub Total	6,604,872	5,509,629
Total	91,456,410	77,697,055

Selected Performance Indicators		
	Bank	
	Current Period As at 31/12/2016	Previous Period As at 31/12/2015
Regulatory Capital Adequacy		
Core Capital , Rs. Mn	6,608	5,503
Total Capital Base, Rs. Mn	8,567	8,133
Core Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 5%)	8.37%	7.82%
Total Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 10%)	11.40%	12.30%
Assets Quality (Quality of Loan Portfolio)		
Gross Non - Performing Advances Ratio, % (Net of Interest in Suspense)	4.74%	4.84%
Net Non - Performing Advances Ratio, % (Net of Interest in Suspense and Provision)	2.95%	3.26%
Profitability (Annualised)		
Interest Margin, %	3.87%	4.34%
Return on Assets (After Tax). %	1.05%	1.14%
Return on Equity, %	19.97%	19.94%
Regulatory Liquidity		
Statutory Liquid Assets,-DBU Rs.Mn.	32,494	22,748
Statutory Liquid Assets,-Off Shore Banking Unit USD.Mn.	30.18	22.34
Statutory Liquid Assets Ratio,% (Minimum Requirement, 20%)		
Domestic Banking Unit	28.03%	24.39%
Off-Shore Banking Unit	38.82%	50.63%

CERTIFICATION:

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

(Sgd.)

Suranga Fernando

Senior Manager - Finance

We, the undersigned, being the Chairman, Deputy Chairman and Acting 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.)

Eshana De Silva
Chairman

22nd February 2017

(Sgd.)

Harris Premaratne
Deputy Chairman

(Sgd.)

Lalith Jayakody
Acting Chief Executive Officer

EXPLANATORY NOTES

- These Financial Statements of the Bank for the Year ended 31st December 2016 have been prepared and presented in accordance with Sri Lanka Accounting Standards (LKASs / SLFRSs) and contain information required by Listing Rules of Colombo Stock Exchange. There are no significant changes in accounting policies, methods of computation and risk management policies with those of the year 2015. 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 debentures during the Year.
- All known expenses have been provided for in these Financial Statements.

4 Events after the Reporting Period

The Board of Directors at its meeting held on 30th November 2016, decided to go for a rights issue at the proportion of 1 new ordinary share for every two ordinary shares held at Rs. 14/- per share to raise Rs. 2,065,287,602/-. The shareholders of the Bank have approved the corresponding resolution at the Extraordinary General Meeting held on 31st January 2017.

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 except for the above.

5 Changes in Directorships

Mr. P.L.D.N. Seneviratne has resigned from post of Chief Executive Officer with effective from 31st December 2016. He resigned from the Board of the Bank with effective from the same date.

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					
2012/2017					
Fixed Rate - Interest Semi Annually - 2012/2017	11.25	11.15	Not Traded	Not Traded	Not Traded
Fixed Rate - Interest Annually - 2012/2017	11.50	11.15	Not Traded	Not Traded	Not Traded
Floating Rate - Interest Semi Annually - 2012/2017					
(2.95% Above the average of 06 month Gross Treasury Bill Rate)	13.87	9.48	Not Traded	Not Traded	Not Traded
Fixed Rate - Interest at Maturity - 2012/2017	14.50	11.15	1,005	14.43	11.41
2014/2019					
Fixed Rate - Interest Semi Annually - 2014/2019	9.5233	13.03	Not Traded	Not Traded	Not Traded
Fixed Rate - Interest Annually - 2014/2019	9.75	13.03	Not Traded	Not Traded	Not Traded
Unsecured Senior Redeemable Debentures					
2015/2018					
Fixed Rate - Interest Semi Annually - 2015/2018	9.50	12.60	Not Traded	Not Traded	Not Traded
Floating Rate - Interest Semi Annually - 2015/2018					
(2.5% Above the average of 06 month Net Treasury Bill Rate)	12.125	9.66	Not Traded	Not Traded	Not Traded
2015/2019					
Fixed Rate - Interest Semi Annually - 2015/2019	10.00	13.01	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)	12.625	9.66	Not Traded	Not Traded	Not Traded

ii) Ratios

	2016
Debt to Equity (Times)	1.97
Interest Cover (Times)	2.90

7 Market Price of Ordinary Shares

Market Price Per Share	31/12/2016 (Rs.)		31/12/2015 (Rs.)	
	Voting	Non Voting	Voting	Non Voting
Last Traded Price	20.00	--	27.10	--
Highest Price for the Quarter	25.30	--	29.50	--
Lowest Price for the Quarter	18.80	--	25.80	--

Shareholders' Information

Major Shareholders as at 31st December 2016

No	Name	No. of Shares	%
1	K. D. D. Perera	88,482,820	29.99
2	Bansei Securities Co., Ltd.	44,256,164	15.00
3	Lanka Century Investments PLC	29,287,094	9.93
4	D. C. C. Joseph	17,252,332	5.85
5	K. D. H. Perera	15,537,332	5.27
6	P. J. Tay	14,611,996	4.95
7	K. D. A. Perera	12,800,000	4.34
8	Sri Lanka Samurdhi Authority	11,114,376	3.77
9	Seylan Bank PLC/W. D. N. H. Perera	8,213,641	2.78
10	Sri Lanka Savings Bank Ltd	6,865,666	2.33
11	N P Capital Ltd	6,860,603	2.33
12	A. R. Molligoda	2,491,546	0.84
13	Favourite Garments (Pvt) Ltd	1,850,000	0.63
14	M. F. Hashim	1,772,202	0.60
15	Deshabandu D.M.I. Dissanayake	1,306,801	0.44
16	R. E. U. De Silva	1,288,639	0.44
17	Bank of Ceylon A/C Ceybank Unit Trust	961,956	0.33
18	H. Beruwalage	874,432	0.30
19	R. S. A. Silva	756,237	0.26
20	A. P. Somasiri	700,000	0.24
		267,283,837	90.62
	Others	27,757,249	9.38
	Total	295,041,086	100.00

Public holding as at 31st December 2016 is 54.49% in the hands of 4,037 shareholders.

Directors' and Chief Executive Officer's Holding in Shares as at 31st December 2016

No	Name of Director	No. of Shares
1	R.E.U. De Silva	1,288,639
2	G. A. R. D. Prasanna	20,000
3	M. A. Abeynaike	-
4	T. G. Thoradeniya	36
5	T. Igarashi	-
6	T. Murakami	-
7	S. B. Rangamuwa	-
8	A. A. Wijepala	-
9	H. N. J. Chandrasekera	100
10	J. D. N. Kekulawala	-
11	P. L. D. N Seneviratne (Resigned w.e.f. 31.12.2016)	29,000