



YOUR PARTNER IN PROGRESS

Interim Financial Statements

For the 3 months ended 31st March 2023

FINANCIAL COMMENTARY FOR THE 3 MONTHS ENDED 31ST MARCH 2023

- HNB records Rs 6.9 Bn PAT in Q1 2023
- Total operating income rises 22% YoY to Rs 34 Bn
- Net stage III ratio at 3.8%; one of the best in the industry
- Tier I and total capital ratios improve to 11.41% and 14.43% respectively
- Liquidity position remains strong with LAR at nearly 40%

Following a turbulent year marred by the country facing its most profound economic crisis post-independence, Hatton National Bank PLC made a resilient start to 2023, posting a PBT of Rs 10.7 Bn, up 80% YoY, while PAT stood at Rs 6.9 Bn in the first quarter, growing 42% YoY. The Group made a consolidated PBT and PAT of Rs 11.3 Bn and Rs 7.3 Bn respectively.

Relatively high interest rates compared to Q1 2022, facilitated the Bank to report a net interest income of Rs 31.6 Bn during 1Q 2023, reflecting an 87% YoY growth. With higher card volumes coupled with an increased adoption of our digital services, net fee and commission income grew by 31% YoY to Rs 4.2 Bn.

The positive sentiments brought on by the IMF programme and the improved foreign exchange liquidity, gave way to a part relaxation of foreign exchange controls. This led to the appreciation of the Sri Lankan Rupee by approx. 10% during the 3 months up to March 2023. This resulted in the Bank recording a net exchange loss of approximately Rs 2 Bn for the quarter due to revaluation losses.

Despite vulnerabilities in the operating income, the Bank was able to maintain one of the best asset quality positions in the industry, with the net stage III loan ratio at 3.8% and stage III provision cover at 55.5% as at end March 2023. Having made significant provisions on account of impairment in 2022, the Bank made a total impairment of Rs 11.4 Bn for the quarter. This consisted of impairment on loans and advances and other off-balance sheet exposures of Rs 6.7 Bn, and impairment of Rs 4.7 Bn on foreign currency denominated government securities.

Operating expenses increased by 26% in 1Q 2023, driven largely by the impact of the higher inflation compared to corresponding period of 2022. However, growth in income outperformed that of cost, translating to a cost-to-income ratio of 26% for the first quarter of 2023.

The effective tax rate for the quarter increased to 36% from 19% in Q1 2022 mainly due to the increase in corporate tax rate from 24% to 30% and introduction of social security contribution levy with effect from October 2022.

Since December 2022, the asset base grew to Rs 1.7 Trillion as at end 1Q 2023. As a result of low demand for credit due to high interest rates and a stronger Rupee, the Bank's gross loan book dropped by 4% to Rs 1.0 Trillion during the quarter. On the other hand, Bank deposits continued its growth trajectory, expanding by Rs 29 Bn to reach Rs 1.4 Trillion.

The Bank reported Tier I and Total Capital Adequacy Ratios of 11.41% and 14.43% against the minimum statutory requirements of 9.5% and 13.5% respectively. The Bank has provision to drawdown further up to 250bps on the capital conservation buffer under the concessions granted by the Central Bank of Sri Lanka. HNB's liquidity levels also continued to be strong and well above the regulatory minimum requirements, with Statutory Liquid Assets and all currency Liquidity Coverage ratios at 39.31% (vs. a 20% requirement) and 358.12% (vs. a 100% requirement) respectively.

HNB is rated A (Ika) by Fitch Ratings and was awarded the esteemed title of 'Sri Lanka's Best Corporate Citizen' for 2022 by the Ceylon Chamber of Commerce. Other major accolades include being ranked among the Top 1,000 Banks in the World for six consecutive years by the acclaimed UK based "The Banker Magazine"; being adjudged the 'Best Retail Bank in Sri Lanka' for the 13th occasion by the Asian Banker, as well as securing a Top 5 position on Business Today's Top 40 rankings for 2022.

INCOME STATEMENT

	BANK			GROUP		
	For the 3 months ended 31st March			For the 3 months ended 31st March		
	2023	2022	% Increase / (Decrease)	2023	2022	% Increase / (Decrease)
	Rs 000	Rs 000		Rs 000	Rs 000	
Gross income	78,081,222	41,458,594	88	87,281,125	47,661,638	83
Interest income	75,513,345	30,261,359	150	80,750,344	32,847,615	146
Less: Interest expenses	43,951,792	13,397,568	228	45,929,916	13,959,064	229
Net interest income	31,561,553	16,863,791	87	34,820,428	18,888,551	84
Fee and commission income	4,345,942	3,318,239	31	4,696,109	3,597,778	31
Less: Fee and commission expenses	107,459	73,349	47	150,723	126,675	19
Net fee and commission income	4,238,483	3,244,890	31	4,545,386	3,471,103	31
Net interest, fee and commission income	35,800,036	20,108,681	78	39,365,814	22,359,654	76
Net gains / (losses) from trading	(7,269,817)	7,499,447	(197)	(7,245,769)	7,428,125	(198)
Net gain from financial investments at fair value through other comprehensive income	-	156,958	(100)	-	158,201	(100)
Net gains arising on de-recognition of financial assets	-	-	-	-	-	-
Net insurance premium income	-	-	-	3,771,728	3,241,030	16
Net other operating income	5,491,752	222,591	2,367	5,308,713	388,889	1,265
Total operating income	34,021,971	27,987,677	22	41,200,486	33,575,899	23
Less: Impairment charge for loans and other losses	11,379,858	13,353,576	(15)	11,710,907	13,543,579	(14)
Net operating income	22,642,113	14,634,101	55	29,489,579	20,032,320	47
Less : Operating expenses						
Personnel expenses	4,330,934	3,464,457	25	5,274,325	4,316,909	22
Depreciation and amortisation	648,589	607,861	7	799,178	748,626	7
Benefits, claims and underwriting expenditure	-	-	-	4,403,100	3,183,142	38
Other expenses	3,887,201	2,946,294	32	4,731,209	3,650,142	30
Total operating expenses	8,866,724	7,018,612	26	15,207,812	11,898,819	28
Operating profit before taxes on financial services	13,775,389	7,615,489	81	14,281,767	8,133,501	76
Less: Value Added Tax (VAT) on financial services	2,698,894	1,676,788	61	2,792,441	1,788,185	56
Less: Social Security Contribution Levy	374,846	-	-	378,249	-	-
Operating profit after taxes on financial services	10,701,649	5,938,701	80	11,111,077	6,345,316	75
Share of profit of joint venture (net of income tax)	-	-	-	214,232	70,108	206
PROFIT BEFORE INCOME TAX	10,701,649	5,938,701	80	11,325,309	6,415,424	77
Less: Income tax expense	3,840,906	1,123,831	242	4,063,234	1,054,324	285
PROFIT FOR THE PERIOD	6,860,743	4,814,870	42	7,262,075	5,361,100	35
Profit attributable to:						
Equity holders of the Bank	6,860,743	4,814,870	42	7,087,586	4,937,037	44
Non-controlling interests	-	-	-	174,489	424,063	(59)
PROFIT FOR THE PERIOD	6,860,743	4,814,870	42	7,262,075	5,361,100	35
Earnings per share						
Basic earnings per ordinary share (Rs)	12.26	8.60	42	12.66	8.82	44
Diluted earnings per ordinary share (Rs)	12.26	8.60	42	12.66	8.82	44

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	BANK			GROUP		
	For the 3 months ended 31st March			For the 3 months ended 31st March		
	2023	2022	% Increase / (Decrease)	2023	2022	% Increase / (Decrease)
	Rs 000	Rs 000		Rs 000	Rs 000	
PROFIT FOR THE PERIOD	6,860,743	4,814,870	42	7,262,075	5,361,100	35
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods						
Change in fair value of investments in equity instruments designated at fair value through other comprehensive income	1,000,583	(1,003,300)	200	1,000,583	(1,003,300)	200
Remeasurement of post-employment benefit obligations	-	-	-	-	12,482	(100)
Less: Tax expense relating to items that will not be reclassified to profit or loss	-	-	-	-	(2,566)	(100)
Total other comprehensive income that will not be reclassified to profit or loss	1,000,583	(1,003,300)	(200)	1,000,583	(993,384)	(201)
Other comprehensive income that will be reclassified to profit or loss in subsequent periods						
Debt instruments at fair value through other comprehensive income :						
Net gains / (losses) on investments in debt instruments measured at fair value through other comprehensive income	2	(3,634,091)	(100)	152,617	(4,621,415)	(103)
Net change in expected credit losses of debt securities measured at fair value through other comprehensive income	-	413,190	(100)	-	413,190	(100)
Transfer to life policy holder reserve fund	-	-	-	(91,747)	867,297	(111)
Share of other comprehensive income of joint venture that will be reclassified to profit or loss	-	-	-	(183,403)	499,900	(137)
Less: Tax expense relating to items that will be reclassified to profit or loss	-	872,182	(100)	(12,253)	881,311	(101)
Total other comprehensive income that will be reclassified to profit or loss	2	(2,348,719)	100	(134,786)	(1,959,717)	93
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	1,000,585	(3,352,019)	130	865,797	(2,953,101)	129
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	7,861,328	1,462,851	437	8,127,872	2,407,999	238
Total comprehensive income attributable to:						
Equity holders of the Bank	7,861,328	1,462,851	437	7,933,936	2,022,544	292
Non-controlling interests	-	-	-	193,936	385,455	(50)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	7,861,328	1,462,851	437	8,127,872	2,407,999	238

STATEMENT OF FINANCIAL POSITION

	BANK			GROUP		
	As at 31.03.2023	As at 31.12.2022	% Increase / (Decrease)	As at 31.03.2023	As at 31.12.2022	% Increase / (Decrease)
	Rs 000	Rs 000 (Audited)		Rs 000	Rs 000 (Audited)	
ASSETS						
Cash and cash equivalents	95,298,687	80,238,881	19	93,790,262	80,629,698	16
Placements with banks	30,594,282	54,371,028	(44)	38,271,776	58,172,046	(34)
Balances with Central Bank of Sri Lanka	18,222,022	32,344,341	(44)	18,222,022	32,344,341	(44)
Reverse repurchase agreements	-	-	-	1,948,553	1,380,579	41
Derivative financial instruments	778,423	5,370,501	(86)	778,423	5,370,501	(86)
Financial assets measured at fair value through profit or loss	120,059	111,617	8	310,612	236,178	32
Financial assets measured at amortised cost - loans and advances to customers	926,849,030	974,131,252	(5)	966,339,353	1,014,518,939	(5)
Financial assets measured at amortised cost - debt and other financial instruments	576,678,097	448,791,874	28	609,178,200	479,787,015	27
Financial assets measured at fair value through other comprehensive income	3,707,318	2,706,660	37	7,145,256	6,062,195	18
Investment in joint venture	755,000	755,000	-	3,681,183	3,650,354	1
Investment in subsidiaries	3,017,285	3,017,285	-	-	-	-
Investment properties	463,105	464,439	-	928,224	935,549	(1)
Property, plant and equipment	25,256,583	24,835,729	2	50,016,274	49,616,338	1
Right-of-use assets	5,197,926	5,397,734	(4)	2,317,386	2,463,788	(6)
Intangible assets and goodwill	1,287,366	1,250,154	3	1,789,997	1,771,092	1
Deferred tax assets	30,348,922	30,471,351	-	30,657,566	30,763,166	-
Other assets	28,009,065	26,281,118	7	33,396,658	30,573,372	9
Total assets	1,746,583,170	1,690,538,964	3	1,858,771,745	1,798,275,151	3
LIABILITIES						
Due to banks	8,749,125	6,104,578	43	8,749,125	6,104,578	43
Derivative financial instruments	2,583,822	25,632	9,980	2,583,822	25,632	9,980
Securities sold under repurchase agreements	20,048,030	6,540,014	207	20,048,030	6,540,014	207
Financial liabilities measured at amortised cost - due to depositors	1,437,240,475	1,407,800,492	2	1,474,063,021	1,443,179,121	2
Dividends payable	1,000,964	1,008,325	(1)	1,249,249	1,038,542	20
Financial liabilities measured at amortised cost - other borrowings	26,357,807	32,350,594	(19)	26,580,033	33,385,598	(20)
Debt securities issued	2,130,734	2,062,950	3	2,620,776	2,555,109	3
Current tax liabilities	33,222,532	30,025,919	11	33,667,629	30,460,242	11
Deferred tax liabilities	-	-	-	6,488,728	6,465,029	-
Insurance provision - life	-	-	-	26,905,119	24,592,403	9
Insurance provision - non life	-	-	-	4,698,221	4,181,588	12
Other provisions	6,138,603	5,000,513	23	6,353,801	5,467,274	16
Other liabilities	18,759,429	17,378,270	8	20,090,022	18,041,795	11
Subordinated term debts	23,551,502	22,914,299	3	26,975,183	26,151,300	3
Total liabilities	1,579,783,023	1,531,211,586	3	1,661,072,759	1,608,188,225	3

STATEMENT OF FINANCIAL POSITION						
	BANK			GROUP		
	As at 31.03.2023	As at 31.12.2022	% Increase / (Decrease)	As at 31.03.2023	As at 31.12.2022	% Increase / (Decrease)
	Rs 000	Rs 000		Rs 000	Rs 000	
EQUITY						
Stated capital	40,955,116	38,679,005	6	40,955,116	38,679,005	6
Statutory reserve fund	9,310,000	9,310,000	-	9,310,000	9,310,000	-
Retained earnings	44,903,036	40,706,963	10	54,670,276	50,247,360	9
Other reserves	71,631,995	70,631,410	1	85,993,562	85,055,465	1
Total shareholders' equity	166,800,147	159,327,378	5	190,928,954	183,291,830	4
Non-controlling interests	-	-	-	6,770,032	6,795,096	-
Total equity	166,800,147	159,327,378	5	197,698,986	190,086,926	4
Total equity and liabilities	1,746,583,170	1,690,538,964	3	1,858,771,745	1,798,275,151	3
Contingent liabilities and commitments	726,387,943	809,328,957	(10)	726,387,943	809,328,957	(10)
Net assets value per ordinary share (Rs.)	298.00	284.65	5	341.10	327.46	4
Memorandum Information						
Number of Employees	5,147	5,156				
Number of Customer Centers	255	255				

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 March 2023 and its profit for the 3 months ended 31st March 2023.

-Sgd.

Rajive Dissanayake
Chief Financial Officer
12th May 2023

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

- (a) the above statements have been prepared in compliance with the formats and definitions prescribed by the Central Bank of Sri Lanka;
- (b) the information contained in these statements have been extracted from the unaudited financial statements of the Bank, it's Joint Venture and Subsidiary Companies.

-Sgd.

Jonathan Alles
Managing Director / Chief Executive Officer
12th May 2023

-Sgd.

Aruni Goonetilleke
Chairperson
12th May 2023

STATEMENT OF CHANGES IN EQUITY - BANK

	Stated Capital			Other Reserves			Retained Earnings	Total Equity
	Voting Shares	Non-Voting Shares	Statutory Reserve	Capital Reserve	Fair value Reserve	General Reserve		
	Rs000	Rs000	Rs000	Rs000	Rs000	Rs000		
For the 3 months ended 31st March 2023								
Balance as at 1st January 2023	31,732,741	6,946,264	9,310,000	13,927,316	(1,395,906)	58,100,000	40,706,963	159,327,378
Total comprehensive income for the period								
Net profit for the period	-	-	-	-	-	-	6,860,743	6,860,743
Other comprehensive income for the period, net of tax	-	-	-	-	1,000,585	-	-	1,000,585
Total comprehensive income for the period	-	-	-	-	1,000,585	-	6,860,743	7,861,328
Transactions with equity holders, recognised directly in equity								
Contributions by and distributions to equity holders								
Dividends to equity holders								
Final dividend 2022 - Scrip	1,820,883	455,228	-	-	-	-	(2,677,777)	(401,666)
Total contributions by and distributions to equity holders	1,820,883	455,228	-	-	-	-	(2,677,777)	(401,666)
Transfer of/(subsequent settlement of) unclaimed dividends	-	-	-	-	-	-	13,107	13,107
Transfers during the period	-	-	-	-	-	-	-	-
Balance as at 31st March 2023	33,553,624	7,401,492	9,310,000	13,927,316	(395,321)	58,100,000	44,903,036	166,800,147
For the 3 months ended 31st March 2022								
Balance as at 1st January 2022	30,680,591	6,683,653	8,560,000	15,084,556	(1,254,053)	57,100,000	35,186,607	152,041,354
Total comprehensive income for the period								
Net profit for the period	-	-	-	-	-	-	4,814,870	4,814,870
Other comprehensive income for the period, net of tax	-	-	-	-	(3,765,209)	-	413,190	(3,352,019)
Total comprehensive income for the period	-	-	-	-	(3,765,209)	-	5,228,060	1,462,851
Transactions with equity holders, recognised directly in equity								
Contributions by and distributions to equity holders								
Dividends to equity holders								
Final dividend 2021 - Cash	-	-	-	-	-	-	(3,418,380)	(3,418,380)
Final dividend 2021 - Scrip	1,052,150	262,611	-	-	-	-	(1,314,761)	-
Total contributions by and distributions to equity holders	1,052,150	262,611	-	-	-	-	(4,733,141)	(3,418,380)
Transfer of/(subsequent settlement of) unclaimed dividends	-	-	-	-	-	-	6,178	6,178
Transfers during the period	-	-	-	-	-	-	-	-
Balance as at 31st March 2022	31,732,741	6,946,264	8,560,000	15,084,556	(5,019,262)	57,100,000	35,687,704	150,092,003

STATEMENT OF CHANGES IN EQUITY - GROUP

	Stated Capital			Other Reserves										Total Equity
	Voting Shares	Non-Voting Shares	Statutory Reserve	Capital Reserve	General Reserve	Fair value Reserve	Life Policy Holder Reserve Fund	Restricted Regulatory Reserve	Exchange Equalization Reserve	Retained Earnings	Shareholders' Funds	Non Controlling Interests		
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	
For the 3 months ended 31st March 2023														
Balance as at 1st January 2023	31,732,741	6,946,264	9,310,000	28,493,417	58,100,000	(1,182,630)	(1,347,731)	381,156	611,253	50,247,360	183,291,830	6,795,096	190,086,926	
Total comprehensive income for the period														
Net profit for the period	-	-	-	-	-	-	-	-	-	7,087,586	7,087,586	174,489	7,262,075	
Other comprehensive income for the period, net of tax	-	-	-	-	-	846,351	-	-	-	-	846,350	19,447	865,797	
Total comprehensive income for the period	-	-	-	-	-	846,351	-	-	-	7,087,586	7,933,936	193,936	8,127,872	
Transactions with equity holders, recognised directly in equity														
Contributions by and distributions to equity holders														
Dividends to equity holders														
Final dividend 2022 - Cash	-	-	-	-	-	-	-	-	-	-	-	(219,000)	(219,000)	
Final dividend 2022 - Scrip	1,820,883	455,228	-	-	-	-	-	-	-	(2,677,777)	(401,666)	-	(401,666)	
Total contributions by and distributions to equity holders	1,820,883	455,228	-	-	-	-	-	-	-	(2,677,777)	(401,666)	(219,000)	(620,666)	
Transfer to life policy holder reserve fund	-	-	-	-	-	-	91,747	-	-	-	91,747	-	91,747	
Transfer of / (subsequent settlement of) unclaimed dividends	-	-	-	-	-	-	-	-	-	13,107	13,107	-	13,107	
Balance as at 31st March 2023	33,553,624	7,401,492	9,310,000	28,493,417	58,100,000	(336,279)	(1,255,984)	381,156	611,253	54,670,276	190,928,954	6,770,032	197,698,986	
For the 3 months ended 31st March 2022														
Balance as at 1st January 2022	30,680,591	6,683,653	8,560,000	30,816,980	57,100,000	(1,258,039)	(103,302)	381,156	163,202	43,643,801	176,668,042	6,599,222	183,267,264	
Acquisition of non controlling Interest during amalgamation of HNB Finance PLC with Prime Finance PLC	-	-	-	-	-	-	-	-	-	-	-	(254,880)	(254,880)	
Adjusted balance as at 1st January 2022	30,680,591	6,683,653	8,560,000	30,816,980	57,100,000	(1,258,039)	(103,302)	381,156	163,202	43,643,801	176,668,042	6,344,342	183,012,384	
Total comprehensive income for the period														
Net profit for the period	-	-	-	-	-	-	-	-	-	4,937,037	4,937,037	424,063	5,361,100	
Other comprehensive income for the period, net of tax	-	-	-	-	-	(3,331,864)	-	-	-	417,371	(2,914,493)	(38,608)	(2,953,101)	
Total comprehensive income for the period	-	-	-	-	-	(3,331,864)	-	-	-	5,354,408	2,022,544	385,455	2,407,999	
Transactions with equity holders, recognised directly in equity														
Contributions by and distributions to equity holders														
Dividends to equity holders														
Final dividend 2021 - Scrip	1,052,150	262,612	-	-	-	-	-	-	-	(1,314,762)	-	-	-	
Final dividend 2021 - Cash	-	-	-	-	-	-	-	-	-	(3,418,380)	(3,418,380)	(192,000)	(3,610,380)	
Total contributions by and distributions to equity holders	1,052,150	262,612	-	-	-	-	-	-	-	(4,733,142)	(3,418,380)	(192,000)	(3,610,380)	
Transfer from life policy holder reserve fund	-	-	-	-	-	-	(867,297)	-	-	-	(867,297)	-	(867,297)	
Transfer of / (subsequent settlement of) unclaimed dividends	-	-	-	-	-	-	-	-	-	6,178	6,178	-	6,178	
Merger reserve arising from amalgamation of subsidiary, HNB Finance PLC and Prime Finance PLC	-	-	-	-	-	-	-	-	-	6,332	6,332	8,688	15,020	
Balance as at 31st March 2022	31,732,741	6,946,265	8,560,000	30,816,980	57,100,000	(4,589,903)	(970,599)	381,156	163,202	44,277,577	174,417,419	6,546,485	180,963,904	

STATEMENT OF CASH FLOWS

For the 3 months ended 31st March	BANK		GROUP	
	2023 Rs 000	2022 Rs 000	2023 Rs 000	2022 Rs 000
Cash flows from operating activities				
Interest receipts	79,674,464	29,541,307	84,918,085	32,448,782
Interest payments	(45,493,449)	(10,198,135)	(46,918,561)	(10,840,441)
Net commission receipts	4,265,282	3,474,386	4,643,962	3,716,279
Net trading income	(6,821,816)	7,331,922	(6,226,471)	7,249,086
Payments to employees	(4,478,665)	(4,093,351)	(5,632,307)	(4,924,570)
Taxes on financial services	(1,314,086)	(1,052,804)	(1,384,099)	(1,143,983)
Receipts from other operating activities	420,076	(3,662,636)	3,732,474	268,940
Payments on other operating activities	(3,651,168)	(3,430,833)	(5,885,125)	(5,625,828)
Operating profit before change in operating assets and liabilities	22,600,638	17,909,856	27,247,958	21,148,265
(Increase)/decrease in operating assets				
Balances with Central Bank of Sri Lanka	14,122,319	(315,188)	14,122,319	(315,188)
Financial assets measured at amortised cost - loans and advances to customers	26,792,878	(27,396,006)	27,502,634	(29,715,255)
Reverse repurchase agreements	-	(3,000,000)	(567,974)	(4,166,437)
Other assets	2,625,628	6,722,388	2,056,545	6,726,750
	43,540,825	(23,988,806)	43,113,524	(27,470,130)
Increase/(decrease) in operating liabilities				
Financial liabilities measured at amortised cost - due to depositors	52,738,638	40,485,770	53,650,157	41,465,629
Financial liabilities measured at amortised cost - other borrowings	(1,691,989)	(7,121,436)	(2,504,767)	(6,468,050)
Securities sold under repurchase agreements	13,361,675	(9,565,020)	13,361,675	(9,565,020)
Other liabilities	(3,453,934)	(5,307,350)	(2,424,402)	(5,515,053)
	60,954,390	18,491,964	62,082,663	19,917,506
Net cash generated from operating activities before income tax	127,095,853	12,413,014	132,444,145	13,595,641
Income tax paid	(484,616)	(888,583)	(599,644)	(999,443)
Net cash generated from operating activities	126,611,237	11,524,431	131,844,501	12,596,198
Cash flows from investing activities				
Purchase of property, plant and equipment	(756,992)	(176,643)	(842,161)	(206,794)
Proceeds from the sale of property, plant and equipment	829	12,800	2,364	13,256
Net proceeds from sale, maturity and purchase of financial investments	(134,428,891)	(4,500,702)	(137,580,102)	(6,205,613)
Net purchase of intangible assets	(135,762)	(73,185)	(156,947)	(91,253)
Net cash used in investing activities	(135,320,816)	(4,737,730)	(138,576,846)	(6,490,404)
Cash flows from financing activities				
Dividend paid to shareholders	(7,361)	(6,178)	(7,361)	(6,178)
Net cash used in financing activities	(7,361)	(6,178)	(7,361)	(6,178)
Net increase / (decrease) in cash and cash equivalents	(8,716,940)	6,780,523	(6,739,706)	6,099,616
Cash and cash equivalents at the beginning of the period	134,609,909	38,185,254	138,801,744	47,271,645
Cash and cash equivalents at the end of the period	125,892,969	44,965,777	132,062,038	53,371,261
Cash and cash equivalents at the end of the period				
Cash and cash equivalents	95,298,687	42,056,103	93,790,262	44,505,866
Placements with banks	30,594,282	2,909,674	38,271,776	8,865,395
	125,892,969	44,965,777	132,062,038	53,371,261

ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS - BANK

As at 31st March 2023	Fair Value through Profit or Loss	Amortised Cost	Fair Value through Other Comprehensive Income	Total Carrying Amount
	Rs 000	Rs 000	Rs 000	Rs 000
Assets				
Cash and cash equivalents	-	95,298,687	-	95,298,687
Placements with banks	-	30,594,282	-	30,594,282
Balances with Central Bank of Sri Lanka	-	18,222,022	-	18,222,022
Reverse repurchase agreements	-	-	-	-
Derivative financial instruments	778,423	-	-	778,423
Financial assets measured at fair value through profit or loss	120,059	-	-	120,059
Financial assets measured at amortised cost				
- loans and advances to customer	-	926,849,030	-	926,849,030
Financial assets measured at amortised cost - debt and other financial instruments	-	576,678,097	-	576,678,097
Financial assets measured at fair value through other comprehensive income	-	-	3,707,318	3,707,318
Other financial assets	-	11,373,914	-	11,373,914
Total financial assets	898,482	1,659,016,032	3,707,318	1,663,621,832
Liabilities				
Due to banks	-	8,749,125	-	8,749,125
Derivative financial instruments	2,583,822	-	-	2,583,822
Securities sold under repurchase agreements	-	20,048,030	-	20,048,030
Financial liabilities measured at amortised cost - due to depositors	-	1,437,240,475	-	1,437,240,475
Dividends payable	-	1,000,964	-	1,000,964
Financial liabilities measured at amortised cost - other borrowings	-	26,357,807	-	26,357,807
Debt securities issued	-	2,130,734	-	2,130,734
Other financial liabilities	-	29,718	-	29,718
Subordinated term debts	-	23,551,502	-	23,551,502
Total financial liabilities	2,583,822	1,519,108,355	-	1,521,692,177
As at 31st December 2022 (Audited)				
	Fair Value through Profit or Loss	Amortised Cost	Fair Value through Other Comprehensive Income	Total Carrying Amount
	Rs 000	Rs 000	Rs 000	Rs 000
Assets				
Cash and cash equivalents	-	80,238,881	-	80,238,881
Placements with banks	-	54,371,028	-	54,371,028
Balances with Central Bank of Sri Lanka	-	32,344,341	-	32,344,341
Derivative financial instruments	5,370,501	-	-	5,370,501
Financial assets measured at fair value through profit or loss	111,617	-	-	111,617
Financial assets measured at amortised cost - loans and advances to customer	-	974,131,252	-	974,131,252
Financial assets measured at amortised cost - debt and other financial instruments	-	448,791,874	-	448,791,874
Financial assets measured at fair value through other comprehensive income	-	-	2,706,660	2,706,660
Other financial assets	-	9,227,790	-	9,227,790
Total financial assets	5,482,118	1,599,105,166	2,706,660	1,607,293,944
Liabilities				
Due to banks	-	6,104,578	-	6,104,578
Derivative financial instruments	25,632	-	-	25,632
Securities sold under repurchase agreements	-	6,540,014	-	6,540,014
Financial liabilities measured at amortised cost - due to depositors	-	1,407,800,492	-	1,407,800,492
Dividends payable	-	1,008,325	-	1,008,325
Financial liabilities measured at amortised cost - other borrowings	-	32,350,594	-	32,350,594
Debt securities issued	-	2,062,950	-	2,062,950
Other financial liabilities	-	4,213	-	4,213
Subordinated term debts	-	22,914,299	-	22,914,299
Total financial liabilities	25,632	1,478,785,465	-	1,478,811,097

ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS - GROUP

As at 31st March 2023	Fair Value through Profit or Loss	Amortised Cost	Fair Value through Other Comprehensive Income	Total Carrying Amount
	Rs 000	Rs 000	Rs 000	Rs 000
Assets				
Cash and cash equivalents	-	93,790,262	-	93,790,262
Placements with banks	-	38,271,776	-	38,271,776
Balances with Central Bank of Sri Lanka	-	18,222,022	-	18,222,022
Reverse repurchase agreements	-	1,948,553	-	1,948,553
Derivative financial instruments	778,423	-	-	778,423
Financial assets measured at fair value through profit or loss	310,612	-	-	310,612
Financial assets measured at amortised cost				
- loans and advances to customers	-	966,339,353	-	966,339,353
Financial assets measured at amortised cost - debt and other financial instruments	-	609,178,200	-	609,178,200
Financial assets measured at fair value through other comprehensive income	-	-	7,145,256	7,145,256
Other financial assets	-	15,390,307	-	15,390,307
Total financial assets	1,089,035	1,743,140,473	7,145,256	1,751,374,764
Liabilities				
Due to banks	-	8,749,125	-	8,749,125
Derivative financial instruments	2,583,822	-	-	2,583,822
Securities sold under repurchase agreements	-	20,048,030	-	20,048,030
Financial liabilities measured at amortised cost - due to depositors	-	1,474,063,021	-	1,474,063,021
Dividends payable	-	1,249,249	-	1,249,249
Financial liabilities measured at amortised cost - other borrowings	-	26,580,033	-	26,580,033
Debt securities issued	-	2,620,776	-	2,620,776
Other financial liabilities	-	2,499,186	-	2,499,186
Subordinated term debts	-	26,975,183	-	26,975,183
Total financial liabilities	2,583,822	1,562,784,603	-	1,565,368,425
As at 31st December 2022 (Audited)				
	Fair Value through Profit or Loss	Amortised Cost	Fair Value through Other Comprehensive Income	Total Carrying Amount
	Rs 000	Rs 000	Rs 000	Rs 000
Assets				
Cash and cash equivalents	-	80,629,698	-	80,629,698
Placements with banks	-	58,172,046	-	58,172,046
Balances with Central Bank of Sri Lanka	-	32,344,341	-	32,344,341
Reverse repurchase agreements	-	1,380,579	-	1,380,579
Derivative financial instruments	5,370,501	-	-	5,370,501
Financial assets measured at fair value through profit or loss	236,178	-	-	236,178
Financial assets measured at amortised cost - loans and advances to customers	-	1,014,518,939	-	1,014,518,939
Financial assets measured at amortised cost				
- debt and other financial instruments	-	479,787,015	-	479,787,015
Financial assets measured at fair value through other comprehensive income	-	-	6,062,195	6,062,195
Other financial assets	-	12,041,606	-	12,041,606
Total financial assets	5,606,679	1,678,874,224	6,062,195	1,690,543,098
Liabilities				
Due to banks	-	6,104,578	-	6,104,578
Derivative financial instruments	25,632	-	-	25,632
Securities sold under repurchase agreements	-	6,540,014	-	6,540,014
Financial liabilities measured at amortised cost - due to depositors	-	1,443,179,121	-	1,443,179,121
Dividends payable	-	1,038,542	-	1,038,542
Financial liabilities measured at amortised cost - other borrowings	-	33,385,598	-	33,385,598
Debt securities issued	-	2,555,109	-	2,555,109
Other financial liabilities	-	2,434,631	-	2,434,631
Subordinated term debts	-	26,151,300	-	26,151,300
Total financial liabilities	25,632	1,521,388,893	-	1,521,414,525

SEGMENT REPORTING

For the 3 months ended 31st March	Corporate		Retail		SME		Micro		Treasury		Real Estate		Insurance		NBF ¹		Eliminations / Unallocated		Consolidated	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Net interest income	4,081,247	1,962,747	12,693,443	4,625,039	3,473,472	2,318,531	121,269	207,792	11,435,795	6,763,969	72,755	12,181	1,754,158	751,836	1,277,803	1,108,241	(89,514)	1,138,215	34,820,428	18,888,551
Foreign exchange income	2,149,075	(3,030,168)	149,722	50,761	369,805	(188,758)	812	821	(841,582)	(545,767)	-	-	-	-	-	-	(4,110,193)	10,808,647	(2,282,361)	7,095,536
Net fee and commission income	1,386,806	1,205,705	1,797,684	1,327,584	1,135,528	840,419	53,474	48,743	8,263	6,446	-	-	118,885	62,181	188,019	164,032	(143,273)	(184,007)	4,545,386	3,471,103
Other operating income	-	-	-	-	-	-	-	-	93,348	12,222	273,921	253,309	3,959,527	3,474,122	196,804	307,911	(406,567)	73,145	4,117,033	4,120,709
Total operating income	7,617,128	138,284	14,640,849	6,003,384	4,978,805	2,970,192	175,555	257,356	10,695,824	6,236,870	346,676	265,490	5,832,570	4,288,139	1,662,626	1,580,184	(4,749,547)	11,836,000	41,200,486	33,575,899
Impairment charge for loans and other losses	2,860,974	2,679,980	762,419	1,673,820	3,109,248	2,280,352	(28,937)	49,908	4,676,154	6,669,516	-	-	(37,472)	20,264	368,521	169,739	-	-	11,710,907	13,543,579
Net operating income	4,756,154	(2,541,696)	13,878,430	4,329,564	1,869,557	689,840	204,492	207,448	6,019,670	(432,646)	346,676	265,490	5,870,042	4,267,875	1,294,105	1,410,445	(4,749,547)	11,836,000	29,489,579	20,032,320
Profit from operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11,111,077	6,345,316
Share of profit of joint venture	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	214,232	70,108
Income tax expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(4,063,234)	(1,054,324)
Non - controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(174,489)	(424,063)
Net Profit for the year attributable to equity holders of the parent company	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,087,586	4,937,037
As at 31st March	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Segment assets	427,303,853	476,104,073	264,187,057	242,836,162	189,852,380	217,139,866	22,460,362	23,913,469	634,066,492	433,224,035	11,154,881	11,065,651	45,348,028	37,360,058	54,755,221	46,819,135	205,962,288	112,942,563	1,855,090,562	1,601,405,012
Investment in joint venture	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,681,183	3,447,428	3,681,183	3,447,428
Total assets	427,303,853	476,104,073	264,187,057	242,836,162	189,852,380	217,139,866	22,460,362	23,913,469	634,066,492	433,224,035	11,154,881	11,065,651	45,348,028	37,360,058	54,755,221	46,819,135	209,643,471	116,389,991	1,858,771,745	1,604,852,440
Segment liabilities	259,596,139	226,651,669	848,562,860	746,229,157	257,986,471	220,497,286	18,439,730	11,524,960	43,934,031	31,173,382	11,154,881	11,065,651	45,348,028	37,360,058	54,755,221	46,819,135	318,994,384	273,531,142	1,858,771,745	1,604,852,440
Total liabilities	259,596,139	226,651,669	848,562,860	746,229,157	257,986,471	220,497,286	18,439,730	11,524,960	43,934,031	31,173,382	11,154,881	11,065,651	45,348,028	37,360,058	54,755,221	46,819,135	318,994,384	273,531,142	1,858,771,745	1,604,852,440
For the 3 months ended 31st March	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Information on cash flows																				
Cash flows from operating activities	114,017,809	7,271,482	47,337,945	3,330,436	19,467,839	3,884,664	4,326,773	4,746,107	44,123,423	(17,809,121)	(563,821)	129,966	651,146	1,148,916	5,156,176	(2,549,015)	(102,672,787)	12,442,763	131,844,501	12,596,198
Cash flows from investing activities	-	-	-	-	-	-	-	-	(137,580,102)	(4,500,702)	948,072	(489,760)	(753,435)	(1,086,223)	744,770	(3,246,417)	(1,936,151)	2,832,698	(138,576,846)	(6,490,404)
Cash flows from financing activities	-	-	-	-	-	-	-	-	-	-	-	-	(29,673)	(38,222)	350,504	(311,253)	(328,192)	343,297	(7,361)	(6,178)
Net cash flow generated / (used in) during the period	114,017,809	7,271,482	47,337,945	3,330,436	19,467,839	3,884,664	4,326,773	4,746,107	(93,456,679)	(22,309,823)	384,251	(359,794)	(131,962)	24,471	6,251,450	(6,106,685)	(104,937,130)	15,618,758	(6,739,706)	6,099,616
Capital expenditure																				
- Property, plant and equipment	-	-	-	-	-	-	-	-	-	-	-	-	(85,169)	(15,165)	-	(14,986)	(756,992)	(176,643)	(842,161)	(206,794)
- Intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	(3,512)	(367)	(17,673)	(17,701)	(135,762)	(73,185)	(156,947)	(91,253)
Total Capital Expenditure	-	-	-	-	-	-	-	-	-	-	-	-	(88,681)	(15,532)	(17,673)	(32,687)	(892,754)	(249,828)	(999,108)	(298,047)

EXPLANATORY NOTES

1. There are no changes in accounting policies and methods of computation since the publication of annual accounts for the year 2022.
2. There are no material changes during the period in the composition of assets, liabilities and 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 Standard (LKAS 34) "Interim Financial Reporting" and provide the information as required in terms of Rule 7.4 of the Colombo Stock Exchange.

4. **ECL Assessment and computation**

The Bank reassessed the Probabilities of Default (PD) used in collective impairment assessment as at March 2023. Further management overlays were also recognised in respect of exposures to specific industries where an elevated level of risk have been identified. Bank has made adequate provisions for expected credit losses in the financial statements as at 31st March 2023 to ensure that the potential impact to its loan portfolio is adequately covered. The Board will continue to monitor the implications and make adjustments, if required.

5. Bank re-classified its debt securities portfolio measured at Fair Value Through Other Comprehensive Income category to Amortised Cost category with effect from 1st April 2022 in accordance with "Statement of Alternative Treatment (SoAT) on Reclassification of Debt Portfolio" issued by CA Sri Lanka. Accordingly, Treasury Bills, Treasury Bonds and International Sovereign Bond investments which were previously classified as financial assets measured at Fair Value Through Other Comprehensive Income (FVOCI) were re-classified as financial assets measured at amortised cost. There was no change to the effective interest rate used and interest revenue recognised in respect of the reclassified assets.

Had these investments continued to be carried at fair value through other comprehensive income, the fair value of the remaining portfolio as at 31st March 2023 would have amounted to Rs 21Bn and would have resulted in the recognition of a fair value loss of Rs 5.5 Bn (net of tax) in other comprehensive income during the period.

6. Where required, figures on the audited annual financial statements have been reclassified to conform to Central Bank of Sri Lanka publication requirements.

7. **Reporting entity**

Bank does not have an identifiable parent of its own. Hatton National Bank PLC is the ultimate parent of the Group. The consolidated financial statements of the Bank cover the Bank and its subsidiaries, HNB Assurance PLC, Sithma Development (Pvt) Ltd, HNB Finance PLC & the Group's interest in Joint Venture Acuity Partners (Pvt) Ltd.

8. The funds raised through debentures were fully utilized for the objectives mentioned in the prospectuses
9. Mr. Damian Amal Cabraal, Director retired from the office of the Directors of the Bank w.e.f. 1st April 2023 upon completing 9 years on the Board.
10. There are no material events that took place after the balance sheet date which require adjustment or disclosure in the financial statements other than as disclosed above.

SELECTED PERFORMANCE INDICATORS (AS PER REGULATORY REPORTING)

	As at 31.03.2023	As at 31.12.2022	As at 31.03.2023	As at 31.12.2022
	BANK		GROUP	
BASEL III				
Regulatory Capital				
Common Equity Tier 1.Rs.Mn	108,145	110,339	124,518	125,236
Tier 1 Capital.Rs.Mn	108,145	110,339	124,518	125,236
Total Capital.Rs.Mn	136,854	139,615	153,913	155,160
Regulatory Capital Ratios				
Common Equity Tier 1 Capital Ratio (Minimum Requirement - 2023 - 8.00%:2022 - 8.00%)	11.41%	11.06%	11.83%	11.42%
Tier 1 Capital Ratio (Minimum Requirement - 2023 - 9.50%:2022 - 9.50%)	11.41%	11.06%	11.83%	11.42%
Total Capital Ratio (Minimum Requirement 2023 - 13.50%: 2022 - 13.50%)	14.43%	14.00%	14.63%	14.15%
Leverage Ratio (Minimum Requirement- 3.00%)	5.78%	6.22%	6.27%	6.65%
Assets Quality (Quality of Loan Portfolio)				
Impaired Loans (Stage 3) Ratio,%	3.82%	3.40%		
Impairment (Stage 3) to Stage 3 loans Ratio,%	55.52%	56.99%		
Profitability (Annualised)				
Interest Margin,%	7.35%	6.40%		
Return on Assets (before Tax), %	2.49%	0.75%		
Return on Equity,%	16.83%	9.14%		
total Stock of High-Quality Liquid Assets, Rs. Mn				
Statutory Liquid Assets, Rs. Mn				
Domestic Banking unit	569,710	464,288		
Off-Shore Banking Unit	52,912	47,720		
Consolidated (Bank)	605,747	494,462		
Statutory Liquid Assets Ratio (Minimum requirement 20%)				
Domestic Banking unit	37.27%	31.04%		
Off-Shore Banking Unit	33.62%	29.10%		
Consolidated (Bank)	39.31%	33.95%		
Total Stock of High-Quality Liquid Assets, Rs. Mn	389,568	323,526		
Liquidity Coverage Ratio (%) - Rupee	249.96%	255.83%		
(Minimum Requirement - 2023 -100%, 2022 -100%)				
Liquidity Coverage Ratio (%) - All Currency	358.12%	519.47%		
(Minimum Requirement - 2023 - 100%, 2022 - 100%)				
Net Stable Funding Ratio(Minimum Requirement - 2023 - 100%, 2022 - 100%)	139.85%	130.85%		

LISTED DEBENTURE INFORMATION

Quarter ended 31st March	Market Value				Last Traded		Interest Yield as at Last Trade Done (%)		
	2023		2022		2023	2022	2023	2022	
	Highest Rs.	Lowest Rs.	Highest Rs.	Lowest Rs.	Rs.	Rs.			
HNB DEBENTURES 2006									
18 year Fixed Rate (11.25% p.a.)	N/T	N/T	N/T	N/T	N/T	N/T			N/T N/T
HNB DEBENTURES 2007									
15 year Fixed Rate (16.75% p.a.)	N/A	N/A	100.76	100.76	N/A	100.76			N/A 13.90
HNB DEBENTURES 2013									
10 year Fixed Rate (8.00% p.a.)	N/T	N/T	N/T	N/T	N/T	N/T			N/T N/T
HNB DEBENTURES 2014									
10 year Fixed Rate (8.33% p.a.)	N/T	N/T	N/T	N/T	N/T	N/T			N/T N/T
HNB DEBENTURES 2016									
7 year Fixed Rate (13.00% p.a.)	N/T	N/T	N/T	N/T	N/T	N/T			N/T N/T
HNB DEBENTURES 2019									
5 year Fixed Rate (12.30% p.a.)	N/T	N/T	N/T	N/T	N/T	N/T			N/T N/T
7 year Fixed Rate (12.80% p.a.)	N/T	N/T	N/T	N/T	N/T	N/T			N/T N/T
HNB DEBENTURES 2021									
10 year Fixed Rate (9.50% p.a.)	N/T	N/T	N/T	N/T	N/T	N/T			N/T N/T

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

RATIOS OF DEBT		
	31.03.2023	31.12.2022
Debt Equity Ratio (%)	28.24	30.91
	31.03.2023	31.03.2022
Interest Cover (Times)	10.14	7.75
	31.03.2023	31.03.2022
Yield of Comparable Govt. Security for the following HNB Debentures (% p.a.)		
2006 series 18 year maturity	27.38	13.59
2007 series 15 year maturity	N/A	11.75
2013 series 10 year maturity	25.74	12.80
2014 series 10 year maturity	27.41	14.04
2016 series 7 year maturity	26.34	12.73
2019 series 5 year maturity	27.62	13.95
2019 series 7 year maturity	27.25	14.98
2021 series 10 year maturity	25.86	15.59

Quarter ended 31st March	Yield to Maturity of Last Trade Done (% p.a)	
	2023	2022
HNB DEBENTURES 2006	%	%
18 year Fixed Rate (11.25% p.a.)	N/T	N/T
HNB DEBENTURES 2007		
15 year Fixed Rate (16.75% p.a.)	N/A	16.75
HNB DEBENTURES 2013		
10 year Fixed Rate (8.00% p.a.)	N/T	N/T
HNB DEBENTURES 2014		
10 year Fixed Rate (8.33% p.a.)	N/T	N/T
HNB DEBENTURES 2016		
7 year Fixed Rate (13.00% p.a.)	N/T	N/T
HNB DEBENTURES 2019		
5 year Fixed Rate (12.30% p.a.)	N/T	N/T
7 year Fixed Rate (12.80% p.a.)	N/T	N/T
HNB DEBENTURES 2021		
10 year Fixed Rate (9.50% p.a.)	N/T	N/T

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

SHARE INFORMATION

As at	31-Mar-23	31-Dec-22
Number of Shares		
Voting	428,442,985	428,442,985
Non-voting	107,112,457	107,112,457
Last Traded Price per share		
Voting	129.50	78.90
Non-voting	88.20	70.00

For the Quarter Ended	31-Mar-23	31-Mar-22
Highest price per share		
Voting	138.00	142.40
Non-voting	114.00	100.00
Lowest price per share		
Voting	75.20	132.80
Non-voting	66.50	100.00

PUBLIC SHAREHOLDING PERCENTAGE

	31-Mar-23	
	Number	%
Number of shareholders representing the public holding (Voting)	7,920	69% approx.
Number of shareholders representing the public holding (Non Voting)	11,199	99% approx.
Compliant under Option 1 - Float Adjusted Market Capitalization	Rs 38.28 Bn	

DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S SHAREHOLDING

	Number of shares	
	31-Mar-23	31-Dec-22
1. Mrs.A.Goonetilleke	-	-
2. Mr.A.J.Alles (Chief Executive Officer)	134,275	143,614
3. Mr.D.A.Cabraal (Retired w.e.f. 1st April 2023)	-	-
4. Mr.W.M.M.D.Ratnayake	-	-
5. Mr.M.P.D.Cooray	8,776	8,776
6. Mr.D.P.N.Rodrigo (Chief Operating Officer)	26,164	26,164
7. Mr.O.H.S.Chandrawansa	-	-
8. Mr.P.R.Saldin	3,242	3,242
9. Mr.N.Jayawardena	-	-
10. Mr.K.Gunawardena	-	-
11. Mr.R.Gunawardena	24,362	24,362
12. Dr.T.K.D.A.P.Samarasinghe	-	-

**20 MAJOR SHAREHOLDERS (VOTING) OF HNB PLC
AS AT 31ST MARCH 2023**

	Name	No. of shares	% on total voting capital
1.	BROWNS INVESTMENTS PLC (CONSISTING OF SAMPATH BANK PLC/ BROWNS INVESTMENTS PLC & BROWNS INVESTMENTS PLC ACCOUNTS)	42,781,221	9.99
2.	EMPLOYEE'S PROVIDENT FUND	41,760,448	9.75
3.	SRI LANKA INSURANCE CORPORATION LTD-LIFE FUND	35,420,657	8.27
4.	MILFORD EXPORTS (CEYLON) (PVT) LIMITED	33,879,251	* 7.91
5.	STASSEN EXPORTS (PVT) LIMITED	29,365,409	* 6.85
6.	MR. S.E. CAPTAIN	22,373,489	5.22
7.	SONETTO HOLDINGS LIMITED	21,057,534	4.91
8.	SRI LANKA INSURANCE CORPORATION LTD-GENERAL FUND	18,197,265	4.25
9.	CITIBANK NEWYORK S/A NORGES BANK ACCOUNT 2	15,666,561	3.66
10.	DISTILLERIES COMPANY OF SRI LANKA PLC	13,138,456	* 3.07
11.	DON AND DON HOLDINGS (PRIVATE) LIMITED (CONSISTING OF PEOPLE'S LEASING & FINANCE PLC / DON AND DON HOLDINGS (PRIVATE) LIMITED & DON AND DON HOLDINGS (PRIVATE) LIMITED)	13,071,365	3.05
12.	NATIONAL SAVINGS BANK	12,293,280	2.87
13.	MR. D.N.N. LOKUGE	8,909,890	2.08
14.	STANDARD CHARTERED BANK SINGAPORE S/A HL BANK SINGAPORE BRANCH	8,041,493	1.88
15.	MS. L.A. CAPTAIN	8,007,163	1.87
16.	FINCO HOLDINGS (PRIVATE) LIMITED	6,831,043	1.59
17.	RBC INVESTOR SERVICES TRUST-RBC EMERGING MARKETS SMALL-CAP EQUITY FUND	5,984,487	1.40
18.	SIMONAS TRUST SERVICE PVT LTD	4,360,582	1.02
19.	EMPLOYEES TRUST FUND BOARD	3,162,155	0.74
20.	DUETSCHER BANK AG AS TRUSTEE TO CAPITAL ALLIANCE QUANTITATIVE EQUITY FUND	2,413,970	0.56

* 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 17.83% 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) OF HNB PLC
AS AT 31ST MARCH 2023**

	Name	No. of shares	% on total non-voting capital
1.	BROWNS INVESTMENTS PLC (CONSISTING OF SAMPATH BANK PLC/BROWNS INVESTMENTS PLC & BROWNS INVESTMENTS PLC ACCOUNTS)	49,131,696	45.87
2.	ACUITY PARTNERS (PVT) LIMITED/MR.ELAYATHAMBY THAVAGNANASOORIYAM / MR.ELAYATHAMBY THAVAGNANASUNDARAM	5,372,196	5.02
3.	AKBAR BROTHERS PVT LTD A/C NO 1	4,745,503	4.43
4.	MR. S.E. CAPTAIN	1,658,622	1.55
5.	EMPLOYEES TRUST FUND BOARD	1,581,198	1.48
6.	HATTON NATIONAL BANK PLC A/C NO 2	770,799	0.72
7.	SABOOR CHATOOR (PVT) LTD	733,462	0.68
8.	MR. E. CHATOOR	694,370	0.65
9.	MR. J.D. BANDARANAYAKE (JOINT - 1 : DR. V. BANDARANAYAKE & JOINT 2 : MISS I. BANDARANAYAKE)	588,621	0.55
10.	MR. J.D. BANDARANAYAKE (JOINT - 1 : MISS N. BANDARANAYAKE & JOINT 2 : DR. V. BANDARANAYAKE)	588,521	0.55
11.	E.W. BALASURIYA & CO. (PVT) LTD	535,046	0.50
12.	PEOPLE'S LEASING & FINANCE PLC/MR. I.D.R. PERERA	525,613	0.49
13.	DON AND DON HOLDINGS PRIVATE LIMITED	471,409	0.44
14.	MISS R.H. ABDULHUSSEIN	461,334	0.43
15.	MR. M.J. FERNANDO	438,508	0.41
16.	DR. R.D. BANDARANAIKE	414,547	0.39
17.	HATTON NATIONAL BANK PLC - ARPICO ATARAXIA EQUITY INCOME FUND	399,764	0.37
18.	LANKA SYNTHETIC FIBRE CO LTD	390,200	0.36
19.	MR. Y.H. ABDULHUSSEIN	380,768	0.36
20.	MR. M.V. THEAGARAJAH	356,904	0.33

ANALYSIS OF LOANS & ADVANCES AND IMPAIRMENT

As at	BANK		GROUP	
	31.03.2023	31.12.2022	31.03.2023	31.12.2022
	Rs.000	Rs.000	Rs.000	Rs.000
1) Gross loans and advances to customers	1,016,542,254	1,061,371,654	1,062,141,816	1,107,500,061
Less : Accumulated impairment under stage 1	11,993,775	12,477,377	14,799,669	14,914,751
Accumulated impairment under stage 2	17,840,376	16,235,373	18,404,241	16,799,238
Accumulated impairment under stage 3	59,859,073	58,527,652	62,598,553	61,267,133
Net loans and advances to customers	926,849,030	974,131,252	966,339,353	1,014,518,939
Product-wise Gross loans and advances to customers				
By product-Domestic Currency				
Overdrafts	126,769,171	135,721,743	126,503,691	135,220,210
Bills of exchange	328,304	335,603	328,304	335,603
Commercial papers	162,187	156,664	162,187	156,664
Short term loans	124,061,440	135,249,436	124,483,646	135,670,350
Credit Cards	15,917,687	15,318,167	15,917,687	15,318,167
Trust receipts	15,929,845	18,150,519	15,929,845	18,150,519
Packing credit loans	3,667,395	5,095,100	3,667,395	5,095,100
Staff loans	14,591,099	14,619,004	15,108,253	15,169,226
Term loans	373,364,962	386,476,297	398,797,887	411,167,743
Lease rentals receivable	67,578,140	70,317,417	81,909,430	85,445,987
Housing loans	51,599,511	52,596,983	51,599,511	52,596,983
Pawning advances	60,026,627	53,678,626	65,188,094	59,517,414
Securitized notes	532,604	723,863	532,604	723,863
Sub total	854,528,972	888,439,422	900,128,534	934,567,829
By product-Foreign Currency				
Overdrafts	4,822,320	5,672,035	4,822,320	5,672,035
Bills of exchange	577,856	1,569,929	577,856	1,569,929
Short term loans	17,526,932	19,168,790	17,526,932	19,168,790
Trust receipts	4,571,112	5,692,336	4,571,112	5,692,336
Packing credit loans	32,318,246	32,290,321	32,318,246	32,290,321
Term loans	99,315,646	105,153,901	99,315,646	105,153,901
Lease rentals receivable	411,314	485,362	411,314	485,362
Housing loans	2,469,856	2,899,558	2,469,856	2,899,558
Sub total	162,013,282	172,932,232	162,013,282	172,932,232
Total	1,016,542,254	1,061,371,654	1,062,141,816	1,107,500,061
Movements in stage-wise impairment of loans & advances during the period				
	Bank			
	Stage 1	Stage 2	Stage 3	Total
	Rs.000	Rs.000	Rs.000	Rs.000
Opening balance as at 1st January 2022	6,494,958	10,188,641	36,033,438	52,717,037
Net impairment charge for the period	1,732,160	2,130,900	2,324,637	6,187,697
Write-offs during the period	-	-	-	-
Effect of exchange rate fluctuations	274,376	472,185	2,868,837	3,615,398
Closing balance as at 31st March 2022	8,501,494	12,791,726	41,226,912	62,520,132
Opening balance as at 1st January 2023	12,477,377	16,235,373	58,527,652	87,240,402
Net impairment charge for the period	(332,034)	1,951,810	3,891,997	5,511,773
Write-offs during the period	-	-	(1,038,539)	(1,038,539)
Effect of exchange rate fluctuations	(151,568)	(346,807)	(1,522,037)	(2,020,412)
Closing balance as at 31st March 2023	11,993,775	17,840,376	59,859,073	89,693,224
	Group			
	Stage 1	Stage 2	Stage 3	Total
	Rs.000	Rs.000	Rs.000	Rs.000
Opening balance as at 1st January 2022	7,653,405	10,754,926	39,245,578	57,653,909
Net impairment charge for the period	1,916,820	2,130,900	2,330,059	6,377,779
Write-offs during the period	-	-	-	-
Effect of exchange rate fluctuations	274,376	472,185	2,868,837	3,615,398
Closing balance as at 31st March 2022	9,844,601	13,358,011	44,444,474	67,647,086
Opening balance as at 1st January 2023	14,914,751	16,799,238	61,267,133	92,981,122
Net impairment charge for the period	36,486	1,951,810	3,891,997	5,880,293
Write-offs during the period	-	-	(1,038,539)	(1,038,539)
Effect of exchange rate fluctuations	(151,568)	(346,807)	(1,522,038)	(2,020,413)
Closing balance as at 31st March 2023	14,799,669	18,404,241	62,598,553	95,802,463

ANALYSIS OF COMMITMENTS, CONTINGENCIES AND IMPAIRMENT

As at	BANK		GROUP	
	31.03.2023	31.12.2022	31.03.2023	31.12.2022
	Rs.000	Rs.000	Rs.000	Rs.000
2) Gross commitments and contingencies	726,387,943	809,328,957	726,387,943	809,328,957
Less : Accumulated impairment under stage 1	3,169,931	2,567,514	3,169,931	2,567,514
Accumulated impairment under stage 2	789,590	517,350	789,590	517,350
Accumulated impairment under stage 3	1,434,123	1,325,651	1,434,123	1,325,651
	720,994,299	804,918,442	720,994,299	804,918,442
Product-wise commitments and contingencies				
By Product - Domestic Currency				
Documentary credit	480,965	307,220	480,965	307,220
Guarantees	50,215,539	51,577,207	50,215,539	51,577,207
Acceptances	60,394	29,171	60,394	29,171
Bills for collection	718,822	600,132	718,822	600,132
Forward exchange contracts				
Forward exchange sales	-	-	-	-
Forward exchange purchases	-	-	-	-
Cheques sent on clearing	4,986,488	5,471,029	4,986,488	5,471,029
Undrawn credit lines	447,921,589	571,093,074	447,921,589	571,093,074
Sub total	504,383,797	629,077,833	504,383,797	629,077,833
By Product - Foreign Currency				
Documentary credit	19,804,641	20,919,590	19,804,641	20,919,590
Guarantees	47,345,267	57,775,114	47,345,267	57,775,114
Acceptances	8,378,240	6,729,398	8,378,240	6,729,398
Bills for collection	26,254,284	29,993,216	26,254,284	29,993,216
Forward exchange contracts				
Forward exchange sales	25,281,366	2,310,116	25,281,366	2,310,116
Forward exchange purchases	34,885,776	16,891,372	34,885,776	16,891,372
Cheques sent on clearing	34,598	78,139	34,598	78,139
Undrawn credit lines	60,019,974	45,554,179	60,019,974	45,554,179
Sub total	222,004,146	180,251,124	222,004,146	180,251,124
Total	726,387,943	809,328,957	726,387,943	809,328,957
Movements in stage-wise impairment of commitments and contingencies during the period				
	BANK / GROUP			
	Stage 1	Stage 2	Stage 3	Total
	Rs.000	Rs.000	Rs.000	Rs.000
Opening balance as at 1st January 2022	789,147	154,772	1,249,055	2,192,974
Net impairment charge for the period	202,784	84,956	153,494	441,234
Closing balance as at 31st March 2022	991,931	239,728	1,402,549	2,634,208
Opening balance as at 1st January 2023	2,567,514	517,350	1,325,651	4,410,515
Net impairment charge for the period	602,417	272,240	108,472	983,129
Closing balance as at 31st March 2023	3,169,931	789,590	1,434,123	5,393,644

ANALYSIS OF DEPOSITS

As at	BANK		GROUP	
	31.03.2023 Rs.000	31.12.2022 Rs.000	31.03.2023 Rs.000	31.12.2022 Rs.000
3) Due to Customers - By product				
By product-Domestic Currency				
Current account deposits	65,666,464	67,555,022	65,269,081	67,184,485
Savings deposits	269,795,153	270,828,160	270,544,485	273,524,592
Time deposits	754,637,715	697,669,859	791,662,064	731,389,208
Certificates of deposit	306,781	305,891	306,781	305,891
Margin deposits	1,959,545	2,276,939	1,959,545	2,276,939
Sub total	1,092,365,658	1,038,635,871	1,129,741,956	1,074,681,115
By product- Foreign Currency				
Current account deposits	7,736,180	12,346,150	7,736,180	12,346,150
Savings deposits	67,808,140	85,224,460	67,787,814	85,145,504
Time deposits	269,017,474	270,999,282	268,484,048	270,411,623
Margin deposits	313,023	594,729	313,023	594,729
Sub total	344,874,817	369,164,621	344,321,065	368,498,006
Total	1,437,240,475	1,407,800,492	1,474,063,021	1,443,179,121

FAIR VALUE DISCLOSURE OF FINANCIAL INSTRUMENTS

The Group measures the fair values of financial instruments using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

Level 1: Fair value measurement using unadjusted quoted market prices

When available, the fair values of financial instruments are determined using quoted market prices (unadjusted) in active markets for identical instruments. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis. Accordingly, the fair values of treasury bills and bonds have been derived using the market yields and market prices published by Central Bank of Sri Lanka while fair value of quoted equity securities and Sri Lanka Sovereign Bonds have been valued using the quoted market prices as at the reporting date.

Level 2: Fair value measurement using significant observable inputs

In the absence of an active market for a financial instrument, the fair value is determined using quoted market prices in active markets for similar instruments or quoted prices for identical or similar instruments in markets that are considered less than active or other valuation techniques in which all significant inputs are directly or indirectly observable from market data. The spot and forward premiums available as at the reporting date have been used to estimate the fair value of derivative financial instruments while the fair value of unquoted units have been measured using manager's selling prices. The fair values of financial assets and financial liabilities carried at amortised cost have been estimated by comparing the interest rates when they were first recognised with the current market rates of similar instruments.

Level 3: Fair value measurement using significant unobservable inputs

Financial instruments for which the valuation technique includes inputs that are not observable and the unobservable inputs have a significant effect on the instrument's valuation.

There are no material changes in the fair value of financial assets categorised under Level 3 compared to the values reported as at 31st December 2022. The Group has not changed the valuation models and assumptions used to measure the fair values of Level 3 financial instruments during the period ended 31st March 2023.

FINANCIAL ASSETS & LIABILITIES MEASURED AT FAIR VALUE - FAIR VALUE HIERARCHY

As at 31st March 2023	BANK				GROUP			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Financial assets measured at fair value								
Derivative financial instruments	-	778,423	-	778,423	-	778,423	-	778,423
Financial assets measured at fair value through profit or loss	120,059	-	-	120,059	310,612	-	-	310,612
Financial assets measured at fair value through other comprehensive income	3,063,568	615,911	27,839	3,707,318	6,498,794	615,911	30,551	7,145,256
Total financial assets measured at fair value	3,183,627	1,394,334	27,839	4,605,800	6,809,406	1,394,334	30,551	8,234,291
Financial liabilities measured at fair value								
Derivative financial instruments	-	2,583,822	-	2,583,822	-	2,583,822	-	2,583,822
Total financial assets measured at fair value	-	2,583,822	-	2,583,822	-	2,583,822	-	2,583,822

As at 31st December 2022	BANK				GROUP			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Financial assets measured at fair value								
Derivative financial instruments	-	5,370,501	-	5,370,501	-	5,370,501	-	5,370,501
Financial assets measured at fair value through profit or loss	111,617	-	-	111,617	236,178	-	-	236,178
Financial assets measured at fair value through other comprehensive income	2,134,875	543,946	27,839	2,706,660	5,487,698	543,946	30,551	6,062,195
Total financial assets measured at fair value	2,246,492	5,914,447	27,839	8,188,778	5,723,876	5,914,447	30,551	11,668,874
Financial liabilities measured at fair value								
Derivative financial instruments	-	25,632	-	25,632	-	25,632	-	25,632
Total financial assets measured at fair value	-	25,632	-	25,632	-	25,632	-	25,632

FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES CARRIED AT AMORTISED COST

As at 31st March 2023	BANK					GROUP				
	Carrying Value Rs.000	Fair Value			Total Rs.000	Carrying Value Rs.000	Fair Value			Total Rs.000
		Level 1 Rs.000	Level 2 Rs.000	Level 3 Rs.000			Level 1 Rs.000	Level 2 Rs.000	Level 3 Rs.000	
Financial Assets										
Financial assets measured at amortised cost										
Loans and advances to customers	926,849,030	-	892,560,831	-	892,560,831	966,339,353	-	928,113,697	-	928,113,697
Debt and other financial instruments	576,678,097	511,068,165	21,623,274	-	532,691,439	609,178,200	534,208,899	27,515,787	-	561,724,686
Total financial assets measured at amortised cost	1,503,527,127	511,068,165	914,184,105	-	1,425,252,270	1,575,517,553	534,208,899	955,629,484	-	1,489,838,383
Financial Liabilities										
Financial liabilities measured at amortised cost										
Due to depositors	1,437,240,475	-	1,452,426,660	-	1,452,426,660	1,474,063,021	-	1,488,126,623	-	1,488,126,623
Other borrowings	26,357,807	-	26,357,807	-	26,357,807	26,580,033	-	26,580,033	-	26,580,033
Debt securities issued	2,130,734	-	2,113,281	-	2,113,281	2,620,776	-	2,575,146	-	2,575,146
Subordinated term debts	23,551,502	-	16,013,947	-	16,013,947	26,975,183	-	19,134,677	-	19,134,677
Total financial liabilities measured at amortised cost	1,489,280,518	-	1,496,911,695	-	1,496,911,695	1,530,239,013	-	1,536,416,479	-	1,536,416,479

As at 31st December 2022	BANK					GROUP				
	Carrying Value Rs.000	Fair Value			Total Rs.000	Carrying Value Rs.000	Fair Value			Total Rs.000
		Level 1 Rs.000	Level 2 Rs.000	Level 3 Rs.000			Level 1 Rs.000	Level 2 Rs.000	Level 3 Rs.000	
Financial Assets										
Financial assets measured at amortised cost										
Loans and advances to customers	974,131,252	-	933,800,835	-	933,800,835	1,014,518,939	-	973,541,510	-	973,541,510
Debt and other financial instruments	448,791,874	348,994,206	40,082,026	-	389,076,232	479,787,015	370,428,179	45,475,163	-	415,903,342
Total financial assets measured at amortised cost	1,422,923,126	348,994,206	973,882,861	-	1,322,877,067	1,494,305,954	370,428,179	1,019,016,673	-	1,389,444,852
Financial Liabilities										
Financial liabilities measured at amortised cost										
Due to depositors	1,407,800,492	-	1,421,837,816	-	1,421,837,816	1,443,179,121	-	1,455,835,738	-	1,455,835,738
Other borrowings	32,350,594	-	32,350,594	-	32,350,594	33,385,598	-	33,385,598	-	33,385,598
Debt securities issued	2,062,950	-	2,040,706	-	2,040,706	2,555,109	-	2,503,150	-	2,503,150
Subordinated term debts	22,914,299	-	14,718,789	-	14,718,789	26,151,300	-	17,204,354	-	17,204,354
Total financial liabilities measured at amortised cost	1,465,128,335	-	1,470,947,905	-	1,470,947,905	1,505,271,128	-	1,508,928,840	-	1,508,928,840