



Hatton National Bank PLC

Interim Financial Statements

For the twelve months ended 31st December 2015

STATEMENT OF PROFIT OR LOSS

	BANK						GROUP					
	For the 12 months ended 31st			For the quarter ended 31st			For the 12 months ended 31st			For the quarter ended 31st		
	December			December			December			December		
	2015	2014	% Increase/ (Decrease)	2015	2014	% Increase/ (Decrease)	2015	2014	% Increase/ (Decrease)	2015	2014	% Increase/ (Decrease)
	Rs 000	Rs 000		Rs 000	Rs 000		Rs 000	Rs 000		Rs 000	Rs 000	
Income	61,153,466	59,500,495	3	16,927,292	14,488,930	17	70,026,698	65,023,846	8	19,207,970	16,397,560	17
Interest income	52,615,463	51,868,333	1	14,476,748	12,509,051	16	56,893,956	53,062,579	7	15,629,636	13,173,819	19
Less: Interest expenses	26,279,934	26,966,826	(3)	7,510,203	5,947,876	26	27,200,236	27,077,830	-	7,758,695	6,079,880	28
Net interest income	26,335,529	24,901,507	6	6,966,545	6,561,175	6	29,693,720	25,984,749	14	7,870,941	7,093,939	11
Fee and commission income	5,874,928	4,976,212	18	1,654,326	1,303,565	27	6,426,080	5,196,099	24	1,822,556	1,425,442	28
Less: Fee and commission expenses	98,622	98,329	-	29,399	28,147	4	182,093	123,290	48	80,021	53,107	51
Net fee and commission income	5,776,306	4,877,883	18	1,624,927	1,275,418	27	6,243,987	5,072,809	23	1,742,535	1,372,335	27
Net interest, fee and commission income	32,111,835	29,779,390	8	8,591,472	7,836,593	10	35,937,707	31,057,558	16	9,613,476	8,466,274	14
Net gain/(loss) from trading	346,577	(570,720)	161	(444,434)	109,291	(507)	361,948	(441,618)	182	(443,505)	130,248	(441)
Net gain/(loss) from financial instruments designated at fair value through profit or loss	-	-	-	-	-	-	-	-	-	-	-	-
Net gain/(loss) from financial investments	253,858	1,398,025	(82)	36,831	305,010	(88)	297,978	1,493,975	(80)	47,437	383,311	(88)
Net insurance premium income	-	-	-	-	-	-	4,679,897	3,831,288	22	1,261,167	1,000,326	26
Other operating income (net)	2,062,640	1,828,645	13	1,203,821	262,013	359	1,366,839	1,881,523	(27)	890,679	284,414	213
Total Operating income	34,774,910	32,435,340	7	9,387,690	8,512,907	10	42,644,369	37,822,726	13	11,369,254	10,264,573	11
Impairment for loans and other losses												
Individual Impairment	700,325	617,545	13	299,713	494,844	(39)	758,672	625,373	21	321,481	502,672	(36)
Collective Impairment	137,386	1,688,681	(92)	(1,144,801)	(576,861)	98	169,225	1,704,719	(90)	(1,136,907)	(560,823)	103
Others	94,214	185,294	(49)	60,217	9,249	551	94,214	202,716	(54)	60,217	26,671	126
Net operating income	33,842,985	29,943,820	13	10,172,561	8,585,675	18	41,622,258	35,289,918	18	12,124,463	10,296,053	18
Operating expenses												
Personnel expenses	7,927,695	7,407,015	7	1,661,824	1,894,433	(12)	9,155,160	8,108,200	13	1,958,588	2,165,277	(10)
Depreciation and amortisation	966,596	1,126,996	(14)	234,123	264,852	(12)	1,251,058	1,330,851	(6)	312,134	324,344	(4)
Benefits, claims and underwriting expenditure	-	-	-	-	-	-	4,211,996	3,240,203	30	953,084	701,179	36
Other expenses	7,084,343	6,844,004	4	1,781,346	1,768,814	1	7,842,078	7,054,941	11	2,021,936	1,890,399	7
Total Operating expenses	15,978,634	15,378,015	4	3,677,293	3,928,099	(6)	22,460,292	19,734,195	14	5,245,742	5,081,199	3
Operating profit before value added tax (VAT) and nation building tax (NBT) on financial services	17,864,351	14,565,805	23	6,495,268	4,657,576	39	19,161,966	15,555,723	23	6,878,721	5,214,854	32
Value added tax (VAT) and nation building tax (NBT) on financial services	2,814,334	2,501,876	12	948,819	761,388	25	3,061,783	2,550,247	20	1,009,300	809,759	25
Operating profit after value added tax (VAT) and nation building tax (NBT) on financial services	15,050,017	12,063,929	25	5,546,449	3,896,188	42	16,100,183	13,005,476	24	5,869,421	4,405,095	33
Share of profits of Associate and Joint Venture (net of income tax)	-	-	-	-	-	-	60,085	142,977	(58)	1,353	4,165	(68)
Profit before income tax	15,050,017	12,063,929	25	5,546,449	3,896,188	42	16,160,268	13,148,453	23	5,870,774	4,409,260	33
Income tax expense	4,601,231	3,058,655	50	1,927,144	579,458	233	5,064,424	3,080,360	64	2,059,663	571,445	260
Profit for the period	10,448,786	9,005,274	16	3,619,305	3,316,730	9	11,095,844	10,068,093	10	3,811,111	3,837,815	(1)
Profit attributable to:												
Equity holders of the Bank	10,448,786	9,005,274	16	3,619,305	3,316,730	9	10,553,568	9,819,595	7	3,571,528	3,652,827	(2)
Non-controlling interests	-	-	-	-	-	-	542,276	248,498	118	239,583	184,988	30
Profit for the period	10,448,786	9,005,274	16	3,619,305	3,316,730	9	11,095,844	10,068,093	10	3,811,111	3,837,815	(1)
Earnings per share on profit												
Basic earnings per ordinary share (Rs)	25.83	22.47	15	8.93	8.27	8	26.09	24.50	6	9.41	9.57	(2)
Diluted earnings per ordinary share (Rs)	25.72	22.37	15	8.91	8.23	8	25.98	24.39	7	9.38	9.52	(1)

STATEMENT OF COMPREHENSIVE INCOME

	BANK						GROUP					
	For the 12 months ended 31st			For the quarter ended 31st			For the 12 months ended 31st			For the quarter ended 31st		
	December			December			December			December		
	2015 Rs 000	2014 Rs 000	% Increase/ (Decrease)	2015 Rs 000	2014 Rs 000	% Increase/ (Decrease)	2015 Rs 000	2014 Rs 000	% Increase/ (Decrease)	2015 Rs 000	2014 Rs 000	% Increase/ (Decrease)
Profit for the period	10,448,786	9,005,274	16	3,619,305	3,316,730	9	11,095,844	10,068,093	10	3,811,111	3,837,815	(1)
Other comprehensive income, net of tax												
Other comprehensive income to be reclassified to income statement												
Available-for-sale financial assets:												
Net change in fair value during the period	(2,450,679)	3,027,688	(181)	(658,738)	137,663	(579)	(2,538,159)	3,144,503	(181)	(645,657)	127,247	(607)
Transfer to life policy holder reserve fund	-	-	-	-	-	-	97,098	(44,930)	316	5,507	81,548	(93)
Net amount transferred to profit or loss (available-for-sale financial assets)	-	(645,437)	(100)	-	-	-	(19,242)	(715,159)	97	(19,242)	(69,722)	72
Deferred Tax effect on above	150,890	(40,724)	471	828	119,595	(99)	152,176	(40,724)	474	2,114	119,595	(98)
Share of other comprehensive income of equity accounted joint venture	-	-	-	-	-	-	17,041	8,378	103	32,436	6,546	396
Total other comprehensive income to be reclassified to income statement	(2,299,789)	2,341,527	(198)	(657,910)	257,258	(356)	(2,291,086)	2,352,068	(197)	(624,842)	265,214	(336)
Other comprehensive income not to be reclassified to income statement												
Re-measurement gains / (losses) on defined benefit plans	(897,969)	1,140,012	(179)	(897,969)	1,140,012	(179)	(909,543)	1,144,366	(179)	(900,340)	1,144,366	(179)
Revaluation of freehold land and buildings	2,095,076	-	-	2,095,076	-	-	5,597,137	-	-	5,597,234	-	-
Deferred tax effect on above	(104,040)	-	-	(104,040)	-	-	(104,040)	1,498	(7,052)	(104,137)	1,498	(7,052)
Total other comprehensive income not to be reclassified to income statement	1,093,067	1,140,012	(4)	1,093,067	1,140,012	(4)	4,583,554	1,145,864	300	4,592,757	1,145,864	301
Other comprehensive income for the period, net of tax	(1,206,722)	3,481,539	(135)	435,157	1,397,270	(69)	2,292,468	3,497,932	(34)	3,967,915	1,411,078	181
Total comprehensive income for the period	9,242,064	12,486,813	(26)	4,054,462	4,714,000	(14)	13,388,312	13,566,025	(1)	7,779,026	5,248,893	48
Total comprehensive income attributable to:												
Equity holders of the Bank	9,242,064	12,486,813	(26)	4,054,462	4,714,000	(14)	12,855,605	13,313,100	(3)	7,540,101	5,059,780	49
Non-controlling interests	-	-	-	-	-	-	532,707	252,925	111	238,925	189,113	26
Total comprehensive income for the period	9,242,064	12,486,813	(26)	4,054,462	4,714,000	(14)	13,388,312	13,566,025	(1)	7,779,026	5,248,893	48

STATEMENT OF FINANCIAL POSITION

	BANK			GROUP		
	As at	As at	% Increase /	As at	As at	% Increase /
	31.12.2015	31.12.2014	(Decrease)	31.12.2015	31.12.2014 (Audited)	(Decrease)
	Rs.000	Rs.000		Rs.000	Rs.000	
ASSETS						
Cash and cash equivalents	14,909,598	13,141,295	13	15,419,654	13,421,850	15
Balances with Central Bank of Sri Lanka	20,096,090	16,907,538	19	20,096,090	16,907,538	19
Placements with banks	26,827	3,789,538	(99)	1,174,326	5,096,455	(77)
Reverse repurchase agreements	4,869,219	16,930,572	(71)	7,782,374	19,575,253	(60)
Derivative financial instruments	1,302,872	178,370	630	1,302,872	178,370	630
Financial investments - Fair value through profit or loss	593,390	551,371	8	1,948,772	1,052,727	85
Non-current assets held for sale	20,151	30,238	(33)	20,151	30,238	(33)
Loans and receivables to customers	498,341,628	396,277,166	26	507,244,329	401,859,754	26
Financial investments - Loans and receivables	84,206,702	35,369,035	138	87,087,205	38,049,100	129
Financial investments - Available-for-sale	78,046,505	67,842,229	15	79,718,231	69,443,057	15
Financial investments - Held-to-maturity	-	-	-	1,257,433	955,421	32
Investment in joint venture	655,000	655,000	-	1,253,370	1,196,544	5
Investment in subsidiaries	3,017,285	3,017,285	-	-	-	-
Investment properties	386,643	392,088	(1)	1,041,797	1,042,386	-
Property, plant and equipment	11,473,569	9,304,665	23	23,908,688	18,290,365	31
Intangible assets and goodwill	659,309	802,728	(18)	1,001,230	1,089,759	(8)
Deferred tax assets	-	287,384	(100)	-	199,315	(100)
Other assets	6,602,922	7,374,846	(10)	7,328,053	8,102,644	(10)
Total Assets	725,207,710	572,851,348	27	757,584,575	596,490,776	27
LIABILITIES						
Due to banks	58,232,034	43,428,762	34	58,283,838	43,504,729	34
Derivative financial instruments	304,485	630,598	(52)	304,485	630,598	(52)
Securities sold under repurchase agreements	16,630,201	16,983,545	(2)	16,630,201	16,983,545	(2)
Due to customers	527,126,181	419,327,123	26	536,132,789	425,620,382	26
Dividends payable	764,771	587,078	30	764,771	587,078	30
Other borrowings	26,833,109	4,345,285	518	26,833,109	4,345,285	518
Debt securities issued	4,490,742	4,451,407	1	4,913,751	4,842,627	1
Current tax liabilities	4,542,977	3,297,530	38	4,762,707	3,394,992	40
Deferred tax liabilities	378,820	-	-	579,102	-	-
Insurance provision - Life	-	-	-	7,007,081	5,562,649	26
Insurance provision - General	-	-	-	1,546,266	1,279,139	21
Other provisions	2,538,111	1,810,893	40	2,746,294	2,123,089	29
Other liabilities	6,250,856	5,436,705	15	7,250,893	6,300,920	15
Subordinated term debts	12,064,370	11,653,759	4	12,085,598	11,677,046	3
Total Liabilities	660,156,657	511,952,685	29	679,840,885	526,852,079	29

STATEMENT OF FINANCIAL POSITION						
	BANK			GROUP		
	As at	As at	% Increase / (Decrease)	As at	As at	% Increase / (Decrease)
	31.12.2015 Rs.000	31.12.2014 (Audited) Rs.000		31.12.2015 Rs.000	31.12.2014 (Audited) Rs.000	
EQUITY						
Stated capital	13,826,873	13,289,992	4	13,826,873	13,289,992	4
Statutory reserves	3,760,000	3,160,000	19	3,760,000	3,160,000	19
Retained earnings	5,270,848	7,808,059	(32)	7,949,848	10,396,517	(24)
Other reserves	42,193,332	36,640,612	15	50,027,681	41,058,056	22
Total equity attributable to equity holders of the Bank	65,051,053	60,898,663	7	75,564,402	67,904,565	11
Non-controlling interests	-	-	-	2,179,288	1,734,132	26
Total equity	65,051,053	60,898,663	7	77,743,690	69,638,697	12
Total Liabilities and Equity	725,207,710	572,851,348	27	757,584,575	596,490,776	27
Contingent Liabilities and Commitments	423,812,517	396,361,392	11	423,812,517	396,361,392	11
Net Assets Value per share (Rs)	160.29	151.26	6	186.20	168.67	10
Memorandum Information						
Number of Employees	4,285	4,451				
Number of Branches	249	249				

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 December 2015 and its profit for the twelve months ended 31st December 2015.

(Sgd.)

Ashok Goonesekere

Chief Financial Officer

19th February 2016

We the undersigned, being the Managing Director/Chief Executive Officer and the Chairman of Hatton National Bank PLC certify jointly that :

- 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.
- the information contained in these statements have been extracted from the unaudited financial statements of the Bank, its Joint Venture and Subsidiary Companies unless indicated as audited.

(Sgd.)

Jonathan Alles

Managing Director / Chief Executive Officer

19th February 2016

(Sgd.)

Rienzie Arseculeratne

Chairman

19th February 2016

STATEMENT OF CHANGES IN EQUITY - BANK

	Stated Capital		Statutory Reserves		Other Reserves				Retained Earnings	Total
	Voting Shares	Non-Voting Shares	Statutory Reserves	Investment Fund Account	Capital Reserve	Available-for-Sale Reserve	General Reserve	ESOP Reserve		
For the 12 months ended 31st December 2015	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Balance as at 1st January 2014	10,254,944	2,575,324	2,660,000	4,101,205	4,466,918	4,413,828	19,100,000	416,216	3,465,419	51,453,854
Total comprehensive income for the year										
Net profit for the year 2014	-	-	-	-	-	-	-	-	9,005,274	9,005,274
Other comprehensive income, net of tax	-	-	-	-	-	2,341,527	-	-	1,140,012	3,481,539
Total comprehensive income for the year	-	-	-	-	-	2,341,527	-	-	10,145,286	12,486,813
Transactions with equity holders, recognised directly in equity										
Contributions by and distributions to equity holders										
Final dividend 2013 - Cash	-	-	-	-	-	-	-	-	(2,800,912)	(2,800,912)
Interim dividend 2014 - Cash	-	-	-	-	-	-	-	-	(602,939)	(602,939)
Issue of shares under ESOP	307,076	54,771	-	-	-	-	-	-	-	361,847
Total contributions by and distributions to equity holders	307,076	54,771	-	-	-	-	-	-	(3,403,851)	(3,042,004)
Transfers during the year 2014	78,371	19,506	500,000	306,821	-	-	6,000,000	(97,877)	(6,806,821)	-
Transfer of investment fund account balance	-	-	-	(4,408,026)	-	-	-	-	4,408,026	-
Balance as at 31st December 2014	10,640,391	2,649,601	3,160,000	-	4,466,918	6,755,355	25,100,000	318,339	7,808,059	60,898,663
Balance as at 1st January 2015	10,640,391	2,649,601	3,160,000	-	4,466,918	6,755,355	25,100,000	318,339	7,808,059	60,898,663
Super gains tax paid	-	-	-	-	-	-	-	-	(2,074,248)	(2,074,248)
Total comprehensive income for the year										
Net profit for the year 2015	-	-	-	-	-	-	-	-	10,448,786	10,448,786
Other comprehensive income, net of tax	-	-	-	-	1,991,036	(2,299,789)	-	-	(897,969)	(1,206,722)
Total comprehensive income for the year	-	-	-	-	1,991,036	(2,299,789)	-	-	9,550,817	9,242,064
Transactions with equity holders, recognised directly in equity										
Contributions by and distributions to equity holders										
Final dividend 2014 - Cash	-	-	-	-	-	-	-	-	(2,827,776)	(2,827,776)
Interim dividend 2015 - Cash	-	-	-	-	-	-	-	-	(608,548)	(608,548)
Issue of shares under ESOP	368,785	52,113	-	-	-	-	-	-	-	420,898
Total contributions by and distributions to equity holders	368,785	52,113	-	-	-	-	-	-	(3,436,324)	(3,015,426)
Transfers during the year 2015	101,513	14,470	600,000	-	(22,544)	-	6,000,000	(115,983)	(6,577,456)	-
Balance as at 31st December 2015	11,110,689	2,716,184	3,760,000	-	6,435,410	4,455,566	31,100,000	202,356	5,270,848	65,051,053

STATEMENT OF CHANGES IN EQUITY - GROUP

	Stated Capital		Statutory Reserves		Other Reserves									Total
	Voting Shares	Non-Voting Shares	Statutory Reserve	Investment Fund Account	Capital Reserve	Available for sale Reserve	General Reserve	Exchange Equalisation Reserve	Life policy holder Reserve fund	ESOP Reserve	Retained Earnings	Non Controlling Interest		
For the 12 months ended 31st December 2015	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	
Balance as at 1st January 2014	10,254,944	2,575,324	2,660,000	4,101,205	8,792,657	4,454,989	19,100,000	-	(4,182)	416,216	5,210,488	809,240	58,370,881	
Total comprehensive income for the period														
Net profit for the year 2014	-	-	-	-	-	-	-	-	-	-	9,819,595	248,498	10,068,093	
Other comprehensive income, net of tax	-	-	-	-	-	2,351,202	-	-	-	-	1,142,303	4,427	3,497,932	
Total comprehensive income for the year	-	-	-	-	-	2,351,202	-	-	-	-	10,961,898	252,925	13,566,025	
Transactions with equity holders, recognised directly in equity														
Contributions by and distributions to equity holders														
Final dividend 2013 - Cash	-	-	-	-	-	-	-	-	-	-	(2,800,912)	(65,000)	(2,865,912)	
Interim dividend 2014 - Cash	-	-	-	-	-	-	-	-	-	-	(602,939)	-	(602,939)	
Issue of shares under ESOP	307,076	54,771	-	-	-	-	-	-	-	-	-	-	361,847	
Total contributions by and distributions to equity holders	307,076	54,771	-	-	-	-	-	-	-	-	(3,403,851)	(65,000)	(3,107,004)	
Transfer to life policy holder reserve fund	-	-	-	-	-	-	-	-	44,930	-	-	-	44,930	
Deemed disposal gain through joint venture	-	-	-	-	-	-	-	-	-	-	26,777	-	26,777	
Deferred tax on revaluation of property, plant and equipment	-	-	-	-	121	-	-	-	-	-	-	167	288	
Share of non-controlling interest on investment in subsidiary	-	-	-	-	-	-	-	-	-	-	-	736,800	736,800	
Transfers during the year 2014	78,371	19,506	500,000	306,821	-	-	6,000,000	-	-	(97,877)	(6,806,821)	-	-	
Transfer of investment fund account balance	-	-	-	(4,408,026)	-	-	-	-	-	-	4,408,026	-	-	
Balance as at 31st December 2014	10,640,391	2,649,601	3,160,000	-	8,792,778	6,806,191	25,100,000	-	40,748	318,339	10,396,517	1,734,132	69,638,697	
Balance as at 1st January 2015	10,640,391	2,649,601	3,160,000	-	8,792,778	6,806,191	25,100,000	-	40,748	318,339	10,396,517	1,734,132	69,638,697	
Super gains tax paid	-	-	-	-	-	-	-	-	-	-	(2,093,074)	(12,551)	(2,105,625)	
Total comprehensive income for the year														
Net profit for the year 2015	-	-	-	-	-	-	-	-	-	-	10,553,568	542,276	11,095,844	
Other comprehensive income, net of tax	-	-	-	-	5,493,000	(2,287,750)	-	-	-	-	(903,213)	(9,569)	2,292,468	
Total comprehensive income for the year	-	-	-	-	5,493,000	(2,287,750)	-	-	-	-	9,650,355	532,707	13,388,312	
Transactions with equity holders, recognised directly in equity														
Contributions by and distributions to equity holders														
Final dividend 2014 - Cash (Note 44)	-	-	-	-	-	-	-	-	-	-	(2,827,776)	(75,000)	(2,902,776)	
Interim dividend 2015 - Cash (Note 44)	-	-	-	-	-	-	-	-	-	-	(608,548)	-	(608,548)	
Issue of shares under ESOP	368,785	52,113	-	-	-	-	-	-	-	-	-	-	420,898	
Total contributions by and distributions to equity holders	368,785	52,113	-	-	-	-	-	-	-	-	(3,436,324)	(75,000)	(3,090,426)	
Transfer to life policy holder reserve fund	-	-	-	-	-	-	-	-	(97,098)	-	-	-	(97,098)	
Deemed disposal gain through joint venture	-	-	-	-	-	-	-	-	-	-	9,830	-	9,830	
Transfers during the year 2015	101,513	14,470	600,000	-	(22,544)	-	6,000,000	-	-	(115,983)	(6,577,456)	-	-	
Balance as at 31st December 2015	11,110,689	2,716,184	3,760,000	-	14,263,234	4,518,441	31,100,000	-	(56,350)	202,356	7,949,848	2,179,288	77,743,690	

STATEMENT OF CASH FLOWS

For the 12 months ended 31st December	BANK		GROUP	
	2015 Rs 000	2014 Rs 000	2015 Rs 000	2014 Rs 000
Cash flows from operating activities				
Interest and commission receipts	57,870,224	58,459,603	62,541,611	59,237,182
Interest payments	(26,162,039)	(31,065,772)	(26,960,267)	(31,163,966)
Cash payments to employees	(7,787,955)	(7,085,900)	(9,016,129)	(7,747,437)
Cash payments to other operating activities	(9,658,598)	(10,234,794)	(13,221,249)	(11,813,945)
Receipts from other operating activities	2,486,728	1,742,375	7,422,487	5,736,461
Recovery of loans written off in prior years	19,989	8,913	33,267	8,913
Operating profit before changes in operating assets and liabilities	16,768,349	11,824,425	20,799,720	14,257,208
(Increase) / decrease in operating assets				
Deposits held for regulatory or monetary control purpose	(3,188,552)	(541,170)	(3,188,552)	(541,170)
Loans and receivables to other customers	(102,633,950)	(46,508,086)	(106,052,373)	(47,720,799)
Other short term assets	(1,385,665)	76,151	(1,356,430)	(73,750)
Reverse repurchase agreements	11,922,595	(10,513,871)	11,731,355	(10,945,922)
	(95,285,572)	(57,486,976)	(98,866,000)	(59,281,641)
Increase / (decrease) in operating liabilities				
Deposits from customers	106,591,985	34,850,987	109,212,989	35,416,711
Other liabilities	686,371	540,741	696,755	654,477
Securities sold under repurchase agreements	(342,332)	12,822,441	(342,332)	12,822,441
	106,936,024	48,214,169	109,567,412	48,893,629
Net cash generated from / (used in) operating activities before income tax	28,418,801	2,551,618	31,501,132	3,869,196
Income taxes paid	(2,142,303)	(1,222,240)	(2,340,344)	(1,281,374)
Super gains tax paid	(2,074,248)	-	(2,105,625)	-
Net cash generated from operating activities	24,202,250	1,329,378	27,055,163	2,587,822
Cash flows from investing activities				
Dividend income	1,236,084	368,830	298,749	269,037
Dividend income received from associates / joint venture	-	-	30,130	26,637
Net cash effect on acquisition of subsidiary [Note 39 (b)]	-	(660,000)	-	(342,294)
Net proceeds from sale of associate company	-	-	-	30,519
Net proceeds from sale, maturity and purchase of financial investments	(61,270,202)	(4,375,970)	(62,764,719)	(5,813,664)
Proceeds from deemed disposal of subsidiary company by joint venture	-	-	9,830	26,777
Proceeds from sale of non-current assets held for sale	31,000	-	31,000	-
Proceeds from sale of property, plant and equipment	23,522	49,942	23,593	50,876
Purchase of intangible assets	(77,194)	(104,687)	(156,306)	(120,477)
Purchase of property, plant and equipment	(882,806)	(645,368)	(1,091,320)	(752,255)
Improvements to investment properties	-	(51,010)	(4,221)	-
Net cash used in investing activities	(60,939,596)	(5,418,263)	(63,623,264)	(6,624,844)
Cash flows from financing activities				
Dividends paid	(3,258,631)	(3,243,120)	(3,333,631)	(3,308,120)
Debenture issue expenses	-	(9,898)	-	(9,898)
Decrease in subordinated term debts	-	(318,581)	-	(318,581)
Increase of debt securities issued	-	3,000,000	-	2,949,854
Increase of long term borrowings	37,580,671	8,358,214	37,556,509	8,268,932
Proceeds from issue of shares under ESOP	420,898	361,847	420,898	361,847
Net cash generated from financing activities	34,742,938	8,148,462	34,643,776	7,944,034
Net increase/ (decrease) in cash and cash equivalents	(1,994,408)	4,059,577	(1,924,325)	3,907,012
Cash and cash equivalents at the beginning of the year	16,930,833	12,871,256	18,518,305	14,611,293
Cash and cash equivalents at the end of the year [Note (c)]	14,936,425	16,930,833	16,593,980	18,518,305

ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS - BANK

As at 31st December 2015	Held for Trading	Amortised Cost	Available-for-Sale	Total Carrying Amount
	Rs 000	Rs 000	Rs 000	Rs 000
Assets				
Cash and cash equivalents	-	14,909,598	-	14,909,598
Balances with Central Bank of Sri Lanka	-	20,096,090	-	20,096,090
Placements with banks	-	26,827	-	26,827
Reverse repurchase agreements	-	4,869,219	-	4,869,219
Derivative financial instruments	1,302,872	-	-	1,302,872
Financial investments - Fair value through profit or loss	593,390	-	-	593,390
Loans and receivables to customers	-	498,341,628	-	498,341,628
Financial investments - Available-for-sale	-	-	78,046,505	78,046,505
Financial investments - Loans and receivables	-	84,206,702	-	84,206,702
Other assets	-	1,565,169	-	1,565,169
Total financial assets	1,896,262	624,015,233	78,046,505	703,958,000
Liabilities				
Due to banks	-	58,232,034	-	58,232,034
Derivative financial instruments	304,485	-	-	304,485
Securities sold under repurchase agreements	-	16,630,201	-	16,630,201
Due to customers	-	527,126,181	-	527,126,181
Other borrowings	-	26,833,109	-	26,833,109
Debt securities issued	-	4,490,742	-	4,490,742
Subordinated term debts	-	12,064,370	-	12,064,370
Dividends payable	-	764,771	-	764,771
Other liabilities	-	278,585	-	278,585
Total financial liabilities	304,485	646,419,993	-	646,724,478
As at 31st December 2014				
	Rs 000	Rs 000	Rs 000	Total Carrying Amount Rs 000
Assets				
Cash and cash equivalents	-	13,141,295	-	13,141,295
Balances with Central Bank of Sri Lanka	-	16,907,538	-	16,907,538
Placements with banks	-	3,789,538	-	3,789,538
Reverse repurchase agreements	-	16,930,572	-	16,930,572
Derivative financial instruments	178,370	-	-	178,370
Financial investments - Fair value through profit or loss	551,371	-	-	551,371
Loans and receivables to customers	-	396,277,166	-	396,277,166
Financial investments - Available-for-sale	-	-	67,842,229	67,842,229
Financial investments - Loans and receivables	-	35,369,035	-	35,369,035
Other assets	-	1,954,191	-	1,954,191
Total financial assets	729,741	484,369,335	67,842,229	552,941,305
Liabilities				
Due to banks	-	43,428,762	-	43,428,762
Derivative financial instruments	630,598	-	-	630,598
Securities sold under repurchase agreements	-	16,983,545	-	16,983,545
Due to customers	-	419,327,123	-	419,327,123
Other borrowings	-	4,345,285	-	4,345,285
Debt securities issued	-	4,451,407	-	4,451,407
Subordinated term debts	-	11,653,759	-	11,653,759
Dividends payable	-	587,078	-	587,078
Other liabilities	-	373,925	-	373,925
Total financial liabilities	630,598	501,150,884	-	501,781,482

ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS - GROUP

As at 31st December 2015	Held for Trading	Held to Maturity	Amortised Cost	Available- for-Sale	Total Carrying Amount
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Assets					
Cash and cash equivalents	-	-	15,419,654	-	15,419,654
Balances with Central Bank of Sri Lanka	-	-	20,096,090	-	20,096,090
Placements with banks	-	-	1,174,326	-	1,174,326
Reverse repurchase agreements	-	-	7,782,374	-	7,782,374
Derivative financial instruments	1,302,872	-	-	-	1,302,872
Other financial assets held for trading	1,948,772	-	-	-	1,948,772
Loans and receivables to customers	-	-	507,244,329	-	507,244,329
Financial investments - Available-for-sale	-	-	-	79,718,231	79,718,231
Financial investments - Held-to-maturity	-	1,257,433	-	-	1,257,433
Financial investments - Loans and receivables	-	-	87,087,205	-	87,087,205
Other assets	-	-	1,703,598	-	1,565,169
Total financial assets	3,251,644	1,257,433	640,507,576	79,718,231	724,596,455
Liabilities					
Due to banks	-	-	58,283,838	-	58,283,838
Derivative financial instruments	304,485	-	-	-	304,485
Securities sold under repurchase agreements	-	-	16,630,201	-	16,630,201
Due to customers	-	-	536,132,789	-	536,132,789
Other borrowings	-	-	26,833,109	-	26,833,109
Debt securities issued	-	-	4,913,751	-	4,913,751
Subordinated term debts	-	-	12,085,598	-	12,085,598
Dividends payable	-	-	764,771	-	764,771
Other liabilities	-	-	715,537	-	715,537
Total financial liabilities	304,485	-	656,359,594	-	656,664,079
As at 31st December 2014					
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Assets					
Cash and cash equivalents	-	-	13,421,850	-	13,421,850
Balances with Central Banks	-	-	16,907,538	-	16,907,538
Placements with banks	-	-	5,096,455	-	5,096,455
Reverse repurchase agreements	-	-	19,575,253	-	19,575,253
Derivative financial instruments	178,370	-	-	-	178,370
Other financial assets held for trading	1,052,727	-	-	-	1,052,727
Loans and receivables to customers	-	-	401,859,754	-	401,859,754
Financial investments - Available-for-sale	-	-	-	69,443,057	69,443,057
Financial investments - Held-to-maturity	-	955,421	-	-	955,421
Financial investments - Loans and receivables	-	-	38,049,100	-	38,049,100
Other assets	-	-	2,154,664	-	2,154,664
Total financial assets	1,231,097	955,421	497,064,614	69,443,057	568,694,189
Liabilities					
Due to banks	-	-	43,504,729	-	43,504,729
Derivative financial instruments	630,598	-	-	-	630,598
Securities sold under repurchase agreements	-	-	16,983,545	-	16,983,545
Due to customers	-	-	425,620,382	-	425,620,382
Other borrowings	-	-	4,345,285	-	4,345,285
Debt securities issued	-	-	4,842,627	-	4,842,627
Subordinated term debts	-	-	11,677,046	-	11,677,046
Dividends payable	-	-	587,078	-	587,078
Other liabilities	-	-	832,552	-	832,552
Total financial liabilities	630,598	-	508,393,244	-	509,023,842

SEGMENT REPORTING

For the 12 months ended 31st December		2015 Rs 000	2014 Rs 000	2015 Rs 000	2014 Rs 000	2015 Rs 000	2014 Rs 000	2015 Rs 000	2014 Rs 000	2015 Rs 000	2014 Rs 000	2015 Rs 000	2014 Rs 000	2015 Rs 000	2014 Rs 000	2015 Rs 000	2014 Rs 000	2015 Rs 000	2014 Rs 000	2015 Rs 000	2014 Rs 000	2015 Rs 000	2014 Rs 000	2015 Rs 000	2014 Rs 000	2015 Rs 000	2014 Rs 000
Net interest income		24,335,892	23,472,948	1,994,644	1,388,078	-	-	814,610	782,511	2,582,316	341,212	(33,742)	-	-	29,693,720	25,984,749	-	-	29,693,720	25,984,749	-	-	-	-	-	-	-
Net fee and commission income		5,775,910	4,877,835	-	-	-	-	100,439	134,072	367,638	60,902	-	-	-	6,243,987	5,072,809	-	-	6,243,987	5,072,809	-	-	-	-	-	-	-
Net gain/(loss) from trading		346,577	(570,720)	-	-	-	-	30,263	126,242	(14,892)	2,860	-	-	-	361,948	(441,618)	-	-	361,948	(441,618)	-	-	-	-	-	-	-
Net gain/(loss) from financial investments		253,858	1,398,025	-	-	-	-	31,870	95,950	12,250	-	-	-	-	-	-	-	-	297,978	1,493,975	-	-	-	-	-	-	-
Net insurance premium income		-	-	-	-	-	-	4,679,897	3,831,288	-	-	-	-	-	4,679,897	3,831,288	-	-	4,679,897	3,831,288	-	-	-	-	-	-	-
Other operating income		2,032,527	1,798,531	-	-	194,444	204,779	44,076	2,676	60,650	9,501	(964,858)	(133,964)	1,366,839	1,881,523	-	-	1,366,839	1,881,523	-	-	-	-	-	-	-	
Operating income by segment		32,744,764	30,976,619	1,994,644	1,388,078	194,444	204,779	5,701,155	4,972,739	3,007,962	414,475	(988,600)	(133,964)	42,644,369	37,822,726	-	-	42,644,369	37,822,726	-	-	-	-	-	-	-	
Inter-segment revenue		35,502	70,643	-	-	676,104	645,046	74,476	40,682	(396)	(48)	(785,686)	(756,323)	-	-	-	-	(785,686)	(756,323)	-	-	-	-	-	-	-	
Total operating income		32,780,266	31,047,262	1,994,644	1,388,078	870,548	849,825	5,775,631	5,013,421	3,007,566	414,427	(1,784,266)	(890,287)	42,644,369	37,822,726	-	-	42,644,369	37,822,726	-	-	-	-	-	-	-	
Impairment charge for loans and other losses		385,300	2,479,888	546,625	11,632	-	-	350	1,109	89,836	40,179	-	-	1,022,111	2,532,808	-	-	1,022,111	2,532,808	-	-	-	-	-	-	-	
Net operating income		32,394,966	28,567,374	1,448,019	1,376,446	870,548	849,825	5,775,281	5,012,312	2,917,730	374,248	(1,784,266)	(890,287)	41,622,258	35,289,918	-	-	41,622,258	35,289,918	-	-	-	-	-	-	-	
Segment result		14,639,538	11,873,863	1,377,075	1,317,072	702,362	639,793	237,361	496,872	1,403,851	150,791	(1,008,950)	(142,054)	17,351,227	14,336,327	-	-	17,351,227	14,336,327	-	-	-	-	-	-	-	
Unallocated operating expenses														(1,251,044)	(1,330,851)	-	-	(1,251,044)	(1,330,851)	-	-	-	-	-	-	-	
Operating profit														16,100,183	13,005,476	-	-	16,100,183	13,005,476	-	-	-	-	-	-	-	
Share of profit of associate and joint venture														60,085	142,977	-	-	60,085	142,977	-	-	-	-	-	-	-	
Income tax expense														(5,064,424)	(3,080,360)	-	-	(5,064,424)	(3,080,360)	-	-	-	-	-	-	-	
Profit for the year														11,086,844	10,068,093	-	-	11,086,844	10,068,093	-	-	-	-	-	-	-	
Non-controlling interests														(542,276)	(248,498)	-	-	(542,276)	(248,498)	-	-	-	-	-	-	-	
Profit attributable to the equity holders of the Bank														10,553,568	9,819,595	-	-	10,553,568	9,819,595	-	-	-	-	-	-	-	
Profit for the year														11,095,844	10,068,093	-	-	11,095,844	10,068,093	-	-	-	-	-	-	-	
Other comprehensive income, net of tax		(1,206,722)	3,481,539	-	-	2,893,381	-	(10,609)	1,168	(9,207)	6,847	625,624	8,378	2,292,468	3,497,932	-	-	2,292,468	3,497,932	-	-	-	-	-	-	-	
Total comprehensive income														13,388,312	13,566,025	-	-	13,388,312	13,566,025	-	-	-	-	-	-	-	
Non controlling interests														(632,707)	(252,925)	-	-	(632,707)	(252,925)	-	-	-	-	-	-	-	
Total comprehensive income attributable to the equity holders of the Bank														12,855,605	13,313,100	-	-	12,855,605	13,313,100	-	-	-	-	-	-	-	
Segment assets		663,129,143	527,045,496	39,263,688	23,941,618	10,231,547	7,585,280	11,640,828	9,969,316	13,490,777	9,251,320	30,996	(149,203)	737,786,979	577,643,827	-	-	737,786,979	577,643,827	-	-	-	-	-	-	-	
Investment in associates														1,041,797	1,196,544	-	-	1,041,797	1,196,544	-	-	-	-	-	-	-	
Unallocated assets														18,755,799	17,650,405	-	-	18,755,799	17,650,405	-	-	-	-	-	-	-	
Total Assets														757,584,575	596,490,776	-	-	757,584,575	596,490,776	-	-	-	-	-	-	-	
Segment liabilities		606,417,434	476,878,861	39,263,688	23,941,618	609,327	600,002	9,356,883	7,555,382	11,400,854	8,133,708	(1,682,838)	(1,389,698)	665,365,348	515,719,873	-	-	665,365,348	515,719,873	-	-	-	-	-	-	-	
Unallocated liabilities														14,475,537	11,132,206	-	-	14,475,537	11,132,206	-	-	-	-	-	-	-	
Total liabilities														679,840,885	526,852,079	-	-	679,840,885	526,852,079	-	-	-	-	-	-	-	
Cash flows from operating activities		42,749,948	2,686,018	(18,547,698)	(1,366,640)	624,955	628,878	1,120,736	236,396	1,108,879	1,901,786	(1,657)	(1,508,616)	27,055,163	2,587,822	-	-	27,055,163	2,587,822	-	-	-	-	-	-	-	
Cash flows from investing activities		(60,939,596)	(5,418,263)	-	-	(761,180)	30,519	(869,553)	(200,883)	(971,257)	1,478,256	(81,678)	(2,514,473)	(63,623,264)	(6,624,844)	-	-	(63,623,264)	(6,624,844)	-	-	-	-	-	-	-	
Cash flows from financing activities		34,742,938	8,148,462	-	-	-	(602,982)	(37,500)	(162,500)	(54,604)	(214,493)	(7,088)	675,547	34,643,776	7,944,034	-	-	34,643,776	7,944,034	-	-	-	-	-	-	-	
Capital expenditure		959,588	792,823	-	8,242	3,638	-	64,384	53,538	224,237	18,129	-	-	1,251,847	872,732	-	-	1,251,847	872,732	-	-	-	-	-	-	-	
Depreciation		745,573	830,163	410	197	135,207	132,544	51,115	40,814	70,687	8,654	3,217	2,640	1,006,209	1,015,012	-	-	1,006,209	1,015,012	-	-	-	-	-	-	-	
Amortization		202,452	280,114	18,161	16,522	67	68	17,225	17,975	6,930	1,160	-	-	244,835	315,839	-	-	244,835	315,839	-	-	-	-	-	-	-	

Business of HNB Grameen Finance Ltd *

EXPLANATORY NOTES

1. There are no changes in accounting policies and methods of computation since the publication of annual accounts for the year 2014.
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. There are no material events that took place after the Balance Sheet date, which require adjustment or disclosure in the financial statements, other than those disclosed below.
- (a) The Directors recommend that a final dividend of Rs. 7.00 per share by way of Rs. 3.50 cash and Rs. 3.50 scrip on both voting and non-voting shares of the Bank, to be paid for the financial year ended 31st December 2015.
Further this dividend is to be approved at the Annual General Meeting to be held on 30th March 2016. In accordance with Sri Lanka Accounting Standard (LKAS 10) "Events after the reporting period", this proposed final dividend has not been recognised as a liability as at 31st December 2015.
4. 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.
5. These interim financial statements are presented in accordance with Sri Lanka Accounting Standard (LKAS 34) "Interim Financial Reporting" and provide the information as required in terms of Rule 7.4 of the Colombo Stock Exchange.
6. Super Gains Tax
A Super Gains Tax (SGT) was imposed by the Finance bill passed in Parliament on 20th October 2015, where by Super Gains Tax is payable by every company or individual whose profit before income tax as per the audited financial statements for the year of assessment 2013/2014 exceeds Rs 2 Bn, at the rate of 25% on its taxable profits for the said year of assessment. SGT payments were made in three equal installments on 30th October 2015, 30th November 2015 and 31st December 2015. The impact for the Bank/Group from SGT amounted to Rs 2,074Mn/2,105Mn respectively.
7. Group reclassified the income and expenses relating to insurance business of HNB Assurance PLC, subsidiary of the Bank which affected the following line items.

	Current Presentation Rs 000	As disclosed previously Rs 000	Adjustment Rs 000
Income Statement			
Net insurance premium income	3,831,288	-	3,831,288
Other operating income (net)	1,881,523	5,712,811	(3,831,288)
Fee and commission expenses	123,290	617,275	(493,985)
Benefits, claims and underwriting expenditure	3,240,203	-	3,240,203
Other expenses	8,385,792	11,132,010	(2,746,218)

Apart from the above loans and receivables to customers, financial investments – loans and receivables, other assets, other liabilities and contingent liabilities and commitments have been reclassified to conform to current year's presentation.

8. Details of Employee Share Option Plan (ESOP)

	2010 Allocation*		2012 Allocation**		2013 Allocation***	
	Voting	Non voting	Voting	Non voting	Voting	Non voting
No of options brought forward	561,139	97,399	2,186,496	387,007	2,819,189	663,827
No of options granted in 2015	-	-	-	-	-	-
No of options exercised during the year	465,839	86,442	1,011,688	178,226	1,191,409	290,110
No of options expired during the year	95,300	10,957	53,956	13,373	49,735	8,308
No of options remaining	-	-	1,120,852	195,408	1,578,045	365,409
Allotment price (Rs)	111.43	65.67	145.79	81.43	142.17	110.04

*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 5th June 2013 and the retention period ended on 4th 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.

9. The consolidated financial statements of the Bank cover the Bank and its subsidiaries HNB Assurance PLC, Sithma Development (Pvt) Ltd & HNB Grameen Finance Ltd & the Group's interest in Joint Venture Acuity Partners (Pvt) Ltd.
10. Additional Information requested by the Banking Supervision Division of Central Bank of Sri Lanka by their circular dated 11th October 2013, has been given in the note to the financial statements.

SELECTED PERFORMANCE INDICATORS (AS PER REGULATORY REPORTING)

	As at	As at	As at	As at
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	Bank		Group	
Regulatory Capital Adequacy				
Core capital (Tier 1 Capital) Rs. Mn	52,459	47,299	58,138	51,191
Total Capital Base. Rs. Mn	63,250	57,750	69,299	63,029
Core capital adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 5%)	10.53%	12.15%	10.99%	12.70%
Total capital adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 10%)	12.70%	14.83%	13.10%	15.34%

	31.12.2015	31.12.2014
	Bank	
Assets Quality (Quality of Loan Portfolio)		
Gross Non-Performing Advances Ratio, % (net of Interest in Suspense)	2.43%	3.16%
Net Non-Performing Advances Ratio, % (net of Interest in Suspense and provisions)	0.84%	1.43%
Profitability (Annualised)		
Interest Margin, %	4.10%	4.62%
Return on Assets (before Tax), %	2.34%	2.24%
Return on Equity, %	16.77%	16.57%
Regulatory Liquidity		
Statutory Liquid Assets, Rs. Mn		
Domestic Banking Unit	136,406	99,627
Off-Shore Banking Unit	16,827	7,442
Statutory Liquid Assets Ratio % (Minimum requirement 20%)		
Domestic Banking Unit	23.89%	22.39%
Off-Shore Banking Unit	35.07%	22.49%

LISTED DEBENTURE INFORMATION

Quarter ended 31st December	Market Value				Yield as at Last Trade Done	
	2015 Highest Rs.	2015 Lowest Rs.	2014 Highest Rs.	2014 Lowest Rs.	2015	2014
HNB DEBENTURES 2006						
15 year Fixed Rate (11.00% p.a.)	N/T	N/T	N/T	N/T	N/T	N/T
18 year Fixed Rate (11.25% p.a.)	N/T	N/T	N/T	N/T	N/T	N/T
HNB DEBENTURES 2007						
10 year Fixed Rate (16.00% p.a.)	N/T	N/T	N/T	N/T	N/T	N/T
15 year Fixed Rate (16.75% p.a.)	N/T	N/T	N/T	N/T	N/T	N/T
HNB DEBENTURES 2011						
10 year Fixed Rate (11.50% p.a.)	N/T	N/T	N/T	N/T	N/T	N/T
HNB DEBENTURES 2013						
5 year Fixed Rate (14.00% p.a.)	N/T	N/T	N/T	N/T	N/T	N/T
10 year Fixed Rate (14.25% p.a.)	N/T	N/T	70.13	70.13	N/T	14.18
HNB DEBENTURES 2014						
3 year Fixed Rate (7.00% p.a.)	N/T	N/T	N/A	N/A	N/T	N/A
5 year Fixed Rate (7.90% p.a.)	N/T	N/T	N/A	N/A	N/T	N/A
10 year Fixed Rate (8.50% p.a.)	N/T	N/T	N/A	N/A	N/T	N/A

N/T – Not Traded as at 31st December, N/A – Not Applicable as at 31st December

Quarter ended 31st December	Yield to Maturity of Last Trade Done (% p.a)	
	2015	2014
HNB DEBENTURES 2006		
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.)	N/T	N/T
10 year Fixed Rate (14.25% p.a.)	N/T	14.18
HNB DEBENTURES 2014		
3 year Fixed Rate (7.00% p.a.)	N/T	N/A
5 year Fixed Rate (7.90% p.a.)	N/T	N/A
10 year Fixed Rate (8.50% p.a.)	N/T	N/A

N/T – Not Traded as at 31st December, N/A – Not Applicable as at 31st December

RATIOS OF DEBT		
	31.12.2015	31.12.2014
Debt Equity Ratio (%)	100.63	54.59
Interest Cover (Times)	5.84	6.01
Yield of Comparable Govt. Security for the following HNB Debentures (% p.a.)		
	31.12.2015	31.12.2014
2006 series 15 year maturity	10.72	8.53
2006 series 18 year maturity	11.18	8.94
2007 series 10 year maturity	8.73	7.71
2007 series 15 year maturity	10.80	8.76
2011 series 10 year maturity	10.68	8.55
2013 series 5 year maturity	8.47	7.06
2013 series 10 year maturity	9.98	7.97
2014 series 3 year maturity	8.21	7.01
2014 series 5 year maturity	9.25	7.29
2014 series 10 year maturity	9.97	8.14

SHARE INFORMATION

As at	31-Dec-15	31-Dec-14
Number of Shares		
Voting	324,405,445	321,736,509
Non-voting	81,415,925	80,861,147
Last Traded Price per share		
Voting	210.60	194.90
Non-voting	177.90	152.90

For the Quarter Ended	31-Dec-15	31-Dec-14
Highest price per share		
Voting	222.00	205.00
Non-voting	183.40	153.20
Lowest price per share		
Voting	207.50	175.10
Non-voting	175.00	142.00

PUBLIC SHAREHOLDING PERCENTAGE

As at	31-Dec-15
Voting	61% approx.
Non-voting	99% approx.

NUMBER OF PUBLIC SHAREHOLDERS

As at	31-Dec-15
Voting	4,804
Non-voting	11,331

DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S SHAREHOLDING

	Number of shares	
	31-Dec-15	31-Dec-14
1. Mr.R.A.R.Arseculeratne ***	-	-
2. Mr.A.J.Alles *	2,000	2,000
3. Ms.M.A.R.C.Cooray	5,312	5,312
4. Dr.W.W.Gamage **	-	101
5. Dr.L.R.Karunaratne	1,018	1,018
6. Mr.L.U.D.Fernando	509	2,667
7. Mr.D.T.S.H.Mudalige	-	-
8. Miss.D.S.C.Jayawardena	500	500
9. Mr.R.S.Captain	6,007	6,007
10. Mr.D.A.Cabraal	-	-
11. Mr.P.S.C.Pelpola ***	-	-
12. Mr.E.D.P.Soosaipillai ***	-	-
13. Mr.A.H.D.A.N.De Silva ***	-	-

* Chief Executive Officer

** Resigned with effect from 29th May 2015

*** Appointed with effect from 30th April 2015

20 MAJOR SHAREHOLDERS (VOTING) AS AT 31ST DECEMBER 2015

	Name	No. of shares	% on total voting capital
1.	Sri Lanka Insurance Corporation Ltd.	47,635,487	14.68
2.	Employees Provident Fund	31,836,612	9.81
3.	Milford Exports (Ceylon) Limited	25,828,280	*7.96
4.	Mr.Sohli Edelji Captain	23,705,220	7.31
5.	Stassen Exports Ltd	22,387,096	*6.90
6.	Sonetto Holdings Limited	14,697,921	4.53
7.	HSBC Int'l Nominees Ltd-JPMLU-Franklin Templeton Investment	12,012,761	3.70
8.	Distilleries Company of Sri Lanka PLC	10,016,272	*3.09
9.	National Savings Bank	9,371,940	2.89
10.	Standard Chartered Bank Singapore S/A HL Bank Singapore	6,420,188	1.98
11.	The Bank of New York Mellon SA/NV-CF Ruffer Total return Fund	5,138,289	1.58
12.	Citi Group Global Markets Ltd Agency Trading Prop. Sec.	3,949,446	1.22
13.	The Bank of New York Mellon SA/NV-CF Ruffer Absolute return	3,448,972	1.06
14.	Ms.Leesha Anne Captain	2,870,020	0.88
15.	Mrs. Cheryl Susan De Fonseka	2,719,898	0.84
16.	CitiBank New York S/A Norges Bank Account 2	2,711,926	0.84
17.	BNY-CF Ruffer Investment Funds : CF Ruffer Pacific Fund	2,628,518	0.81
18.	HSBC INTL Nom Ltd-UBS AG Zurich	2,578,841	0.79
19.	BNYM SA/NV-Blackrock Frontiers Investment Trust PLC	2,129,201	0.66
20.	BNYM SA/NV-Neon Liberty Lorieket Master Fund LP	2,067,294	0.64

* 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 17.95% 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 DECEMBER 2015

	Name	No. of shares	% on total non-voting capital
1.	HSBC Int'l nominees Ltd-JPMLU-Franklin Templeton Invest	7,625,980	9.37
2.	HSBC Int'l Nom Ltd-UBS AG Zurich	7,083,734	8.70
3.	BNYM SA/NV-Frontaura Global Frontier Fund LLC	4,547,707	5.59
4.	The Bank of New York Mellon SA/NV-CF Ruffer Total Return Fund	2,557,103	3.14
5.	Akbar Brothers Pvt Ltd A/c No. 01	2,030,748	2.49
6.	The Bank of New York Mellon SA/NV-CF Ruffer Absolute Return	1,703,364	2.09
7.	Mr. Sohli Edelji Captain	1,442,839	1.77
8.	Northern Trust Company S/A Polar Capital Funds PLC	1,220,030	1.50
9.	Rubber Investment Trust Limited A/c # 01	1,164,083	1.43
10.	CITI Bank NY S/A Forward International Dividend Fund	1,142,944	1.40
11.	Union Assurance PLC No. 1 A/c	1,047,778	1.29
12.	BNY-CF Ruffer Investment Funds:CF Ruffer Pacific Fund	1,011,115	1.24
13.	Mr. Jayampathi Divale Bandaranayake	980,022	1.20
14.	Employees Trust Fund Board	894,238	1.10
15.	CITI Bank Newyork S/A Norges Bank Account 2	893,383	1.10
16.	Commercial Bank of Ceylon PLC/Dunamis Capital PLC	783,463	0.96
17.	Deutsche Bank AG Singapore Branch	757,634	0.93
18.	BNYM SA/NV-Neon Liberty Lorieket Master Fund LP	745,545	0.92
19.	Deutsche Bank AG as Trustee for JB Vantage Value Equity Fund	667,731	0.82
20.	The Ceylon Investment PLC A/c No. 02	603,721	0.74

NOTES TO THE FINANCIAL STATEMENTS

As at	BANK		GROUP	
	31.12.2015 Rs.000	31.12.2014 Rs.000	31.12.2015 Rs.000	31.12.2014 Rs.000
1) Loans and Receivables to Other Customers				
Gross loans and receivables	509,525,467	406,931,444	518,586,177	413,223,520
Less : Individual impairment	(3,345,714)	(2,645,389)	(3,450,410)	(3,333,404)
Collective impairment	(7,838,125)	(8,008,889)	(7,891,438)	(8,030,362)
Net loans and receivables	498,341,628	396,277,166	507,244,329	401,859,754
2) Loans and Receivables to Other Customers - By product				
By product-Domestic Currency				
Overdrafts	71,116,853	67,433,323	71,116,853	67,433,323
Bills of exchange	1,042,923	865,146	1,042,923	865,146
Commercial papers	161,270	161,631	161,270	161,631
Short term loans	49,986,757	40,019,432	50,078,749	40,090,513
Credit Cards	4,548,110	3,913,915	4,548,110	3,913,915
Trust receipts	21,956,493	16,582,564	21,956,493	16,582,564
Packing credit loans	698,384	182,316	698,384	182,316
Staff loans	10,875,391	9,699,851	11,339,787	10,013,167
Term loans	199,275,891	145,657,501	207,777,654	151,565,178
Lease rentals receivable	40,287,937	24,478,081	40,290,496	24,478,081
Housing loans	29,633,094	26,531,815	29,633,094	26,531,815
Pawning advances	16,439,602	23,031,032	16,439,602	23,031,032
Securitized notes	371,682	797,027	371,682	797,029
Sub total	446,394,387	359,353,634	455,455,097	365,645,710
By product-Foreign Currency				
Overdrafts	449,581	1,685,644	449,581	1,685,644
Bills of exchange	2,072,263	1,596,677	2,072,263	1,596,677
Short term loans	895,123	645,222	895,123	645,222
Trust receipts	1,713,228	1,284,926	1,713,228	1,284,926
Packing credit loans	8,718,595	9,212,549	8,718,595	9,212,549
Term loans	48,053,396	32,057,333	48,053,396	32,057,333
Lease rentals receivable	53,659	4,792	53,659	4,792
Housing loans	1,175,235	1,090,667	1,175,235	1,090,667
Sub total	63,131,080	47,577,810	63,131,080	47,577,810
Total	509,525,467	406,931,444	518,586,177	413,223,520
3) Movements in Individual and Collective Impairment during the period for Loans and Receivables to Other Customers				
Individual impairment				
Opening balance at 01st January	2,645,389	2,027,843	3,333,404	2,027,843
Increase in individual impairment allowance from acquisition of subsidiary	-	-	-	680,187
Charge/(Write back) to income statement	662,538	499,299	720,885	507,127
Amounts written off	-	-	(641,666)	-
Interest accrued on impaired loans and receivables	37,787	118,247	37,787	118,247
Closing balance as at 31st December	3,345,714	2,645,389	3,450,410	3,333,404
Collective impairment				
Opening balance at 01st January	8,008,889	8,586,339	8,030,362	8,588,339
Increase in individual impairment allowance from acquisition of subsidiary	-	-	-	3,435
Charge/(Write back) to income statement	137,386	1,688,681	169,225	1,704,719
Amounts written off	(308,149)	(2,266,131)	(308,149)	(2,266,131)
Closing balance as at 31st December	7,838,126	8,008,889	7,891,438	8,030,362
Total impairment	11,183,840	10,654,278	11,341,848	11,363,766
As at	31.12.2015 Rs.000	31.12.2014 Rs.000	31.12.2015 Rs.000	31.12.2014 Rs.000
4) Due to Other Customers - By product				
By product-Domestic Currency				
Current account deposits	31,932,262	29,739,375	31,649,897	29,350,797
Savings deposits	157,972,669	137,079,901	159,382,475	137,950,881
Time deposits	245,363,599	182,986,184	253,330,243	188,899,993
Certificates of deposit	1,092,263	1,374,807	1,092,263	1,374,807
Margin deposits	1,892,467	1,552,448	1,892,467	1,552,448
Sub total	438,253,260	352,732,715	447,347,345	359,128,926
By product- Foreign Currency				
Current account deposits	2,026,434	2,869,270	2,026,434	2,869,270
Savings deposits	26,232,225	20,866,722	26,225,880	20,852,427
Time deposits	60,581,727	42,826,192	60,500,595	42,737,535
Margin deposits	32,535	32,224	32,535	32,224
Sub total	88,872,921	66,594,408	88,785,444	66,491,456
Total	527,126,181	419,327,123	536,132,789	425,620,382