



**INTERIM FINANCIAL STATEMENTS  
FOR THE 06 MONTHS ENDED 30TH JUNE 2014**

## Income Statement

	For the Six months ended 30th June		Change %	For the Quarter ended 30th June		Change %
	2 014	2 013		2 014	2 013	
	Interest Income	3,768,489	4,232,024	(11)	1,766,863	2,264,419
Interest Expense	(2,514,074)	(2,969,775)	(15)	(1,219,242)	(1,539,683)	(21)
<b>Net Interest Income</b>	<b>1,254,415</b>	<b>1,262,249</b>	<b>(1)</b>	<b>547,621</b>	<b>724,736</b>	<b>(24)</b>
Fees and Commission Income	288,124	279,558	3	146,166	145,612	0
Fees and Commission Expense	(6,789)	(5,264)	29	(2,670)	(2,706)	(1)
<b>Net Fee and Commission Income</b>	<b>281,335</b>	<b>274,294</b>	<b>3</b>	<b>143,496</b>	<b>142,906</b>	<b>0</b>
Net Gain/(Loss) from Trading	212,293	68,699	209	117,304	47,520	147
Other Operating Income (Net)	124,849	159,810	(22)	68,294	101,387	(33)
<b>Total Operating Income</b>	<b>1,872,892</b>	<b>1,765,052</b>	<b>6</b>	<b>876,715</b>	<b>1,016,549</b>	<b>(14)</b>
Impairment for Loans and Other (Losses) / Reversals						
Individual Impairment	(141,153)	(52,736)	168	(95,783)	(41,276)	132
Collective Impairment	(222,686)	(384,825)	(42)	(13,989)	(357,971)	(96)
Others	(61,319)	-	100	(14,605)	-	100
<b>Net Operating Income</b>	<b>1,447,734</b>	<b>1,327,491</b>	<b>9</b>	<b>752,338</b>	<b>617,302</b>	<b>22</b>
<b>Operating Expenses</b>						
Personnel Expenses	536,010	468,890	14	275,221	222,870	23
Depreciation and Amortisation	86,884	81,030	7	43,619	40,797	7
Other Expenses	548,333	493,594	11	279,090	251,185	11
<b>Operating Profit before Value Added Tax</b>	<b>276,507</b>	<b>283,977</b>	<b>(3)</b>	<b>154,408</b>	<b>102,450</b>	<b>51</b>
Value Added Tax on Financial Services	86,841	68,375	27	46,360	29,106	59
<b>Operating Profit after Value Added Tax</b>	<b>189,666</b>	<b>215,602</b>	<b>(12)</b>	<b>108,048</b>	<b>73,344</b>	<b>47</b>
Share of Profits of Associates and Joint Ventures	-	-	-	-	-	-
<b>Profit before Tax</b>	<b>189,666</b>	<b>215,602</b>	<b>(12)</b>	<b>108,048</b>	<b>73,344</b>	<b>47</b>
Tax Expense	13,775	53,635	(74)	18,100	62,827	(71)
<b>Profit for the Period</b>	<b>175,891</b>	<b>161,967</b>	<b>9</b>	<b>89,948</b>	<b>10,517</b>	<b>755</b>
Earnings Per Share - Basic / Diluted (Annualised) (Rs.)	1.20	1.11		1.22	0.14	

In Rupee Thousands

<b>Statement of Comprehensive Income</b>						
	<b>For the Six months ended 30th June</b>		<b>Change</b>	<b>For the Quarter ended 30th June</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>175,891</b>	<b>161,967</b>	<b>9</b>	<b>89,948</b>	<b>10,517</b>	<b>755</b>
<b>Other Comprehensive Income for the Period, Net of Taxes</b>	-	-	-	-	-	-
<b>Total Comprehensive Income for the Period</b>	<b>175,891</b>	<b>161,967</b>	<b>9</b>	<b>89,948</b>	<b>10,517</b>	<b>755</b>

## Statement of Financial Position

	As at 30/06/2014	As at 31/12/2013	Change
		Audited	%
<b>Assets</b>			
Cash and Cash Equivalents	1,146,445	1,203,740	(5)
Balances with Central Bank	3,578,103	2,799,582	28
Placements with Banks	118,609	104,622	13
Derivative Financial Instruments	768	2,758	(72)
Other Financial Assets Held-for-Trading	7,568,463	9,170,415	(17)
Loans and Receivables to Banks	2,745,946	12,002	22,779
Loans and Receivables to Other Customers	50,481,962	44,728,686	13
Financial Investments - Available for Sale	6,158	6,158	-
Financial Investments - Held to Maturity	-	2,849,475	(100)
Property, Plant and Equipment	1,163,761	1,204,303	(3)
Intangible Assets	59,513	65,805	(10)
Other Assets	2,516,643	2,770,900	(9)
<b>Total Assets</b>	<b>69,386,371</b>	<b>64,918,446</b>	<b>7</b>
<b>Liabilities</b>			
Due to Banks	2,554,886	1,861,565	37
Derivative Financial Instruments	70,077	24,634	184
Due to Other Customers	56,792,436	53,835,898	5
Other Borrowings	2,952,226	2,881,946	2
Current Tax Liabilities	-	-	-
Deferred Tax Liabilities	177,018	150,787	17
Other Provisions and Accruals	62,366	78,548	(21)
Other Liabilities	1,772,858	1,251,611	42
Subordinated Term Debts	779,849	784,693	(1)
<b>Total Liabilities</b>	<b>65,161,716</b>	<b>60,869,682</b>	<b>7</b>
<b>Equity</b>			
Stated Capital	1,548,966	1,548,966	-
Statutory Reserve Fund	169,261	169,261	-
Retained Earnings	2,037,523	1,861,632	9
Other Reserves	468,905	468,905	-
<b>Total Equity</b>	<b>4,224,655</b>	<b>4,048,764</b>	<b>4</b>
<b>Total Equity and Liabilities</b>	<b>69,386,371</b>	<b>64,918,446</b>	<b>7</b>
Commitments and Contingencies	24,363,864	26,124,672	(7)
<b>Net Asset Value per Share (Rs.)</b>	<b>14.32</b>	<b>13.72</b>	<b>4</b>
<b>Memorandum Information</b>			
Number of Employees	1,268	1,169	
Number of Branches	77	77	

In Rupee Thousands

## Statement of Changes In Equity

	Stated Capital*			Reserves				Total
	Ordinary Voting Shares	Ordinary Non-Voting Shares	Assigned Capital	Statutory Reserve Fund	Revaluation Reserve	Investment Fund	Retained Earnings	
<b>Balance as at 01/01/2013</b>	1,548,966	-	-	163,518	-	348,269	2,171,840	4,232,593
Profit/(Loss) for the Period	-	-	-	-	-	-	161,967	161,967
Other Comprehensive Income (Net of Tax)	-	-	-	-	-	-	-	-
<b>Total Comprehensive Income for the Period</b>	-	-	-	-	-	-	<b>161,967</b>	<b>161,967</b>
<b>Transactions with Equity Holders, Recognised Directly in Equity</b>								
Dividends to Equity Holders	-	-	-	-	-	-	(295,041)	(295,041)
Transfer to Statutory Reserve	-	-	-	-	-	-	-	-
Transfer to Investment Fund	-	-	-	-	-	71,339	(71,339)	-
<b>Total Transactions with Equity Holders</b>	-	-	-	-	-	<b>71,339</b>	<b>(366,380)</b>	<b>(295,041)</b>
<b>Balance as at 30/06/2013</b>	<b>1,548,966</b>	-	-	<b>163,518</b>	-	<b>419,608</b>	<b>1,967,427</b>	<b>4,099,519</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	-	-	-	-	-	-	175,891	175,891
Other Comprehensive Income (Net of Tax)	-	-	-	-	-	-	-	-
<b>Total Comprehensive Income for the Period</b>	-	-	-	-	-	-	<b>175,891</b>	<b>175,891</b>
<b>Transactions with Equity Holders, Recognised Directly in Equity</b>								
Dividend to Equity Holders	-	-	-	-	-	-	-	-
Transfer to Statutory Reserve	-	-	-	-	-	-	-	-
Transfer to Investment Fund	-	-	-	-	-	-	-	-
<b>Total Transactions with Equity Holders</b>	-	-	-	-	-	-	-	-
<b>Balance as at 30/06/2014</b>	<b>1,548,966</b>	-	-	<b>169,261</b>	-	<b>468,905</b>	<b>2,037,523</b>	<b>4,224,655</b>

\* Number of Ordinary Shares (Voting) as at 30th June 2014 -295,041,086

In Rupee Thousands

<b>Statement of Cash Flows</b>		
	<b>Current Period From 01/01/14 To 30/06/14</b>	<b>Previous From 01/01/13 To 30/06/13</b>
<b>Cash Flows from Operating Activities</b>		
Profit before Tax	189,666	215,602
<i>Adjustment for:</i>		
Non Cash Items Included in Profit before Tax	530,779	510,116
Change in Operating Assets	(7,773,751)	(7,996,988)
Change in Operating Liabilities	4,259,654	7,464,916
Interest Expense on Subordinated Debt	44,664	55,794
Gratuity Paid	(2,825)	(2,564)
Income Tax Paid	(51,049)	(165,925)
<b>Net Cash Generated from / (Used in) Operating Activities</b>	<b>(2,802,862)</b>	<b>80,951</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of Property, Plant and Equipment	(39,654)	(76,862)
Proceeds from the Sale of Property, Plant and Equipment	20	17
Proceeds from the Sale and Maturity of Financial Investments	2,849,475	1,566,188
Net Purchase of Intangible Assets	(778)	(1,515)
<b>Net Cash Generated from Investing Activities</b>	<b>2,809,063</b>	<b>1,487,828</b>
<b>Cash Flows from Financing Activities</b>		
Interest Paid on Subordinated Debt	(49,509)	(61,574)
Dividend Paid to Equity Holders	-	(295,041)
<b>Net Cash Used in Financing Activities</b>	<b>(49,509)</b>	<b>(356,615)</b>
<b>Net Increase / (Decrease) in Cash &amp; Cash Equivalents</b>	<b>(43,308)</b>	<b>1,212,164</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>1,265,054</b>	<b>2,915,351</b>

In Rupee Thousands

Measurement of Financial Instruments							
As at 30.06.2014	Held for Trading	Designated at Fair Value	Held to Maturity At Amortised Cost	Loans & Receivables / Financial Liabilities- At Amortised Cost	Available for Sale	Derivative Financial Instruments	Total
<b>Financial Assets</b>							
Cash and Cash Equivalents	-	-	-	1,146,445	-	-	1,146,445
Balances with Central Bank	-	-	-	3,578,103	-	-	3,578,103
Placements with Banks	-	-	-	118,609	-	-	118,609
Derivative Financial Instruments	-	-	-	-	-	768	768
Other Financial Assets Held for Trading	7,568,463	-	-	-	-	-	7,568,463
Loans and Receivables to Banks	-	-	-	2,745,946	-	-	2,745,946
Loans and Receivables to Other Customers	-	-	-	50,481,962	-	-	50,481,962
Financial Investments	-	-	-	-	6,158	-	6,158
<b>Total Financial Assets</b>	<b>7,568,463</b>	<b>-</b>	<b>-</b>	<b>58,071,065</b>	<b>6,158</b>	<b>768</b>	<b>65,646,454</b>
<b>Financial Liabilities</b>							
Due to Banks	-	-	-	2,554,886	-	-	2,554,886
Derivative Financial Instruments	-	-	-	-	-	70,077	70,077
Due to Other Customers	-	-	-	56,792,436	-	-	56,792,436
Other Borrowings	-	-	-	2,952,226	-	-	2,952,226
Subordinated Term Debt	-	-	-	779,849	-	-	779,849
<b>Total Financial Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>63,079,397</b>	<b>-</b>	<b>70,077</b>	<b>63,149,474</b>

In Rupee Thousands

Measurement of Financial Instruments							
As at 31.12.2013	Held for Trading	Designated at Fair Value	Held to Maturity At Amortised Cost	Loans & Receivables / Financial Liabilities- At Amortised Cost	Available for Sale	Derivative Financial Instruments	Total
<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>-</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>-</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 30/06/2014	As at 31/12/2013
Gross Loans and Receivables	53,245,152	47,128,702
Less: Individual Impairment	(1,792,533)	(1,655,011)
Collective Impairment	(970,657)	(745,005)
Net Loans and Receivables including those designated at fair value through profit or loss	50,481,962	44,728,686
Less: Loans and Receivables designated at fair value through profit or loss	-	-
<b>Net Loans and Receivables</b>	<b>50,481,962</b>	<b>44,728,686</b>

### Loans and Receivables to Other Customers - By Product

In Rupee Thousands

	As at 30/06/2014	As at 31/12/2013
<b>By Product-Domestic Currency</b>		
Overdrafts	13,235,443	13,680,747
Term Loans	19,932,099	14,360,715
Lease Rentals Receivable	5,163,513	5,149,445
Credit Cards	441,028	213,001
Pawning & Ran Loans	1,844,027	2,997,534
Staff Loans	364,054	347,212
Trade Finance	814,759	714,204
Margin Trading	1,726,365	1,830,969
Securities Purchased Under Resale Agreements	752,849	1,182,698
Others	2,817,789	2,683,178
<b>Sub Total</b>	<b>47,091,926</b>	<b>43,159,703</b>
<b>By Product-Foreign Currency</b>		
Overdrafts	197,535	246,545
Term Loans	1,204,479	853,186
Trade Finance	1,592,493	874,356
Sri Lanka Government Securities - SLDB	3,150,758	1,984,458
Others	7,961	10,454
<b>Sub Total</b>	<b>6,153,226</b>	<b>3,968,999</b>
<b>Total</b>	<b>53,245,152</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 30/06/2014	As at 31/12/2013
<b>Individual Impairment</b>		
Opening Balance	1,655,011	1,418,358
Charge/(Write Back) to Profit or Loss	141,153	193,408
(Write off)/Recoveries during the Period	(13,808)	-
Interest Accrued on Impaired Loans and Receivables	(103,118)	(149,494)
Other Movements	113,295	192,739
<b>Closing Balance</b>	<b>1,792,533</b>	<b>1,655,011</b>
<b>Collective Impairment</b>		
Opening Balance	745,005	457,783
Charge/(Write Back) to Profit or Loss	222,686	389,374
(Write off)/Recoveries during the Period	2,966	(102,152)
Interest Accrued on Impaired Loans and Receivables	-	-
Other Movements	-	-
<b>Closing Balance</b>	<b>970,657</b>	<b>745,005</b>
<b>Total Impairment</b>	<b>2,763,190</b>	<b>2,400,016</b>

### Due to Other Customers - By Product

In Rupee Thousands

	As at 30/06/2014	As at 31/12/2013
<b>By Product-Domestic Currency</b>		
Demand Deposits	4,025,290	4,214,358
Savings Deposits	9,559,476	5,067,900
Fixed Deposits	34,522,553	35,989,224
Certificates of Deposits	5,014,796	4,558,118
Margin Deposits	544,132	645,501
<b>Sub Total</b>	<b>53,666,247</b>	<b>50,475,101</b>
<b>By Product- Foreign Currency</b>		
Demand Deposits	505,977	558,857
Savings Deposits	749,091	562,027
Fixed Deposits	1,871,118	2,199,011
Margin Deposits	3	40,902
<b>Sub Total</b>	<b>3,126,189</b>	<b>3,360,797</b>
<b>Total</b>	<b>56,792,436</b>	<b>53,835,898</b>



<b>Selected Performance Indicators</b>		
	<b>Bank</b>	
	<b>Current Period As at 30/06/2014</b>	<b>Previous Period As at 31/12/2013 Audited</b>
<b>Regulatory Capital Adequacy</b>		
Core Capital , Rs. Mn	4,049	4,049
Total Capital Base, Rs. Mn	4,589	4,695
Core Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 5%)	8.80%	10.27%
Total Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 10%)	10.13%	11.91%
<b>Assets Quality (Quality of Loan Portfolio)</b>		
Gross Non - Performing Advances Ratio, % (Net of Interest in Suspense)	7.46%	8.01%
Net Non - Performing Advances Ratio, % (Net of Interest in Suspense and Provision)	5.76%	6.49%
<b>Profitability (Annualized)</b>		
Interest Margin, %	3.76%	3.38%
Return on Assets (After Tax). %	0.53%	0.19%
Return on Equity, %	8.58%	2.89%
<b>Regulatory Liquidity</b>		
Statutory Liquid Assets,-DBU Rs.Mn.	13,392	13,422
Statutory Liquid Assets,-Off Shore Banking Unit USD.Mn.	4.89	3.67
Statutory Liquid Assets Ratio,% (Minimum Requirement, 20%)		
Domestic Banking Unit	21.55%	23.79%
Off-Shore Banking Unit	43.81%	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

Date - 30.07.2014

(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. 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.

### 5 Changes in Directorships

- 5.1 Mr. T.C.A. Peiris, Chief Executive Officer/Director retired from the services of the Bank with effective from 31<sup>st</sup> January 2014. He retired from the Board of the Bank with effective from the same date.
- 5.2 Mr. P.L.D.N. Seneviratne has been appointed as the Chief Executive Officer/Director of the Bank with effective from 1<sup>st</sup> March 2014.
- 5.3 Mr. J. A. S. S. Adhihetty has completed nine years and relinquished office as a Director with effective from 15<sup>th</sup> June 2014.
- 5.4 Mr. J.D.N.Kekulawala has tendered his resignation from the Board of the Bank with effective from 30<sup>th</sup> June 2014.

### 6. **Listed Debenture Information**

#### i) **Market Price**

The Debentures have not been traded during the period.

#### ii) **Interest Rates**

	<b>Interest Rate %</b>	<b>Interest Rate of Comparable Govt.Security %</b>
Fixed Rate - Interest Semi Annually - 2012/2017	11.25	8.33
Fixed Rate - Interest Annually - 2012/2017	11.50	8.33
Floating Rate - Interest Semi Annually - 2012/2017 (2.95% Above the average of 06 months Gross Treasury Bill Rate)	10.59	7.28
Fixed Rate - Interest at Maturity - 2012/2017	14.50	8.33

#### iii) **Ratios**

	<b>2014</b>
Subordinated Debt to Equity (Times)	0.18
Interest Cover (Times)	5.28

### 7 **Market Price of Ordinary Shares**

<b>Market Value</b>	<b>30/06/2014 (Rs.)</b>		<b>30/06/2013 (Rs.)</b>	
	Voting	Non Voting	Voting	Non Voting
Market Value Per Share	16.90	--	19.30	--
Highest Price Per Share for the Quarter	18.40	--	23.30	--
Lowest Price Per Share for the Quarter	16.10	--	18.50	--

## Shareholders' Information

### Major Shareholders as at 30<sup>th</sup> June 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 / T. Senthilverl - 26,841,568	26,843,718	9.09
	T. Senthilverl - 2,150		
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	7,050,000	2.39
10	Sri Lanka Savings Bank Ltd	6,865,666	2.33
11	Favourite Garments (Pvt) Ltd	1,850,000	0.63
12	HSBC Int'l Nom Ltd – KAS Depository Trust Company	1,638,582	0.56
13	M. F. Hashim	1,543,610	0.52
14	Deshabandu D. M. I. Dissanayake	1,523,600	0.51
15	Sri Lanka Insurance Corporation Ltd - Life Fund	1,394,666	0.47
16	Sampath Bank PLC-Account No.3	1,380,532	0.46
17	R. E. U. De Silva	1,288,639	0.44
18	Navara Capital Ltd	1,052,000	0.36
19	Employees Trust Fund Board	924,266	0.31
20	H. Beruwalage	874,432	0.30
		<b>258,042,601</b>	<b>87.46</b>
	<b>Others</b>	<b>36,998,485</b>	<b>12.54</b>
	<b>Total</b>	<b>295,041,086</b>	<b>100.00</b>

Public holding percentage as at 30<sup>th</sup> June 2014 is 52.18%

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

No	Name of Director	No.of Shares
1	W. D. N. H. Perera	7,050,000
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	-
7	T. Igarashi	-
8	T. Murakami	-
9	P.L.D.N Seneviratne	-