HDFC Bank of Sri Lanka

INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED
31st December 2012

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HDFC Bank of Sri Lanka
Income Statement
For the Quarter Ended 31st December 2012

Item	Quarter ended 31st December 2012	Quarter ended 31st December 2011	Year ended 31.12.2012	Year ended 31.12.2011
	Rs	Rs	Rs	Rs
	Un Audited	Restated	Un Audited	Restated
Interest Income	721,530,008	650,770,842	**2,634,758,527**	2,244,802,639
Less : Interest Expenses	511,085,741	367,456,553	**1,805,319,955**	1,354,293,472
Net Interest Income	**210,444,267**	**283,314,289**	**829,438,573**	**890,509,167**
Fee and Commission Income	20,933,230	60,203,967	58,458,381	124,636,242
Less : Fee and Commission Expenses	-	-	-	-
Net fee and Commission Income	**20,933,230**	**60,203,967**	**58,458,381**	**124,636,242**
Net Trading Income /(expenses)	-	-	-	-
Net Gain/(loss) on financial assets and liabilities designated at fair value	(1,819,973)	-	(1,819,973)	-
Other Operating Income	-	-	-	-
Total Operating Income	**229,557,524**	**343,518,256**	**886,076,981**	**1,015,145,408**
Less: Operating Expenses				
Net impairment losses - Credit - Individual Impairment	(5,053,270)	(152,698,826)	(11,128,270)	(177,003,126)
Net impairment losses - Credit - Collective Impairment	12,190,376	67,167,586	**12,624,747**	81,676,886
Net impairment losses - Financial Investments	-	-	-	-
Depreciation and Impairment	16,381,105	14,399,193	**54,260,794**	45,502,793
Personnel Expenses	94,611,911	57,946,732	**458,115,188**	344,633,800
Administrative Expenses	26,270,058	24,467,584	**102,887,869**	86,902,578
Other Operating Expenses	29,407,646	137,826,742	**146,650,826**	231,771,606
Total Operating Expenses	173,807,826	149,109,010	**763,411,154**	613,484,537
Operating Profit/(Loss) before VAT	**55,749,698**	**194,409,245**	**122,665,827**	**401,660,871**
Less :VAT on Financial Services	13,254,694	24,426,510	49,892,630	81,005,187
Operating Profit/(Loss) after VAT	**42,495,004**	**169,982,735**	**72,773,197**	**320,655,684**
Shares of associate companies' and jointly controlled entities' Profit /(Loss)	-	-	-	
Profit/(Loss) before Corporate Tax	**42,495,004**	**169,982,735**	**72,773,197**	**320,655,684**
Less: Corporate Income Tax	50,325,578	33,833,224	70,321,030	104,636,708
Profit/(Loss) after Tax for the year	**(7,830,574)**	**136,149,511**	**2,452,167**	**216,018,976**
Earning per share				
Basic Earnings per Ordinary Share	**(0.12)**	**2.10**	**0.04**	**3.34**

HDFC Bank of Sri Lanka

Statement of Comprehensive Income
For the Quarter Ended 31st December 2012

Item	Quarter ended 31st December 2012	Quarter ended 31st December 2011	Year ended 31st December 2012	Year ended 31st December 2011
	Un Audited	Restated	Un Audited	Restated
	Rs	Rs	Rs	Rs
Profit/(Loss) for the year	**(7,830,574)**	**136,149,511**	**2,452,167**	**216,018,976**
Other Comprehensive Income				
Net Gain/(loss) on hedge of net investments	-	-	-	-
Exchange Differences on translation of foreign operations	-	-	-	-
Net Gain/(loss) on available - for- sale financial Assets	-	-	-	-
Net Gain on revaluation of property Plant and equipment	-	-	53,081,000	-
Income tax (charge)/credit relating to components of other Income	-	-	-	-
Other comprehensive income for the year net of tax	-	-	-	-
Total comprehensive income for the year net of tax	**(7,830,574)**	**136,149,511**	**55,533,167**	**216,018,976**
Attributable to				
Equity Holders of the Parent	-	-	55,533,167	216,018,976
Non - Controlling Interest	-	-	-	-
	-	-	-	-

HDFC Bank of Sri Lanka

Statement of Financial Position

Item	31.12-2012	31-12-2011
	Rs "000"	Rs "000"
	Un Audited	Restated
Assets		
Cash in hand	107,857	91,605
Balance with Central Bank	317,702	328,979
Due from banks & other financial institutions	93,517	107,492
Reverse Repurchase Agreements with banks and financial institution	872,144	50,000
Derivative financial instruments	-	-
Financial Assets held -for-trading	-	-
Financial Assets designated at fair value through profit and loss	-	-
Loans and Receivables to customers	15,965,668	14,849,024
Financial Investments - available-for-sale	-	-
Financial Investments - held-to-maturity	2,287,725	3,381,776
Investments in subsidiaries, associates and jointly controlled entities	-	-
Other Assets	842,350	832,585
Property , Plant and Equipment	288,119	250,012
Deferred Tax Assets	23,129	17,570
Total Assets	**20,798,211**	**19,909,044**
Liabilities and Equity		
Due to banks less than one year	71,561	60,980
Deposits	12,922,906	12,336,016
Debt and Borrowings	3,117,736	3,494,887
Current Tax Liabilities	61,882	45,573
Other Liabilities	2,233,064	1,635,184
Total Liabilities	**18,407,149**	**17,572,640**
Equity attributable to Equity Holders		
Stated Capital	962,093	962,093
Statutory Reserve fund	61,994	61,871
Retain Earnings	1,138,656	1,169,833
Total Other Reserves	228,319	142,606
Total Equity	**2,391,062**	**2,336,404**
Total Liabilities and Equity	**20,798,211**	**19,909,044**
Net Assets per Ordinary Share (Rs)	36.95	36.11
Off-balance sheet item and contra accounts		
Contingencies	-	-
Commitments and contra accounts	-	-
	-	-
Memorandum information		
Number of employees	**535**	**505**
No of Branches	21	20
No of Extension Offices	11	11

HDFC Bank of Sri Lanka
Statement of Changes in Equity
for the Period ended 31.12.2012

Rs 000

	Attributable to equity holders of the bank										
Item	Ordinary Voting Shares	Ordinary Non Voting Shares	Assigned Capital	Reserve Fund	Investment Fund	Revaluation Reserves	Retained Earnings	Other Reserves	Total	Non-Controlling Interest	Total Equity
Balance as at 01/01/2011	962,093	-	-	46,389		35,889	1,086,614	22,630	2,153,615	-	2,153,615
Profit/(Loss) for the Year	-	-	-	-		-	216,018	-	216,019	-	216,019
Other Comprehensive income (net of tax)	-	-	-	-		-	-	-	-	-	-
Share issue/increase of Assigned Capital	-	-	-	-		-	-	-	-	-	-
Bonus issue	-	-	-	-		-	-	-	-	-	-
Right issue	-	-	-	-		-	-	-	-	-	-
Transfer to Reserves during the period	-	-	-	15,482	53,997	-	(100,445)	30,965	-	-	-
Dividend paid	-	-	-	-		-	(32,355)		(32,355)	-	(32,355)
Profit transferred to head office	-	-	-	-		-	-	-	-	-	-
Gain/(loss) on revaluation of Property Plant and Equipment	-	-	-	-		(875)	-	-	(875)	-	(875)
Others	-	-	-	-		-	-	-	-	-	-
Balance as at 31/12/2011(Restated)	962,093	-	-	61,871	53,997	35,014	1,169,832	53,595	2,336,404	-	2,336,404

	Attributable to equity holders of the bank										
Item	Ordinary Voting Shares	Ordinary Non Voting Shares	Assigned Capital	Reserve Fund	Investment Fund	Revaluation Reserves	Retained Earnings	Other Reserves	Total	Non-Controlling	Total Equity
Balance as at 01/01/2012	962,093	-	-	61,871	53,997	35,014	1,169,832	53,595	2,336,404	-	2,336,404
Profit/(Loss) for the Year	-	-	-	-		-	2,452	-	2,452	-	2,452
Other Comprehensive income (net of tax)	-	-	-	-		53,081	-	-	53,081	-	53,081
Share issue/increase of Assigned Capital	-	-	-	-		-	-	-	-	-	-
Bonus issue	-	-	-	-		-	-	-	-	-	-
Right issue	-	-	-	-		-	-	-	-	-	-
Transfer to Reserves during the period	-	-	-	122	33,262	-	(33,629)	245	-	-	-
Dividend paid	-	-	-	-		-	-	-	-	-	-
Profit transferred to head office	-	-	-	-		-	-	-	-	-	-
Gain/(loss) on revaluation of Property Plant and Equipment	-	-	-	-		(875)	-	-	(875)	-	(875)
Others	-	-	-	-		-	-	-	-	-	-
Balance as at 31/12/2012	962,093	-	-	61,993	87,259	87,220	1,138,655	53,840	2,391,062	-	2,391,062

HDFC Bank of Sri Lanka

Statement of Cash Flow **Rs"000"**

Item	Year Ended 31.12.2012	Year Ended 31.12.2011
Cash Flows from Operating Activities		
Interest received	2,512,109	2,254,936
Interest payments	(1,286,202)	(1,054,218)
Receipt from other Operating Activities	54,393	113,012
Cash payments to Employees & Suppliers	(513,865)	(423,404)
Payments on other Operating Activities	(213,332)	(195,782)
Operating Profit before changes in Operating Assets	**553,103**	**694,543**
(Increase)/decrease in Operating Assets :		
Funds recovered from Customers	2,705,212	2,676,094
Funds advanced to Customers	(3,678,415)	(4,672,588)
Other Assets	22,707	(192,700)
Increase / (decrease) in Operating Liabilities	**(950,496)**	**(2,189,195)**
Deposits from Customers	586,890	3,809,683
Others	29,393	(42,942)
	616,283	**3,766,741**
Net cash from Operating Activities before Income Tax	218,891	2,272,090
Income Tax Paid	(42,323)	(84,535)
Net Cash from Operating Activities	**176,567**	**2,187,555**
Cash Flows From Investing Activities		
Dividend received	18	15
(Purchase) /sale of Investment Securities	1,060,429	(1,060,429)
Investment in Subsidiaries	-	-
Purchase of Property, Plant and Equipment	(93,151)	(92,376)
Disposal of Property, Plant & Equipment	2,227	50,535
Net Cash from Investing Activities	**969,524**	**(1,102,255)**
Cash Flows From Financing Activities		
Issues of Shares	-	-
Issues/(redemptions) of Shares	-	-
Repayments of Borrowings	(1,973,151)	(1,479,553)
Dividends Paid	-	1,406,288
Proceeds from Borrowings	1,606,582	(32,320)
Net Cash from Financing Activities	**(366,570)**	**(105,586)**
Net Increase in Cash & Cash Equivalents	779,521	979,714
Cash & Cash Equivalents at beginning of the Period	2,899,394	1,919,679
Cash & Cash Equivalents at the end of the Period	**3,678,915**	**2,899,394**
Reconciliation of Cash and Cash Equivalents		
Cash & Short Term Funds	201,374	199,097
Government of Sri Lanka Treasury Bills	-	-
Borrowings from Banks	3,477,542	2,700,296
	3,678,915	**2,899,394**

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HDFC Bank of Sri Lanka
Selected Performace Indicators

Item	As at 31-12-2012	As at 31-12-2011
Regulatory Capital Adequacy		
Core Capital (Tier 1 Capital) Rs . Mn	2,023	2,023
Total Capital Base , Rs Mn	2,084	2,081
Core Capital Adequacy Ratio , as % of Risk Weighted- Assets (Minimum Requirement, 5%)	21.91%	21.34%
Total Capital Adequacy Ratio , as % of Risk Weighted Assets (Minimum Requirement, 10%)	22.58%	21.95%
Assets Quality (Quality of Loan Portfolio)		
Gross Non-Performing Advances Ratio	20.52%	22.21%
Net-Non performing Advances	19.78%	21.40%
Gross Non -Performing Advance Ratio,Excluding EPF	7.69%	11.54%
Net Non -Performing Advance Ratio Excluding EPF	6.50%	10.25%
Profitability		
Interest Margin, %	2.70%	4.58%
Return on Assets (before Tax) %	0.40%	1.56%
Return on Equity , %	0.10%	4.98%
Regulatory Liquidity		
Statutory Liquid Assets , Rs Mn	3,039	2,494
Statutory Liquid Assets Ratio , % (Minimum Requirement , 20%)	25.44%	21.15%
Domestic Banking Unit	-	-
Off - Shore Banking Unit	-	-

Financial Indicators	**31.12.2012**	**31.12.2011**
	(After Sub Division)	(Before Sub Division)
Market Price of shares during the Quarter		
Highest Price Per Share	67.00	1,850.00
Lowest Price Per Share	44.00	1,250.00
Last Trading Price Per Share	50.60	1,400.30

Notes to the Financial Statement

1. Financial Statements have been prepared in accordance with SLFRS and LKAS, applicable from 1st January 2012.

2.The Statement of Financial Position as at 31st December 2012, the Income Statement, Statement of Comprehensive Income, the Statement of Cash Flow and the Statement of Changes in Equity for the Quarter ended, are drawn up from the unaudited accounts of the Bank and provided the information required by the CSE and the CBSL and where required, provides additional disclosures to comply with LKAS 34 Interim Financial Reporting.

3. These Financial statements have been prepared in accordance with the Sri Lanka Accounting Standard No 34, Interim Financial Reporting.

4. No circumstances have arisen since the Statement of Financial Position date which would require adjustment to or disclosure in the interim financial statements .

5. There are no liabilities to Management Fees or any other similar expenditure not provided for in the interim accounts,

6. There are no material changes in the use of funds raised through an IPO/Rights /debenture issue during the quarter.

7.There have not been significant changes in the nature of the contingent liabilities that required disclosure in the interim financial statements for the quarter ended 31-12-2012

8.The Bank has subdivided the ordinary shares of 6,471,052 in proportion of ten share for every one share held without increasing the value of stated capital of the Bank, and as a result, the number of shares increased to 64,710,520 with effect from 01-03-2012 . The comparative information have been changed accordingly in order to reflect the above change.

9.Shares held by the twenty largest share holders of voting shares as at 31-12-2012

Share Holder Name	No of Share	%
National Housing Development Authority	32,180,000	49.73
Lanka Orix Leasing Company PLC	9,707,740	15.00
Perpetual Capital (Private) Limited	9,105,425	14.07
Legalinc Trustee Services (Private) Limited	3,485,520	5.39
DR. Senthilverl Thirugnanasambandar	1,376,926	2.13
DFCC Vardhana Bank Ltd/ Mr Chandaka Haren Ranil De Soysa	668,958	1.03
Mr. Dinal Gitanjan Wijemanne	395,010	0.61
Mr Chandaka Haren Ranil De Soysa	368,358	0.57
Dr Ruwanpura Rohitha De Silva	302,128	0.47
Urban Development Authority	300,000	0.46
Condominium Management Authority	300,000	0.46
DFCC Vardhana Bank LTD/A.Sithampalam	258,054	0.40
Union Commodities (Pvt) Ltd	200,000	0.31
Finco Holdings (Private) Limited	185,000	0.29
The Associated Newspapers of Ceylon Limited	180,000	0.28
Mr Dinesh Ajit De Zoysa	170,000	0.26
Mr Henry Anthony Pieris	144,680	0.22
Mr Vishramal Sanjiv Gunasekara	142,000	0.22
National Water Supply & Drainage Board	120,000	0.19
State Enginering Corporation	120,000	0.19
Total	**59,709,799**	**92.27**

* The Public Holding percentage is 21.19%

10. Directors' & Chief Executive officer's holding in shares of the Bank at the end of 31-12-2012 are as follows.

Share Holder Name	No of Shares
Mrs S.N.Wickramasinghe - Chairman	-
Mr.W J L U Wijeyaweera- Director	3,000
Mrs.K W P Dayaratne- Director	-
Mrs C Wijayawardhane - Director	
Mr. S A J Samaraweera - Director	-
Mr. W D R D Goonaratne - Director	-
Mr A J Aloysius - Director	-
Mr L E S Silva - Director	1,000
Mr S Dissanayaka - CEO	-
CEO's Spouse Ms N Nilakarawasam	1,000

11. Number of shares representing the entity's stated capital - 64,710,520

CERTIFICATION:

We , the undersigned, being the Chief Executive and the Financial Controller of HDFC Bank of Sri Lanka certify that :-

(1) The above statements have been prepared in compliance with the format and definitions prescribed by the Central Bank of Sri Lanka & Colombo Stock Exchange.

(2) The information contained in these statements have been extracted from the unaudited financial statements of the bank unless indicated as audited or restated .

D.V. Pathirana
A.G.M. (Finance & Planning)

Nimal J.B. Mamaduwa
General Manager / CEO

Signed for and on behalf of the Board Of HDFC Bank of Sri Lanka

Mrs S.N.Wickramasinghe
Chairman

.....
Mr L E S Silva
Director

Date : 13-02-2013 , Colombo