



**INTERIM FINANCIAL STATEMENTS  
FOR THE 09 MONTHS ENDED 30<sup>TH</sup> SEPTEMBER 2014**

**COMPANY REGISTRATION NO : PQ 48**

In Rupee Thousands

<b>Income Statement</b>						
	For the Nine months ended 30 <sup>th</sup> September		Change	For the Quarter ended 30 <sup>th</sup> September		Change
	2 014	2 013	%	2 014	2 013	%
Interest Income	5,553,316	6,350,743	(13)	1,784,828	2,118,719	(16)
Interest Expense	(3,663,471)	(4,444,339)	(18)	(1,149,398)	(1,474,564)	(22)
<b>Net Interest Income</b>	<b>1,889,845</b>	<b>1,906,404</b>	<b>(1)</b>	<b>635,430</b>	<b>644,155</b>	<b>(1)</b>
Fees and Commission Income	442,553	415,830	6	154,430	136,272	13
Fees and Commission Expense	(11,100)	(6,276)	77	(4,312)	(1,012)	326
<b>Net Fee and Commission Income</b>	<b>431,453</b>	<b>409,554</b>	<b>5</b>	<b>150,118</b>	<b>135,260</b>	<b>11</b>
Net Gain/(Loss) from Trading	277,515	110,730	151	65,223	42,031	55
Net Gain/(Loss) from Financial Investments	267	211	27	267	211	27
Other Operating Income	208,235	236,967	(12)	83,385	77,157	8
<b>Total Operating Income</b>	<b>2,807,315</b>	<b>2,663,866</b>	<b>5</b>	<b>934,423</b>	<b>898,814</b>	<b>4</b>
Impairment for Loans and Other (Losses) / Reversals						
Individual Impairment	(215,634)	(93,693)	130	(74,480)	(40,957)	82
Collective Impairment	(181,887)	(588,511)	(69)	40,799	(203,686)	(120)
Others	(114,152)	-	100	(52,834)	-	100
<b>Net Operating Income</b>	<b>2,295,642</b>	<b>1,981,662</b>	<b>16</b>	<b>847,908</b>	<b>654,171</b>	<b>30</b>
<b>Operating Expenses</b>						
Personnel Expenses	823,162	722,979	14	287,151	254,089	13
Depreciation and Amortisation	130,899	124,912	5	44,015	43,882	0
Other Expenses	855,333	776,426	10	307,001	282,832	9
<b>Operating Profit before VAT and NBT on Financial Services</b>	<b>486,248</b>	<b>357,345</b>	<b>36</b>	<b>209,741</b>	<b>73,368</b>	<b>186</b>
Value Added Tax and National Building Tax on Financial Services	140,284	97,285	44	53,443	28,910	85
<b>Profit before Tax</b>	<b>345,964</b>	<b>260,060</b>	<b>33</b>	<b>156,298</b>	<b>44,458</b>	<b>252</b>
Tax Expense	68,885	69,172	(0)	55,109	15,537	255
<b>Profit for the Period</b>	<b>277,079</b>	<b>190,888</b>	<b>45</b>	<b>101,189</b>	<b>28,921</b>	<b>250</b>
Earnings Per Share - Basic /Diluted (Annualised) (Rs)	1.26	0.87		1.36	0.39	

In Rupee Thousands

<b>Statement of Comprehensive Income</b>						
	<b>For the Nine months ended 30<sup>th</sup> September</b>		<b>Change</b>	<b>For the Quarter ended 30<sup>th</sup> September</b>		<b>Change</b>
	<b>2 014</b>	<b>2 013</b>	<b>%</b>	<b>2 014</b>	<b>2 013</b>	<b>%</b>
<b>Profit for the Period</b>	<b>277,079</b>	<b>190,888</b>	<b>45</b>	<b>101,189</b>	<b>28,921</b>	<b>250</b>
<b>Other Comprehensive Income for the Period, Net of Taxes</b>						
Surplus from Revaluation of Property, Plant & Equipment	356,159	-	100	356,159	-	100
Deferred tax effect on above	(77,690)	-	(100)	(77,690)	-	(100)
<b>Other Comprehensive Income for the Period, Net of Taxes</b>	<b>278,469</b>	<b>-</b>	<b>100</b>	<b>278,469</b>	<b>-</b>	<b>100</b>
<b>Total Comprehensive Income for the Period</b>	<b>555,548</b>	<b>190,888</b>	<b>191</b>	<b>379,658</b>	<b>28,921</b>	<b>1,213</b>

In Rupee Thousands

## Statement of Financial Position

	As at 30/09/2014	As at 31/12/2013 Audited	Change %
<b>Assets</b>			
Cash and Cash Equivalents	1,248,773	1,203,740	4
Balances with Central Bank	4,582,383	2,799,582	64
Placements with Banks	130,894	104,622	25
Derivative Financial Instruments	2,549	2,758	(8)
Other Financial Assets Held-for-Trading	5,625,747	9,170,415	(39)
Loans and Receivables to Banks	6,056,907	12,002	50,366
Loans and Receivables to Other Customers	52,376,003	44,728,686	17
Financial Investments - Available for Sale	6,158	6,158	-
Financial Investments - Held to Maturity	510,472	2,849,475	(82)
Property, Plant and Equipment	1,491,563	1,204,303	24
Intangible Assets	55,976	65,805	(15)
Other Assets	1,743,742	2,770,900	(37)
<b>Total Assets</b>	<b>73,831,167</b>	<b>64,918,446</b>	<b>14</b>
<b>Liabilities</b>			
Due to Banks	441,651	1,861,565	(76)
Derivative Financial Instruments	95,573	24,634	288
Due to Other Customers	62,672,222	53,835,898	16
Other Borrowings	3,284,962	2,881,946	14
Deferred Tax Liabilities	263,657	150,787	75
Other Provisions and Accruals	69,695	78,548	(11)
Other Liabilities	1,631,905	1,251,611	30
Subordinated Term Debt	767,190	784,693	(2)
<b>Total Liabilities</b>	<b>69,226,855</b>	<b>60,869,682</b>	<b>14</b>
<b>Equity</b>			
Stated Capital	1,548,966	1,548,966	-
Statutory Reserve Fund	169,261	169,261	-
Retained Earnings	2,179,641	1,861,632	17
Other Reserves	427,975	468,905	(9)
Revaluation Reserve	278,469	-	100
<b>Total Equity</b>	<b>4,604,312</b>	<b>4,048,764</b>	<b>14</b>
<b>Total Equity and Liabilities</b>	<b>73,831,167</b>	<b>64,918,446</b>	<b>14</b>
<b>Commitments and Contingencies</b>	<b>22,535,425</b>	<b>26,124,672</b>	<b>(14)</b>
<b>Net Asset Value per Share (Rs.)</b>	<b>15.61</b>	<b>13.72</b>	<b>14</b>
<b>Memorandum Information</b>			
Number of Employees	1,307	1,169	
Number of Branches	78	77	

In Rupee Thousands

<b>Statement of Changes In Equity</b>							
	Stated Capital*		Reserves				Total
	Ordinary Voting Shares	Ordinary Non-Voting Shares	Statutory Reserve Fund	Investment Fund	Revaluation Reserve	Retained Earnings	
<b>Balance as at 01/01/2013</b>	1,548,966	-	163,518	348,269	-	2,171,840	4,232,593
Profit for the Period	-	-	-	-	-	190,888	190,888
Other Comprehensive Income (Net of Tax) for the Period	-	-	-	-	-	-	-
<b>Total Comprehensive Income for the Period</b>	-	-	-	-	-	<b>190,888</b>	<b>190,888</b>
<b>Transactions with Equity Holders, Recognised Directly in Equity</b>							
Dividends to Equity Holders	-	-	-	-	-	(295,041)	(295,041)
Transfer to Investment Fund	-	-	-	103,507	-	(103,507)	-
<b>Total Transactions with Equity Holders</b>	-	-	-	<b>103,507</b>	-	<b>(398,548)</b>	<b>(295,041)</b>
<b>Balance as at 30/09/2013</b>	<b>1,548,966</b>	-	<b>163,518</b>	<b>451,776</b>	-	<b>1,964,180</b>	<b>4,128,440</b>
<b>Balance as at 01/01/2014</b>	1,548,966	-	169,261	468,905	-	1,861,632	4,048,764
Profit for the Period	-	-	-	-	-	277,079	277,079
Other Comprehensive Income (Net of Tax) for the Period	-	-	-	-	278,469	-	278,469
<b>Total Comprehensive Income for the Period</b>	-	-	-	-	<b>278,469</b>	<b>277,079</b>	<b>555,548</b>
<b>Transactions with Equity Holders, Recognised Directly in Equity</b>							
Dividend to Equity Holders	-	-	-	-	-	-	-
Transfer from Investment Fund	-	-	-	(40,930)	-	40,930	-
<b>Total Transactions with Equity Holders</b>	-	-	-	<b>(40,930)</b>	-	<b>40,930</b>	-
<b>Balance as at 30/09/2014</b>	<b>1,548,966</b>	-	<b>169,261</b>	<b>427,975</b>	<b>278,469</b>	<b>2,179,641</b>	<b>4,604,312</b>

\* Number of Ordinary Shares (Voting) as at 30<sup>th</sup> September 2014 -295,041,086

In Rupee Thousands

<b>Statement of Cash Flows</b>		
	<b>Current Period From 01/01/14 To 30/09/14</b>	<b>Previous Period From 01/01/13 To 30/09/13</b>
<b>Cash Flows from Operating Activities</b>		
Profit before Tax	345,964	260,060
<i>Adjustment for:</i>		
Non Cash Items Included in Profit before Tax	672,623	744,326
Change in Operating Assets	(11,379,921)	(11,117,599)
Change in Operating Liabilities	8,234,731	8,619,312
Interest Expense on Subordinated Debt	65,418	81,904
Gratuity Paid	(4,546)	(6,220)
Income Tax Paid	(66,512)	(261,333)
<b>Net Cash Used in Operating Activities</b>	<b>(2,132,243)</b>	<b>(1,679,550)</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of Property, Plant and Equipment	(51,776)	(104,617)
Proceeds from the Sale of Property, Plant and Equipment	20	39
Proceeds from the Maturity of Financial Investments	2,339,003	1,813,490
Purchase of Intangible Assets	(778)	(3,992)
<b>Net Cash Generated from Investing Activities</b>	<b>2,286,469</b>	<b>1,704,920</b>
<b>Cash Flows from Financing Activities</b>		
Net Proceeds from Other Borrowings	-	1,320,200
Interest Paid on Subordinated Debt	(82,921)	(105,602)
Dividend Paid to Equity Holders	-	(295,041)
<b>Net Cash Generated from / (Used) in Financing Activities</b>	<b>(82,921)</b>	<b>919,557</b>
<b>Net Increase in Cash &amp; Cash Equivalents</b>	<b>71,305</b>	<b>944,927</b>
Cash and Cash Equivalents at the beginning of the Period	1,308,362	1,703,187
Cash and Cash Equivalents at the end of the Period	<b>1,379,667</b>	<b>2,648,114</b>

In Rupee Thousands

<b>Measurement of Financial Instruments</b>						
<b>As at 30.09.2014</b>	<b>Held for Trading</b>	<b>Held to Maturity - At Amortised Cost</b>	<b>Loans &amp; Receivables / Financial Liabilities- At Amortised Cost</b>	<b>Available for Sale</b>	<b>Derivative Financial Instruments</b>	<b>Total</b>
<b>Financial Assets</b>						
Cash and Cash Equivalents	-	-	1,248,773	-	-	1,248,773
Balances with Central Bank	-	-	4,582,383	-	-	4,582,383
Placements with Banks	-	-	130,894	-	-	130,894
Derivative Financial Instruments	-	-	-	-	2,549	2,549
Other Financial Assets Held for Trading	5,625,747	-	-	-	-	5,625,747
Loans and Receivables to Banks	-	-	6,056,907	-	-	6,056,907
Loans and Receivables to Other Customers	-	-	52,376,003	-	-	52,376,003
Financial Investments	-	510,472	-	6,158	-	516,630
<b>Total Financial Assets</b>	<b>5,625,747</b>	<b>510,472</b>	<b>64,394,960</b>	<b>6,158</b>	<b>2,549</b>	<b>70,539,886</b>
<b>Financial Liabilities</b>						
Due to Banks	-	-	441,651	-	-	441,651
Derivative Financial Instruments	-	-	-	-	95,573	95,573
Due to Other Customers	-	-	62,672,222	-	-	62,672,222
Other Borrowings	-	-	3,284,962	-	-	3,284,962
Subordinated Term Debt	-	-	767,190	-	-	767,190
<b>Total Financial Liabilities</b>	<b>-</b>	<b>-</b>	<b>67,166,025</b>	<b>-</b>	<b>95,573</b>	<b>67,261,598</b>

In Rupee Thousands

<b>Measurement of Financial Instruments</b>						
<b>As at 31.12.2013</b>	<b>Held for Trading</b>	<b>Held to Maturity - At Amortised Cost</b>	<b>Loans &amp; Receivables / Financial Liabilities- At Amortised Cost</b>	<b>Available for Sale</b>	<b>Derivative Financial Instruments</b>	<b>Total</b>
<b>Financial Assets</b>						
Cash and Cash Equivalents	-	-	1,203,740	-	-	1,203,740
Balances with Central Bank	-	-	2,799,582	-	-	2,799,582
Placements with Banks	-	-	104,622	-	-	104,622
Derivative Financial Instruments	-	-	-	-	2,758	2,758
Other Financial Assets Held for Trading	9,170,415	-	-	-	-	9,170,415
Loans and Receivables to Banks	-	-	12,002	-	-	12,002
Loans and Receivables to Other Customers	-	-	44,728,686	-	-	44,728,686
Financial Investments	-	2,849,475	-	6,158	-	2,855,633
<b>Total Financial Assets</b>	<b>9,170,415</b>	<b>2,849,475</b>	<b>48,848,632</b>	<b>6,158</b>	<b>2,758</b>	<b>60,877,438</b>
<b>Financial Liabilities</b>						
Due to Banks	-	-	1,861,565	-	-	1,861,565
Derivative Financial Instruments	-	-	-	-	24,634	24,634
Due to Other Customers	-	-	53,835,898	-	-	53,835,898
Other Borrowings	-	-	2,881,946	-	-	2,881,946
Subordinated Term Debt	-	-	784,693	-	-	784,693
<b>Total Financial Liabilities</b>	<b>-</b>	<b>-</b>	<b>59,364,102</b>	<b>-</b>	<b>24,634</b>	<b>59,388,736</b>

## Notes to the Financial Statements

Loans and Receivables to Other Customers	In Rupee Thousands	
	As at 30/09/2014	As at 31/12/2013
Gross Loans and Receivables	55,192,245	47,128,702
Less: Individual Impairment	(1,889,234)	(1,655,011)
Collective Impairment	(927,008)	(745,005)
Net Loans and Receivables including those designated at fair value through profit or loss	52,376,003	44,728,686
Less: Loans and Receivables designated at fair value through profit or loss	-	-
<b>Net Loans and Receivables</b>	<b>52,376,003</b>	<b>44,728,686</b>

Loans and Receivables to Other Customers - By Product	In Rupee Thousands	
	As at 30/09/2014	As at 31/12/2013
<b>By Product-Domestic Currency</b>		
Overdrafts	13,232,807	13,680,747
Term Loans	22,392,337	14,360,715
Lease Rentals Receivable	5,412,487	5,149,445
Credit Cards	532,349	213,001
Pawning & Ran Loans	1,427,192	2,997,534
Staff Loans	347,581	347,212
Trade Finance	767,006	714,204
Margin Trading	1,944,821	1,830,969
Securities Purchased under Resale Agreements	838,385	1,182,698
Others	1,727,860	2,683,178
<b>Sub Total</b>	<b>48,622,825</b>	<b>43,159,703</b>
<b>By Product-Foreign Currency</b>		
Overdrafts	335,084	246,545
Term Loans	1,682,996	853,186
Trade Finance	1,379,388	874,356
Sri Lanka Government Securities - SLDB	3,166,634	1,984,458
Others	5,318	10,454
<b>Sub Total</b>	<b>6,569,420</b>	<b>3,968,999</b>
<b>Total</b>	<b>55,192,245</b>	<b>47,128,702</b>

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

	In Rupee Thousands	
	As at 30/09/2014	As at 31/12/2013
<b>Individual Impairment</b>		
Opening Balance	1,655,011	1,418,358
Charge to Profit or Loss	215,634	193,408
(Write off)/Recoveries during the Period	(21,888)	-
Interest Accrued on Impaired Loans and Receivables	(156,138)	(149,494)
Other Movements	196,615	192,739
<b>Closing Balance</b>	<b>1,889,234</b>	<b>1,655,011</b>
<b>Collective Impairment</b>		
Opening Balance	745,005	457,783
Charge to Profit or Loss	181,887	389,374
(Write off)/Recoveries during the Period	116	(102,152)
Interest Accrued on Impaired Loans and Receivables	-	-
Other Movements	-	-
<b>Closing Balance</b>	<b>927,008</b>	<b>745,005</b>
<b>Total Impairment</b>	<b>2,816,242</b>	<b>2,400,016</b>

Due to Other Customers - By Product	In Rupee Thousands	
	As at 30/09/2014	As at 31/12/2013
<b>By Product-Domestic Currency</b>		
Demand Deposits	4,697,887	4,214,358
Savings Deposits	10,658,199	5,067,900
Fixed Deposits	36,422,485	35,989,224
Certificates of Deposits	5,108,847	4,558,118
Margin Deposits	626,265	645,501
<b>Sub Total</b>	<b>57,513,683</b>	<b>50,475,101</b>
<b>By Product- Foreign Currency</b>		
Demand Deposits	410,129	558,857
Savings Deposits	2,463,844	562,027
Fixed Deposits	2,276,467	2,199,011
Margin Deposits	8,099	40,902
<b>Sub Total</b>	<b>5,158,539</b>	<b>3,360,797</b>
<b>Total</b>	<b>62,672,222</b>	<b>53,835,898</b>



## Selected Performance Indicators

	Bank	
	Current Period	Previous Period
	As at 30/09/2014	As at 31/12/2013 Audited
<b>Regulatory Capital Adequacy</b>		
Core Capital , Rs. Mn	4,217	4,049
Total Capital Base, Rs. Mn	4,738	4,695
Core Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 5%)	9.02%	10.27%
Total Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 10%)	10.27%	11.91%
<b>Assets Quality (Quality of Loan Portfolio)</b>		
Gross Non - Performing Advances Ratio, % (Net of Interest in Suspense)	6.02%	8.01%
Net Non - Performing Advances Ratio, % (Net of Interest in Suspense and Provision)	4.13%	6.49%
<b>Profitability (Annualized)</b>		
Interest Margin, %	3.67%	3.38%
Return on Assets (After Tax). %	0.54%	0.19%
Return on Equity, %	8.71%	2.89%
<b>Regulatory Liquidity</b>		
Statutory Liquid Assets,-DBU Rs.Mn.	16,496	13,422
Statutory Liquid Assets,-Off Shore Banking Unit USD.Mn.	5.26	3.67
Statutory Liquid Assets Ratio,% (Minimum Requirement, 20%)		
Domestic Banking Unit	25.93%	23.79%
Off-Shore Banking Unit	21.24%	40.09%

### CERTIFICATION:

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

(Sgd)

**L. R. Jayakody**

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)

**W. D. N. H. Perera**

Chairman

12<sup>th</sup> November 2014

(Sgd)

**P.L.D.N.Seneviratne**

Director/ Chief Executive Officer

## 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. 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 2013. Previous period figures and phrases have been re-arranged wherever necessary to conform to the current presentation.
2. There are no material changes in the composition of assets, liabilities, contingent liabilities and use of funds raised through debentures during the period.
3. All known expenses have been provided for in these Financial Statements.

### 4 Post Balance Sheet Events

The Bank has issued Thirty Million (30,000,000) Rated, Unsecured, Subordinated, Redeemable Debentures with a value of Rupees Three Billion (Rs. 3,000,000,000/-) subsequent to the reporting date.

### 5 Changes in Directorships

- 5.1 Mr. J. S. B. Rangamuwa has been appointed as a Director of the Bank with effective from 11<sup>th</sup> August 2014.
- 5.2 Mr. M. A. Abeynaike has been appointed as a Director of the Bank with effective from 10<sup>th</sup> October 2014.

### 6. Listed Debenture Information

#### i) Market Price

The Debentures have not been traded during the period.

#### ii) Interest Rates

	Interest Rate %	Interest Rate of Comparable Govt.Security %
Fixed Rate - Interest Semi Annually - 2012/2017	11.25	7.09
Fixed Rate - Interest Annually - 2012/2017	11.50	7.09
Floating Rate - Interest Semi Annually - 2012/2017 (2.95% Above the average of 06 months Gross Treasury Bill Rate)	9.91	6.60
Fixed Rate - Interest at Maturity - 2012/2017	14.50	7.09

#### iii) Ratios

	<b>2014</b>
Subordinated Debt to Equity (Times)	0.17
Interest Cover (Times)	6.32

### 7 Market Price of Ordinary Shares

Market Price Per Share	30/09/2014 (Rs.)		30/09/2013 (Rs.)	
	Voting	Non Voting	Voting	Non Voting
Last Traded Price	22.00	--	16.30	--
Highest Price for the Quarter	22.30	--	19.40	--
Lowest Price for the Quarter	16.80	--	15.90	--

## Shareholders' Information

### Major Shareholders as at 30<sup>th</sup> September 2014

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	Seylan Bank PLC / Arc Capital (Pvt) Ltd	26,969,362	9.14
4	D. C. C. Joseph	17,010,202	5.77
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	Samurdhi Authority of Sri Lanka	11,114,376	3.77
9	Seylan Bank PLC / W. D. N. H. Perera	7,694,968	2.61
10	Sri Lanka Savings Bank Ltd	6,865,666	2.33
11	National Savings Bank	2,118,324	0.72
12	Favourite Garments (Pvt) Ltd	1,850,000	0.63
13	HSBC Int'l Nom Ltd – KAS Depository Trust Company	1,638,582	0.56
14	M. F. Hashim	1,566,302	0.53
15	Deshabandu D. M. I. Dissanayake	1,475,100	0.50
16	Don Wilbert Capital Ltd	1,425,258	0.48
17	Sampath Bank PLC-Account No.3	1,380,532	0.47
18	R. E. U. De Silva	1,288,639	0.44
19	Navara Capital Ltd	1,052,000	0.36
20	HSBC International Nominees Ltd-SSBT-Deutsche bank AG Singapore A/C 01	1,000,000	0.34
		<b>260,137,623</b>	<b>88.20</b>
	<b>Others</b>	<b>34,903,463</b>	<b>11.80</b>
	<b>Total</b>	<b>295,041,086</b>	<b>100.00</b>

Public holding as at 30<sup>th</sup> September 2014 is 52.96% in the hands of 4,450 shareholders.

### Directors' and Chief Executive Officer's Holding in Shares as at 30<sup>th</sup> September 2014

No	Name of Director	No. of Shares
1	W. D. N. H. Perera	7,694,968
2	R. E. U. De Silva	1,288,639
3	H. K. Seneviratne	-
4	M. D. S. Goonatileke	422
5	T. G. Thoradeniya	36
6	G. A. R. D. Prasanna	5,000
7	T. Igarashi	-
8	T. Murakami	-
9	J. S. B Rangamuwa	-
10	P. L. D. N Seneviratne	14,000