

Rupees in Thousands

**Summarised Income Statement**

	For the Six months ended		For the Quarter Ended 30th June	
	2 008	2 007	2 008	2 007
<b>Interest Income</b>	<b>1,311,777</b>	<b>838,339</b>	<b>675,783</b>	<b>450,938</b>
Interest Income on Loans and Advances	1,054,342	726,595	534,451	391,333
Interest Income on Other Interest Earning Assets	257,435	111,744	141,332	59,605
<b>Less: Interest Expenses</b>	<b>836,741</b>	<b>506,785</b>	<b>433,134</b>	<b>273,060</b>
Interest Expense on Deposits	703,289	402,416	363,980	217,085
Interest Expense on Other Interest Bearing Liabilities	133,452	104,369	69,154	55,975
<b>Net Interest Income</b>	<b>475,036</b>	<b>331,554</b>	<b>242,649</b>	<b>177,878</b>
<b>Non - Interest Income</b>	<b>188,682</b>	<b>170,860</b>	<b>94,170</b>	<b>85,800</b>
Foreign Exchange Income	45,484	52,810	21,914	26,414
Other Income	143,198	118,050	72,256	59,386
<b>Less: Non - Interest Expenses</b>	<b>367,813</b>	<b>296,930</b>	<b>200,016</b>	<b>156,713</b>
Personnel Costs	150,261	118,742	82,746	62,010
Provision for Staff Retirement Benefits	6,427	2,909	4,724	1,484
Premises, Equipment and Establishment Exps	120,100	99,903	63,577	52,950
Loss on Trading / Investment Securities	-	-	-	-
Other Operating Expenses	91,025	75,376	48,969	40,269
<b>Less: Provision for Bad and Doubtful Debts and Loans Written Off</b>	<b>28,709</b>	<b>12,933</b>	<b>14,068</b>	<b>8,611</b>
Provisions - General	13,213	12,013	8,078	6,480
Provisions - Specific	36,638	15,834	22,634	10,177
Recoveries (-)	(7,063)	(12,800)	(2,888)	(6,884)
Provisions - Others	-	-	-	-
Loans Written Off / (Recovered)	(14,079)	(2,114)	(13,756)	(1,162)
<b>Less: Provision for Decline in Value of Investments (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Operating Profit on Ordinary Activities Before Taxes</b>	<b>267,196</b>	<b>192,551</b>	<b>122,735</b>	<b>98,354</b>
Less: Value Added Tax on Financial Services	64,402	41,403	32,269	21,036
<b>Operating Profit on Ordinary Activities Before Corporate Tax</b>	<b>202,794</b>	<b>151,148</b>	<b>90,466</b>	<b>77,318</b>
Share of Subsidiaries/Associate Companies' Profit	-	-	-	-
<b>Operating Profit Before Corporate Tax</b>	<b>202,794</b>	<b>151,148</b>	<b>90,466</b>	<b>77,318</b>
<b>Less: Tax on Profits on Ordinary Activities</b>	<b>90,089</b>	<b>61,135</b>	<b>44,129</b>	<b>32,685</b>
<b>Operating Profit for the Period</b>	<b>112,705</b>	<b>90,013</b>	<b>46,337</b>	<b>44,633</b>

Rupees in Thousands

## Summarised Balance Sheet

	Current Period	Previous Period
	As at 30/06/2008	As at 31/12/2007
	Audited	
<b>On-Balance Sheet Assets</b>		
Cash in Hand	387,493	506,285
Balances with Central Bank of Sri Lanka / Other Central Banks	1,590,989	1,184,144
Due from Banks and Other Financial Institutions	769,881	773,631
<b>Investments - Trading Account</b>	<b>1,963,536</b>	-
Government Securities	1,963,536	-
Other Securities	-	-
<b>Investments - Held-to-Maturity (Net of provisions made for decline in investment value) (Excluding Investments in Associates and Subsidiaries)</b>	<b>1,314,935</b>	<b>1,983,133</b>
Government Securities	1,311,795	1,979,993
Other Securities	3,140	3,140
Investments in Associates and Subsidiaries	-	-
<b>Total Loans and Advances</b>		
<b>Total Performing Loans and Advances</b>	<b>9,501,451</b>	<b>9,737,019</b>
Bills of Exchange	250,357	271,695
Overdrafts	3,910,013	4,425,686
Lease Rentals Receivable	642,110	782,767
Other Loans	4,698,971	4,256,871
<b>Total Non-performing Loans and Advances</b>	<b>1,906,778</b>	<b>1,328,088</b>
Bills of Exchange	22,806	20,683
Overdrafts	761,488	460,454
Lease Rentals Receivable	91,670	55,784
Other Loans	664,898	492,543
Interest Receivables	365,916	298,624
<b>Total Gross Loans and Advances</b>	<b>11,408,229</b>	<b>11,065,107</b>
<b>Less:</b>		
Suspended Interest	690,958	545,111
Specific Loan Loss Provisions	291,606	262,235
General Loan Loss Provisions	45,655	32,439
<b>Net Loans and Advances</b>	<b>10,380,010</b>	<b>10,225,322</b>
Other Assets	371,744	284,238
Intangible Assets	33,372	16,563
Investment Properties	-	-
Property, Plant & Equipments (Net of accumulated depreciation of fixed assets)	566,533	552,384
<b>Total On Balance Sheet Assets</b>	<b>17,378,493</b>	<b>15,525,700</b>
<b>On-Balance Sheet Liabilities</b>		
<b>Total Deposits</b>	<b>12,388,406</b>	<b>12,130,213</b>
Demand Deposits	2,346,974	2,367,073
Savings Accounts	1,337,299	1,344,329
Time Deposits	7,354,194	6,928,597
Margin Deposits	215,312	323,554
Other Deposits	1,134,627	1,166,660
<b>Total Borrowings</b>	<b>2,143,950</b>	<b>809,038</b>

Borrowings from CBSL	26,448	32,103
Borrowings from Banks and Financial Institutions in Sri Lanka	53,885	43,460
Borrowings from Banks and Financial Institutions Abroad	102,580	74,162
Securities sold under Repurchase Agreements	1,494,485	296,602
Subordinated Term Debts	303,789	303,789
Other Borrowings	162,763	58,922.00
Deferred Taxation	51,632	41,832
Current Taxation	86,353	58,809
Other Liabilities	1,227,236	1,034,617
<b>Total On Balance Sheet Liabilities</b>	<b>15,897,577</b>	<b>14,074,509</b>
<b>Minority Interest</b>	-	-
<b>Equity Capital and Reserves</b>	<b>1,480,916</b>	<b>1,451,191</b>
Stated Capital	1,106,404	1,106,404
Statutory Reserve Fund	31,265	31,265
Total Other Reserves	343,247	313,522
<b>Total On-Balance Sheet Liabilities and Equity Capital and Reserves</b>	<b>17,378,493</b>	<b>15,525,700</b>
<b>Off-Balance Sheet Items and Contra Accounts</b>	<b>1,755,792</b>	<b>2,296,656</b>
Contingencies	1,755,792	2,296,656
Commitments and Contra Accounts	-	-
<b>Memorandum Information</b>		
Number of Employees	537	546
Number of Branches/Customer Service Centres	29	29

Rupees in Thousands

<b>Cash Flow Statement</b>		
	<b>From 01/01/08 To 30/06/08</b>	<b>From 01/01/07 To 30/06/07</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Interest Received	1,273,654	820,713
Fees & Commission Received	143,198	118,050
Interest Payments	(775,860)	(444,278)
Exchange Income	45,484	52,810
Cash Payments to Employees & Suppliers	(244,393)	(187,712)
Payments on Other Operating Activities	(155,427)	(125,781)
<b>Operating Profit before changes in Operating Assets</b>	<b>286,656</b>	<b>233,802</b>
<b>(Increase)/Decrease in Operating Assets</b>		
Bills of Exchange	12,247	118,074
Loans and Advances	(299,896)	(750,699)
Other Assets	(218,544)	(25,214)
Lease Rentals Receivable	101,871	(116,184)
Money at Call and Short Notice	327,538	77,346
Treasury Bills / Bonds / Repos	(1,295,337)	(606,735)
	(1,085,465)	(1,069,610)
<b>Increase/(Decrease) in Operating Liabilities</b>		
Deposits	258,193	1,376,620
Other Liabilities	131,738	15,828
Borrowings	1,306,494	60,502
<b>Net Cash from Operating Activities before Income Tax</b>	<b>610,960</b>	<b>383,340</b>
Taxation Paid	(52,745)	(22,697)
<b>Net Cash from Operating Activities</b>	<b>558,215</b>	<b>360,643</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Investments in Commercial Papers	(205,000)	(125,000)
Investments in Trust Certificates	(52,600)	-
Purchase of Investment Securities	-	(2,000)
Purchase of Property, Plant & Equipment	(42,082)	(62,162)
Acquisition of Intangible Assets	(21,407)	(4,979)
Proceeds from Sale of Property, Plant & Equipment	137	40
<b>Net Cash Flows Used in Investing Activities</b>	<b>(320,952)</b>	<b>(194,101)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends Paid	(82,980)	-
Right Issue of Shares	-	-
<b>Net Cash used in Financing Activities</b>	<b>(82,980)</b>	<b>-</b>

Net Increase/(Decrease) in Cash and Cash Equivalents	154,283	166,542
Cash and Cash Equivalents at the beginning of the period	1,394,444	1,009,490
<b>Cash and Cash Equivalents at the end of the period</b>	<b>1,548,727</b>	<b>1,176,032</b>
<b>Reconciliation of Cash &amp; Cash Equivalents</b>		
Cash & Short Term Funds	557,348	517,042
Balances with Central Bank of Sri Lanka	1,093,959	729,337
Due to Foreign Banks	(102,580)	(70,347)
	<b>1,548,727</b>	<b>1,176,032</b>

<b>Selected Performance Indicators</b>		
	<b>Current Period</b>	<b>Previous Period</b>
	<b>As at 30/06/08</b>	<b>As at 31/12/07</b>
	<b>Audited</b>	
<b>Regulatory Capital Adequacy</b>	<b>Bank</b>	
Core Capital (Tier 1 Capital), Rs. Mn	1,343	1,426
Total Capital Base, Rs. Mn	1,441	1,541
Core Capital Adequacy Ratio, % of Risk Weighted Assets (Minimum Requirement, 5%)	12.68%	14.71%
Total Capital Adequacy Ratio, % of Risk Weighted Assets (Minimum Requirement, 10%)	13.61%	15.91%
<b>Assets Quality (Quality of Loan Portfolio)</b>		
Gross Non - Performing Advances Ratio, % (without Interest in Suspense)	11.26%	7.39%
Net Non - Performing Advances Ratio, % (net of interest in suspense and provision)	8.39%	4.61%
<b>Profitability (Annualized)</b>		
Interest Margin, %	5.70%	5.23%
Return on Assets (After Tax). %	1.35%	1.52%
Return on Equity, %	15.23%	16.19%
<b>Regulatory Liquidity</b>		
Statutory Liquid Assets,-DBU Rs.Mn.	3,032	2,822
Statutory Liquid Assets,-Off Shore Banking Unit USD.Mn.	1.3	1.4
Statutory Liquid Assets Ratio,% (Minimum Requirement, 20%)		
Domestic Banking Unit	21.63%	22.58%
Off-Shore Banking Unit	34.45%	39.17%
Earnings per Share	2.04	1.95
Net Asset Value per Share	13.38	13.12

**CERTIFICATION:**

I certify that the above Financial Statements comply with the requirements of the Companies

Act No. 7 of 2007.

Dinusha Yogagopalakrishnan

(Sgd) Assistant General Manager - Finance & Planning

We, the undersigned, being the Chairman and Chief Executive Officer/Director of Pan Asia Bank certify jointly that:-

- (a) the above statements have been prepared in compliance with the format and definitions prescribed by the Monetary Board ; and
- (b) the information contained in these statements true and correct to the best of our knowledge and belief.

Kimarli Fernando

(Sgd) Chief Executive Officer / Director

A G Weerasinghe

(Sgd) Chairman

Date : 16/07/2008