



PAN ASIA BANK

In Rupees Thousands

Statement of Comprehensive Income

	2 013	2 012
Gross Income	9,054,037	7,766,219
Interest Income	7,976,952	6,766,833
Interest Expense	(5,881,653)	(4,360,678)
Net Interest Income	2,095,299	2,406,155
Fees and Commission Income	548,299	540,197
Fees and Commission Expense (Net)	(8,951)	(15,343)
Net Fee and Commission Income	539,348	524,854
Net Gain/(Loss) from Trading	238,302	86,431
Net Gain/(Loss) from Financial Instruments Designated at Fair Value through Profit or Loss	-	-
Net Gain/(Loss) from Financial Investments	211	135
Other Operating Income (Net)	290,273	372,623
Total Operating Income	3,163,433	3,390,198
Impairment for Loans and Other (Losses) / Reversals		
Individual Impairment	(193,408)	6,937
Collective Impairment	(389,374)	(54,819)
Others	(160,479)	-
Net Operating Income	2,420,172	3,342,316
Operating Expenses		
Personnel Expenses	942,167	894,064
Depreciation and Amortisation	168,061	140,943
Other Expenses	1,081,503	952,596
Operating Profit / (Loss) before Value Added Tax	228,441	1,354,713
Value Added Tax on Financial Services	104,535	209,305
Operating Profit / (Loss) after Value Added Tax	123,906	1,145,408
Share of Profits of Associates and Joint Ventures	-	-
Profit/(Loss) before Tax	123,906	1,145,408
Tax Expense	9,046	285,357
Profit / (Loss) for the Year	114,860	860,051
Other Comprehensive Income, Net of Tax		
Actuarial Gains / (Losses) on Defined Benefit Plans	(3,648)	(13,103)
Other Comprehensive Income for the Year, Net of Taxes	(3,648)	(13,103)
Total Comprehensive Income for the Year	111,212	846,948
Earnings Per Share - Basic / Diluted (Rs.)	0.39	2.92
Dividends Per Share (Rs.)	-	1.00

In Rupees Thousands

Statement of Financial Position

	2 013	2 012
Assets		
Cash and Cash Equivalents	1,203,740	1,203,052
Balances with Central Banks	2,799,582	3,516,871
Placements with Banks	104,622	500,135
Derivative Financial Instruments	2,758	52
Other Financial Assets Held-for-Trading	9,170,415	12,381
Loans and Receivables to Banks	12,002	-
Loans and Receivables to Other Customers	44,728,686	43,213,363
Financial Investments - Available for Sale	6,158	6,158
Financial Investments - Held to Maturity	2,849,475	4,896,054
Property, Plant and Equipment	1,204,303	1,224,239
Investment Properties	-	-
Intangible Assets	65,805	73,582
Deferred Tax Assets	-	-
Other Assets	2,770,900	1,428,405
Total Assets	64,918,446	56,074,292
Liabilities		
Due to Banks	1,861,565	895,326
Derivative Financial Instruments	24,634	632
Other Financial Liabilities Held-for-Trading	-	-
Due to Other Customers	53,835,898	47,911,087
Other Borrowings	2,881,946	226,320
Current Tax Liabilities	-	151,315
Deferred Tax Liabilities	150,787	177,130
Other Provisions and Accruals	78,548	82,758
Other Liabilities	1,251,611	1,611,304
Subordinated Term Debts	784,693	785,827
Total Liabilities	60,869,682	51,841,699
Equity		
Stated Capital	1,548,966	1,548,966
Statutory Reserve Fund	169,261	163,518
Retained Earnings	1,861,632	2,171,841
Other Reserves	468,905	348,268
Total Equity	4,048,764	4,232,593
Total Equity and Liabilities	64,918,446	56,074,292
Commitments and Contingencies	26,124,672	13,743,919
Net Asset Value Per Share (Rs.)	13.72	14.35
Memorandum Information		
Number of Employees	1,169	1,153
Number of Branches	77	73

In Rupees Thousands

Statement of Cash Flows

	2 013	2 012
Cash Flows from Operating Activities		
Profit before Tax	123,906	1,145,408
<i>Adjustment for:</i>		
Non Cash Items Included in Profit before Tax	934,312	207,125
Change in Operating Assets	(11,908,748)	(9,991,467)
Change in Operating Liabilities	7,878,022	7,732,278
Interest Expense on Subordinated Debt	105,643	87,578
Gratuity Paid	(7,576)	(4,949)
Income Tax Paid	(334,489)	(306,501)
Net Cash Used in Operating Activities	(3,208,930)	(1,130,528)
Cash Flows from Investing Activities		
Purchase of Property, Plant and Equipment	(136,778)	(331,140)
Proceeds from the Sale of Property, Plant and Equipment	4,285	2,953
Purchase of Financial Investments	-	(4,018)
Proceeds from the Sale and Maturity of Financial Investments	2,046,578	364,573
Net Purchase of Intangible Assets	(6,020)	(32,011)
Net Cash Generated from Investing Activities	1,908,065	357
Cash Flows from Financing Activities		
Net Proceeds from the Issue of Subordinated Debt	-	750,000
Net Proceeds from Other Borrowings	1,307,858	-
Interest Paid on Subordinated Debt	(106,777)	(51,751)
Dividend Paid to Equity Holders	(295,041)	(295,041)
Net Cash Generated from Financing Activities	906,040	403,208
Net Increase / (Decrease) in Cash & Cash Equivalents	(394,825)	(726,963)
Cash and Cash Equivalents at the beginning of the Year	1,703,187	2,430,150
Cash and Cash Equivalents at the End of the Year	1,308,362	1,703,187

In Rupees Thousands

Measurement of Financial Instruments - Bank

As at 31.12.2013	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	-	-	-	1,203,740	-	-	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
Debt Securities Issued	-	-	-	784,693	-	-	784,693
Total Financial Liabilities	-	-	-	59,364,102	-	24,634	59,388,736

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 Held-for-Trading	12,381	-	-	-	-	-	12,381
Loans and Receivables to Banks	-	-	-	12,002	-	-	12,002
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
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

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 Year	-	-	-	-	-	-	860,051	860,051
Other Comprehensive Income (Net of Tax)	-	-	-	-	-	-	(13,103)	(13,103)
Total Comprehensive Income for the Year	-	-	-	-	-	-	846,948	846,948
Transactions with Equity Holders, Recognised Directly in Equity								
Dividends to Equity Holders	-	-	-	-	-	-	(295,041)	(295,041)
Gain/(loss) on Revaluation of Property, Plant and Equipment	-	-	-	-	-	-	-	-
Transfer to Statutory Reserve Fund	-	-	-	43,003	-	-	(43,003)	-
Transfer to Investment Fund	-	-	-	-	-	186,521	(186,521)	-
Total Transactions with Equity Holders	-	-	-	43,003	-	186,521	(524,565)	(295,041)
Balance as at 31/12/2012	1,548,966	-	-	163,518	-	348,268	2,171,841	4,232,593
Balance as at 01/01/2013	1,548,966	-	-	163,518	-	348,268	2,171,841	4,232,593
Profit for the Year	-	-	-	-	-	-	114,860	114,860
Other Comprehensive Income (Net of Tax)	-	-	-	-	-	-	(3,648)	(3,648)
Total Comprehensive Income for the Year	-	-	-	-	-	-	111,212	111,212
Transactions with Equity Holders, Recognised Directly in Equity								
Dividends to Equity Holders	-	-	-	-	-	-	(295,041)	(295,041)
Gain/(loss) on Revaluation of Property, Plant and Equipment	-	-	-	-	-	-	-	-
Transfer to Statutory Reserve Fund	-	-	-	5,743	-	-	(5,743)	-
Transfer to Investment Fund	-	-	-	-	-	120,637	(120,637)	-
Total Transactions with Equity Holders	-	-	-	5,743	-	120,637	(421,421)	(295,041)
Balance as at 31/12/2013	1,548,966	-	-	169,261	-	468,905	1,861,632	4,048,764

* Number of Ordinary Shares as at 31st December 2013, Voting -295,041,086



Notes to the Financial Statements

Loans and Receivables to Other Customers

	In Rupees Thousands	
	As at 31/12/2013	As at 31/12/2012
Gross Loans and Receivables	47,128,702	45,089,504
Less: Individual Impairment	(1,655,011)	(1,418,358)
Collective Impairment	(745,005)	(457,783)
Net Loans and Receivables including those designated at fair value through profit or loss	44,728,686	43,213,363
Less: Loans and receivables designated at fair value through profit or loss	-	-
Net Loans and Receivables	44,728,686	43,213,363

Loans and Receivables to Other Customers - By Product

	In Rupees Thousands	
	As at 31/12/2013	As at 31/12/2012
By Product-Domestic Currency		
Overdrafts	13,680,747	13,307,895
Term Loans	14,360,715	9,155,792
Lease Rentals Receivable	5,149,445	4,591,944
Credit Cards	213,001	94,683
Pawning & Ran Loans	2,997,534	7,412,046
Staff Loans	347,212	325,278
Trade Finance	714,204	852,090
Margin Trading	1,830,969	2,131,805
Securities Purchased Under Resale Agreements	1,182,698	-
Others	2,683,178	3,831,111
Sub Total	43,159,703	41,702,644
By Product-Foreign Currency		
Overdrafts	246,545	1,336,735
Term Loans	853,186	400,670
Trade Finance	874,356	467,884
Sri Lanka Government Securities - SLDB	1,984,458	1,168,674
Others	10,454	12,897
Sub Total	3,968,999	3,386,860
Total	47,128,702	45,089,504

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

	In Rupees Thousands	
	As at 31/12/2013	As at 31/12/2012
Individual Impairment		
Opening Balance	1,418,358	1,335,352
Charge/(Write Back) to Profit or Loss	193,408	(6,937)
(Write off)/Recoveries during the Year	-	-
Interest Accrued on Impaired Loans and Receivables	(149,494)	(77,672)
Other Movements	192,739	167,615
Closing Balance	1,655,011	1,418,358
Collective Impairment		
Opening Balance	457,783	549,502
Charge/(Write Back) to Profit or Loss	389,374	54,819
(Write off)/Recoveries during the Year	(102,152)	(146,538)
Interest Accrued on Impaired Loans and Receivables	-	-
Other Movements	-	-
Closing Balance	745,005	457,783
Total Impairment	2,400,016	1,876,141

Due to Other Customers - By Product

	In Rupees Thousands	
	As at 31/12/2013	As at 31/12/2012
By Product-Domestic Currency		
Demand Deposits	4,214,358	3,100,641
Savings Deposits	5,067,900	3,984,631
Fixed Deposits	35,989,224	33,289,718
Certificates of Deposits	4,558,118	3,990,847
Margin Deposits	645,501	326,798
Sub Total	50,475,101	44,692,635
By Product-Foreign Currency		
Demand Deposits	558,857	458,453
Savings Deposits	562,027	548,379
Fixed Deposits	2,199,011	2,136,259
Margin Deposits	40,902	75,361
Sub Total	3,360,797	3,218,452
Total	53,835,898	47,911,087

EXPLANATORY NOTES

- The Financial Statements of the Bank for the Year ended 31 December 2013 are drawn up from the Audited Financial Statements and have been prepared and presented in accordance with Sri Lanka Accounting Standards (LKAS/SLFRSs) and present information required by the Listing Rules of the Colombo Stock Exchange. The Accounting policies adopted by the Bank are consistent with those of the previous year. The presentation and classification of previous year have been amended, where relevant, for better presentation and to be comparable with those of the current year.
- There are no material changes in the composition of assets, liabilities, contingent liabilities and use of funds raised through debentures during the Year.
- All known expenses have been provided for in these Financial Statements.
- 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.
- The Bank has been appointed as a Primary Dealer in Government Securities w.e.f.16th September 2013 in terms of the Registered Stock and Securities Ordinance and the Local Treasury Bills Ordinance.
- Changes in Directorships**
- Mr. Toyohiko Murakami was appointed as a Director with effect from 24th April 2013.
- Mr. A. A. Page stepped down from the position of Senior Director on 26th June 2013 since he was no longer an Independent Director, thereafter he ceased to be a Director of the Bank with effect from 14th October 2013. Mr. H. K. Seneviratne was appointed as the Senior Director with effect from 26th June 2013.
- Mr. G. C. A. De Silva resigned from the Directorship of the Bank with effect from 1st July 2013.
- Mr. J. D. N. Kekulawala was appointed as an Independent Non Executive Director with effect from 28th August 2013.
- Mr. Akio Shinamoto who was appointed as an Alternate Director to Mr. Toyohiko Murakami on 29th May 2013, ceased the Alternate Directorship on 27th November 2013.

7. Listed Debenture Information

i) Market Value

The Debentures have not been traded during the year.

ii) Interest Rates

	Interest Rate %	Interest Rate of Comparable Govt. Security %
Fixed Rate - Interest Semi Annually - 2012/2017	11.25	10.36
Fixed Rate - Interest Annually - 2012/2017	11.5	10.36
Floating Rate - Interest Semi Annually - 2012/2017	13.66	8.44
(2.95% Above the average of 06 months Gross Treasury Bill Rate)		
Fixed Rate - Interest at Maturity - 2012/2017	14.5	10.36

iii) Ratios

	2013
Debt Equity (Times)	19.38
Interest Cover (Times)	2.17

8 Market Price of Ordinary Shares

MARKET VALUE	31/12/2013 (Rs.)		31/12/2012 (Rs.)	
	Voting	Non Voting	Voting	Non Voting
Market Value Per Share	15.50	--	19.00	--
Highest Price Per Share	23.30	--	26.70	--
Lowest Price Per Share	15.40	--	16.00	--

Shareholders' Information

Major Shareholders as at 31st December 2013

No	Name	No. of Shares	%
1	K. D. D. Perera	88,482,820	29.99
2	Bansea Securities Co, Ltd	44,256,164	15
3	Seylan Bank PLC/ T Senthilvel - 26,803,985	26,806,135	9.08
	T. Senthilvel - 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	Sri Lanka Savings Bank Ltd	6,865,666	2.33
10	Seylan Bank PLC/ Mr. W. D. N. H. Perera	6,807,070	2.31
11	Favourite Garments (Pvt) Ltd	2,000,000	0.68
12	Deshabandu D. M. I. Dissanayake	1,538,600	0.52
13	M. F. Hashim	1,469,003	0.49
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	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	1,052,000	0.36
19	Employees Trust Fund Board	924,266	0.31
20	H. Beruwalage	874,432	0.29
		257,452,481	87.26
	Others	37,588,605	12.74
	Total	295,041,086	100

Public holding percentage as at 31st December 2013 is 52.22%

Directors' and Chief Executive Officer's Holding in Shares as at 31st December 2013

No	Name of Director	No. of Shares
1	W. D. N. H. Perera	6,807,070
2	R. E. U. De Silva	1,288,639
3	H. K. Seneviratne	-
4	J. A. S. S. Adhithetty	108,266
5	M. D. S. Goonatileke	422
6	T. G. Thoradeniya	36
7	G. A. R. D. Prasanna	-
8	T. Igarashi	-
9	Mr. T. Murakami	-
10	J. D. N. Kekulawala	-
11	T.C.A. Peiris	10,500

Selected Performance Indicators

	Bank	
	2 013	2 012
Regulatory Capital Adequacy		
Core Capital (Tier 1 Capital), Rs. Mn	4,049	4,233
Total Capital Base, Rs. Mn	4,695	4,999
Core Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 5%)	10.27%	13.34%
Total Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 10%)	11.91%	15.76%
Assets Quality (Quality of Loan Portfolio)		
Gross Non - Performing Advances Ratio, % (Net of Interest in Suspense)	8.01%	4.17%
Net Non - Performing Advances Ratio, % (Net of Interest in Suspense and Provision)	6.49%	3.03%
Profitability		
Interest Margin, %	3.38%	4.66%
Return on Assets (After Tax), %	0.19%	1.67%
Return on Equity, %	2.90%	22.79%
Regulatory Liquidity		
Statutory Liquid Assets,-DBU Rs.Mn.	13,422	9,953
Statutory Liquid Assets,-Off Shore Banking Unit USD.Mn.	3.67	4.06
Statutory Liquid Assets Ratio,% (Minimum Requirement, 20%)		
Domestic Banking Unit	23.79%	20.97%
Off-Shore Banking Unit	40.09%	22.21%

CERTIFICATION:

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

(Sgd)

M.D.J.S. Fernando

Manager - Finance

We, the undersigned, being the Chairman and a Director of Pan Asia Banking Corporation PLC certify jointly that:-

- the above Statements have been prepared in compliance with the format and definitions prescribed by the Central Bank of Sri Lanka ; and
- the information contained in these Statements are true and correct to the best of our knowledge and belief.

(Sgd)

W. D. N. H. Perera

Chairman

(Sgd)

J.D.N.Kekulawala

Director

Date : 18.02.2014