



HNB PLC

Investor Update

Q1 2015

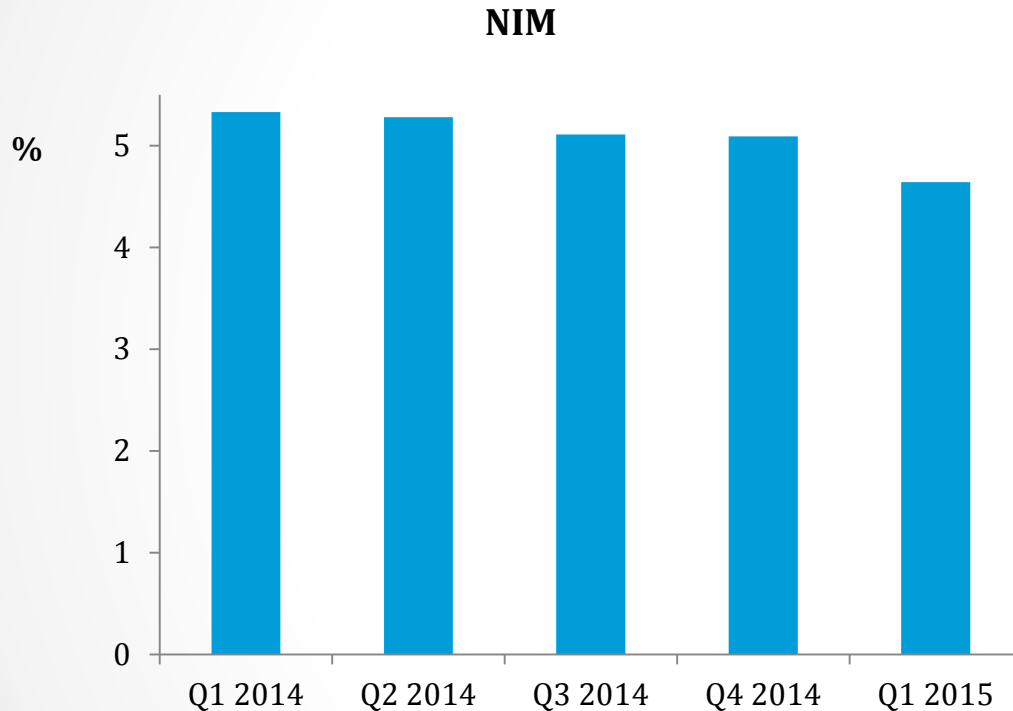
Financial Highlights – Group P&L (LKR Mn)

	Q1 2015	Q1 2014	% Change
Net Interest Income	6,901.6	6,355.0	9%
Net Fee Income	1,251.9	1,112.9	12%
Other Income	1,393.1	1,225.5	14%
Total Income	9,546.6	8,693.4	10%
Impairment Charge	(587.8)	(2,009.1)	(71%)
Operating Expenses	(5,318.0)	(4,702.8)	13%
VAT & NBT	(609.4)	(418.2)	46%
PBT	3,011.0	1,567.8	92%
Corporate Tax	1,000.2	445.0	125%
PAT attributable to Equity holders	1,915.2	1,097.1	75%

Financial Highlights – Group Balance Sheet (LKR Mn)

	March 2015	Dec 2014	% Change
Total Assets	624,980.5	600,056.2	4%
Net Loans	413,649.4	401,062.7	3%
Liabilities	556,685.9	530,417.5	5%
Deposits	442,988.8	425,620.4	4%

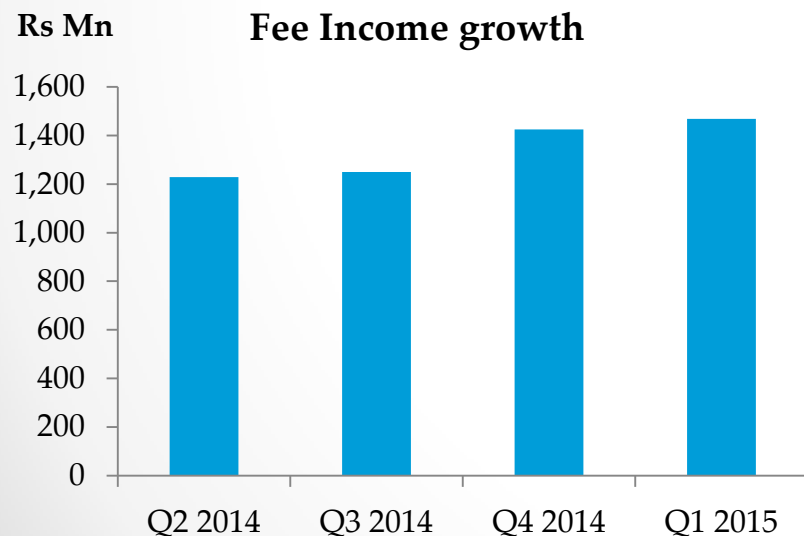
Continuing pressure on margins



- Drop in AWPLR by over 300bps since Jan 2014.
- Gold backed loan portfolio which was yielding high margins has almost halved since last year.
- HNB NIM still remains ahead of competition

Growth in Fee Income

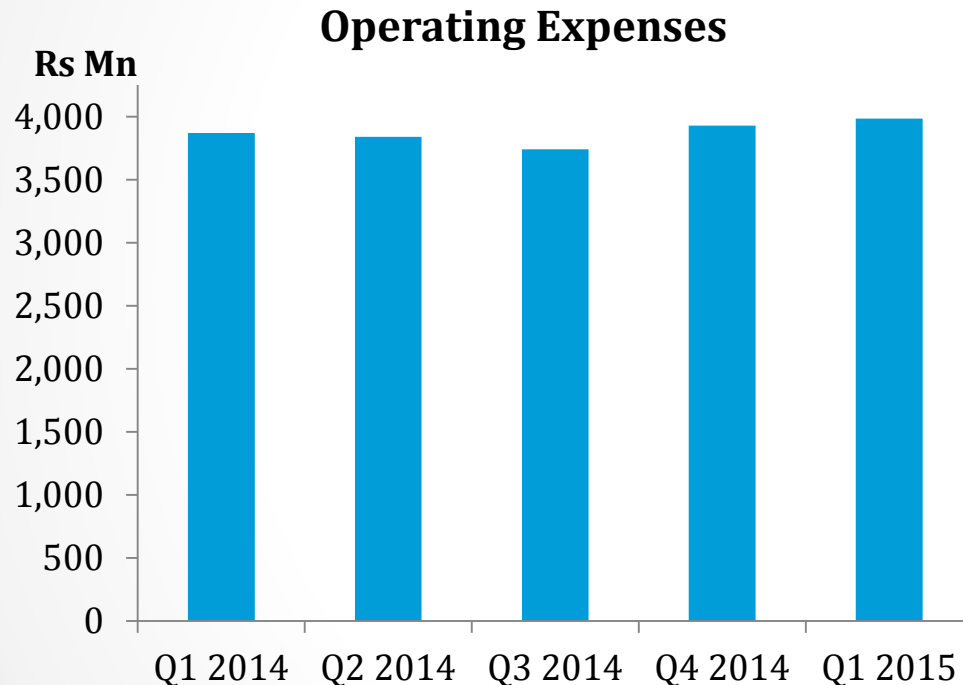
	Q1 2015	% growth YoY
Fee Income	1,469.2	16%
Expenses on Fees	(217.4)	37%
Net Fee Income	1,251.9	12%



Main fee drivers :

- Trade
- Remittances
- Credit cards
- Guarantees

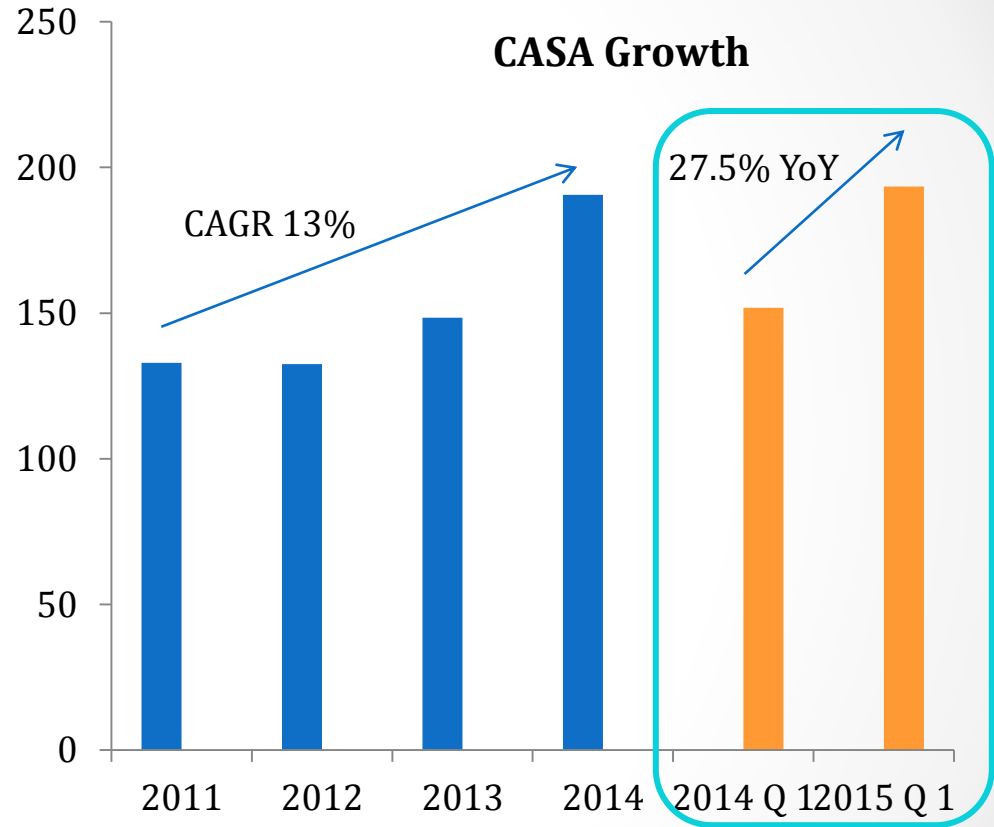
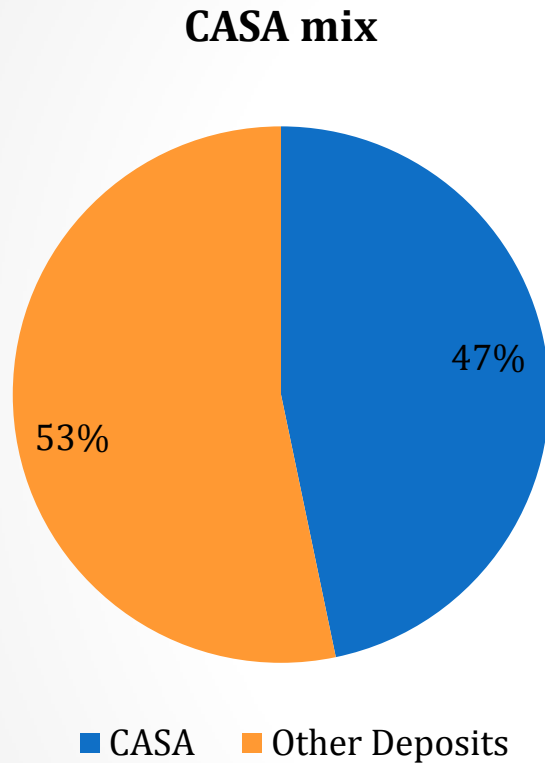
Containing increase in Operating Expenses



BPR initiatives curtailing operating expenses

- ▶ 60% of retail credit processing & underwriting centralised
- ▶ Balance to be completed in 2015
- ▶ SME cells in the regions
- ▶ Branch Target Operating Model

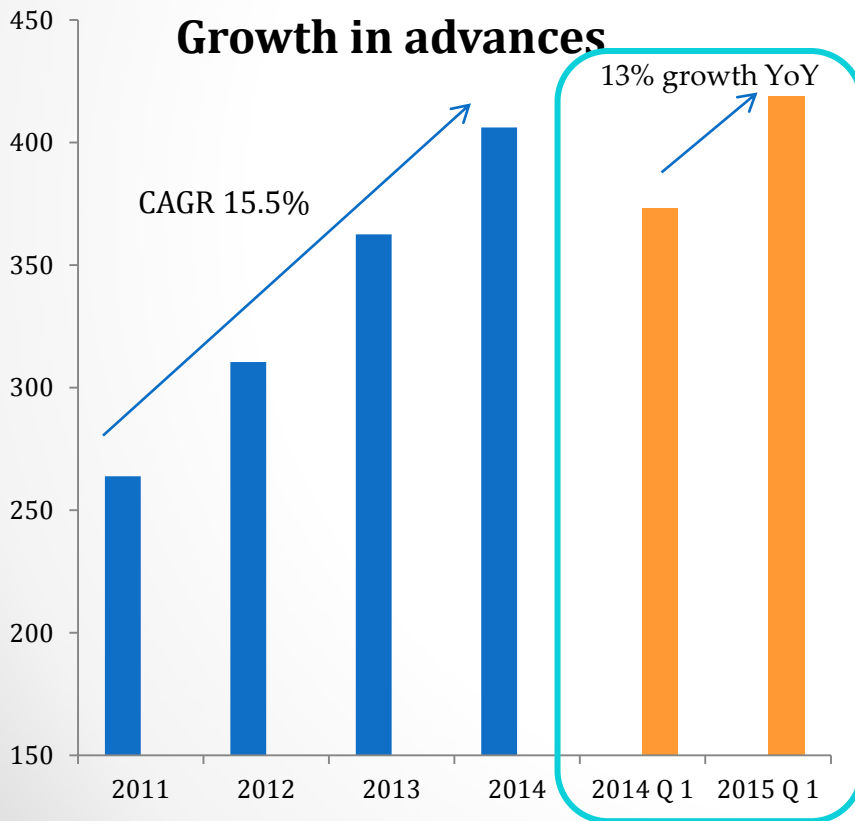
Low cost deposit base funding growth



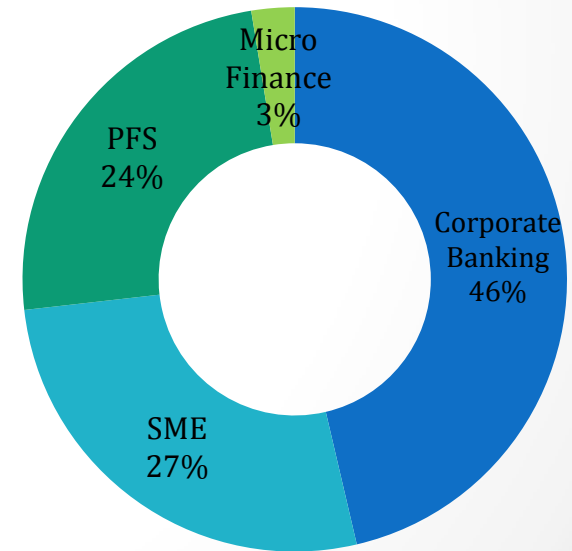
► Landmark transaction with ADB for a long term loan of USD 100Mn

Sound growth in advances

20% YoY growth in advances net of gold backed loans



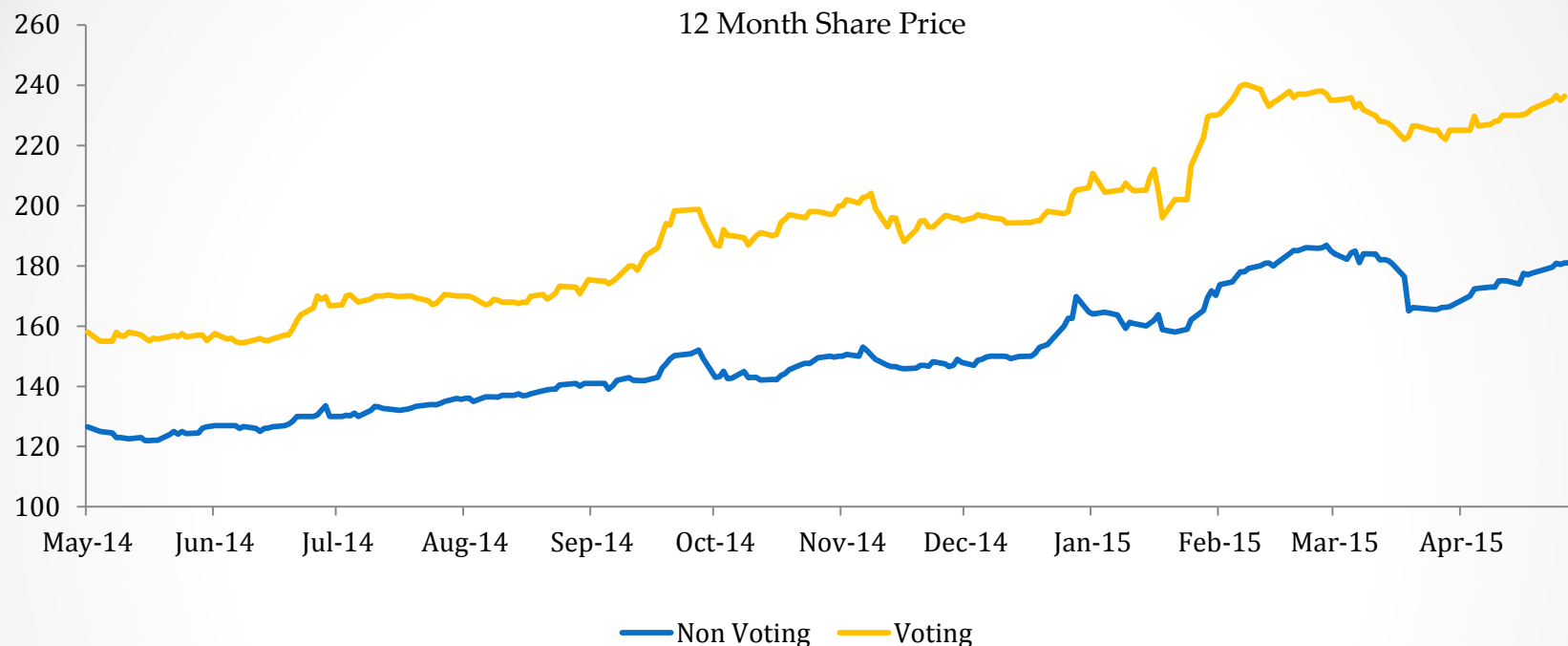
Segmental distribution



Dupont Analysis

	Mar-15	Mar-14
NII/ Average Assets	4.51%	4.80%
Other Income / Average Assets	1.73%	1.77%
Net Income/ Average Assets	6.23%	6.56%
Operating Cost/ Average Assets	3.47%	3.55%
Provisions / Average assets	0.38%	1.52%
Taxation/ Average assets	1.05%	0.65%
Return on Average Assets	1.33%	0.84%
Equity Multiplier	8.88	9.16
Return on Average Equity	11.78%	7.73%

Shareholder Value Creation



- PE of 9.2x
- PBV of 1.4x
- Total Shareholder Return significantly over the ASPI growth of 15% during the past 12 months
 - Voting – 55%
 - Non Voting – 50%

Key Achievements Q1 - 2015



- ▶ Awarded as the 'Best Retail Bank in Sri Lanka' by the Asian Banker for the 7th time.
- ▶ ACCA Sustainability Reporting – Gold Award in the Banking Category.
- ▶ HRM 'Gold' Award at the HRM Awards 2014 organised by the Association of Human Resource Professionals
- ▶ The Golden Globe Tigers Awards – For Excellence & Leadership in Branding & Marketing (HNB MOMO).

Thank you

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