



**INTERIM FINANCIAL STATEMENTS**  
**For the 12 months ended 31st December 2010**

## Summarised Income Statement

	For the Twelve months ended 31st December		Change	For the Quarter Ended 31st December		Change
	2 010	2 009	%	2 010	2 009	%
<b>Interest Income</b>	<b>3,027,659</b>	<b>3,159,665</b>	(4)	<b>879,752</b>	<b>718,136</b>	<b>23</b>
Interest Income on Loans and Advances	2,276,171	2,293,372	(1)	681,665	482,168	41
Interest Income on Other Interest Earning Assets	751,488	866,293	(13)	198,087	235,968	(16)
<b>Less: Interest Expenses</b>	<b>1,402,263</b>	<b>1,878,014</b>	(25)	<b>384,319</b>	<b>423,019</b>	(9)
Interest Expense on Deposits	1,208,361	1,674,924	(28)	293,774	389,006	(24)
Interest Expense on Other Interest Bearing Liabilities	193,902	203,090	(5)	90,545	34,013	166
<b>Net Interest Income</b>	<b>1,625,396</b>	<b>1,281,651</b>	<b>27</b>	<b>495,433</b>	<b>295,117</b>	<b>68</b>
<b>Non - Interest Income</b>	<b>456,751</b>	<b>702,401</b>	(35)	<b>66,351</b>	<b>106,592</b>	(38)
Foreign Exchange Income	121,206	81,966	48	35,794	26,850	33
Other Income	335,545	620,435	(46)	30,557	79,742	(62)
<b>Less: Non - Interest Expenses</b>	<b>1,113,492</b>	<b>943,446</b>	<b>18</b>	<b>323,145</b>	<b>289,737</b>	<b>12</b>
Personnel Costs	440,124	344,960	28	117,612	88,127	33
Provision for Staff Retirement Benefits	12,624	7,682	64	3,622	630	475
Premises, Equipment and Establishment Expenses	316,700	272,925	16	76,800	65,230	18
Loss on Trading / Investment Securities	-	-	-	-	-	-
Other Operating Expenses	344,044	317,879	8	125,111	135,750	(8)
<b>Less: Provision for Bad and Doubtful Debts and Loans Written Off</b>	<b>34,386</b>	<b>209,122</b>	(84)	<b>9,035</b>	<b>(9,460)</b>	(196)
Provisions - General	57,402	(4,396)	(1,406)	29,968	2,555	1,073
Provisions - Specific	56,970	270,445	(79)	(2,135)	16,965	(113)
Recoveries (-)	(84,320)	(59,997)	41	(17,067)	(28,957)	(41)
Loans Written Off / (Recovered)	4,334	3,070	41	(1,731)	(23)	7,427
<b>Less: Provision for Decline in Value of Investments (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Operating Profit on Ordinary Activities Before Taxes</b>	<b>934,269</b>	<b>831,484</b>	<b>12</b>	<b>229,604</b>	<b>121,432</b>	<b>89</b>
Less: Value Added Tax on Financial Services	240,342	166,337	44	61,563	59,974	3
<b>Operating Profit on Ordinary Activities Before Corporate Tax</b>	<b>693,927</b>	<b>665,147</b>	<b>4</b>	<b>168,041</b>	<b>61,458</b>	<b>173</b>
Share of Subsidiaries/Associate Companies' Profit	-	-	-	-	-	-
<b>Operating Profit Before Corporate Tax</b>	<b>693,927</b>	<b>665,147</b>	<b>4</b>	<b>168,041</b>	<b>61,458</b>	<b>173</b>
Less: Tax on Profits on Ordinary Activities	332,133	277,330	20	86,199	41,755	106
<b>Operating Profit for the Period</b>	<b>361,794</b>	<b>387,817</b>	(7)	<b>81,842</b>	<b>19,703</b>	<b>315</b>
<b>Basic Earnings Per Share (Rs.)</b>	<b>2.61</b>	<b>3.22</b>	(19)	<b>0.59</b>	<b>0.16</b>	261

<b>Summarised Balance Sheet</b>			
	For the Year Ended 31st December 2010	For the Year 31st December 2009	Change %
<b>On-Balance Sheet Assets</b>			
Cash in Hand	861,129	563,463	53
Balances with Central Bank of Sri Lanka / Other Central Banks	1,661,924	1,317,769	26
Due from Banks and Other Financial Institutions	1,713,204	1,128,130	52
<b>Investments - Trading Account</b>	<b>3,307,933</b>	<b>3,717,105</b>	<b>(11)</b>
Government Securities	3,306,388	3,717,105	(11)
Other Securities	1,545	-	100
<b>Investments - Held-to-Maturity (Net of provisions made for decline in investment value) (Excluding Investments in Associates and Subsidiaries)</b>	<b>1,867,173</b>	<b>3,014,482</b>	<b>(38)</b>
Government Securities	1,835,438	2,940,596	(38)
Other Securities	31,735	73,886	(57)
Investments in Associates and Subsidiaries	-	-	
<b>Total Loans and Advances</b>			
<b>Total Performing Loans and Advances</b>	<b>20,080,250</b>	<b>9,872,088</b>	<b>103</b>
Bills of Exchange	134,647	132,359	2
Overdrafts	6,068,438	3,470,674	75
Lease Rentals Receivable	1,015,891	480,964	111
Other Loans	12,861,274	5,788,091	122
<b>Total Non-performing Loans and Advances</b>	<b>2,195,586</b>	<b>2,516,698</b>	<b>(13)</b>
Bills of Exchange	52,596	39,337	34
Overdrafts	640,450	844,665	(24)
Lease Rentals Receivable	45,684	84,104	(46)
Other Loans	802,968	1,021,957	(21)
Interest Receivables	653,888	526,635	24
<b>Total Gross Loans and Advances</b>	<b>22,275,836</b>	<b>12,388,786</b>	<b>80</b>
<b>Less:</b>			
Suspended Interest	1,054,449	1,002,630	5
Specific Loan Loss Provisions	439,937	496,990	(11)
General Loan Loss Provisions	117,196	59,795	96
<b>Net Loans and Advances</b>	<b>20,664,254</b>	<b>10,829,371</b>	<b>91</b>
Other Assets	464,864	356,817	30
Intangible Assets	48,667	36,127	35
Investment Properties	-	-	
Property, Plant & Equipments (Net of accumulated depreciation of fixed assets)	591,819	595,564	(1)
<b>Total On Balance Sheet Assets</b>	<b>31,180,967</b>	<b>21,558,828</b>	<b>45</b>
<b>On-Balance Sheet Liabilities</b>			
<b>Total Deposits</b>	<b>21,472,795</b>	<b>16,328,703</b>	<b>32</b>
Demand Deposits	3,268,339	3,207,311	2
Savings Accounts	2,610,729	2,083,448	25
Time Deposits	12,585,919	8,998,190	40
Margin Deposits	617,339	326,028	89
Other Deposits	2,390,469	1,713,726	39
<b>Total Borrowings</b>	<b>4,499,847</b>	<b>1,376,779</b>	<b>227</b>
Borrowings from CBSL	5,650	12,856	(56)
Borrowings from Banks and Financial Institutions in Sri Lanka	300,000	214,460	40
Borrowings from Banks and Financial Institutions Abroad	70,031	281,658	(75)
Securities sold under Repurchase Agreements	4,074,166	817,805	398
Subordinated Term Debts	50,000	50,000	-
Other Borrowings	-	-	
Deferred Taxation	83,486	10,527	693
Current Taxation	262,373	245,564	7
Other Liabilities	2,078,449	1,617,594	28
<b>Total On Balance Sheet Liabilities</b>	<b>28,396,950</b>	<b>19,579,167</b>	<b>45</b>
<b>Minority Interest</b>	-	-	
<b>Equity Capital and Reserves</b>	<b>2,784,017</b>	<b>1,979,661</b>	<b>41</b>
Stated Capital (147,520,543 Ordinary Shares)	1,548,966	1,106,404	40
Statutory Reserve Fund	79,927	61,837	29
Total Other Reserves	1,155,124	811,420	42
<b>Total On-Balance Sheet Liabilities and Equity Capital and Reserves</b>	<b>31,180,967</b>	<b>21,558,828</b>	<b>45</b>
<b>Off-Balance Sheet Items and Contra Accounts</b>	<b>4,497,190</b>	<b>3,151,959</b>	<b>43</b>
Contingencies	4,497,190	3,151,959	43
Commitments and Contra Accounts	-	-	
<b>Net Asset Value per Share (Rs.)</b>	<b>18.87</b>	<b>17.89</b>	<b>5</b>
<b>Memorandum Information</b>			
Number of Employees	670	511	
Number of Branches	41	35	

## Statement of Changes In Equity and Reserves - BANK

For the Period Ended (31/12/2010)	Stated Capital					Reserves					
	Ordinary Voting Shares	Ordinary Non-Voting Shares	Cumulative Redeemable Preference Shares	Assigned Capital	Share Premium	Reserve Fund	Revaluation Reserve	General Reserve	Other Reserve	Income Statement	Total
<b>Balance as at 01/01/2009</b>	1,106,404	-	-	-	-	42,446	17,858	-	-	425,135	1,591,843
Issue of Share/Increase of Assigned Capital	-	-	-	-	-	-	-	-	-	-	-
Bonus Issue	-	-	-	-	-	-	-	-	-	-	-
Rights Issue	-	-	-	-	-	-	-	-	-	-	-
Surplus on Revaluation of Property, Plant & Equip	-	-	-	-	-	-	(12,212)	-	-	12,212	-
Net Profit for the period	-	-	-	-	-	-	-	-	-	387,817	387,817
Transfer to Reserves during the period	-	-	-	-	-	19,391	-	-	-	(19,391)	-
Dividend Paid	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-
<b>Balance as at 31/12/2009</b>	1,106,404	-	-	-	-	61,837	5,646	-	-	805,773	1,979,660
Issue of Share/Increase of Assigned Capital	-	-	-	-	-	-	-	-	-	-	-
Bonus Issue	-	-	-	-	-	-	-	-	-	-	-
Rights Issue	442,562	-	-	-	-	-	-	-	-	-	442,562
Surplus on Revaluation of Property, Plant & Equip	-	-	-	-	-	-	(3,834)	-	-	3,834	-
Net Profit for the period	-	-	-	-	-	-	-	-	-	361,794	361,794
Transfer to Reserves during the period	-	-	-	-	-	18,090	-	-	-	(18,090)	-
Dividend Paid	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-
<b>Balance as at 31/12/2010</b>	1,548,966	-	-	-	-	79,927	1,812	-	-	1,153,311	2,784,016

\* Number of Ordinary Shares as at 31st December 2010, Voting -147,520,543

# Cash Flow Statement

	2010	2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Interest Received	2,986,627	3,093,522
Fees & Commission Received	293,512	259,400
Interest Payments	(1,408,590)	(1,783,098)
Exchange Income	121,206	81,966
Receipts from Other Operating Activities	80,293	358,037
Cash Payments to Employees & Suppliers	(680,319)	(546,914)
Payments on Other Operating Activities	(574,054)	(426,481)
<b>Operating Profit before changes in Operating Assets</b>	<b>818,675</b>	<b>1,036,432</b>
<b>(Increase)/Decrease in Operating Assets</b>		
Bills of Exchange	10,136	52,585
Loans and Advances	(9,297,559)	847,414
Other Assets	(213,189)	(234,262)
Lease Rentals Receivable	(484,805)	117,332
Treasury Bills / Bonds / Reverse Repos	956,927	(3,415,097)
	(8,209,815)	(1,595,596)
<b>Increase/(Decrease) in Operating Liabilities</b>		
Deposits	5,144,091	1,880,336
Other Liabilities	458,182	266,133
Borrowings	3,334,695	(299,965)
<b>Net Cash from Operating Activities before Income Tax</b>	<b>727,153</b>	<b>250,908</b>
Taxation Paid	(242,363)	(198,410)
<b>Net Cash generated from Operating Activities</b>	<b>484,790</b>	<b>52,498</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Realisation of Commercial Papers	-	50,000
Investments Matured / (Additions) in Securities	62,544	(295,001)
Purchase of Property, Plant & Equipment	(76,984)	(83,298)
Acquisition of Intangible Assets	(20,946)	(11,455)
Proceeds from Sale of Property, Plant & Equipment	5	3,296
<b>Net Cash Used in Investing Activities</b>	<b>(35,381)</b>	<b>(336,458)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Right Issue	442,562	-
Proceeds from/ (Redemption of) Proposed Debentures	-	(60,810)
<b>Net Cash generated from / (used in) Financing Activities</b>	<b>442,562</b>	<b>(60,810)</b>
Net Increase/(Decrease) in Cash and Cash Equivalents	891,970	(344,770)
Cash and Cash Equivalents at the beginning of the year	1,208,392	1,553,162
<b>Cash and Cash Equivalents at the end of the year</b>	<b>2,100,362</b>	<b>1,208,392</b>
<b>Reconciliation of Cash &amp; Cash Equivalents</b>		
Cash & Short Term Funds	1,110,073	682,845
Balances with Central Bank of Sri Lanka	1,060,321	807,205
Due to Foreign Banks	(70,032)	(281,658)
	<b>2,100,362</b>	<b>1,208,392</b>

## Selected Performance Indicators

	Current Period As at 31/12/2010 Audited	Previous Period As at 31/12/09 Audited
<b>Regulatory Capital Adequacy</b>	<b>Bank</b>	
Core Capital (Tier 1 Capital), Rs. Mn	2,782	1,974
Total Capital Base, Rs. Mn	2,906	2,050
Core Capital Adequacy Ratio, % of Risk Weighted Assets (Minimum Requirement, 5%)	14.60%	15.94%
Total Capital Adequacy Ratio, % of Risk Weighted Assets (Minimum Requirement, 10%)	15.25%	16.56%
<b>Assets Quality (Quality of Loan Portfolio)</b>		
Gross Non - Performing Advances Ratio, % (Without Interest in Suspense)	5.36%	13.17%
Net Non - Performing Advances Ratio, % (Net of Interest in Suspense and Provision)	2.74%	8.33%
<b>Profitability (Annualized)</b>		
Interest Margin, %	6.39%	6.42%
Return on Assets (After Tax), %	1.42%	1.94%
Return on Equity, %	14.72%	20.86%
<b>Regulatory Liquidity</b>		
Statutory Liquid Assets,-DBU Rs.Mn.	5,013	7,040
Statutory Liquid Assets,-Off Shore Banking Unit USD.Mn.	1.75	0.4
Statutory Liquid Assets Ratio,% (Minimum Requirement, 20%)		
Domestic Banking Unit	23.09%	41.69%
Off-Shore Banking Unit	79.15%	26.43%

### CERTIFICATION:

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

(Sgd)

Mangala Gamage

Chief Financial Officer

We, the undersigned, being the Chairman and Director/ Chief Executive Officer of Pan Asia Bank 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 ; and  
 (b) the information contained in these statements are true and correct to the best of our knowledge and belief.

(Sgd)

A. G. Weerasinghe  
Chairman

(Sgd)

Claude Peiris  
Director/ Chief Executive Officer

Date : 14.02.2011

## EXPLANATORY NOTES

- (01) The above Financial Statements are drawn up from the audited accounts of the Bank.  
These financial statements have been prepared in accordance with the Sri Lanka Accounting Standards.
- (02) Revaluation Reserve amount in respect of Fixed Assets revalued except Land, Building and Motor Vehicles.
- (03) There has not been significant changes in the nature of Contingent Liabilities which were disclosed in the Annual Report for the year ended 2010.
- (04) There are no changes to the accounting policies and methods of computation since the publication of the Annual Report for the year ended 2010.
- (05) No material events have been taken place since 31st December 2010 that require disclosures or/ and adjustments in the Financial Statements.
- (06) **Market Price of Shares**

MARKET VALUE	31/12/2010 (Rs.)		31/12/2009 (Rs.)	
	Voting	Non Voting	Voting	Non Voting
Market Value per Share	52.00	--	20.25	--
Highest Price Per Share during the year ended 31st December	63.00	--	24.50	--
Lowest Price Per Share during the year ended 31st December	45.00	--	9.00	--

## SHAREHOLDERS INFORMATION

### MAJOR SHAREHOLDERS AS AT 31.12.2010

No	Name	No.of Shares	%
1	Mr. K D D Perera	44,241,410	29.99
2	Seylan Bank PLC/Thirugnanasambandar Senthilverl	14,165,284	9.60
3	HSBC Int'l NOM LTD – UBS AG SINGAPORE Branch (ex. SBC)	13,846,723	9.39
4	Mr. D C C Joseph	8,505,101	5.77
5	Mr. K D H Perera	7,768,666	5.27
6	Mr. P J Tay	7,305,998	4.95
7	Mr. K D A Perera	6,400,000	4.34
8	Sri Lanka Savings Bank Limited	3,432,833	2.33
9	Samurdhi Authority of Sri Lanka	2,557,188	1.74
10	Seylan Bank PLC/ Mr. W D N H Perera	2,100,000	1.42
11	Mr. A M A R A Zalzalah	1,906,666	1.29
12	Michelangelo Footwear (Private) Limited	1,629,000	1.11
13	Favourite Garments Ltd	1,275,000	0.86
14	Almar Trading Co (Pte) Ltd	1,210,633	0.82
15	Mr. Y S H I K Silva	1,082,266	0.73
16	Deshabandu D M I Dissanayake	935,766	0.63
17	Hanguranketha Samurdhi Maha Sangamaya	800,000	0.54
18	Attanagalla Samurdhi Maha Sangamaya	800,000	0.54
19	Sri Lanka Insurance Corporation Ltd - Life Fund	697,333	0.47
20	Sampath Bank PLC-Account No.3	690,266	0.47
		<b>121,350,133</b>	<b>82.26</b>
	<b>Others</b>	<b>26,170,410</b>	<b>17.74</b>
	<b>Total</b>	<b>147,520,543</b>	<b>100.00</b>

As per the Rule No. 8.7(h) of the Colombo Stock Exchange, percentage of Public holding as at 31.12 2010 is 68.48%

### DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S HOLDING IN SHARES AS AT 31ST DECEMBER 2010

No	Name of Director	No.of Shares
1	Mr. A G Weerasinghe	5,066
2	Mr. W D N H Perera	2,100,000
3	Mr. J A S S Adhihetty	54,133
4	Mr. A A Page	59,933
5	Mr. R E U De Silva	40,000
6	Mr. M D S Goonatilleke	211
7	Mr. H K Seneviratne	-
8	Mr. T G Thoradeniya	18
9	Mr. T C Peiris (Chief Executive Officer)	2,000