



Hatton **N**ational **B**ank PLC

**Interim Financial Statements
for the Three Months Ended 31st March 2013**

INCOME STATEMENT

	BANK For the Three Months ended 31st March			GROUP For the Three Months ended 31st March		
	2013 Rs. 000	2012 Rs. 000	% Increase/ (Decrease)	2013 Rs. 000	2012 Rs. 000	% Increase/ (Decrease)
Income	14,622,783	11,471,608	27	15,683,723	12,368,581	27
Interest income	13,682,576	10,035,319	36	13,879,856	10,150,855	37
Interest expenses	7,584,415	5,187,419	46	7,619,094	5,213,321	46
Net interest income	6,098,161	4,847,900	26	6,260,762	4,937,534	27
Fee and commission income	1,038,230	933,542	11	1,088,571	986,566	10
Fee and commission expenses	20,465	10,004	105	131,269	106,297	23
Net fee and commission income	1,017,765	923,538	10	957,302	880,269	9
Net interest, fee and commission income	7,115,926	5,771,438	23	7,218,064	5,817,803	24
Net gain/(loss) from trading	(1,022,199)	805,107	(227)	(1,012,691)	770,753	(231)
Net gain/(loss) from financial instruments designated at fair value through profit or loss	-	-	-	-	-	-
Net gain/(loss) from financial investments	93,833	77,156	22	24,743	30,241	(18)
Other operating income (net)	830,343	(379,516)	(319)	1,703,244	430,166	296
Total operating income	7,017,903	6,274,185	12	7,933,360	7,048,963	13
Impairment for loans and other losses						
Individual impairment	133,597	184,009	(27)	133,597	184,009	(27)
Collective impairment	861,363	392,775	119	861,363	392,775	119
Others	24,145	12,222	98	24,145	12,222	98
Net operating income	5,998,798	5,685,179	6	6,914,255	6,459,957	7
Operating expenses						
Personnel expenses	1,965,413	1,763,737	11	2,108,228	1,909,314	10
Depreciation and amortisation	258,324	240,543	7	308,527	287,756	7
Other expenses	1,659,379	1,475,266	12	2,264,902	1,961,347	15
	3,883,116	3,479,546	12	4,681,657	4,158,417	13
Operating profit before Value Added Tax (VAT)	2,115,682	2,205,633	(4)	2,232,598	2,301,540	(3)
Value Added Tax (VAT) on financial services	425,732	383,324	11	425,732	383,324	11
Operating profit after Value Added Tax (VAT)	1,689,950	1,822,309	(7)	1,806,866	1,918,216	(6)
Share of profits of associates	-	-	-	6,204	(6,509)	(195)
Profit before Income Tax	1,689,950	1,822,309	(7)	1,813,070	1,911,707	(5)
Income Tax expenses	531,996	588,064	(10)	539,004	590,979	(9)
Profit for the period	1,157,954	1,234,245	(6)	1,274,066	1,320,728	(4)
Profit attributable to:						
Owners of the parent	1,157,954	1,234,245	(6)	1,262,191	1,277,973	(1)
Non-controlling interests	-	-	-	11,875	42,755	(72)
Profit for the period	1,157,954	1,234,245	(6)	1,274,066	1,320,728	(4)
Earnings per share on profit						
Basic earnings per ordinary share (Rs.)	2.91	3.11	(6)	3.30	3.35	(1)
Diluted earnings per ordinary share (Rs.)	2.90	3.10	(6)	3.29	3.34	(1)

STATEMENT OF COMPREHENSIVE INCOME

	BANK For the Three Months ended 31st March			GROUP For the Three Months ended 31st March		
	2013 Rs. 000	2012 Rs. 000	% Increase/ (Decrease)	2013 Rs. 000	2012 Rs. 000	% Increase/ (Decrease)
Profit for the period	1,157,954	1,234,245	(6)	1,274,066	1,320,728	(4)
Other comprehensive income, net of tax						
Gains and losses arising from translating the financial statements of foreign operations	-	-	-	(501)	22,224	(102)
Gains and losses on re-measuring available - for - sale financial assets						
Net change in fair value on available - for - sale financial assets	786,419	(162,174)	585	796,816	(165,567)	581
Transfer to life policy holder reserve fund	-	-	-	-	-	-
Net amount transferred to profit or loss - AFS financial assets	-	75,402	(100)	-	75,402	(100)
Changes in revaluation surplus	-	-	-	-	-	-
Others	-	-	-	-	-	-
Other comprehensive income for the period, net of taxes	786,419	(86,772)	1,006	796,315	(67,941)	1,272
Total comprehensive income for the period	1,944,373	1,147,473	69	2,070,381	1,252,787	65
Total comprehensive income attributable to:						
Owners of the parent	1,944,373	1,147,473	69	2,058,084	1,201,200	71
Non-controlling interests	-	-	-	12,297	51,587	(76)
Total comprehensive income for the period	1,944,373	1,147,473	69	2,070,381	1,252,787	65

STATEMENT OF FINANCIAL POSITION

	As at 31.03.2013 Rs. 000	BANK As at 31.12.2012 Rs. 000 (Audited)	% Increase/ (Decrease)	As at 31.03.2013 Rs. 000	GROUP As at 31.12.2012 Rs. 000 (Audited)	% Increase/ (Decrease)
ASSETS						
Cash and cash equivalents	9,871,943	8,769,206	13	10,181,752	8,848,746	15
Balances with central banks	20,465,182	19,933,463	3	20,481,647	19,950,040	3
Placements with banks	5,391,200	10,321,832	(48)	6,722,915	11,667,417	(42)
Derivative financial instruments	204,954	344,552	(41)	204,954	344,552	(41)
Other financial assets held-for-trading	440,579	474,083	(7)	1,311,797	1,078,124	22
Non - current assets held for sale	-	-	-	2,875	2,875	-
Financial assets designated at fair value through profit or loss	-	-	-	-	-	-
Loans and receivables to banks	-	-	-	-	-	-
Loans and receivables to other customers	306,532,754	302,760,980	1	307,316,413	303,922,092	1
Financial investments – Available-for-sale	57,424,753	57,869,546	(1)	58,550,009	58,929,296	(1)
Financial investments – Held-to-maturity	-	-	-	1,457,697	1,643,852	(11)
Financial investments – Loans and Receivables	25,343,288	20,030,669	27	26,425,027	20,904,172	26
Investments in subsidiaries	2,357,285	2,357,285	-	-	-	-
Investments in associates and joint ventures	655,000	655,000	-	517,377	386,172	34
Property, plant and equipment	9,450,256	9,417,915	-	17,802,678	17,815,411	-
Investment properties	348,388	349,708	-	163,717	164,598	(1)
Intangible assets	615,726	556,171	11	745,083	689,501	8
Deferred tax assets	443,254	369,726	20	445,721	372,193	20
Other assets	12,170,481	12,092,197	1	13,123,379	12,679,956	3
Total assets	451,715,043	446,302,333	1	465,453,041	459,398,997	1
LIABILITIES						
Due to banks	27,805,781	30,400,980	(9)	27,906,583	30,400,980	(8)
Derivative financial instruments	1,744,931	1,436,443	21	1,744,931	1,436,443	21
Other financial liabilities held-for-trading	-	-	-	-	-	-
Financial liabilities designated at fair value through profit or loss	-	-	-	-	-	-
Due to other customers	348,175,532	341,423,986	2	347,797,945	340,847,606	2
Other borrowings	3,831,869	4,950,535	(23)	5,272,406	6,747,144	(22)
Debt securities issued	-	-	-	150,000	150,000	-
Current tax liabilities	1,866,616	1,755,429	6	1,966,046	1,839,714	7
Insurance provision -Life	-	-	-	3,881,655	3,626,239	7
Insurance provision -General	-	-	-	1,175,905	969,441	21
Deferred tax liabilities	1,484,237	1,478,341	-	1,553,135	1,556,312	-
Other provisions	3,605,001	4,240,493	(15)	3,666,008	4,400,098	(17)
Other liabilities	12,861,488	9,554,819	35	13,688,963	10,268,110	33
Due to subsidiaries	-	-	-	-	-	-
Subordinated term debts	4,671,097	4,585,568	2	4,648,316	4,563,011	2
Total liabilities	406,046,552	399,826,594	2	413,451,893	406,805,098	2

STATEMENT OF FINANCIAL POSITION

	BANK			GROUP		
	As at 31.03.2013 Rs. 000	As at 31.12.2012 Rs. 000 (Audited)	% Increase/ (Decrease)	As at 31.03.2013 Rs. 000	As at 31.12.2012 Rs. 000 (Audited)	% Increase/ (Decrease)
EQUITY						
Stated capital	12,609,139	12,579,479	-	12,609,139	12,579,479	-
Statutory reserve funds	4,931,153	4,530,562	9	4,931,153	4,530,562	9
Retained earnings	2,200,497	4,225,948	39	3,524,479	5,321,845	(34)
Other reserves	25,927,704	25,139,750	(11)	29,990,002	29,192,575	3
Total shareholders' equity	45,668,493	46,475,739	(2)	51,054,771	51,624,461	(1)
Non-controlling interests	-	-	-	946,377	969,438	(2)
Total equity	45,668,491	46,475,739	(2)	52,001,148	52,593,899	(1)
Total equity and liabilities	451,715,043	446,302,333	1	465,453,041	459,398,997	1
Contingent liabilities and commitments	164,749,144	164,367,012	-	164,749,144	164,367,012	-
Net asset value per share (Rs.)	114.88	116.99	(2)	128.43	129.96	(1)
Memorandum Information						
Number of Employees	4,668	4,679				
Number of Branches	249	247				

CERTIFICATION

I certify that the above financial statements are in compliance with the requirements of the Companies Act No. 7 of 2007 and give a true and fair view of the state of affairs of Hatton National Bank PLC and the Group as at 31st March 2013 and its profit for the 3 months ended 31st March 2013.

(Sgd.)

Ajantha de Vas Gunasekara
Chief Financial Officer
07th May 2013

We the undersigned, being the Acting Chief Executive Officer / Executive Director and the Chairperson of Hatton National Bank PLC certify that :

- (a) the above statements have been prepared in compliance with the formats and definitions prescribed by the Central Bank of Sri Lanka and Rule 7.4 of Colombo Stock Exchange.
- (b) the information contained in these statements have been extracted from the unaudited financial statements of the Bank, it's Associate, Joint Venture and Subsidiary Companies unless indicated as audited.

(Sgd.)

Jonathan Alles
Acting Chief Executive Officer / Executive Director
07th May 2013

(Sgd.)

Ranee Jayamaha
Chairperson
07th May 2013

STATEMENT OF CHANGES IN EQUITY - BANK

	Stated Capital		Statutory Reserves			Other Reserves				Total Equity
	Voting	Non-voting	Reserve Fund	Investment Fund	Available for Sale Reserve	Capital Reserve	General Reserve	ESOP Reserve	Retained Earnings	
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	
For the 3 months ended 31st March 2013										
Balance as at 31st December 2012	10,049,259	2,530,220	2,230,000	2,300,562	2,693,821	4,469,414	17,800,000	176,515	4,225,948	46,475,739
Total comprehensive income for the period										
Profit for the period	-	-	-	-	-	-	-	-	1,157,954	1,157,954
Other Comprehensive										
Income for the period (net of tax)	-	-	-	-	786,419	-	-	-	-	786,419
Total comprehensive income for the period	-	-	-	-	786,419	-	-	-	1,157,954	1,944,373
Transactions with equity holders, recognised directly in equity										
Share options exercised	22,362	7,298	-	-	-	-	-	-	-	29,660
Final Dividend 2012	-	-	-	-	-	-	-	-	(2,782,814)	(2,782,814)
Deferred Tax Liability for Revaluation Reserve	-	-	-	-	-	1,535	-	-	-	1,535
Transfer to Investment Fund	-	-	-	400,591	-	-	-	-	(400,591)	-
Total transactions with equity holders	22,362	7,298	-	400,591	-	1,535	-	-	(3,183,405)	(2,751,619)
Balance as at 31st March 2013	10,071,621	2,537,518	2,230,000	2,701,153	3,480,240	4,470,949	17,800,000	176,515	2,200,497	45,668,493
For the 3 months ended 31st March 2012										
Balance as at 31st December 2011	9,143,326	2,308,125	1,800,000	978,337	2,334,403	3,009,986	15,400,000	-	3,009,553	37,983,730
Total comprehensive income for the period										
Profit for the period	-	-	-	-	-	-	-	-	1,234,245	1,234,245
Other Comprehensive										
Income for the period (net of tax)	-	-	-	-	(86,772)	-	-	-	-	(86,772)
Total comprehensive income for the period	-	-	-	-	(86,772)	-	-	-	1,234,245	1,147,473
Transactions with equity holders, recognised directly in equity										
Share options exercised	6,643	1,371	-	-	-	-	-	-	-	8,014
Final Dividend - Scrip 2011	840,958	208,471	-	-	-	-	-	-	(1,049,429)	-
Final Dividend - Cash 2011	-	-	-	-	-	-	-	-	(1,282,635)	(1,282,635)
Deferred Tax Liability for Revaluation Reserve	-	-	-	-	-	541	-	-	-	541
ESOP allocation - 2012	-	-	-	-	-	-	-	176,515	-	176,515
Transfer to Investment Fund	-	-	-	343,546	-	-	-	-	(343,546)	-
Total transactions with equity holders	847,601	209,842	-	343,546	-	541	-	176,515	(2,675,610)	(1,097,565)
Balance as at 31st March 2012	9,990,927	2,517,967	1,800,000	1,321,883	2,247,631	3,010,527	15,400,000	176,515	1,568,188	38,033,638

STATEMENT OF CHANGES IN EQUITY - GROUP

	Stated Capital		Statutory Reserves			Available for sale Reserve Rs.000	Capital Reserve Rs.000	Other Reserves			ESOP Reserve Rs.000	Retained Earnings Rs.000	Non Controlling Interest Rs.000	Total Equity Rs.000		
	Voting Rs.000	Non-Voting Rs.000	Reserve Fund Rs.000	Investment Fund Rs.000	Treasury Shares Rs.000			Exchange Equalisation Reserve Rs.000	Life Policy holder reserve Fund Rs.000	General Reserve Rs.000					Equalisation Reserve Rs.000	Life Policy holder reserve Fund Rs.000
For the period ended 31st March 2013																
Balance as at 31st December 2012	10,049,259	2,530,220	2,230,000	2,300,562	(310,938)	2,724,492	8,795,153	17,800,000	8,544	(1,191)	176,515	5,321,845	969,438	52,593,899		
Total comprehensive income for the period																
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	1,262,191	11,875	1,274,066		
Other Comprehensive Income for the period (net of tax)	-	-	-	-	-	788,247	-	-	(200)	7,845	-	-	422	796,314		
Total comprehensive income for the year	-	-	-	-	-	788,247	-	-	(200)	7,845	-	1,262,191	12,297	2,070,380		
Transactions with equity holders, recognised directly in equity																
Share options exercised	22,362	7,298	-	-	-	-	-	-	-	-	-	-	-	29,658		
Final Dividend 2012	-	-	-	-	-	-	-	-	-	-	-	(2,674,308)	(55,000)	(2,729,308)		
Deferred Tax Liability for Revaluation Reserve	-	-	-	-	-	-	1,535	-	-	-	-	-	-	1,535		
Deemed disposal gain in Joint Venture Group	-	-	-	-	-	-	-	-	-	-	-	15,342	19,642	34,984		
Transfer to Investment Fund	-	-	-	400,591	-	-	-	-	-	-	-	(400,591)	-	-		
Total Transactions with equity holders	22,362	7,298	-	400,591	-	-	1,535	-	-	-	-	(3,059,557)	(35,358)	(2,663,131)		
Balance as at 31st March 2013	10,071,621	2,537,518	2,230,000	2,701,153	(310,938)	3,512,739	8,796,688	17,800,000	8,344	6,654	176,515	3,524,479	946,377	52,001,148		
For the period ended 31st March 2012																
Balance as at 31st December 2011	9,143,326	2,308,125	1,800,000	978,337	(310,938)	2,364,801	6,403,549	15,400,000	5,733	(22,526)	-	3,504,132	782,224	42,356,763		
Total comprehensive income for the period																
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	1,277,973	42,755	1,320,728		
Other Comprehensive Income for the period (net of tax)	-	-	-	-	-	(86,597)	-	-	13,353	(3,528)	-	-	8,831	(67,941)		
Total comprehensive income for the year	-	-	-	-	-	(86,597)	-	-	13,353	(3,528)	-	1,277,973	51,586	1,252,787		
Transactions with equity holders, recognised directly in equity																
Share options exercised	6,643	1,371	-	-	-	-	-	-	-	-	-	-	-	8,014		
Final dividend - Scrip 2011	840,958	208,471	-	-	-	-	-	-	-	-	-	(1,049,429)	-	-		
Final Dividend - Cash 2011	-	-	-	-	-	-	-	-	-	-	-	(1,237,426)	(42,000)	(1,279,426)		
Deferred Tax Liability for Revaluation Reserve	-	-	-	-	-	-	541	-	-	-	-	-	-	541		
ESOP allocation - 2012	-	-	-	-	-	-	-	-	-	-	176,515	-	-	176,515		
Subsidiary write off	-	-	-	-	-	-	-	-	3,665	-	-	(3,665)	-	-		
Transfer to Investment Fund	-	-	-	343,546	-	-	-	-	-	-	-	(343,546)	-	-		
Deemed Disposal Gain in Joint Venture	-	-	-	-	-	-	-	-	-	-	-	58,725	47,551	106,276		
Total Transactions with equity holders	847,601	209,842	-	343,546	-	-	541	-	3,665	-	176,515	(2,575,341)	5,551	(988,080)		
Balance as at 31st March 2012	9,990,927	2,517,967	1,800,000	1,321,883	(310,938)	2,278,204	6,404,090	15,400,000	22,751	(26,054)	176,515	2,206,764	839,361	42,621,470		

CASH FLOW STATEMENT

Cash Flow Statement for the 3 months ended 31st March	BANK		GROUP	
	2013 Rs.000	2012 Rs.000	2013 Rs.000	2012 Rs.000
Cash Flows from Operating Activities				
Interest & Commission Receipts	12,395,807	10,620,304	12,400,587	10,744,478
Interest Payments	(7,581,136)	(5,121,361)	(7,618,377)	(5,149,705)
Receipts from other Operating Activities	331,216	511,680	1,131,463	1,151,698
Cash Payments to Employees	(2,005,939)	(1,626,749)	(2,277,953)	(1,775,369)
Recoveries from loans written off in previous years	2,160	1,562	2,160	1,562
Cash Payments to Suppliers and Other Operating Activities	(2,570,852)	(1,645,350)	(2,852,738)	(1,980,075)
Operating Profit before Changes in Operating Assets & Liabilities	571,256	2,740,086	785,142	2,992,589
(Increase)/ Decrease in Operating assets				
Deposits held for Regulatory or Monetary Control Purpose	(531,719)	(922,661)	(531,719)	(922,661)
Loans and advances	(4,131,040)	(26,435,509)	(3,786,562)	(26,381,186)
Other Short Term assets	229,748	(991,706)	(235,302)	(1,332,185)
	<u>(4,433,011)</u>	<u>(28,349,876)</u>	<u>(4,553,583)</u>	<u>(28,636,032)</u>
Increase / (Decrease) in Operating Liabilities				
Deposits from Customers	6,758,077	21,446,859	6,956,870	21,402,859
Other Liabilities	759,356	(18,169)	1,253,365	212,943
	<u>7,517,433</u>	<u>21,428,690</u>	<u>8,210,235</u>	<u>21,615,802</u>
Net Cash Generated from / (used in) Operating Activities before Income Tax	3,655,678	(4,181,100)	4,441,794	(4,027,641)
Income Taxes Paid	(320,514)	(458,139)	(321,450)	(462,722)
Net Cash Generated from / (used in) Operating Activities	<u>3,335,164</u>	<u>(4,639,239)</u>	<u>4,120,344</u>	<u>(4,490,363)</u>
Cash Flows from Investing Activities				
Dividend Income	22,769	33,210	31,041	43,965
Net Proceeds from Sale, Maturity and Purchase of Financial Investments	(2,827,507)	3,013,591	(3,056,760)	3,043,039
Purchase of Property, Plant & Equipment	(240,306)	(205,755)	(245,280)	(210,698)
Purchase of Intangible Assets	(108,622)	(24,949)	(108,622)	(24,949)
Improvements to Investment Properties	(25)	-	(304)	-
Investment in Associate Company	-	-	(125,000)	-
Proceeds from Deemed disposal of shares in subsidiary company	-	-	34,984	106,276
Proceeds from Sale of Property Plant & Equipment	844	16,643	875	16,933
Net Cash Flows Generated from / (used in) Investing Activities	<u>(3,152,847)</u>	<u>2,832,740</u>	<u>(3,469,066)</u>	<u>2,974,566</u>
Cash Flows from Financing Activities				
Increase/ (Decrease) of Borrowings / Term loans	(3,998,986)	6,937,444	(4,251,548)	6,623,398
Dividends Paid	(40,884)	(13,882)	(40,884)	(13,882)
Proceeds from issue of shares under ESOP	29,658	8,014	29,658	8,014
Share issue expenses	-	(104)	-	(104)
Net Cash Generated from / (used in) Financing Activities	<u>(4,010,212)</u>	<u>6,931,472</u>	<u>(4,262,774)</u>	<u>6,617,426</u>
Net Increase/ (Decrease) in Cash and Cash Equivalents	(3,827,895)	5,124,973	(3,611,496)	5,101,629
Cash and Cash Equivalents at the Beginning of the year	19,091,038	14,762,634	20,516,163	15,820,223
Cash and Cash Equivalents at the End of the period	<u>15,263,143</u>	<u>19,887,607</u>	<u>16,904,667</u>	<u>20,921,852</u>

ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS - BANK

As at 31st March 2013	HFT	Designated at	HTM	Amortised	AFS	Hedging	Total
	Rs. 000	Fair Value Rs. 000	Rs. 000	Cost Rs. 000	Rs. 000	Rs. 000	Rs. 000
ASSETS							
Cash and cash equivalents	-	-	-	9,871,943	-	-	9,871,943
Balances with Central Banks	-	-	-	20,465,182	-	-	20,465,182
Placements with Banks	-	-	-	5,391,200	-	-	5,391,200
Derivative financial instruments	204,954	-	-	-	-	-	204,954
Other financial assets at fair value through profit or loss	-	-	-	-	-	-	-
Loans and receivables to Banks	-	-	-	-	-	-	-
Loans and receivables to other customers	-	-	-	306,532,754	-	-	306,532,754
Financial investments	440,579	-	-	25,343,288	57,424,753	-	83,208,620
Total financial assets	645,533	-	-	367,604,367	57,424,753	-	425,674,653
	HFT	Designated at	Amortised	Hedging	Total		
	Rs. 000	Fair Value Rs. 000	Cost Rs. 000	Rs. 000	Rs. 000		
LIABILITIES							
Due to Banks	-	-	27,805,781	-	27,805,781		
Derivative financial instruments	1,744,931	-	-	-	1,744,931		
Other financial liabilities at fair value through profit or loss	-	-	-	-	-		
Due to other customers	-	-	348,175,532	-	348,175,532		
Other borrowings	-	-	3,831,869	-	3,831,869		
Debt securities issued	-	-	-	-	-		
Total financial liabilities	1,744,931	-	379,813,182	-	381,558,113		

As at 31st December 2012	HFT	Designated at	HTM	Amortised	AFS	Hedging	Total
	Rs. 000	Fair Value Rs. 000	Rs. 000	Cost Rs. 000	Rs. 000	Rs. 000	Rs. 000
ASSETS							
Cash and cash equivalents	-	-	-	8,769,206	-	-	8,769,206
Balances with Central Banks	-	-	-	19,933,463	-	-	19,933,463
Placements with Banks	-	-	-	10,321,832	-	-	10,321,832
Derivative financial instruments	344,552	-	-	-	-	-	344,552
Other financial assets at fair value through profit or loss	-	-	-	-	-	-	-
Loans and receivables to Banks	-	-	-	-	-	-	-
Loans and receivables to other customers	-	-	-	302,760,980	-	-	302,760,980
Financial investments	474,083	-	-	20,030,669	57,869,546	-	78,374,298
Total financial assets	818,635	-	-	361,816,150	57,869,546	-	420,504,331
	HFT	Designated at	Amortised	Hedging	Total		
	Rs. 000	Fair Value Rs. 000	Cost Rs. 000	Rs. 000	Rs. 000		
LIABILITIES							
Due to Banks	-	-	30,400,980	-	30,400,980		
Derivative financial instruments	1,436,443	-	-	-	1,436,443		
Other financial liabilities at fair value through profit or loss	-	-	-	-	-		
Due to other customers	-	-	341,423,986	-	341,423,986		
Other borrowings	-	-	4,950,535	-	4,950,535		
Debt securities issued	-	-	-	-	-		
Total financial liabilities	1,436,443	-	376,775,501	-	378,211,944		

ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS - GROUP

As at 31st March 2013	HFT	Designated at Fair Value	HTM	Amortised Cost	AFS	Hedging	Total
	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000
ASSETS							
Cash and cash equivalents	-	-	-	10,181,752	-	-	10,181,752
Balances with central banks	-	-	-	20,481,647	-	-	20,481,647
Placements with banks	-	-	-	6,722,915	-	-	6,722,915
Derivative financial instruments	204,954	-	-	-	-	-	204,954
Other financial assets at fair value through profit or loss	-	-	-	-	-	-	-
Loans and receivables to banks	-	-	-	-	-	-	-
Loans and receivables to other customers	-	-	-	307,316,413	-	-	307,316,413
Financial investments	1,311,797	-	1,457,697	26,425,027	58,550,009	-	87,744,530
Total financial assets	1,516,751	-	1,457,697	371,127,754	58,550,009	-	432,652,211
	HFT	Designated at Fair Value	Amortised Cost	Hedging	Total		
	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000		
LIABILITIES							
Due to banks	-	-	27,906,583	-	27,906,583		
Derivative financial instruments	1,744,931	-	-	-	1,744,931		
Other financial liabilities at fair value through profit or loss	-	-	-	-	-		
Due to other customers	-	-	347,797,945	-	347,797,945		
Other borrowings	-	-	5,272,406	-	5,272,406		
Debt securities issued	-	-	150,000	-	150,000		
Total financial liabilities	1,744,931	-	381,126,934	-	382,871,865		
	HFT	Designated at Fair Value	Amortised Cost	Hedging	Total		
	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000		
ASSETS							
Cash and cash equivalents	-	-	-	8,848,746	-	-	8,848,746
Balances with central banks	-	-	-	19,950,040	-	-	19,950,040
Placements with banks	-	-	-	11,667,417	-	-	11,667,417
Derivative financial instruments	344,552	-	-	-	-	-	344,552
Other financial assets at fair value through profit or loss	-	-	-	-	-	-	-
Loans and receivables to banks	-	-	-	-	-	-	-
Loans and receivables to other customers	-	-	-	303,922,092	-	-	303,922,092
Financial investments	1,078,124	-	1,643,852	20,904,172	58,929,296	-	82,555,444
Total financial assets	1,422,676	-	1,643,852	365,292,467	58,929,296	-	427,288,291
	HFT	Designated at Fair Value	Amortised Cost	Hedging	Total		
	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000		
LIABILITIES							
Due to banks	-	-	30,400,980	-	30,400,980		
Derivative financial instruments	1,436,443	-	-	-	1,436,443		
Other financial liabilities at fair value through profit or loss	-	-	-	-	-		
Due to other customers	-	-	340,847,606	-	340,847,606		
Other borrowings	-	-	6,747,144	-	6,747,144		
Debt securities issued	-	-	150,000	-	150,000		
Total financial liabilities	1,436,443	-	378,145,730	-	379,582,173		

SEGMENT REPORTING

3 months ended 31st March	Banking		Leasing		Dealing		Property		Insurance		Elimination/unallocated		Consolidated	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Total revenue from external customers	13,688,104	10,520,475	878,045	883,288	107,859	138,703	59,281	81,324	950,083	800,209	351	(55,418)	15,683,723	12,368,581
Inter segment revenue	56,634	67,845	-	-	683	868	165,144	165,085	12,295	18,993	-	-	234,756	252,791
Total revenue	13,744,738	10,588,320	878,045	883,288	108,542	139,571	224,425	246,409	962,378	819,202	350	(55,419)	15,918,479	12,621,372
Segment result	1,320,062	1,492,977	628,212	569,872	9,249	49,567	109,609	102,790	74,602	54,477	(27,001)	(62,861)	2,114,733	2,206,822
Unallocated expenses	-	-	-	-	-	-	-	-	-	-	-	-	(307,867)	(288,606)
Profit from operations	-	-	-	-	-	-	-	-	-	-	-	-	1,806,866	1,918,216
Income from associates	-	-	-	-	-	-	-	-	-	-	-	-	6,204	(6,509)
Taxes	-	-	-	-	-	-	-	-	-	-	-	-	(539,004)	(590,979)
Non Controlling Interest	-	-	-	-	-	-	-	-	-	-	-	-	(11,875)	(42,755)
Profit for the Equity holder of the Bank	-	-	-	-	-	-	-	-	-	-	-	-	1,262,191	1,277,973
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	-	1,274,066	1,320,728
Other comprehensive Income,Net of tax	786,419	(86,772)	-	-	744	236	-	-	1,808	(100)	7,344	18,695	796,315	(67,941)
Total Comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	2,070,381	1,252,787
Non Controlling Interest	-	-	-	-	-	-	-	-	-	-	-	-	(12,297)	(51,587)
Profit for the Equity holder of the Bank	-	-	-	-	-	-	-	-	-	-	-	-	2,058,084	1,201,200
Total assets	427,105,733	384,786,886	24,609,310	26,435,312	3,297,657	3,101,148	7,867,226	7,600,296	7,603,273	6,536,514	(5,030,158)	(6,009,801)	465,453,041	422,450,355
Total liabilities	381,437,242	346,753,249	24,609,310	26,435,312	1,961,602	1,843,471	1,679,808	2,516,255	5,813,943	5,021,600	(2,050,012)	(2,737,552)	413,451,893	379,832,335
Cash flow from operating activities	2,664,396	(3,455,298)	670,768	(1,183,941)	83,275	92,767	132,438	118,966	167,466	203,106	402,001	(265,963)	4,120,344	(4,490,363)
Cash flow from Investing activities	(3,152,847)	2,832,740	-	-	(493,144)	(75,440)	355	(2,213)	(113,453)	(103,324)	290,023	322,803	(3,469,066)	2,974,566
Cash flow from financing activities	(4,010,212)	6,931,472	-	-	69,969	132,924	(62,520)	(162,520)	(137,500)	(105,000)	(122,511)	(179,450)	(4,262,774)	6,617,426

EXPLANATORY NOTES

Explanatory notes

1. There are no changes in accounting policies and methods of computation since the publication of annual accounts for the year 2012.
2. There are no material changes during the period in the composition of assets, liabilities, contingent liabilities and use of funds raised through debentures. All known expenditure items have been provided for.
3. These interim financial statements are presented in accordance with LKAS 34 – Interim Financial Reporting and provide the information as required in terms of Rule 7.4 of the Colombo Stock Exchange.
4. Where required, figures on the audited annual financial statements have been reclassified to conform to Central Bank of Sri Lanka publication requirements.
5. Details of Employee Share Option Plan (ESOP)

	Allocation 2008*		Allocation 2010**		Allocation 2012***	
	Voting	Non voting	Voting	Non voting	Voting	Non voting
Number of options brought forward	84,222	15,769	2,877,970	675,023	3,792,336	896,018
Number of options allotted	-	-	-	-	-	-
Number of options exercised	-	-	(86,706)	(39,426)	(15,416)	(17,174)
Number of options expired	(84,222)	(15,769)	(781)	(335)	(69,372)	(7,642)
Number of options remaining	-	-	2,790,483	635,262	3,707,548	871,202
Option exercise price	Rs. 77.33	Rs. 35.07	Rs. 111.43	Rs. 65.67	Rs. 145.79	Rs. 81.43
Average market price	Rs. 153.03	Rs. 120.77	Rs. 153.03	Rs. 120.77	Rs. 153.03	Rs. 120.77

*These options were allocated on 28th March 2008 and the retention period ended on 27th March 2009.

**These options were allocated on 20th April 2010 and the retention period ended on 19th April 2011.

***These options were allocated on 30th March 2012 and the retention period will end on 30th March 2013.

The outstanding options can be exercised within four years from the end of retention period or at retirement, resignation or death whichever occurs first.

6. The consolidated financial statements of the Bank cover the Bank and its subsidiaries HNB Assurance PLC, Sithma Development (Pvt) Ltd and Majan Exchange LLC, & the Group's interest in Joint Venture Acuity Partners (Pvt) Ltd.
7. There are no material events that took place after the Statement of Financial Position date which require adjustment or disclosure in the financial statements other than those disclosed below.
8. Mr. Rajendra Theagarajah, Managing Director/Chief Executive Officer of Hatton National Bank PLC will be retiring from the services of the Bank with effect from 30th June 2013 having reached the age of retirement. He will also be resigning from the Board of Hatton National Bank PLC with effect from the said date. Mr Theagarajah will be on leave pending retirement with effect from 1st May 2013.

Mr. Jonathan Alles who is currently serving as the Deputy Chief Executive Officer will assume responsibilities as the Chief Executive Officer following retirement of Mr. Theagarajah. During the interim period with effect from 1st May 2013 to 30th June 2013 Mr Alles will act as the Acting Chief Executive Officer/Executive Director. This would be subject to the approval of the Director of Bank Supervision of the Central Bank of Sri Lanka.

Further Mrs. Pamela C Cooray retired from the Board with effect from 31st March 2013 and Director - Mr N G Wickremeratne was appointed as the Senior Director with effect from 1st April 2013"

SELECTED PERFORMANCE INDICATORS (AS PER REGULATORY REPORTING)

	As at 31.03.2013	As at 31.12.2012	As at 31.03.2013	As at 31.12.2012
	Bank		Group	
Regulatory Capital Adequacy				
Core capital (Tier 1 Capital) Rs.'000	34,890	37,665	37,499	40,221
Total Capital Base. Rs.'000	42,149	45,224	45,278	48,300
Core capital adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 5%)	12.38%	13.85%	12.68%	14.10%
Total capital adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 10%)	14.96%	16.63%	15.31%	16.94%

	As at 31.03.2013	As at 31.12.2012
	Bank	
Assets Quality (Quality of Loan Portfolio)		
Gross Non-Performing Advances Ratio, % (net of Interest in Suspense)	4.86%	3.66%
Net Non-Performing Advances Ratio, % (net of Interest in Suspense and provisions)	3.04%	1.82%
Profitability (Annualised)		
Interest Margin, %	5.43%	5.32%
Return on Assets (before Tax), %	1.51%	2.43%
Return on Equity, %	10.05%	18.24%
Regulatory Liquidity		
Statutory Liquid Assets, Rs.'000		
Domestic Banking unit	83,317	80,576
Off-Shore Banking Unit	7,053	7,304
Statutory Liquid Assets Ratio % (Minimum requirement 20%)		
Domestic Banking unit	22.24%	21.79%
Off-Shore Banking Unit	25.44%	22.97%

LISTED DEBENTURE INFORMATION

Quarter Ended 31st March	Market Value				Quarter Ended 31st March	Yield as at Last Trade Done	
	2013		2012			2013	2012
	Highest Rs.	Lowest Rs.	Highest Rs.	Lowest Rs.	HNB DEBENTURES 2006		
HNB DEBENTURES 2006					8 year Floating Rate (TB + 2.25% p.a.)	N/T	N/T
8 year Floating Rate (TB + 2.25% p.a.)	N/T	N/T	N/T	N/T	15 year Fixed Rate (11.00% p.a.)	N/T	N/T
15 year Fixed Rate (11.00% p.a.)	N/T	N/T	N/T	N/T	18 year Fixed Rate (11.25% p.a.)	N/T	N/T
18 year Fixed Rate (11.25% p.a.)	N/T	N/T	N/T	N/T	HNB DEBENTURES 2007		
HNB DEBENTURES 2007					10 year Fixed Rate (16.00% p.a.)	N/T	N/T
10 year Fixed Rate (16.00% p.a.)	N/T	N/T	N/T	N/T	15 year Fixed Rate (16.75% p.a.)	N/T	N/T
15 year Fixed Rate (16.75% p.a.)	N/T	N/T	N/T	N/T	HNB DEBENTURES 2011		
HNB DEBENTURES 2011					10 year Fixed Rate (11.50% p.a.)	N/T	N/T
10 year Fixed Rate (11.50% p.a.)	N/T	N/T	N/T	N/T			
N/T – Not Traded as at 31st March					N/T – Not Traded as at 31st March		
Yield to Maturity of Last Trade Done (% p.a)							
Quarter Ended 31st March	2013		2012				
HNB DEBENTURES 2006							
8 year Floating Rate (TB + 2.25% p.a.)**		N/A		N/A			
15 year Fixed Rate (11.00% p.a.)		N/T		N/T			
18 year Fixed Rate (11.25% p.a.)		N/T		N/T			
HNB DEBENTURES 2007							
10 year Fixed Rate (16.00% p.a.)		N/T		N/T			
15 year Fixed Rate (16.75% p.a.)		N/T		N/T			
HNB DEBENTURES 2011							
10 year Fixed Rate (11.50% p.a.)		N/T		N/T			
** The yield to maturity calculation is not applicable for floating rate debentures.							
N/T – Not Traded as at 31st March							

RATIOS OF DEBT		
	31.03.2013	31.12.2012
Debt Equity Ratio (%)	10.23	9.87
	31.03.2013	31.03.2012
Interest Cover (Times)	12.87	12.82
Yield of Comparable Govt. Security for the following HNB Debentures (% p.a.)		
2006 series 8 year maturity	10.25	11.06
2006 series 15 year maturity	11.76	N/Q
2006 series 18 year maturity	11.90	11.83
2007 series 10 year maturity	11.19	11.74
2007 series 15 year maturity	11.85	N/Q
2011 series 10 year maturity	11.85	N/Q
N/Q - Not Quoted		

SHARE INFORMATION

As at	31-Mar-2013	31-Dec-2012
Number of Shares		
Voting	317,846,028	317,650,102
Non-voting	79,698,766	79,596,347
Last Traded Price per Share		
Voting	167.30	148.00
Non-voting	131.80	112.50

For the Quarter Ended	31-Mar-2013	31-Mar-2012
Highest Price per Share		
Voting	169.00	159.00
Non-voting	132.50	96.80
Lowest Price per Share		
Voting	142.50	135.00
Non-voting	111.00	77.50

PUBLIC SHAREHOLDING PERCENTAGE

	As at 31st March 2013
Voting	67% approx.
Non-voting	81% approx.

DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S SHAREHOLDING

	Number of shares	
	31-Mar-2013	31-Dec-2012
1 Dr. Raneer Jayamaha	101	101
2 Mr. R.Theagarajah*	36,788	36,788
3 Mrs.P.C. Cooray*	78,473	78,473
4 Mr. N.G. Wickremeratne	8,451	8,451
5 Ms. M.A.R.C. Cooray	5,312	5,312
6 Dr. W.W. Gamage	101	101
7 Dr. L.R. Karunaratne	1,018	1,018
8 Mr. L.U.D. Fernando	2,667	2,667
9 Mr. D.T.S.H. Mudalige	-	-
10 Miss D.S.C. Jayawardena	500	500
11 Mr. R.S. Captain	6,007	6,007

* Refer explanatory note 8

20 MAJOR SHAREHOLDERS (VOTING) AS AT 31ST MARCH 2013

	Name	No. of Shares	% on Total Voting Capital
1.	Sri Lanka Insurance Corporation Ltd.(General Fund)	47,635,487	14.99
2.	Employees Provident Fund	30,436,612	9.58
3.	Milford Exports (Ceylon) Limited	25,828,280	** 8.13
4.	Mr.Sohli Edelji Captain	23,705,220	7.46
5.	Stassen Exports Ltd	22,387,096	** 7.04
6.	Brown & Company PLC	22,186,122	6.98
7.	Sonetto Holdings Limited	14,697,921	4.62
8.	HSBC Int'l Nominees Ltd-JPLMU-Franklin Templeton Investment Fund	11,812,999	3.72
9.	Distilleries Company of Sri Lanka PLC	10,016,272	** 3.15
10.	National Savings Bank	9,371,940	2.95
11.	Standard Chartered Bank Singapore S/A HL Bank Singapore	6,235,188	1.96
12.	Mr.Yonmerenne Simon Hewage Indrakumara Silva	6,008,207	1.89
13.	City Group Global Markets Ltd Agency Trading Prop. Securities	5,835,044	1.84
14.	The Bank of New York Mellon SA/NV-CF Ruffer Total return Fund	5,138,289	1.62
15.	The Bank of New York Mellon SA/NV-CF Ruffer Absolute Return Fund	3,448,972	1.09
16.	Ms.Leesha Anne Captain	2,870,020	0.90
17.	Seylan Bank Plc/ ARC Capital (Pvt) Ltd	2,826,648	0.89
18.	BNY-CF Ruffer Investment Funds :CF Ruffer Pacific Fund	2,628,518	0.83
19.	Employees Trust Fund	2,020,976	0.64
20.	Mrs. Cheryl Susan De Fonseka	1,696,175	0.53

**Pursuant to the provisions of the Banking Act Directions No. 1 of 2007, the total collective voting rights in the Bank, of Milford Exports (Ceylon) Limited, Stassen Exports Limited and Distilleries Company of Sri Lanka (who collectively hold 18.33% of the voting shares of the Bank) are limited to 10% of the total voting rights of the Bank with effect from 15th March 2012 as the voting rights in excess of such percentage is deemed invalid from that date.

20 MAJOR SHAREHOLDERS (NON-VOTING) AS AT 31ST MARCH 2013

	Name	No. of Shares	% on Total Non-Voting Capital
1.	Legallnc Trustee Services (Pvt) Ltd	15,500,925	19.45
2.	HSBC Intl Nominees Ltd-JPLMU-Franklin Templeton Investment Fund	4,525,980	5.68
3.	Employees Trust Fund Board	2,633,644	3.30
4.	The Bank of New York Mellon SA/NV-CF Ruffer Total Return Fund	2,557,103	3.21
5.	HINL-JPMCB-Butterfield Trust (Bermuda) LTD	1,985,885	2.49
6.	The Bank of New York Mellon SA/NV-CF Ruffer Absolute Return	1,703,364	2.14
7.	Mr. Sohli Edelji Captain	1,442,839	1.81
8.	Pershing LLC S/A Averbach Grauson & Co.	1,190,438	1.49
9.	National Savings Bank	1,103,175	1.38
10.	BNY-CF Ruffer Investment Funds:CF Ruffer Pacific Fund	1,011,115	1.27
11.	Akbar Brothers Pvt Ltd A/c No.1	837,122	1.05
12.	CITI Bank NY S/A Forward International Dividend Fund	746,894	0.94
13.	DFCC Bank A/c No.01	715,947	0.90
14.	Waldock Mackenzie Ltd/Mr. H M S Abdulhussein	641,487	0.80
15.	Bank of Ceylon A/c Ceybank Century Growth Fund	633,499	0.79
16.	CITI Bank NY S/A Forward Select EM Dividend Fund	619,916	0.78
17.	Mr. Jayampathi Divale Bandaranayake	591,189	0.74
18.	Hatton National Bank PLC A/c No.2	574,733	0.72
19.	Northern Trust Company S/A Polar Capital Fund	539,015	0.68
20.	Union Assurance PLC No. 1 A/c	521,346	0.65