



**INTERIM FINANCIAL STATEMENTS**

**For the 09 months ended 30<sup>th</sup> September 2012**

Rupees in Thousands

Summarised Income Statement						
	For the Nine months ended 30th September		Change	For the Quarter Ended 30th September		Change
	2 012	2 011	%	2 012	2 011	%
<b>Interest Income</b>	<b>4,808,626</b>	<b>3,155,224</b>	<b>52</b>	<b>1,749,592</b>	<b>1,176,498</b>	<b>49</b>
Interest Income on Loans and Advances	4,465,464	2,730,454	64	1,620,482	1,028,765	58
Interest Income on Other Interest Earning Assets	343,162	424,770	(19)	129,110	147,733	(13)
<b>Less: Interest Expenses</b>	<b>3,032,749</b>	<b>1,569,147</b>	<b>93</b>	<b>1,179,039</b>	<b>615,243</b>	<b>92</b>
Interest Expense on Deposits	2,757,375	1,373,295	101	1,055,720	543,212	94
Interest Expense on Other Interest Bearing Liabilities	275,374	195,852	41	123,319	72,031	71
<b>Net Interest Income</b>	<b>1,775,877</b>	<b>1,586,077</b>	<b>12</b>	<b>570,553</b>	<b>561,255</b>	<b>2</b>
<b>Non - Interest Income</b>	<b>733,377</b>	<b>520,102</b>	<b>41</b>	<b>260,845</b>	<b>171,374</b>	<b>52</b>
Foreign Exchange Income	262,234	131,674	99	92,254	44,240	109
Other Income	471,143	388,428	21	168,591	127,134	33
<b>Less: Non - Interest Expenses</b>	<b>1,469,731</b>	<b>1,093,144</b>	<b>34</b>	<b>493,004</b>	<b>407,753</b>	<b>21</b>
Personnel Costs	643,224	453,263	42	221,466	167,316	32
Provision for Staff Retirement Benefits	18,127	12,687	43	6,176	4,720	31
Premises, Equipment and Establishment Expenses	412,302	310,207	33	142,526	116,980	22
Loss on Trading / Investment Securities	-	-	-	-	-	-
Other Operating Expenses	396,078	316,987	25	122,836	118,737	3
<b>Less: Provision for Bad and Doubtful Debts and Loans Written Off</b>	<b>45,130</b>	<b>(27,615)</b>	<b>(263)</b>	<b>(4,516)</b>	<b>(7,560)</b>	<b>(40)</b>
Provisions - General	21,341	(6,961)	(407)	(4,952)	(6,310)	(22)
Provisions - Specific	66,469	37,785	76	15,887	19,100	(17)
Recoveries (-)	(30,186)	(52,747)	(43)	(10,623)	(20,407)	(48)
Loans Written Off / (Recovered)	(12,494)	(5,692)	120	(4,828)	57	-
<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>994,393</b>	<b>1,040,650</b>	<b>(4)</b>	<b>342,910</b>	<b>332,436</b>	<b>3</b>
Less: Value Added Tax on Financial Services	155,210	142,820	9	53,331	47,007	13
<b>Operating Profit on Ordinary Activities Before Corporate Tax</b>	<b>839,183</b>	<b>897,830</b>	<b>(7)</b>	<b>289,579</b>	<b>285,429</b>	<b>1</b>
Share of Subsidiaries/Associate Companies' Profit	-	-	-	-	-	-
<b>Operating Profit Before Corporate Tax</b>	<b>839,183</b>	<b>897,830</b>	<b>(7)</b>	<b>289,579</b>	<b>285,429</b>	<b>1</b>
Less: Tax on Profits on Ordinary Activities	287,609	283,004	2	94,177	76,657	23
<b>Operating Profit for the Period</b>	<b>551,574</b>	<b>614,826</b>	<b>(10)</b>	<b>195,402</b>	<b>208,772</b>	<b>(6)</b>
<b>Basic Earnings Per Share (Rs.)</b>	<b>1.87</b>	<b>2.08</b>	<b>(10)</b>	<b>0.66</b>	<b>0.71</b>	<b>(6)</b>

Summarised Balance Sheet			
	Current Period As at 30/09/2012	Previous Period As at 31/12/2011 Audited	Change %
<b>On-Balance Sheet Assets</b>			
Cash in Hand	916,745	932,762	(2)
Balances with Central Bank of Sri Lanka / Other Central Banks	3,336,292	2,870,259	16
Due from Banks and Other Financial Institutions	2,170,659	1,842,908	18
<b>Investments - Trading Account</b>	<b>14,920</b>	<b>181,579</b>	<b>(92)</b>
Government Securities	-	165,128	(100)
Other Securities	14,920	16,451	(9)
<b>Investments - Held-to-Maturity (Net of provisions made for decline in investment value) (Excluding Investments in Associates and Subsidiaries)</b>	<b>4,779,892</b>	<b>5,523,455</b>	<b>(13)</b>
Government Securities	4,760,788	5,509,924	(14)
Other Securities	19,104	13,531	41
Investments in Associates and Subsidiaries	-	-	-
<b>Total Loans and Advances</b>			
<b>Total Performing Loans and Advances</b>	<b>37,593,064</b>	<b>33,222,060</b>	<b>13</b>
Bills of Exchange	121,117	232,733	(48)
Overdrafts	10,453,337	9,625,272	9
Lease Rentals Receivable	4,464,918	2,935,549	52
Other Loans	22,553,692	20,428,506	10
<b>Total Non-performing Loans and Advances</b>	<b>2,789,578</b>	<b>2,599,322</b>	<b>7</b>
Bills of Exchange	30,750	30,751	(0)
Overdrafts	1,025,929	926,316	11
Lease Rentals Receivable	101,905	48,155	112
Other Loans	885,789	880,402	1
Interest Receivables	745,205	713,698	4
<b>Total Gross Loans and Advances</b>	<b>40,382,642</b>	<b>35,821,382</b>	<b>13</b>
<b>Less:</b>			
Suspended Interest	1,358,577	1,363,896	(0)
Specific Loan Loss Provisions	340,093	445,928	(24)
General Loan Loss Provisions	123,646	102,183	21
<b>Net Loans and Advances</b>	<b>38,560,326</b>	<b>33,909,375</b>	<b>14</b>
Other Assets	543,479	632,912	(14)
Intangible Assets	53,450	52,152	2
Investment Properties	-	-	-
Property, Plant & Equipments (Net of accumulated depreciation of fixed assets)	1,154,577	1,008,774	14
<b>Total On Balance Sheet Assets</b>	<b>51,530,340</b>	<b>46,954,176</b>	<b>10</b>
<b>On-Balance Sheet Liabilities</b>			
<b>Total Deposits</b>	<b>41,880,549</b>	<b>35,532,462</b>	<b>18</b>
Demand Deposits	3,896,601	3,826,492	2
Savings Accounts	5,060,579	5,919,287	(15)
Time Deposits	32,517,689	25,095,347	30
Margin Deposits	405,680	691,336	(41)
<b>Total Borrowings</b>	<b>3,087,652</b>	<b>4,908,911</b>	<b>(37)</b>
Borrowings from CBSL	7,500	2,550	194
Borrowings from Banks and Financial Institutions in Sri Lanka	900,000	1,383,458	(35)
Borrowings from Banks and Financial Institutions Abroad	-	979	(100)
Securities sold under Repurchase Agreements	1,430,152	3,521,924	(59)
Subordinated Term Debts	750,000	-	100
Other Borrowings	-	-	-
Deferred Taxation	184,426	142,698	29
Current Taxation	225,450	223,539	1
Other Liabilities	2,287,701	2,538,538	(10)
<b>Total On Balance Sheet Liabilities</b>	<b>47,665,778</b>	<b>43,346,148</b>	<b>10</b>
<b>Minority Interest</b>	-	-	-
<b>Equity Capital and Reserves</b>	<b>3,864,562</b>	<b>3,608,028</b>	<b>7</b>
Stated Capital (295,041,086 Ordinary Shares)	1,548,966	1,548,966	-
Statutory Reserve Fund	121,128	121,128	-
Total Other Reserves	2,194,468	1,937,934	13
<b>Total On-Balance Sheet Liabilities and Equity Capital and Reserves</b>	<b>51,530,340</b>	<b>46,954,176</b>	<b>10</b>
<b>Off-Balance Sheet Items and Contra Accounts</b>	<b>10,391,090</b>	<b>13,786,933</b>	<b>(25)</b>
Contingencies	7,929,019	10,845,883	(27)
Commitments and Contra Accounts	2,462,071	2,941,050	(16)
<b>Net Asset Value per Share (Rs.)</b>	<b>13.10</b>	<b>12.23</b>	<b>7</b>
<b>Memorandum Information</b>			
Number of Employees	1,135	1,096	
Number of Branches	73	64	

## Statement of Changes In Equity and Reserves - BANK

For the Period Ended (30/09/2012)	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 01/01/2011</b>	1,548,966	-	-	-	-	79,927	1,811	-	-	1,153,312	2,784,016
Issue of Share/Increase of Assigned Capital	-	-	-	-	-	-	-	-	-	-	-
Bonus Issue	-	-	-	-	-	-	-	-	-	-	-
Rights Issue	-	-	-	-	-	-	-	-	-	-	-
Surplus on Revaluation of Property, Plant & Equip	-	-	-	-	-	-	-	-	-	-	-
Net Profit for the period	-	-	-	-	-	-	-	-	-	614,826	614,826
Transfer to Reserves during the period	-	-	-	-	-	-	-	-	-	-	-
Dividend Paid	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	(144)	-	120,739	(120,739)	(144)
<b>Balance as at 30/09/2011</b>	1,548,966	-	-	-	-	79,927	1,667	-	120,739	1,647,399	3,398,698
<b>Balance as at 01/01/2012</b>	1,548,966	-	-	-	-	121,128	1,273	-	161,747	1,774,915	3,608,029
Issue of Share/Increase of Assigned Capital	-	-	-	-	-	-	-	-	-	-	-
Bonus Issue	-	-	-	-	-	-	-	-	-	-	-
Rights Issue	-	-	-	-	-	-	-	-	-	-	-
Surplus on Revaluation of Property, Plant & Equip	-	-	-	-	-	-	-	-	-	-	-
Net Profit for the period	-	-	-	-	-	-	-	-	-	551,574	551,574
Transfer to Reserves during the period	-	-	-	-	-	-	-	-	-	-	-
Dividend Paid	-	-	-	-	-	-	-	-	-	(295,041)	(295,041)
Others	-	-	-	-	-	-	-	-	136,713	(136,713)	-
<b>Balance as at 30/09/2012</b>	1,548,966	-	-	-	-	121,128	1,273	-	298,460	1,894,735	3,864,562

\* Number of Ordinary Shares as at 30th September 2012, Voting -295,041,086

# Cash Flow Statement

	From 01/01/12 To 30/09/12	From 01/01/11 To 30/09/11
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Interest Received	4,494,153	3,161,251
Fees & Commission Received	472,185	362,642
Interest Payments	(2,775,547)	(1,305,762)
Exchange Income	262,234	131,674
Cash Payments to Employees & Suppliers	(981,800)	(709,642)
Payments on Other Operating Activities	(551,288)	(459,807)
<b>Operating Profit before changes in Operating Assets</b>	919,937	1,180,356
<b>(Increase)/Decrease in Operating Assets</b>		
Bills of Exchange	174,588	(255,092)
Loans and Advances	(3,338,727)	(7,933,230)
Other Assets	188,450	(421,559)
Lease Rentals Receivable	(1,073,070)	(1,225,695)
Treasury Bills / Bonds / Repos	1,872,721	(281,613)
	(1,256,101)	(8,936,833)
<b>Increase/(Decrease) in Operating Liabilities</b>		
Deposits	6,348,087	11,527,073
Other Liabilities	(508,039)	162,371
Borrowings	(2,570,280)	(184,355)
<b>Net Cash from/ (Used) in Operating Activities before Income Tax</b>	2,013,667	2,568,256
Taxation Paid	(243,970)	(275,196)
<b>Net Cash from/ (Used) in Operating Activities</b>	1,769,697	2,293,060
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investments in Securities	(713,542)	253,956
Purchase of Property, Plant & Equipment	(237,535)	(325,758)
Acquisition of Intangible Assets	(8,719)	(8,354)
Proceeds from Sale of Property, Plant & Equipment	2,486	3,335
<b>Net Cash Used in Investing Activities</b>	(957,310)	(76,821)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from/ (Redemption of) Debentures	750,000	(50,000)
Dividends Paid	(295,041)	-
<b>Net Cash from / (used) in Financing Activities</b>	454,959	(50,000)
Net Increase/(Decrease) in Cash and Cash Equivalents	1,267,346	2,166,239
Cash and Cash Equivalents at the beginning of the period	4,679,597	2,100,362
<b>Cash and Cash Equivalents at the end of the period</b>	<b>5,946,943</b>	<b>4,266,601</b>
<b>Reconciliation of Cash &amp; Cash Equivalents</b>		
Cash & Short Term Funds	3,028,334	1,965,592
Balances with Central Bank of Sri Lanka	2,918,609	2,313,659
Due to Foreign Banks	-	(12,650)
	<b>5,946,943</b>	<b>4,266,601</b>

Selected Performance Indicators		
	Current Period As at 30/09/12	Previous Period As at 31/12/11 Audited
<b>Regulatory Capital Adequacy</b>	<b>Bank</b>	
Core Capital (Tier 1 Capital), Rs. Mn	3,312	3,607
Total Capital Base, Rs. Mn	4,110	3,709
Core Capital Adequacy Ratio, % of Risk Weighted Assets (Minimum Requirement, 5%)	11.30%	13.66%
Total Capital Adequacy Ratio, % of Risk Weighted Assets (Minimum Requirement, 10%)	14.02%	14.04%
<b>Assets Quality (Quality of Loan Portfolio)</b>		
Gross Non - Performing Advances Ratio, % (Without Interest in Suspense)	3.66%	3.58%
Net Non - Performing Advances Ratio, % (Net of Interest in Suspense and Provision)	2.47%	1.99%
<b>Profitability (Annualized)</b>		
Interest Margin, %	4.69%	5.44%
Return on Assets (After Tax). %	1.46%	2.06%
Return on Equity, %	20.00%	25.55%
<b>Regulatory Liquidity</b>		
Statutory Liquid Assets,-DBU Rs.Mn.	9,508	7,390
Statutory Liquid Assets,-Off Shore Banking Unit USD.Mn.	3.54	1.22
Statutory Liquid Assets Ratio,% (Minimum Requirement, 20%)		
Domestic Banking Unit	20.41%	20.14%
Off-Shore Banking Unit	35.29%	51.69%

**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 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)

W. D. N. H. Perera  
Chairman  
Date : 02/11/2012

(Sgd)

T.C.A. Peiris  
Director/ Chief Executive Officer

## EXPLANATORY NOTES

- (01) The above Financial Statements are drawn up from the unaudited accounts of the Bank, unless indicated as audited. These interim financial statements have been prepared in accordance with the Sri Lanka Accounting Standards existed immediately prior to 1st January 2012 with disclosures (in Note 07) on the impact to the Statement of Comprehensive Income for the period and Net Assets based on LKAS/SLFRS as permitted by the Section 3.1 (b) of CBSL guideline (draft) dated 5th April 2012 on "Adoption of LKAS 32, 39 and SLFRS 7 by Licensed Banks"
- (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 2011.
- (04) There are no changes to the accounting policies and methods of computation since the publication of the Annual Report for the year ended 2011.
- (05) Changes in Directorships
- 5.1 Mr. A. G. Weerasinghe relinquished his duties as the Chairman of the bank with effect from 2nd April 2012 and resigned from the Board of Directors of the bank with effect from 20th May 2012 upon his retirement from services of the bank.
- 5.2 Mr. W. D. N. H. Perera, Mr. R. E. U. De Silva and Mr. A. A. Page were appointed as the Chairman, the Deputy Chairman and the Senior Director respectively with effect from 02nd April 2012.
- 5.3 Mr. G. C. A. De Silva and Mr. G. A. R. D. Prasanna were appointed as Non-Executive Directors with effect from 02nd May 2012
- (06) There are no material events that took place after the Balance Sheet date, which require adjustment to or disclosure in the financial statements.
- (07) Based on the preliminary estimation impact on work completed by the Bank on New Sri Lanka Accounting Standards (LKAS / SLFRS ) the following areas have been identified as having significant financial statement impact. Such analysis with its estimated impact is made on a best effort basis and is subject to audit.

Area	Description	*Impact to Statement of Comprehensive Income for the 9 Months Period ended 30.09.2012	*Impact to Net Assets as at 30.09.2012
Impairment of Loans and Advances	All individually significant loans and advances with objective evidences are tested individually while other loans and advances are tested on collective basis for impairment.	Positive impact of Rs.93.99 Mn.	Positive impact of Rs. 104.94 Mn.
Effective Interest Rate (EIR) application on longer maturity Deposits / Debt	Interest expenses are recognised on effective interest rate basis.	Positive impact of Rs 2.88 Mn.	Positive impact of Rs. 35.33 Mn.

\* Excluding deferred tax adjustments.

## (08) Market Price of Shares

MARKET VALUE	30/09/2012 (Rs.)		30/09/2011 (Rs.)	
	Voting	Non Voting	Voting	Non Voting
Market Value per Share	20.90	--	25.50	--
Highest Price Per Share for the Quarter	21.20	--	28.50	--
Lowest Price Per Share for the Quarter	20.60	--	22.80	--

## SHAREHOLDERS INFORMATION

### MAJOR SHAREHOLDERS AS AT 30.09.2012

No	Name	No.of Shares	%
1	Mr. K. D. D. Perera	88,482,820	29.99
2	Seylan Bank PLC/ T Senthilverl	29,504,108	10.00
3	HSBC Int'l NOM LTD – UBS AG SINGAPORE Branch (ex. SBC)	27,683,446	9.38
4	Mr. D. C. C. Joseph	17,010,202	5.77
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 - 5,433,245		
	Mr. W. D. N. H. Perera - 1,800,500		
	First Capital Markets Ltd / Mr. W. D. N. H. Perera - 1,000,000	8,233,745	2.79
10	Sri Lanka Savings Bank Ltd	6,865,666	2.33
11	Royal Ceramics Lanka PLC	6,177,271	2.09
12	HSBC Int'l NOM LTD – SSBT– DEUSTCHE BANK AG SINGAPORE A/C 01	4,978,753	1.69
13	Favourite Garments (Pvt) Ltd	2,300,000	0.78
14	Deshabandu D. M. I. Dissanayake	1,500,400	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	0.47
17	Esna Holdings (Pvt) Ltd	1,284,700	0.44
18	Mr. M F Hashim	1,204,841	0.41
19	Navara Capital Ltd	1,050,000	0.35
20	Employees Trust Fund Board	924,266	0.31
		<b>254,039,120</b>	<b>86.11</b>
	<b>Others</b>	<b>41,001,966</b>	<b>13.89</b>
	<b>Total</b>	<b>295,041,086</b>	<b>100.00</b>

As per the Rule No. 8.7(h) of the Colombo Stock Exchange, percentage of Public holding as at 30.09 2012 is 57%

### DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S HOLDING IN SHARES AS AT 30TH SEPTEMBER 2012

No	Name of Director	No.of Shares
1	Mr. W. D. N. H. Perera	8,233,745
2	Mr. R. E. U. De Silva	80,000
3	Mr. A. A. Page	166,866
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. C. A. Peiris (Chief Executive Officer)	10,500