



**INTERIM FINANCIAL STATEMENTS  
FOR THE 06 MONTHS ENDED 30TH JUNE 2020**

**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 %
	2 020	2019 (Audited)		2 020	2 019	
Interest Income	9,713,819	9,581,803	1	4,772,453	4,742,549	1
Interest Expense	(5,973,329)	(6,611,962)	(10)	(2,941,960)	(3,326,180)	(12)
<b>Net Interest Income</b>	<b>3,740,490</b>	<b>2,969,841</b>	<b>26</b>	<b>1,830,493</b>	<b>1,416,369</b>	<b>29</b>
Fees and Commission Income	586,010	732,102	(20)	202,265	383,571	(47)
Fees and Commission Expense	(30,797)	(24,345)	27	(10,093)	(14,764)	(32)
<b>Net Fee and Commission Income</b>	<b>555,213</b>	<b>707,757</b>	<b>(22)</b>	<b>192,172</b>	<b>368,807</b>	<b>(48)</b>
Net Gain from Trading	231,370	385,584	(40)	147,346	222,259	(34)
Other Operating Income	140,230	92,133	52	65,761	56,848	16
<b>Total Operating Income</b>	<b>4,667,303</b>	<b>4,155,315</b>	<b>12</b>	<b>2,235,772</b>	<b>2,064,283</b>	<b>8</b>
Impairment Charges	675,303	819,173	(18)	146,494	457,786	(68)
<b>Net Operating Income</b>	<b>3,992,000</b>	<b>3,336,142</b>	<b>20</b>	<b>2,089,278</b>	<b>1,606,497</b>	<b>30</b>
<b>Operating Expenses</b>						
Personnel Expenses	953,608	909,126	5	514,521	477,257	8
Depreciation and Amortisation	96,000	93,686	2	48,246	46,541	4
Other Expenses	1,144,297	1,142,633	0	540,156	559,987	(4)
<b>Operating Profit before Taxes &amp; Levies on Financial Services</b>	<b>1,798,095</b>	<b>1,190,697</b>	<b>51</b>	<b>986,355</b>	<b>522,712</b>	<b>89</b>
Taxes and Levies on Financial Services	365,273	439,682	(17)	205,391	198,691	3
<b>Profit before Tax</b>	<b>1,432,822</b>	<b>751,015</b>	<b>91</b>	<b>780,964</b>	<b>324,021</b>	<b>141</b>
Income Tax Expense	526,869	(2,733)	19,375	290,701	(157,537)	285
<b>Profit for the Period</b>	<b>905,953</b>	<b>753,748</b>	<b>20</b>	<b>490,263</b>	<b>481,558</b>	<b>2</b>
Earnings Per Share - Basic /Diluted (Rs)	2.05	1.70	20	1.11	1.09	2

In Rupee Thousands

<b>Statement of Comprehensive Income</b>						
	For the Six Months ended 30th June		Change %	For the Quarter ended 30th June		Change %
	2 020	2 019		2 020	2 019	
<b>Profit for the Period</b>	<b>905,953</b>	<b>753,748</b>	<b>20</b>	<b>490,263</b>	<b>481,558</b>	<b>2</b>
Other Comprehensive Income for the Period	-	-	-	-	-	-
<b>Total Comprehensive Income for the Period</b>	<b>905,953</b>	<b>753,748</b>	<b>20</b>	<b>490,263</b>	<b>481,558</b>	<b>2</b>

In Rupee Thousands

## Statement of Financial Position

	As at 30/06/2020	As at 31/12/2019 (Audited)	Change %
<b>Assets</b>			
Cash and Cash Equivalents	2,158,866	1,708,269	26
Balances with Central Bank of Sri Lanka	2,325,075	5,333,200	(56)
Derivative Financial Instruments	66,470	443	14,895
Financial Assets at Fair Value through Profit or Loss	-	168,177	(100)
Financial Assets at Amortised Cost			
-Loans and Advances	118,599,605	111,187,855	7
-Debt and Other Instruments	36,122,407	30,080,088	20
Financial Assets - Fair Value through Other Comprehensive Income	6,158	6,158	-
Property, Plant and Equipment	2,304,536	2,333,961	(1)
Right-of-Use Assets	799,891	911,837	(12)
Intangible Assets	334,587	280,852	19
Other Assets	994,387	968,855	3
<b>Total Assets</b>	<b>163,711,982</b>	<b>152,979,695</b>	<b>7</b>
<b>Liabilities</b>			
Due to Banks	272,828	521,836	(48)
Derivative Financial Instruments	51,566	107	47,961
Financial Liabilities at Amortised Cost			
-Due to Depositors	131,230,634	122,544,024	7
-Due to Debt Securities Holders	13,207,488	11,944,843	11
Current Tax Liabilities	852,241	752,287	13
Deferred Tax Liabilities	244,431	132,780	84
Other Provisions and Accruals	369,229	187,603	97
Other Liabilities	3,248,823	3,567,426	(9)
<b>Total Liabilities</b>	<b>149,477,240</b>	<b>139,650,906</b>	<b>7</b>
<b>Equity</b>			
Stated Capital	3,614,253	3,614,253	-
Statutory Reserve Fund	538,717	538,717	-
Retained Earnings	9,141,504	8,231,160	11
Revaluation Reserve	940,268	944,659	(0)
<b>Total Equity</b>	<b>14,234,742</b>	<b>13,328,789</b>	<b>7</b>
<b>Total Equity and Liabilities</b>	<b>163,711,982</b>	<b>152,979,695</b>	<b>7</b>
<b>Commitments and Contingencies</b>	<b>61,195,496</b>	<b>46,999,029</b>	<b>30</b>
<b>Net Asset Value per Share (Rs.)</b>	<b>32.16</b>	<b>30.12</b>	<b>7</b>
<b>Memorandum Information</b>			
Number of Employees	1,524	1,629	
Number of Branches	85	85	

In Rupee Thousands

<b>Statement of Changes In Equity</b>						
	<b>Stated Capital*</b>		<b>Reserves</b>			<b>Total</b>
	<b>Ordinary Voting Shares</b>	<b>Ordinary Non-Voting Shares</b>	<b>Statutory Reserve Fund</b>	<b>Revaluation Reserve</b>	<b>Retained Earnings</b>	
<b>Balance as at 01/01/2019</b>	3,614,253	-	451,189	623,813	6,557,389	11,246,644
Profit for the Period	-	-	-	-	753,748	753,748
Other Comprehensive Income for the Period	-	-	-	-	-	-
<b>Total Comprehensive Income for the Period</b>	-	-	-	-	<b>753,748</b>	<b>753,748</b>
<b>Transactions with Equity Holders, Recognised Directly in Equity, Contribution by and Distribution to Equity Holders</b>	-	-	-	-	-	-
<b>Other Transaction</b>						
Realisation of Revaluation Reserve	-	-	-	(3,410)	3,410	-
<b>Total Other Transactions</b>	-	-	-	<b>(3,410)</b>	<b>3,410</b>	-
<b>Balance as at 30/06/2019</b>	<b>3,614,253</b>	-	<b>451,189</b>	<b>620,403</b>	<b>7,314,547</b>	<b>12,000,392</b>
<b>Balance as at 01/01/2020</b>	3,614,253	-	538,717	944,659	8,231,160	13,328,789
Profit for the Period	-	-	-	-	905,953	905,953
Other Comprehensive Income for the Period	-	-	-	-	-	-
<b>Total Comprehensive Income for the Period</b>	-	-	-	-	<b>905,953</b>	<b>905,953</b>
<b>Transactions with Equity Holders, Recognised Directly in Equity, Contribution by and Distribution to Equity Holders</b>	-	-	-	-	-	-
<b>Other Transaction</b>						
Realisation of Revaluation Reserve	-	-	-	(4,391)	4,391	-
<b>Total Other Transactions</b>	-	-	-	<b>(4,391)</b>	<b>4,391</b>	-
<b>Balance as at 30/06/2020</b>	<b>3,614,253</b>	-	<b>538,717</b>	<b>940,268</b>	<b>9,141,504</b>	<b>14,234,742</b>

\* Number of Ordinary Shares (Voting) as at 30th June 2020 - 442,561,629

In Rupee Thousands

<b>Statement of Cash Flows</b>		
	<b>Current Period From 01/01/2020 To 30/06/2020</b>	<b>Previous Period From 01/01/2019 To 30/06/2019</b>
<b>Cash Flows from Operating Activities</b>		
Profit before Tax	1,432,822	751,015
<i>Adjustment for:</i>		
Non Cash Items Included in Profit before Tax	911,044	1,058,488
Change in Operating Assets	(11,039,690)	2,553,065
Change in Operating Liabilities	9,653,269	(4,599,874)
Interest Expense on Debentures and Other Term Debts	405,637	730,874
Interest Expense on Lease Liabilities	53,526	-
Gratuity Paid	(11,184)	(9,523)
Income Tax Paid	(315,265)	(86,301)
<b>Net Cash Generated From / (Used in) Operating Activities</b>	<b>1,090,159</b>	<b>397,744</b>
<b>Cash Flows from Investing Activities</b>		
Acquisition of Property, Plant and Equipment	(46,850)	(30,697)
Proceeds from the Sale of Property, Plant and Equipment	-	633
Acquisition of Intangible Assets	(73,460)	(7,711)
<b>Net Cash Used in Investing Activities</b>	<b>(120,310)</b>	<b>(37,775)</b>
<b>Cash Flows from Financing Activities</b>		
Interest Paid on Debentures and Other Term Debts	(361,184)	(641,819)
Repayment of Principal Portion of Lease Liability	(104,135)	-
Interest Paid on Lease Liabilities	(53,526)	-
<b>Net Cash Used in Financing Activities</b>	<b>(518,845)</b>	<b>(641,819)</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	<b>451,004</b>	<b>(281,850)</b>
Cash and Cash Equivalents at the beginning of the Period	1,709,649	2,214,106
Cash and Cash Equivalents at the end of the Period	<b>2,160,653</b>	<b>1,932,256</b>

In Rupee Thousands

Measurement of Financial Instruments					
As at 30/06/2020	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
<b>Financial Assets</b>					
Cash and Cash Equivalents	-	-	2,158,866	-	2,158,866
Balances with Central Bank of Sri Lanka	-	-	2,325,075	-	2,325,075
Derivative Financial Instruments	-	-	-	66,470	66,470
Financial Assets at Fair Value through Profit or Loss	-	-	-	-	-
Financial Assets at Amortised Cost-Loans and Advances	-	-	118,599,605	-	118,599,605
Financial Assets at Amortised Cost-Debt and Other Instruments	-	-	36,122,407	-	36,122,407
Financial Assets at Fair Value through Other Comprehensive Income	-	6,158	-	-	6,158
<b>Total Financial Assets</b>	-	<b>6,158</b>	<b>159,205,953</b>	<b>66,470</b>	<b>159,278,581</b>
<b>Financial Liabilities</b>					
Due to Banks	-	-	272,828	-	272,828
Derivative Financial Instruments	-	-	-	51,566	51,566
Due to Depositors	-	-	131,230,634	-	131,230,634
Due to Debt Securities Holders	-	-	13,207,488	-	13,207,488
Other Liabilities	-	-	751,474	-	751,474
<b>Total Financial Liabilities</b>	-	-	<b>145,462,424</b>	<b>51,566</b>	<b>145,513,990</b>

In Rupee Thousands

Measurement of Financial Instruments					
As at 31/12/2019 (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
<b>Financial Assets</b>					
Cash and Cash Equivalents	-	-	1,708,269	-	1,708,269
Balances with Central Bank of Sri Lanka	-	-	5,333,200	-	5,333,200
Derivative Financial Instruments	-	-	-	443	443
Financial Assets at Fair Value through Profit or Loss	168,177	-	-	-	168,177
Financial Assets at Amortised Cost-Loans and Advances	-	-	111,187,855	-	111,187,855
Financial Assets at Amortised Cost-Debt and Other Instruments	-	-	30,080,088	-	30,080,088
Financial Assets at Fair Value through Other Comprehensive Income	-	6,158	-	-	6,158
<b>Total Financial Assets</b>	<b>168,177</b>	<b>6,158</b>	<b>148,309,412</b>	<b>443</b>	<b>148,484,190</b>
<b>Financial Liabilities</b>					
Due to Banks	-	-	521,836	-	521,836
Derivative Financial Instruments	-	-	-	107	107
Due to Depositors	-	-	122,544,024	-	122,544,024
Due to Debt Securities Holders	-	-	11,944,843	-	11,944,843
Other Liabilities	-	-	863,074	-	863,074
<b>Total Financial Liabilities</b>	-	-	<b>135,873,777</b>	<b>107</b>	<b>135,873,884</b>

## Notes to the Financial Statements

### 1. Analysis of Loans and Advances and Impairment

#### 1.1 Loans and Advances

	In Rupee Thousands	
	As at 30/06/2020	As at 31/12/2019 (Audited)
Gross Loans and Advances	125,587,845	117,503,175
Less :Impairment	(6,988,240)	(6,315,320)
Net Loans and Advances including those designated at FVPL	118,599,605	111,187,855
Less: Loans and Advances designated at FVPL	-	-
<b>Net Loans and Advances</b>	<b>118,599,605</b>	<b>111,187,855</b>

#### 1.2 Loans and Advances - By Product

	In Rupee Thousands	
	As at 30/06/2020	As at 31/12/2019 (Audited)
<b>Domestic Currency</b>		
Term Loans	77,887,823	68,971,801
Overdraft	13,687,867	14,941,312
Trade Finance	1,822,527	2,663,681
Lease Rentals Receivable	9,326,191	8,627,202
Others	12,344,022	12,361,119
<b>Sub Total</b>	<b>115,068,430</b>	<b>107,565,115</b>
<b>Foreign Currency</b>		
Term Loans	7,152,891	7,073,772
Overdraft	2,040,564	1,846,376
Trade Finance	1,325,240	1,001,031
Others	720	16,881
<b>Sub Total</b>	<b>10,519,415</b>	<b>9,938,060</b>
<b>Total</b>	<b>125,587,845</b>	<b>117,503,175</b>

#### 1.3 Stage Wise Impairment on Loans and Advances

	In Rupee Thousands	
	As at 30/06/2020	As at 31/12/2019 (Audited)
<b>Gross Loans and Advances</b>	125,587,845	117,503,175
Less: Accumulated Impairment under Stage 1	(1,076,163)	(981,068)
Accumulated Impairment under Stage 2	(581,423)	(496,481)
Accumulated Impairment under Stage 3	(5,330,654)	(4,837,771)
<b>Net Loans and Advances</b>	<b>118,599,605</b>	<b>111,187,855</b>

#### 1.4 Movement of Impairment during the period - Loans and Advances

	In Rupee Thousands	
	As at 30/06/2020	As at 31/12/2019 (Audited)
<b>Under Stage 1</b>		
Opening balance	981,068	1,184,379
Charge/ (Recovery) to income statement	95,095	(203,311)
Closing balance	<b>1,076,163</b>	<b>981,068</b>
<b>Under Stage 2</b>		
Opening balance	496,481	599,125
Charge/ (Recovery) to income statement	84,942	(102,644)
Closing balance	<b>581,423</b>	<b>496,481</b>
<b>Under Stage 3</b>		
Opening balance	4,837,771	3,542,059
Charge/ (Recovery) to income statement	513,827	1,394,625
Write - off during the period	(20,944)	(98,913)
Closing balance	<b>5,330,654</b>	<b>4,837,771</b>
<b>Total impairment - Closing Balance</b>	<b>6,988,240</b>	<b>6,315,320</b>



## 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 01/01/2019	362	83,832	1,891	6,508	<b>92,593</b>
Charge/ (Recovery) to Income statement	1,018	42,525	4,287	341	<b>48,171</b>
Closing balance at 31/12/2019	<b>1,380</b>	<b>126,357</b>	<b>6,178</b>	<b>6,849</b>	<b>140,764</b>
Opening balance as at 01/01/2020	1,380	126,357	6,178	6,849	<b>140,764</b>
Charge/ (Recovery) to Income statement	407	(15,600)	(3,256)	(110)	<b>(18,559)</b>
Closing balance at 30/06/2020	<b>1,787</b>	<b>110,757</b>	<b>2,922</b>	<b>6,739</b>	<b>122,205</b>

\* All above Financial assets and Financial guarantee contracts are 'stage 1' exposures.

### 3. Analysis of Deposits - By Product

In Rupee Thousands

	As at 30/06/2020	As at 31/12/2019 (Audited)
<b>Domestic Currency</b>		
Demand Deposits	3,963,842	3,833,190
Savings Deposits	21,344,829	15,846,532
Fixed Deposits	93,796,378	87,938,393
Certificates of Deposits	3,761,568	3,521,230
Margin Deposits	162,078	203,194
<b>Sub Total</b>	<b>123,028,695</b>	<b>111,342,539</b>
<b>Foreign Currency</b>		
Demand Deposits	420,161	542,445
Savings Deposits	1,037,853	1,064,243
Fixed Deposits	6,739,548	9,590,534
Margin Deposits	4,377	4,263
<b>Sub Total</b>	<b>8,201,939</b>	<b>11,201,485</b>
<b>Total</b>	<b>131,230,634</b>	<b>122,544,024</b>

## 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. Such valuations incorporate various inputs such as foreign exchange spot and forward rates.

##### (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 consisted of unquoted equities.

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

Quoted Equities and Sri Lanka Government Securities - are included under Financial Assets at Fair Value through Profit or Loss are valued using market prices.

#### 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 30th June 2020	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>				
Derivative Financial Instruments	-	66,470	-	66,470
Financial Assets at FVOCI	-	6,158	-	6,158
<b>Total</b>	-	<b>72,628</b>	-	<b>72,628</b>
<b>Non Financial Assets</b>				
Land - Revalued	-	-	1,402,160	1,402,160
Building - Revalued	-	-	472,682	472,682
<b>Total</b>	-	-	<b>1,874,842</b>	<b>1,874,842</b>
<b>Financial Liabilities</b>				
Derivative Financial Instruments	-	51,566	-	51,566
<b>Total</b>	-	<b>51,566</b>	-	<b>51,566</b>

## Notes to the Financial Statements

<b>In Rupee Thousands</b>				
<b>As at 31st December 2019</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial Assets</b>				
Derivative Financial Instruments	-	443	-	443
Financial Assets at Fair Value through Profit or Loss - Sri Lanka Government Foreign Currency Securities	168,177	-	-	168,177
Financial Assets at FVOCI	-	6,158	-	6,158
<b>Total</b>	<b>168,177</b>	<b>6,601</b>	<b>-</b>	<b>174,778</b>
<b>Non Financial Assets</b>				
Land - Revalued	-	-	1,402,160	1,402,160
Building - Revalued	-	-	481,575	481,575
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1,883,735</b>	<b>1,883,735</b>
<b>Financial Liabilities</b>				
Derivative Financial Instruments	-	107	-	107
<b>Total</b>	<b>-</b>	<b>107</b>	<b>-</b>	<b>107</b>

- b) The following table shows the total gains and losses (excluding interest) recognised in profit or loss during the period relating to assets and liabilities held at the period end.

<b>In Rupee Thousands</b>	
	<b>6 Months Ended June 2020</b>
Derivative Financial Instruments (net)	14,569
<b>Total</b>	<b>14,569</b>

## Notes to the Financial Statements

- c) 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 June 2020		As at 31st December 2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Financial Assets</b>				
Cash and Cash Equivalents	2,158,866	2,158,866	1,708,269	1,708,269
Balances with Central Bank of Sri Lanka	2,325,075	2,325,075	5,333,200	5,333,200
Loans and Advances -at Amortised Cost	118,599,605	119,115,314	111,187,855	111,322,699
Debt and Other Instruments - at Amortised Cost	36,122,407	37,428,264	30,080,088	30,317,127
<b>Total Financial Assets</b>	<b>159,205,953</b>	<b>161,027,519</b>	<b>148,309,412</b>	<b>148,681,295</b>
<b>Financial Liabilities</b>				
Due to Banks	272,828	272,828	521,836	521,836
Due to Depositors - at Amortised Cost	131,230,634	130,312,233	122,544,024	119,704,851
Due to Debt Security holders - at Amortised Cost	13,207,488	13,207,488	11,944,843	11,944,843
Other Liabilities	751,474	751,474	863,074	863,074
<b>Total Financial Liabilities</b>	<b>145,462,424</b>	<b>144,544,023</b>	<b>135,873,777</b>	<b>133,034,604</b>

### 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.

<b>Selected Performance Indicators (As per Regulatory Reporting)</b>		
	Bank	
	Current Period As at 30/06/2020	Previous Period As at 31/12/2019 (Audited)
<b>Regulatory Capital (LKR '000)</b>		
Common Equity Tier I (CET I) Capital before Adjustments	12,853,473	12,853,473
Common Equity Tier I (CET I) Capital after Adjustments	12,518,886	12,572,621
Total Tier 1 Capital	12,518,886	12,572,621
Total Capital	14,177,812	13,978,793
<b>Regulatory Capital Ratios (%)</b>		
Common Equity Tier 1 Capital Ratio (Minimum Requirement -6.50%, 2019-7%)	11.78%	12.87%
Tier 1 Capital Ratio (Minimum Requirement -8%, 2019-8.5%)	11.78%	12.87%
Total Capital Ratio (Minimum Requirement -12%, 2019-12.5%)	13.35%	14.31%
<b>Leverage Ratio</b>		
Leverage Ratio (%) (Minimum Requirement - 3%)	6.30%	7.06%
<b>Assets Quality</b>		
Gross Non - Performing Advances Ratio, % (Net of Interest in Suspense)	5.89%	6.31%
Net Non - Performing Advances Ratio, % (Net of Interest in Suspense and Provision)	1.84%	2.82%
<b>Profitability</b>		
Interest Margin, %	4.65%	4.36%
Return on Assets (Before Tax), %	1.78%	1.52%
Return on Equity, %	13.23%	14.50%
<b>Regulatory Liquidity</b>		
Statutory Liquid Assets,-DBU (LKR '000)	40,365,176	33,932,700
Statutory Liquid Assets,-Off Shore Banking Unit (USD'000)	17,171	9,835
Statutory Liquid Assets Ratio,% (Minimum Requirement, 20%)		
Domestic Banking Unit (%)	27.79%	24.93%
Off-Shore Banking Unit (%)	32.01%	23.61%
Total Stock of High-Quality Liquid Assets (LKR '000)		
Rupee	18,633,377	12,127,628
All Currency	26,142,393	16,686,658
Liquidity Coverage Ratio (%) - (Minimum Requirement -90%, 2019-100%)		
Rupee (%)	135.22%	128.84%
All Currency (%)	208.15%	165.02%
Net Stable Funding Ratio (%) - (Minimum Requirement - 90%, 2019-100%)	123.29%	128.24%

**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

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

- (a) the above statements have been prepared in compliance with the format and definitions prescribed by the Central Bank of Sri Lanka ;
- (b) the information contained in these statements have been extracted from the unaudited financials of the bank unless indicated as audited.

(Sgd)

**Dimuth Prasanna**  
Chairman

(Sgd)

**Nimal Tillekeratne**  
Director/ Chief Executive Officer

31<sup>st</sup> July 2020  
Colombo

## EXPLANATORY NOTES

1. 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'.
2. There are no significant changes in accounting policies and methods of computation since the publication of Audited Financial Statements for the year 2019.
3. There are no material changes in the composition of assets, liabilities, contingent liabilities and use of funds raised through issue of shares.
4. All known expenses have been provided for in these Financial Statements.

### 5. Debenture Issue

The Bank raised Rs.820 Mn on 17th July 2020 via issue of Basel III compliant-Tier 2, unlisted, unsecured, subordinated, redeemable 5 year debentures with a Non-viability Conversion with a par value of Rs.100/- each.

### 6. Impact due to COVID-19

Risks relating to the impact of COVID-19 the COVID-19 pandemic has had, and continue to have, a material impact on businesses around the world and the economic environments in which they operate. There are a number of factors associated with the pandemic and its impact on Sri Lanka and rest of the world that could have a material adverse effect on the profitability, capital and liquidity of financial institutions including Pan Asia Bank. The COVID-19 pandemic has caused disruption to the Bank's customers, suppliers and staff to an extent. It remains unclear how this will evolve through 2020 and beyond and the Bank continues to monitor the situation closely.

Several schemes have been introduced by the Central Bank of Sri Lanka and the Government of Sri Lanka to provide financial support to parts of the economy impacted by the COVID-19 pandemic. Some of the regulatory actions include introduction of payment holidays (moratoriums) for certain borrowers and waiver of fees associated with certain products have continued affect the bank's profitability due to lower effective interest rates earned on certain portfolios and lower fee income being earned on certain products.

Furthermore, the introduction of, and participation in central-bank supported loan and other financing schemes introduced as a result of the COVID-19 pandemic may negatively impact Bank's level of impairment and, in turn, capital position. This may be exacerbated if the Bank is required by the government or the regulator to offer further forbearance or additional financial relief to borrowers. As these relief schemes expire the Bank may experience a higher volume of defaults and delinquencies in certain portfolios and may initiate collection and enforcement actions to recover defaulted debts.

The COVID19 pandemic has led to a weakening of economic indicators. These factors all have a significant impact on the modelling of expected credit losses (ECL) by the Bank. In assessing Expected Credit Losses (ECL), the Bank considered the impact on customers by adjusting economic factors as appropriate in addition to the consideration given on the impact of debt moratorium on Loans and advances. As a result, the Bank has experienced higher collective impairment charge during the first half of 2020 compared to prior periods and this trend may continue in the second half of 2020. The economic environment remains uncertain and future impairment charges may be subject to further volatility depending on the longevity of the COVID-19 pandemic and related containment measures, as well as the longer term effectiveness of central bank/government support measures.

## 7. Amendments to the Income Tax Law Announced by the Government

The corporate income tax rate applicable for banks is proposed to be reduced from 28% to 24%, effective from 1st January 2020 (Year of Assessment 2020/21), subject to the ratification of relevant legislations by the parliament. The Bank has not considered the impact of such rate reduction in computation of income tax and deferred tax liabilities as the relevant provisions are yet to be legislated.

Had the impact of the proposed reduction been adjusted, the total income tax expense for the period ended 30th June 2020 would have been reduced by Rs.52,943,599/- and deferred tax expense on the items that are routed through other comprehensive income would have been reduced by Rs.41,292,038/-. Further the net deferred tax liability as at 30th June 2020 would have been reduced by Rs.34,918,765/- and the current tax liabilities as at 30th June 2020 would have been reduced by Rs.59,316,871/-.

## 8. Events after the Reporting Period

There were no material events that took place after the Statement of Financial Position date which require adjustment to or disclosures in the Financial Statements other than those disclosed under Note 5 above.

## 9. Ratios

Debt to Equity (Times)	0.86
Interest Cover (Times)	4.53

## 10. Market Price of Ordinary Shares

Market Price Per Share	30/06/2020 (Rs.)		30/06/2019 (Rs.)	
	Voting	Non Voting	Voting	Non Voting
Last Traded Price	11.50	--	12.00	--
Highest Price for the Quarter	12.00	--	13.80	--
Lowest Price for the Quarter	6.10	--	11.70	--

## Shareholders' Information

### Major Shareholders as at 30th June 2020

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	K D H Perera	23,305,998	5.27
6	D C C Joseph	22,932,886	5.18
7	P. J. Tay	21,917,994	4.95
8	K. D. A. Perera	19,200,000	4.34
9	Imminent Technologies (Pvt) Ltd	14,137,697	3.19
10	Sri Lanka Samurdhi Authority	11,114,376	2.51
11	Sri Lanka Savings Bank Limited	10,298,499	2.33
12	A R Molligoda	3,737,319	0.84
13	H Beruwalage	2,046,648	0.46
14	R A De Silva	2,000,000	0.45
15	D M I Dissanayake	1,466,501	0.33
16	D T Beruwalage	1,161,448	0.27
17	M B U N Fernando	1,020,000	0.23
18	Favourite Garments (Pvt) Ltd	1,000,000	0.23
19	A P Somasiri	1,000,000	0.23
20	DFCC Bank PLC/ N G N Maduranga	987,300	0.22
		<b>407,668,952</b>	<b>92.12</b>
	<b>Others</b>	<b>34,892,677</b>	<b>7.88</b>
	<b>Total</b>	<b>442,561,629</b>	<b>100.00</b>

Public holding as at 30th June 2020 was 55.00% in the hands of 4,315 public shareholders.

Float adjusted market capitalisation as at 30th June 2020 was 2,799,202,303 and Bank complies with option No. 04.

### Directors' and Chief Executive Officer's Holding in Shares as at 30th June 2020

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