



INTERIM FINANCIAL STATEMENTS
For the 06 Months ended 30th June 2013

| Income Statement | | | | | | |
|--|------------------------------------|------------------|-------------|---------------------------------|----------------|-------------|
| | For the Six months ended 30th June | | Change | For the Quarter ended 30th June | | Change |
| | 2 013 | 2 012 | % | 2 013 | 2 012 | % |
| Interest Income | 4,232,024 | 2,926,158 | 45 | 2,264,419 | 1,490,508 | 52 |
| Interest Expense | (2,969,775) | (1,851,623) | 60 | (1,539,683) | (1,031,626) | 49 |
| Net Interest Income | 1,262,249 | 1,074,535 | 17 | 724,736 | 458,882 | 58 |
| Fees and Commission Income | 279,558 | 284,024 | (2) | 145,612 | 134,361 | 8 |
| Fees and Commission Expense | (5,264) | (11,788) | (55) | (2,706) | (3,881) | (30) |
| Net Fee and Commission Income | 274,294 | 272,236 | 1 | 142,906 | 130,480 | 10 |
| Net Gain/(Loss) from Trading | 68,699 | 23,064 | 198 | 47,520 | 29,023 | 64 |
| Net Gain/(Loss) from Financial Instruments Designated at Fair Value through Profit or Loss | - | - | - | - | - | - |
| Net Gain/(Loss) from Financial Investments | - | - | - | - | - | - |
| Other Operating Income (Net) | 159,810 | 175,905 | (9) | 101,387 | 98,033 | 3 |
| Total Operating Income | 1,765,052 | 1,545,740 | 14 | 1,016,549 | 716,418 | 42 |
| Impairment for Loans and Other (Losses) / Reversals | | | | | | |
| Individual Impairment | (52,736) | 95,931 | 155 | (41,276) | 116,559 | 135 |
| Collective Impairment | (384,825) | (9,772) | 3,838 | (357,971) | (2,550) | 13,938 |
| Others | - | - | - | - | - | - |
| Net Operating Income | 1,327,491 | 1,631,899 | (19) | 617,302 | 830,427 | (26) |
| Operating Expenses | | | | | | |
| Personnel Expenses | 468,890 | 437,960 | 7 | 222,870 | 224,995 | (1) |
| Depreciation and Amortisation | 81,030 | 64,415 | 26 | 40,797 | 33,940 | 20 |
| Other Expenses | 493,594 | 470,298 | 5 | 251,185 | 273,476 | (8) |
| Operating Profit / (Loss) before Value Added Tax | 283,977 | 659,226 | (57) | 102,450 | 298,016 | (66) |
| Value Added Tax on Financial Services | 68,375 | 104,232 | (34) | 29,106 | 49,234 | (41) |
| Operating Profit / (Loss) after Value Added Tax | 215,602 | 554,994 | (61) | 73,344 | 248,782 | (71) |
| Share of Profits of Associates and Joint Ventures | - | - | - | - | - | - |
| Profit/(Loss) before Tax | 215,602 | 554,994 | (61) | 73,344 | 248,782 | (71) |
| Tax Expense | 53,635 | 192,360 | (72) | 62,827 | 84,810 | (26) |
| Profit / (Loss) for the Period | 161,967 | 362,634 | (55) | 10,517 | 163,972 | (94) |
| Earnings Per Share - Basic / Diluted (Annualized) (Rs.) | 1.11 | 2.48 | | 0.14 | 2.23 | |

Statement of Comprehensive Income

| | For the Six months ended 30th June | | Change | For the Quarter ended 30th June | | Change |
|--|------------------------------------|----------------|-------------|---------------------------------|----------------|-------------|
| | 2 013 | 2 012 | % | 2 013 | 2 012 | % |
| Profit / (Loss) for the Period | 161,967 | 362,634 | (55) | 10,517 | 163,972 | (94) |
| Other Comprehensive Income, Net of Tax | | | | | | |
| Changes in Revaluation Surplus | - | - | - | - | - | - |
| Actuarial Gains / (Losses) on Defined Benefit Plans | - | - | - | - | - | - |
| Gains and Losses on Re-measuring Available-for-Sale Financial Assets | - | - | - | - | - | - |
| Gains and Losses on Cash Flow Hedges | - | - | - | - | - | - |
| Others | - | - | - | - | - | - |
| Other Comprehensive Income for the Period, Net of Taxes | - | - | - | - | - | - |
| Total Comprehensive Income for the Period | 161,967 | 362,634 | (55) | 10,517 | 163,972 | (94) |
| | | | | | | |

| Statement of Financial Position | | | |
|---|------------------------------------|--|-------------|
| | Current Period As at 30/06/2013 | Previous Period As at 31/12/2012 Audited | Change % |
| Assets | | | |
| Cash and Cash Equivalents | 1,330,714 | 1,203,052 | 11 |
| Balances with Central Banks | 3,957,695 | 3,516,871 | 13 |
| Placements with Banks | 1,584,637 | 500,135 | 217 |
| Derivative Financial Instruments | 2,843 | 52 | 5,367 |
| Other Financial Assets Held-for-Trading | 5,979,120 | 12,381 | 48,193 |
| Financial Assets Designated at Fair Value through Profit or Loss | - | - | - |
| Loans and Receivables to Banks | 1,181,713 | - | 100 |
| Loans and Receivables to Other Customers | 43,697,089 | 43,213,363 | 1 |
| Financial Investments - Available for Sale | 6,158 | 6,158 | - |
| Financial Investments - Held to Maturity | 3,329,865 | 4,896,054 | (32) |
| Property, Plant and Equipment | 1,225,203 | 1,224,239 | 0 |
| Investment Properties | - | - | - |
| Intangible Assets | 68,531 | 73,582 | (7) |
| Deferred Tax Assets | - | - | - |
| Other Assets | 936,160 | 1,428,405 | (34) |
| Total Assets | 63,299,728 | 56,074,292 | 13 |
| Liabilities | | | |
| Due to Banks | 1,933,206 | 895,326 | 116 |
| Derivative Financial Instruments | - | 632 | (100) |
| Other Financial Liabilities Held-for-Trading | - | - | - |
| Financial Liabilities Designated at Fair Value through Profit or Loss | - | - | - |
| Due to Other Customers | 54,131,755 | 47,911,087 | 13 |
| Other Borrowings | 910,406 | 226,320 | 302 |
| Current Tax Liabilities | 49,111 | 151,315 | (68) |
| Deferred Tax Liabilities | 167,044 | 177,130 | (6) |
| Other Provisions and Accruals | 80,063 | 82,758 | (3) |
| Other Liabilities | 1,148,577 | 1,611,304 | (29) |
| Subordinated Term Debts | 780,047 | 785,827 | (1) |
| Total Liabilities | 59,200,209 | 51,841,699 | 14 |
| Equity | | | |
| Stated Capital | 1,548,966 | 1,548,966 | - |
| Statutory Reserve Fund | 163,518 | 163,518 | - |
| Retained Earnings | 1,967,427 | 2,171,841 | (9) |
| Other Reserves | 419,608 | 348,268 | 20 |
| Total Equity | 4,099,519 | 4,232,593 | (3) |
| Total Equity and Liabilities | 63,299,728 | 56,074,292 | 13 |
| Commitments and Contingencies | 19,698,684 | 13,743,919 | 43 |
| Net Asset Value per Share (Rs.) | 13.89 | 14.35 | (3) |
| Memorandum Information | | | |
| Number of Employees | 1,157 | 1,153 | |
| Number of Branches | 75 | 73 | |

In Rupees 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 | |
| Balance as at 01/01/2012 | 1,548,966 | - | - | 120,515 | - | 161,747 | 1,849,458 | 3,680,686 |
| Profit/(Loss) for the Period | - | - | - | - | - | - | 362,634 | 362,634 |
| Other Comprehensive Income (Net of Tax) | - | - | - | - | - | - | - | - |
| Total Comprehensive Income for the Period | - | - | - | - | - | - | 362,634 | 362,634 |
| Transactions with equity holders, Recognised Directly in Equity | | | | | | | | |
| Share Issue /Increase of Assigned Capital | - | - | - | - | - | - | - | - |
| Share Options Exercised | - | - | - | - | - | - | - | - |
| Bonus Issue | - | - | - | - | - | - | - | - |
| Rights Issue | - | - | - | - | - | - | - | - |
| Transfer to Reserve during the period | - | - | - | - | - | - | - | - |
| Dividends to Equity Holders | - | - | - | - | - | - | (295,041) | (295,041) |
| Gain/(loss) on Revaluation of Property, Plant and Equipment | - | - | - | - | - | - | - | - |
| Transfer to Investment Fund | - | - | - | - | - | 90,187 | (90,187) | - |
| Total Transactions with Equity Holders | - | - | - | - | - | 90,187 | (385,228) | (295,041) |
| Balance as at 30/06/2012 | 1,548,966 | - | - | 120,515 | - | 251,934 | 1,826,864 | 3,748,279 |
| Balance as at 01/01/2013 | 1,548,966 | - | - | 163,518 | - | 348,269 | 2,171,840 | 4,232,593 |
| Profit for the Period | - | - | - | - | - | - | 161,967 | 161,967 |
| Other Comprehensive Income (Net of Tax) | - | - | - | - | - | - | - | - |
| Total Comprehensive Income for the Period | - | - | - | - | - | - | 161,967 | 161,967 |
| Transactions with equity holders, Recognised Directly in Equity | | | | | | | | |
| Share Issue /Increase of Assigned Capital | - | - | - | - | - | - | - | - |
| Share Options Exercised | - | - | - | - | - | - | - | - |
| Bonus Issue | - | - | - | - | - | - | - | - |
| Rights Issue | - | - | - | - | - | - | - | - |
| Transfer to Reserve during the period | - | - | - | - | - | - | - | - |
| Dividend to Equity Holders | - | - | - | - | - | - | (295,041) | (295,041) |
| Gain/(loss) on Revaluation of Property, Plant and Equipment | - | - | - | - | - | - | - | - |
| Transfer to Investment Fund | - | - | - | - | - | 71,339 | (71,339) | - |
| Total Transactions with Equity Holders | - | - | - | - | - | 71,339 | (366,380) | (295,041) |
| Balance as at 30/06/2013 | 1,548,966 | - | - | 163,518 | - | 419,608 | 1,967,427 | 4,099,519 |

* Number of Ordinary Shares as at 30th June 2013, Voting -295,041,086

In Rupees Thousands

| Statement of Cash Flows | | |
|---|---|---|
| | Current Period From 01/01/13 To 30/06/13 | Previous From 01/01/12 To 30/06/12 |
| Cash Flows from Operating Activities | | |
| Profit before Tax | 215,602 | 554,994 |
| <i>Adjustment for:</i> | | |
| Non Cash Items Included in Profit before Tax | 510,116 | (9,711) |
| Change in Operating Assets | (7,996,988) | (6,656,606) |
| Change in Operating Liabilities | 7,464,916 | 4,645,803 |
| Interest Expense on Subordinated Debt | 55,794 | 29,497 |
| Gratuity Paid | (2,564) | (2,645) |
| Income Tax Paid | (165,925) | (172,222) |
| Net Cash Generated from / (Used in) Operating Activities | 80,951 | (1,610,890) |
| Cash Flows from Investing Activities | | |
| Purchase of Property, Plant and Equipment | (76,862) | (182,614) |
| Proceeds from the Sale of Property, Plant and Equipment | 17 | 310 |
| Purchase of Financial Investments | - | (4,018) |
| Proceeds from the Sale and Maturity of Financial Investments | 1,566,188 | 1,872,663 |
| Net Purchase of Intangible Assets | (1,515) | (4,298) |
| Net Cash Generated from Investing Activities | 1,487,828 | 1,682,043 |
| Cash Flows from Financing Activities | | |
| Net Proceeds from the Issue of Subordinated Debt | - | 750,000 |
| Interest Paid on Subordinated Debt | (61,574) | (3,796) |
| Dividend Paid to Equity Holders | (295,041) | (295,041) |
| Net Cash Generated from / (Used in) Financing Activities | (356,615) | 451,163 |
| Net Increase / (Decrease) in Cash & Cash Equivalents | 1,212,164 | 522,316 |
| Cash and Cash Equivalents at the beginning of the Period | 1,703,187 | 2,430,150 |
| Cash and Cash Equivalents at the End of the Period | 2,915,351 | 2,952,466 |

In Rupees Thousands

Measurement of Financial Instruments - Bank

| As at 30.06.2013 | Held for Trading | Designated at Fair Value | Held to Maturity At Amortised Cost | Loans & Receivables- At Amortised Cost | Available for Sale | Derivative Financial Instruments | Total |
|--|------------------|--------------------------|------------------------------------|--|--------------------|----------------------------------|-------------------|
| Financial Assets | | | | | | | |
| Cash and Cash Equivalents | - | - | - | 1,330,714 | - | - | 1,330,714 |
| Balances with Central Banks | - | - | - | 3,957,695 | - | - | 3,957,695 |
| Placements with Banks | - | - | - | 1,584,637 | - | - | 1,584,637 |
| Derivative Financial Instruments | - | - | - | - | - | 2,843 | 2,843 |
| Other Financial Assets at Fair Value through Profit or Loss | 5,979,120 | - | - | - | - | - | 5,979,120 |
| Loans and Receivables to Banks | - | - | - | 1,181,713 | - | - | 1,181,713 |
| Loans and Receivables to Other Customers | - | - | - | 43,697,089 | - | - | 43,697,089 |
| Financial Investments | - | - | 3,329,865 | - | 6,158 | - | 3,336,023 |
| Total Financial Assets | 5,979,120 | - | 3,329,865 | 51,751,848 | 6,158 | 2,843 | 61,069,834 |
| Financial Liabilities | | | | | | | |
| Due to Banks | - | - | - | 1,933,206 | - | - | 1,933,206 |
| Derivative Financial Instruments | - | - | - | - | - | - | - |
| Other Financial Liabilities at Fair Value through Profit or Loss | - | - | - | - | - | - | - |
| Due to Other Customers | - | - | - | 54,131,755 | - | - | 54,131,755 |
| Other Borrowings | - | - | - | 910,406 | - | - | 910,406 |
| Debt Securities Issued | - | - | - | 780,047 | - | - | 780,047 |
| Total Financial Liabilities | - | - | - | 57,755,414 | - | - | 57,755,414 |

In Rupees Thousands

| Measurement of Financial Instruments - Bank | | | | | | | |
|--|------------------|--------------------------|------------------------------------|--|--------------------|----------------------------------|-------------------|
| As at 31.12.2012 | Held for Trading | Designated at Fair Value | Held to Maturity At Amortised Cost | Loans & Receivables- At Amortised Cost | Available for Sale | Derivative Financial Instruments | Total |
| Financial Assets | | | | | | | |
| Cash and Cash Equivalents | - | - | - | 1,203,052 | - | - | 1,203,052 |
| Balances with Central Banks | - | - | - | 3,516,871 | - | - | 3,516,871 |
| Placements with Banks | - | - | - | 500,135 | - | - | 500,135 |
| Derivative Financial Instruments | - | - | - | - | - | 52 | 52 |
| Other Financial Assets at Fair Value through Profit or Loss | 12,381 | - | - | - | - | - | 12,381 |
| Loans and Receivables to Banks | - | - | - | - | - | - | - |
| Loans and Receivables to Other Customers | - | - | - | 43,213,363 | - | - | 43,213,363 |
| Financial Investments | - | - | 4,896,054 | - | 6,158 | - | 4,902,212 |
| Total Financial Assets | 12,381 | - | 4,896,054 | 48,433,421 | 6,158 | 52 | 53,348,066 |
| Financial Liabilities | | | | | | | |
| Due to Banks | - | - | - | 895,326 | - | - | 895,326 |
| Derivative Financial Instruments | - | - | - | - | - | 632 | 632 |
| Other Financial Liabilities at Fair Value through Profit or Loss | - | - | - | - | - | - | - |
| Due to Other Customers | - | - | - | 47,911,087 | - | - | 47,911,087 |
| Other Borrowings | - | - | - | 226,320 | - | - | 226,320 |
| Debt Securities Issued | - | - | - | 785,827 | - | - | 785,827 |
| Total Financial Liabilities | - | - | - | 49,818,560 | - | 632 | 49,819,192 |

| Selected Performance Indicators | | |
|---|------------------------------------|--|
| | Bank | |
| | Current Period As at 30/06/2013 | Previous Period As at 31/12/2012 Audited |
| Regulatory Capital Adequacy | | |
| Core Capital (Tier 1 Capital), Rs. Mn | 3,931 | 4,232 |
| Total Capital Base, Rs. Mn | 4,630 | 4,999 |
| Core Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 5%) | 10.80% | 13.34% |
| Total Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 10%) | 12.72% | 15.76% |
| Assets Quality (Quality of Loan Portfolio) | | |
| Gross Non - Performing Advances Ratio, % (Net of Interest in Suspense) | 7.82% | 4.17% |
| Net Non - Performing Advances Ratio, % (Net of Interest in Suspense and Provision) | 6.54% | 3.03% |
| Profitability (Annualized) | | |
| Interest Margin, % | 4.29% | 4.66% |
| Return on Assets (After Tax). % | 0.55% | 1.67% |
| Return on Equity, % | 7.89% | 22.79% |
| Regulatory Liquidity | | |
| Statutory Liquid Assets,-DBU Rs.Mn. | 13,203 | 9,953 |
| Statutory Liquid Assets,-Off Shore Banking Unit USD.Mn. | 4.23 | 4.06 |
| Statutory Liquid Assets Ratio,% (Minimum Requirement, 20%) | | |
| Domestic Banking Unit | 23.81% | 20.97% |
| Off-Shore Banking Unit | 23.18% | 22.21% |

CERTIFICATION:

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

(Sgd)

G.G. Mangala

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 financial of the bank unless indicated as audited.

(Sgd)

W. D. N. H. Perera

Chairman

(Sgd)

T.C.A. Peiris

Director/ Chief Executive Officer

Date : 14.08.2013

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 changes in accounting policies and methods of computation since the publication of annual accounts for the year 2012. 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. Toyohiko Murakami was appointed as a Director with effect from 24th April 2013.
- 5.2 Mr. Akio Shinamoto was appointed as an alternate Director to Mr. Toyohiko Murakami with effect from 29th May 2013.
- 5.3 Mr. A. A. Page stepped down from the position of Senior Director since he is no longer an Independent Director, but continues to serve as a Non Executive Director. Mr. H. K. Seneviratne was appointed as the Senior Director with effect from 26th June 2013.

6. **Listed Debenture Information**

i) Market Value

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 | 11.92 |
| Fixed Rate - Interest Annually - 2012/2017 | 11.50 | 11.92 |
| Floating Rate - Interest Semi Annually - 2012/2017 | 14.18 | 11.31 |
| (2.95% Above the average of 06 months Gross Treasury Bill Rate) | | |
| Fixed Rate - Interest at Maturity - 2012/2017 | 14.50 | 11.92 |

iii) Ratios

| | 2013 |
|------------------------|------|
| Debt Equity (Times) | 5.26 |
| Interest Cover (Times) | 4.86 |

7 **Market Price of Ordinary Shares**

| MARKET VALUE | 30/06/2013 (Rs.) | | 30/06/2012 (Rs.) | |
|---|------------------|------------|------------------|------------|
| | Voting | Non Voting | Voting | Non Voting |
| Market Value Per Share | 19.30 | -- | 17.30 | -- |
| Highest Price Per Share for the Quarter | 23.30 | -- | 23.30 | -- |
| Lowest Price Per Share for the Quarter | 18.50 | -- | 16.00 | -- |

SHAREHOLDERS' INFORMATION

MAJOR SHAREHOLDERS AS AT 30TH JUNE 2013

| No | Name | No.of Shares | % |
|----|---|--------------------|---------------|
| 1 | Mr. K. D. D. Perera | 88,482,820 | 29.99 |
| 2 | Bansei Securities Co, Ltd | 29,504,109 | 10.00 |
| 3 | Seylan Bank PLC/ T Senthilverl | 26,961,776 | 9.14 |
| 4 | Mr. D. C. C. Joseph | 17,010,202 | 5.76 |
| 5 | Mr. K. D. H. Perera | 15,537,332 | 5.27 |
| 6 | Mr. P. J. Tay | 14,611,996 | 4.95 |
| 7 | Mr. K. D. A. Perera | 12,800,000 | 4.34 |
| 8 | Samurdhi Authority of Sri Lanka | 11,114,376 | 3.77 |
| 9 | Seylan Bank PLC/ Mr. W. D. N. H. Perera - 6,807,070 | 7,507,070 | 2.54 |
| | Mr. W. D. N. H. Perera - 700,000 | | |
| 10 | Sri Lanka Savings Bank Ltd | 6,865,666 | 2.33 |
| 11 | Favourite Garments (Pvt) Ltd | 2,000,000 | 0.68 |
| 12 | Deshabandu D. M. I. Dissanayake | 1,538,600 | 0.52 |
| 13 | Mr. M F Hashim | 1,432,302 | 0.48 |
| 14 | Sri Lanka Insurance Corporation Ltd - Life Fund | 1,394,666 | 0.47 |
| 15 | Sampath Bank PLC-Account No.3 | 1,380,532 | 0.47 |
| 16 | Mr. R. E. U. De Silva | 1,288,639 | 0.44 |
| 17 | HSBC Int'l Nom Ltd – KAS Depository Trust Company | 1,238,582 | 0.42 |
| 18 | Navara Capital Ltd | 1,050,000 | 0.36 |
| 19 | Employees Trust Fund Board | 924,266 | 0.31 |
| 20 | Mr. H. Beruwalage | 874,432 | 0.30 |
| | | 243,517,366 | 82.54 |
| | | | |
| | Others | 51,523,720 | 17.46 |
| | | | |
| | Total | 295,041,086 | 100.00 |
| | | | |

Public holding percentage as at 30th June 2013 is 56.92%

DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S HOLDING IN SHARES AS AT 30TH JUNE 2013

| No | Name of Director | No.of Shares |
|----|---|--------------|
| 1 | Mr. W. D. N. H. Perera | 7,507,070 |
| 2 | Mr. R. E. U. De Silva | 1,288,639 |
| 3 | Mr. A. A. Page | 200,000 |
| 4 | Mr. J. A. S. S. Adhihetty | 108,266 |
| 5 | Mr. M. D. S. Goonatilleke | 422 |
| 6 | Mr. H. K. Seneviratne | - |
| 7 | Mr. T. G. Thoradeniya | 36 |
| 8 | Mr. G. C. A. De Silva | - |
| 9 | Mr. G. A. R. D. Prasanna | - |
| 10 | Mr. T. Igarashi | - |
| 11 | Mr. T. Murakami | - |
| 12 | Mr. T. C. A. Peiris (Chief Executive Officer) | 10,500 |