



**INTERIM FINANCIAL STATEMENTS
FOR THE 03 MONTHS ENDED 31ST MARCH 2020**

COMPANY REGISTRATION NO : PQ 48

Press Release

Pan Asia Bank records best ever Q1 results - Profit before tax up by 53% to Rs. 652 Mn

- Profit after tax increases by 53% to Rs. 416 Mn
- Net Interest Income up by 23% and NIM improves from 4.36% to 4.78%
- Operating Profits up by 22% owing to excellent core banking performance
- Operational efficiency further increases, improving Cost to income ratio from 50% to 45% during last 3 months
- Builds additional loan loss provision buffers to cope up with potential impact of COVID 19
- Loans and Advance book and Deposit base grow by 6% each during the quarter
- Net Non Performing Advances Ratio improves from 2.82% to 2.27%
- Pre tax ROA improves from 1.52% to 1.63%
- Maintains excess liquidity buffers to face contingencies - Statutory Liquid Asset Ratio exceeds 26%

Pan Asia Banking Corporation PLC concluded 2020 Q1 with the best ever financial results in a first quarter of an year in its 25 year history to report a Profit before tax of Rs.652 Mn and Profit after tax of Rs.416 million, recording an impressive growth of 53% in both, demonstrating resilience amidst challenging conditions.

The Bank's operating profit before taxes on financial services for the quarter increased by 22% reflecting solid overall core banking performance, effective assets and liabilities management and excellence in NPL management, although prudential impairment provisioning undermined the bank's operating profits to an extent. The Bank consciously increased impairment provision buffers during Q1 to deal with probable general deterioration in asset quality due to the impact of COVID 19 pandemic. As a result, the total impairment charge for the quarter increased by 46% to record Rs 529 Mn compared with Rs 361 Mn during the same period a year ago.

The Bank's growth in both profit before income tax and profit for the quarter was also supported by the low financial services taxes regime prevailed throughout the current quarter. Meanwhile, the Bank continued to compute income tax and deferred tax liabilities at the rate of 28% as the proposed new rate of 24% is yet to be legislated. The Bank's Earnings per Share for the quarter rose to Rs. 0.94 from Rs.0.62 in the comparative period.

The Bank's net interest margins improved from 4.36% to 4.78% during past 3 months which is a commendable feat given the industry wide deterioration in credit quality and steps taken by the government to bring down market interest rates despite the increased credit risk of borrowers. Meanwhile, the Bank's pre tax Return on Assets improved from 1.52% to 1.63%. Further the Bank maintained a strong Return on Equity of 12.35% in Q1 after taking a sizable hit on profits due to increased prudential impairment provisioning.

The Bank strived for revenue optimisation through portfolio re-alignment and cost management despite sector vulnerabilities that prevailed throughout the quarter. The Bank's cost to income ratio improved remarkably from 50% to 45% during last 3 months owing to the excellent core banking performance which reflected in the noteworthy growth in both net interest income and other income and prudent measures taken to contain overhead costs. In fact, the Bank managed to contain its growth in total operating expenses under 3% in Q1 which is commendable given the rising cost of goods and services.

The Bank's total asset base stood at Rs.168 Bn at the end of the quarter after posting a growth of 10% supported by the expansion in gross loans and advances and other financial instruments at amortized cost & FVTPL which include high quality liquid investments. Meanwhile, the Bank's gross loans and advances book recorded a strong growth of 6% during the quarter to reach Rs. 124 Bn which surpassed the previous full year's growth. Term loans continued to drive the bank's loan quantum growth of over Rs. 6.5 Bn during the quarter.

The Customer deposits recorded a commendable growth of 6% or Rs. 7 Bn during the quarter to touch Rs.130 Bn mark. The Bank's Retail and Corporate segments collectively contributed towards improving the deposit base including CASA base, whilst an outflow of a large foreign currency time deposit was experienced on the latter part of the quarter. The Bank's CASA base grew by over Rs. 3.6 Bn phenomenally during the quarter improving the CASA ratio by 200 basis points.

Though the banking sector continued to face pressure on deteriorating asset quality as most of the borrowers found it challenging to service the facilities amid tough economic conditions prevailed throughout the quarter, the Bank made strong improvements in this sphere with greater recovery efforts and close monitoring of credit facilities to curtail the impact of non-performing loans and advances. As a result, the Bank's gross non performing loan ratio improved from 6.31% to 6.03% whilst net non performing loan ratio improved from 2.82% to 2.27% within a short period of 3 months due to prudential provisioning policies.

Commenting on 2020 Q 1 financial performance, the Bank's Director/CEO, Nimal Tillekeratne said this performance had been possible due to Bank's well balanced, sustainable overall growth across all business segments coupled with improved efficiency and commitment from all staff. This impressive performance reflects the bank's resiliency, foresight, agility and the growing capability to generate strong financial performance even amidst challenging market conditions.

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

The Bank's common equity Tier I capital stood at Rs 12.86 bn while the total capital stood at Rs. 14.23 Bn as at the quarter end. Meanwhile, the Bank's regulatory capital adequacy ratios i.e. Common Equity Tier 1 ratio, Tier 1 ratio and Total Capital ratio at the quarter end stood at 11.71%, 11.71% and 13.25% respectively. The Bank's all capital ratios at the quarter end stand well above the minimum regulatory requirements.

The Bank maintains adequate liquid asset stocks to meet statutory requirements as well as to face contingencies. The Bank's Statutory Liquid Asset Ratios (SLAR) at the quarter end stood at 26.16% and 24.84% for Domestic Banking Unit and Off Shore Banking units respectively. This is against the statutory minimums of 20%. Meanwhile, the Bank's Liquidity Coverage Ratios (LCR) under BASEL III stood above statutory minimum of 100% at the quarter end. The Bank's All Currency LCR ratio stood at 129.45% and LCR ratio in Sri Lankan Rupees stood at 104.09%. Meanwhile, the Bank's Net Stable Funding Ratio stood at 118.51% at the quarter end against the minimum regulatory requirement of 100%.

The Bank's Net Asset Value per Share as at 31st March 2020 improved to Rs. 31.06 from Rs.30.12 at the previous year end. Meanwhile, the price of the Bank's ordinary voting share fell to Rs. 8.10 by end of the quarter, following steep decline in stock market indices since widespread of COVID -19 pandemic.

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 with the prestigious 'Global Climate Partnership Award' by Global Climate Partnership Fund (GCPF) in 2019, one of the world's largest climate funds which recognizes 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.

In recognition of the bank's superlative performance, 'Business Today' included Pan Asia Banking Corporation PLC among the 'Top 30 Corporates in Sri Lanka' for the first time in its history in recognition of the Bank's business and financial resilience in challenging times. The Business Today Top 30, for 2018/2019 is an independent ranking of the country's listed entities based on a comprehensive evaluation of an entity's financial and non-financial performance for the financial year 2018/19.

Pan Asia Bank which changed the financial landscape by introducing many innovative banking products, is celebrating the Silver Jubilee this 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 operates on a strong framework of good governance and ethical operations.

In Rupee Thousands

Income Statement			
	For 3 months ended 31st March		Change
	2 020	2 019	%
Interest Income	4,941,366	4,839,253	2
Interest Expense	(3,031,370)	(3,285,782)	(8)
Net Interest Income	1,909,996	1,553,471	23
Fees and Commission Income	383,745	348,531	10
Fees and Commission Expense	(20,704)	(9,581)	116
Net Fee and Commission Income	363,041	338,950	7
Net Gain from Trading	84,024	163,325	(49)
Other Operating Income	74,469	35,286	111
Total Operating Income	2,431,530	2,091,032	16
Impairment Charges	528,809	361,385	46
Net Operating Income	1,902,721	1,729,647	10
Operating Expenses			
Personnel Expenses	439,087	431,870	2
Depreciation and Amortisation	47,754	47,145	1
Other Expenses	604,141	582,646	4
Operating Profit before Taxes & Levies on Financial Services	811,739	667,986	22
Taxes and Levies on Financial Services	159,882	240,991	(34)
Profit before Tax	651,857	426,995	53
Income Tax Expense	236,168	154,804	53
Profit for the Period	415,689	272,191	53
Earnings Per Share - Basic /Diluted (Rs)	0.94	0.62	53

In Rupee Thousands

Statement of Comprehensive Income			
	For 3 months ended 31st March		Change
	2 020	2 019	%
Profit for the Period	415,689	272,191	53
Other Comprehensive Income for the Period	-	-	-
Total Comprehensive Income for the Period	415,689	272,191	53

In Rupee Thousands

Statement of Financial Position

	As at 31/03/2020	As at 31/12/2019 (Audited)	Change %
Assets			
Cash and Cash Equivalents	2,682,599	1,708,269	57
Balances with Central Bank of Sri Lanka	4,307,163	5,333,200	(19)
Derivative Financial Instruments	31,120	443	6,920
Financial Assets at Fair Value through Profit or Loss	1,000,286	168,177	495
Financial Assets at Amortised Cost			
-Loans and Advances	117,393,682	111,187,855	6
-Debt and Other Instruments	38,200,855	30,080,088	27
Financial Assets - Fair Value through Other Comprehensive Income	6,158	6,158	-
Property, Plant and Equipment	2,309,642	2,333,961	(1)
Right-of-Use Assets	845,604	911,837	(7)
Intangible Assets	277,612	280,852	(1)
Other Assets	1,373,377	968,855	42
Total Assets	168,428,098	152,979,695	10
Liabilities			
Due to Banks	3,681,488	521,836	605
Derivative Financial Instruments	42,053	107	39,094
Financial Liabilities at Amortised Cost			
-Due to Depositors	129,513,876	122,544,024	6
-Due to Debt Securities Holders	15,373,401	11,944,843	29
Current Tax Liabilities	860,955	752,287	14
Deferred Tax Liabilities	134,156	132,780	1
Other Provisions and Accruals	321,881	187,603	72
Other Liabilities	4,755,810	3,567,426	33
Total Liabilities	154,683,620	139,650,906	11
Equity			
Stated Capital	3,614,253	3,614,253	-
Statutory Reserve Fund	538,717	538,717	-
Retained Earnings	8,649,044	8,231,160	5
Revaluation Reserve	942,464	944,659	(0)
Total Equity	13,744,478	13,328,789	3
Total Equity and Liabilities	168,428,098	152,979,695	10
Commitments and Contingencies	59,076,670	46,999,029	26
Net Asset Value per Share (Rs.)	31.06	30.12	3
Memorandum Information			
Number of Employees	1,538	1,629	
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 01/01/2019	3,614,253	-	451,189	623,813	6,557,389	11,246,644
Profit for the Period	-	-	-	-	272,191	272,191
Other Comprehensive Income for the Period	-	-	-	-	-	-
Total Comprehensive Income for the Period	-	-	-	-	272,191	272,191
Transactions with Equity Holders, Recognised Directly in Equity, Contribution by and Distribution to Equity Holders	-	-	-	-	-	-
Other Transaction						
Realisation of Revaluation Reserve	-	-	-	(1,705)	1,705	-
Total Other Transactions	-	-	-	(1,705)	1,705	-
Balance as at 31/03/2019	3,614,253	-	451,189	622,108	6,831,285	11,518,835
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

* Number of Ordinary Shares (Voting) as at 31st March 2020 - 442,561,629

In Rupee Thousands

Statement of Cash Flows		
	Current Period From 01/01/20 To 31/03/20	Previous Period From 01/01/19 To 31/03/19
Cash Flows from Operating Activities		
Profit before Tax	651,857	426,995
<i>Adjustment for:</i>		
Non Cash Items Included in Profit before Tax	648,884	421,794
Change in Operating Assets	(15,089,471)	1,229,853
Change in Operating Liabilities	13,829,769	(2,561,494)
Interest Expense on Debentures and Other Term Debts	180,571	366,431
Interest Expense on Lease Liabilities	27,972	-
Gratuity Paid	(6,945)	(1,915)
Income Tax Paid	(126,125)	(45,642)
Net Cash Generated From / (Used in) Operating Activities	116,512	(163,978)
Cash Flows from Investing Activities		
Acquisition of Property, Plant and Equipment	(13,761)	(17,984)
Proceeds from the Sale of Property, Plant and Equipment	-	222
Acquisition of Intangible Assets	(6,434)	-
Net Cash Used in Investing Activities	(20,195)	(17,762)
Cash Flows from Financing Activities		
Proceeds from Term Borrowings	1,000,000	-
Interest Paid on Debentures and Other Term Debts	(44,287)	(225,736)
Repayment of Principal Portion of Lease Liability	(50,112)	-
Interest Paid on Lease Liabilities	(27,972)	-
Net Cash Generated From / (Used in) Financing Activities	877,629	(225,736)
Net Increase/(Decrease) in Cash & Cash Equivalents	973,946	(407,476)
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	2,683,595	1,806,630

In Rupee Thousands

Measurement of Financial Instruments					
As at 31/03/2020	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
Financial Assets					
Cash and Cash Equivalents	-	-	2,682,599	-	2,682,599
Balances with Central Bank of Sri Lanka	-	-	4,307,163	-	4,307,163
Derivative Financial Instruments	-	-	-	31,120	31,120
Financial Assets at Fair Value through Profit or Loss	1,000,286	-	-	-	1,000,286
Financial Assets at Amortised Cost-Loans and Advances	-	-	117,393,682	-	117,393,682
Financial Assets at Amortised Cost-Debt and Other Instruments	-	-	38,200,855	-	38,200,855
Financial Assets at Fair Value through Other Comprehensive Income	-	6,158	-	-	6,158
Total Financial Assets	1,000,286	6,158	162,584,299	31,120	163,621,863
Financial Liabilities					
Due to Banks	-	-	3,681,488	-	3,681,488
Derivative Financial Instruments	-	-	-	42,053	42,053
Due to Depositors	-	-	129,513,876	-	129,513,876
Due to Debt Securities Holders	-	-	15,373,401	-	15,373,401
Other Liabilities	-	-	813,049	-	813,049
Total Financial Liabilities	-	-	149,381,814	42,053	149,423,867

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
Financial Assets					
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
Total Financial Assets	168,177	6,158	148,309,412	443	148,484,190
Financial Liabilities					
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
Total Financial Liabilities	-	-	135,873,777	107	135,873,884

Notes to the Financial Statements

1. Analysis of Loans and Advances and Impairment

1.1 Loans and Advances

In Rupee Thousands

	As at 31/03/2020	As at 31/12/2019 (Audited)
Gross Loans and Advances	124,147,871	117,503,175
Less :Impairment	(6,754,189)	(6,315,320)
Net Loans and Advances including those designated at FVPL	117,393,682	111,187,855
Less: Loans and Advances designated at FVPL	-	-
Net Loans and Advances	117,393,682	111,187,855

1.2 Loans and Advances - By Product

In Rupee Thousands

	As at 31/03/2020	As at 31/12/2019 (Audited)
Domestic Currency		
Term Loans	75,781,316	68,971,801
Overdraft	14,918,940	14,941,312
Trade Finance	1,626,029	2,663,681
Lease Rentals Receivable	8,888,439	8,627,202
Others	12,500,159	12,361,119
Sub Total	113,714,883	107,565,115
Foreign Currency		
Term Loans	7,380,397	7,073,772
Overdraft	1,972,626	1,846,376
Trade Finance	1,079,965	1,001,031
Others	-	16,881
Sub Total	10,432,988	9,938,060
Total	124,147,871	117,503,175

1.3 Stage Wise Impairment on Loans and Advances

In Rupee Thousands

	As at 31/03/2020	As at 31/12/2019 (Audited)
Gross Loans and Advances	124,147,871	117,503,175
Less: Accumulated Impairment under Stage 1	(1,137,052)	(981,068)
Accumulated Impairment under Stage 2	(528,540)	(496,481)
Accumulated Impairment under Stage 3	(5,088,597)	(4,837,771)
Net Loans and Advances	117,393,682	111,187,855

1.4 Movement of Impairment during the period - Loans and Advances

In Rupee Thousands

	As at 31/03/2020	As at 31/12/2019 (Audited)
Under Stage 1		
Opening balance	981,068	1,184,379
Charge/ (Recovery) to income statement	155,984	(203,311)
Closing balance	1,137,052	981,068
Under Stage 2		
Opening balance	496,481	599,125
Charge/ (Recovery) to income statement	32,059	(102,644)
Closing balance	528,540	496,481
Under Stage 3		
Opening balance	4,837,771	3,542,059
Charge/ (Recovery) to income statement	253,657	1,394,625
Write - off during the period	(2,831)	(98,913)
Closing balance	5,088,597	4,837,771
Total impairment - Closing Balance	6,754,189	6,315,320

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	92,593
Charge/ (Recovery) to Income statement	1,018	42,525	4,287	341	48,171
Closing balance at 31/12/2019	1,380	126,357	6,178	6,849	140,764
Opening balance as at 01/01/2020	1,380	126,357	6,178	6,849	140,764
Charge/ (Recovery) to Income statement	(384)	86,487	377	629	87,109
Write - off during the period	-	-	-	-	-
Closing balance at 31/03/2020	996	212,844	6,555	7,478	227,873

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

3. Analysis of Deposits - By Product

In Rupee Thousands

	As at 31/03/2020	As at 31/12/2019 (Audited)
Domestic Currency		
Demand Deposits	4,183,270	3,833,190
Savings Deposits	18,407,266	15,846,532
Fixed Deposits	94,395,619	87,938,393
Certificates of Deposits	3,615,247	3,521,230
Margin Deposits	220,010	203,194
Sub Total	120,821,412	111,342,539
Foreign Currency		
Demand Deposits	440,743	542,445
Savings Deposits	1,902,080	1,064,243
Fixed Deposits	6,345,152	9,590,534
Margin Deposits	4,489	4,263
Sub Total	8,692,464	11,201,485
Total	129,513,876	122,544,024

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 31st March 2020	Level 1	Level 2	Level 3	Total
Financial Assets				
Derivative Financial Instruments	-	31,120	-	31,120
Financial Assets at Fair Value through Profit or Loss - Equities	1,000,286	-	-	1,000,286
Financial Assets at FVOCI	-	6,158	-	6,158
Total	1,000,286	37,278	-	1,037,564
Non Financial Assets				
Land - Revalued	-	-	1,402,160	1,402,160
Building - Revalued	-	-	477,128	477,128
Total	-	-	1,879,288	1,879,288
Financial Liabilities				
Derivative Financial Instruments	-	42,053	-	42,053
Total	-	42,053	-	42,053

Notes to the Financial Statements

	In Rupee Thousands			
As at 31st December 2019	Level 1	Level 2	Level 3	Total
Financial Assets				
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
Total	168,177	6,601	-	174,778
Non Financial Assets				
Land - Revalued	-	-	1,402,160	1,402,160
Building - Revalued	-	-	481,575	481,575
Total	-	-	1,883,735	1,883,735
Financial Liabilities				
Derivative Financial Instruments	-	107	-	107
Total	-	107	-	107

- 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.

	In Rupee Thousands
	3 Months Ended March 2020
Derivative Financial Instruments (net)	(11,269)
Total	(11,269)

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 31st March 2020		As at 31st December 2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Cash and Cash Equivalents	2,682,599	2,682,599	1,708,269	1,708,269
Balances with Central Bank of Sri Lanka	4,307,163	4,307,163	5,333,200	5,333,200
Loans and Advances -at Amortised Cost	117,393,682	117,852,378	111,187,855	111,322,699
Debt and Other Instruments - at Amortised Cost	38,200,855	38,568,634	30,080,088	30,317,127
Total Financial Assets	162,584,299	163,410,774	148,309,412	148,681,295
Financial Liabilities				
Due to Banks	3,681,488	3,681,488	521,836	521,836
Due to Depositors - at Amortised Cost	129,513,876	126,038,135	122,544,024	119,704,851
Due to Debt Security holders - at Amortised Cost	15,373,401	15,373,401	11,944,843	11,944,843
Other Liabilities	813,049	813,049	863,074	863,074
Total Financial Liabilities	149,381,814	145,906,073	135,873,777	133,034,604

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.

Selected Performance Indicators (As per Regulatory Reporting)		
	Bank	
	Current Period As at 31/03/2020	Previous Period As at 31/12/2019 (Audited)
Regulatory Capital (LKR '000)		
Common Equity Tier I (CET I) Capital before Adjustments	12,853,473	12,853,473
Common Equity Tier I (CET I) Capital after Adjustments	12,575,860	12,572,621
Total Tier 1 Capital	12,575,860	12,572,621
Total Capital	14,230,101	13,978,793
Regulatory Capital Ratios (%)		
Common Equity Tier 1 Capital Ratio (Minimum Requirement -6.50%)	11.71%	12.87%
Tier 1 Capital Ratio (Minimum Requirement -8%)	11.71%	12.87%
Total Capital Ratio (Minimum Requirement -12%)	13.25%	14.31%
Leverage Ratio		
Leverage Ratio (%) (Minimum Requirement - 3%)	6.24%	7.06%
Assets Quality		
Gross Non - Performing Advances Ratio, % (Net of Interest in Suspense)	6.03%	6.31%
Net Non - Performing Advances Ratio, % (Net of Interest in Suspense and Provision)	2.27%	2.82%
Profitability		
Interest Margin, %	4.78%	4.36%
Return on Assets (Before Tax). %	1.63%	1.52%
Return on Equity, %	12.35%	14.50%
Regulatory Liquidity		
Statutory Liquid Assets,-DBU (LKR'000)	37,332,433	33,932,700
Statutory Liquid Assets,-Off Shore Banking Unit (USD'000)	12,905	9,835
Statutory Liquid Assets Ratio,% (Minimum Requirement, 20%)		
Domestic Banking Unit (%)	26.16%	24.93%
Off-Shore Banking Unit (%)	24.84%	23.61%
Total Stock of High-Quality Liquid Assets (LKR '000)		
Rupee	15,708,917	12,127,628
All Currency	21,377,314	16,686,658
Liquidity Coverage Ratio (%) - (Minimum Requirement -100%)		
Rupee (%)	104.09%	128.84%
All Currency (%)	129.45%	165.02%
Net Stable Funding Ratio (%) - (Minimum Requirement - 100%)	118.51%	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

29/04/2020

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, methods of computation and risk management policies 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 debentures and shares.
4. All known expenses have been provided for in these Financial Statements.

5. 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 other than disclosed below.

5.1 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 (current and deferred tax) for the quarter ended 31st March 2020 would have been reduced by Rs.11,414,928/- 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 31st March 2020 would have been reduced by Rs.19,165,124/- and the current tax liabilities as at 31st March 2020 would have been reduced by Rs.33,541,842/-.

5.2 Impact due to COVID-19

COVID-19 outbreak has become a pandemic due to its rapid global spread with over 200 countries been affected as at the reporting date. Taking its potential impact on economy, the government of Sri Lanka has enabled several relief measures for the affected businesses and individuals in the form of deferment of repayment terms of credit facilities, concessionary interest rates for selected lending products and waiving off certain charges and fees. These reliefs and the impact of COVID -19 could have a negative impact on the Bank's net interest income, fee & commission income and the impairment provisions in future reporting periods. The eligible borrowers could apply for reliefs from banks on or before 15th May 2020. Therefore, the Board of Directors are unable to estimate the exact potential impact of the outbreak as at the reporting date.

6. Ratios

Debt to Equity (Times)	0.76
Interest Cover (Times)	4.61

7. Market Price of Ordinary Shares

Market Price Per Share	31/03/2020 (Rs.)		31/03/2019 (Rs.)	
	Voting	Non Voting	Voting	Non Voting
Last Traded Price	8.10	--	12.90	--
Highest Price for the Quarter	12.90	--	15.00	--
Lowest Price for the Quarter	7.80	--	12.30	--

Shareholders' Information

Major Shareholders as at 31st March 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	22,977,896	5.19
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	R A De Silva	2,063,772	0.47
14	H Beruwalage	2,046,648	0.46
15	D M I Dissanayake	1,476,501	0.33
16	D T Beruwalage	1,161,448	0.26
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	951,000	0.21
		407,751,434	92.13
	Others	34,810,195	7.87
	Total	442,561,629	100.00

Public holding as at 31st March 2020 was 55.00% in the hands of 4,316 public shareholders.

Float adjusted market capitalisation as at 31st March 2020 was 1,971,612,056 and Bank complies with option no 05.

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