

August 31, 2016

Mr Renuke Wijayawardhane
Chief Operating Officer
Colombo Stock Exchange
04-01 West Block
World Trade Centre
COLOMBO 1

Dear Sir

**HATTON NATIONAL BANK PLC
CORPORATE DISCLOSURE**

In terms of the Listing Rules of the Colombo Stock Exchange (the "Exchange"), we write to inform you that the Board of Directors of the Hatton National Bank PLC (the "Bank"), at a Meeting held today, decided, subject to the approval by way of a special resolution of the shareholders to be obtained at an Extra-Ordinary General Meeting (the "EGM"), to issue up to (i) such number of ordinary voting shares of the Bank as may be subscribed and paid for at the total consideration of Sri Lankan rupee equivalent of United States Dollars 50.0 Million (converted at a rate based on the exchange rate published by the Central Bank of Sri Lanka on the date of issue of shares) or (ii) such number of ordinary voting shares as is equivalent to 9.9% of the total ordinary voting shares of the Bank after the issue of such shares, whichever is lower, to **Asian Development Bank**, an international organisation established by the Agreement Establishing the Asian Development Bank ("ADB"), having its Head Office at No. 6, ADB Avenue, Mandaluyong City, 0401 Metro Manila, Philippines, a Strategic Investor, at the consideration per share of (i) the average price at which the shares of the Bank were traded on the Exchange during the 30 market day period immediately preceding the date of the EGM (the "Average Price"), (ii) Rs. 220, if the Average Price is more than Rs. 220, or (iii) Rs. 190, if the Average Price is less than Rs. 190, by way of a private placement of shares.

The Board of Directors has opined that the aforesaid consideration for which the ordinary voting shares of the Bank are to be issued to ADB through a private placement, as aforementioned, is fair and reasonable to the Bank and to all existing shareholders of the Bank.

ADDITIONAL INFORMATION:

- The stated capital of the Bank as at 30th June 2016 is Rs. 15,189,948,000/00.
- The proceeds of the issue of shares by private placement as aforementioned will be utilized for the purpose of strengthening the capital base/balance sheet of the Bank and supporting the overall business growth of the Bank.

The issue of shares by way of Private Placement would be subject to -

- (i) the Exchange approving the issue and listing of such shares, in principle,
- (ii) the shareholders approving the private placement at the EGM; and
- (iii) obtaining other governmental or regulatory approvals.

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The Additional Listing Application will be submitted within the stipulated time period, in terms of the Listing Rules of the Colombo Stock Exchange.

Yours faithfully

HATTON NATIONAL BANK PLC



Thushari Ranaweera (Mrs)

DEPUTY GENERAL MANAGER (LEGAL)/BOARD SECRETARY

TR/OK