



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

**Interim Financial Statements
for the 9 months ended 30th September 2013**

INCOME STATEMENT

	BANK						GROUP					
	For the 9 months ended 30th September			For the quarter ended 30th September			For the 9 months ended 30th September			For the quarter ended 30th September		
	2013 Rs.000	2012 Rs.000	% Increase/ (Decrease)	2013 Rs.000	2012 Rs.000	% Increase/ (Decrease)	2013 Rs.000	2012 Rs.000	% Increase/ (Decrease)	2013 Rs.000	2012 Rs.000	% Increase/ (Decrease)
Income	45,415,498	37,477,478	21	15,205,764	13,440,750	13	48,820,955	40,287,663	21	16,404,144	14,485,797	13
Interest income	42,048,217	33,896,140	24	13,831,209	12,390,613	12	42,697,062	34,335,828	24	14,057,126	12,578,176	12
Interest expenses	23,493,346	17,983,585	31	7,793,806	6,772,031	15	23,609,504	18,096,187	30	7,840,659	6,838,883	15
Net interest income	18,554,871	15,912,555	17	6,037,403	5,618,582	7	19,087,558	16,239,641	18	6,216,467	5,739,293	8
Fee and commission income	3,200,523	2,756,946	16	1,156,764	901,948	28	3,410,471	2,945,747	16	1,204,297	955,953	26
Fee and commission expenses	61,550	38,674	59	20,389	14,292	43	419,430	359,929	17	139,938	122,404	14
Net fee and commission income	3,138,973	2,718,272	15	1,136,375	887,656	28	2,991,041	2,585,818	16	1,064,359	833,549	28
Net interest, fee and commission income	21,693,844	18,630,827	16	7,173,778	6,506,238	10	22,078,599	18,825,459	17	7,280,826	6,572,842	11
Net gain/(loss) from trading	(988,309)	(649,412)	(52)	26,821	(1,293,861)	102	(970,142)	(630,553)	(54)	10,843	(1,227,225)	101
Net gain/(loss) from financial instruments designated at fair value through profit or loss	-	-	-	-	-	-	-	-	-	-	-	-
Net gain/(loss) from financial investments	222,431	154,387	44	17,554	14,372	22	244,874	167,132	47	32,333	15,469	109
Other operating income (net)	932,636	1,319,417	(29)	173,416	1,427,678	(88)	3,438,690	3,469,509	(1)	1,099,545	2,163,424	(49)
Total operating income	21,860,602	19,455,219	12	7,391,569	6,654,427	11	24,792,021	21,831,547	14	8,423,547	7,524,510	12
Impairment for loans and other losses												
Individual impairment	93,278	147,408	(37)	(206,290)	(153,788)	34	93,278	147,408	(37)	(206,290)	(153,788)	34
Collective impairment	2,674,701	921,779	190	292,641	87,914	233	2,674,701	921,779	190	292,641	87,914	233
Others	57,995	108,196	(46)	79,652	173,444	(54)	57,995	108,196	(46)	79,652	173,444	(54)
Net operating income	19,034,628	18,277,836	4	7,225,566	6,546,857	10	21,966,047	20,654,164	6	8,257,544	7,416,940	11
Operating expenses												
Personnel expenses	4,055,458	5,231,376	(22)	1,782,600	1,752,697	2	4,518,586	5,664,985	(20)	1,942,274	1,902,106	2
Depreciation and amortisation	796,699	727,971	9	269,850	244,913	10	945,547	861,298	10	318,135	287,463	11
Other expenses	5,367,440	4,547,694	18	1,929,798	1,537,765	25	7,256,231	5,951,760	22	2,608,951	2,078,733	26
	10,219,597	10,507,041	(3)	3,982,248	3,535,375	13	12,720,364	12,478,043	2	4,869,360	4,268,302	14
Operating profit/(loss) before value added tax (VAT)	8,815,031	7,770,795	13	3,243,318	3,011,482	8	9,245,683	8,176,121	13	3,388,184	3,148,638	8
Value added tax (VAT) on financial services	1,347,171	1,125,912	20	471,837	436,270	8	1,347,171	1,125,912	20	471,837	436,270	8
Operating profit/(loss) after value added tax (VAT)	7,467,860	6,644,883	12	2,771,481	2,575,212	8	7,898,512	7,050,209	12	2,916,347	2,712,368	8
Share of profit/(loss) of associates	-	-	-	-	-	-	115,274	11,431	908	60,076	13,664	340
Profit/(loss) before tax	7,467,860	6,644,883	12	2,771,481	2,575,212	8	8,013,786	7,061,640	13	2,976,423	2,726,032	9
Tax expenses	2,128,523	2,016,739	6	574,061	746,865	(23)	2,172,371	2,064,806	5	587,494	769,445	(24)
Profit/(loss) for the period	5,339,337	4,628,144	15	2,197,420	1,828,347	20	5,841,415	4,996,834	17	2,388,929	1,956,587	22
Profit attributable to:												
Owners of the parent	5,339,337	4,628,144	15	2,197,420	1,828,347	20	5,761,915	4,912,588	17	2,349,983	1,936,479	21
Non-controlling interests	-	-	-	-	-	-	79,500	84,246	(6)	38,946	20,108	94
Profit/(loss) for the period	5,339,337	4,628,144	15	2,197,420	1,828,347	20	5,841,415	4,996,834	17	2,388,929	1,956,587	22
Earnings per share on profit												
Basic earnings per ordinary share (Rs.)	13.41	11.67	15	5.51	4.61	20	14.47	12.87	12	5.89	5.07	16
Diluted earnings per ordinary share (Rs.)	13.36	11.63	15	5.49	4.59	20	14.41	12.83	12	5.87	5.06	16

STATEMENT OF COMPREHENSIVE INCOME

	BANK						GROUP					
	For the 9 months ended 30th September			For the quarter ended 30th September			For the 9 months ended 30th September			For the quarter ended 30th September		
	2013 Rs.000	2012 Rs.000	% Increase/ (Decrease)	2013 Rs.000	2012 Rs.000	% Increase/ (Decrease)	2013 Rs.000	2012 Rs.000	% Increase/ (Decrease)	2013 Rs.000	2012 Rs.000	% Increase/ (Decrease)
Profit/(loss) for the period	5,339,337	4,628,144	15	2,197,420	1,828,347	20	5,841,415	4,996,834	17	2,388,929	1,956,587	22
Other comprehensive income, net of tax												
Gains and losses arising from translating the financial statements of foreign operations	-	-	-	-	-	-	1,764	15,487	(89)	-	(7,978)	100
Gains and losses on re-measuring available-for-sale financial assets	377,162	395,189	(5)	(662,444)	737,025	(190)	394,186	395,621	-	(647,849)	738,801	(188)
Net amount transferred to profit or loss - AFS financial assets	-	75,402	(100)	-	-	-	-	75,402	(100)	-	-	-
Transfer to life policy holder reserve fund	-	-	-	-	-	-	939	1,330	(29)	(7,405)	9,222	(180)
Others	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income for the period, net of taxes	377,162	470,591	(20)	(662,444)	737,025	(190)	396,889	487,840	(19)	(655,254)	740,045	(189)
Total comprehensive income for the period	5,716,499	5,098,735	12	1,534,976	2,565,372	(40)	6,238,304	5,484,674	14	1,733,675	2,696,632	(36)
Total comprehensive income attributable to:												
Owners of the parent	5,716,499	5,098,735	12	1,534,976	2,565,372	(40)	6,152,944	5,390,336	14	1,690,648	2,677,916	(37)
Non-controlling interests	-	-	-	-	-	-	85,360	94,338	(10)	43,028	18,716	130
Total comprehensive income for the period	5,716,499	5,098,735	12	1,534,976	2,565,372	(40)	6,238,304	5,484,674	14	1,733,676	2,696,632	(36)

STATEMENT OF FINANCIAL POSITION

As at	BANK			GROUP		
	30th Sept 2013 Rs. 000	31st Dec 2012 Rs. 000 (Audited)	% Increase / (Decrease)	30th Sep 2013 Rs. 000	31st Dec 2012 Rs. 000 (Audited)	% Increase / (Decrease)
Assets						
Cash and cash equivalents	9,418,535	8,769,206	7	10,160,032	8,848,746	15
Balances with Central Banks	16,627,038	19,933,463	(17)	16,627,038	19,950,040	(17)
Placements with banks	1,588,817	10,321,832	(85)	2,656,186	11,667,417	(77)
Derivative financial instruments	208,794	344,552	(39)	208,794	344,552	(39)
Other financial assets held-for-trading	621,899	474,083	31	2,151,289	1,078,124	100
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	335,303,148	302,760,980	11	335,869,108	303,922,092	11
Financial investments - Available-for-sale	62,911,624	57,869,546	9	64,295,631	58,929,296	9
Financial investments - Held-to-maturity	-	-	-	982,732	1,643,852	(40)
Financial investments - Loans and Receivables	32,798,440	20,030,669	64	34,358,337	20,904,172	64
Investments in subsidiaries	2,357,285	2,357,285	-	-	-	-
Investments in associates and joint ventures	655,000	655,000	-	627,581	386,172	63
Property, plant and equipment (net)	9,499,349	9,417,915	1	17,793,483	17,815,411	-
Investment properties	347,842	349,708	(1)	162,059	164,598	(2)
Goodwill and intangible assets	730,782	556,171	31	860,869	689,501	25
Deferred tax assets	883,477	-	-	808,331	-	-
Other assets	12,357,098	12,092,197	2	13,089,656	12,679,956	3
Total assets	486,309,128	445,932,607	9	500,654,001	459,026,804	9
Liabilities						
Due to banks	30,353,742	22,956,432	32	30,454,186	22,956,432	33
Derivative financial instruments	232,915	1,436,443	(84)	232,915	1,436,443	(84)
Other financial liabilities held-for-trading	-	-	-	-	-	-
Financial liabilities designated at fair value through profit or loss	-	-	-	-	-	-
Due to other customers	364,159,493	341,423,986	7	363,757,821	340,847,606	7
Other borrowings	11,247,370	9,228,761	22	12,810,644	11,025,370	16
Debt securities issued	1,370,200	-	-	1,467,701	150,000	878
Current tax liabilities	3,039,160	1,755,429	73	3,162,133	1,839,714	72
Deferred tax liabilities	-	1,108,615	(100)	-	1,184,119	(100)
Insurance provision -Life	-	-	-	4,230,819	3,626,239	17
Insurance provision -General	-	-	-	989,273	969,441	2
Other provisions	3,177,783	4,240,493	(25)	3,253,935	4,400,098	(26)
Other liabilities	11,076,161	9,554,819	16	11,820,201	10,268,110	15
Due to subsidiaries	-	-	-	-	-	-
Subordinated term debts	11,798,302	7,751,890	52	11,725,563	7,729,333	52
Total liabilities	436,455,126	399,456,868	9	443,905,191	406,432,905	9

STATEMENT OF FINANCIAL POSITION						
As at	BANK			GROUP		
	30th Sept 2013	31st Dec 2012	% Increase /	30th Sep 2013	31st Dec 2012	% Increase /
	Rs. 000	Rs. 000	(Decrease)	Rs. 000	Rs. 000	(Decrease)
		(Audited)			(Audited)	
Equity						
Stated capital	12,779,750	12,579,479	2	12,779,750	12,579,479	2
Statutory reserves	5,981,365	4,530,562	32	5,981,365	4,530,562	32
Retained earnings	5,331,668	4,225,948	26	6,847,179	5,321,845	29
Other reserves	25,761,219	25,139,750	2	30,129,600	29,192,575	3
Total shareholders' equity	49,854,002	46,475,739	7	55,737,894	51,624,461	8
Non-controlling interests	-	-	-	1,010,916	969,438	-
Total equity	49,854,002	46,475,739	7	56,748,810	52,593,899	8
Total equity and liabilities	486,309,128	445,932,607	9	500,654,001	459,026,804	9
Contingent liabilities and commitments	175,848,745	164,367,012	7	175,848,745	164,367,012	7
Net Assets Value per Share (Rs.)	124.92	116.99	7	142.20	135.08	5
Memorandum Information						
Number of Employees	4,629	4,679				
Number of Branches	250	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 30th September 2013 and its profit for the 9 months ended 30th September 2013.

(Sgd.)

Ashok Goonesekere

Chief Accountant

08th November 2013

We the undersigned, being the Managing Director / Chief Executive Officer and the Chairperson of Hatton National Bank PLC certify jointly 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 Joint Venture and Subsidiary Companies unless indicated as audited.

(Sgd.)

Jonathan Alles

Managing Director / Chief Executive Officer

08th November 2013

(Sgd.)

Ranee Jayamaha

Chairperson

08th November 2013

STATEMENT OF CHANGES IN EQUITY

BANK	Stated Capital		Statutory Reserves		Other Reserves					Total
	Ordinary Voting Shares Rs.000	Ordinary Non-voting Shares Rs.000	Statutory Reserve Fund Rs.000	Investment Fund Reserve* Rs.000	Available for Sale Reserve Rs.000	Capital Reserve Rs.000	General Reserve Rs.000	ESOP Reserve Rs.000	Retained Earnings Rs.000	
For the 9 months ended 30th September 2013										
Balance as at 31/12/2012	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	-	-	-	-	-	-	-	-	5,339,337	5,339,337
Other Comprehensive Income for the period (net of tax)	-	-	-	-	377,162	-	-	-	-	377,162
Total comprehensive income for the period	-	-	-	-	377,162	-	-	-	5,339,337	5,716,499
Transactions with equity holders, recognised directly in equity										
Issue of shares under ESOP	164,513	35,758	-	-	-	-	-	-	-	200,271
Dividend to equity holders - Final 2012	-	-	-	-	-	-	-	-	(2,782,814)	(2,782,814)
Deferred Tax Liability for Revaluation Reserve	-	-	-	-	-	4,606	-	-	-	4,606
ESOP allocation - 2013	-	-	-	-	-	-	-	239,701	-	239,701
Transfer to Investment Fund	-	-	-	1,450,803	-	-	-	-	(1,450,803)	-
Total transactions with equity holders	164,513	35,758	-	1,450,803	-	4,606	-	239,701	(4,233,617)	(2,338,236)
Balance as at 30/09/2013	10,213,772	2,565,978	2,230,000	3,751,365	3,070,983	4,474,020	17,800,000	416,216	5,331,668	49,854,002
For the 9 months ended 30th September 2012										
Balance as at 31/12/2011	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	-	-	-	-	-	-	-	-	4,628,144	4,628,144
Other Comprehensive Income for the period (net of tax)	-	-	-	-	470,591	-	-	-	-	470,591
Total comprehensive income for the period	-	-	-	-	470,591	-	-	-	4,628,144	5,098,735
Transactions with equity holders, recognised directly in equity										
Issue of shares under ESOP	47,569	8,914	-	-	-	-	-	-	-	56,483
Dividend to equity holders - Final 2011 - Scrip	840,958	208,471	-	-	-	-	-	-	(1,049,429)	-
Dividend to equity holders - Final 2011 - Cash	-	-	-	-	-	-	-	-	(1,282,635)	(1,282,635)
Deferred Tax Liability for Revaluation Reserve	-	-	-	-	-	1,624	-	-	-	1,624
Transfer of Revaluation Reserve for disposal of PPE	-	-	-	-	-	(5,689)	-	-	5,689	-
ESOP allocation - 2012	-	-	-	-	-	-	-	176,515	-	176,515
Transfer to Investment Fund	-	-	-	1,006,417	-	-	-	-	(1,006,417)	-
Total transactions with equity holders	888,527	217,385	-	1,006,417	-	(4,065)	-	176,515	(3,332,792)	(1,048,013)
Balance as at 30/09/2012	10,031,853	2,525,510	1,800,000	1,984,754	2,804,994	3,005,921	15,400,000	176,515	4,304,905	42,034,452

* Tax Saving on the reduction of Financial VAT and Income Tax rate transferred to the Investment Fund as per the guidelines issued by the Department of Inland Revenue and the Central Bank of Sri Lanka.

STATEMENT OF CHANGES IN EQUITY

GROUP	Stated Capital			Statutory Reserve			Other Reserves							Total
	Ordinary Voting Shares	Ordinary Non-voting Shares	Treasury Shares	Statutory Reserve Fund	Investment Fund Reserve*	Available for Sale Reserve	Capital Reserve	General Reserve	ESOP Reserve	Life policy holder Reserve Fund	Exchange Equalization Reserve	Retained Earnings	Minority Interest	
	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	
For the 9 months ended 30th September 2013														
Balance as at 31/12/2012	10,049,259	2,530,220	(310,938)	2,230,000	2,300,562	2,724,492	8,795,153	17,800,000	176,515	(1,191)	8,544	5,321,845	969,438	52,593,899
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-	-	-	5,761,915	79,500	5,841,415
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	5,761,915	79,500	5,841,415
Other Comprehensive Income for the period (net of tax)	-	-	-	-	-	389,384	-	-	-	939	706	-	5,860	396,889
Total comprehensive income for the period	-	-	-	-	-	389,384	-	-	-	939	706	5,761,915	85,360	6,238,304
Transactions with equity holders, recognized directly in equity														
Issue of shares under ESOP	164,513	35,758	-	-	-	-	-	-	-	-	-	-	-	200,271
Effect of non consolidation of special purpose entity	-	-	310,938	-	-	-	-	-	-	-	-	(41,931)	-	269,007
Dividend to equity holders - Final 2012	-	-	-	-	-	-	-	-	-	-	(2,782,814)	-	(57,000)	(2,839,814)
Deferred Tax Liability for Revaluation Reserve	-	-	-	-	-	-	4,606	-	-	-	-	-	-	4,606
ESOP allocation - 2013	-	-	-	-	-	-	-	-	239,701	-	-	-	-	239,701
Effect of disposal of foreign subsidiary	-	-	-	-	-	-	-	-	-	(9,250)	9,250	(29,209)	(29,209)	-
Deemed disposal gain in Joint Venture Group	-	-	-	-	-	-	-	-	-	-	29,717	42,327	72,044	-
Transfer to Investment Fund	-	-	-	-	1,450,803	-	-	-	-	-	-	(1,450,803)	-	-
Total transactions with equity holders	164,513	35,758	310,938	-	1,450,803	-	4,606	-	239,701	-	(9,250)	(4,236,581)	(43,882)	(2,083,394)
Balance as at 30/09/2013	10,213,772	2,565,978	-	2,230,000	3,751,365	3,113,876	8,799,759	17,800,000	416,216	(252)	-	6,847,179	1,010,916	56,748,810
For the 9 months ended 30th September 2012														
Balance as at 31/12/2011	9,143,326	2,308,125	(310,938)	1,800,000	978,337	2,364,801	6,403,549	15,400,000	-	(22,526)	5,733	3,504,132	782,224	42,356,763
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-	-	-	4,912,588	84,246	4,996,834
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	4,912,588	84,246	4,996,834
Other Comprehensive Income for the period (net of tax)	-	-	-	-	-	470,618	-	-	-	1,330	5,800	-	10,092	487,840
Total comprehensive income for the period	-	-	-	-	-	470,618	-	-	-	1,330	5,800	4,912,588	94,338	5,484,674
Transactions with equity holders, recognized directly in equity														
Issue of shares under ESOP	47,569	8,914	-	-	-	-	-	-	-	-	-	-	-	56,483
Dividend to equity holders - Final 2011 - Scrip	840,958	208,471	-	-	-	-	-	-	-	-	(1,166,032)	-	(116,603)	(116,603)
Dividend to equity holders - Final 2011 - Cash	-	-	-	-	-	-	-	-	-	-	(1,120,823)	(51,046)	(1,171,869)	-
Deferred Tax Liability for Revaluation Reserve	-	-	-	-	-	-	1,624	-	-	-	-	-	-	1,624
Transfer of Revaluation Reserve for disposal of PPE	-	-	-	-	-	-	(5,689)	-	-	-	-	5,689	-	-
ESOP allocation - 2012	-	-	-	-	-	-	-	-	176,515	-	-	-	-	176,515
Deemed disposal gain in Joint Venture Group	-	-	-	-	-	-	-	-	-	-	-	67,816	57,299	125,115
Subsidiary written off	-	-	-	-	-	-	-	-	-	3,665	(3,665)	-	-	-
Transfer to Investment Fund	-	-	-	-	1,006,417	-	-	-	-	-	-	(1,006,417)	-	-
Total transactions with equity holders	888,527	217,385	-	-	1,006,417	-	(4,065)	-	176,515	-	3,665	(3,223,432)	6,253	(928,735)
Balance as at 30/09/2012	10,031,853	2,525,510	(310,938)	1,800,000	1,984,754	2,835,419	6,399,484	15,400,000	176,515	(21,196)	15,198	5,193,288	882,815	46,912,702

* Tax Saving on the reduction of Financial VAT and Income Tax rate transferred to the Investment Fund as per the guidelines issued by the Department of Inland Revenue and the Central Bank of Sri Lanka.

STATEMENT OF CASH FLOW

For the nine months ended 30th September	BANK		GROUP	
	2013 Rs.000	2012 Rs.000	2013 Rs.000	2012 Rs.000
Cash Flows from Operating Activities				
Interest & Commission Receipts	38,247,535	31,643,564	38,437,028	32,067,046
Interest Payments	(24,999,461)	(17,876,830)	(25,119,320)	(17,962,058)
Receipts from other Operating Activities	1,394,367	1,352,984	3,919,548	3,405,864
Cash Payments to Employees	(5,078,083)	(4,392,386)	(5,568,366)	(4,819,626)
Recoveries from loans written off in previous years	9,068	4,696	9,068	4,696
Cash Payments to Suppliers and Other Operating Activities	(7,676,188)	(6,064,335)	(8,971,295)	(7,147,624)
Operating Profit before Changes in Operating Assets & Liabilities	<u>1,897,238</u>	<u>4,667,693</u>	<u>2,706,663</u>	<u>5,548,298</u>
(Increase)/ Decrease in Operating assets				
Deposits held for Regulatory or Monetary Control Purpose	3,306,425	(809,327)	3,306,425	(809,327)
Loans and advances	(33,403,725)	(36,090,334)	(32,543,253)	(36,729,900)
Other Short Term assets	(361,474)	292,699	(687,990)	66,014
	<u>(30,458,774)</u>	<u>(36,606,962)</u>	<u>(29,924,818)</u>	<u>(37,473,213)</u>
Increase / (Decrease) in Operating Liabilities				
Deposits from Customers	22,439,442	35,728,825	22,614,150	35,782,624
Other Liabilities	2,249,096	(357,474)	2,470,721	15,858
	<u>24,688,538</u>	<u>35,371,351</u>	<u>25,084,871</u>	<u>35,798,482</u>
Net Cash Generated from / (used in) Operating Activities before Income Tax	<u>(3,872,998)</u>	<u>3,432,082</u>	<u>(2,133,284)</u>	<u>3,873,567</u>
Income Taxes Paid	(2,303,455)	(781,640)	(2,308,615)	(789,693)
Net Cash Generated from / (used in) Operating Activities	<u>(6,176,453)</u>	<u>2,650,442</u>	<u>(4,441,899)</u>	<u>3,083,874</u>
Cash Flows from Investing Activities				
Dividend Income	314,406	242,064	261,425	209,130
Net Proceeds from Sale, Maturity and Purchase of Financial Investments	(13,514,695)	(10,174,706)	(14,405,884)	(10,327,917)
Purchase of Property, Plant & Equipment	(707,715)	(571,117)	(754,142)	(590,119)
Purchase of Intangible Assets	(343,551)	(104,716)	(343,551)	(105,583)
Improvements to Investment Properties	(2,204)	(5,085)	(279)	(5,085)
Investment in Associate Company	-	-	(121,275)	(20,000)
Net cash effect on disposal of subsidiary	56,159	-	9,920	-
Proceeds from Deemed disposal of shares in subsidiary company	-	-	72,044	125,017
Proceeds from Sale of Property Plant & Equipment	17,337	30,691	17,805	31,150
Net Cash Flows used in Investing Activities	<u>(14,180,263)</u>	<u>(10,582,869)</u>	<u>(15,263,938)</u>	<u>(10,683,407)</u>
Cash Flows from Financing Activities				
Increase/ (Decrease) in Debentures	5,126,095	(375,723)	5,027,115	(363,223)
Increase of Borrowings / Term Loans	9,643,829	7,247,988	9,532,671	7,126,298
Dividends Paid	(2,679,721)	(1,300,456)	(2,736,721)	(1,306,292)
Proceeds from issue of shares under ESOP	200,271	56,483	200,271	56,483
Share issue expenses	-	(5,649)	-	(8,149)
Debenture Issue Expenses	(17,444)	-	(17,444)	-
Net Cash Generated from Financing Activities	<u>12,273,030</u>	<u>5,622,643</u>	<u>12,005,892</u>	<u>5,505,117</u>
Net Decrease in Cash and Cash Equivalents	<u>(8,083,686)</u>	<u>(2,309,784)</u>	<u>(7,699,945)</u>	<u>(2,094,416)</u>
Cash and Cash Equivalents at the Beginning of the period	19,091,038	14,762,918	20,516,163	15,820,223
Cash and Cash Equivalents at the End of the period	<u>11,007,352</u>	<u>12,453,134</u>	<u>12,816,218</u>	<u>13,725,807</u>

SEGMENT REPORTING

Period ended 30th September	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	42,493,212	34,541,904	2,776,802	2,757,087	321,448	331,554	102,845	126,005	3,133,840	2,561,542	(7,192)	(30,429)	48,820,955	40,287,663
Inter segment revenue	145,484	178,487	-	-	1,034	4,886	501,266	495,531	40,580	41,614	-	-	688,364	720,518
Total revenue	42,638,696	34,720,391	2,776,802	2,757,087	322,482	336,440	604,111	621,536	3,174,420	2,603,156	(7,192)	(30,429)	49,509,319	41,008,181
Segment result	6,344,036	5,494,946	1,920,523	1,877,908	19,679	63,846	366,547	298,193	222,406	214,169	(29,132)	(37,555)	8,844,059	7,911,507
Unallocated expenses	-	-	-	-	-	-	-	-	-	-	-	-	(945,547)	(861,298)
Profit from operations	-	-	-	-	-	-	-	-	-	-	-	-	7,898,512	7,050,209
Income from associates	-	-	-	-	-	-	-	-	-	-	-	-	115,274	11,431
Taxes	-	-	-	-	-	-	-	-	-	-	-	-	(2,172,371)	(2,064,806)
Non Controlling Interest	-	-	-	-	-	-	-	-	-	-	-	-	(79,500)	(84,246)
Profit for the Equity holder of the Bank	-	-	-	-	-	-	-	-	-	-	-	-	5,761,915	4,912,588
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	-	5,841,415	4,996,834
Other comprehensive Income, Net of tax	377,162	470,591	-	-	21,377	(579)	-	-	(4,353)	1,010	2,703	16,818	396,889	487,840
Total Comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	6,238,304	5,484,674
Non Controlling Interest	-	-	-	-	-	-	-	-	-	-	-	-	(85,360)	(94,338)
Profit for the Equity holder of the Bank	-	-	-	-	-	-	-	-	-	-	-	-	6,152,944	5,390,336
Total assets	462,877,662	402,439,437	23,431,466	25,998,540	3,488,501	3,745,743	7,672,331	7,272,519	7,677,146	6,702,971	(4,493,105)	(6,078,989)	500,654,001	440,080,221
Total liabilities	413,023,660	360,404,985	23,431,466	25,998,540	2,038,581	2,455,629	1,298,720	2,049,413	5,795,987	5,072,343	(1,683,223)	(2,813,323)	443,905,191	393,167,587
Cash flow from operating activities	(8,025,065)	4,080,711	1,848,612	(1,430,269)	174,804	(106,034)	419,979	503,815	141,045	293,313	998,726	(257,662)	(4,441,899)	3,083,874
Cash flow from Investing activities	(14,180,263)	(10,582,869)	-	-	(632,532)	45,118	(7,634)	(2,878)	(23,346)	(294,911)	(420,163)	152,133	(15,263,938)	(10,683,407)
Cash flow from financing activities	12,273,030	5,622,643	-	-	75,586	46,121	(391,695)	(287,560)	(137,500)	(105,000)	186,471	228,913	12,005,892	5,505,117

*Stock Broking, Security Dealings, Remittances and Foreign currency related services.

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***		Allocation 2013****	
	Voting	Non voting	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	-	-	-	-	-	-	3,970,506	994,902
Number of options exercised	-	-	953,865	281,782	229,616	158,554	174,076	39,466
Number of options expired	84,222	15,769	18,565	4,833	178,908	13,373	157,495	43,618
Number of options remaining	-	-	1,905,540	388,408	3,383,812	724,091	3,638,935	911,818
Option exercise price (Rs.)	77.33	35.07	111.43	65.67	145.79	81.43	142.17	110.04
Average market price (Rs.)	156.66	118.40	156.66	118.40	156.66	118.40	156.66	118.40

* 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 ended on 30th March 2013.

**** These options were allocated on 05th June 2013 and the retention period will end on 04th June 2014.

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 & the Group's interest in Joint Venture Acuity Partners (Pvt) Ltd.
7. Majan Exchange LLC, a foreign subsidiary of the Bank was disposed to a local investor in Oman during the period at a loss of Rs. 161,326. Consequent to the disposal of Majan Exchange LLC, a provision of Rs. 70 Mn. made against the said investment was reversed and included in other operating income.
8. On 6th June 2013, the Bank opened the issuance of 20,000,000 unsecured subordinated redeemable debentures to the public at an issue price of Rs. 100/- with the option to issue further 20,000,000 debentures in the event the issue is oversubscribed. Accordingly, the Bank allotted Rs. 4 Bn of debentures at an interest rate of 14%. On 30th September 2013, the Bank allotted a further 20,000,000 unsecured senior redeemable 10 year debentures to the public at a discount price of Rs. 67.715. Accordingly, the Bank raised a further Rs. 1.35 Bn. in September at an effective yield rate of 14.25%.
9. Employee Share Benefit Trust (ESBT) was a trust set up by the Bank for the benefit of the executive employees that entitled those employees to a share option. The Bank liquidated the ESBT after obtaining clearance from CSE and SEC, resulting in the reversal of the provisions amounting to Rs. 1.5 Bn made for the cost of the cash settled share option. Accordingly the Bank discontinued its treatment of the ESBT as a special purpose entity in the consolidated financial statements.
10. Mr. N.G. Wickremeratne – Senior Director of the Bank, resigned from the Office of Director with effect from 16th May 2013 and Director – Mrs. M.A.R.C. Cooray was appointed as the Senior Director of the Bank with effect from 17th May 2013.
11. Mr. Jonathan Alles assumed responsibilities as the Managing Director / Chief Executive Officer with effect from 1st July 2013.
12. Additional Information requested by the Bank Supervision Department of Central Bank of Sri Lanka by the circular dated 11th October 2013, has been given in the notes to the financial statements.
13. There are no material events that took place after the balance sheet date which require adjustment or disclosure in the financial statements.

ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS - BANK

As at 30.09.2013	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	-	-	-	9,418,535	-	-	9,418,535
Balances with central banks	-	-	-	16,627,038	-	-	16,627,038
Placements with banks	-	-	-	1,588,817	-	-	1,588,817
Derivative financial instruments	208,794	-	-	-	-	-	208,794
Other financial assets at fair value through profit or loss	-	-	-	-	-	-	-
Loans and receivables to banks	-	-	-	-	-	-	-
Loans and receivables to other customers	-	-	-	335,303,148	-	-	335,303,148
Financial investments	621,899	-	-	32,798,440	62,911,624	-	96,331,963
Total financial assets	830,693	-	-	395,735,978	62,911,624	-	459,478,295

	HFT	Designated at fair value	Amortised cost	Hedging	Total
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
LIABILITIES					
Due to banks	-	-	30,353,742	-	30,353,742
Derivative financial instruments	232,915	-	-	-	232,915
Other financial liabilities at fair value through profit or loss	-	-	-	-	-
Due to other customers	-	-	364,159,493	-	364,159,493
Other borrowings	-	-	11,247,370	-	11,247,370
Debt securities issued	-	-	1,370,200	-	1,370,200
Subordinated term debts	-	-	11,798,302	-	11,798,302
Total financial liabilities	232,915	-	418,929,107	-	419,162,022

As at 31.12.2012	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	-	-	-	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 fair value	Amortised cost	Hedging	Total
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
LIABILITIES					
Due to banks	-	-	22,956,432	-	22,956,432
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	-	-	9,228,761	-	9,228,761
Debt securities issued	-	-	-	-	-
Subordinated term debts	-	-	7,751,890	-	7,751,890
Total financial liabilities	1,436,443	-	381,361,069	-	382,797,512

Held for trading - HFT

Designated at fair value through profit or loss - Designated at fair value

Loans and receivables/deposits at amortised cost - Amortised cost

Held-to-maturity - HTM

Available-for-sale - AFS

Instruments of fair value and cash flow hedging - Hedging

ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS - GROUP

As at 30.09.2013	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	-	-	-	10,160,032	-	-	10,160,032
Balances with central banks	-	-	-	16,627,038	-	-	16,627,038
Placements with banks	-	-	-	2,656,186	-	-	2,656,186
Derivative financial instruments	208,794	-	-	-	-	-	208,794
Other financial assets at fair value through profit or loss	-	-	-	-	-	-	-
Loans and receivables to banks	-	-	-	-	-	-	-
Loans and receivables to other customers	-	-	-	335,869,108	-	-	335,869,108
Financial investments	2,151,289	-	982,732	34,358,337	64,295,631	-	101,787,989
Total financial assets	2,360,083	-	982,732	399,670,701	64,295,631	-	467,309,147

	HFT	Designated at fair value	Amortised cost	Hedging	Total
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
LIABILITIES					
Due to banks	-	-	30,454,186	-	30,454,186
Derivative financial instruments	232,915	-	-	-	232,915
Other financial liabilities at fair value through profit or loss	-	-	-	-	-
Due to other customers	-	-	363,757,821	-	363,757,821
Other borrowings	-	-	12,810,644	-	12,810,644
Debt securities issued	-	-	1,467,701	-	1,467,701
Subordinated term debts	-	-	11,725,563	-	11,725,563
Total financial liabilities	232,915	-	420,215,915	-	420,448,830

As at 31.12.2012	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	-	-	-	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	-	-	22,956,432	-	22,956,432
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	-	-	11,025,370	-	11,025,370
Debt securities issued	-	-	150,000	-	150,000
Subordinated term debts	-	-	7,729,333	-	7,729,333
Total financial liabilities	1,436,443	-	382,708,741	-	384,145,184

Held for trading - HFT

Designated at fair value through profit or loss - Designated at fair value

Loans and receivables/deposits at amortised cost - Amortised cost

Held-to-maturity - HTM

Available-for-sale - AFS

Instruments of fair value and cash flow hedging - Hedging

SELECTED PERFORMANCE INDICATORS (AS PER REGULATORY REPORTING)

	As at 30.09.2013	As at 31.12.2012	As at 30.09.2013	As at 31.12.2012
	Bank		Group	
Regulatory Capital Adequacy				
Core capital (Tier 1 Capital) Rs. Mn	38,691	37,655	41,207	40,221
Total Capital Base. Rs. Mn	50,335	45,224	53,274	48,300
Core capital adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 5%)	12.58%	13.85%	12.79%	14.10%
Total capital adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 10%)	16.37%	16.63%	16.53%	16.94%

	As at 30.09.2013	As at 31.12.2012
	Bank	
Assets Quality (Quality of Loan Portfolio)		
Gross Non-Performing Advances Ratio, % (net of Interest in Suspense)	4.65%	3.66%
Net Non-Performing Advances Ratio, % (net of Interest in Suspense and provisions)	2.51%	1.82%
Profitability (Annualised)		
Interest Margin, %	5.31%	5.32%
Return on Assets (before Tax), %	2.14%	2.43%
Return on Equity, %	14.78%	18.24%
Regulatory Liquidity		
Statutory Liquid Assets, Rs. Mn		
Domestic Banking Unit	92,112	80,576
Off-Shore Banking Unit	7,385	7,304
Statutory Liquid Assets Ratio % (Minimum requirement 20%)		
Domestic Banking Unit	23.18%	21.79%
Off-Shore Banking Unit	21.51%	22.97%

LISTED DEBENTURE INFORMATION

Quarter Ended 30th September	Market Value				Quarter Ended 30th September	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	N/T	N/T	8 year Floating Rate (TB + 2.25% p.a.)	N/T	N/T
15 year Fixed Rate (11.00% p.a.)	N/T	N/T	N/T	N/T	15 year Fixed Rate (11.00% p.a.)	N/T	N/T
18 year Fixed Rate (11.25% p.a.)	N/T	N/T	N/T	N/T	18 year Fixed Rate (11.25% p.a.)	N/T	N/T
HNB DEBENTURES 2007					HNB DEBENTURES 2007		
10 year Fixed Rate (16.00% p.a.)	N/T	N/T	N/T	N/T	10 year Fixed Rate (16.00% p.a.)	N/T	N/T
15 year Fixed Rate (16.75% p.a.)	N/T	N/T	N/T	N/T	15 year Fixed Rate (16.75% p.a.)	N/T	N/T
HNB DEBENTURES 2011					HNB DEBENTURES 2011		
10 year Fixed Rate (11.50% p.a.)	N/T	N/T	N/T	N/T	10 year Fixed Rate (11.50% p.a.)	N/T	N/T
HNB DEBENTURES 2013					HNB DEBENTURES 2013		
5 year Fixed Rate (14.00% p.a.)	100	100	N/A	N/A	5 year Fixed Rate (14.00% p.a.)	14	N/A
10 year Fixed Rate (14.25% p.a.)	N/T	N/T	N/A	N/A	10 year Fixed Rate (14.25% p.a.)	N/T	N/A

N/T - Not Traded as at 30th September, N/A - Not Applicable as at 30th September

Quarter Ended 30th September	Yield to Maturity of Last Trade Done (% p.a.)	
	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
HNB DEBENTURES 2013		
5 year Fixed Rate (14.00% p.a.)	14	N/A
10 year Fixed Rate (14.25% p.a.)	N/T	N/A

** The yield to maturity calculation is not applicable for floating rate debentures.
N/T - Not Traded as at 30th September, N/A - Not Applicable as at 30th September

RATIOS OF DEBT		
	30.09.2013	31.12.2012
Debt Equity Ratio (%)	60.37	39.52
	30.09.2013	30.09.2012
Interest Cover (Times)	6.16	8.47
Yield of Comparable Govt. Security for the following HNB Debentures (% p.a.)		
2006 series 8 year maturity	9.63	12.57
2006 series 15 year maturity	11.87	14.09
2006 series 18 year maturity	11.93	14.18
2007 series 10 year maturity	11.31	13.43
2007 series 15 year maturity	11.77	14.15
2011 series 10 year maturity	11.87	14.15
2013 series 5 year maturity	11.05	NQ
2013 series 10 year maturity	11.38	NQ
N/Q - Not Quoted		

SHARE INFORMATION

As at	30-Sep-2013	31-Dec-2012
Number of Shares		
Voting	319,007,659	317,650,102
Non-voting	80,076,149	79,596,347
Last Traded Price per Share		
Voting (Rs.)	150.00	148.00
Non-voting (Rs.)	110.30	112.50

For the Quarter Ended	30-Sep-2013	30-Sep-2012
Highest Price per Share		
Voting (Rs.)	164.80	170.00
Non-voting (Rs.)	118.00	121.70
Lowest Price per Share		
Voting (Rs.)	145.00	130.00
Non-voting (Rs.)	108.20	89.00

PUBLIC SHAREHOLDING PERCENTAGE

	As at 30th Sep 2013
Voting	67% approx.
Non-voting	99% approx.

DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S SHAREHOLDING

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

* Chief Executive Officer.

** Retired with effect from 30th June 2013

*** Retired with effect from 31st March 2013

**** Resigned with effect from 16th May 2013

20 MAJOR SHAREHOLDERS (VOTING) HNB PLC AS AT 30TH SEPTEMBER 2013

	Name	No. of Shares	% of Voting capital
1.	Sri Lanka Insurance Corporation Ltd.	47,635,487	14.93
2.	Employees Provident Fund	31,436,612	9.85
3.	Milford Exports (Ceylon) Limited	25,828,280	*8.10
4.	Mr.Sohli Edelji Captain	23,705,220	7.43
5.	Stassen Exports Ltd	22,387,096	*7.02
6.	Sonetto Holdings Limited	14,697,921	4.61
7.	Brown & Company PLC	14,247,856	4.47
8.	HSBC Int'l Nominees Ltd-JPMLU-Franklin Templeton Investment	13,876,398	4.35
9.	Distilleries Company of Sri Lanka PLC	10,016,272	*3.14
10.	National Savings Bank	9,371,940	2.94
11.	Standard Chartered Bank Singapore S/A HL Bank Singapore	6,270,188	1.97
12.	Citi Group Global Markets Ltd Agency Trading Prop.Sec.	5,835,044	1.83
13.	The Bank of New York Mellon SA/NV-CF Ruffer Total return Fund	5,138,289	1.61
14.	Mr.Yonmerenne Simon Hewage Indra Kumara Silva	5,014,038	1.57
15.	The Bank of New York Mellon SA/NV-CF Ruffer Absolute Return Fund	3,448,972	1.08
16.	Employees Trust Fund Board	3,327,581	1.04
17.	HSBC INTL Nom Ltd-UBS AG Zurich	3,154,940	0.99
18.	Ms.Leesha Anne Captain	2,870,020	0.90
19.	BNY-CF Ruffer Investment Funds : CF Ruffer Pacific Fund	2,628,518	0.82
20.	HSBC Int'l Nom Ltd-JPMCB-Investerings Foreningen Bank Invest, AF	1,990,000	0.62

* 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 18.26% 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) HNB PLC AS AT 30TH SEPTEMBER 2013

	Name	No. of Shares	% of Non-Voting Capital
1.	HSBC Intl nominees Ltd-JPMLU-Franklin Templeton Invest	7,625,980	9.52
2.	Mellon-Frontaura Global Frontier Fund LLC	7,000,000	8.74
3.	HSBC Int'l Nom Ltd-UBS AG Zurich	3,442,916	4.30
4.	The Bank of New York Mellon SA/NV-CF Ruffer Total Return Fund	2,557,103	3.19
5.	Employees Trust Fund Board	2,220,644	2.77
6.	HINL-JPMCB-Butterfield Trust (Bermuda) LTD	1,985,885	2.48
7.	The Bank of New York Mellon SA/NV-CF Ruffer Absolute Return	1,703,364	2.13
8.	CITI Bank NY S/A Forward International Dividend Fund	1,461,149	1.82
9.	Mr. Sohli Edelji Captain	1,442,839	1.80
10.	Northern Trust Company S/A Polar Capital Funds PLC	1,430,681	1.79
11.	Pershing LLC S/A Averbach Grauson & Co.	1,151,358	1.44
12.	National Savings Bank	1,103,175	1.38
13.	BNY-CF Ruffer Investment Funds:CF Ruffer Pacific Fund	1,011,115	1.26
14.	Akbar Brothers Pvt Ltd A/c No.1	906,807	1.13
15.	DFCC Bank A/c No.01	715,947	0.89
16.	Bank of Ceylon A/c Ceybank Century Growth Fund	684,680	0.86
17.	Mr. Jayampathi Divale Bandaranayake	668,689	0.84
18.	Waldock Mackenzie Ltd/Mr. H M S Abdulhussein	623,487	0.78
19.	Hatton National Bank PLC A/c No.2	574,733	0.72
20.	Union Assurance PLC No.1 A/c	521,346	0.65

NOTES TO THE FINANCIAL STATEMENTS

As at	Bank		Group	
	30.09.2013 Rs. 000	31.12.2012 Rs. 000	30.09.2013 Rs. 000	31.12.2012 Rs. 000
1) Loans and Receivables to Other Customers				
Gross loans and receivables	345,694,821	310,384,674	346,260,781	311,545,786
Individual impairment	(1,901,661)	(1,808,383)	(1,901,661)	(1,808,383)
Collective impairment	(8,490,012)	(5,815,311)	(8,490,012)	(5,815,311)
Net loans and receivables	335,303,148	302,760,980	335,869,108	303,922,092
2) Loans and Receivables to Other Customers - By product				
Domestic Currency				
Overdrafts	65,775,120	59,334,783	65,670,472	59,196,988
Short term loans	33,787,429	27,854,697	34,079,793	28,061,510
Term loans	126,397,092	114,054,060	125,781,320	112,951,433
Lease rentals receivable	23,431,982	25,271,548	23,431,982	25,271,548
Securities purchased under resale agreements	947,060	51,050	1,941,076	2,245,771
Credit cards	3,177,476	2,778,069	3,177,476	2,778,069
Pawning	51,428,619	49,260,270	51,428,619	49,260,270
Sub total	304,944,778	278,604,477	305,510,738	279,765,589
Foreign Currency				
Overdrafts	1,791,901	1,825,608	1,791,901	1,825,608
Short term loans	8,573,585	4,229,965	8,573,585	4,229,965
Term loans	30,377,952	25,716,094	30,377,952	25,716,094
Lease rentals receivable	6,605	8,530	6,605	8,530
Sub total	40,750,043	31,780,197	40,750,043	31,780,197
Total	345,694,821	310,384,674	346,260,781	311,545,786
For the period ended 30th September				
	2013	2012	2013	2012
	Rs. 000	Rs. 000	Rs. 000	Rs. 000
3) Movements in Individual and Collective Impairment during the period for Loans and Receivables to Other Customers				
Individual impairment				
Balance as at 01st January	1,808,383	2,057,850	1,808,383	2,057,850
Net impairment charge for the period	93,278	147,408	93,278	147,408
Balance as at 30th September	1,901,661	2,205,258	1,901,661	2,205,258
Collective impairment				
Balance as at 01st January	5,815,311	4,607,058	5,815,311	4,607,058
Net impairment charge for the period	2,674,701	921,779	2,674,701	921,779
Balance as at 30th September	8,490,012	5,528,837	8,490,012	5,528,837
Total impairment	10,391,673	7,734,095	10,391,673	7,734,095
4) Due to Other Customers - By product				
Domestic Currency				
Demand deposits (current accounts)	21,453,115	22,282,180	21,283,925	21,965,439
Savings deposits	97,322,976	90,876,401	97,289,894	90,875,355
Certificate of deposits	5,013,881	8,054,895	5,013,881	8,054,895
Fixed deposits	180,668,688	159,433,683	180,622,407	159,298,283
Other deposits	-	-	-	-
Sub total	304,458,660	280,647,159	304,210,107	280,193,972
Foreign Currency				
Demand deposits (current accounts)	3,759,991	1,108,509	3,759,991	1,108,509
Savings deposits	18,533,376	18,300,239	18,531,061	18,294,171
Fixed deposits	37,407,466	41,368,079	37,256,662	41,250,954
Certificate of deposits	-	-	-	-
Other deposits	-	-	-	-
Sub total	59,700,833	60,776,827	59,547,714	60,653,634
Total	364,159,493	341,423,986	363,757,821	340,847,606