

Hatton National Bank PLC

Full Rating Report

Ratings

National

Long-Term Rating	AA-(lka)
Senior debt	AA-(lka)
Subordinated debt	A+(lka)

Sovereign Risk

Long-Term Foreign-Currency IDR	B+
Long-Term Local-Currency IDR	B+

Outlooks

National Long-Term Rating	Stable
Sovereign Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Local-Currency IDR	Stable

Financial Data

Hatton National Bank PLC

	31 Mar 17 unaudited (3 months)	31 Dec 16 audited (12 months)
Total assets (USDbn)	6.2	6.0
Total assets (LKRbn)	945.9	901.5
Total equity (LKRbn)	96.1	94.3
Net income (LKRbn)	4.0	15.7
Operating Profit/RWA (%)	4.5 ^a	4.4
Internal capital generation (%)	17.1 ^a	14.4
Fitch Core Capital/weighted risks	14.5	15.0
Tier 1 ratio (%)	10.7	11.5

^a Annualised

Disclaimer

HNB owns 1.78% of the shares in Fitch Ratings Lanka Limited. No shareholder, other than Fitch, Inc., is involved in the day-to-day rating operations of, or credit reviews undertaken by, Fitch Ratings Lanka Ltd.

Analysts

Jeewanthi Malagala, CFA
+94 11 2541900
jeewanthi.malagala@fitchratings.com

Rukshana Thalgodapitiya, CFA
+94 11 2541900
rukshana.thalgodapitiya@fitchratings.com

Key Rating Drivers

Strong Credit Profile: Hatton National Bank PLC's (HNB) ratings reflect its strong domestic franchise, satisfactory capitalisation and improving financial profile. This is counterbalanced by a higher risk appetite relative to better-rated peers. HNB is Sri Lanka's second-largest private commercial bank and the fourth-largest commercial bank overall, accounting for 9.5% of sector assets at end-March 2017.

Negative Banking Sector Outlook: Fitch Ratings believes that bank credit metrics – in particular, asset quality – are likely to remain under pressure in 2017 due to a challenging operating environment, which is a key driver for our sector outlook on the Sri Lankan banking sector.

Aggressive Loan Growth: Fitch views HNB's risk appetite as higher relative to better-rated peers due to more aggressive loan growth (2016: 17.4% versus 17.5% for the industry; 2015: 25.5% versus 21.0%) in segments such as SMEs, mid-sized corporates and retail, which tend to be more vulnerable in challenging economic conditions. Fitch believes that sustained, rapid balance-sheet expansion, if not well managed, could also put pressure on funding and liquidity.

Capital Injection Expected Shortly: HNB announced a USD98 million (16% of equity) rights issue in April 2017. This was after a plan to place USD50 million of shares into the Asian Development Bank failed following legal action by a top shareholder. Fitch believes the rights issue would boost capitalisation ahead of implementation of Basel III standards in July 2017. HNB's Fitch Core Capital ratio had risen to 15% by end-2016 following improved profitability and lower cash dividends, but was down to 14.5% by end-1Q17 as the loan book grew by 5%.

Stretched Liquidity: Fitch expects HNB's continued rapid loan growth to put pressure on its liquidity position. The bank's loans/deposit ratio averaged 96% in the last three years, above that of better-rated peers. HNB aggressively added term deposits in late 2016, which has led to a decline in its low-cost current account savings account (CASA) share to 35% of deposits at end-1Q17, from 41% at end-2015.

NPLs Likely To Increase: Fitch expects the bank's asset quality to come under pressure following aggressive lending during 2015/2016 in segments such as retail and SME, and the effects of recent floods. HNB's reported gross NPL ratio had inched up to 1.85% by end-1Q17 (2016: 1.8%, 2015: 2.4%), but remains lower than most peers.

Profitability Could Weaken: Fitch believes profitability may deteriorate as net interest margins (NIMs) may narrow due to rising funding costs. This could be compounded by an increase in credit costs if asset quality were to worsen alongside the implementation of IFRS 9 due in early 2018.

Rating Sensitivities

Changes in Risk Profile: Upside potential for HNB's ratings could stem from a moderation of its risk appetite and the bank achieving sustained improvements in its financial profile, particularly in its funding and liquidity. A rating downgrade could result from continued aggressive risk taking while the operating environment remains weak, unless sufficiently mitigated through capital and financial performance. Weakening in the liquidity position would also be negative for the rating.

Operating Environment

Fitch's outlook on Sri Lankan banks for 2017 remains negative, although the expected deterioration in the operating environment has so far been managed. The slow economic growth, deteriorating asset quality and weak internal capital generation could put further pressure on banks' capitalisation. The operating environment is a key rating driver for the banking sector as it can affect the banks' financial profiles.

Sri Lanka's Macro-Prudential Indicator score was revised to 2 from 1 in January 2017 as real credit growth surpassed 15% on average for 2015 and 2016.

Company Profile

HNB is Sri Lanka's fourth-largest commercial bank. It accounted for 9.5% of sector assets, 10.8% of sector loans and 9.9% of sector deposits at end-2016. Entities related to the state held 27.3% of the bank's voting shares at end-2016.

In November 2014, the bank acquired 51% of HNB Grameen Finance Limited (HNBGF) as part of the authorities' financial-sector consolidation plan. Other entities within the HNB group include insurance companies (life and general), a property development company and Acuity Partners Limited, a joint venture with DFCC Bank (AA-(Ika)/Negative) that provides financial services. HNBGF accounts for around 2.2% of the group's gross loan book, while the standalone bank makes up 95% of the group's consolidated assets.

Management

HNB's board of directors comprises 12 members, including seven independent, non-executive directors and one executive director who is the CEO. No significant changes have been made to the senior management in recent years.

Risk Appetite

Fitch expects the bank's loan book to remain concentrated in the retail and SME segments, which have been the traditional focus of the bank. The bank has increasingly tapped the overseas market with syndicated lending to countries such as Cambodia, Uganda, Maldives and Bangladesh, which accounted for about 2% of the loan book at end-2016 (2015: 1.6%).

HNB's loan growth remained low during the first nine months of 2016 at 9.5% (slightly below industry growth of 10.3%) due to liquidity constraints, but grew rapidly during 4Q16 when the bank was able to secure more deposits. HNB's loan growth has generally been above industry rates and been exceeding its internal capital generation.

Financial Profile

Asset Quality

Key Asset-Quality Indicators

(%)	1Q17	2016	2015	2014
Growth of gross loans	20.2*	17.4	25.5	14.0
Reported gross NPL ratio – Bank level	1.9	1.8	2.4	3.2
Loan impairment charges/average gross loans	0.3*	0.1	0.2	0.7
Reserves for impaired loans/gross loans	1.9	1.9	2.2	2.8

Source: Fitch, HNB

* 1Q17 results have been annualised

The bank's NPL ratio improved considerably during 4Q16 following the recovery of some SME related non-performing facilities, which resulted in a 9.5% decline in absolute NPLs during the quarter. However, during 1Q17, absolute NPLs increased by around 7.1% – a trend seen across the sector. HNB's provision coverage on its NPLs has improved.

Related Criteria

[Global Bank Rating Criteria \(November 2016\)](#)

[National Scale Ratings Criteria \(March 2017\)](#)

HNB's loan book remains concentrated with the five largest exposures, which comprise the government of Sri Lanka and large corporates, accounting for 15.2% of gross loans and 98.4% of equity at end-2016. Concentration on risky sectors such as construction and agriculture accounted for 14% and 9%, respectively, of loans at end-1Q17.

The bank has put greater emphasis on strengthening its credit risk management framework. This included a setting up of a centralised credit-risk monitoring unit, which more frequently monitors stressed credits and watch-listed customers on a daily, weekly, fortnightly and monthly basis. In 2016, the Loan Review Mechanism process was strengthened, streamlined and brought under the chief risk officer's purview to ensure an independent assessment of the quality of credit approvals.

Earnings and Profitability

Key Profitability Ratios

(%)	1Q17	2016	2015	2014
Net interest income/average earning assets	5.3	5.3	5.0	5.3
Non-interest expense/gross revenues	43.2	43.3	47.3	47.1
Loans and securities impairment charges/ pre-impairment operating profit	5.8	1.8	5.1	14.0
Operating profit/average total assets	3.2	3.3	2.9	2.8
Net income/average total assets	1.8	1.9	1.7	1.8

Source: Fitch, HNB

HNB's NIMs are above peers and is supported by its predominant exposure to the high yielding retail and SME segments.

We believe profitability could come under pressure from increased credit costs, particularly if asset quality were to weaken. The impact can be accentuated under IFRS 9 which is due to be implemented in 2018. The bank is yet to quantify the impact of IFRS 9. Fitch expects it to lead to higher loan-loss reserves, while the extent of the impact is uncertain.

HNBGF which focuses on mostly microfinance accounted for approximately 8.3% of group profits in 2016.

Capitalisation and Leverage

Key Capital Ratios

(%)	1Q17	2016	2015	2014
Fitch Core Capital/weighted risk	14.5	15.0	14.5	15.8
Tier 1 regulatory capital ratio	10.7	11.5	11.0	12.7
Equity/assets	10.2	10.5	10.3	11.7
Internal capital generation	17.1	14.4	11.7	9.5

Source: Fitch, HNB

Capitalisation at the bank improved marginally in 2016 because of lower cash dividends and improved profitability, after having declined in most of the previous years – due primarily to rapid loan growth.

Sri Lankan authorities have designated HNB a domestic systemically important bank (D-SIB) under the Basel III framework, which requires the bank to maintain an additional 1.5% of risk weighted assets as a capital buffer. The proposed rights issue to raise USD98 million will improve HNB's capital buffers by at least 200bp, which will help the bank's capitalisation remain above the minimum Tier 1 ratio of 10% (including the D-SIB buffer) and total capital ratio of 14% under Basel III standards. These standards will be fully implemented by 1 January 2019.

Funding and Liquidity

Key Funding Ratios

(%)	1Q17	2016	2015	2014
Loans/customer deposits	98.4	95.8	96.7	97.1
Customer deposits/total funding	79.8	81.8	81.9	84.0
Share of CASA	35.2	35.7	40.9	45.3

Source: Fitch, HNB

The bank's rapid loan growth in the past has put pressure on its funding and liquidity. HNB aggressively mobilised deposits in late 2016 by offering high short-term interest rates on term deposits. This led to a decline in the share of CASA to 35.2% of total deposits (2016: 35.7%, 2015: 40.9%). We believe the bank will focus on deposit growth for the medium term while expanding its loan book moderately.

The bank remains mostly deposit funded, although wholesale funding through debentures (1Q17: 3.4% of funding, 2015: 2.1%) and other borrowings (1Q17: 16.9% of funding, 2015: 16.1%) has increased in recent years. Foreign-currency loans/foreign-currency deposits stood at 61.4% at end-1Q17, with the excess deposits largely placed in Sri Lanka development bonds and sovereign bonds (9.4% of total assets at end-2016).

Support

We believe that the sovereign's willingness to extend support is high given the bank's high systemic importance, while the sovereign's ability to provide support is limited – which is reflected in Sri Lanka's 'B+' rating.

Debt Ratings

HNB's senior debentures are rated at the same level as its National Long-Term Rating as they constitute direct, unconditional, unsecured and unsubordinated obligations of the bank. HNB's Basel II-compliant subordinated debentures are rated one notch below its National Long-Term Rating to reflect their subordination to senior unsecured creditors.

Hatton National Bank PLC
Income Statement

	31 Mar 2017			31 Dec 2016			31 Dec 2015			31 Dec 2014		
	3 Months - 1st Quarter USDm Unaudited	3 Months - 1st Quarter LKRbn Unaudited	As % of Earning Assets	Year End LKRbn Audited - Unqualified	As % of Earning Assets	Year End LKRbn Audited - Unqualified	As % of Earning Assets	Year End LKRbn Audited - Unqualified	As % of Earning Assets	Year End LKRbn Audited - Unqualified	As % of Earning Assets	
1. Interest Income on Loans	131.4	19.9	9.51	65.9	8.16	47.1	6.83	44.1	8.18			
2. Other Interest Income	29.4	4.5	2.13	15.6	1.94	9.8	1.42	9.0	1.67			
3. Dividend Income	1.2	0.2	0.09	0.1	0.02	0.3	0.04	0.3	0.05			
4. Gross Interest and Dividend Income	162.0	24.6	11.73	81.7	10.12	57.2	8.29	53.3	9.90			
5. Interest Expense on Customer Deposits	74.3	11.3	5.37	33.7	4.18	22.0	3.19	23.2	4.31			
6. Other Interest Expense	15.9	2.4	1.15	8.7	1.08	5.2	0.75	3.9	0.72			
7. Total Interest Expense	90.1	13.7	6.52	42.4	5.26	27.2	3.94	27.1	5.03			
8. Net Interest Income	71.9	10.9	5.20	39.2	4.86	30.0	4.35	26.3	4.88			
9. Net Gains (Losses) on Trading and Derivatives	3.5	0.5	0.26	(1.9)	(0.23)	0.2	0.02	(0.5)	(0.09)			
10. Net Gains (Losses) on Other Securities	0.0	0.0	0.00	(0.0)	(0.00)	0.0	0.01	1.3	0.23			
11. Net Gains (Losses) on Assets at FV through Income Statement	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-			
12. Net Insurance Income	0.7	0.1	0.05	0.8	0.10	0.3	0.05	0.1	0.02			
13. Net Fees and Commissions	14.2	2.2	1.03	7.7	0.96	6.2	0.91	5.1	0.94			
14. Other Operating Income	(1.9)	(0.3)	(0.14)	2.8	0.34	1.5	0.22	1.8	0.34			
15. Total Non-Interest Operating Income	16.6	2.5	1.20	9.4	1.17	8.3	1.20	7.8	1.45			
16. Personnel Expenses	18.1	2.7	1.31	10.5	1.30	9.3	1.34	8.2	1.52			
17. Other Operating Expenses	20.1	3.0	1.45	10.5	1.31	8.9	1.29	7.9	1.46			
18. Total Non-Interest Expenses	38.2	5.8	2.76	21.1	2.61	18.1	2.63	16.0	2.98			
19. Equity-accounted Profit/Loss - Operating	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
20. Pre-impairment Operating Profit	50.3	7.6	3.64	27.6	3.42	20.2	2.92	18.0	3.35			
21. Loan Impairment Charge	2.9	0.4	0.21	0.5	0.07	1.0	0.14	2.5	0.47			
22. Securities and Other Credit Impairment Charges	0.0	0.0	0.00	(0.0)	(0.00)	0.1	0.01	0.0	0.00			
23. Operating Profit	47.4	7.2	3.43	27.1	3.35	19.1	2.78	15.5	2.88			
24. Equity-accounted Profit/Loss - Non-operating	0.1	0.0	0.00	0.1	0.02	0.1	0.01	0.1	0.03			
25. Non-recurring Income	n.a.	n.a.	-	0.0	0.00	0.0	0.00	0.0	0.01			
26. Non-recurring Expense	n.a.	n.a.	-	n.a.	-	0.0	0.00	0.0	0.00			
27. Change in Fair Value of Own Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
28. Other Non-operating Income and Expenses	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
29. Pre-tax Profit	47.4	7.2	3.43	27.2	3.37	19.2	2.79	15.7	2.92			
30. Tax expense	20.8	3.2	1.50	11.6	1.43	8.1	1.18	5.6	1.05			
31. Profit/Loss from Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
32. Net Income	26.6	4.0	1.93	15.7	1.94	11.1	1.61	10.1	1.87			
33. Change in Value of AFS Investments	(4.1)	(0.6)	(0.29)	(2.6)	(0.34)	(2.3)	(0.33)	2.3	0.44			
34. Revaluation of Fixed Assets	0.0	0.0	0.00	5.7	0.71	5.6	0.81	n.a.	-			
35. Currency Translation Differences	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
36. Remaining OCI Gains/(losses)	(0.1)	(0.0)	(0.01)	0.2	0.02	(1.0)	(0.14)	1.2	0.21			
37. Fitch Comprehensive Income	22.5	3.4	1.63	18.9	2.34	13.4	1.94	13.6	2.52			
38. Memo: Profit Allocation to Non-controlling Interests	1.4	0.2	0.10	0.9	0.11	0.5	0.08	0.2	0.05			
39. Memo: Net Income after Allocation to Non-controlling Interests	25.2	3.8	1.83	14.8	1.83	10.6	1.53	9.8	1.82			
40. Memo: Common Dividends Relating to the Period	n.a.	n.a.	-	2.1	0.26	2.0	0.30	3.4	0.64			
41. Memo: Preferred Dividends Related to the Period	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			

Exchange rate

USD1 = LKR151.735

USD1 = LKR149.8

USD1 = LKR144.062

USD1 = LKR131.049

Hatton National Bank PLC

Summary Analytics

	31 Mar 2017	31 Dec 2016	31 Dec 2015	31 Dec 2014
	3 Months - 1st Quarter	Year End	Year End	Year End
A. Interest Ratios				
1. Interest Income on Loans/ Average Gross Loans	12.95	11.86	10.30	11.66
2. Interest Expense on Customer Deposits/ Average Customer Deposits	7.11	5.87	4.62	5.75
3. Interest Income/ Average Earning Assets	12.03	10.93	9.44	10.75
4. Interest Expense/ Average Interest-bearing Liabilities	6.96	5.92	4.75	5.76
5. Net Interest Income/ Average Earning Assets	5.34	5.25	4.95	5.29
6. Net Int. Inc Less Loan Impairment Charges/ Av. Earning Assets	5.12	5.18	4.79	4.79
7. Net Interest Inc Less Preferred Stock Dividend/ Average Earning Assets	5.34	5.25	4.95	5.29
B. Other Operating Profitability Ratios				
1. Non-Interest Income/ Gross Revenues	18.73	19.37	21.69	22.93
2. Non-Interest Expense/ Gross Revenues	43.17	43.30	47.34	47.06
3. Non-Interest Expense/ Average Assets	2.54	2.55	2.71	2.89
4. Pre-impairment Op. Profit/ Average Equity	32.49	33.31	28.04	29.17
5. Pre-impairment Op. Profit/ Average Total Assets	3.35	3.33	3.02	3.25
6. Loans and securities impairment charges/ Pre-impairment Op. Profit	5.77	1.84	5.07	14.00
7. Operating Profit/ Average Equity	30.61	32.70	26.62	25.08
8. Operating Profit/ Average Total Assets	3.16	3.27	2.86	2.79
9. Operating Profit / Risk Weighted Assets	4.45	4.37	3.62	3.58
C. Other Profitability Ratios				
1. Net Income/ Average Total Equity	17.21	18.91	15.43	16.28
2. Net Income/ Average Total Assets	1.77	1.89	1.66	1.81
3. Fitch Comprehensive Income/ Average Total Equity	14.53	22.77	18.61	21.94
4. Fitch Comprehensive Income/ Average Total Assets	1.50	2.28	2.00	2.44
5. Taxes/ Pre-tax Profit	43.84	42.48	42.27	35.87
6. Net Income/ Risk Weighted Assets	2.50	2.53	2.10	2.32
D. Capitalization				
1. FCC/FCC-Adjusted Risk Weighted Assets	14.49	15.04	14.53	15.79
2. Tangible Common Equity/ Tangible Assets	10.04	10.34	10.14	11.48
3. Tier 1 Regulatory Capital Ratio	10.65	11.51	10.99	12.70
4. Total Regulatory Capital Ratio	14.11	15.37	13.11	15.34
5. Common Equity Tier 1 Capital Ratio	n.a.	n.a.	n.a.	n.a.
6. Equity/ Total Assets	10.16	10.46	10.26	11.67
7. Cash Dividends Paid & Declared/ Net Income	n.a.	13.21	18.40	34.08
8. Internal Capital Generation	17.05	14.42	11.65	9.53
E. Loan Quality				
1. Growth of Total Assets	4.93	18.99	27.01	14.08
2. Growth of Gross Loans	5.05	17.43	25.50	14.03
3. Regulatory Published NPL ratio - Bank level	1.85	1.80	2.43	3.16
4. Reserves for Impaired Loans/ Gross Loans	1.87	1.89	2.19	2.75
8. Loan Impairment Charges/ Average Gross Loans	0.29	0.10	0.21	0.66
9. Net Charge-offs/ Average Gross Loans	0.00	0.07	0.21	0.60
10. Impaired Loans + Foreclosed Assets/ Gross Loans + Foreclosed Assets	n.a.	n.a.	0.00	n.a.
F. Funding and Liquidity				
1. Loans/ Customer Deposits	98.38	95.84	96.73	97.09
2. Interbank Assets/ Interbank Liabilities	4.33	3.14	2.01	11.71
3. Customer Deposits/ Total Funding (excluding derivatives)	79.75	81.78	81.87	83.95

Hatton National Bank PLC Reference Data

	31 Mar 2017		31 Dec 2016		31 Dec 2015		31 Dec 2014		
	3 Months - 1st Quarter USDm	3 Months - 1st Quarter LKRbn	As % of Assets	Year End LKRbn	As % of Assets	Year End LKRbn	As % of Assets	Year End LKRbn	As % of Assets
A. Off-Balance Sheet Items									
1. Managed Securitized Assets Reported Off-Balance Sheet	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Other off-balance sheet exposure to securitizations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Guarantees	n.a.	n.a.	-	108.9	12.08	79.2	10.46	66.7	11.19
4. Acceptances and documentary credits reported off-balance sheet	n.a.	n.a.	-	40.5	4.49	32.6	4.30	28.7	4.82
5. Committed Credit Lines	n.a.	n.a.	-	215.1	23.87	143.8	18.98	134.4	22.54
7. Other Off-Balance Sheet items	3,451.9	523.8	55.37	137.9	15.29	168.2	22.20	166.5	27.91
8. Total Assets under Management	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
B. Average Balance Sheet									
Average Loans	4,114.6	624.3	66.00	555.5	61.63	457.1	60.34	377.9	63.36
Average Earning Assets	5,461.7	828.7	87.61	747.6	82.93	605.7	79.95	496.1	83.17
Average Assets	6,087.4	923.7	97.65	827.4	91.78	668.9	88.30	554.9	93.03
Average Managed Securitized Assets (OBS)	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Average Interest-Bearing Liabilities	5,250.8	796.7	84.23	717.3	79.57	572.7	75.60	470.5	78.87
Average Common equity	597.8	90.7	9.59	77.9	8.64	64.2	8.47	55.3	9.28
Average Equity	627.5	95.2	10.07	82.8	9.19	71.9	9.50	61.8	10.37
Average Customer Deposits	4,236.4	642.8	67.96	574.0	63.67	476.7	62.92	403.6	67.66
C. Maturities									
Asset Maturities:									
Loans & Advances < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans & Advances 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans and Advances 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans & Advances > 5 years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Debt Securities < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Debt Securities 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Debt Securities 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Debt Securities > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans & Advances to Banks < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans & Advances to Banks 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans & Advances to Banks 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans & Advances to Banks > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Liability Maturities:									
Retail Deposits < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Retail Deposits 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Retail Deposits 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Retail Deposits > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Other Deposits < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Other Deposits 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Other Deposits 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Other Deposits > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Deposits from Banks < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Deposits from Banks 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Deposits from Banks 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Deposits from Banks > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Senior Debt Maturing < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Senior Debt Maturing 3-12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Senior Debt Maturing 1- 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Senior Debt Maturing > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Total Senior Debt on Balance Sheet	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Fair Value Portion of Senior Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt Maturing < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt Maturing 3-12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt Maturing 1- 5 Year	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt Maturing > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Total Subordinated Debt on Balance Sheet	171.2	26.0	2.75	25.9	2.87	12.1	1.60	11.7	1.96
Fair Value Portion of Subordinated Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
D. Risk Weighted Assets									
1. Risk Weighted Assets	4,315.9	654.9	69.23	619.4	68.71	529.0	69.83	433.7	72.71
2. Fitch Core Capital Adjustments for Insurance and Securitisation Risk Weighted Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Fitch Core Capital Adjusted Risk Weighted Assets	4,315.9	654.9	69.23	619.4	68.71	529.0	69.83	433.7	72.71
4. Other Fitch Adjustments to Risk Weighted Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Fitch Adjusted Risk Weighted Assets	4,315.9	654.9	69.23	619.4	68.71	529.0	69.83	433.7	72.71
E. Equity Reconciliation									
1. Equity	633.5	96.1	10.16	94.3	10.46	77.7	10.26	69.6	11.67
2. Add: Pref. Shares and Hybrid Capital accounted for as Equity	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Add: Other Adjustments	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Published Equity	633.5	96.1	10.16	94.3	10.46	77.7	10.26	69.6	11.67
F. Fitch Core Capital Reconciliation									
1. Total Equity as reported (including non-controlling interests)	633.5	96.1	10.16	94.3	10.46	77.7	10.26	69.6	11.67
2. Fair value effect incl in own debt/borrowings at fv on the B/S- CC only	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
3. Non-loss-absorbing non-controlling interests	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
4. Goodwill	0.0	0.0	0.00	0.1	0.01	0.0	0.00	0.0	0.00
5. Other intangibles	8.1	1.2	0.13	1.1	0.12	0.9	0.12	1.0	0.16
6. Deferred tax assets deduction	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.2	0.03
7. Net asset value of insurance subsidiaries	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
8. First loss tranches of off-balance sheet securitizations	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
9. Fitch Core Capital	625.3	94.9	10.03	93.1	10.33	76.9	10.15	68.5	11.48

Exchange Rate

USD1 = LKR151.735

USD1 = LKR149.8

USD1 = LKR144.062

USD1 = LKR131.049

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