



# Hatton National Bank PLC

## Interim Financial Statements as at 30th September 2009

### INCOME STATEMENT

	BANK						GROUP					
	For the Nine Months Ended 30th September			For the Quarter Ended 30th September			For the Nine Months Ended 30th September			For the Quarter Ended 30th September		
	2009 Rs. 000	2008 Rs. 000	% Increase/ (Decrease)	2009 Rs. 000	2008 Rs. 000	% Increase/ (Decrease)	2009 Rs. 000	2008 Rs. 000	% Increase/ (Decrease)	2009 Rs. 000	2008 Rs. 000	% Increase/ (Decrease)
<b>Income</b>	<b>29,494,446</b>	<b>26,993,253</b>		<b>9,686,108</b>	<b>9,374,936</b>		<b>30,921,530</b>	<b>28,104,311</b>		<b>10,254,480</b>	<b>9,665,382</b>	
<b>Interest Income</b>	<b>26,373,370</b>	<b>23,567,391</b>	<b>12</b>	<b>8,588,928</b>	<b>8,226,922</b>	<b>4</b>	<b>26,517,453</b>	<b>23,903,577</b>	<b>11</b>	<b>8,651,199</b>	<b>8,265,369</b>	<b>5</b>
Interest Income on Loans and Advances	22,031,191	20,824,812	6	7,102,878	7,189,854	(1)	21,764,075	20,556,038	6	7,033,217	7,101,246	(1)
Interest Income on Other Interest Earning Assets	4,342,179	2,742,579	58	1,486,050	1,037,068	43	4,753,378	3,347,539	42	1,617,982	1,164,123	39
<b>Less: Interest Expense</b>	<b>15,588,573</b>	<b>14,359,592</b>	<b>9</b>	<b>4,893,517</b>	<b>5,030,523</b>	<b>(3)</b>	<b>15,783,693</b>	<b>14,800,941</b>	<b>7</b>	<b>4,949,244</b>	<b>5,112,304</b>	<b>(3)</b>
Interest Expenses on Deposits	13,814,623	12,053,267	15	4,378,670	4,220,004	4	13,808,479	12,045,982	15	4,379,141	4,218,422	4
Interest Expenses on Other Interest Bearing Liabilities	1,773,950	2,306,325	(23)	514,847	810,519	(36)	1,975,214	2,754,959	(28)	570,103	893,882	(36)
<b>Net Interest Income</b>	<b>10,784,797</b>	<b>9,207,799</b>	<b>17</b>	<b>3,695,411</b>	<b>3,196,399</b>	<b>16</b>	<b>10,733,760</b>	<b>9,102,636</b>	<b>18</b>	<b>3,701,955</b>	<b>3,153,065</b>	<b>17</b>
<b>Non-Interest Income</b>	<b>3,121,076</b>	<b>3,425,862</b>	<b>(9)</b>	<b>1,097,180</b>	<b>1,148,014</b>	<b>(4)</b>	<b>4,404,077</b>	<b>4,200,734</b>	<b>5</b>	<b>1,603,281</b>	<b>1,400,013</b>	<b>15</b>
Foreign Exchange Income	718,071	851,073	(16)	240,847	271,267	(11)	719,234	851,008	(15)	241,288	271,275	(11)
Other Income	2,403,005	2,574,789	(7)	856,333	876,747	(2)	3,684,843	3,349,726	10	1,361,993	1,128,738	21
	13,905,873	12,633,661	10	4,792,591	4,344,413	10	15,137,837	13,303,370	14	5,305,236	4,553,078	17
<b>Less: Non-Interest Expenses</b>	<b>7,875,276</b>	<b>6,800,554</b>	<b>16</b>	<b>2,778,365</b>	<b>2,317,160</b>	<b>20</b>	<b>9,099,146</b>	<b>7,857,892</b>	<b>16</b>	<b>3,239,600</b>	<b>2,700,895</b>	<b>20</b>
Personnel Costs	3,038,977	2,607,948	17	1,104,268	874,514	26	3,265,291	2,752,678	19	1,163,924	914,230	27
Provision for Staff Retirement Benefits	632,777	370,662	71	222,386	125,122	78	634,026	373,858	70	219,471	126,265	74
Premises, Equipment & Establishment Expenses	2,014,035	1,771,889	14	674,695	626,324	8	1,816,754	1,639,317	11	569,169	566,499	-
Amortization of Intangible Assets	124,670	55,710	124	41,102	22,921	79	131,323	61,706	113	43,231	24,720	75
Loss on Trading / Investment Securities	-	9,707	(100)	-	-	-	-	9,707	(100)	(7)	-	-
Good will write off	-	-	-	-	-	-	5,199	-	-	5,199	-	-
Other Operating Expenses	2,064,817	1,984,638	4	735,914	668,279	10	3,246,553	3,020,626	7	1,238,613	1,069,181	16
<b>Less: Provision for Bad &amp; Doubtful Debts &amp; Loans Written - Off</b>	<b>303,321</b>	<b>579,713</b>	<b>(48)</b>	<b>66,094</b>	<b>156,496</b>	<b>(58)</b>	<b>303,321</b>	<b>579,667</b>	<b>(48)</b>	<b>66,060</b>	<b>156,496</b>	<b>(58)</b>
Provisions - General	(984)	259,282	(100)	21,179	81,654	(74)	(984)	259,282	(100)	21,179	81,654	(74)
Provisions - Specific	522,116	467,016	12	140,707	122,052	15	522,116	467,016	12	140,707	122,052	15
Recoveries (-)	(217,847)	(146,585)	49	(95,792)	(47,210)	103	(217,847)	(146,631)	49	(95,792)	(47,210)	103
Loans Written - Off	36	-	-	-	-	-	36	-	-	(34)	-	-
<b>Less: Provision for Decline in Value of Investments (Net)</b>	<b>2,000</b>	<b>242,945</b>	<b>(99)</b>	<b>(1,500)</b>	<b>1,026</b>	<b>(246)</b>	<b>2,000</b>	<b>242,945</b>	<b>(99)</b>	<b>(1,500)</b>	<b>1,026</b>	<b>(246)</b>
<b>Operating Profit on Ordinary Activities before Taxes</b>	<b>5,725,276</b>	<b>5,010,449</b>	<b>14</b>	<b>1,949,632</b>	<b>1,869,731</b>	<b>4</b>	<b>5,733,370</b>	<b>4,622,866</b>	<b>24</b>	<b>2,001,076</b>	<b>1,694,661</b>	<b>18</b>
Less: Value Added Tax on Financial Services	1,522,617	1,322,739	15	469,723	459,744	2	1,522,617	1,322,739	15	469,723	459,744	2
<b>Operating Profit on Ordinary Activities before Corporate Tax</b>	<b>4,202,659</b>	<b>3,687,710</b>	<b>14</b>	<b>1,479,909</b>	<b>1,409,987</b>	<b>5</b>	<b>4,210,753</b>	<b>3,300,127</b>	<b>28</b>	<b>1,531,353</b>	<b>1,234,917</b>	<b>24</b>
Share of Associate Companies Profit	-	-	-	-	-	-	8,620	(13,326)	(165)	4,436	(24,768)	(118)
<b>Operating Profit before Corporate Tax</b>	<b>4,202,659</b>	<b>3,687,710</b>	<b>14</b>	<b>1,479,909</b>	<b>1,409,987</b>	<b>5</b>	<b>4,219,373</b>	<b>3,286,801</b>	<b>28</b>	<b>1,535,789</b>	<b>1,210,149</b>	<b>27</b>
Less: Tax on Profits on Ordinary Activities	1,521,717	1,126,782	35	572,375	420,083	36	1,552,724	1,151,263	35	585,418	393,344	49
<b>Operating Profit after Corporate Tax</b>	<b>2,680,942</b>	<b>2,560,928</b>	<b>5</b>	<b>907,534</b>	<b>989,904</b>	<b>(8)</b>	<b>2,666,649</b>	<b>2,135,538</b>	<b>25</b>	<b>950,371</b>	<b>816,805</b>	<b>16</b>
Less: Minority Interest	-	-	-	-	-	-	13,557	19,302	(30)	5,500	9,450	(42)
<b>Extraordinary Items (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Operating Profit for the Period</b>	<b>2,680,942</b>	<b>2,560,928</b>	<b>5</b>	<b>907,534</b>	<b>989,904</b>	<b>(8)</b>	<b>2,653,092</b>	<b>2,116,236</b>	<b>25</b>	<b>944,871</b>	<b>807,355</b>	<b>17</b>
<b>Earnings per Ordinary Share (Rs.)</b>	<b>11.38</b>	<b>10.87</b>	<b>5</b>	<b>3.85</b>	<b>4.20</b>	<b>(8)</b>	<b>11.26</b>	<b>8.99</b>	<b>25</b>	<b>4.01</b>	<b>3.43</b>	<b>17</b>

### EXPLANATORY NOTES

- There are no changes in accounting policies and methods of computation since the publication of annual accounts for the year 2008.
- There are no changes in contingent liabilities of a material nature and composition of assets and liabilities during the period. All known expenditure items have been provided for.
- When required, comparative figures have been reclassified to conform to Central Bank of Sri Lanka publication requirements.
- The consolidated financial statements of the Bank cover the Bank and its subsidiaries HNB Assurance PLC, Sithma Development (Pvt) Ltd, Majan Exchange LLC & Commercial Interlink Services LLC (O/A of Delma Exchange Canada), the Group's interest in its associate companies Lanka Ventures PLC & Delma Exchange & the Group's interest in Joint venture Acuity Partners (Pvt) Ltd.
- No options were allotted under Employee Share Option Plan during the nine months ended 30th September 2009. Following options were outstanding in respect of Employee Share Option Plan.

Type of Share	Number of Options Allotted	Number of Options Exercised	Number of Options Expired	Number of Options Remaining	Option Exercise Price	Average Market Value
<b>Voting</b>	2,366,592	Nil	195,856	2,170,736	115.54	107.15
<b>Non-voting</b>	577,488	Nil	47,792	529,696	52.51	49.83

Since the average market values during the period were less than option exercise prices, as per SLAS 34 no diluted EPS was calculated. The outstanding options can be exercised within four years from the end of retention period (ending on 27th March 2009) or at retirement, resignation or death whichever occurs first.
- HNB Stock Brokers (Pvt) Ltd. a fully owned subsidiary of Acuity Partners (Pvt) Ltd. (joint venture between Hatton National Bank PLC & DFCC Bank) was disposed on 9th October 2009.
- There are no events after the balance sheet date which require adjustment to or disclosure in the financial statements other than as disclosed in note No.06.

### SELECTED PERFORMANCE INDICATORS

	As at 30.09.2009	As at 31.12.2008	As at 30.09.2009	As at 31.12.2008
	<b>Bank</b>		<b>Group</b>	
<b>Regulatory Capital Adequacy</b>				
Core Capital (Tier 1 Capital) Rs.Mn	17,305	16,232	17,389	16,315
Total Capital Base. Rs.Mn	20,932	19,995	21,179	20,241
Core Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 5%)	9.87%	9.25%	9.50%	8.93%
Total Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 10%)	11.93%	11.40%	11.58%	11.08%

	As at 30.09.2009	As at 31.12.2008
	<b>Bank</b>	
<b>Assets Quality (Quality of Loan Portfolio)</b>		
Gross Non-Performing Advances Ratio, % (Net of Interest in Suspense)	8.44%	6.72%
Net Non-Performing Advances Ratio, % (Net of Interest in Suspense and provisions)	3.67%	2.27%

	As at 30.09.2009	As at 31.12.2008
	<b>Bank</b>	
<b>Profitability (Annualised)</b>		
Interest Margin, %	5.44%	5.24%
Return on Assets (before Tax), %	2.12%	1.98%
Return on Equity, %	16.66%	16.50%

	As at 30.09.2009	As at 31.12.2008
	<b>Bank</b>	
<b>Regulatory Liquidity</b>		
Statutory Liquid Assets, Rs. Mn		
Domestic Banking Unit	56,299	47,299
Off-Shore Banking Unit	6,424	5,838
Statutory Liquid Assets, Ratio % (Minimum Requirement 20%)		
Domestic Banking Unit	24.57%	21.89%
Off-Shore Banking Unit	23.77%	21.67%

### BALANCE SHEET

	BANK			GROUP		
	As at 30th Sep-09 Rs. 000	As at 31st Dec-08 Rs. 000	% Increase/ (Decrease)	As at 30th Sep-09 Rs. 000	As at 31st Dec-08 Rs. 000	% Increase/ (Decrease)
	(Audited)					
<b>ASSETS</b>						
<b>Cash in Hand</b>	<b>3,697,570</b>	<b>3,520,057</b>	<b>5</b>	<b>3,710,637</b>	<b>3,528,281</b>	<b>5</b>
<b>Statutory Deposit with Central Banks</b>	<b>10,978,370</b>	<b>11,847,323</b>	<b>(7)</b>	<b>10,993,280</b>	<b>11,861,998</b>	<b>(7)</b>
<b>Due from Banks and Other Financial Institutions</b>	<b>25,091,885</b>	<b>21,181,895</b>	<b>18</b>	<b>25,924,092</b>	<b>22,570,912</b>	<b>15</b>
<b>Investments - Trading Account</b>	<b>42,083</b>	<b>71,868</b>	<b>(41)</b>	<b>775,138</b>	<b>402,445</b>	<b>93</b>
Government Securities	-	46,929	(100)	706,080	373,327	89
Other Securities	42,083	24,939	69	69,058	29,118	137
<b>Investments - Held to Maturity</b>	<b>39,417,749</b>	<b>25,930,080</b>	<b>52</b>	<b>41,534,011</b>	<b>27,423,260</b>	<b>51</b>
Government Securities	37,220,843	23,528,437	58	39,000,179	24,812,052	57
Other Securities	2,196,906	2,401,643	(9)	2,533,832	2,611,208	(3)
<b>Less: Provision for Decline in Value of Investment</b>	<b>(16,363)</b>	<b>(14,363)</b>	<b>14</b>	<b>(16,363)</b>	<b>(14,363)</b>	<b>14</b>
<b>Investments in Associates and Subsidiaries</b>	<b>2,376,872</b>	<b>2,311,412</b>	<b>3</b>	<b>217,540</b>	<b>143,700</b>	<b>51</b>
<b>Investments in Joint Venture Company</b>	<b>250,000</b>	<b>250,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Loans and Advances</b>	<b>163,738,972</b>	<b>170,810,584</b>	<b>(4)</b>	<b>161,898,629</b>	<b>168,980,395</b>	<b>(4)</b>
<b>Total Performing Loans and Advances</b>	<b>163,738,972</b>	<b>170,810,584</b>	<b>(4)</b>	<b>161,898,629</b>	<b>168,980,395</b>	<b>(4)</b>
Bills of Exchange	2,497,822	2,149,145	16	2,497,822	2,149,145	16
Overdrafts	33,175,875	36,212,154	(8)	32,332,914	35,372,080	(9)
Receivable on Leases	9,011,472	11,324,779	(20)	9,011,472	11,324,779	(20)
Other Loans	119,053,803	121,124,506	(2)	118,056,421	120,134,391	(2)
<b>Total Non-Performing Loans and Advances</b>	<b>16,732,442</b>	<b>13,556,096</b>	<b>23</b>	<b>16,732,442</b>	<b>13,556,096</b>	<b>23</b>
Bills of Exchange	432,362	106,906	304	432,362	106,906	304
Overdrafts	2,513,149	2,118,742	19	2,513,149	2,118,742	19
Receivable on Leases	753,439	656,074	15	753,439	656,074	15
Other Loans and Advances	13,033,492	10,674,374	22	13,033,492	10,674,374	22
Interest Receivable	-	-	-	-	-	-
<b>Total Gross Loans and Advances</b>	<b>180,471,414</b>	<b>184,366,680</b>	<b>(2)</b>	<b>178,631,071</b>	<b>182,536,491</b>	<b>(2)</b>
<b>Less:</b>						
Suspended Interest	1,638,639	1,250,725	31	1,638,639	1,250,725	31
Specific Loan Loss Provision	7,196,153	6,801,813	6	7,196,153	6,801,813	



# Hatton National Bank PLC

## Interim Financial Statements as at 30th September 2009

### STATEMENT OF CHANGES IN EQUITY

BANK	Stated Capital				Reserves	General Reserve	Income Statement	Total
	Ordinary Voting	Ordinary Non voting	Share Premium	Capital Reserve				
<b>For the Period Ended 30.09.2009</b>	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Balance as at 01.01.2009	1,893,294	462,000	2,704,096	3,004,250	6,700	982,707	8,482,353	20,580,938
Net Profit for the Nine Months	-	-	-	-	-	-	2,680,942	2,680,942
Final Dividend 2008	-	-	-	-	-	-	(706,588)	(706,588)
Transfer to General Reserve	-	-	-	-	(6,700)	-	6,700	-
Deferred Tax Liability on Revaluation Reserve	-	-	-	2,107	-	-	-	2,107
Balance as at 30.09.2009	1,893,294	462,000	2,704,096	3,006,357	-	982,707	8,489,053	22,557,399
<b>For the Period Ended 30.09.2008</b>								
Balance as at 01.01.2008	1,893,294	462,000	2,704,096	3,001,440	6,700	821,707	6,782,353	18,419,030
Net Profit for the Nine Months	-	-	-	-	-	-	2,560,928	2,560,928
Final Dividend 2007	-	-	-	-	-	-	(824,353)	(824,353)
Deferred Tax Liability on Revaluation Reserve	-	-	-	2,107	-	-	-	2,107
Balance as at 30.09.2008	1,893,294	462,000	2,704,096	3,003,547	6,700	821,707	6,782,353	20,157,712

  

GROUP	Stated Capital				Reserves	General Reserve	Income Statement	Minority Interest	Total
	Ordinary Voting	Ordinary Non voting	Share Premium	Capital Reserve					
<b>For the Period Ended 30.09.2009</b>	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	
Balance as at 01.01.2009	1,893,294	462,000	2,704,096	5,771,072	6,700	982,707	8,482,353	23,269,117	
Net Profit for the Nine Months	-	-	-	-	-	-	2,653,092	2,653,092	
Final Dividend 2008	-	-	-	-	-	-	(706,588)	(706,588)	
Deferred Tax Liability on Revaluation Reserve	-	-	-	2,107	-	-	-	2,107	
Transfer to General Reserve	-	-	-	(6,700)	-	6,700	-	-	
Arising on Investment in Subsidiary	-	-	-	-	-	351	-	1,253	
Minority Portion of Pre Acquisition Reserve	-	-	-	-	-	-	-	(261)	
Balance as at 30.09.2009	1,893,294	462,000	2,704,096	5,773,179	-	982,707	8,489,053	25,213,878	
<b>For the Period Ended 30.09.2008</b>									
Balance as at 01.01.2008	1,893,294	462,000	2,704,096	5,768,262	6,700	821,707	6,782,353	21,519,323	
Net Profit for the Nine Months	-	-	-	-	-	-	2,116,236	2,116,236	
Final Dividend 2007	-	-	-	-	-	-	(824,353)	(824,353)	
Deferred Tax Liability on Revaluation Reserve	-	-	-	2,107	-	-	-	2,107	
Disposal of subsidiaries	-	-	-	-	-	-	(154,287)	(154,287)	
Balance as at 30.09.2008	1,893,294	462,000	2,704,096	5,770,369	6,700	821,707	6,782,353	22,663,326	

### LISTED DEBENTURE INFORMATION

9 Months Ended 30th September	Market Value				9 Months Ended 30th September	Yield as at last trade Done			
	Highest 2009	Lowest 2009	Highest 2008	Lowest 2008		Highest 2009	Lowest 2009	Highest 2008	Lowest 2008
<b>HNB DEBENTURES 2002</b>					<b>HNB DEBENTURES 2002</b>				
10 year Fixed Rate (14.20% p.a.)	N/T	N/T	N/T	N/T	10 year Fixed Rate (14.20% p.a.)	N/T	N/T	N/T	N/T
10 year Floating Rate (TB + 1.25% p.a.)	N/T	N/T	N/T	N/T	10 year Floating Rate (TB + 1.25% p.a.)	N/T	N/T	N/T	N/T
<b>HNB DEBENTURES 2006</b>					<b>HNB DEBENTURES 2006</b>				
6 year Floating Rate (TB + 2.25% p.a.)	N/T	N/T	N/T	N/T	6 year Floating Rate (TB + 2.25% p.a.)	N/T	N/T	N/T	N/T
7 year Floating Rate (TB + 2.25% p.a.)	N/T	N/T	N/T	N/T	7 year Floating Rate (TB + 2.25% p.a.)	N/T	N/T	N/T	N/T
8 year Floating Rate (TB + 2.25% p.a.)	N/T	N/T	N/T	N/T	8 year Floating Rate (TB + 2.25% p.a.)	N/T	N/T	N/T	N/T
15 year Fixed Rate (11.00% p.a.)	N/T	N/T	N/T	N/T	15 year Fixed Rate (11.00% p.a.)	N/T	N/T	N/T	N/T
18 year Fixed Rate (11.25% p.a.)	N/T	N/T	N/T	N/T	18 year Fixed Rate (11.25% p.a.)	N/T	N/T	N/T	N/T
<b>HNB DEBENTURES 2007</b>					<b>HNB DEBENTURES 2007</b>				
10 year Fixed Rate (16.00% p.a.)	N/T	N/T	N/T	N/T	10 year Fixed Rate (16.00% p.a.)	N/T	N/T	N/T	N/T
15 year Floating Rate (16.75% p.a.)	N/T	N/T	N/T	N/T	15 year Floating Rate (16.75% p.a.)	N/T	N/T	N/T	N/T

N/T - Not Traded as at 30th September

N/T - Not Traded as at 30th September

#### Yield to Maturity of Last Trade Done (% p.a.)

9 Months Ended 30th September	2009		2008	
	Highest	Lowest	Highest	Lowest
<b>HNB DEBENTURES 2002</b>				
10 year Fixed Rate (14.20% p.a.)	N/T	N/T	N/T	N/T
10 year Floating Rate (TB + 1.25% p.a.)**	N/A	N/A	N/A	N/A
<b>HNB DEBENTURES 2006</b>				
6 year Floating Rate (TB + 2.25% p.a.)**	N/A	N/A	N/A	N/A
7 year Floating Rate (TB + 2.25% p.a.)**	N/A	N/A	N/A	N/A
8 year Floating Rate (TB + 2.25% p.a.)**	N/A	N/A	N/A	N/A
15 year Fixed Rate (11.00% p.a.)	N/T	N/T	N/T	N/T
18 year Fixed Rate (11.25% p.a.)	N/T	N/T	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
15 year Floating Rate (16.75% p.a.)**	N/A	N/A	N/A	N/A

\*\* The yield to maturity calculation is not applicable for floating rate debentures.

N/T - Not Traded as at 30th September

#### RATIOS OF DEBT

	As at 30.09.2009	As at 31.12.2008
Debt Equity Ratio %	11.80	13.39
	30.09.2009	30.09.2008
Interest Cover (Times)	14.3	9.0
<b>Yield of Comparable Govt. Security for the following HNB Debentures (% p.a.)</b>		
2002 series 10 year maturity	11.33	16.92
2006 series 6 year maturity	11.51	17.41
2006 series 7 year maturity	11.38	16.88
2006 series 8 year maturity	11.70	16.50
2006 series 15 year maturity	11.70	15.54
2006 series 18 year maturity	11.77	15.13
2007 series 10 year maturity	11.59	16.25
2007 series 15 year maturity	11.77	15.13

N/T - Not Traded as at 30th September

### 20 LARGEST SHAREHOLDERS (VOTING) - AS AT 30.09.2009

	Name	No. of Shares	% on Total Capital
1	Deutsche Bank Trust Company Americas	35,329,400	15.00
2	Brown & Company Ltd.	17,158,690	7.29
3	CBD Exports Ltd.	15,384,600	6.53
4	Milford Exports (Ceylon) Ltd.	15,373,050	6.52
5	Stassen Exports Ltd.	13,324,850	5.66
6	Panchalingam Associates (Pvt) Ltd.	12,232,942	5.19
7	Sri Lanka Insurance Corporation Ltd. - Life Fund	11,533,832	4.90
8	Standard Finance Ltd.	11,240,720	4.77
9	Sonetto Holdings Ltd.	8,445,206	3.59
10	Distilleries Company of Sri Lanka Ltd.	5,961,708	2.53
11	Bank of Ceylon No.1 Account	933,500	0.43
12	Mr.Sinnathamby Visuvanathan	897,664	0.38
13	Freudenberg Shipping Agencies Ltd.	383,700	0.16
14	Mrs.Pushpa Narhari Bhatt	344,960	0.15
15	Ms.Ponweera Arachchige Pemawathie	336,788	0.14
16	N Vaitilingam & Co Ltd.	325,500	0.14
17	Mr.Somapala Bope Hewage (Estate)	322,200	0.14
18	Employees Trust Fund Board	288,146	0.12
19	Eagle Insurance Company Ltd. A/c No.3	256,000	0.10
20	The Ceylon Chamber of Commerce Account No.2	224,600	0.09

### CASH FLOW STATEMENT

For the Nine Months Ended 30th September	BANK		GROUP	
	2009	2008	2009	2008
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Cash Flows from Operating Activities</b>				
Interest & Commission Receipts	25,938,799	24,744,235	26,022,131	24,926,151
Interest Payments	(11,978,395)	(13,595,967)	(12,128,466)	(13,977,543)
Receipts from Other Operating Activities	997,597	1,044,860	2,233,767	2,123,134
Cash Payments to Employees	(3,576,754)	(2,978,610)	(3,804,318)	(3,126,536)
Cash Payments to Suppliers	(1,587,380)	(1,419,835)	(1,286,464)	(1,187,752)
Cash Payments to Other Operating Activities	(2,064,817)	(1,984,349)	(2,611,226)	(3,020,338)
<b>Operating Profit before Changes in Operating Assets &amp; Liabilities</b>	<b>7,729,050</b>	<b>5,810,334</b>	<b>8,425,424</b>	<b>5,737,116</b>
<b>(Increase) / Decrease in Operating Assets</b>				
Deposits Held for Regulatory or Monetary Control Purpose	868,953	(639,953)	868,718	(639,953)
Funds Advanced to Customers	4,366,372	(8,311,331)	4,376,526	(8,067,916)
Other Short Term Assets	765,709	(4,898,388)	434,160	(3,460,732)
	6,001,034	(13,849,672)	5,679,404	(12,168,601)
<b>Increase / (Decrease) in Operating Liabilities</b>				
Deposits from Customers	12,965,213	5,263,507	12,998,522	5,217,453
Negotiable Certificates of Deposits	1,003,457	123,286	1,003,457	123,286
Other Liabilities	(2,718,444)	(15,012)	(2,563,519)	272,695
	11,250,226	5,371,781	11,438,460	5,613,434
<b>Net Cash Generated from / (Used in) Operating Activities</b>	<b>24,980,310</b>	<b>(2,667,557)</b>	<b>25,543,288</b>	<b>(818,051)</b>
Income Taxes Paid	(810,709)	(316,594)	(832,574)	(383,286)
<b>Net Cash Generated from / (Used in) Operating Activities</b>	<b>24,169,601</b>	<b>(2,984,151)</b>	<b>24,710,714</b>	<b>(1,201,337)</b>
<b>Cash Flows from Investing Activities</b>				
Dividend Income	152,370	585,472	127,064	192,598
Proceeds from Sales / (Purchase) of Dealing Securities	59,027	258,176	(269,573)	(1,670,735)
Net Proceeds from Sales / (Purchase) of Investment Securities	(11,536,693)	(4,819,231)	(12,105,004)	(4,656,480)
Purchase of Property, Plant & Equipment	(789,128)	(740,454)	(869,621)	(701,937)
Purchase of Intangible Assets	(88,995)	-	(107,583)	(2,382)
Improvements to Investment Properties	(663)	-	(663)	-
Investment in Subsidiary / Associate Company	(6,840)	(114,741)	(6,600)	(114,741)
Net Effect on Acquisition of Subsidiary	-	-	508	-
Proceeds from Sale of Property, Plant & Equipment	16,113	470	25,295	511
<b>Net Cash Flows Generated from / (Used in) Investing Activities</b>	<b>(12,194,809)</b>	<b>(4,830,308)</b>	<b>(13,206,177)</b>	<b>(6,953,166)</b>
<b>Cash Flows from Financing Activities</b>				
Increase / (Decrease) in Debentures	(127,628)	(1,910,295)	(127,628)	(1,895,295)
Increase / (Decrease) of Long Term Borrowings	(7,111,822)	8,398,042	(7,174,760)	7,260,983
Dividends Paid	(647,839)	(754,958)	(666,613)	(756,735)
<b>Net Cash Generated from / (Used in) Financing Activities</b>	<b>(7,887,289)</b>	<b>5,732,789</b>	<b>(7,969,001)</b>	<b>4,608,953</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	<b>4,087,503</b>	<b>(2,081,670)</b>	<b>3,535,536</b>	<b>(3,545,550)</b>
Cash and Cash Equivalents at the Beginning of the Period	24,701,952	22,608,706	26,099,193	25,134,527
<b>Cash and Cash Equivalents at the End of the Period</b>	<b>28,789,455</b>	<b>20,527,036</b>	<b>29,634,729</b>	<b>21,588,977</b>

### DIRECTORS' HOLDING AND CHIEF EXECUTIVE OFFICER'S HOLDING IN SHARES

	As at 30th Sep-09	As at 31st Dec-08
Mr. Rienze T. Wijetilleke	7,806	7,806
Mr. Rajendra Theagarajah *	18,644	18,644
Mr. D. H. S. Jayawardene	10,010	10,010
Mr. M. V. Theagarajah	289,948	289,948
Mr. R. K. Obeyesekere	10,010	10,010
Ms. Pamela C. Cooray	46,599	46,599
Mr. Ranjeevan Seevaratnam	500	500
Mr. N. G. Wickremaratne **	2,000	-

\* Chief Executive Officer

\*\* Appointed w.e.f. 01.07.2009

### 20 LARGEST SHAREHOLDERS (NON-VOTING) - AS AT 30.09.2009

	Name	No. of Shares	% on Total Capital
1	Legalinc Trustee Services (Pvt) Ltd. - (HNB ESOP)	9,133,274	3.88
2	Nawaloka Developments (Pvt) Ltd.	1,405,600	0.60
3	DFCC Bank A/c 1	797,600	0.34
4	Mellon-Frontaura Global Frontier Fund LLC	697,500	0.29
5	Mr.Weerahennedige Kingsley Valentine Mazonod Fernando & Mrs.Kurukulasuriya Weerasinghe Shirani Helen Fernando	692,600	0.30
6	Questnet Ltd.	686,300	0.30
7	Distilleries Company of Sri Lanka Ltd.	675,132	0.29
8	Mr. Ajith Lasantha Devasurendra	509,100	0.20
9	Mr. Sinnathamby Visuvanathan	440,000	0.19
10	Waldock Mackenzie Ltd/ Mr. H M S Abdulhussein	405,200	0.17
11	Hatton National Bank PLC A/c No.2	338,638	0.14
12	M C A Trading Co. (Pvt) Ltd.	330,000	0.14
13	Miss.Shanika Antoinette Fernando	289,700	0.12
14	Ceylon Grain Elevators Ltd.	275,000	0.12
15	Ceylon Investment PLC - A/c No.01	273,200	0.11
16	Deutsche Bank AG as Trustee for Namal Acuity Value Fund	249,700	0.10
17			