



HNB

INVESTOR UPDATE

Q1 2017

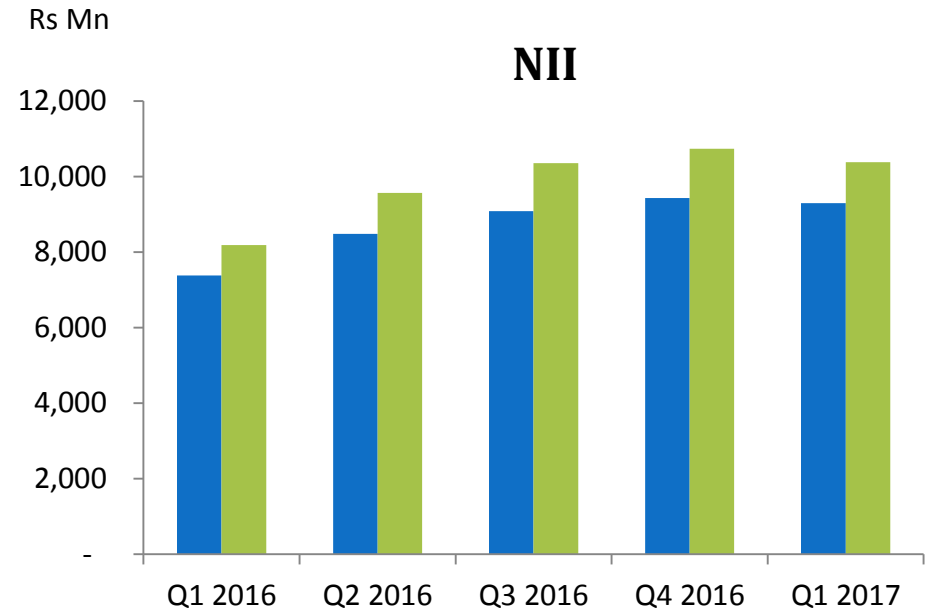
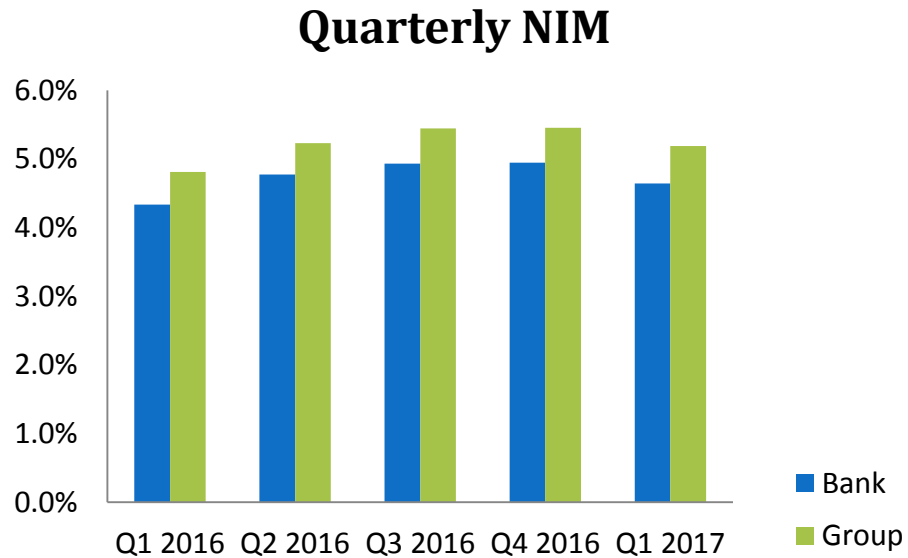
Group PAT Surpasses Rs 4 Bn

Rs Mn	Q1 2017	Q1 2016	% Change
Net interest income	10,722.4	8,429.9	27.2
Net fee and commission income	2,154.7	1,864.9	16.3
Net gain from trading & other operating income	242.1	515.9	(53.1)
Net insurance premium income	1,511.2	1,316.5	14.8
Net gain from financial investments	189.4	103.6	82.9
Impairment for loans and other losses	440.0	137.2	220.7
Operating expenses	7,192.8	6,282.2	14.5
Profit before VAT & NBT	7,187.0	5,811.3	23.7
VAT & NBT	1,381.8	895.5	54.3
Profit Before Tax (PBT)	5,813.2	4,927.5	18.0
Income tax expenses	1,772.4	1,455.6	21.8
Profit After Tax (PAT)	4,040.8	3,471.9	16.4
Profit attributable to equity holders	3,830.0	3,305.6	15.9

Bank Records >18% Growth in PAT

Rs Mn	Q1 2017	Q1 2016	% Change
Net interest income	9,291.9	7,379.7	25.9
Net fee and commission income	1,983.7	1,712.4	15.9
Net gain from trading & other operating income	287.7	552.4	(47.9)
Net gain from financial investments	183.2	102.8	78.2
Impairment for loans and other losses	481.6	105.9	354.8
Operating expenses	4,916.9	4,442.8	10.7
Profit before VAT & NBT	6,348.0	5,198.6	22.1
VAT & NBT	1,238.3	812.2	52.5
Profit Before Tax (PBT)	5,109.7	4,386.3	16.5
Income tax expenses	1,457.4	1,294.5	12.6
Profit After Tax (PAT)	3,652.3	3,091.8	18.1

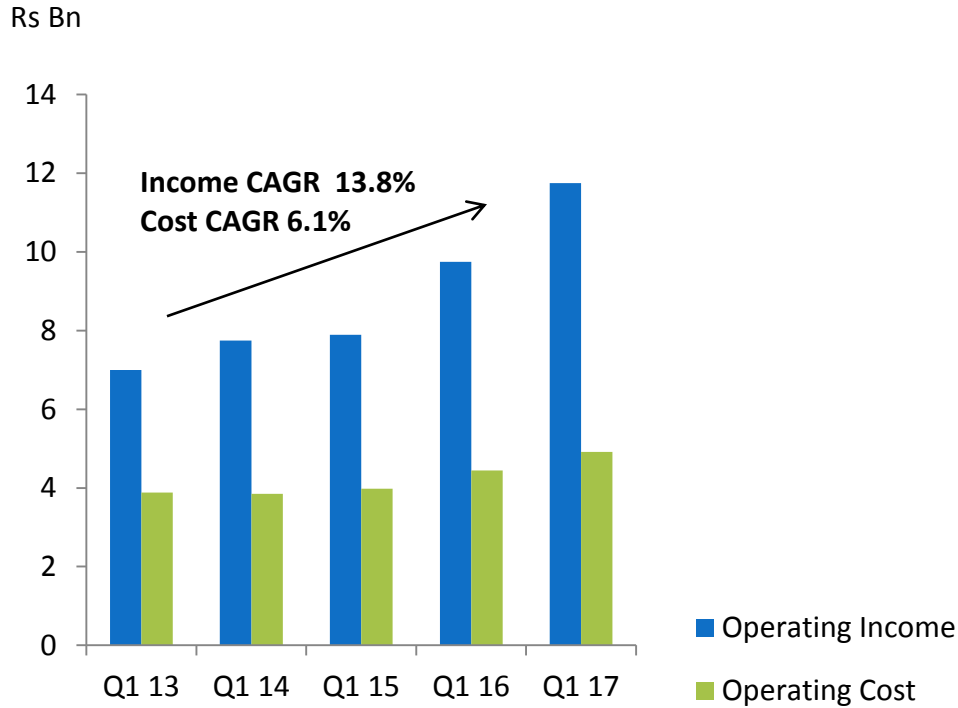
Strong Performance on Core Banking



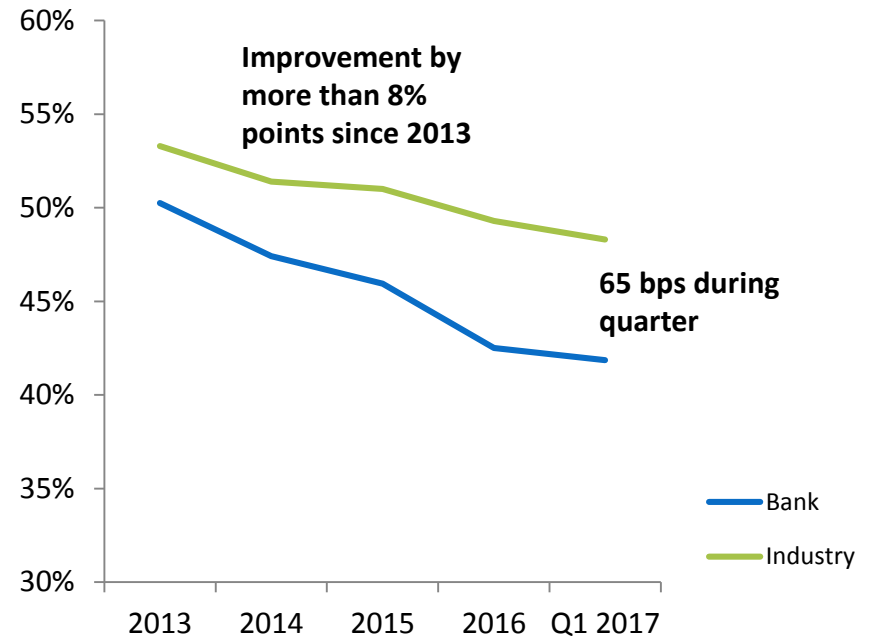
- Strong growth of 19.6% yoy in advances
- Rs 228 Bn CASA base
- Prudent ALM management

Transformational Improvement in Efficiency

Cost vs Income

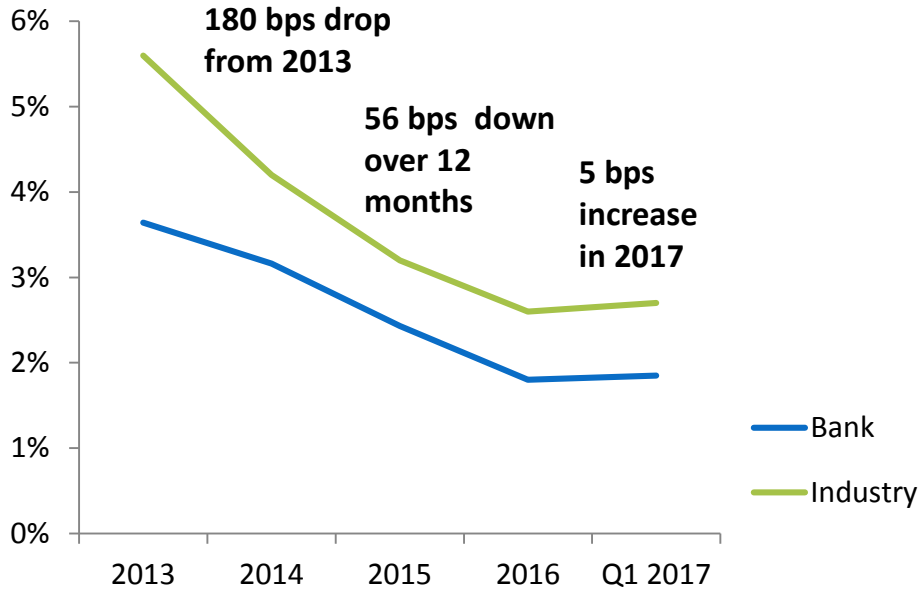


Cost to Income Ratio

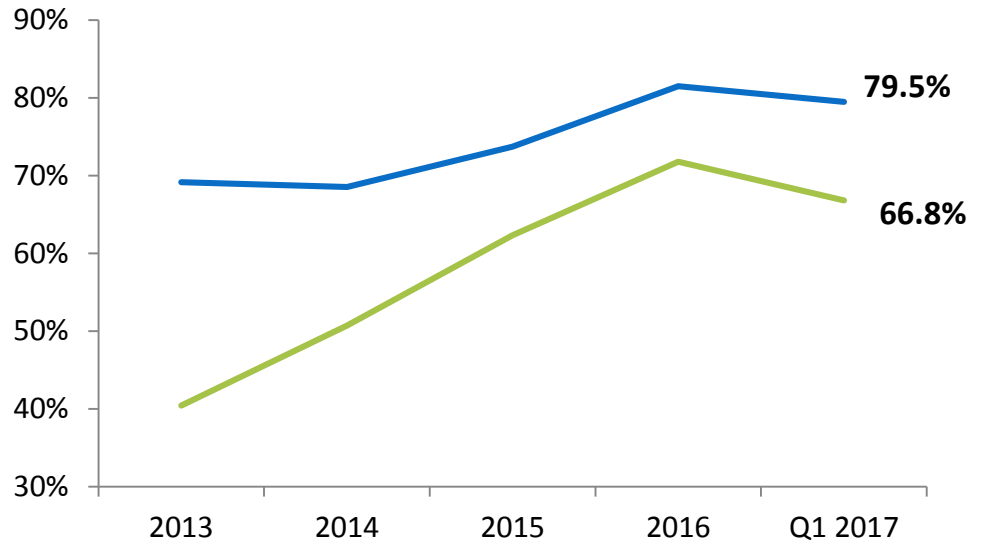


Asset Quality

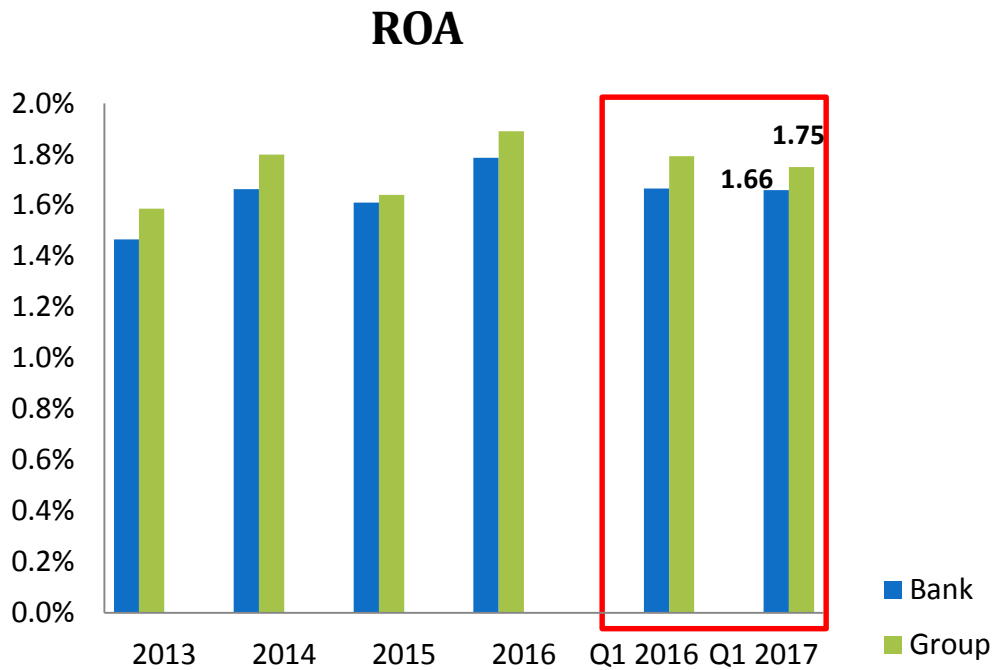
NPA Ratio



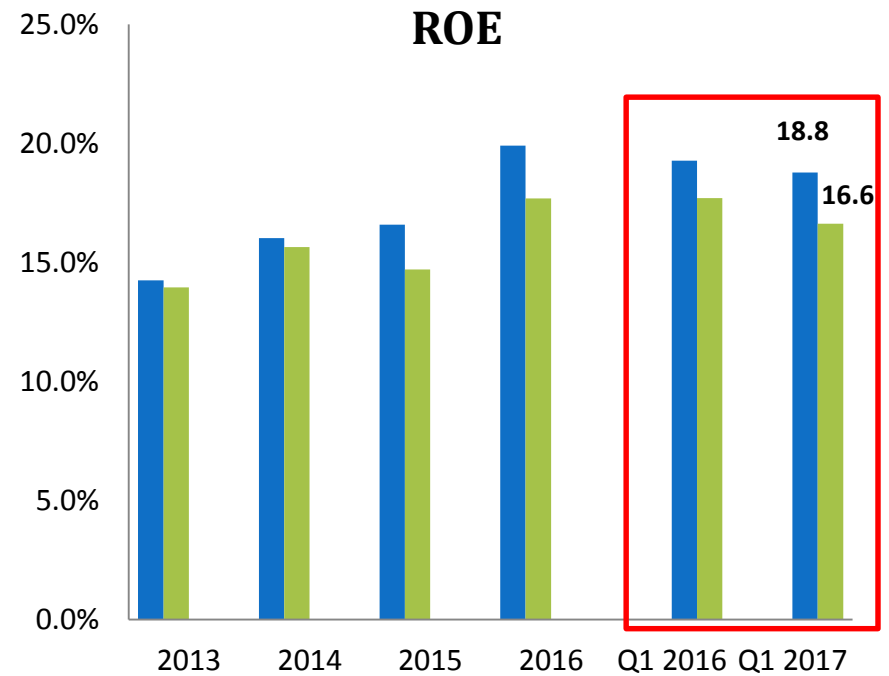
Provision Cover



Superior Profitability



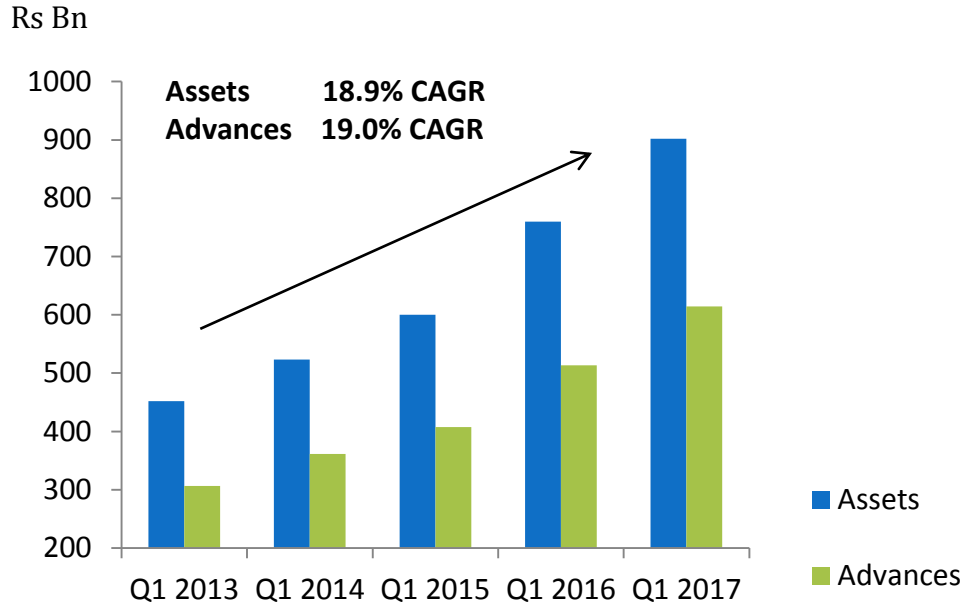
**ROA 43 bps above
Industry**



**ROE 289 bps above
Industry**

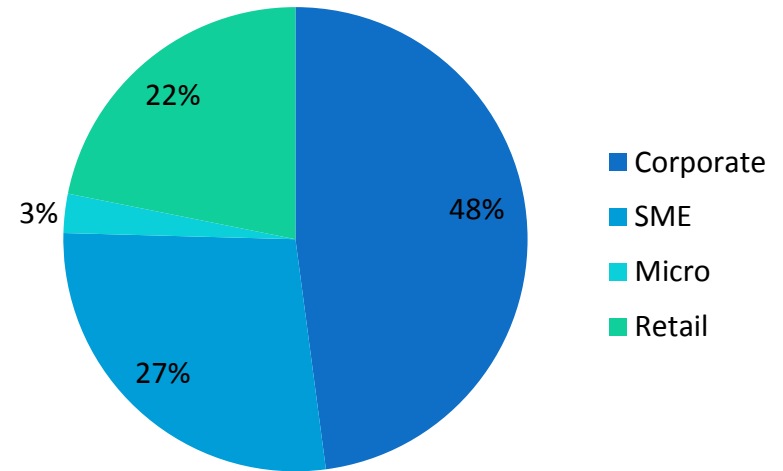
Strong Balance Sheet Growth

Assets & Advances



Rs 29.7 Bn growth during Q1 2017
Rs 100.6 Bn yoy growth

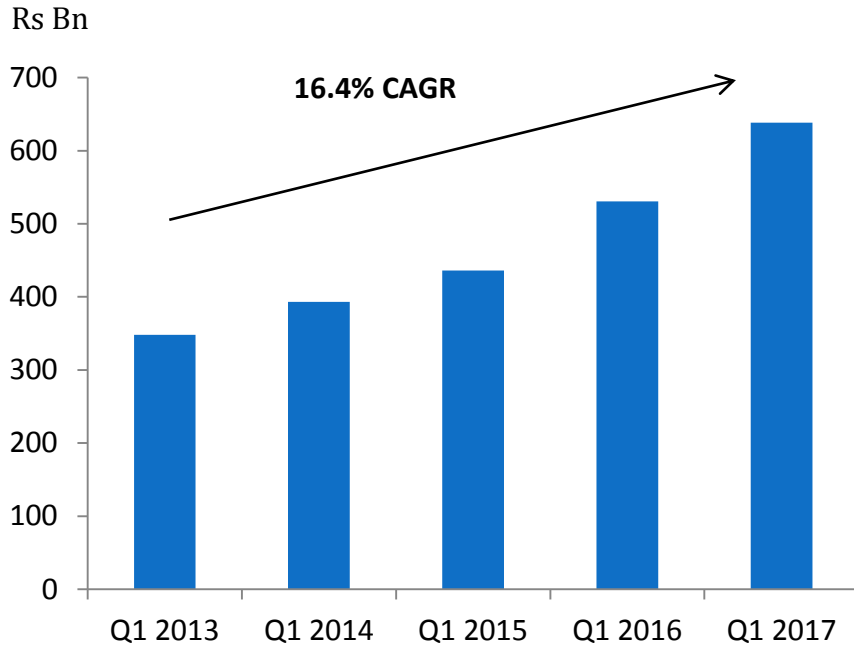
Segment Analysis



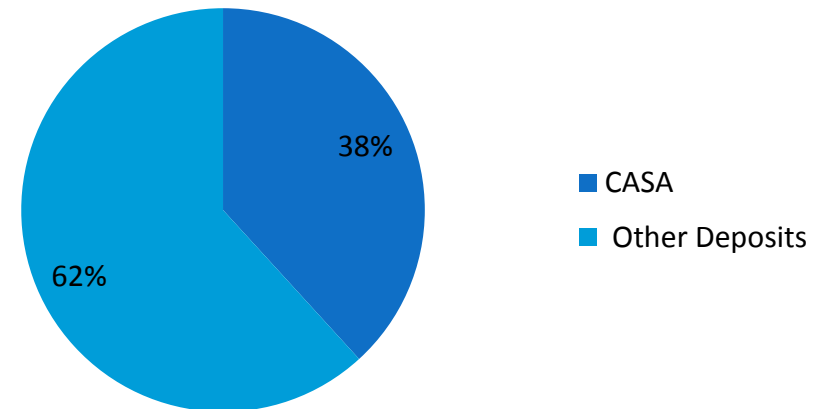
Corporate - 21.3% yoy growth
SME - 24.3% yoy growth
Retail - 9.4% yoy growth
Micro - 20.9% yoy growth

Strong Balance Sheet Growth

Deposits



LKR CASA Ratio

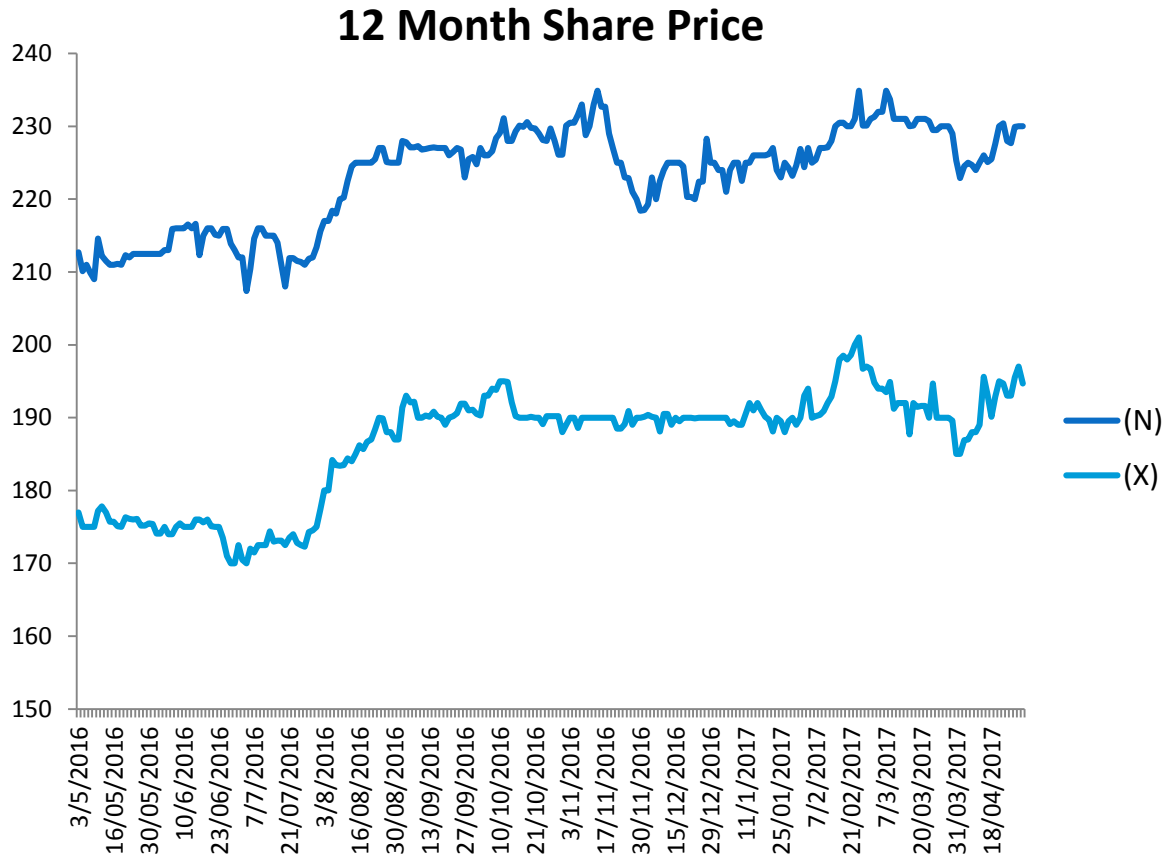


Quarterly growth of Rs 14.9 Bn
Rs 107.9 Bn yoy increase

DuPont Analysis – Q1

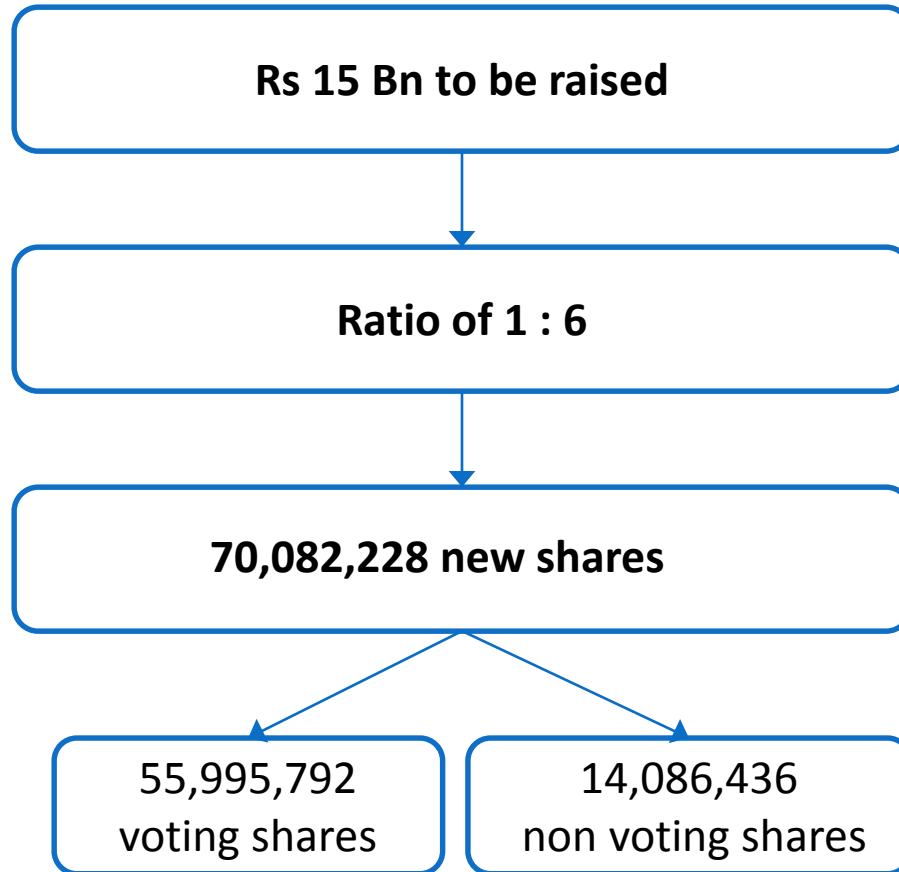
	2017	2016	2017	2016
	Bank		Group	
Net Interest Income	4.22%	3.97%	4.64%	4.35%
Other Income	1.12%	1.28%	1.78%	1.97%
Net Income	5.34%	5.25%	6.42%	6.32%
Provisions	0.22%	0.06%	0.19%	0.07%
Operating Cost	2.23%	2.39%	3.11%	3.24%
Taxation	1.22%	1.13%	1.37%	1.21%
ROA	1.66%	1.67%	1.75%	1.79%
Minority Interest	-	-	0.09%	0.09%
Multiplier	11.32	11.57	10.02	10.37
ROE	18.78%	19.27%	16.63%	17.70%

Return to Shareholders



- Dividend per share – Rs 8.50
- Dividend yield (N) – 3.7%
- Dividend yield (X) – 4.4%
- Total Return (N) : 12.1%
- Total Return (X) : 14.8%
- ASPI increased by 2.0% over the corresponding period

Proposed Rights Issue



Awards and Accolades

THE ASIAN BANKER®
**EXCELLENCE IN
 RETAIL FINANCIAL SERVICES**



'Best Retail Bank in Sri Lanka' in 2017, for the 9th time
'Microfinance Product of the Year' for Asia Pacific by the 'Asian Banker' (2017)

'Best Bank for SME' in Sri Lanka
'Best Bank for CSR' in Sri Lanka

Gold Award - 'Deal of the Year'
Gold Award - 'Window/ Unit of the Year'
Bronze Award - 'Entity of the Year'



Ranked no. 3

'Best HR Strategy in line with Business 2016'

Asia Excellence In Training & Development Award 2016' (for the 5th consecutive year)

'Silver Award' for 'Best Investor Relations'

Thank you