



PAN ASIA BANK

The Understanding Bank

6th May 2020

Mr. Renuke Wijayawardhane
Chief Operating Officer
Colombo Stock Exchange
04-01, West Block, World Trade Centre
Colombo 1.

Dear Sir,

**RE: CIRCULAR NO. 06-04-2020 : DISCLOSURE REGARDING IMPACT OF COVID 19 ON
THE BUSINESS OPERATION OF PAN ASIA BANKING CORPORATION PLC**

With reference to your Circular dated 20th April 2020, we hereby disclose the following;

THE IMPACT OF COVID-19 PANDEMIC ON THE BUSINESS/OPERATIONS OF THE BANK

The curfew imposed since 20th March 2020 had a significant impact on the Bank's regular business operations as branch/head office opening and closing hours and customer interactions had to be curtailed to cope up with the situation. In addition, the government announced number of relief measures for the affected individuals, firms and companies which include debt moratorium on credit facilities, subsidized working capital loans, capping of interest rates of certain lending products and waiving off fees and charges on certain banking products which could have an impact on the bank's usual business operations.

THE BANK'S RESPONSE TO THE IMPACT OF THE COVID - 19 PANDEMIC

The Bank has taken necessary steps to implement the proposed relief measures to support our valued customers and to facilitate the government's initiatives to revive the economy at the very earliest which had certain impact on bank's usual business operations.

The Bank has been operating its business strictly in conformity with the government and regulatory guidelines and directives issued from time to time with regard to the implementation of curfew, work from home arrangements and health and safety measures in our entire branch network and all other locations. All Branches located in non-curfew areas and selected branches located in the curfew areas kept opened while key support service departments functioned on working days to provide uninterrupted service to our loyal and valued clients.

Limited staff members have been engaged to carry out critical day to day functions only on a need- basis subject to taking all necessary health and safety precautions while other staff is requested to work from their home. The Bank also has introduced mobile ATM facilities to meet the requirements of the general public during curfew hours. The clients can conveniently carry out their banking transactions via our online banking portal. Our call centre is accessible on 24 x 7 basis, to get timely assistance.

As the impact of COVID- 19 and relief measures announced by the government will affect the Bank's cash inflows adversely in the short-term, the Bank maintains adequate liquid assets in line with the regulations stipulated of Central Bank of Sri Lanka to meet any contingencies. Also the repayment capacity of certain borrowers could have been deteriorated to a certain extent by the impact of COVID 19 and the prolong curfew situation in the country. The Bank will implement appropriate collection and mitigating strategies in the coming months to reduce the possible impact.

The Board of Directors and the Management are closely monitoring the operating environment and currently implementing appropriate business continuity plans and driving for efficiency improvements across all business lines in order to ensure Pan Asia Banking Corporation PLC remains a going concern while protecting interests the shareholders and other stakeholder groups at all times.

We sincerely thank and greatly value the assistance and the direction provided by the Government of Sri Lanka, Central Bank of Sri Lanka (CBSL), Sri Lanka Bankers Association (SLBA), and Lanka Clear (Pvt) Ltd in managing the Post COVID-19 situation more effectively.



THE BANK'S EXPECTATION OF THE FUTURE IMPACT OF COVID - 19 ON THE FUTURE OPERATIONS AND THE FINANCIAL CONDITION

The relief scheme announced by the government to affected customers and negative business environment may impact the Bank's future performance in the short-term to a certain extent. The Bank is confident that it possesses required liquidity, capital and other resources to resist the damaging effects of the present calamity. It is mindful that the condition is unstable and the outlook is uncertain, which would be much reliant on the intensity and duration of the pandemic. In the meantime, the Bank is undertaking a critical review of its current cost structures to minimize the impact of the calamity on bank's profitability and to ensure its long term viability remains intact.

As the Pandemic is still evolving, it is difficult to quantify the exact future impact of COVID-19 on the Bank's operations. The Board of Directors and the management will continue to monitor developments both locally and globally and take timely action to mitigate any risks assuring the financial stability of the bank.

We will keep our valued share holders, investors and general public informed with necessary information, via disclosures when necessary.

Thanking you.

Yours faithfully,

PAN ASIA BANKING CORPORATION PLC



Nimal Tillekeratne

Director/Chief Executive Officer