

Rupees in Thousands

<b>Summarised Income Statement</b>			
	For the Year Ended 31st December		Change
	2 009	2 008	%
<b>Interest Income</b>	<b>3,159,665</b>	<b>2,864,603</b>	<b>10</b>
Interest Income on Loans and Advances	2,293,372	2,292,142	0
Interest Income on Other Interest Earning Assets	866,293	572,461	51
<b>Less: Interest Expenses</b>	<b>1,878,014</b>	<b>1,798,442</b>	<b>4</b>
Interest Expense on Deposits	1,674,924	1,471,146	14
Interest Expense on Other Interest Bearing Liabilities	203,090	327,296	(38)
<b>Net Interest Income</b>	<b>1,281,651</b>	<b>1,066,161</b>	<b>20</b>
<b>Non - Interest Income</b>	<b>702,401</b>	<b>376,554</b>	<b>87</b>
Foreign Exchange Income	81,966	71,866	14
Other Income	620,435	304,688	104
<b>Less: Non - Interest Expenses</b>	<b>943,446</b>	<b>791,922</b>	<b>19</b>
Personnel Costs	344,960	312,494	10
Provision for Staff Retirement Benefits	7,682	10,666	(28)
Premises, Equipment and Establishment Expenses	272,925	237,396	15
Loss on Trading / Investment Securities	-	-	-
Other Operating Expenses	317,879	231,366	37
<b>Less: Provision for Bad and Doubtful Debts and Loans Written Off</b>	<b>209,122</b>	<b>95,451</b>	<b>119</b>
Provisions - General	(4,396)	31,752	(114)
Provisions - Specific	270,445	110,137	146
Recoveries (-)	(59,997)	(31,976)	88
Provisions - Others	-	-	-
Loans Written Off / (Recovered)	3,070	(14,462)	(121)
<b>Less: Provision for Decline in Value of Investments (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Operating Profit on Ordinary Activities Before Taxes</b>	<b>831,484</b>	<b>555,342</b>	<b>50</b>
Less: Value Added Tax on Financial Services	166,337	133,505	25
<b>Operating Profit on Ordinary Activities Before Corporate Tax</b>	<b>665,147</b>	<b>421,837</b>	<b>58</b>
Share of Subsidiaries/Associate Companies' Profit	-	-	-
<b>Operating Profit Before Corporate Tax</b>	<b>665,147</b>	<b>421,837</b>	<b>58</b>
Less: Tax on Profits on Ordinary Activities	277,330	198,204	40
<b>Operating Profit for the Period</b>	<b>387,817</b>	<b>223,633</b>	<b>73</b>
<b>Basic Earnings Per Share (Rs.)</b>	<b>3.51</b>	<b>2.02</b>	<b>73</b>

Summarised Balance Sheet		
	Current Period As at 31/12/2009	Previous Period As at 31/12/2008
<b>On-Balance Sheet Assets</b>		
Cash in Hand	563,463	420,720
Balances with Central Bank of Sri Lanka / Other Central Banks	1,317,769	1,034,643
Due from Banks and Other Financial Institutions	1,128,130	638,145
<b>Investments - Trading Account</b>	<b>3,717,105</b>	<b>2,830,502</b>
Government Securities	3,717,105	2,830,502
Other Securities	-	-
<b>Investments - Held-to-Maturity (Net of provisions made for decline in investment value) (Excluding Investments in Associates and Subsidiaries)</b>	<b>3,014,482</b>	<b>1,037,873</b>
Government Securities	2,940,596	911,513
Other Securities	73,886	126,360
Investments in Associates and Subsidiaries	-	-
<b>Total Loans and Advances</b>		
<b>Total Performing Loans and Advances</b>	<b>9,872,088</b>	<b>11,218,085</b>
Bills of Exchange	132,359	268,445
Overdrafts	3,470,674	4,221,254
Lease Rentals Receivable	480,964	580,748
Other Loans	5,788,091	6,147,638
<b>Total Non-performing Loans and Advances</b>	<b>2,516,698</b>	<b>2,116,003</b>
Bills of Exchange	39,337	25,592
Overdrafts	844,665	845,244
Lease Rentals Receivable	84,104	93,974
Other Loans	1,021,957	750,701
Interest Receivables	526,635	400,492
<b>Total Gross Loans and Advances</b>	<b>12,388,786</b>	<b>13,334,088</b>
<b>Less:</b>		
Suspended Interest	1,002,630	840,260
Specific Loan Loss Provisions	496,990	340,085
General Loan Loss Provisions	59,795	64,191
<b>Net Loans and Advances</b>	<b>10,829,371</b>	<b>12,089,552</b>
Other Assets	356,817	314,018
Intangible Assets	36,127	31,719
Investment Properties	-	-
Property, Plant & Equipments (Net of accumulated depreciation of fixed assets)	595,564	587,168
<b>Total On Balance Sheet Assets</b>	<b>21,558,828</b>	<b>18,984,340</b>
<b>On-Balance Sheet Liabilities</b>		
<b>Total Deposits</b>	<b>16,328,703</b>	<b>14,448,367</b>
Demand Deposits	3,207,311	2,298,987
Savings Accounts	2,083,448	2,227,956
Time Deposits	8,998,190	7,833,717
Margin Deposits	326,028	243,103
Other Deposits	1,713,726	1,844,604
<b>Total Borrowings</b>	<b>1,376,779</b>	<b>1,510,412</b>
Borrowings from CBSL	12,856	20,475
Borrowings from Banks and Financial Institutions in Sri Lanka	214,460	-
Borrowings from Banks and Financial Institutions Abroad	281,658	54,517
Securities sold under Repurchase Agreements	817,805	1,280,504
Subordinated Term Debts	50,000	110,810
Other Borrowings	-	44,106
Deferred Taxation	10,527	55,607
Current Taxation	245,564	121,564
Other Liabilities	1,617,594	1,256,546
<b>Total On Balance Sheet Liabilities</b>	<b>19,579,167</b>	<b>17,392,496</b>
<b>Minority Interest</b>	-	-
<b>Equity Capital and Reserves</b>	<b>1,979,661</b>	<b>1,591,844</b>
Stated Capital (110,640,407 Ordinary Shares)	1,106,404	1,106,404
Statutory Reserve Fund	61,837	42,446
Total Other Reserves	811,420	442,994
<b>Total On-Balance Sheet Liabilities and Equity Capital and Reserves</b>	<b>21,558,828</b>	<b>18,984,340</b>
<b>Off-Balance Sheet Items and Contra Accounts</b>	<b>3,151,959</b>	<b>2,772,803</b>
Contingencies	3,151,959	2,772,803
Commitments and Contra Accounts	-	-
<b>Net Asset Value per Share (Rs.)</b>	<b>17.89</b>	<b>14.39</b>
<b>Memorandum Information</b>		
Number of Employees	511	507
Number of Branches	35	32

## Rupees in Thousands

**Cash Flow Statement**

	2009	2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Interest Received	3,093,522	2,713,179
Fees & Commission Received	259,400	284,651
Interest Payments	(1,783,098)	(1,684,691)
Exchange Income	81,966	71,865
Receipts from Other Operating Activities	358,037	9,015
Cash Payments to Employees & Suppliers	(546,914)	(496,208)
Payments on Other Operating Activities	(426,481)	(369,853)
<b>Operating Profit before changes in Operating Assets</b>	<b>1,036,432</b>	<b>527,958</b>
<b>(Increase)/Decrease in Operating Assets</b>		
Bills of Exchange	52,585	22,142
Loans and Advances	847,414	(2,023,315)
Other Assets	(234,262)	25,182
Lease Rentals Receivable	117,332	160,276
Treasury Bills / Bonds / Repos	(3,415,097)	(2,003,512)
	(1,595,596)	(3,291,269)
<b>Increase/(Decrease) in Operating Liabilities</b>		
Deposits	1,880,336	2,318,154
Other Liabilities	266,133	113,159
Borrowings	(299,965)	913,999
<b>Net Cash from Operating Activities before Income Tax</b>	<b>250,908</b>	<b>54,043</b>
Taxation Paid	(198,410)	(121,674)
<b>Net Cash from Operating Activities</b>	<b>52,498</b>	<b>(67,631)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Realisation of Money at Call and Short Notice	-	59,157
Investments / Realisation in Commercial Papers	50,000	120,000
Investments in Securities	(295,001)	78,293
Purchase of Property, Plant & Equipment	(83,298)	(93,030)
Acquisition of Intangible Assets	(11,455)	(21,407)
Proceeds from Sale of Property, Plant & Equipment	3,296	151
<b>Net Cash Flows Used in Investing Activities</b>	<b>(336,458)</b>	<b>143,164</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from/ (Redemption of) Proposed Debentures	(60,810)	60,810
Redemption of Debentures	-	(253,789)
Dividends Paid	-	(82,980)
<b>Net Cash used in Financing Activities</b>	<b>(60,810)</b>	<b>(275,959)</b>
Net Increase/(Decrease) in Cash and Cash Equivalents	(344,770)	(200,426)
Cash and Cash Equivalents at the beginning of the period	1,553,162	1,753,588
<b>Cash and Cash Equivalents at the end of the period</b>	<b>1,208,392</b>	<b>1,553,162</b>
<b>Reconciliation of Cash &amp; Cash Equivalents</b>		
Cash & Short Term Funds	682,845	903,090
Balances with Central Bank of Sri Lanka	807,205	704,589
Due to Foreign Banks	(281,658)	(54,517)
	<b>1,208,392</b>	<b>1,553,162</b>

Selected Performance Indicators		
	Current Period As at 31/12/09	Previous Period As at 31/12/08
<b>Regulatory Capital Adequacy</b>	<b>Bank</b>	
Core Capital (Tier 1 Capital), Rs. Mn	1,974	1,574
Total Capital Base, Rs. Mn	2,050	1,665
Core Capital Adequacy Ratio, % of Risk Weighted Assets (Minimum Requirement, 5%)	15.94%	13.26%
Total Capital Adequacy Ratio, % of Risk Weighted Assets (Minimum Requirement, 10%)	16.56%	14.02%
<b>Assets Quality (Quality of Loan Portfolio)</b>		
Gross Non - Performing Advances Ratio, % (Without Interest in Suspense)	13.17%	10.16%
Net Non - Performing Advances Ratio, % (Net of Interest in Suspense and Provision)	8.33%	6.94%
<b>Profitability</b>		
Interest Margin, %	6.42%	6.13%
Return on Assets (After Tax). %	1.94%	1.29%
Return on Equity, %	20.86%	14.80%
<b>Regulatory Liquidity</b>		
Statutory Liquid Assets,-DBU Rs.Mn.	7,040	3,485
Statutory Liquid Assets,-Off Shore Banking Unit USD.Mn.	0.4	1.1
Statutory Liquid Assets Ratio,% (Minimum Requirement, 20%)		
Domestic Banking Unit	41.69%	22.86%
Off-Shore Banking Unit	26.43%	29.83%

**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 Acting 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 true and correct to the best of our knowledge and belief.

(Sgd)  
Claude Peiris  
Acting Chief Executive Officer

(Sgd)  
A. G. Weerasinghe  
Chairman