



**INTERIM FINANCIAL STATEMENTS**

**For the 09 months ended 30<sup>th</sup> September 2009**

Rupees in Thousands

<b>Summarised Income Statement</b>						
	For the Nine Months ended 30th September		Change	For the Quarter Ended 30th September		Change
	2 009	2 008	%	2 009	2 008	%
<b>Interest Income</b>	<b>2,441,529</b>	<b>2,036,666</b>	<b>20</b>	<b>787,912</b>	<b>724,889</b>	<b>9</b>
Interest Income on Loans and Advances	1,811,204	1,637,575	11	575,472	583,233	(1)
Interest Income on Other Interest Earning Assets	630,325	399,091	58	212,440	141,656	50
<b>Less: Interest Expenses</b>	<b>1,454,995</b>	<b>1,287,200</b>	<b>13</b>	<b>449,212</b>	<b>450,459</b>	<b>(0)</b>
Interest Expense on Deposits	1,285,918	1,073,591	20	416,674	370,302	13
Interest Expense on Other Interest Bearing Liabilities	169,077	213,609	(21)	32,538	80,157	(59)
<b>Net Interest Income</b>	<b>986,534</b>	<b>749,466</b>	<b>32</b>	<b>338,700</b>	<b>274,430</b>	<b>23</b>
<b>Non - Interest Income</b>	<b>595,809</b>	<b>280,437</b>	<b>112</b>	<b>103,349</b>	<b>91,755</b>	<b>13</b>
Foreign Exchange Income	55,116	63,243	(13)	16,139	17,759	(9)
Other Income	540,693	217,194	149	87,210	73,996	18
<b>Less: Non - Interest Expenses</b>	<b>653,709</b>	<b>580,638</b>	<b>13</b>	<b>226,820</b>	<b>212,825</b>	<b>7</b>
Personnel Costs	256,833	233,097	10	91,363	82,836	10
Provision for Staff Retirement Benefits	7,052	12,551	(44)	2,483	6,124	(59)
Premises, Equipment and Establishment Expenses	207,695	185,242	12	73,221	65,142	12
Loss on Trading / Investment Securities	-	-	-	-	-	-
Other Operating Expenses	182,129	149,748	22	59,753	58,723	2
<b>Less: Provision for Bad and Doubtful Debts and Loans Written Off</b>	<b>218,582</b>	<b>60,599</b>	<b>261</b>	<b>55,643</b>	<b>31,890</b>	<b>74</b>
Provisions - General	(6,951)	25,314	(127)	(889)	12,101	(107)
Provisions - Specific	253,480	64,406	294	74,215	27,768	167
Recoveries (-)	(31,040)	(14,912)	108	(17,161)	(7,849)	119
Provisions - Others	-	-	-	-	-	-
Loans Written Off / (Recovered)	3,093	(14,209)	(122)	(522)	(130)	302
<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>710,052</b>	<b>388,666</b>	<b>83</b>	<b>159,586</b>	<b>121,470</b>	<b>31</b>
Less: Value Added Tax on Financial Services	106,363	97,860	9	38,963	33,458	16
<b>Operating Profit on Ordinary Activities Before Corporate Tax</b>	<b>603,689</b>	<b>290,806</b>	<b>108</b>	<b>120,623</b>	<b>88,012</b>	<b>37</b>
Share of Subsidiaries/Associate Companies' Profit	-	-	-	-	-	-
<b>Operating Profit Before Corporate Tax</b>	<b>603,689</b>	<b>290,806</b>	<b>108</b>	<b>120,623</b>	<b>88,012</b>	<b>37</b>
Less: Tax on Profits on Ordinary Activities	235,575	131,887	79	51,658	41,798	24
<b>Operating Profit for the Period</b>	<b>368,114</b>	<b>158,919</b>	<b>132</b>	<b>68,965</b>	<b>46,214</b>	<b>49</b>
<b>Basic Earnings Per Share (Rs.)</b>	<b>3.33</b>	<b>1.44</b>	<b>132</b>	<b>0.62</b>	<b>0.42</b>	<b>49</b>

## Summarised Balance Sheet

	Current Period As at 30/09/2009	Previous Period As at 31/12/2008 Audited	Previous Period As at 30/09/2008
<b>On-Balance Sheet Assets</b>			
Cash in Hand	448,413	420,720	361,591
Balances with Central Bank of Sri Lanka / Other Central Banks	1,198,657	1,034,643	1,129,434
Due from Banks and Other Financial Institutions	1,118,801	638,145	686,216
<b>Investments - Trading Account</b>	<b>4,455,918</b>	<b>2,830,502</b>	<b>2,131,935</b>
Government Securities	4,455,918	2,830,502	2,131,935
Other Securities	-	-	-
<b>Investments - Held-to-Maturity (Net of provisions made for decline in investment value) (Excluding Investments in Associates and Subsidiaries)</b>	<b>986,525</b>	<b>1,037,873</b>	<b>1,098,456</b>
Government Securities	902,605	911,513	1,095,316
Other Securities	83,920	126,360	3,140
Investments in Associates and Subsidiaries	-	-	-
<b>Total Loans and Advances</b>			
<b>Total Performing Loans and Advances</b>	<b>9,542,636</b>	<b>11,218,085</b>	<b>10,078,123</b>
Bills of Exchange	149,653	268,445	354,857
Overdrafts	3,290,361	4,221,254	3,968,641
Lease Rentals Receivable	473,410	580,748	602,272
Other Loans	5,629,212	6,147,638	5,152,353
<b>Total Non-performing Loans and Advances</b>	<b>2,547,031</b>	<b>2,116,003</b>	<b>2,140,171</b>
Bills of Exchange	74,347	25,592	22,852
Overdrafts	874,223	845,244	842,416
Lease Rentals Receivable	105,900	93,974	108,847
Other Loans	988,671	750,701	778,112
Interest Receivables	503,890	400,492	387,944
<b>Total Gross Loans and Advances</b>	<b>12,089,667</b>	<b>13,334,088</b>	<b>12,218,294</b>
<b>Less:</b>			
Suspended Interest	979,734	840,260	767,409
Specific Loan Loss Provisions	561,030	340,085	311,525
General Loan Loss Provisions	57,263	64,191	57,755
<b>Net Loans and Advances</b>	<b>10,491,640</b>	<b>12,089,552</b>	<b>11,081,605</b>
Other Assets	369,448	314,018	479,946
Intangible Assets	36,812	31,719	30,733
Investment Properties	-	-	-
Property, Plant & Equipments (Net of accumulated depreciation of fixed assets)	590,425	587,168	569,572
<b>Total On Balance Sheet Assets</b>	<b>19,696,639</b>	<b>18,984,340</b>	<b>17,569,488</b>
<b>On-Balance Sheet Liabilities</b>			
<b>Total Deposits</b>	<b>14,873,134</b>	<b>14,448,367</b>	<b>12,801,058</b>
Demand Deposits	2,245,315	2,298,987	1,976,884
Savings Accounts	1,778,516	2,227,956	1,640,426
Time Deposits	8,877,035	7,833,717	7,624,420
Margin Deposits	242,114	243,103	207,482
Other Deposits	1,730,154	1,844,604	1,351,846
<b>Total Borrowings</b>	<b>1,203,150</b>	<b>1,510,412</b>	<b>1,874,615</b>
Borrowings from CBSL	15,961	20,475	24,625
Borrowings from Banks and Financial Institutions in Sri Lanka	103,320	-	100,000
Borrowings from Banks and Financial Institutions Abroad	159,783	54,517	140,041
Securities sold under Repurchase Agreements	813,276	1,280,504	1,242,363
Subordinated Term Debts	110,810	110,810	303,789
Other Borrowings	-	44,106	63,797
Deferred Taxation	55,607	55,607	50,032
Current Taxation	201,040	121,564	83,612
Other Liabilities	1,403,793	1,256,546	1,233,041
<b>Total On Balance Sheet Liabilities</b>	<b>17,736,724</b>	<b>17,392,496</b>	<b>16,042,358</b>
<b>Minority Interest</b>	-	-	-
<b>Equity Capital and Reserves</b>	<b>1,959,915</b>	<b>1,591,844</b>	<b>1,527,130</b>
Stated Capital (110,640,407 Ordinary Shares)	1,106,404	1,106,404	1,106,404
Statutory Reserve Fund	42,446	42,446	31,265
Total Other Reserves	811,065	442,994	389,461
<b>Total On-Balance Sheet Liabilities and Equity Capital and Reserves</b>	<b>19,696,639</b>	<b>18,984,340</b>	<b>17,569,488</b>
<b>Off-Balance Sheet Items and Contra Accounts</b>	<b>2,918,310</b>	<b>2,772,803</b>	<b>2,615,382</b>
Contingencies	2,918,310	2,772,803	2,615,382
Commitments and Contra Accounts	-	-	-
<b>Net Asset Value per Share (Rs.)</b>	<b>17.71</b>	<b>14.39</b>	<b>13.80</b>
<b>Memorandum Information</b>			
Number of Employees	507	507	526
Number of Branches	35	32	31

## Statement of Changes In Equity and Reserves - BANK

For the Period Ended (30/09/2009)	Stated Capital					Reserves					Total
	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	
<b>Balance as at 01/01/2008</b>	1,106,404	-	-	-	-	31,265	25,593	-	-	287,929	1,451,191
Issue of Share/Increase of Assigned Capital	-	-	-	-	-	-	-	-	-	-	-
Bonus Issue	-	-	-	-	-	-	-	-	-	-	-
Rights Issue	-	-	-	-	-	-	-	-	-	-	-
Surplus on Revaluation of Property, Plant & Equip	-	-	-	-	-	-	-	-	-	-	-
Net Profit for the period	-	-	-	-	-	-	-	-	-	158,919	158,919
Transfer to Reserves during the period	-	-	-	-	-	-	-	-	-	-	-
Dividend Paid	-	-	-	-	-	-	-	-	-	(82,980)	(82,980)
Others	-	-	-	-	-	-	-	-	-	-	-
<b>Balance as at 30/09/2008</b>	1,106,404	-	-	-	-	31,265	25,593	-	-	363,868	1,527,130
<b>Balance as at 01/01/2009</b>	1,106,404	-	-	-	-	42,446	17,858	-	-	425,136	1,591,844
Issue of Share/Increase of Assigned Capital	-	-	-	-	-	-	-	-	-	-	-
Bonus Issue	-	-	-	-	-	-	-	-	-	-	-
Rights Issue	-	-	-	-	-	-	-	-	-	-	-
Surplus on Revaluation of Property, Plant & Equip	-	-	-	-	-	-	-	-	-	-	-
Net Profit for the period	-	-	-	-	-	-	-	-	-	368,114	368,114
Transfer to Reserves during the period	-	-	-	-	-	-	-	-	-	-	-
Dividend Paid	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	(43)	-	-	-	(43)
<b>Balance as at 30/09/2009</b>	1,106,404	-	-	-	-	42,446	17,815	-	-	793,250	1,959,915

\* Number of Ordinary Shares as at 30th September 2009, Voting -110,640,407

Rupees in Thousands

## Cash Flow Statement

	From 01/01/09 To 30/09/09	From 01/01/08 To 30/09/08
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Interest Received	2,450,462	1,940,173
Fees & Commission Received	382,442	217,194
Interest Payments	(1,406,558)	(1,187,789)
Exchange Income	55,116	63,244
Cash Payments to Employees & Suppliers	(413,526)	(381,236)
Payments on Other Operating Activities	(288,493)	(247,609)
<b>Operating Profit before changes in Operating Assets</b>	<b>779,443</b>	<b>403,977</b>
<b>(Increase)/Decrease in Operating Assets</b>		
Bills of Exchange	117,013	(62,336)
Loans and Advances	1,206,756	(947,317)
Other Assets	(207,873)	(212,399)
Lease Rentals Receivable	96,118	121,500
Money at Call and Short Notice	39,631	277,223
Treasury Bills / Bonds / Repos	(2,055,958)	(1,247,258)
	(24,870)	(1,666,610)
<b>Increase/(Decrease) in Operating Liabilities</b>		
Deposits	424,768	670,844
Other Liabilities	98,809	99,014
Borrowings	(412,529)	999,698
<b>Net Cash from Operating Activities before Income Tax</b>	<b>86,178</b>	<b>102,946</b>
Taxation Paid	(156,098)	(98,885)
<b>Net Cash from Operating Activities</b>	<b>(69,920)</b>	<b>4,061</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investments / Realisation in Commercial Papers	50,000	(180,000)
Investments in Securities	(307,160)	(112,900)
Purchase of Property, Plant & Equipment	(58,802)	(59,741)
Acquisition of Intangible Assets	(10,306)	(21,407)
Proceeds from Sale of Property, Plant & Equipment	-	137
<b>Net Cash Flows Used in Investing Activities</b>	<b>(326,268)</b>	<b>(373,911)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends Paid	-	(82,980)
<b>Net Cash used in Financing Activities</b>	<b>-</b>	<b>(82,980)</b>
Net Increase/(Decrease) in Cash and Cash Equivalents	(396,188)	(452,830)
Cash and Cash Equivalents at the beginning of the period	1,494,005	1,394,444
<b>Cash and Cash Equivalents at the end of the period</b>	<b>1,097,817</b>	<b>941,614</b>
<b>Reconciliation of Cash &amp; Cash Equivalents</b>		
Cash & Short Term Funds	505,491	393,273
Balances with Central Bank of Sri Lanka	752,109	688,382
Due to Foreign Banks	(159,783)	(140,041)
	<b>1,097,817</b>	<b>941,614</b>

## Selected Performance Indicators

	Current Period As at 30/09/09	Previous Period As at 31/12/08 Audited
<b>Regulatory Capital Adequacy</b>	<b>Bank</b>	
Core Capital (Tier 1 Capital), Rs. Mn	1,574	1,574
Total Capital Base, Rs. Mn	1,650	1,665
Core Capital Adequacy Ratio, % of Risk Weighted Assets (Minimum Requirement, 5%)	13.44%	13.26%
Total Capital Adequacy Ratio, % of Risk Weighted Assets (Minimum Requirement, 10%)	14.09%	14.02%
<b>Assets Quality (Quality of Loan Portfolio)</b>		
Gross Non - Performing Advances Ratio, % (Without Interest in Suspense)	14.05%	10.17%
Net Non - Performing Advances Ratio, % (Net of Interest in Suspense and Provision)	8.51%	6.94%
<b>Profitability (Annualized)</b>		
Interest Margin, %	6.71%	6.13%
Return on Assets (After Tax). %	2.50%	1.29%
Return on Equity, %	27.08%	14.80%
<b>Regulatory Liquidity</b>		
Statutory Liquid Assets,-DBU Rs.Mn.	6,032	3,485
Statutory Liquid Assets,-Off Shore Banking Unit USD.Mn.	0.6	1.1
Statutory Liquid Assets Ratio,% (Minimum Requirement, 20%)		
Domestic Banking Unit	36.83%	22.86%
Off-Shore Banking Unit	47.86%	29.83%

**CERTIFICATION:**

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

D. M. D. M. Dissanayake  
(Sgd) Head of Finance

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.

Claude Peiris  
(Sgd) Acting Chief Executive Officer

A. G. Weerasinghe  
(Sgd) Chairman

Date : 19/10/2009

## EXPLANATORY NOTES

- (01) The above Financial Statements are drawn up from the unaudited accounts of the Bank, unless indicated as audited. 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) No material events have been taken place since 30th September 2009 that require disclosures or/ and adjustments in the Financial Statements.
- (04) There has not been significant changes in the nature of Contingent Liabilities which were disclosed in the Annual Report for the year ended 2008.
- (05) There are no changes to the accounting policies and methods of computation since the publication of the Annual Report for the year ended 2008.
- (06) **Market Price of Shares**

MARKET VALUE	30/09/2009 (Rs.)		30/09/2008 (Rs.)	
	Voting	Non Voting	Voting	Non Voting
Market Value per Share as at 30/09/2009	17.25	--	12.00	--
Highest Price Per Share for the Quarter	18.00	--	15.25	--
Lowest Price Per Share for the Quarter	13.00	--	12.00	--

## SHAREHOLDERS INFORMATION

### MAJOR SHAREHOLDERS AS AT 30.09.2009

No	Name	No.of Shares	%
1	Mr. K D D Perera	33,181,058	29.99
2	Mr. J D C Coonghe	8,285,376	7.49
3	Mr. K D H Perera	5,826,500	5.27
4	Mr. P J Tay	5,479,499	4.95
5	Mr. K D A Perera	4,800,000	4.34
6	Michelangelo Footwear Limited	3,640,000	3.29
7	HSBC Int'l NOM LTD ó UBS AG SINGAPORE Branch (ex. SBC)	3,441,800	3.11
8	Sri Lanka Savings Bank Limited	2,782,000	2.51
9	Samurdhi Authority of Sri Lanka	2,557,188	2.31
10	Jayes Trading Co (Pvt) Ltd	1,647,500	1.49
11	First Capital Markets Ltd / Mr. W D N H Perera	1,601,875	1.45
12	Lizzola Holdings Limited	1,500,000	1.36
13	Mr. A M A R A Zalzalal	1,430,000	1.29
14	Mr.C T Maliduwapathirana	1,202,700	1.09
15	Almar Trading Co (Pvt) Ltd	1,101,800	1.00
16	Favourite Garments Ltd	1,000,000	0.90
17	Haguranketha Samurdhi Maha Sangamaya	800,000	0.72
18	Attanagalle Samurdhi Maha Sangamaya	800,000	0.72
19	Mr. B C Tay	800,000	0.72
20	Mr. D M I Dissanayake	697,700	0.63
		<b>82,574,996</b>	<b>74.63</b>
	<b>Others</b>	<b>28,065,411</b>	<b>25.37</b>
	<b>Total</b>	<b>110,640,407</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 2009 is 68.41%

### DIRECTOR'S HOLDING IN SHARES AS AT 31ST DECEMBER 2008

No	Name of Director	No.of Shares
1	Mr. A G Weerasinghe	5,000
2	Mr. W D N H Perera	1,601,875
3	Ms. Kimarli Fernando	306,700
4	Ms. H V Amarasekera	-
5	Mr. J A S S Adhihetty	35,000
6	Mr. L Wickremarachchi	20,000
7	Mr. J D C Coonghe	8,285,376
8	Mr. A A Page	40,000
9	Mr. R E U De Silva	-
10	Mr. M D S Goonatileke	-