



YOUR PARTNER IN PROGRESS

Interim Financial Statements

For the three months ended 31st March 2024

FINANCIAL COMMENTARY FOR THE 3 MONTHS ENDED 31ST MARCH 2024

- Net stage III ratio at 4%; one of the best in the industry
- Over Rs 6.5 Bn in taxes
- Tier I and total capital ratios improve further to 14.48% and 18.06% respectively
- Liquidity position remains strong with LAR and LCR well above regulatory minimum

Hatton National Bank PLC (HNB) recorded a Profit Before Tax (PBT) of Rs 9.8 Bn during the first quarter of 2024 while Profit After Tax (PAT) amounted to Rs 6.2 Bn. At Group level, PBT and PAT were at Rs 11.2 Bn and Rs 7.4 Bn, respectively.

The substantial monetary policy loosening adopted by the Central Bank of Sri Lanka to revive the economy, resulted in a drop in AWPLR by 50% from 21.40% to 10.69% during the 12-month period up to March 2024. This caused interest income to decline by 20% YoY to Rs 60.2 Bn. Interest expense declined at a slower pace of 13% YoY to Rs 38.2 Bn due to the lag effect in repricing deposits. The Bank also provided sizable interest rebates to support the most vulnerable sectors of the economy. As a result, the net interest income declined by 30% YoY during 1Q 2024.

Bank's total non-interest income for the quarter was Rs 2.0 Bn compared to Rs 2.5 Bn in the corresponding period of 2023, largely due to the appreciation of the rupee during the quarter and reversion of trade tariffs to pre-crisis levels. Nevertheless, fees from all retail and corporate digital channels recorded sound growth indicating transition into cashless transactions in line with HNB's vision of driving a cash minimalistic economy.

HNB recognised an incremental impairment charge of Rs 1.4 Bn during the quarter, compared to Rs 11.4 Bn provided during the first quarter of last year backed by the Bank's continuous focus on supporting customers to revive their businesses and the improvement in economic conditions. The Bank's net stage 3 ratio stood at 4.02% and remains superior to the industry level.

HNB's total operating expenses increased to Rs 9.9 Bn from Rs 8.9 Bn as staff costs and other expenses increased. Total effective tax rate stood at 51% in 1Q 2023 resulting in a total tax of over Rs 6.5 Bn for the quarter.

The Bank's asset base stood at Rs 1.9 Trillion as at end of March 2024 with Group assets at over Rs 2 Trillion. The Bank maintained its gross loans at over Rs 1 Trillion with deposits over Rs 1.5 Trillion. LKR CASA base grew by 22% YoY improving the CASA ratio to 31% as at end of March 2024.

HNB reported Tier I and Total Capital Adequacy Ratios of 14.48% and 18.06% against the minimum statutory requirements of 9.5% and 13.5% respectively. The Bank has provision to drawdown further up to 250 bps 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 49.34% (vs. a 20% requirement) and 421.55% (vs. a 100% requirement) respectively.

HNB is rated A (Ika) by Fitch Ratings and has been adjudged the "Best Retail Bank in Sri Lanka" for the 14th occasion by the Asian Banker. HNB has been recognized by both Asiamoney and Euromoney as the "Market Leader" and "Best Service Provider" and by Asiamoney as the "Best SME Bank" in Sri Lanka. HNB has also secured Top 5 position on Business Today's Top 40 rankings for 2023. HNB was ranked among Sri Lanka's Top 10 Most Admired companies in 2022 by the American Institute of Certified Public Accountants and Chartered Institute of Management Accountants and the International Chamber of Commerce Sri Lanka.

INCOME STATEMENT

	BANK			GROUP		
	For the 3 months ended 31st March			For the 3 months ended 31st March		
	2024	2023	% Increase / (Decrease)	2024	2023	% Increase / (Decrease)
	Rs 000	Rs 000		Rs 000	Rs 000	
Gross income	62,352,602	78,081,222	(20)	71,926,490	87,281,125	(18)
Interest income	60,215,710	75,513,345	(20)	64,476,658	80,750,344	(20)
Less : Interest expenses	38,225,235	43,951,792	(13)	39,142,361	45,929,916	(15)
Net interest income	21,990,475	31,561,553	(30)	25,334,297	34,820,428	(27)
Fee and commission income	4,246,596	4,345,942	(2)	4,520,433	4,696,109	(4)
Less: Fee and commission expenses	142,567	107,459	33	178,731	150,723	19
Net fee and commission income	4,104,029	4,238,483	(3)	4,341,702	4,545,386	(4)
Net interest, fee and commission income	26,094,504	35,800,036	(27)	29,675,999	39,365,814	(25)
Net gains / (losses) from trading	(4,139,455)	(7,269,817)	43	(4,064,011)	(7,245,769)	44
Net gain from financial investments at fair value through other comprehensive income	329,411	-	-	365,175	-	-
Net gains arising on de-recognition of financial assets	-	-	-	-	-	-
Net insurance premium income	-	-	-	4,305,103	3,771,728	14
Net other operating income	1,700,340	5,491,752	(69)	2,323,132	5,308,713	(56)
Total operating income	23,984,800	34,021,971	(30)	32,605,398	41,200,486	(21)
Less: Impairment charge for loans and other losses	1,371,566	11,379,858	(88)	1,634,788	11,710,907	(86)
Net operating income	22,613,234	22,642,113	-	30,970,610	29,489,579	5
Less : Operating expenses						
Personnel expenses	4,643,374	4,330,934	7	5,779,862	5,274,325	10
Depreciation and amortisation	747,155	648,589	15	948,815	799,178	19
Benefits, claims and underwriting expenditure	-	-	-	4,730,653	4,403,100	7
Other expenses	4,477,033	3,887,201	15	5,831,368	4,731,209	23
Total operating expenses	9,867,562	8,866,724	11	17,290,698	15,207,812	14
Operating profit before taxes on financial services	12,745,672	13,775,389	(7)	13,679,912	14,281,767	(4)
Less : Taxes on financial services	2,943,909	3,073,740	(4)	3,071,258	3,170,690	(3)
Operating profit after taxes on financial services	9,801,763	10,701,649	(8)	10,608,654	11,111,077	(5)
Share of profit of joint venture (net of income tax)	-	-	-	633,678	214,232	196
PROFIT BEFORE INCOME TAX	9,801,763	10,701,649	(8)	11,242,332	11,325,309	(1)
Less: Income tax expense	3,564,453	3,840,906	(7)	3,821,959	4,063,234	(6)
PROFIT FOR THE PERIOD	6,237,310	6,860,743	(9)	7,420,373	7,262,075	2
Profit attributable to:						
Equity holders of the Bank	6,237,310	6,860,743	(9)	7,208,538	7,087,586	2
Non-controlling interests	-	-	-	211,835	174,489	21
PROFIT FOR THE PERIOD	6,237,310	6,860,743	(9)	7,420,373	7,262,075	2
Earnings per share						
Basic earnings per ordinary share (Rs)	10.91	12.00	(9)	12.61	12.39	2
Diluted earnings per ordinary share (Rs)	10.91	12.00	(9)	12.61	12.39	2

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		
	2024	2023	% Increase / (Decrease)	2024	2023	% Increase / (Decrease)
	Rs 000	Rs 000		Rs 000	Rs 000	
PROFIT FOR THE PERIOD	6,237,310	6,860,743	(9)	7,420,373	7,262,075	2
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	(203,502)	1,000,583	(120)	(203,502)	1,000,583	(120)
Less: Tax expense relating to items that will not be reclassified to profit or loss	-	-	-	-	-	-
Total other comprehensive income that will not be reclassified to profit or loss	(203,502)	1,000,583	(120)	(203,502)	1,000,583	(120)
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	3,083,661	2	-	2,766,883	152,617	1,713
Transfer to / (from) life policy holder reserve fund	-	-	-	(229,932)	(91,747)	151
Share of other comprehensive income of joint venture that will be reclassified to profit or loss	-	-	-	(88,937)	(183,403)	(52)
Less: Tax expense relating to items that will be reclassified to profit or loss	(925,098)	-	-	(926,671)	(12,253)	7,463
Total other comprehensive income that will be reclassified to profit or loss	2,158,563	2	-	1,521,344	(134,786)	1,229
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	1,955,061	1,000,585	95	1,317,842	865,797	52
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	8,192,371	7,861,328	4	8,738,215	8,127,872	8
Total comprehensive income attributable to:						
Equity holders of the Bank	8,192,371	7,861,328	4	8,745,693	7,933,936	10
Non-controlling interests	-	-	-	(7,478)	193,936	(104)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	8,192,371	7,861,328	4	8,738,215	8,127,872	8

STATEMENT OF FINANCIAL POSITION

	Bank			Group		
	As at 31.03.2024	As at 31.12.2023 (Audited)	% Increase / (Decrease)	As at 31.03.2024	As at 31.12.2023 (Audited)	% Increase / (Decrease)
	Rs 000	Rs 000		Rs 000	Rs 000	
ASSETS						
Cash and cash equivalents	74,950,234	73,148,596	2	76,057,954	73,758,907	3
Placements with banks	34,493,284	55,991,134	(38)	40,680,250	61,836,382	(34)
Balances with Central Bank of Sri Lanka	11,251,929	12,234,361	(8)	11,251,929	12,234,361	(8)
Reverse repurchase agreements	-	-	-	4,613,242	1,830,461	152
Derivative financial instruments	1,405,746	452,193	211	1,405,746	452,193	211
Financial assets measured at fair value through profit or loss	345,884	115,641	199	1,178,273	801,065	47
Financial assets measured at amortised cost - loans and advances to customers	930,051,428	954,880,316	(3)	964,080,731	988,601,197	(2)
Financial assets measured at amortised cost - debt and other financial instruments	653,002,790	549,772,155	19	689,403,667	584,131,263	18
Financial assets measured at fair value through other comprehensive income	141,176,376	189,325,958	(25)	149,779,117	195,975,307	(24)
Investment in joint venture	755,000	755,000	-	5,019,531	4,474,789	12
Investment in subsidiaries	3,017,285	3,017,285	-	-	-	-
Investment properties	457,770	459,104	-	906,599	913,922	(1)
Property, plant and equipment	25,555,013	25,418,520	1	50,312,221	50,164,957	-
Right-of-use assets	4,931,070	5,081,338	(3)	2,575,655	2,473,450	4
Intangible assets and goodwill	1,476,885	1,560,099	(5)	1,905,814	2,009,896	(5)
Deferred tax assets	30,771,982	33,944,563	(9)	30,796,090	33,967,277	(9)
Other assets	27,257,778	28,096,221	(3)	34,032,422	33,414,983	2
Total assets	1,940,900,454	1,934,252,484	-	2,063,999,241	2,047,040,410	1
LIABILITIES						
Due to banks	13,676,308	9,019,582	52	13,676,308	9,019,582	52
Derivative financial instruments	4,894,214	1,365,523	258	4,894,214	1,365,523	258
Securities sold under repurchase agreements	79,183,723	61,793,694	28	79,183,723	61,793,694	28
Financial liabilities measured at amortised cost - due to depositors	1,553,074,240	1,579,780,228	(2)	1,587,789,969	1,609,153,685	(1)
Dividends payable	2,944,559	974,790	202	2,970,648	990,781	200
Financial liabilities measured at amortised cost - other borrowings	22,118,247	24,933,215	(11)	22,415,704	25,031,784	(10)
Debt securities issued	85,785	87,569	(2)	548,759	550,160	-
Current tax liabilities	24,582,122	23,953,823	3	25,404,966	24,707,679	3
Deferred tax liabilities	-	-	-	6,571,212	6,552,515	-
Insurance provision - life	-	-	-	33,375,379	30,975,260	8
Insurance provision - non life	-	-	-	4,832,146	4,694,303	3
Other provisions	8,945,046	9,079,375	(1)	9,390,393	9,697,283	(3)
Other liabilities	21,322,045	19,325,952	10	24,222,752	20,696,216	17
Subordinated term debts	19,479,414	18,961,556	3	22,772,937	22,255,164	2
Total liabilities	1,750,305,703	1,749,275,307	-	1,838,049,110	1,827,483,629	1

STATEMENT OF FINANCIAL POSITION

	BANK			Group		
	As at 31.03.2024 Rs 000	As at 31.12.2023 (Audited) Rs 000	% Increase / (Decrease)	As at 31.03.2024 Rs 000	As at 31.12.2023 (Audited) Rs 000	% Increase / (Decrease)
EQUITY						
Stated capital	42,858,227	40,955,116	5	42,858,227	40,955,116	5
Statutory reserve fund	10,410,000	10,410,000	-	10,410,000	10,410,000	-
Retained earnings	58,070,976	56,311,574	3	70,982,324	68,251,694	4
Other reserves	79,255,548	77,300,487	3	94,390,323	92,623,236	2
Total shareholders' equity	190,594,751	184,977,177	3	218,640,874	212,240,046	3
Non-controlling interests	-	-	-	7,309,257	7,316,735	-
Total equity	190,594,751	184,977,177	3	225,950,131	219,556,781	3
Total equity and liabilities	1,940,900,454	1,934,252,484	-	2,063,999,241	2,047,040,410	1
Contingent liabilities and commitments	871,401,518	883,033,112	(1)	871,401,518	883,033,112	(1)
Net assets value per ordinary share (Rs.)	333.31	323.49	3	382.36	371.17	3
Memorandum Information						
Number of Employees	5,494	5,492				
Number of Customer Centers	254	254				

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 2024 and its profit for the 3 months ended 31st March 2024.

Sgd.
Anuradhi Delage
 Chief Financial Officer
 14th May 2024

We the undersigned, being the Director and the Chairman 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 unless indicated as audited.

Sgd.
Devaka Cooray
 Director
 14th May 2024

Sgd.
Nihal Jayawardena
 Chairman
 14th May 2024

STATEMENT OF CHANGES IN EQUITY - BANK

	Stated Capital			Other Reserves			Retained Earnings	Total Equity
	Voting	Non-Voting	Statutory	Capital	Fair value	General		
	Shares	Shares	Reserve	Reserve	Reserve	Reserve		
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
For the 3 months ended 31st March 2024								
Balance as at 1st January 2024	33,553,624	7,401,492	10,410,000	13,927,316	4,273,171	59,100,000	56,311,574	184,977,177
Total comprehensive income for the period								
Net profit for the period	-	-	-	-	-	-	6,237,310	6,237,310
Other comprehensive income for the period, net of tax	-	-	-	-	1,955,061	-	-	1,955,061
Total comprehensive income for the period	-	-	-	-	1,955,061	-	6,237,310	8,192,371
Transactions with equity holders, recognised directly in equity								
Contributions by and distributions to equity holders								
Dividends to equity holders								
Final dividend 2023 - Cash	-	-	-	-	-	-	(2,238,954)	(2,238,954)
Final dividend 2023 - Scrip	1,518,616	384,495	-	-	-	-	(2,238,954)	(335,843)
Total contributions by and distributions to equity holders	1,518,616	384,495	-	-	-	-	(4,477,908)	(2,574,797)
Transfer of/(subsequent settlement of) unclaimed dividends	-	-	-	-	-	-	-	-
Transfers during the period	-	-	-	-	-	-	-	-
Balance as at 31st March 2024	35,072,240	7,785,987	10,410,000	13,927,316	6,228,232	59,100,000	58,070,976	190,594,751
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 - Cash	-	-	-	-	-	-	-	-
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

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	
For the 3 months ended 31st March 2024													
Balance as at 1st January 2024	33,553,624	7,401,492	10,410,000	28,493,417	59,100,000	4,069,473	10,983	381,156	568,207	68,251,694	212,240,046	7,316,735	219,556,781
Total comprehensive income for the period													
Net profit for the period	-	-	-	-	-	-	-	-	-	7,208,538	7,208,538	211,835	7,420,373
Other comprehensive income for the period, net of tax	-	-	-	-	-	1,537,155	-	-	-	-	1,537,155	(219,313)	1,317,842
Total comprehensive income for the period	-	-	-	-	-	1,537,155	-	-	-	7,208,538	8,745,693	(7,478)	8,738,215
Transactions with equity holders, recognised directly in equity													
Contributions by and distributions to equity holders													
Dividends to equity holders													
Final dividend 2023 - Cash	-	-	-	-	-	-	-	-	-	(2,238,954)	(2,238,954)	-	(2,238,954)
Final dividend 2023 - Scrip	1,518,616	384,495	-	-	-	-	-	-	-	(2,238,954)	(335,843)	-	(335,843)
Total contributions by and distributions to equity holders	1,518,616	384,495	-	-	-	-	-	-	-	(4,477,908)	(2,574,797)	-	(2,574,797)
Transfer to life policy holder reserve fund	-	-	-	-	-	-	229,932	-	-	-	229,932	-	229,932
Transfer of / (subsequent settlement of) unclaimed dividends	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers during the period	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31st March 2024	35,072,240	7,785,987	10,410,000	28,493,417	59,100,000	5,606,628	240,915	381,156	568,207	70,982,324	218,640,874	7,309,257	225,950,131
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	190,086,923
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	-	-	-	-	-	846,350	-	-	-	-	846,350	19,447	865,797
Total comprehensive income for the period	-	-	-	-	-	846,350	-	-	-	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 - Scrip	1,820,883	455,228	-	-	-	-	-	-	-	(2,677,777)	(401,666)	-	(401,666)
Final dividend 2022 - Cash	-	-	-	-	-	-	-	-	-	-	-	(219,000)	(219,000)
Total contributions by and distributions to equity holders	1,820,883	455,228	-	-	-	-	-	-	-	(2,677,777)	(401,666)	(219,000)	(620,666)
Transfer from life policy holder reserve fund	-	-	-	-	-	-	91,747	-	-	-	91,747	-	91,747
Transfer of / (subsequent settlement of) unclaimed dividends	-	-	-	-	-	-	-	-	-	13,107	13,107	-	13,107
Transfers during the period	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31st March 2023	33,553,624	7,401,492	9,310,000	28,493,417	58,100,000	(336,280)	(1,255,984)	381,156	611,253	54,670,276	190,928,954	6,770,032	197,698,986

STATEMENT OF CASH FLOWS

For the 3 months ended 31st March	Bank		Group	
	2024 Rs 000	2023 Rs 000	2024 Rs 000	2023 Rs 000
Cash flows from operating activities				
Interest receipts	59,781,604	79,674,464	63,840,993	84,918,085
Interest payments	(60,837,550)	(45,493,449)	(61,667,810)	(46,918,561)
Net commission receipts	4,055,705	4,265,282	4,293,377	4,643,962
Payments to employees	(5,595,091)	(4,478,665)	(6,731,579)	(5,632,307)
Taxes on financial services	(2,258,783)	(1,314,086)	(2,462,600)	(1,384,099)
Receipts from other operating activities (Net of exchange losses)	(7,047,330)	(6,401,740)	(2,120,157)	(2,493,997)
Payments for other operating activities	(4,504,678)	(3,651,168)	(8,051,705)	(5,885,125)
Operating profit before change in operating assets and liabilities	(16,406,123)	22,600,638	(12,899,481)	27,247,958
(Increase)/decrease in operating assets				
Balances with Central Bank of Sri Lanka	983,468	14,122,319	983,468	14,122,319
Financial assets measured at amortised cost - loans and advances to customers	13,910,670	26,792,878	13,478,058	27,502,634
Reverse repurchase agreements	-	-	(2,782,781)	(567,974)
Other assets	(304,210)	2,625,628	(2,177,074)	2,056,545
	14,589,928	43,540,825	9,501,671	43,113,524
Increase/(decrease) in operating liabilities				
Financial liabilities measured at amortised cost - due to depositors	20,213,530	52,738,638	25,469,233	53,650,157
Financial liabilities measured at amortised cost - other borrowings	1,315,887	(1,691,989)	1,514,775	(2,504,767)
Securities sold under repurchase agreements	17,394,605	13,361,675	17,394,605	13,361,675
Other liabilities	1,080,946	(3,453,934)	2,117,099	(2,424,402)
	40,004,966	60,954,390	46,495,712	62,082,663
Net cash generated from operating activities before income tax	38,188,773	127,095,853	43,097,904	132,444,145
Income tax paid	(687,171)	(484,616)	(861,459)	(599,644)
Net cash generated from operating activities	37,501,602	126,611,237	42,236,445	131,844,501
Cash flows from investing activities				
Purchase of property, plant and equipment	(526,307)	(756,992)	(531,691)	(842,161)
Proceeds from the sale of property, plant and equipment	435	829	1,310	2,364
Net proceeds from sale, maturity and purchase of financial investments	(56,612,362)	(134,428,891)	(60,480,554)	(137,580,102)
Net purchase of intangible assets	(59,580)	(135,762)	(82,595)	(156,947)
Net cash used in investing activities	(57,197,814)	(135,320,816)	(61,093,530)	(138,576,846)
Cash flows from financing activities				
Dividend paid to shareholders of the parent company	-	(7,361)	-	(7,361)
Net cash used in financing activities	-	(7,361)	-	(7,361)
Net increase / (decrease) in cash and cash equivalents	(19,696,212)	(8,716,940)	(18,857,085)	(6,739,706)
Cash and cash equivalents at the beginning of the period	129,139,730	134,609,909	135,595,289	138,801,744
Cash and cash equivalents at the end of the period	109,443,518	125,892,969	116,738,204	132,062,038
Cash and cash equivalents at the end of the period				
Cash and cash equivalents	74,950,234	95,298,687	76,057,954	93,790,262
Placements with banks	34,493,284	30,594,282	40,680,250	38,271,776
	109,443,518	125,892,969	116,738,204	132,062,038

ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS - BANK

As at 31st March 2024	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	-	74,950,234	-	74,950,234
Placements with banks	-	34,493,284	-	34,493,284
Balances with Central Bank of Sri Lanka	-	11,251,929	-	11,251,929
Reverse repurchase agreements	-	-	-	-
Derivative financial instruments	1,405,746	-	-	1,405,746
Financial assets measured at fair value through profit or loss	345,884	-	-	345,884
Financial assets measured at amortised cost				
- loans and advances to customer	-	930,051,428	-	930,051,428
Financial assets measured at amortised cost - debt and other financial instruments	-	653,002,790	-	653,002,790
Financial assets measured at fair value through other comprehensive income	-	-	141,176,376	141,176,376
Other financial assets	-	10,751,117	-	10,751,117
Total financial assets	1,751,630	1,714,500,782	141,176,376	1,857,428,788
Liabilities				
Due to banks	-	13,676,308	-	13,676,308
Derivative financial instruments	4,894,214	-	-	4,894,214
Securities sold under repurchase agreements	-	79,183,723	-	79,183,723
Financial liabilities measured at amortised cost - due to depositors	-	1,553,074,240	-	1,553,074,240
Dividends payable	-	2,944,559	-	2,944,559
Financial liabilities measured at amortised cost - other borrowings	-	22,118,247	-	22,118,247
Debt securities issued	-	85,785	-	85,785
Other financial liabilities	-	28,651	-	28,651
Subordinated term debts	-	19,479,414	-	19,479,414
Total financial liabilities	4,894,214	1,690,590,927	-	1,695,485,141
As at 31st December 2023 (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	-	73,148,596	-	73,148,596
Placements with banks	-	55,991,134	-	55,991,134
Balances with Central Bank of Sri Lanka	-	12,234,361	-	12,234,361
Derivative financial instruments	452,193	-	-	452,193
Financial assets measured at fair value through profit or loss	115,641	-	-	115,641
Financial assets measured at amortised cost -- loans and advances to customer	-	954,880,316	-	954,880,316
Financial assets measured at amortised cost - debt and other financial instruments	-	549,772,155	-	549,772,155
Financial assets measured at fair value through other comprehensive income	-	-	189,325,958	189,325,958
Other financial assets	-	11,029,182	-	11,029,182
Total financial assets	567,834	1,657,055,744	189,325,958	1,846,949,536
Liabilities				
Due to banks	-	9,019,582	-	9,019,582
Derivative financial instruments	1,365,523	-	-	1,365,523
Securities sold under repurchase agreements	-	61,793,694	-	61,793,694
Financial liabilities measured at amortised cost - due to depositors	-	1,579,780,228	-	1,579,780,228
Dividends payable	-	974,790	-	974,790
Financial liabilities measured at amortised cost - other borrowings	-	24,933,215	-	24,933,215
Debt securities issued	-	87,569	-	87,569
Other financial liabilities	-	7,224	-	7,224
Subordinated term debts	-	18,961,556	-	18,961,556
Total financial liabilities	1,365,523	1,695,557,858	-	1,696,923,381

ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS - GROUP

As at 31st March 2024	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	-	76,057,954	-	76,057,954
Placements with banks	-	40,680,250	-	40,680,250
Balances with Central Bank of Sri Lanka	-	11,251,929	-	11,251,929
Reverse repurchase agreements	-	4,613,242	-	4,613,242
Derivative financial instruments	1,405,746	-	-	1,405,746
Financial assets measured at fair value through profit or loss	1,178,273	-	-	1,178,273
Financial assets measured at amortised cost	-	-	-	-
- loans and advances to customers	-	964,080,731	-	964,080,731
Financial assets measured at amortised cost - debt and other financial instruments	-	689,403,667	-	689,403,667
Financial assets measured at fair value through other comprehensive income	-	-	149,779,117	149,779,117
Other financial assets	-	15,366,884	-	15,366,884
Total financial assets	2,584,019	1,801,454,657	149,779,117	1,953,817,793
Liabilities				
Due to banks	-	15,213,162	-	15,213,162
Derivative financial instruments	4,894,214	-	-	4,894,214
Securities sold under repurchase agreements	-	79,183,723	-	79,183,723
Financial liabilities measured at amortised cost - due to depositors	-	1,587,789,969	-	1,587,789,969
Dividends payable	-	2,970,648	-	2,970,648
Financial liabilities measured at amortised cost - other borrowings	-	20,878,850	-	20,878,850
Debt securities issued	-	548,759	-	548,759
Other financial liabilities	-	4,011,061	-	4,011,061
Subordinated term debts	-	22,772,937	-	22,772,937
Total financial liabilities	4,894,214	1,733,369,109	-	1,738,263,323
As at 31st December 2023 (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	-	73,758,907	-	73,758,907
Placements with banks	-	61,836,382	-	61,836,382
Balances with Central Bank of Sri Lanka	-	12,234,361	-	12,234,361
Reverse repurchase agreements	-	1,830,461	-	1,830,461
Derivative financial instruments	452,193	-	-	452,193
Financial assets measured at fair value through profit or loss	801,065	-	-	801,065
Financial assets measured at amortised cost - loans and advances to customers	-	988,601,197	-	988,601,197
Financial assets measured at amortised cost - debt and other financial instruments	-	584,131,263	-	584,131,263
Financial assets measured at fair value through other comprehensive income	-	-	195,975,307	195,975,307
Other financial assets	-	14,269,396	-	14,269,396
Total financial assets	1,253,258	1,736,661,967	195,975,307	1,933,890,532
Liabilities				
Due to banks	-	9,019,582	-	9,019,582
Derivative financial instruments	1,365,523	-	-	1,365,523
Securities sold under repurchase agreements	-	61,793,694	-	61,793,694
Financial liabilities measured at amortised cost - due to depositors	-	1,609,153,685	-	1,609,153,685
Dividends payable	-	990,781	-	990,781
Financial liabilities measured at amortised cost - other borrowings	-	25,031,784	-	25,031,784
Debt securities issued	-	550,160	-	550,160
Other financial liabilities	-	2,869,423	-	2,869,423
Subordinated term debts	-	22,255,164	-	22,255,164
Total financial liabilities	1,365,523	1,731,664,273	-	1,733,029,796

SEGMENT REPORTING

For the 3 months ended 31st March	Corporate		Retail		SME		Micro		Treasury		Real Estate		Insurance		NBFI*		Eliminations / Unallocated		Consolidated	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	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	4,541,460	4,081,247	9,762,453	12,693,443	3,745,298	3,473,472	451,274	121,269	5,572,281	11,435,795	77,815	72,755	1,861,366	1,754,158	1,255,411	1,277,803	(1,933,061)	(89,514)	25,334,297	34,820,428
Foreign exchange income	1,483,116	2,149,075	374,932	149,722	178,180	369,805	2,082	812	(1,911,084)	(841,582)	-	-	-	-	-	-	(2,812,329)	(4,110,193)	(2,685,103)	(2,282,361)
Net fee and commission income	1,109,946	1,386,806	2,066,953	1,797,684	869,694	1,135,528	66,678	53,474	2,977	8,263	-	-	132,875	118,885	112,488	188,019	(19,909)	(143,273)	4,341,702	4,545,386
Other operating income	-	-	-	-	-	-	-	-	178,022	93,348	266,497	273,921	4,599,889	3,959,527	563,574	196,804	6,520	(406,567)	5,614,502	4,117,033
Total operating income	7,134,522	7,617,128	12,204,338	14,640,849	4,793,172	4,978,805	520,034	175,555	3,344,671	10,695,824	344,312	346,676	6,594,130	5,832,570	1,931,473	1,662,626	(4,758,779)	(4,749,547)	32,605,398	41,200,486
Impairment charge for loans and other losses	(2,567,796)	2,860,974	1,144,538	762,419	1,559,126	3,109,248	97,189	(28,937)	1,138,509	4,676,154	-	-	-	(37,472)	263,222	368,521	-	-	1,634,788	11,710,907
Net operating income	8,128,532	4,756,154	11,691,962	13,878,430	4,119,908	1,869,557	478,607	204,492	2,206,162	6,019,670	344,312	346,676	6,594,130	5,870,042	1,668,251	1,294,105	(4,758,779)	(4,749,547)	30,970,610	29,489,579
Profit from operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,608,654	11,111,077
Share of profit of joint venture	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	633,678	214,232
Income tax expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,821,959)	(4,063,234)
Non - controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(211,835)	(174,489)
Net Profit for the period attributable to equity holders of the parent	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,208,538	7,087,586
As at 31st March	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	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	490,906,032	427,303,853	269,848,577	264,187,057	163,394,757	189,852,380	26,559,293	22,460,362	815,258,297	634,066,492	11,760,849	11,154,881	55,465,254	45,348,028	52,874,568	54,755,221	172,912,083	205,962,288	2,058,979,710	1,855,090,562
Investment in joint venture	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,019,531	3,681,183	5,019,531	3,681,183
Total assets	490,906,032	427,303,853	269,848,577	264,187,057	163,394,757	189,852,380	26,559,293	22,460,362	815,258,297	634,066,492	11,760,849	11,154,881	55,465,254	45,348,028	52,874,568	54,755,221	177,931,614	209,643,471	2,063,999,241	1,858,771,745
Segment liabilities	253,031,831	259,596,139	952,177,561	848,562,860	275,594,215	257,986,471	28,510,443	18,439,730	104,161,183	43,934,031	11,760,849	11,154,881	55,465,254	45,348,028	52,874,568	54,755,221	330,423,336	318,994,384	2,063,999,241	1,858,771,745
Total liabilities	253,031,831	259,596,139	952,177,561	848,562,860	275,594,215	257,986,471	28,510,443	18,439,730	104,161,183	43,934,031	11,760,849	11,154,881	55,465,254	45,348,028	52,874,568	54,755,221	330,423,336	318,994,384	2,063,999,241	1,858,771,745
For the 3 months ended 31st March	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	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	15,392,428	114,017,807	15,789,919	47,337,945	760,971	19,467,839	1,721,579	4,326,773	15,582,637	44,123,423	134,900	(563,821)	675,860	651,146	(6,988,275)	5,156,176	(833,574)	(102,672,787)	42,236,445	131,844,501
Cash flows from investing activities	-	-	-	-	-	-	-	-	(56,612,362)	(137,580,102)	35,156	948,072	(291,255)	(753,435)	(3,476,255)	744,770	(748,814)	(1,936,151)	(61,093,530)	(138,576,846)
Cash flows from financing activities	-	-	-	-	-	-	-	-	-	-	(6,694)	-	(60,545)	(29,673)	(1,795,825)	350,504	1,863,064	(328,192)	-	(7,361)
Net cash flow generated / (used in) during the period	15,392,428	114,017,807	15,789,919	47,337,945	760,971	19,467,839	1,721,579	4,326,773	(41,029,725)	(93,456,679)	163,362	384,251	324,060	(131,962)	(12,260,355)	6,251,450	280,676	(104,937,130)	(18,857,085)	(6,739,706)
Capital expenditure																				
- Property, plant and equipment	-	-	-	-	-	-	-	-	-	-	-	-	5,384	85,169	-	-	526,307	756,992	531,691	842,161
- Intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	23,015	3,512	-	17,673	59,580	135,762	82,595	156,947
Total Capital Expenditure	-	-	-	-	-	-	-	-	-	-	-	-	28,399	88,681	-	17,673	585,887	892,754	614,286	999,108

* Business of HNB Finance PLC.

EXPLANATORY NOTES

1. There are no changes in accounting policies and methods of computation since the publication of annual accounts for the year 2023.
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 2024. Further management overlays were also recognised in respect of exposures to specific industries where an elevated level of risk have been identified. The Bank has made adequate provisions for expected credit losses in the financial statements as at 31st March 2024 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 2024 would have amounted to Rs 14.4 Bn and would have resulted in the recognition of a fair value loss of Rs 644 Mn (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**

The 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. **Dividend**

The Shareholders of the Bank at the Annual General Meeting held on 28th March 2024 approved a final Dividend of Rs 8/- per share which consist of a Cash dividend of Rs 4/- per share and scrip dividend of Rs 4/- per share on both voting and non-voting shares of the Bank, for the financial year 2023. The Bank has made a provision of Rs 4,478 Mn for the approved final dividend in its Financial Statements as at 31st March 2024. The dividend distribution took place in April 2024.

The Basic/Diluted Earnings per Share (EPS) and the Net Assets Value per Share of the Bank and the Group for the comparative period have been adjusted to reflect the increased number of shares after the Scrip Dividend.
10. **Appointment/Resignation of Directors**
 - a) Mr Sivakrishnarajah Renganathan was appointed as a Non-Executive / Independent Director of the Bank w.e.f 2nd April 2024.
 - b) Mr Meemanage Nanda Rajarathna Fernando was appointed as a Non-Executive / Independent Director of the Bank w.e.f 2nd April 2024.
 - c) Mr. Suresh Kumar Shah was appointed as a Non-Executive / Independent Director of the Bank w.e.f 10th May 2024.
 - d) Mr Dilshan Rodrigo resigned from the post of Executive Director / Chief Operating Officer of the Bank w.e.f 12th January 2024.
11. Mrs. Aruni Goonetilleke resigned from the Board of Directors and as Chairperson of the Bank with effect from 9th June 2023, which was duly announced. However, the Central Bank of Sri Lanka (CBSL), subsequently brought to the notice of the Bank that Mrs Aruni Goonetilleke, is deemed to have vacated the office of director by operation of law with effect from the 30th September 2022 in terms of section 47 (8) of the Banking Act, No.30 of 1988 as a result of the non-compliance with section 47 (6) and (7) thereof. This disclosure is made in terms of Direction 3 (7) (v) (c) of the Banking Act Direction, No. 11 of 2007 on Corporate Governance for Licensed Commercial Banks in Sri Lanka.
12. Mr. Jonathan Alles, Managing Director/Chief Executive Officer of Hatton National Bank PLC who will be retiring from the service of the Bank with effect from 23rd August 2024 is availing his prior to retirement leave w.e.f. 06th April 2024. The Board of Directors at its meeting held on 04th March 2024 approved the appointment of Mr. Damith Pallewatte as the Acting Chief Executive Officer w.e.f. 06th April 2024 for the interim period subject to approval of his fit and propriety from Central Bank of Sri Lanka which approval has been granted by the Central Bank of Sri Lanka vide their letter dated 8th April 2024.
13. 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 31.03.2024	As at 31.12.2023	As at 31.03.2024	As at 31.12.2023
	BANK		GROUP	
BASEL III				
Regulatory Capital				
Common Equity Tier 1. Rs. Mn	127,799	126,927	150,465	148,882
Tier 1 Capital. Rs. Mn	127,799	126,927	150,465	148,882
Total Capital. Rs. Mn	159,456	159,255	182,867	181,877
Regulatory Capital Ratios				
Common Equity Tier 1 Capital Ratio (Minimum Requirement - 2024 - 8.00%:2023 - 8.00%)	14.48%	13.66%	15.48%	14.70%
Tier 1 Capital Ratio (Minimum Requirement - 2024 - 9.50%:2023 - 9.50%)	14.48%	13.66%	15.48%	14.70%
Total Capital Ratio (Minimum Requirement 2024 - 13.50%: 2023 - 13.50%)	18.06%	17.13%	18.81%	17.95%
Leverage Ratio (Minimum Requirement- 3.00%)	5.65%	5.61%	6.31%	6.27%
Assets Quality (Quality of Loan Portfolio)				
Impaired Loans (Stage 3) Ratio, %	4.02%	3.76%		
Impairment (Stage 3) to Stage 3 loans Ratio, %	55.50%	57.49%		
Profitability (Annualised)				
Interest Margin, %	4.54%	5.66%		
Return on Assets (before Tax), %	2.02%	1.77%		
Return on Equity, %	13.29%	11.59%		
Regulatory Liquidity				
Statutory Liquid Assets, Rs. Mn				
Domestic Banking unit	789,584	742,281		
Off-Shore Banking Unit	41,770	59,674		
Consolidated (Bank)	816,981	784,704		
Statutory Liquid Assets Ratio (Minimum requirement 20%)				
Domestic Banking unit	48.65%	46.53%		
Off-Shore Banking Unit	26.77%	34.06%		
Consolidated (Bank)	49.34%	48.17%		
Total Stock of High-Quality Liquid Assets, Rs. Mn				
Liquidity Coverage Ratio (%) - Rupee	405.55%	387.17%		
(Minimum Requirement - 2024 - 100%, 2023 - 100%)				
Liquidity Coverage Ratio (%) - All Currency	421.55%	445.92%		
(Minimum Requirement - 2024 - 100%, 2023 - 100%)				
Net Stable Funding Ratio (Minimum Requirement - 2024 - 100%, 2023 - 100%)	155.60%	150.19%		

LISTED DEBENTURE INFORMATION

Quarter ended 31st March	Market Value				Last Traded		Interest Yield as at Last Trade Done (%)		
	2024		2023		2024	2023	Quarter ended 31st March	2024	2023
	Highest	Lowest	Highest	Lowest	Rs.	Rs.			
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.			
HNB DEBENTURES 2006							HNB DEBENTURES 2006		
18 year Fixed Rate (11.25% p.a.)	N/T	N/T	N/T	N/T	N/T	N/T	18 year Fixed Rate (11.25% p.a.)	N/T	N/T
HNB DEBENTURES 2013							HNB DEBENTURES 2013		
10 year Fixed Rate (8.00% p.a.)	N/A	N/A	N/T	N/A	N/T	N/T	10 year Fixed Rate (8.00% p.a.)	N/A	N/T
HNB DEBENTURES 2014							HNB DEBENTURES 2014		
10 year Fixed Rate (8.33% p.a.)	N/T	N/T	N/T	N/T	N/T	N/T	10 year Fixed Rate (8.33% p.a.)	N/T	N/T
HNB DEBENTURES 2016							HNB DEBENTURES 2016		
10 year Fixed Rate (8.33% p.a.)	N/T	N/T	N/T	N/T	N/T	N/T	7 year Fixed Rate (13.00% p.a.)	N/A	N/T
HNB DEBENTURES 2019							HNB DEBENTURES 2019		
7 year Fixed Rate (13.00% p.a.)	N/A	N/A	N/T	N/A	N/T	N/T	5 year Fixed Rate (12.30% p.a.)	N/T	N/T
HNB DEBENTURES 2021							7 year Fixed Rate (12.80% p.a.)	N/T	N/T
5 year Fixed Rate (12.30% p.a.)	N/T	N/T	N/T	N/T	N/T	N/T	HNB DEBENTURES 2021		
7 year Fixed Rate (12.80% p.a.)	N/T	N/T	N/T	N/T	N/T	N/T	10 year Fixed Rate (9.50% p.a.)	N/T	N/T
HNB DEBENTURES 2021							N/T – Not Traded as at 31st March, N/A – Not Applicable as at 31st March		
10 year Fixed Rate (9.50% p.a.)	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		
	31.03.2024	31.12.2023
Debt Equity Ratio (%)	18.45	19.55
	31.03.2024	31.03.2023
Interest Cover (Times)	12.16	10.14
	31.03.2024	31.03.2023
Yield of Comparable Govt. Security for the following HNB Debentures (% p.a.)		
2006 series 18 year maturity	N/A	27.38
2013 series 10 year maturity	N/A	25.74
2014 series 10 year maturity	10.23	27.41
2016 series 7 year maturity	N/A	26.34
2019 series 5 year maturity	10.13	27.62
2019 series 7 year maturity	11.02	27.25
2021 series 10 year maturity	12.52	25.86

Quarter ended 31st March	Yield to Maturity of Last Trade Done (% p.a)	
	2024	2023
HNB DEBENTURES 2006	%	%
18 year Fixed Rate (11.25% p.a.)	N/T	N/T
HNB DEBENTURES 2013		
10 year Fixed Rate (8.00% p.a.)	N/A	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/A	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-24	31-Dec-23
Number of Shares		
Voting	446,651,811	446,651,811
Non-voting	113,086,576	113,086,576
Last Traded Price per share		
Voting	180.00	169.25
Non-voting	150.25	140.00

For the Quarter Ended	31-Mar-24	31-Mar-23
Highest price per share		
Voting	182.00	138.00
Non-voting	152.00	114.00
Lowest price per share		
Voting	151.00	75.20
Non-voting	128.75	66.50

PUBLIC SHAREHOLDING PERCENTAGE

	31-Mar-24	
	Number	%
Number of shareholders representing the public holding (Voting)	7,910	69% approx.
Number of shareholders representing the public holding (Non Voting)	10,983	99% approx.
Compliant under Option 1 - Float Adjusted Market Capitalization	Rs 55.47 Bn	

DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S SHAREHOLDING

	Number of shares	
	31-Mar-24	31-Dec-23
1. Mr. N. Jayawardena	-	-
2. Mr. A.J. Alles (Chief Executive Officer)	140,353	140,353
3. Mr. W.M.M.D. Ratnayake	-	-
4. Mr. M.P.D. Cooray	9,265	9,265
5. Mr. D.P.N. Rodrigo (Chief Operating Officer) *	N/A	27,275
6. Mr. O. H. S. Chandrawansa	-	-
7. Mr. P.R. Saldin	3,422	3,422
8. Mr. K. Gunawardena	-	-
9. Mr. R. Gunawardena	25,653	25,653
10. Dr. T.K.D.A.P. Samarasinghe	-	-

* Resigned w.e.f. 12th January 2024

**20 MAJOR SHAREHOLDERS (VOTING) OF HNB PLC
AS AT 31ST MARCH 2024**

	Name	No. of shares	% on total voting capital
1.	BROWNS INVESTMENTS PLC (CONSISTING OF SAMPATH BANK PLC/ BROWNS INVESTMENTS PLC & BROWNS INVESTMENTS PLC ACCOUNTS)	44,599,422	9.99
2.	EMPLOYEE'S PROVIDENT FUND	43,535,266	9.75
3.	SRI LANKA INSURANCE CORPORATION LTD-LIFE FUND	36,926,034	8.27
4.	MILFORD EXPORTS (CEYLON) (PVT) LIMITED	35,319,119	* 7.91
5.	STASSEN EXPORTS (PVT) LIMITED	30,613,438	* 6.85
6.	SONETTO HOLDINGS LIMITED	21,952,479	4.91
7.	SRI LANKA INSURANCE CORPORATION LTD-GENERAL FUND	18,970,648	4.25
8.	CITIBANK NEWYORK S/A NORGES BANK ACCOUNT 2	17,389,562	3.89
9.	DISTILLERIES COMPANY OF SRI LANKA PLC	13,696,840	* 3.07
10.	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)	13,626,897	3.05
11.	NATIONAL SAVINGS BANK	12,815,744	2.87
12.	MR. S.E. CAPTAIN	11,570,481	2.59
13.	MR. D.N.N. LOKUGE	9,288,560	2.08
14.	STANDARD CHARTERED BANK SINGAPORE S/A HL BANK SINGAPORE BRANCH	8,383,256	1.88
15.	FINCO HOLDINGS (PRIVATE) LIMITED	7,121,362	1.59
16.	MS. L.A. CAPTAIN	5,473,083	1.23
17.	SIMONAS TRUST SERVICE PVT LTD	4,545,906	1.02
18.	MR. Y.S.H.R.S. SILVA	3,860,684	0.86
19.	GALLE FACE CAPITAL PARTNERS PLC	3,520,359	0.79
20.	INVENCO CAPITAL PRIVATE LIMITED	3,223,758	0.72

* 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 2024**

	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)	51,871,980	45.87
2.	ACUITY PARTNERS (PVT) LIMITED/MR. ELAYATHAMBY THAVAGNANASOORIYAM / MR. ELAYATHAMBY THAVAGNANASUNDARAM	5,666,420	5.01
3.	AKBAR BROTHERS PVT LTD A/C NO 1	4,975,179	4.40
4.	EMPLOYEES TRUST FUND BOARD	1,466,366	1.30
5.	MR. J.D. BANDARANAYAKE	1,022,795	0.90
6.	MR. S.E. CAPTAIN	1,003,137	0.89
7.	PEOPLE'S LEASING & FINANCE PLC/MR. I.D.R. PERERA	850,000	0.75
8.	HATTON NATIONAL BANK PLC A/C NO 2	813,789	0.72
9.	SABOOR CHATOOR (PVT) LTD	800,000	0.71
10.	MR. E. CHATOOR	733,097	0.65
11.	INVENCO CAPITAL PRIVATE LIMITED	705,519	0.62
12.	NATIONAL SAVINGS BANK	624,232	0.55
13.	E.W. BALASURIYA & CO. (PVT) LTD ACC NO 1	564,887	0.50
14.	DON AND DON HOLDINGS PRIVATE LIMITED	497,701	0.44
15.	MR. M.J. FERNANDO (DECEASED)	462,965	0.41
16.	DR. R.D. BANDARANAIKE	437,668	0.39
17.	MR. Y.H. ABDULHUSSEIN	435,000	0.38
18.	LANKA SYNTHETIC FIBRE CO LTD	411,963	0.36
19.	MISS R.H. ABDULHUSSEIN	408,095	0.36
20.	MR. M.V. THEAGARAJAH	376,810	0.33

ANALYSIS OF LOANS & ADVANCES AND IMPAIRMENT

As at	BANK		GROUP	
	31.03.2024	31.12.2023	31.03.2024	31.12.2023
	Rs.000	Rs.000	Rs.000	Rs.000
1) Gross loans and advances to customers	1,015,485,599	1,041,990,203	1,055,253,209	1,081,186,166
Less : Accumulated impairment under stage 1	10,878,383	10,653,265	12,898,221	12,960,050
Accumulated impairment under stage 2	9,861,000	10,333,747	10,232,455	10,659,837
Accumulated impairment under stage 3	64,694,788	66,122,875	68,041,802	68,965,082
Net loans and advances to customers	930,051,428	954,880,316	964,080,731	988,601,197
Product-wise Gross loans and advances to customers				
By product-Domestic Currency				
Overdrafts	121,210,849	119,040,237	121,210,849	118,568,179
Bills of exchange	201,918	285,863	201,918	285,863
Commercial papers	199,940	185,812	199,940	185,812
Short term loans	156,425,114	170,602,125	156,425,114	170,602,125
Credit Cards	16,831,307	17,009,417	16,831,307	17,009,417
Trust receipts	27,587,656	24,082,806	27,587,656	24,082,806
Packing credit loans	7,349,179	8,585,425	7,349,179	8,585,425
Staff loans	18,147,850	16,050,668	18,573,464	16,523,156
Term loans	322,282,608	337,028,180	341,713,802	357,455,546
Lease rentals receivable	73,735,174	70,025,243	88,244,571	83,902,281
Housing loans	50,689,117	49,795,600	50,689,117	49,795,600
Pawning advances	74,943,574	73,339,142	80,344,979	78,230,271
Securitised notes	-	-	-	-
Sub total	869,604,286	886,030,518	909,371,896	925,226,481
By product-Foreign Currency				
Overdrafts	2,462,943	5,393,812	2,462,943	5,393,812
Bills of exchange	716,729	1,049,918	716,729	1,049,918
Short term loans	35,804,976	30,826,893	35,804,976	30,826,893
Trust receipts	3,210,319	4,317,835	3,210,319	4,317,835
Packing credit loans	25,027,938	24,427,884	25,027,938	24,427,884
Term loans	76,548,861	87,484,477	76,548,861	87,484,477
Lease rentals receivable	279,415	330,260	279,415	330,260
Housing loans	1,830,132	2,128,606	1,830,132	2,128,606
Sub total	145,881,313	155,959,685	145,881,313	155,959,685
Total	1,015,485,599	1,041,990,203	1,055,253,209	1,081,186,166
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 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
Opening balance as at 1st January 2024	10,653,265	10,333,747	66,122,875	87,109,887
Net impairment charge for the period	311,067	(286,334)	(337,636)	(312,903)
Write-offs during the period	-	-	-	-
Effect of exchange rate fluctuations	(85,949)	(186,413)	(1,090,451)	(1,362,813)
Closing balance as at 31st March 2024	10,878,383	9,861,000	64,694,788	85,434,171
		GROUP		
	Stage 1	Stage 2	Stage 3	Total
	Rs.000	Rs.000	Rs.000	Rs.000
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)	(2,020,412)
Closing balance as at 31st March 2023	14,799,669	18,404,241	62,598,553	95,802,463
Opening balance as at 1st January 2024	12,960,050	10,659,837	68,965,082	92,584,969
Net impairment charge for the period	24,120	(240,969)	167,171	(49,678)
Write-offs during the period	-	-	-	-
Effect of exchange rate fluctuations	(85,949)	(186,413)	(1,090,451)	(1,362,813)
Closing balance as at 31st March 2024	12,898,221	10,232,455	68,041,802	91,172,478

ANALYSIS OF COMMITMENTS, CONTINGENCIES AND IMPAIRMENT

As at	BANK		GROUP	
	31.03.2024	31.12.2023	31.03.2024	31.12.2023
	Rs.000	Rs.000	Rs.000	Rs.000
2) Gross commitments and contingencies	871,401,518	883,033,112	871,401,518	883,033,112
Less : Accumulated impairment under stage 1	3,323,527	3,026,254	3,323,527	3,026,254
Accumulated impairment under stage 2	385,367	347,953	385,367	347,953
Accumulated impairment under stage 3	1,326,302	1,265,662	1,326,302	1,265,662
	866,366,322	878,393,243	866,366,322	878,393,243
Product-wise commitments and contingencies				
By Product - Domestic Currency				
Documentary credit	569,150	580,268	569,150	580,268
Guarantees	55,302,772	57,810,230	55,302,772	57,810,230
Acceptances	17,595	7,002	17,595	7,002
Bills for collection	420,953	437,148	420,953	437,148
Forward exchange contracts				
Forward exchange sales	-	-	-	-
Forward exchange purchases	-	-	-	-
Cheques sent on clearing	6,144,668	5,693,029	6,144,668	5,693,029
Undrawn credit lines	353,576,603	397,126,442	353,576,603	397,126,442
Sub total	416,031,741	461,654,119	416,031,741	461,654,119
By Product - Foreign Currency				
Documentary credit	24,548,597	26,384,606	24,548,597	26,384,606
Guarantees	24,565,699	57,117,506	24,565,699	57,117,506
Acceptances	15,377,920	11,263,526	15,377,920	11,263,526
Bills for collection	22,749,348	26,748,753	22,749,348	26,748,753
Forward exchange contracts				
Forward exchange sales	41,171,558	31,440,180	41,171,558	31,440,180
Forward exchange purchases	113,788,770	122,106,261	113,788,770	122,106,261
Cheques sent on clearing	43,195	19,103	43,195	19,103
Undrawn credit lines	213,124,690	146,299,058	213,124,690	146,299,058
Sub total	455,369,777	421,378,993	455,369,777	421,378,993
Total	871,401,518	883,033,112	871,401,518	883,033,112
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 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
Opening balance as at 1st January 2024	3,026,254	347,953	1,265,662	4,639,869
Net impairment charge for the period	297,273	37,414	60,640	395,327
Closing balance as at 31st March 2024	3,323,527	385,367	1,326,302	5,035,196

ANALYSIS OF DEPOSITS

As at	BANK		GROUP	
	31.03.2024 Rs.000	31.12.2023 Rs.000	31.03.2024 Rs.000	31.12.2023 Rs.000
3) Due to Customers - By product				
By product-Domestic Currency				
Current account deposits	80,516,228	80,159,961	79,568,824	77,321,011
Savings deposits	328,851,704	306,935,107	330,975,123	309,557,436
Time deposits	823,177,242	829,767,550	857,215,411	859,941,918
Certificates of deposit	271,295	270,265	271,295	270,265
Margin deposits	1,639,030	1,400,071	1,639,030	1,400,071
Sub total	1,234,455,499	1,218,532,954	1,269,669,683	1,248,490,701
By product- Foreign Currency				
Current account deposits	5,896,520	10,951,886	5,896,520	10,951,886
Savings deposits	66,445,898	74,540,101	66,435,668	74,481,751
Time deposits	246,168,879	275,561,340	245,680,654	275,035,400
Margin deposits	107,444	193,947	107,444	193,947
Sub total	318,618,741	361,247,274	318,120,286	360,662,984
Total	1,553,074,240	1,579,780,228	1,587,789,969	1,609,153,685

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 2023. 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 2024.

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

As at 31st March 2024	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	-	1,405,746	-	1,405,746	-	1,405,746	-	1,405,746
Financial assets measured at fair value through profit or loss	345,884	-	-	345,884	664,493	513,780	-	1,178,273
Financial assets measured at fair value through other comprehensive income	140,372,850	770,491	33,035	141,176,376	148,970,111	770,491	38,515	149,779,117
Total financial assets measured at fair value	140,718,734	2,176,237	33,035	142,928,006	149,634,604	2,690,017	38,515	152,363,136
Financial liabilities measured at fair value								
Derivative financial instruments	-	4,894,214	-	4,894,214	-	4,894,214	-	4,894,214
Total financial assets measured at fair value	-	4,894,214	-	4,894,214	-	4,894,214	-	4,894,214

As at 31st December 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	-	452,193	-	452,193	-	452,193	-	452,193
Financial assets measured at fair value through profit or loss	115,641	-	-	115,641	333,439	467,626	-	801,065
Financial assets measured at fair value through other comprehensive income	188,598,823	694,100	33,035	189,325,958	195,242,692	694,100	38,515	195,975,307
Total financial assets measured at fair value	188,714,464	1,146,293	33,035	189,893,792	195,576,131	1,613,919	38,515	197,228,565
Financial liabilities measured at fair value								
Derivative financial instruments	-	1,365,523	-	1,365,523	-	1,365,523	-	1,365,523
Total financial assets measured at fair value	-	1,365,523	-	1,365,523	-	1,365,523	-	1,365,523

FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES CARRIED AT AMORTISED COST

As at 31st March 2024	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	930,051,428	-	933,145,707	-	933,145,707	964,080,731	-	961,115,559	-	961,115,559
Debt and other financial instruments	653,002,790	628,832,602	10,322,996	-	639,155,598	689,403,667	638,552,232	9,973,321	-	648,525,553
Total financial assets measured at amortised cost	1,583,054,218	628,832,602	943,468,703	-	1,572,301,305	1,653,484,398	638,552,232	971,088,880	-	1,609,641,112
Financial Liabilities										
Financial liabilities measured at amortised cost										
Due to depositors	1,553,074,240	-	1,568,881,158	-	1,568,881,158	1,587,789,969	-	1,602,735,817	-	1,602,735,817
Other borrowings	22,118,247	-	22,118,247	-	22,118,247	20,878,850	-	22,415,704	-	22,415,704
Debt securities issued	85,785	-	89,079	-	89,079	548,759	-	627,232	-	627,232
Subordinated term debts	19,479,414	-	15,484,151	-	15,962,229	22,772,937	-	18,742,736	-	18,742,736
Total financial liabilities measured at amortised cost	1,595,235,764	-	1,607,050,714	-	1,607,050,714	1,632,468,593	-	1,644,521,489	-	1,644,521,489

As at 31st December 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	954,880,316	-	949,550,566	-	949,550,566	988,601,197	-	989,517,180	-	989,517,180
Debt and other financial instruments	549,772,155	493,293,433	10,603,890	-	503,897,323	584,131,263	493,293,433	16,808,956	-	510,102,389
Total financial assets measured at amortised cost	1,504,652,471	493,293,433	960,154,456	-	1,453,447,889	1,572,732,460	493,293,433	1,006,326,136	-	1,499,619,569
Financial Liabilities										
Financial liabilities measured at amortised cost										
Due to depositors	1,579,780,228	-	1,596,246,417	-	1,596,246,417	1,609,153,685	-	1,624,937,437	-	1,624,937,437
Other borrowings	24,933,215	-	24,933,215	-	24,933,215	25,031,784	-	25,031,784	-	25,031,784
Debt securities issued	87,569	-	87,569	-	87,569	550,160	-	544,007	-	544,007
Subordinated term debts	18,961,556	-	17,977,991	-	17,977,991	22,255,164	-	21,121,727	-	21,121,727
Total financial liabilities measured at amortised cost	1,623,762,568	-	1,639,245,192	-	1,639,245,192	1,656,990,793	-	1,671,634,955	-	1,671,634,955