



# INVESTOR UPDATE

## 9M 2016

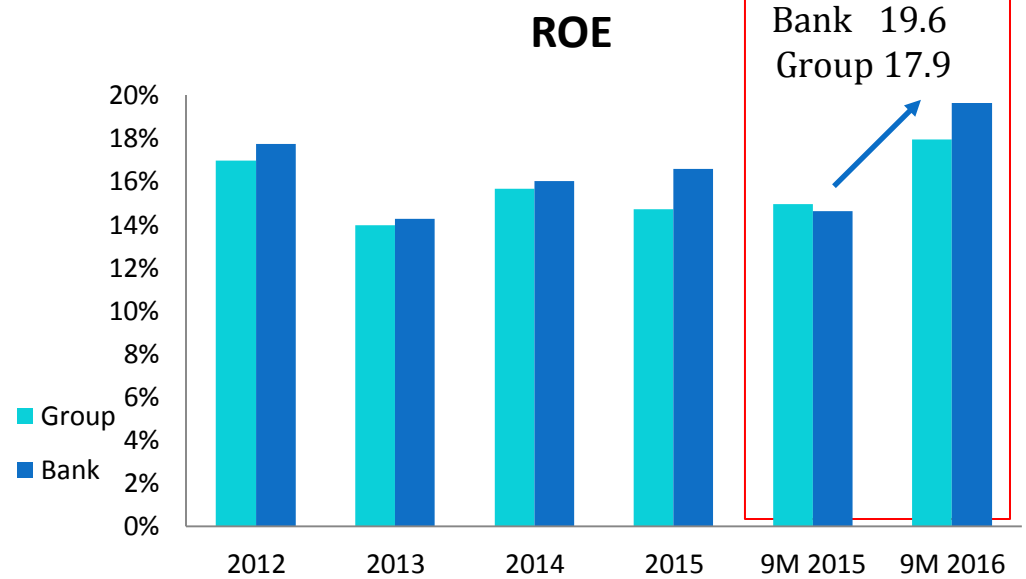
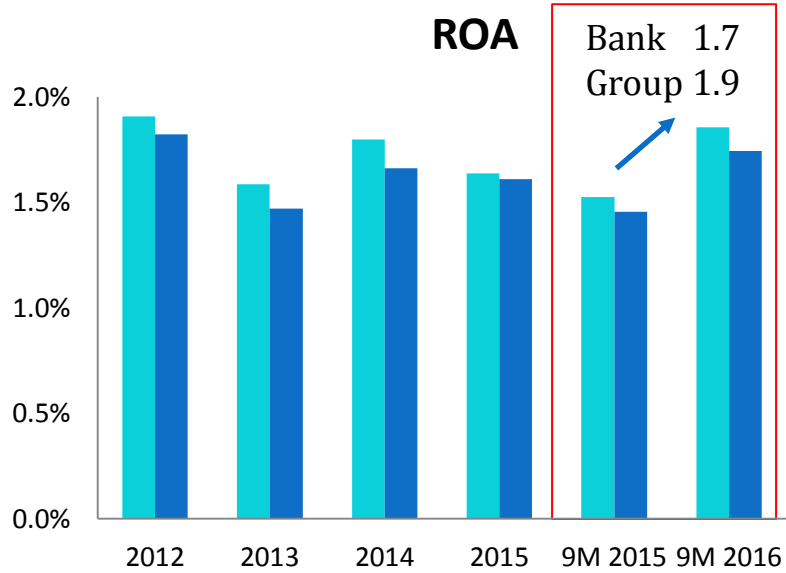
# HNB Performance 9M 2016

Rs Mn	2016	2015	% Change
Net interest income	24,940.4	19,369.0	28.8
Net fee and commission income	5,094.2	4,151.4	22.7
Other income/Net Trading income	1,001.5	1,866.9	(46.4)
Less: Impairment for loans and other losses	146.8	1,716.8	(91.5)
Net operating income	30,889.2	23,670.4	30.5
Operating expenses	13,543.3	12,301.3	10.1
Operating profit before VAT	17,345.9	11,369.1	52.6
Less: Financial VAT & NBT	2,854.8	1,865.5	53.0
Profit before income tax	14,491.1	9,503.6	52.5
Less - Income tax expense	4,393.8	2,674.1	64.3
Profit for the year	10,097.3	6,829.5	47.8

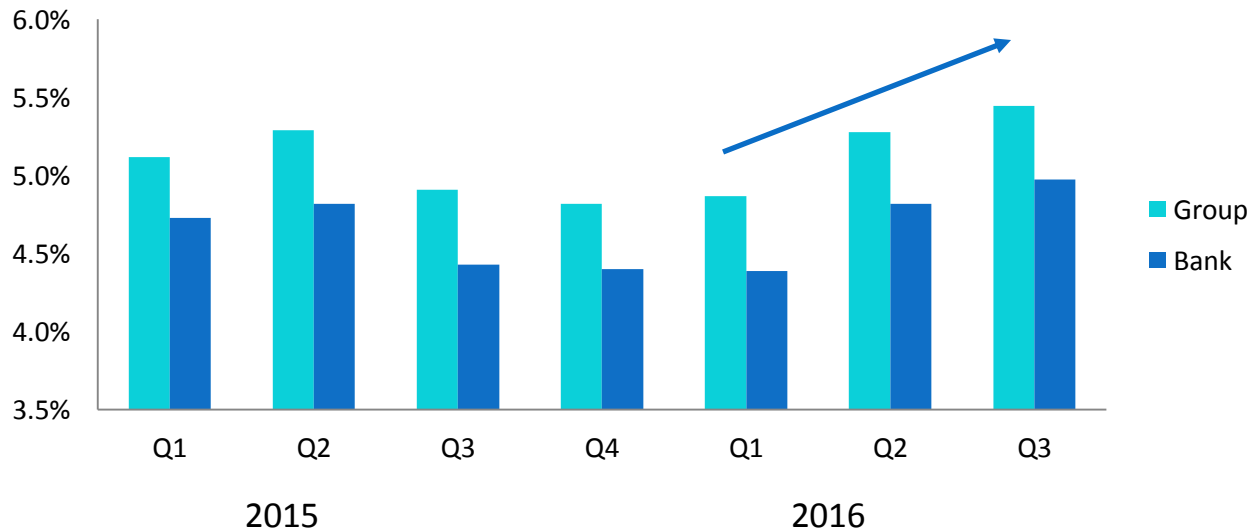
# Group Performance 9M 2016

Rs Mn	2016	2015	% Change
Net interest income	28,350.0	21,822.8	29.9
Net fee and commission income	5,532.6	4,501.5	22.9
Other income/Net Trading Income	4,859.4	4,950.9	(1.9)
Less: Impairment for loans and other losses	257.8	1,777.3	(85.5)
Net operating income	38,484.2	29,497.8	30.5
Operating expenses	19,395.5	17,214.5	12.7
Operating profit before VAT	19,088.7	12,283.2	55.4
Less: Financial VAT & NBT	3,105.6	2,052.5	51.3
Share of Profit from Associates and JV	140.0	58.7	138.4
Profit before income tax	16,123.1	10,289.5	56.7
Less - Income tax expense	4,891.6	3,004.8	62.8
Profit for the year	11,231.6	7,284.7	54.2
Profit attributable to equity holders	10,677.6	6,982.0	52.9

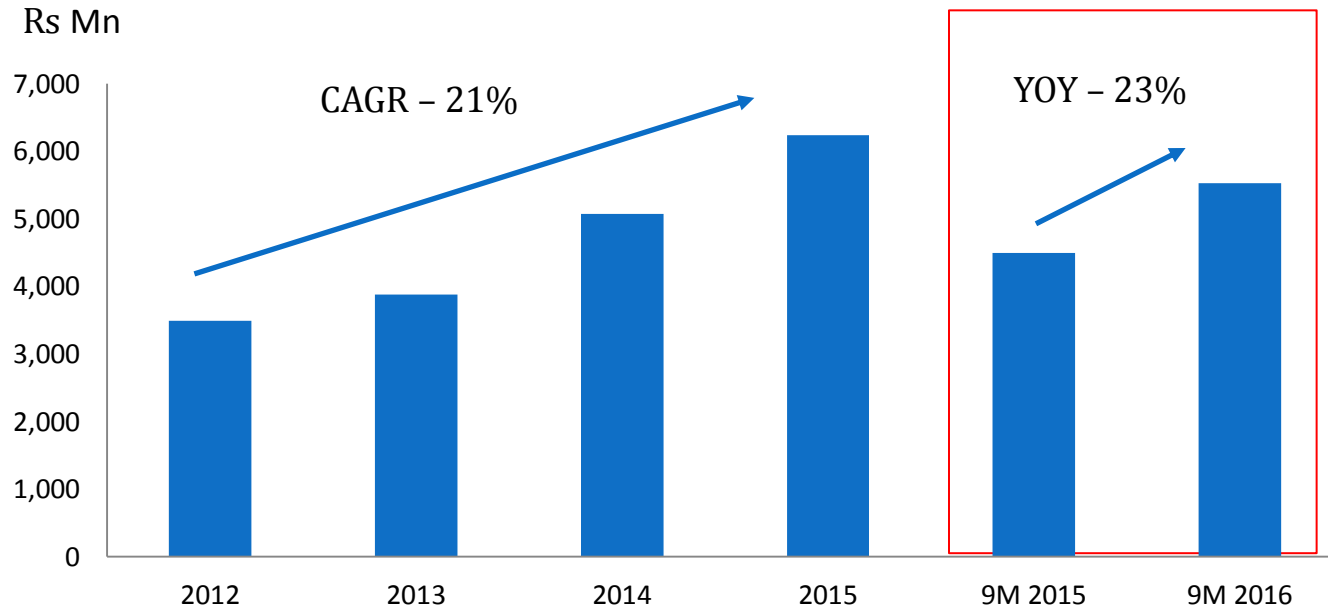
# Strong Performance on ROA & ROE



## Improvement in NIM's



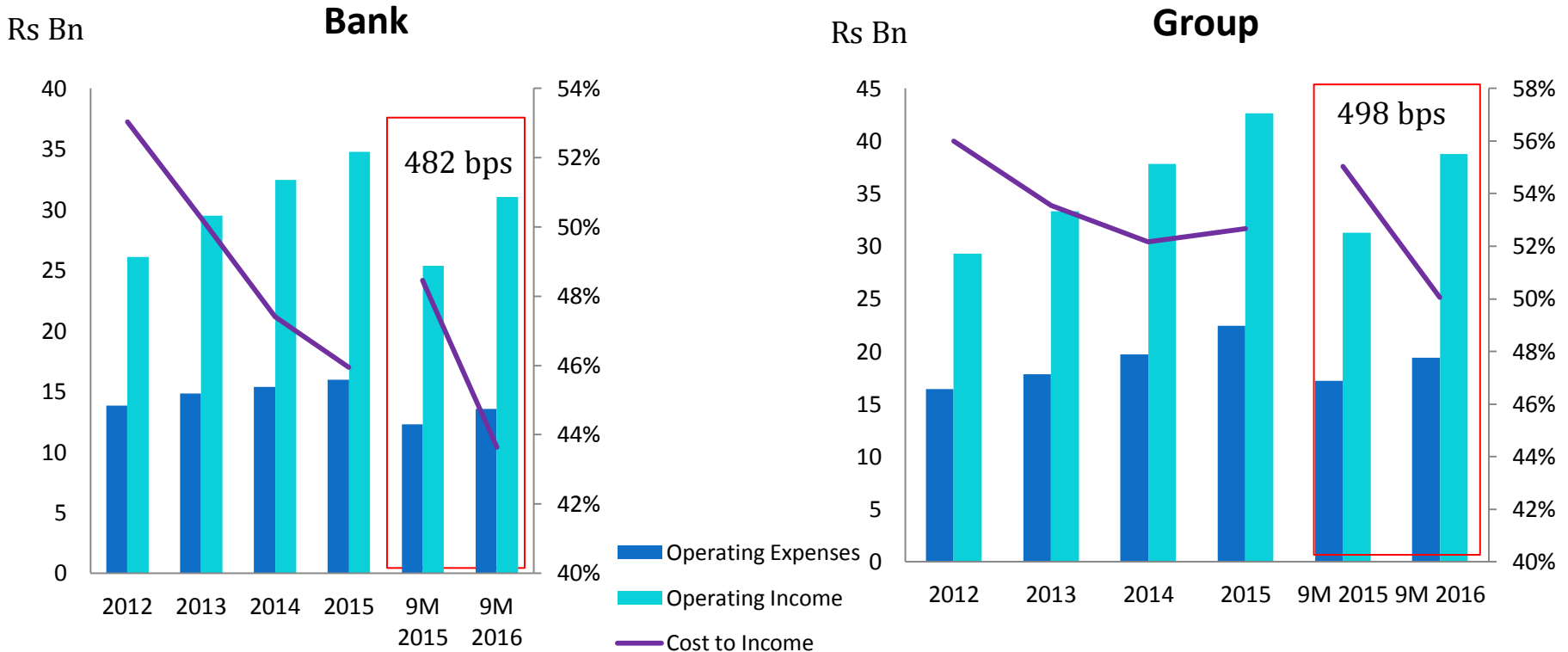
# Group Net Fee Income



## Drivers

- Credit Cards
- Trade Finance
- Current Accounts
- Guarantees
- Digital Banking

# Driving operational efficiency

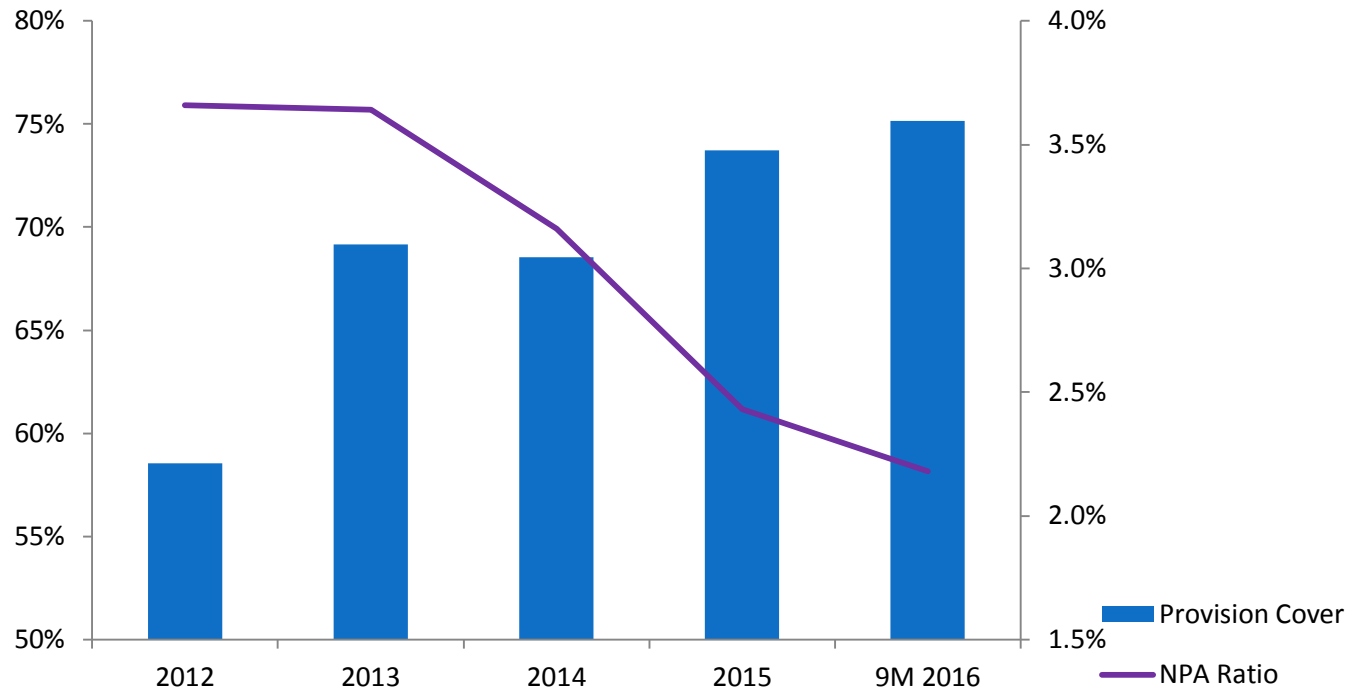


- Relentless process improvement efforts
- Centralized credit processing
- Cost optimization initiatives
- Constant headcount affected by natural attrition only

# Improving Asset Quality

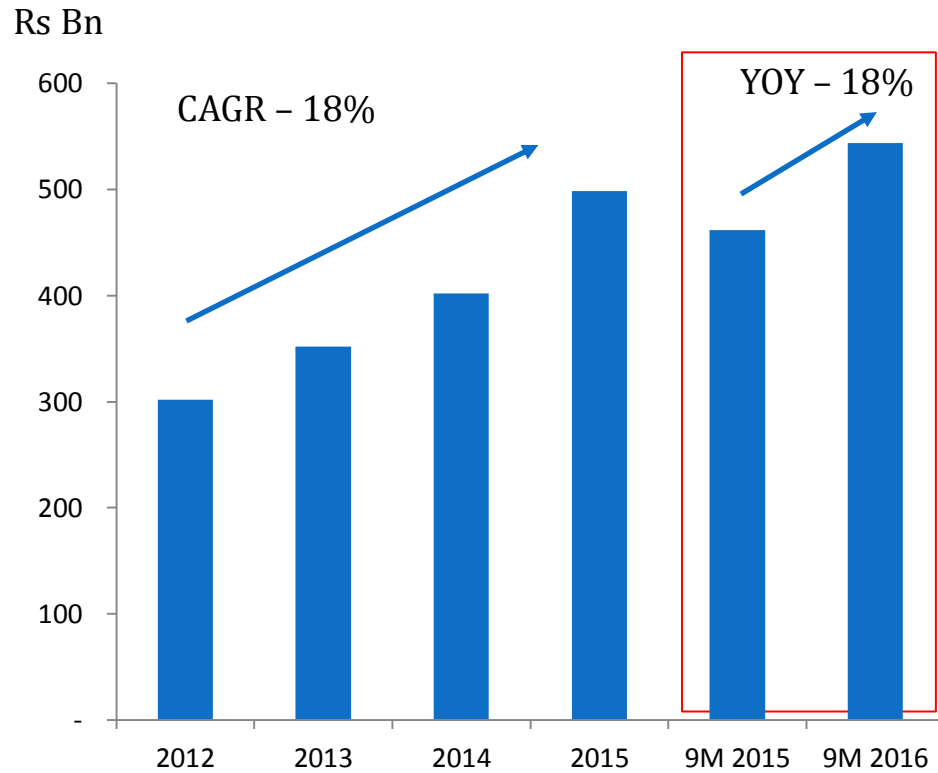
Provision Cover

NPA

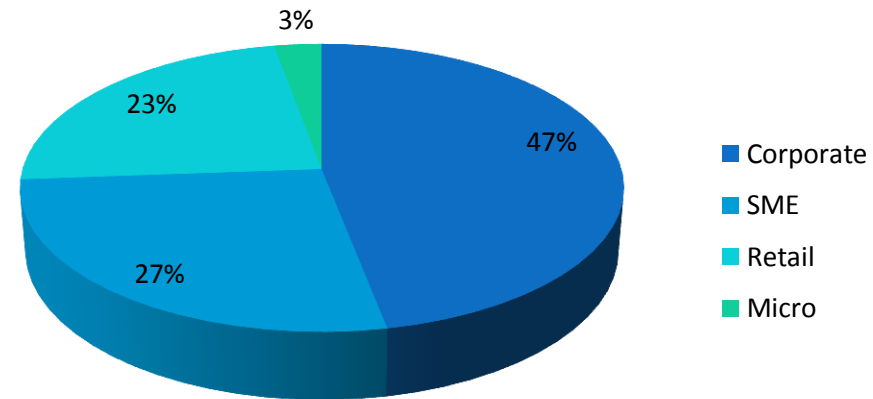


- NPA improves further to 2.18%
- Provision cover reaches >75%
- Excellent recovery efforts and superior underwriting standards

# Sound Advances growth



## Segmental Distribution

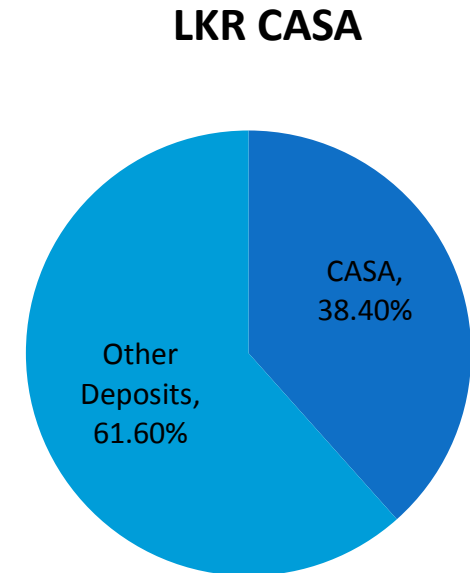
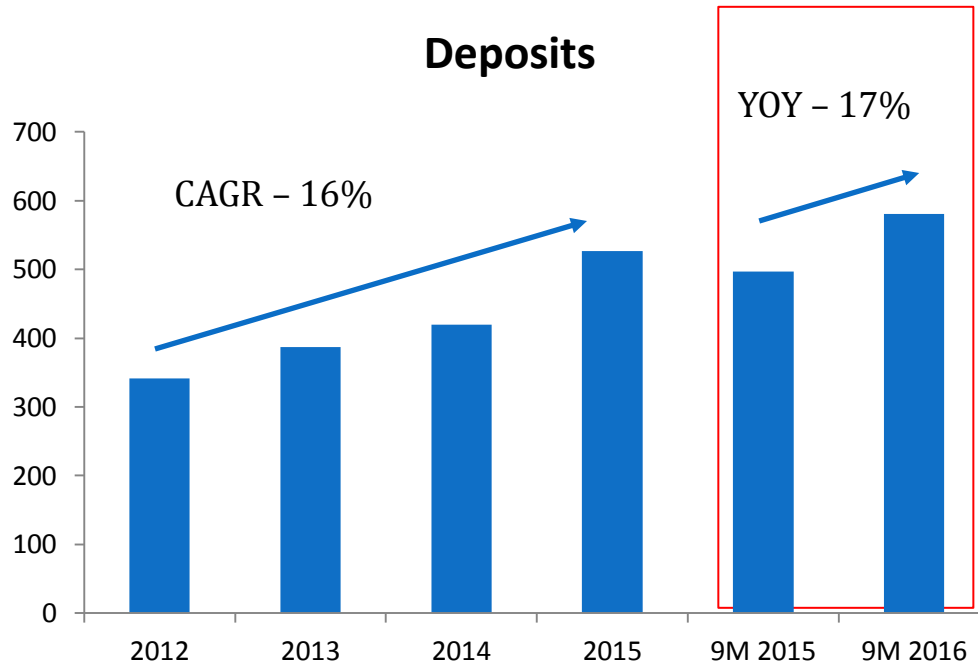


- Banking book grows by Rs 82 Bn over 12 months & Rs 46Bn over 9 M
- Group total asset base grows by 26.5% to Rs 856 Bn



# Deposits and Borrowings funding growth

Rs Bn

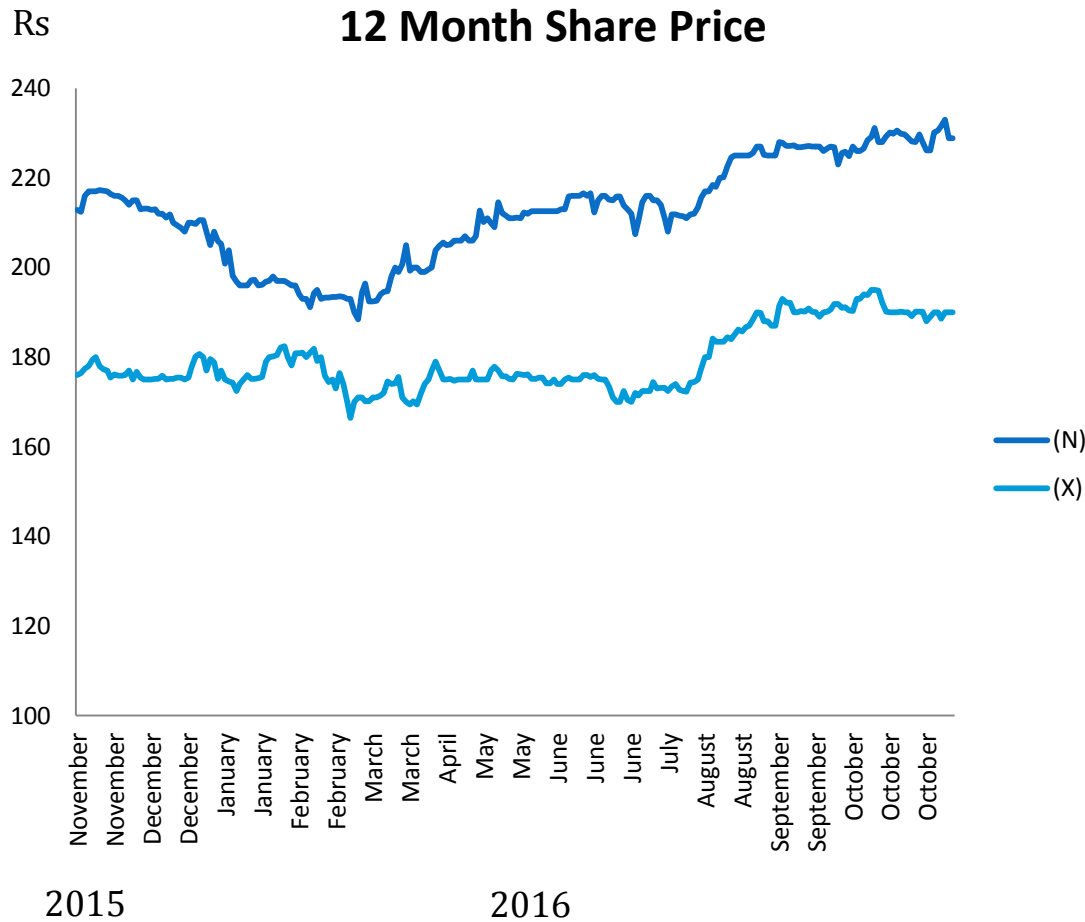


- Deposit base grows by Rs 84 Bn over 12 months & Rs 53 Bn over 9 months
- Rs 13 Bn raised through two subordinated debt issues – both oversubscribed on opening day

# DuPont Analysis – 9M

	2016	2015	2016	2015
	Bank		Group	
Net Interest Income	4.31%	4.13%	4.68%	4.57%
Other Income	1.05%	1.28%	1.74%	1.99%
Net Income	5.36%	5.42%	6.42%	6.56%
Provisions	0.03%	0.37%	0.04%	0.37%
Operating Cost	2.34%	2.62%	3.20%	3.60%
Taxation	1.25%	0.97%	1.32%	1.06%
<b>ROA</b>	<b>1.74%</b>	<b>1.46%</b>	<b>1.86%</b>	<b>1.53%</b>
Minority Interest		-	0.09%	0.06%
Multiplier	11.26	10.04	10.17	10.23
<b>ROE</b>	<b>19.64%</b>	<b>14.62%</b>	<b>17.94%</b>	<b>14.95%</b>

# Return to Shareholders



- Dividend per share - Rs 8.50
- Dividend yield (N)- 3.7%
- Dividend yield (X) - 4.5%
- Total Return (N) : 11.5%
- Total Return (X) : 12.8%
- ASPI declined by 9% over the corresponding period

# Awards and Accolades



**ASIA**  
BEST EMPLOYER BRAND  
AWARDS 2016 (7th Edition)



**CFA Society**  
Sri Lanka



- 'Best Retail Bank in Sri Lanka' – Presented by the 'Asian Banker' in 2016, for the 8th time
- Asia Best Employer Brand Award For 'Best HR Strategy in line with Business 2016'
- 'Asia Excellence In Training & Development Award 2016' (for the 5<sup>th</sup> consecutive year)
- HNB Islamic Banking won the Silver Award for the 'Deal of the Year' and the Bronze Award for the 'Entity of the Year' from the 'Islamic Finance Forum of South Asia' organized UTO EDU Consult
- Silver Award for 'Best Investor Relations – Awarded by CFA Society Sri Lanka
- National Productivity Award 2015

THANK YOU