



**INTERIM FINANCIAL STATEMENTS
FOR THE 03 MONTHS ENDED 31ST MARCH 2014**

In Rupees Thousands

Income Statement			
	Current Period From 01/01/14 To 31/03/14	Previous Period From 01/01/13 To 31/03/13	Change %
Interest Income	2,001,626	1,967,605	2
Interest Expense	(1,294,832)	(1,430,092)	(9)
Net Interest Income	706,794	537,513	31
Fees and Commission Income	141,958	133,946	6
Fees and Commission Expense	(4,119)	(2,558)	61
Net Fee and Commission Income	137,839	131,388	5
Net Gain/(Loss) from Trading	94,989	21,179	349
Other Operating Income (Net)	56,555	58,423	(3)
Total Operating Income	996,177	748,503	33
Impairment for Loans and Other (Losses) / Reversals			
Individual Impairment	(45,370)	(11,460)	296
Collective Impairment	(208,697)	(26,854)	677
Others	(46,714)	-	100
Net Operating Income	695,396	710,189	(2)
Operating Expenses			
Personnel Expenses	260,789	246,020	6
Depreciation and Amortisation	43,265	40,233	8
Other Expenses	269,243	242,409	11
Operating Profit before Value Added Tax and Nation Building Tax on Financial Services	122,099	181,527	(33)
Value Added Tax and Nation Building Tax on Financial Services	40,481	39,269	3
Profit before Tax	81,618	142,258	(43)
Tax Expense/(Reversal)	(4,325)	(9,192)	(53)
Profit for the Period	85,943	151,450	(43)
Earnings Per Share - Basic / Diluted (Annualised) (Rs.)	1.18	2.08	

In Rupees Thousands

Statement of Comprehensive Income

	Current Period From 01/01/14 To 31/03/14	Previous Period From 01/01/13 To 31/03/13	Change %
Profit for the Period	85,943	151,450	(43)
Other Comprehensive Income for the Period, Net of Taxes	-	-	-
Total Comprehensive Income for the Period	85,943	151,450	(43)

Statement of Financial Position			
	As at 31/03/2014	As at 31/12/2013	Change %
Assets			
Cash and Cash Equivalents	1,121,729	1,203,740	(7)
Balances with Central Banks	2,997,987	2,799,582	7
Placements with Banks	313,742	104,622	200
Derivative Financial Instruments	3,031	2,758	10
Other Financial Assets Held-for-Trading	7,715,872	9,170,415	(16)
Loans and Receivables to Banks	1,077,771	12,002	8,880
Loans and Receivables to Other Customers	47,251,716	44,728,686	6
Financial Investments - Available for Sale	6,158	6,158	-
Financial Investments - Held to Maturity	3,363,847	2,849,475	18
Property, Plant and Equipment	1,182,541	1,204,303	(2)
Intangible Assets	62,862	65,805	(4)
Other Assets	2,509,955	2,770,900	(9)
Total Assets	67,607,211	64,918,446	4
Liabilities			
Due to Banks	2,161,526	1,861,565	16
Derivative Financial Instruments	49,268	24,634	100
Due to Other Customers	55,619,806	53,835,898	3
Other Borrowings	2,954,929	2,881,946	3
Deferred Tax Liabilities	151,012	150,787	0
Other Provisions and Accruals	72,274	78,548	(8)
Other Liabilities	1,702,114	1,251,611	36
Subordinated Term Debts	761,575	784,693	(3)
Total Liabilities	63,472,504	60,869,682	4
Equity			
Stated Capital	1,548,966	1,548,966	-
Statutory Reserve Fund	169,261	169,261	-
Retained Earnings	1,947,575	1,861,632	5
Other Reserves	468,905	468,905	-
Total Equity	4,134,707	4,048,764	2
Total Equity and Liabilities	67,607,211	64,918,446	4
Commitments and Contingencies	24,097,955	26,124,672	(8)
Net Asset Value Per Share (Rs.)	14.01	13.72	2
Memorandum Information			
Number of Employees	1,232	1,169	
Number of Branches	77	77	

In Rupees Thousands

Statement of Changes In Equity

	Stated Capital*		Reserves			Total
	Ordinary Voting Shares	Ordinary Non-Voting Shares	Statutory Reserve Fund	Investment Fund	Retained Earnings	
Balance as at 01/01/2013	1,548,966	-	163,518	348,269	2,171,840	4,232,593
Profit for the Period	-	-	-	-	151,450	151,450
Other Comprehensive Income (Net of Tax)	-	-	-	-	-	-
Total Comprehensive Income for the Period	-	-	-	-	151,450	151,450
Transactions with Equity Holders, Recognised Directly in Equity						
Dividends to Equity Holders	-	-	-	-	(295,041)	(295,041)
Transfer to Statutory Reserve Fund	-	-	-	-	-	-
Transfer to Investment Fund	-	-	-	39,881	(39,881)	-
Total Transactions with Equity Holders	-	-	-	39,881	(334,922)	(295,041)
Balance as at 31/03/2013	1,548,966	-	163,518	388,150	1,988,368	4,089,002
Balance as at 01/01/2014	1,548,966	-	169,261	468,905	1,861,632	4,048,764
Profit for the Period	-	-	-	-	85,943	85,943
Other Comprehensive Income (Net of Tax)	-	-	-	-	-	-
Total Comprehensive Income for the Period	-	-	-	-	85,943	85,943
Transactions with Equity Holders, Recognised Directly in Equity						
Dividend to Equity Holders	-	-	-	-	-	-
Transfer to Statutory Reserve Fund	-	-	-	-	-	-
Transfer to Investment Fund	-	-	-	-	-	-
Total Transactions with Equity Holders	-	-	-	-	-	-
Balance as at 31/03/2014	1,548,966	-	169,261	468,905	1,947,575	4,134,707

* Number of Ordinary Shares (Voting) as at 31st March 2014 - 295,041,086

In Rupees Thousands

Statement of Cash Flows		
	From 01/01/14 To 31/03/14	From 01/01/13 To 31/03/13
Cash Flows from Operating Activities		
Profit before Tax	81,618	142,258
<i>Adjustment for:</i>		
Non Cash Items Included in Profit before Tax	305,014	86,545
Change in Operating Assets	(2,296,745)	(2,358,764)
Change in Operating Liabilities	2,620,599	2,857,316
Interest Expense on Subordinated Debt	24,195	29,865
Gratuity Paid	(2,190)	(941)
Income Tax Paid	(24,761)	(95,773)
Net Cash Generated From Operating Activities	707,730	660,506
Cash Flows from Investing Activities		
Purchase of Property, Plant and Equipment	(18,355)	(21,042)
Proceeds from the Sale of Property, Plant and Equipment	5	7
Net Proceeds from the Sale/(Purchase) of Held to Maturity Investments	(514,371)	2,510,575
Net Purchase of Intangible Assets	(586)	(1,249)
Net Cash Generated from/(Used in) Investing Activities	(533,307)	2,488,291
Cash Flows from Financing Activities		
Interest Paid on Subordinated Debt	(47,314)	(58,524)
Dividend Paid to Equity Holders	-	(295,041)
Net Cash Used in Financing Activities	(47,314)	(353,565)
Net Increase in Cash & Cash Equivalents	127,109	2,795,232
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	1,435,471	4,498,419

In Rupees Thousands

Measurement of Financial Instruments - Bank						
As at 31.03.2014	Held for Trading	Held to Maturity - At Amortised Cost	Loans & Receivables/ Financial Liabilities- At Amortised Cost	Available for Sale	Derivative Financial Instruments	Total
Financial Assets						
Cash and Cash Equivalents	-	-	1,121,729	-	-	1,121,729
Balances with Central Banks	-	-	2,997,987	-	-	2,997,987
Placements with Banks	-	-	313,742	-	-	313,742
Derivative Financial Instruments	-	-	-	-	3,031	3,031
Other Financial Assets Held for Trading	7,715,872	-	-	-	-	7,715,872
Loans and Receivables to Banks	-	-	1,077,771	-	-	1,077,771
Loans and Receivables to Other Customers	-	-	47,251,716	-	-	47,251,716
Financial Investments	-	3,363,847	-	6,158	-	3,370,005
Total Financial Assets	7,715,872	3,363,847	52,762,945	6,158	3,031	63,851,853
Financial Liabilities						
Due to Banks	-	-	2,161,526	-	-	2,161,526
Derivative Financial Instruments	-	-	-	-	49,268	49,268
Due to Other Customers	-	-	55,619,806	-	-	55,619,806
Other Borrowings	-	-	2,954,929	-	-	2,954,929
Subordinated Term Debt	-	-	761,575	-	-	761,575
Total Financial Liabilities	-	-	61,497,836	-	49,268	61,547,104

In Rupees Thousands

Measurement of Financial Instruments - Bank						
As at 31.12.2013	Held for Trading	Held to Maturity - At Amortised Cost	Loans & Receivables/ Financial Liabilities- At Amortised Cost	Available for Sale	Derivative Financial Instruments	Total
Financial Assets						
Cash and Cash Equivalents	-	-	1,203,740	-	-	1,203,740
Balances with Central Banks	-	-	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
Total Financial Assets	9,170,415	2,849,475	48,848,632	6,158	2,758	60,877,438
Financial Liabilities						
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
Total Financial Liabilities	-	-	59,364,102	-	24,634	59,388,736

Notes to the Financial Statements

Loans and Receivables to Other Customers

In Rupees Thousands

	As at 31/03/2014	As at 31/12/2013
Gross Loans and Receivables	49,875,911	47,128,702
Less: Individual Impairment	(1,671,332)	(1,655,011)
Collective Impairment	(952,863)	(745,005)
Net Loans and Receivables including those designated at fair value through profit or loss	47,251,716	44,728,686
Less: Loans and Receivables designated at fair value through profit or loss	-	-
Net Loans and Receivables	47,251,716	44,728,686

Loans and Receivables to Other Customers - By Product

In Rupees Thousands

	As at 31/03/2014	As at 31/12/2013
By Product-Domestic Currency		
Overdrafts	14,972,434	13,680,747
Term Loans	15,887,602	14,360,715
Lease Rentals Receivable	5,312,103	5,149,445
Credit Cards	343,376	213,001
Pawning & Ran Loans	2,868,593	2,997,534
Staff Loans	349,707	347,212
Trade Finance	991,920	714,204
Margin Trading	2,010,207	1,830,969
Securities Purchased Under Resale Agreements	18,629	1,182,698
Others	2,701,731	2,683,178
Sub Total	45,456,302	43,159,703
By Product-Foreign Currency		
Overdrafts	278,313	246,545
Term Loans	1,007,796	853,186
Trade Finance	1,157,174	874,356
Sri Lanka Government Securities - SLDB	1,973,662	1,984,458
Others	2,664	10,454
Sub Total	4,419,609	3,968,999
Total	49,875,911	47,128,702

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

In Rupees Thousands

	As at 31/03/2014	As at 31/12/2013
Individual Impairment		
Opening Balance	1,655,011	1,418,358
Charge/(Write Back) to Profit or Loss	45,370	193,408
(Write off)/Recoveries during the Period	-	-
Interest Accrued on Impaired Loans and Receivables	(50,540)	(149,494)
Other Movements	21,491	192,739
Closing Balance	1,671,332	1,655,011
Collective Impairment		
Opening Balance	745,005	457,783
Charge/(Write Back) to Profit or Loss	208,697	389,374
(Write off)/Recoveries during the Period	(839)	(102,152)
Interest Accrued on Impaired Loans and Receivables	-	-
Other Movements	-	-
Closing Balance	952,863	745,005
Total Impairment	2,624,195	2,400,016

Due to Other Customers - By Product

In Rupees Thousands

	As at 31/03/2014	As at 31/12/2013
By Product-Domestic Currency		
Demand Deposits	3,748,748	4,214,358
Savings Deposits	7,521,392	5,067,900
Fixed Deposits	35,880,531	35,989,224
Certificates of Deposits	4,931,208	4,558,118
Margin Deposits	522,354	645,501
Sub Total	52,604,233	50,475,101
By Product- Foreign Currency		
Demand Deposits	149,964	558,857
Savings Deposits	695,597	562,027
Fixed Deposits	2,170,009	2,199,011
Margin Deposits	3	40,902
Sub Total	3,015,573	3,360,797
Total	55,619,806	53,835,898

Selected Performance Indicators		
	Bank	
	Current Period As at 31/03/2014	Previous Period As at 31/12/2013 (Audited)
Regulatory Capital Adequacy		
Core Capital (Tier 1 Capital), Rs. Mn	4,049	4,049
Total Capital Base, Rs. Mn	4,678	4,695
Core Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 5%)	9.26%	10.27%
Total Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 10%)	10.70%	11.91%
Assets Quality (Quality of Loan Portfolio)		
Gross Non - Performing Advances Ratio, % (Net of Interest in Suspense)	7.80%	8.01%
Net Non - Performing Advances Ratio, % (Net of Interest in Suspense and Provision)	6.29%	6.49%
Profitability (Annualised)		
Interest Margin, %	4.33%	3.38%
Return on Assets (After Tax). %	0.53%	0.19%
Return on Equity, %	8.52%	2.89%
Regulatory Liquidity		
Statutory Liquid Assets,-DBU Rs.Mn.	13,626	13,422
Statutory Liquid Assets,-Off Shore Banking Unit USD.Mn.	2.25	3.67
Statutory Liquid Assets Ratio,% (Minimum Requirement, 20%)		
Domestic Banking Unit	22.81%	23.79%
Off-Shore Banking Unit	25.09%	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

(Sgd)

P.L.D.N. Seneviratne

Director/ Chief Executive Officer

Date : 07.05.2014

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 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 31st 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 1st March 2014.

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	9.29
Fixed Rate - Interest Annually - 2012/2017	11.50	9.29
Floating Rate - Interest Semi Annually - 2012/2017 (2.95% Above the Average of 6 months Gross Treasury Bill Rate)	10.59	7.57
Fixed Rate - Interest at Maturity - 2012/2017	14.50	9.29

iii) Ratios

	2014
Debt Equity (Times)	0.18
Interest Cover (Times)	4.38

7. Market Price of Ordinary Shares

Market Value	31/03/2014 (Rs.)		31/03/2013 (Rs.)	
	Voting	Non Voting	Voting	Non Voting
Market Value Per Share	16.20	--	19.00	--
Highest Price Per Share for the Quarter	18.50	--	20.00	--
Lowest Price Per Share for the Quarter	15.50	--	17.30	--

Shareholders' Information

Major Shareholders as at 31st March 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 - 26,893,785	26,895,935	9.11
	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/ Mr. W. D. N. H. Perera	6,946,003	2.35
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	0.55
13	M. F. Hashim	1,543,610	0.52
14	Deshabandu D. M. I. Dissanayake	1,538,600	0.52
15	Sri Lanka Insurance Corporation Ltd - Life Fund	1,394,666	0.47
16	Sampath Bank PLC-Account No.3	1,380,532	0.47
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
		258,005,821	87.45
	Others	37,035,265	12.55
	Total	295,041,086	100.00

Public holding percentage as at 31st March 2014 is 52.18%

Directors'and Chief Executive Officer's Holding in Shares as at 31st March 2014

No	Name of Director	No.of Shares
1	W. D. N. H. Perera	6,946,003
2	R. E. U. De Silva	1,288,639
3	H. K. Seneviratne	-
4	J. A. S. S. Adhihetty	108,266
5	M. D. S. Goonatilleke	422
6	T. G. Thoradeniya	36
7	G. A. R. D. Prasanna	-
8	T. Igarashi	-
9	T. Murakami	-
10	J. D. N. Kekulawala	-
11	P.L.D.N Seneviratne	-