



# **Hatton National Bank PLC**

**Interim Financial Statements  
for the Six Months ended 30th June 2015**

## INCOME STATEMENT

	BANK						GROUP					
	For the 6 months ended 30th June			For the quarter ended 30th June			For the 6 months ended 30th June			For the quarter ended 30th June		
	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)
<b>Income</b>	<b>28,904,045</b>	<b>30,908,282</b>	<b>(6)</b>	<b>15,127,293</b>	<b>15,706,273</b>	<b>(4)</b>	<b>32,939,400</b>	<b>33,156,302</b>	<b>(1)</b>	<b>17,112,451</b>	<b>16,871,167</b>	<b>1</b>
Interest income	24,940,961	26,878,630	(7)	12,886,884	13,260,141	(3)	26,884,928	27,219,989	(1)	13,920,220	13,432,215	4
Less: Interest expenses	12,083,919	14,509,711	(17)	6,224,350	7,071,028	(12)	12,498,347	14,494,373	(14)	6,435,262	7,061,564	(9)
<b>Net interest income</b>	<b>12,857,042</b>	<b>12,368,919</b>	<b>4</b>	<b>6,662,534</b>	<b>6,189,113</b>	<b>8</b>	<b>14,386,581</b>	<b>12,725,616</b>	<b>13</b>	<b>7,484,958</b>	<b>6,370,651</b>	<b>17</b>
Fee and commission income	2,719,092	2,423,211	12	1,366,207	1,207,726	13	2,962,401	2,494,339	19	1,493,172	1,222,530	22
Less: Fee and commission expenses	64,479	40,950	57	38,379	21,988	75	406,622	283,802	43	189,270	124,923	52
<b>Net fee and commission income</b>	<b>2,654,613</b>	<b>2,382,261</b>	<b>11</b>	<b>1,327,828</b>	<b>1,185,738</b>	<b>12</b>	<b>2,555,779</b>	<b>2,210,537</b>	<b>16</b>	<b>1,303,902</b>	<b>1,097,607</b>	<b>19</b>
<b>Net interest, fee and commission income</b>	<b>15,511,655</b>	<b>14,751,180</b>	<b>5</b>	<b>7,990,362</b>	<b>7,374,851</b>	<b>8</b>	<b>16,942,360</b>	<b>14,936,153</b>	<b>13</b>	<b>8,788,860</b>	<b>7,468,258</b>	<b>18</b>
Net gain/(loss) from trading	(531,281)	(268,931)	98	(602,657)	(532,134)	13	(517,383)	(224,242)	131	(574,759)	(502,573)	14
Net gain/(loss) from financial instruments designated at fair value through profit or loss	-	-	-	-	-	-	-	-	-	-	-	-
Net gain/(loss) from financial investments	200,236	1,074,120	(81)	177,940	1,052,798	(83)	224,875	1,078,324	(79)	187,592	1,057,186	(82)
Other operating income (net)	1,575,037	801,252	97	1,298,919	717,742	81	3,384,579	2,587,892	31	2,086,226	1,661,809	26
<b>Total Operating income</b>	<b>16,755,647</b>	<b>16,357,621</b>	<b>2</b>	<b>8,864,564</b>	<b>8,613,257</b>	<b>3</b>	<b>20,034,431</b>	<b>18,378,127</b>	<b>9</b>	<b>10,487,919</b>	<b>9,684,680</b>	<b>8</b>
<b>Impairment for loans and other losses</b>												
Individual Impairment	364,915	36,405	902	196,195	(60,285)	425	386,700	36,405	962	205,664	(60,285)	441
Collective Impairment	1,040,991	2,586,479	(60)	633,231	711,125	(11)	1,052,808	2,586,479	(59)	644,573	711,125	(9)
Others	13,949	69,443	(80)	15,320	32,411	53	13,949	69,443	(80)	15,320	32,411	(53)
<b>Net operating income</b>	<b>15,335,792</b>	<b>13,665,294</b>	<b>12</b>	<b>8,019,818</b>	<b>7,930,006</b>	<b>1</b>	<b>18,580,974</b>	<b>15,685,800</b>	<b>18</b>	<b>9,622,362</b>	<b>9,001,429</b>	<b>7</b>
<b>Operating expenses</b>												
Personnel expenses	4,060,016	3,686,968	10	2,098,043	1,888,663	11	4,674,912	3,964,832	18	2,413,844	2,012,139	20
Depreciation and amortisation	492,238	580,328	(15)	240,382	292,174	(18)	633,163	676,204	(6)	323,770	340,559	(5)
Other expenses	3,505,338	3,416,549	3	1,735,102	1,652,691	5	5,514,827	4,772,204	16	2,767,305	2,357,755	17
<b>Total Operating expenses</b>	<b>8,057,592</b>	<b>7,683,845</b>	<b>5</b>	<b>4,073,527</b>	<b>3,833,528</b>	<b>6</b>	<b>10,822,902</b>	<b>9,413,240</b>	<b>15</b>	<b>5,504,919</b>	<b>4,710,453</b>	<b>17</b>
<b>Operating profit before value added tax (VAT) and nation building tax (NBT) on financial services</b>	<b>7,278,200</b>	<b>5,981,449</b>	<b>22</b>	<b>3,946,291</b>	<b>4,096,478</b>	<b>(4)</b>	<b>7,758,072</b>	<b>6,272,560</b>	<b>24</b>	<b>4,117,443</b>	<b>4,290,976</b>	<b>(4)</b>
Value added tax (VAT) and nation building tax (NBT) on financial services	1,200,630	1,036,213	16	642,331	618,008	4	1,310,078	1,036,213	26	700,669	618,008	13
<b>Operating profit after value added tax (VAT) and nation building tax (NBT) on financial services</b>	<b>6,077,570</b>	<b>4,945,236</b>	<b>23</b>	<b>3,303,960</b>	<b>3,478,470</b>	<b>(5)</b>	<b>6,447,994</b>	<b>5,236,347</b>	<b>23</b>	<b>3,416,774</b>	<b>3,672,968</b>	<b>(7)</b>
Share of profits of Associate and Joint Venture (net of income tax)	-	-	-	-	-	-	36,483	31,677	15	56,677	27,235	108
<b>Profit before income tax</b>	<b>6,077,570</b>	<b>4,945,236</b>	<b>23</b>	<b>3,303,960</b>	<b>3,478,470</b>	<b>(5)</b>	<b>6,484,477</b>	<b>5,268,024</b>	<b>23</b>	<b>3,473,451</b>	<b>3,700,203</b>	<b>(6)</b>
Income tax expense	1,765,648	1,562,098	13	830,082	1,114,966	(26)	1,928,295	1,575,545	22	928,064	1,130,559	(18)
<b>Profit for the period</b>	<b>4,311,922</b>	<b>3,383,139</b>	<b>27</b>	<b>2,473,878</b>	<b>2,363,505</b>	<b>5</b>	<b>4,556,182</b>	<b>3,692,479</b>	<b>23</b>	<b>2,545,387</b>	<b>2,569,644</b>	<b>(1)</b>
<b>Profit attributable to:</b>												
Equity holders of the Bank	4,311,922	3,383,139	27	2,473,878	2,363,505	5	4,301,328	3,647,271	18	2,386,107	2,550,180	(6)
Non-controlling interests	-	-	-	-	-	-	254,854	45,208	464	159,280	19,464	718
<b>Profit for the period</b>	<b>4,311,922</b>	<b>3,383,139</b>	<b>27</b>	<b>2,473,878</b>	<b>2,363,505</b>	<b>5</b>	<b>4,556,182</b>	<b>3,692,479</b>	<b>23</b>	<b>2,545,387</b>	<b>2,569,644</b>	<b>(1)</b>
<b>Earnings per share on profit</b>												
Basic earnings per ordinary share (Rs)	10.68	8.46	26	6.12	5.90	4	10.66	9.12	17	5.90	6.37	(7)
Diluted earnings per ordinary share (Rs)	10.63	8.43	26	6.09	5.89	3	10.60	9.09	17	5.87	6.35	(8)

## STATEMENT OF OTHER COMPREHENSIVE INCOME

	BANK						GROUP					
	For the 6 months ended 30th June			For the quarter ended 30th June			For the 6 months ended 30th June			For the quarter ended 30th June		
	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)
<b>Profit for the period</b>	<b>4,311,922</b>	<b>3,383,139</b>	<b>27</b>	<b>2,473,878</b>	<b>2,363,505</b>	<b>5</b>	<b>4,556,182</b>	<b>3,692,479</b>	<b>23</b>	<b>2,545,387</b>	<b>2,569,644</b>	<b>(1)</b>
Other comprehensive income, net of tax												
<b>Other comprehensive income to be reclassified to income statement</b>												
<b>Available-for-sale financial assets:</b>												
Net change in fair value during the period	(197,506)	843,025	(123)	356,658	192,066	86	(244,445)	865,939	(128)	402,139	207,470	94
Transfer to life policy holder reserve fund	-	-	-	-	-	-	41,997	(23,522)	279	(42,254)	(15,399)	174
Net amount transferred to profit or loss (available-for-sale financial assets)	-	(645,437)	-	-	(645,437)	-	-	(645,437)	-	-	(645,437)	-
Share of other comprehensive income of equity accounted joint venture	-	-	-	-	-	-	(13,994)	(4,889)	186	(14,608)	(3,918)	273
<b>Total other comprehensive income to be reclassified to income statement</b>	<b>(197,506)</b>	<b>197,588</b>	<b>(200)</b>	<b>356,658</b>	<b>(453,371)</b>	<b>179</b>	<b>(216,442)</b>	<b>192,091</b>	<b>(213)</b>	<b>345,277</b>	<b>(457,284)</b>	<b>176</b>
<b>Other comprehensive income not to be reclassified to income statement</b>												
Actuarial gains and losses on defined benefit plans	-	-	-	-	-	-	(9,203)	-	(100)	(9,203)	-	(100)
<b>Total other comprehensive income not to be reclassified to income statement</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(9,203)</b>	<b>-</b>	<b>(100)</b>	<b>(9,203)</b>	<b>-</b>	<b>(100)</b>
<b>Other comprehensive income for the period, net of tax</b>	<b>(197,506)</b>	<b>197,588</b>	<b>(200)</b>	<b>356,658</b>	<b>(453,371)</b>	<b>179</b>	<b>(225,645)</b>	<b>192,091</b>	<b>(217)</b>	<b>336,074</b>	<b>(457,284)</b>	<b>173</b>
<b>Total comprehensive income for the period</b>	<b>4,114,416</b>	<b>3,580,727</b>	<b>15</b>	<b>2,830,536</b>	<b>1,910,134</b>	<b>48</b>	<b>4,330,537</b>	<b>3,884,570</b>	<b>11</b>	<b>2,881,461</b>	<b>2,112,360</b>	<b>36</b>
<b>Total comprehensive income attributable to:</b>												
Equity holders of the Bank	4,114,416	3,580,727	15	2,830,536	1,910,134	48	4,082,983	3,839,606	6	2,726,216	2,092,895	30
Non-controlling interests	-	-	-	-	-	-	247,554	44,964	451	155,245	19,465	698
<b>Total comprehensive income for the period</b>	<b>4,114,416</b>	<b>3,580,727</b>	<b>15</b>	<b>2,830,536</b>	<b>1,910,134</b>	<b>48</b>	<b>4,330,537</b>	<b>3,884,570</b>	<b>11</b>	<b>2,881,461</b>	<b>2,112,360</b>	<b>36</b>

## STATEMENT OF FINANCIAL POSITION

	As at 30.06.2015	BANK As at 31.12.2014 (Audited)	% Increase / (Decrease)	As at 30.06.2015	GROUP As at 31.12.2014 (Audited)	% Increase / (Decrease)
	Rs.000	Rs.000		Rs.000	Rs.000	
<b>ASSETS</b>						
Cash and cash equivalents	13,478,377	13,141,295	3	14,007,553	13,421,850	4
Balances with Central Bank of Sri Lanka	18,239,537	16,907,538	8	18,239,537	16,907,538	8
Placements with banks	1,889,209	3,789,538	(50)	3,054,075	5,096,455	(40)
Securities purchased under re-sale agreements	159,283	16,930,572	(99)	3,141,157	19,575,253	(84)
Derivative financial instruments	86,620	178,370	(51)	86,620	178,370	(51)
Other financial assets held-for-trading	588,106	551,371	7	1,262,811	1,052,727	20
Non - current assets held for sale	-	30,238	-	-	30,238	-
Loans and receivables to customers	426,954,798	395,480,136	8	434,194,685	401,062,725	8
Financial investments - Available-for-sale	85,205,549	67,842,229	26	86,926,447	69,443,056	25
Financial investments - Held-to-maturity	-	-	-	781,504	955,421	(18)
Financial investments - Loans and receivables	63,564,225	36,166,064	76	66,218,609	38,846,129	70
Investments in Joint Venture	655,000	655,000	-	1,228,863	1,196,544	3
Investments in Subsidiaries	3,017,285	3,017,285	-	-	-	-
Investment properties	389,354	392,088	(1)	1,040,000	1,042,389	-
Property, plant and equipment	9,138,261	9,304,665	(2)	18,112,008	18,290,354	(1)
Intangible assets and goodwill	705,058	802,728	(12)	984,221	1,089,760	(10)
Deferred tax assets	208,326	287,384	(28)	105,901	199,311	(47)
Other assets	10,955,788	10,940,270	-	11,915,747	11,668,067	2
<b>Total Assets</b>	<b>635,234,776</b>	<b>576,416,771</b>	<b>10</b>	<b>661,299,738</b>	<b>600,056,187</b>	<b>10</b>
<b>LIABILITIES</b>						
Due to banks	56,948,789	43,428,762	31	56,990,633	43,504,729	31
Derivative financial instruments	295,008	630,598	(53)	295,008	630,598	(53)
Securities sold under repurchase agreements	16,994,317	16,983,545	-	16,994,317	16,983,545	-
Due to other customers	461,201,527	419,327,123	10	468,834,545	425,620,382	10
Dividends payable	725,130	587,078	24	725,130	587,078	24
Other borrowings	4,517,538	4,345,285	4	4,517,538	4,345,285	4
Debt securities issued	4,550,488	4,451,407	2	4,938,455	4,842,627	2
Current tax liabilities	3,904,772	3,297,530	18	4,096,824	3,394,992	21
Insurance provision -Life	-	-	-	6,381,539	5,562,649	15
Insurance provision -General	-	-	-	1,379,795	1,279,139	8
Other provisions	2,029,968	1,810,892	12	2,320,018	2,123,089	9
Other liabilities	10,177,775	9,002,129	13	11,060,041	9,866,331	12
Subordinated term debts	11,383,223	11,653,759	(2)	11,410,666	11,677,046	(2)
<b>Total Liabilities</b>	<b>572,728,535</b>	<b>515,518,108</b>	<b>11</b>	<b>589,944,509</b>	<b>530,417,490</b>	<b>11</b>

STATEMENT OF FINANCIAL POSITION						
	BANK			GROUP		
	As at 30.06.2015	As at 31.12.2014 (Audited)	% Increase / (Decrease)	As at 30.06.2015	As at 31.12.2014 (Audited)	% Increase / (Decrease)
	Rs.000	Rs.000		Rs.000	Rs.000	
<b>EQUITY</b>						
Stated capital	13,693,515	13,289,992	3	13,693,515	13,289,992	3
Statutory reserves	3,160,000	3,160,000	-	3,160,000	3,160,000	-
Retained earnings	9,292,205	7,808,059	19	11,876,019	10,396,517	14
Other reserves	36,360,521	36,640,612	(1)	40,719,009	41,058,056	(1)
<b>Total equity attributable to equity holders of the Bank</b>	<b>62,506,241</b>	<b>60,898,663</b>	<b>3</b>	<b>69,448,543</b>	<b>67,904,565</b>	<b>2</b>
<b>Non-controlling interests</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,906,686</b>	<b>1,734,132</b>	<b>10</b>
<b>Total equity</b>	<b>62,506,241</b>	<b>60,898,663</b>	<b>3</b>	<b>71,355,229</b>	<b>69,638,697</b>	<b>2</b>
<b>Total Liabilities and Equity</b>	<b>635,234,776</b>	<b>576,416,771</b>	<b>10</b>	<b>661,299,738</b>	<b>600,056,187</b>	<b>10</b>
Contingent liabilities and commitments	362,401,072	339,722,332	7	362,401,072	339,722,332	7
Net Asset Value per Share (Rs.)	154.30	151.26	2	171.44	168.67	2
<b>Memorandum Information</b>						
Number of Employees	4,348	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 30th June 2015 and its profit for the six months ended 30th June 2015.

(Sgd.)

**Ashok Goonesekere**

Chief Financial Officer

10th August 2015

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

10th August 2015

(Sgd.)

**Rienzie Arseculeratne**

Chairman

10th August 2015

## STATEMENT OF CHANGES IN EQUITY - BANK

	Stated Capital		Statutory Reserves		Other Reserves				Retained Earnings	Total
	Voting	Non-Voting	Reserve Fund	Investment Fund*	Available for Sale Reserve	Capital Reserve	General Reserve	ESOP Reserve		
For the 6 months ended 30th June 2015	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
<b>Balance as at 1st January 2015</b>	10,640,391	2,649,601	3,160,000	-	6,755,355	4,466,918	25,100,000	318,339	7,808,059	60,898,663
<b>Total comprehensive income for the period</b>										
Profit for the period	-	-	-	-	-	-	-	-	4,311,922	4,311,922
Other Comprehensive Income for the period (net of tax)	-	-	-	-	(197,506)	-	-	-	-	(197,506)
<b>Total comprehensive income for the period</b>	-	-	-	-	(197,506)	-	-	-	4,311,922	4,114,416
<b>Transactions with equity holders, recognised directly in equity</b>										
Issue of shares under ESOP	282,391	38,547	-	-	-	-	-	-	-	320,938
Fair value of the employee share options exercised	72,321	10,264	-	-	-	-	-	(82,585)	-	-
Final dividend 2014	-	-	-	-	-	-	-	-	(2,827,776)	(2,827,776)
<b>Total transactions with equity holders</b>	354,712	48,811	-	-	-	-	-	(82,585)	(2,827,776)	(2,506,838)
<b>Balance as at 30th June 2015</b>	10,995,103	2,698,412	3,160,000	-	6,557,849	4,466,918	25,100,000	235,754	9,292,205	62,506,241
<b>For the 6 months ended 30th June 2014</b>										
<b>Balance as at 1st January 2014</b>	10,254,944	2,575,324	2,660,000	4,101,205	4,413,828	4,466,918	19,100,000	416,216	3,465,419	51,453,854
<b>Total comprehensive income for the period</b>										
Profit for the period	-	-	-	-	-	-	-	-	3,383,139	3,383,139
Other Comprehensive Income for the period (net of tax)	-	-	-	-	197,588	-	-	-	-	197,588
<b>Total comprehensive income for the period</b>	-	-	-	-	197,588	-	-	-	3,383,139	3,580,727
<b>Transactions with equity holders, recognised directly in equity</b>										
Issue of shares under ESOP	92,338	17,742	-	-	-	-	-	-	-	110,080
Final dividend 2013	-	-	-	-	-	-	-	-	(2,800,912)	(2,800,912)
Transfer to Investment Fund	-	-	-	292,285	-	-	-	-	(292,285)	-
<b>Total transactions with equity holders</b>	92,338	17,742	-	292,285	-	-	-	-	(3,093,197)	(2,690,832)
<b>Balance as at 30th June 2014</b>	10,347,282	2,593,066	2,660,000	4,393,490	4,611,416	4,466,918	19,100,000	416,216	3,755,361	52,343,749

\* Tax savings 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. The operations of this fund was ceased with effect from 1st October 2014 and the balance as at that date was transferred to retained earnings.

## STATEMENT OF CHANGES IN EQUITY - GROUP

	Stated Capital		Statutory Reserves		Other Reserves							Retained Earnings	Non Controlling Interest	Total
	Voting	Non-Voting	Reserve Fund	Investment Fund *	Available for sale Reserve	Capital Reserve"	General Reserve	ESOP Reserve	Life policy holder Reserve fund	Exchange equalization reserve				
For the 6 months ended 30th June 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 2015	10,640,391	2,649,601	3,160,000	-	6,806,191	8,792,778	25,100,000	318,339	40,748	-	10,396,517	1,734,132	69,638,697	
Total comprehensive income for the period														
Profit for the period	-	-	-	-	-	-	-	-	-	-	4,301,328	254,854	4,556,182	
Other Comprehensive Income for the period (net of tax)	-	-	-	-	(214,465)	-	-	-	-	-	(3,880)	(7,300)	(225,645)	
Total comprehensive income for the period	-	-	-	-	(214,465)	-	-	-	-	-	4,297,448	247,554	4,330,537	
Transactions with equity holders, recognised directly in equity														
Issue of shares under ESOP	282,391	38,547	-	-	-	-	-	-	-	-	-	-	320,938	
Fair value of the employee share options granted	72,321	10,264	-	-	-	-	-	(82,585)	-	-	-	-	-	
Final dividend 2014	-	-	-	-	-	-	-	-	-	-	(2,827,776)	(75,000)	(2,902,776)	
Deemed disposal gain in Joint Venture Group	-	-	-	-	-	-	-	-	-	-	9,830	-	9,830	
Transfer to life policy holder reserve fund	-	-	-	-	-	-	-	-	(41,997)	-	-	-	(41,997)	
Total transactions with equity holders	354,712	48,811	-	-	-	-	-	(82,585)	(41,997)	-	(2,817,946)	(75,000)	(2,614,005)	
Balance as at 30th June 2015	10,995,103	2,698,412	3,160,000	-	6,591,726	8,792,778	25,100,000	235,754	(1,249)	-	11,876,019	1,906,686	71,355,229	
For the 6 months ended 30th June 2014														
Balance as at 1st January 2014	10,254,944	2,575,324	2,660,000	4,101,205	4,454,989	8,792,657	19,100,000	416,216	(4,182)	-	5,210,483	809,241	58,370,877	
Total comprehensive income for the period														
Profit for the period	-	-	-	-	-	-	-	-	-	-	3,647,271	45,208	3,692,479	
Other Comprehensive Income for the period (net of tax)	-	-	-	-	192,335	-	-	-	-	-	-	(244)	192,091	
Total comprehensive income for the period	-	-	-	-	192,335	-	-	-	-	-	3,647,271	44,964	3,884,570	
Transactions with equity holders, recognised directly in equity														
Issue of shares under ESOP	92,338	17,742	-	-	-	-	-	-	-	-	-	-	110,080	
Final dividend 2013	-	-	-	-	-	-	-	-	-	-	(2,800,912)	(65,000)	(2,865,912)	
Deemed disposal gain in Joint Venture Group	-	-	-	-	-	-	-	-	-	-	23,911	-	23,911	
Transfer to life policy holder reserve fund	-	-	-	-	-	-	-	-	23,522	-	-	-	23,522	
Transfer to Investment Fund	-	-	-	292,285	-	-	-	-	-	-	(292,285)	-	-	
Total transactions with equity holders	92,338	17,742	-	292,285	-	-	-	-	23,522	-	(3,069,286)	(65,000)	(2,708,399)	
Balance as at 30th June 2014	10,347,282	2,593,066	2,660,000	4,393,490	4,647,324	8,792,657	19,100,000	416,216	19,340	-	5,788,468	789,205	59,547,048	

\*Tax savings 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. The operations of this fund was ceased with effect from 1st October 2014 and the balance as at that date was transferred to retained earnings.

## STATEMENT OF CASH FLOWS

For the period ended 30th June	BANK		GROUP	
	2015 Rs 000	2014 Rs 000	2015 Rs 000	2014 Rs 000
<b>Cash Flows from Operating Activities</b>				
Interest and commission receipts	27,642,365	28,293,045	29,635,297	29,430,543
Interest payments	(13,232,586)	(16,809,809)	(13,596,172)	(16,792,912)
Receipts from other operating activities	1,071,409	807,325	3,416,021	2,682,565
Cash payments to employees	(3,885,126)	(3,684,930)	(4,531,580)	(4,003,717)
Recoveries from loans written off in previous years	9,823	5,063	9,823	5,063
Cash payments to suppliers and other operating activities	(4,740,696)	(5,551,193)	(6,015,333)	(5,992,939)
<b>Operating Profit before Changes in Operating Assets &amp; Liabilities</b>	<b>6,865,189</b>	<b>3,059,501</b>	<b>8,918,056</b>	<b>5,328,603</b>
<b>(Increase)/ Decrease in Operating assets</b>				
Reverse repurchase agreements	16,662,880	(1,150,908)	16,362,473	(943,913)
Deposits held for regulatory or monetary control purpose	(1,331,999)	290,049	(1,331,999)	290,049
Loans and receivables to customers	(32,693,485)	(2,243,322)	(34,376,110)	(2,521,276)
Other short term assets	(52,206)	(803,809)	(248,902)	(916,617)
	<b>(17,414,810)</b>	<b>(3,907,990)</b>	<b>(19,594,538)</b>	<b>(4,091,757)</b>
<b>Increase / (Decrease) in Operating Liabilities</b>				
Securities sold under repurchase agreements	33,082	3,172,457	33,082	3,172,457
Deposits from customers	42,020,019	23,210,316	43,276,858	23,124,727
Other liabilities	1,179,333	116,538	1,246,170	112,435
	<b>43,232,434</b>	<b>26,499,311</b>	<b>44,556,110</b>	<b>26,409,619</b>
<b>Net Cash Generated from Operating Activities before Income Tax</b>	<b>32,682,813</b>	<b>25,650,822</b>	<b>33,879,628</b>	<b>27,646,465</b>
Income taxes paid	(1,063,085)	(200,933)	(1,106,547)	(200,933)
<b>Net Cash Generated from Operating Activities</b>	<b>31,619,728</b>	<b>25,449,889</b>	<b>32,773,081</b>	<b>27,445,532</b>
<b>Cash Flows from Investing Activities</b>				
Dividend income	567,962	121,243	52,989	41,819
Net proceeds from sale, maturity and purchase of financial investments	(44,866,789)	(22,154,122)	(45,175,332)	(23,960,542)
Purchase of property, plant & equipment	(218,221)	(333,285)	(333,034)	(346,054)
Purchase of intangible assets	(14,157)	(33,857)	(16,615)	(39,623)
Improvements to investment properties	-	(51,010)	-	(51,010)
Proceeds from deemed disposal of subsidiary company by joint venture	-	-	9,830	23,911
Proceeds from sale of property plant and equipment	40,694	12,982	40,468	13,015
<b>Net Cash Flows Used in Investing Activities</b>	<b>(44,490,511)</b>	<b>(22,438,049)</b>	<b>(45,421,694)</b>	<b>(24,318,484)</b>
<b>Cash Flows from Financing Activities</b>				
Decrease in debentures	-	(282,793)	-	(282,793)
Increase/ (decrease) of borrowings / term loans	13,676,322	(2,673,145)	13,635,722	(2,673,145)
Dividends paid	(2,689,724)	(2,690,389)	(2,764,724)	(2,755,389)
Proceeds from issue of shares under ESOP	320,938	110,080	320,938	110,080
<b>Net Cash Generated from / (used in) Financing Activities</b>	<b>11,307,536</b>	<b>(5,536,247)</b>	<b>11,191,936</b>	<b>(5,601,247)</b>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(1,563,247)</b>	<b>(2,524,407)</b>	<b>(1,456,677)</b>	<b>(2,474,199)</b>
Cash and cash equivalents at the beginning of the period	16,930,833	12,871,256	18,518,305	14,611,292
<b>Cash and Cash Equivalents at the End of the period</b>	<b>15,367,586</b>	<b>10,346,849</b>	<b>17,061,628</b>	<b>12,137,093</b>
<b>Cash and Cash Equivalents at the End of the Period</b>				
Cash and Short Term Funds	15,367,586	10,346,849	17,061,628	12,137,093



## ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS - BANK

As at 30.06.2015	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
<b>ASSETS</b>							
Cash and cash equivalents	-	-	-	13,478,377	-	-	13,478,377
Balances with Central Bank of Sri Lanka	-	-	-	18,239,537	-	-	18,239,537
Placements with banks	-	-	-	1,889,209	-	-	1,889,209
Derivative financial instruments	86,620	-	-	-	-	-	86,620
Securities purchased under resale agreements	-	-	-	159,283	-	-	159,283
Other financial assets held for trading	588,106	-	-	-	-	-	588,106
Loans and receivables to customers	-	-	-	426,954,798	-	-	426,954,798
Financial investments - Available-for-sale	-	-	-	-	85,205,549	-	85,205,549
Financial investments - Loans and receivables	-	-	-	63,564,225	-	-	63,564,225
Other assets	-	-	-	1,979,269	-	-	1,979,269
<b>Total financial assets</b>	<b>674,726</b>	<b>-</b>	<b>-</b>	<b>526,264,698</b>	<b>85,205,549</b>	<b>-</b>	<b>612,144,973</b>
	<b>HFT</b>	<b>Designated at</b>	<b>Amortised</b>	<b>Hedging</b>	<b>Total</b>		
	<b>Rs 000</b>	<b>Fair Value</b>	<b>Cost</b>	<b>Rs 000</b>	<b>Rs 000</b>		
		<b>Rs 000</b>	<b>Rs 000</b>				
<b>LIABILITIES</b>							
Due to banks	-	-	56,948,789	-	56,948,789		
Derivative financial instruments	295,008	-	-	-	295,008		
Securities sold under repurchase agreements	-	-	16,994,317	-	16,994,317		
Due to other customers	-	-	461,201,527	-	461,201,527		
Other borrowings	-	-	4,517,538	-	4,517,538		
Debt securities issued	-	-	4,550,488	-	4,550,488		
Subordinated term debts	-	-	11,383,223	-	11,383,223		
Dividends payable	-	-	725,130	-	725,130		
Other liabilities	-	-	213,101	-	213,101		
<b>Total financial liabilities</b>	<b>295,008</b>	<b>-</b>	<b>556,534,113</b>	<b>-</b>	<b>556,829,121</b>		
<b>As at 31.12.2014</b>	<b>HFT</b>	<b>Designated at</b>	<b>HTM</b>	<b>Amortised</b>	<b>AFS</b>	<b>Hedging</b>	<b>Total</b>
	<b>Rs 000</b>	<b>Fair Value</b>	<b>Rs 000</b>	<b>Cost</b>	<b>Rs 000</b>	<b>Rs 000</b>	<b>Rs 000</b>
		<b>Rs 000</b>		<b>Rs 000</b>			
<b>ASSETS</b>							
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
Derivative financial instruments	178,370	-	-	-	-	-	178,370
Securities purchased under resale agreements	-	-	-	16,930,572	-	-	16,930,572
Other financial assets held for trading	551,371	-	-	-	-	-	551,371
Loans and receivables to other customers	-	-	-	395,480,136	-	-	395,480,136
Financial investments - Available for sale	-	-	-	-	67,842,229	-	67,842,229
Financial investments - Loans and receivables	-	-	-	36,166,064	-	-	36,166,064
Other assets	-	-	-	1,954,191	-	-	1,954,191
<b>Total financial assets</b>	<b>729,741</b>	<b>-</b>	<b>-</b>	<b>484,369,333</b>	<b>67,842,229</b>	<b>-</b>	<b>552,941,304</b>
	<b>HFT</b>	<b>Designated at</b>	<b>Amortised</b>	<b>Hedging</b>	<b>Total</b>		
	<b>Rs 000</b>	<b>Fair Value</b>	<b>Cost</b>	<b>Rs 000</b>	<b>Rs 000</b>		
		<b>Rs 000</b>	<b>Rs 000</b>				
<b>LIABILITIES</b>							
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 other 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		
<b>Total financial liabilities</b>	<b>630,598</b>	<b>-</b>	<b>501,150,884</b>	<b>-</b>	<b>501,781,482</b>		
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 30.06.2015	HFT Rs 000	Designated at Fair Value Rs 000	HTM Rs 000	Amortised Cost Rs 000	AFS Rs 000	Hedging Rs 000	Total Rs 000
<b>ASSETS</b>							
Cash and cash equivalents	-	-	-	14,007,553	-	-	14,007,553
Balances with Central Bank of Sri Lanka	-	-	-	18,239,537	-	-	18,239,537
Placements with banks	-	-	-	3,054,075	-	-	3,054,075
Securities purchased under resale agreements	-	-	-	3,141,157	-	-	3,141,157
Derivative financial instruments	86,620	-	-	-	-	-	86,620
Other financial assets held for trading	1,262,811	-	-	-	-	-	1,262,811
Loans and receivables to customers	-	-	-	434,194,685	-	-	434,194,685
Financial investments - Available-for-sale	-	-	-	-	86,926,447	-	86,926,447
Financial investments - Held -to- maturity	-	-	781,504	-	-	-	781,504
Financial investments - Loans and receivables	-	-	-	66,218,609	-	-	66,218,609
Other assets	-	-	-	2,095,292	-	-	2,095,292
<b>Total financial assets</b>	<b>1,349,431</b>	<b>-</b>	<b>781,504</b>	<b>540,950,908</b>	<b>86,926,447</b>	<b>-</b>	<b>630,008,290</b>
	<b>HFT Rs 000</b>	<b>Designated at Fair Value Rs 000</b>	<b>Amortised Cost Rs 000</b>	<b>Hedging Rs 000</b>	<b>Total Rs 000</b>		
<b>LIABILITIES</b>							
Due to banks	-	-	56,990,633	-	56,990,633	-	
Derivative financial instruments	295,008	-	-	-	295,008	-	
Securities sold under repurchase agreements	-	-	16,994,317	-	16,994,317	-	
Due to other customers	-	-	468,834,545	-	468,834,545	-	
Other borrowings	-	-	4,517,538	-	4,517,538	-	
Debt securities issued	-	-	4,938,455	-	4,938,455	-	
Subordinated term debts	-	-	11,410,666	-	11,410,666	-	
Dividends payable	-	-	725,130	-	725,130	-	
Other liabilities	-	-	885,573	-	885,573	-	
<b>Total financial liabilities</b>	<b>295,008</b>	<b>-</b>	<b>563,686,154</b>	<b>-</b>	<b>564,706,292</b>	<b>-</b>	
<b>As at 31.12.2014</b>	<b>HFT Rs 000</b>	<b>Designated at Fair Value Rs 000</b>	<b>HTM Rs 000</b>	<b>Amortised Cost Rs 000</b>	<b>AFS Rs 000</b>	<b>Hedging Rs 000</b>	<b>Total Rs 000</b>
<b>ASSETS</b>							
Cash and cash equivalents	-	-	-	13,421,850	-	-	13,421,850
Balances with Central Bank of Sri Lanka	-	-	-	16,907,538	-	-	16,907,538
Placements with banks	-	-	-	5,096,455	-	-	5,096,455
Securities purchased under resale 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	-	-	-	401,062,725	-	-	401,062,725
Financial investments - Available-for-sale	-	-	-	-	69,443,056	-	69,443,056
Financial investments - Held -to- maturity	-	-	955,421	-	-	-	955,421
Financial investments - Loans and receivables	-	-	-	38,846,129	-	-	38,846,129
Other assets	-	-	-	2,154,664	-	-	2,154,664
<b>Total financial assets</b>	<b>1,231,097</b>	<b>-</b>	<b>955,421</b>	<b>497,064,614</b>	<b>69,443,056</b>	<b>-</b>	<b>568,694,188</b>
	<b>HFT Rs 000</b>	<b>Designated at Fair Value Rs 000</b>	<b>Amortised Cost Rs 000</b>	<b>Hedging Rs 000</b>	<b>Total Rs 000</b>		
<b>LIABILITIES</b>							
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 other 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	-	
<b>Total financial liabilities</b>	<b>630,598</b>	<b>-</b>	<b>508,393,244</b>	<b>-</b>	<b>509,023,842</b>	<b>-</b>	
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			

## SEGMENT REPORTING

	Banking		Leasing/Hire purchase		Property		Insurance		Others		Eliminations / Unallocated		Consolidated	
For the 6 months ended 30th June	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
Total revenue from external customers	27,124,905	29,215,546	1,738,150	1,637,338	94,891	64,898	2,712,718	2,323,668	1,803,465	-	(534,729)	(85,148)	32,939,400	33,156,302
Inter segment revenue	40,990	55,398	-	-	365,320	380,200	30,553	25,495	-	-	(436,863)	(461,093)	-	-
Total revenue	27,165,895	29,270,944	1,738,150	1,637,338	460,211	445,098	2,743,271	2,349,163	1,803,465	-	(971,592)	(546,252)	32,939,400	33,156,302
Segment result	6,024,510	4,402,208	545,298	1,123,357	365,034	325,144	100,336	154,601	591,054	-	(545,075)	(92,759)	7,081,157	5,912,551
Unallocated expenses													(633,163)	(676,204)
Profit from operations													6,447,994	5,236,347
Income from Associates and Joint Venture													36,483	31,677
Taxes													(1,928,295)	(1,575,545)
Profit for the period													4,556,182	3,692,479
Non Controlling Interest													(254,854)	(45,208)
Profit attributable to the Equity holders of the Bank													4,301,328	3,647,271
Profit for the period													4,556,182	3,692,479
Other comprehensive Income, Net of tax	(197,506)	197,588	-	-	-	-	(4,942)	(608)	(9,203)	-	(13,994)	(4,889)	(225,645)	192,091
Total Comprehensive income for the period													4,330,537	3,884,570
Non Controlling Interest													(247,554)	(44,964)
Total comprehensive income attributable to the Equity Holders of the Bank													4,082,983	3,839,606
Total assets	603,781,996	511,872,692	31,452,780	21,761,494	7,403,026	7,541,379	10,775,330	8,976,539	11,186,586	-	(3,299,980)	(3,015,863)	661,299,738	547,136,241
Total liabilities	541,275,755	459,528,942	31,452,780	21,761,494	554,262	804,051	8,516,313	6,895,492	9,684,203	-	(1,538,804)	(1,375,849)	589,944,509	487,614,130
Cash flow from operating activities	41,160,557	24,366,055	(9,540,829)	1,083,834	300,906	306,880	491,170	508,043	203,266	-	158,011	1,180,720	32,773,081	27,445,532
Cash flow from Investing activities	(44,490,511)	(22,438,049)	-	-	4,791	-	(140,405)	(206,123)	248,670	-	(1,044,239)	(1,674,312)	(45,421,694)	(24,318,484)
Cash flow from financing activities	11,307,536	(5,536,247)	-	-	(432,600)	(339,889)	(187,500)	(163,000)	90,334	-	414,166	437,889	11,191,936	(5,601,247)

## 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. These interim financial statements are presented in accordance with Sri Lanka Accounting Standards (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)

	2010 Allocation*		2012 Allocation**		2013 Allocation***	
	Voting	Non-voting	Voting	Non-voting	Voting	Non-voting
No of options brought forward	561,139	97,399	2,394,320	383,697	2,833,603	679,944
No of options granted in 2014	-	-	-	-	-	-
No of options exercised during the year	(465,839)	(86,442)	(844,080)	(144,426)	(755,605)	(191,841)
No of options expired during the year	(95,300)	(10,957)	(30,832)	(7,642)	(49,734)	(8,308)
No of options remaining	-	-	1,519,408	231,629	2,028,264	479,795
Allotment price (Rs)	111.43	65.67	145.79	81.43	142.17	110.04
Average market price for the period ended 30th June 2015 (Rs)	222.73	172.18	222.73	172.18	222.73	172.18

\*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.

6. The consolidated financial statements of the Bank cover the Bank and its subsidiaries HNB Assurance PLC, Sithma Development (Pvt) Ltd, HNB Grameen Micro Finance Ltd & the Group's interest in Joint Venture Acuity Partners (Pvt) Ltd.
7. 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.
8. Whilst 4 new Directors namely Mr Rienzie A F Arseculeratne, Mr Palitha S C Pelpola, Mr D Soosaipillai and Mr A H D A Nilanth de Silva were appointed to the Board on 30th April 2015 Director – Dr W W Gamage resigned with effect from 29th May 2015. Mr Rienzie A F Arseculeratne was appointed as the Chairman with effect from 1st May 2015.
9. There are no material events that took place after the balance sheet date which require adjustment or disclosure in the financial statements

## SELECTED PERFORMANCE INDICATORS (AS PER REGULATORY REPORTING)

	As at	As at	As at	As at
	30.06.2015	31.12.2014	30.06.2015	31.12.2014
	Bank		Group	
<b>Regulatory Capital Adequacy</b>				
Core capital (Tier 1 Capital) Rs. Mn	44,659	47,299	49,161	51,191
Total Capital Base. Rs. Mn	55,583	57,750	60,447	63,029
Core capital adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 5%)	10.45%	12.15%	10.88%	12.70%
Total capital adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 10%)	13.01%	14.83%	13.38%	15.34%

	30.06.2015	31.12.2014
	Bank	
<b>Assets Quality (Quality of Loan Portfolio)</b>		
Gross Non-Performing Advances Ratio, % (net of Interest in Suspense)	3.24%	3.16%
Net Non-Performing Advances Ratio, % (net of Interest in Suspense and provisions)	1.49%	1.43%
<b>Profitability (Annualised)</b>		
Interest Margin, %	4.16%	4.58%
Return on Assets (before Tax), %	2.01%	2.22%
Return on Equity, %	13.98%	16.03%
<b>Regulatory Liquidity</b>		
Statutory Liquid Assets, Rs. Mn		
Domestic Banking Unit	126,185	99,627
Off-Shore Banking Unit	12,032	7,442
Statutory Liquid Assets Ratio % (Minimum requirement 20%)		
Domestic Banking Unit	25.61%	22.39%
Off-Shore Banking Unit	31.71%	22.49%

## LISTED DEBENTURE INFORMATION

Quarter ended 30th June	Market Value				Yield as at Last Trade Done	
	2015 Highest Rs.	2015 Lowest Rs.	2014 Highest Rs.	2014 Lowest Rs.	2015	2014
<b>HNB DEBENTURES 2006</b>						
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
<b>HNB DEBENTURES 2007</b>						
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
<b>HNB DEBENTURES 2011</b>						
10 year Fixed Rate (11.50% p.a.)	N/T	N/T	N/T	N/T	N/T	N/T
<b>HNB DEBENTURES 2013</b>						
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	N/T	N/T	N/T	N/T
<b>HNB DEBENTURES 2014</b>						
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 30th June, N/A – Not Applicable as at 30th June

Quarter ended 30th June	Yield to Maturity of Last Trade Done (% p.a)	
	2015	2014
<b>HNB DEBENTURES 2006</b>		
15 year Fixed Rate (11.00% p.a.)	N/T	N/T
18 year Fixed Rate (11.25% p.a.)	N/T	N/T
<b>HNB DEBENTURES 2007</b>		
10 year Fixed Rate (16.00% p.a.)	N/T	N/T
15 year Fixed Rate (16.75% p.a.)	N/T	N/T
<b>HNB DEBENTURES 2011</b>		
10 year Fixed Rate (11.50% p.a.)	N/T	N/T
<b>HNB DEBENTURES 2013</b>		
5 year Fixed Rate (14.00% p.a.)	N/T	N/T
10 year Fixed Rate (14.25% p.a.)	N/T	N/T
<b>HNB DEBENTURES 2014</b>		
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 30th June, N/A – Not Applicable as at 30th June

RATIOS OF DEBT		
	30.06.2015	31.12.2014
Debt Equity Ratio (%)	78.38	54.59
Interest Cover (Times)	5.39	4.89
Yield of Comparable Govt. Security for the following HNB Debentures (% p.a.)		
	30.06.2015	30.06.2014
2006 series 15 year maturity	9.73	10.37
2006 series 18 year maturity	10.13	11.10
2007 series 10 year maturity	7.96	8.62
2007 series 15 year maturity	9.92	10.85
2011 series 10 year maturity	9.81	10.46
2013 series 5 year maturity	8.49	9.19
2013 series 10 year maturity	10.04	10.91
2014 series 3 year maturity	7.96	N/A
2014 series 5 year maturity	9.01	N/A
2014 series 10 year maturity	10.26	N/A

## SHARE INFORMATION

As at	30-Jun-15	31-Dec-14
<b>Number of Shares</b>		
Voting	323,802,033	321,736,509
Non-voting	81,283,856	80,861,147
<b>Last Traded Price per Share</b>		
Voting (Rs.)	216.00	194.90
Non-voting (Rs.)	173.00	152.90

For the Quarter Ended	30-Jun-15	30-Jun-14
<b>Highest Price per Share</b>		
Voting (Rs.)	239.50	159.30
Non-voting (Rs.)	182.50	128.00
<b>Lowest Price per Share</b>		
Voting (Rs.)	213.50	150.00
Non-voting (Rs.)	164.60	118.00

## PUBLIC SHAREHOLDING PERCENTAGE

As at	30-Jun-15
Voting	61 % approx.
Non-voting	99 % approx.

## NUMBER OF PUBLIC SHAREHOLDERS

As at	30-Jun-15
Voting	4,424
Non-voting	10,660

## DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S SHAREHOLDING

	Number of shares	
	30-Jun-15	31-Dec-14
1. Mr.R.A.F. Arseculeratne ***	-	N/A
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	101
5. Dr.L.R. Karunaratne	1,018	1,018
6. Mr.L.U.D. Fernando	2,667	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 ***	-	N/A
12. Mr.E.D.P. Soosaipillai ***	-	N/A
13. Mr.A.H.D.A.N. De Silva ***	-	N/A

\* Chief Executive Officer

\*\* Resigned with effect from 29th May 2015

\*\*\* Appointed with effect from 30th April 2015

## 20 MAJOR SHAREHOLDERS (VOTING) AS AT 30TH JUNE 2015

	Name	No. of shares	% on total voting capital
1.	Sri Lanka Insurance Corporation Ltd.	47,635,487	14.71
2.	Employees Provident Fund	31,836,612	9.83
3.	Milford Exports (Ceylon) Limited	25,828,280	*7.98
4.	Mr.Sohli Edelji Captain	23,705,220	7.32
5.	Stassen Exports Ltd	22,387,096	*6.91
6.	Sonetto Holdings Limited	14,697,921	4.54
7.	HSBC Int'l Nominees Ltd-JPLU-Franklin Templeton Investment	13,876,398	4.29
8.	Distilleries Company of Sri Lanka PLC	10,016,272	*3.09
9.	National Savings Bank	9,371,940	2.89
10.	Citi Group Global Markets Ltd Agency Trading Prop. Sec.	7,424,284	2.29
11.	Standard Chartered Bank Singapore S/A HL Bank Singapore	6,420,188	1.98
12.	The Bank of New York Mellon SA/NV-CF Ruffer Total return Fund	5,138,289	1.59
13.	The Bank of New York Mellon SA/NV-CF Ruffer Absolute return	3,448,972	1.07
14.	Ms.Leesha Anne Captain	2,870,020	0.89
15.	Mrs. Cheryl Susan De Fonseka	2,719,898	0.84
16.	BNY-CF Ruffer Investment Funds : CF Ruffer Pacific Fund	2,628,518	0.81
17.	HSBC INTL Nom Ltd-UBS AG Zurich	2,578,841	0.80
18.	BNYM SA/NV-Blackrock Frontiers Investment Trust PLC	2,129,201	0.66
19.	Employees Trust Fund Board	2,050,895	0.63
20.	HSBC Int'l Nom Ltd- SSBT-Parametric Emerging Markets Fund	1,911,012	0.59

\* 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 17.98% 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 30TH JUNE 2015

	Name	No. of shares	% on total non-voting capital
1.	HSBC Intl nominees Ltd-JPLU-Franklin Templeton Invest	8,026,537	9.87
2.	HSBC Int'l Nom Ltd-UBS AG Zurich	7,083,734	8.71
3.	Mellon-Frontaura Global Frontier Fund LLC	6,638,911	8.17
4.	The Bank of New York Mellon SA/NV-CF Ruffer Total Return Fund	2,557,103	3.15
5.	Akbar Brothers Pvt Ltd A/c No.01	1,884,554	2.32
6.	The Bank of New York Mellon SA/NV-CF Ruffer Absolute Return	1,703,364	2.10
7.	CITI Bank NY S/A Forward International Dividend Fund	1,542,944	1.90
8.	Mr.Sohli Edelji Captain	1,442,839	1.78
9.	Northern Trust Company S/A Polar Capital Funds PLC	1,220,030	1.50
10.	Union Assurance PLC No.1 A/c	1,047,778	1.29
11.	Mr.Jayampathi Divale Bandaranayake	1,020,022	1.25
12.	BNY-CF Ruffer Investment Funds:CF Ruffer Pacific Fund	1,011,115	1.24
13.	Deutsche Bank AG as Trustee for JB Vantage Value Equity Fund	667,731	0.82
14.	Deutsche Bank AG Singapore Branch	633,779	0.78
15.	Rubber Investment Trust Limited A/c # 01	626,648	0.77
16.	Commercial Bank of Ceylon PLC/Dunamis Capital PLC	621,052	0.76
17.	Hatton National Bank PLC A/c No.2	574,733	0.71
18.	The Ceylon Investment PLC A/c # 02	553,721	0.68
19.	The Ceylon Guardian Investment Trust PLC A/c #02	530,751	0.65
20.	Mr.Yusuf Husseinally Abdulhussein	470,828	0.58

## NOTES TO THE FINANCIAL STATEMENTS

As at	BANK		GROUP	
	30.06.2015 Rs.000	31.12.2014 Rs.000	30.06.2015 Rs.000	31.12.2014 Rs.000
<b>1) Loans and Receivables to Customers</b>				
Gross loans and receivables	438,989,464	406,134,414	446,440,720	412,426,491
Less : Individual impairment	(3,010,304)	(2,645,389)	(3,188,383)	(3,333,404)
Collective impairment	(9,024,362)	(8,008,889)	(9,057,652)	(8,030,362)
<b>Net loans and receivables</b>	<b>426,954,798</b>	<b>395,480,136</b>	<b>434,194,685</b>	<b>401,062,725</b>
<b>2) Loans and Receivables to Other Customers - By product</b>				
<b>By product-Domestic Currency</b>				
Overdrafts	64,861,850	67,433,323	64,861,850	67,433,323
Bills of exchange	932,518	653,872	932,518	653,872
Commercial papers	152,951	161,631	152,951	161,631
Short term loans	43,060,432	40,019,432	43,140,796	40,090,513
Credit Cards	4,084,422	3,913,915	4,084,422	3,913,915
Trust receipts	18,061,665	16,582,564	18,061,665	16,582,564
Packing credit loans	611,348	182,316	611,348	182,316
Staff loans	10,386,817	9,699,850	10,829,668	10,013,168
Term loans	169,930,901	145,768,353	176,879,792	151,676,031
Lease rentals receivable	32,628,480	24,478,081	32,607,630	24,478,081
Housing loans	27,370,447	26,531,815	27,370,447	26,531,815
Pawning advances	18,323,872	23,031,032	18,323,872	23,031,032
<b>Sub total</b>	<b>390,405,704</b>	<b>358,456,186</b>	<b>397,856,959</b>	<b>364,748,261</b>
<b>By product-Foreign Currency</b>				
Overdrafts	531,550	1,685,644	531,550	1,685,644
Bills of exchange	1,812,825	1,596,789	1,812,825	1,596,789
Short term loans	760,223	645,222	760,223	645,222
Trust receipts	946,252	1,284,926	946,252	1,284,926
Packing credit loans	9,803,307	9,212,549	9,803,307	9,212,549
Term loans	33,537,353	32,157,641	33,537,353	32,157,641
Lease rentals receivable	3,692	4,792	3,692	4,792
Housing loans	1,188,559	1,090,667	1,188,559	1,090,667
<b>Sub total</b>	<b>48,583,761</b>	<b>47,678,230</b>	<b>48,583,761</b>	<b>47,678,230</b>
<b>Total</b>	<b>438,989,464</b>	<b>406,134,414</b>	<b>446,440,720</b>	<b>412,426,491</b>
	<b>2015 Rs 000</b>	<b>2014 Rs 000</b>	<b>2015 Rs 000</b>	<b>2014 Rs 000</b>
<b>3) Movements in Individual and Collective Impairment during the period for Loans and Receivables to Other Customers</b>				
<b>Individual impairment</b>				
Opening balance at 01st January	2,645,389	2,027,843	3,333,404	2,027,843
Charge/(Write back) to income statement	364,915	36,405	386,700	36,405
Amounts written off	-	-	(531,721)	-
<b>Closing balance as at 30th June</b>	<b>3,010,304</b>	<b>2,064,248</b>	<b>3,188,383</b>	<b>2,064,248</b>
<b>Collective impairment</b>				
Opening balance at 01st January	8,008,889	8,586,339	8,030,362	8,588,339
Charge/(Write back) to income statement	1,040,991	2,586,479	1,052,808	2,586,479
Amounts written off	(25,518)	(1,789,106)	(25,518)	(1,789,106)
<b>Closing balance as at 30th June</b>	<b>9,024,362</b>	<b>9,383,712</b>	<b>9,057,652</b>	<b>9,385,712</b>
<b>Total impairment</b>	<b>12,034,666</b>	<b>11,447,960</b>	<b>12,246,035</b>	<b>11,449,960</b>
<b>As at</b>	<b>30.06.2015 Rs.000</b>	<b>31.12.2014 Rs.000</b>	<b>30.06.2015 Rs.000</b>	<b>31.12.2014 Rs.000</b>
<b>4) Due to Other Customers - By product</b>				
<b>By product-Domestic Currency</b>				
Current account deposits	29,568,379	29,739,375	29,276,817	29,350,797
Savings deposits	148,309,322	137,079,901	149,403,001	137,950,881
Time deposits	205,626,617	182,986,184	212,607,026	188,899,993
Certificates of deposit	1,167,779	1,374,807	1,167,779	1,374,807
Margin deposits	1,447,220	1,552,448	1,447,220	1,552,448
<b>Sub total</b>	<b>386,119,317</b>	<b>352,732,715</b>	<b>393,901,843</b>	<b>359,128,926</b>
<b>By product- Foreign Currency</b>				
Current account deposits	1,650,508	2,869,270	1,650,508	2,869,270
Savings deposits	23,750,345	20,866,722	23,733,442	20,852,427
Time deposits	49,648,041	42,826,192	49,515,436	42,737,535
Margin deposits	33,316	32,224	33,316	32,224
<b>Sub total</b>	<b>75,082,210</b>	<b>66,594,408</b>	<b>74,932,702</b>	<b>66,491,456</b>
<b>Total</b>	<b>461,201,527</b>	<b>419,327,123</b>	<b>468,834,545</b>	<b>425,620,382</b>