



**INTERIM FINANCIAL STATEMENTS**  
**For the 06 months ended 30th June 2012**

Rupees in Thousands

<b>Summarised Income Statement</b>						
	For the Six months ended 30th June		Change	For the Quarter Ended 30th June		Change
	2 012	2 011	%	2 012	2 011	%
<b>Interest Income</b>	<b>3,059,034</b>	<b>1,978,726</b>	55	<b>1,634,961</b>	<b>1,038,846</b>	57
Interest Income on Loans and Advances	2,844,982	1,680,738	69	1,523,844	884,967	72
Interest Income on Other Interest Earning Assets	214,052	297,988	(28)	111,117	153,879	(28)
<b>Less: Interest Expenses</b>	<b>1,853,710</b>	<b>953,904</b>	94	<b>1,033,784</b>	<b>521,105</b>	98
Interest Expense on Deposits	1,701,655	830,083	105	939,680	454,639	107
Interest Expense on Other Interest Bearing Liabilities	152,055	123,821	23	94,104	66,466	42
<b>Net Interest Income</b>	<b>1,205,324</b>	<b>1,024,822</b>	18	<b>601,177</b>	<b>517,741</b>	16
<b>Non - Interest Income</b>	<b>472,532</b>	<b>348,728</b>	36	<b>253,032</b>	<b>133,025</b>	90
Foreign Exchange Income	169,980	87,434	94	96,000	45,770	110
Other Income	302,552	261,294	16	157,032	87,255	80
<b>Less: Non - Interest Expenses</b>	<b>976,727</b>	<b>685,391</b>	43	<b>533,424</b>	<b>358,599</b>	49
Personnel Costs	421,758	285,947	47	216,164	149,463	45
Provision for Staff Retirement Benefits	11,951	7,967	50	6,148	4,149	48
Premises, Equipment and Establishment Expenses	269,776	193,227	40	139,651	100,142	39
Loss on Trading / Investment Securities	-	-	-	-	-	-
Other Operating Expenses	273,242	198,250	38	171,461	104,845	64
<b>Less: Provision for Bad and Doubtful Debts and Loans Written Off</b>	<b>49,646</b>	<b>(20,055)</b>	(348)	<b>27,754</b>	<b>(32,058)</b>	(187)
Provisions - General	26,293	(651)	(4,139)	10,157	(13,818)	(174)
Provisions - Specific	50,582	18,685	171	39,955	4,062	884
Recoveries (-)	(19,563)	(32,340)	(40)	(15,369)	(16,504)	(7)
Loans Written Off / (Recovered)	(7,666)	(5,749)	33	(6,989)	(5,798)	21
<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>651,483</b>	<b>708,214</b>	(8)	<b>293,031</b>	<b>324,225</b>	(10)
Less: Value Added Tax on Financial Services	101,879	95,813	6	48,058	45,682	5
<b>Operating Profit on Ordinary Activities Before Corporate Tax</b>	<b>549,604</b>	<b>612,401</b>	(10)	<b>244,973</b>	<b>278,543</b>	(12)
Share of Subsidiaries/Associate Companies' Profit	-	-	-	-	-	-
<b>Operating Profit Before Corporate Tax</b>	<b>549,604</b>	<b>612,401</b>	(10)	<b>244,973</b>	<b>278,543</b>	(12)
Less: Tax on Profits on Ordinary Activities	193,432	206,347	(6)	85,346	68,509	25
<b>Operating Profit for the Period</b>	<b>356,172</b>	<b>406,054</b>	(12)	<b>159,627</b>	<b>210,034</b>	(24)
<b>Basic Earnings Per Share (Rs.)</b>	<b>1.21</b>	<b>1.38</b>	(12)	<b>0.54</b>	<b>0.71</b>	(24)

Rupees in Thousands

<b>Summarised Balance Sheet</b>			
	Current Period As at 30/06/2012	Previous Period As at 31/12/2011 Audited	Change %
<b>On-Balance Sheet Assets</b>			
Cash in Hand	911,529	932,762	(2)
Balances with Central Bank of Sri Lanka / Other Central Banks	3,191,228	2,870,259	11
Due from Banks and Other Financial Institutions	2,477,663	1,842,908	34
<b>Investments - Trading Account</b>	<b>10,841</b>	<b>181,579</b>	<b>(94)</b>
Government Securities	-	165,128	(100)
Other Securities	10,841	16,451	(34)
<b>Investments - Held-to-Maturity (Net of provisions made for decline in investment value) (Excluding Investments in Associates and Subsidiaries)</b>	<b>4,097,565</b>	<b>5,523,455</b>	<b>(26)</b>
Government Securities	4,078,043	5,509,924	(26)
Other Securities	19,522	13,531	44
Investments in Associates and Subsidiaries	-	-	-
<b>Total Loans and Advances</b>			
<b>Total Performing Loans and Advances</b>	<b>39,079,527</b>	<b>33,222,060</b>	<b>18</b>
Bills of Exchange	117,178	232,733	(50)
Overdrafts	10,415,161	9,625,272	8
Lease Rentals Receivable	3,495,805	2,935,549	19
Other Loans	25,051,383	20,428,506	23
<b>Total Non-performing Loans and Advances</b>	<b>2,606,013</b>	<b>2,599,322</b>	<b>0</b>
Bills of Exchange	30,751	30,751	-
Overdrafts	902,187	926,316	(3)
Lease Rentals Receivable	43,150	48,155	(10)
Other Loans	913,436	880,402	4
Interest Receivables	716,489	713,698	0
<b>Total Gross Loans and Advances</b>	<b>41,685,540</b>	<b>35,821,382</b>	<b>16</b>
<b>Less:</b>			
Suspended Interest	1,267,992	1,363,896	(7)
Specific Loan Loss Provisions	335,942	445,928	(25)
General Loan Loss Provisions	128,618	102,183	26
<b>Net Loans and Advances</b>	<b>39,952,988</b>	<b>33,909,375</b>	<b>18</b>
Other Assets	639,742	632,912	1
Intangible Assets	51,388	52,152	(1)
Investment Properties	-	-	-
Property, Plant & Equipments (Net of accumulated depreciation of fixed assets)	1,134,278	1,008,774	12
<b>Total On Balance Sheet Assets</b>	<b>52,467,222</b>	<b>46,954,176</b>	<b>12</b>
<b>On-Balance Sheet Liabilities</b>			
<b>Total Deposits</b>	<b>41,437,418</b>	<b>35,532,462</b>	<b>17</b>
Demand Deposits	4,017,571	3,826,492	5
Savings Accounts	5,168,716	5,919,287	(13)
Time Deposits	31,820,330	25,095,347	27
Margin Deposits	423,055	691,336	(39)
Other Deposits	7,746	-	100
<b>Total Borrowings</b>	<b>4,796,163</b>	<b>4,908,911</b>	<b>(2)</b>
Borrowings from CBSL	1,850	2,550	(27)
Borrowings from Banks and Financial Institutions in Sri Lanka	1,800,000	1,383,458	30
Borrowings from Banks and Financial Institutions Abroad	16,463	979	1,582
Securities sold under Repurchase Agreements	2,227,850	3,521,924	(37)
Subordinated Term Debts	750,000	-	100
Other Borrowings	-	-	-
Deferred Taxation	170,036	142,698	19
Current Taxation	217,410	223,539	(3)
Other Liabilities	2,177,035	2,538,538	(14)
<b>Total On Balance Sheet Liabilities</b>	<b>48,798,062</b>	<b>43,346,148</b>	<b>13</b>
<b>Minority Interest</b>	-	-	-
<b>Equity Capital and Reserves</b>	<b>3,669,160</b>	<b>3,608,028</b>	<b>2</b>
Stated Capital (295,041,086 Ordinary Shares)	1,548,966	1,548,966	(0)
Statutory Reserve Fund	121,128	121,128	-
Total Other Reserves	1,999,066	1,937,934	3
<b>Total On-Balance Sheet Liabilities and Equity Capital and Reserves</b>	<b>52,467,222</b>	<b>46,954,176</b>	<b>12</b>
<b>Off-Balance Sheet Items and Contra Accounts</b>	<b>10,661,067</b>	<b>13,786,933</b>	<b>(23)</b>
Contingencies	8,187,188	10,845,883	(25)
Commitments and Contra Accounts	2,473,879	2,941,050	(16)
<b>Net Asset Value per Share (Rs.)</b>	<b>12.44</b>	<b>12.23</b>	<b>2</b>
<b>Memorandum Information</b>			
Number of Employees	1,121	1,096	
Number of Branches	71	64	

Rupees in Thousands

Statement of Changes In Equity and Reserves - BANK											
For the Period Ended (30/06/2012)	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	1,812	-	-	1,153,311	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	-	-	-	-	-	-	-	-	-	406,054	406,054
Transfer to Reserves during the period	-	-	-	-	-	-	-	-	-	-	-
Dividend Paid	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	80,432	(80,432)	-
<b>Balance as at 30/06/2011</b>	1,548,966	-	-	-	-	79,927	1,812	-	80,432	1,478,933	3,190,070
<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	-	-	-	-	-	-	-	-	-	356,172	356,172
Transfer to Reserves during the period	-	-	-	-	-	-	-	-	-	-	-
Dividend Paid	-	-	-	-	-	-	-	-	-	(295,041)	(295,041)
Others	-	-	-	-	-	-	-	-	88,619	(88,619)	-
<b>Balance as at 30/06/2012</b>	1,548,966	-	-	-	-	121,128	1,273	-	250,366	1,747,427	3,669,160

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

Rupees in Thousands

## Cash Flow Statement

	From 01/01/12 To 30/06/12	From 01/01/11 To 30/06/11
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Interest Received	2,791,956	1,953,917
Fees & Commission Received	307,674	234,470
Interest Payments	(1,599,465)	(772,799)
Exchange Income	169,980	87,434
Cash Payments to Employees & Suppliers	(641,622)	(446,663)
Payments on Other Operating Activities	(375,121)	(294,063)
<b>Operating Profit before changes in Operating Assets</b>	<b>653,402</b>	<b>762,296</b>
<b>(Increase)/Decrease in Operating Assets</b>		
Bills of Exchange	127,711	(133,949)
Loans and Advances	(4,886,470)	(5,893,508)
Other Assets	266,167	(258,129)
Lease Rentals Receivable	(986,543)	(738,572)
Treasury Bills / Bonds / Repos	1,860,088	(655,645)
	(2,965,645)	(6,917,507)
<b>Increase/(Decrease) in Operating Liabilities</b>		
Deposits	5,904,955	9,319,364
Other Liabilities	(615,749)	78,875
Borrowings	(878,232)	(958,766)
<b>Net Cash from Operating Activities before Income Tax</b>	<b>1,445,329</b>	<b>1,521,966</b>
Taxation Paid	(172,222)	(154,777)
<b>Net Cash from Operating Activities</b>	<b>1,273,107</b>	<b>1,367,189</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investments in Securities	(346,581)	(508,746)
Purchase of Property, Plant & Equipment	(182,615)	(68,134)
Acquisition of Intangible Assets	(4,299)	(8,084)
Proceeds from Sale of Property, Plant & Equipment	310	2,130
<b>Net Cash Flows Used in Investing Activities</b>	<b>(533,185)</b>	<b>(582,834)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Debentures	750,000	-
Dividends Paid	(295,041)	-
<b>Net Cash from Financing Activities</b>	<b>454,959</b>	<b>-</b>
Net Increase/(Decrease) in Cash and Cash Equivalents	1,194,881	784,355
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>5,874,478</b>	<b>2,884,717</b>
<b>Reconciliation of Cash &amp; Cash Equivalents</b>		
Cash & Short Term Funds	2,951,306	1,282,134
Balances with Central Bank of Sri Lanka	2,939,635	1,922,202
Due to Foreign Banks	(16,463)	(319,619)
	<b>5,874,478</b>	<b>2,884,717</b>

## Selected Performance Indicators

	Current Period As at 30/06/12	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	4,153	3,709
Core Capital Adequacy Ratio, % of Risk Weighted Assets (Minimum Requirement, 5%)	10.62%	13.66%
Total Capital Adequacy Ratio, % of Risk Weighted Assets (Minimum Requirement, 10%)	13.32%	14.04%
<b>Assets Quality (Quality of Loan Portfolio)</b>		
Gross Non - Performing Advances Ratio, % (Without Interest in Suspense)	3.30%	3.58%
Net Non - Performing Advances Ratio, % (Net of Interest in Suspense and Provision)	2.16%	1.99%
<b>Profitability (Annualized)</b>		
Interest Margin, %	4.89%	5.44%
Return on Assets (After Tax), %	1.44%	2.06%
Return on Equity, %	19.77%	25.55%
<b>Regulatory Liquidity</b>		
Statutory Liquid Assets,-DBU Rs.Mn.	9,206	7,390
Statutory Liquid Assets,-Off Shore Banking Unit USD.Mn.	3.47	1.22
Statutory Liquid Assets Ratio,% (Minimum Requirement, 20%)		
Domestic Banking Unit	21.07%	20.14%
Off-Shore Banking Unit	50.56%	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

(Sgd)

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

Date : 25/07/2012

**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 6 Months Period ended 30.06.2012	*Impact to Net Assets as at 30.06.2012
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.75.69 Mn.	Positive impact of Rs. 91.20 Mn.
Effective Interest Rate (EIR) application on longer maturity Deposits / Debt	Interest expenses are recognised on effective interest rate basis.	Positive impact of Rs 1.91 Mn.	Positive impact of Rs. 34.06 Mn.

\* Excluding deferred tax adjustments.

(08) **Market Price of Shares**

MARKET VALUE	30/06/2012 (Rs.)		30/06/2011 (Rs.)	
	Voting	Non Voting	Voting	Non Voting
Market Value per Share	17.30	--	26.00	--
Highest Price Per Share for the Quarter	23.30	--	61.90	--
Lowest Price Per Share for the Quarter	16.00	--	25.50	--

## SHAREHOLDERS INFORMATION

### MAJOR SHAREHOLDERS AS AT 30.06.2012

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	9,800,000	3.32
	Mr. W. D. N. H. Perera	902,600	0.30
10	Sri Lanka Savings Bank Ltd	6,865,666	2.33
11	Royal Ceramics Lanka PLC	5,427,271	1.84
12	Favourite Garments (Pvt) Ltd	2,400,000	0.81
13	DFCC Vardhana Bank Ltd / Mr. R. F. T. Perera	1,800,000	0.61
14	Deshabandu D. M. I. Dissanayake	1,713,600	0.58
15	Sri Lanka Insurance Corporation Ltd - Life Fund	1,394,666	0.48
16	Sampath Bank PLC-Account No.3	1,380,532	0.47
17	Bank of Ceylon No. 1 Account	1,300,000	0.44
18	Esna Holdings (Pvt) Ltd	1,284,700	0.43
19	Mr. M F Hashim	1,204,841	0.41
20	Michelangelo Footwear Limited	1,078,500	0.36
		<b>253,296,656</b>	<b>85.85</b>
	<b>Others</b>	<b>41,744,430</b>	<b>14.15</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 30.06 2012 is 66%

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

No	Name of Director	No.of Shares
1	Mr. W. D. N. H. Perera	10,702,600
2	Mr. R. E. U. De Silva	80,000
3	Mr. A. A. Page	139,866
4	Mr. J. A. S. S. Adihetty	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