

The logo consists of the letters 'H', 'N', and 'B' in a bold, black, sans-serif font. The letter 'H' has a yellow square in its top-left quadrant and a blue square in its bottom-left quadrant. The letter 'N' has a yellow triangle in its top-right quadrant and a blue triangle in its bottom-left quadrant. The letter 'B' has a yellow rounded rectangle in its top half and a blue rounded rectangle in its bottom half.

HNB

YOUR PARTNER IN PROGRESS

Financial Performance 9 M 2018

Net Operating Income - Bank

	9 M 2018 (Rs Bn)	9 M 2017 (Rs Bn)	Growth %
Interest Income	78.4	71.5	 9.6%
Interest Expenses	(44.2)	(41.9)	 5.5%
NII	34.2	29.6	 15.5%
Net Fee Income	6.8	6.1	 10.8%
Trading Gain/Loss	(1.2)	(2.8)	 55.3%
Net Gain from Financial Investments	0.2	0.2	 7.0%
Other Operating Income	3.4	2.8	 23.3%

Expenses & Profits - Bank

	9 M 2018 (Rs Bn)	9 M 2017 (Rs Bn)	Growth %
Impairment	(3.6)	(2.3)	 57.3%
Net Operating Income	39.8	33.7	 18.2%
Operating Expenses	(16.0)	(14.6)	 10.0%
VAT & NBT	(4.5)	(3.7)	 21.0%
PBT	19.3	15.4	 25.4%
Income Tax	(6.2)	(4.5)	 37.0%
PAT	13.1	10.9	 20.6%

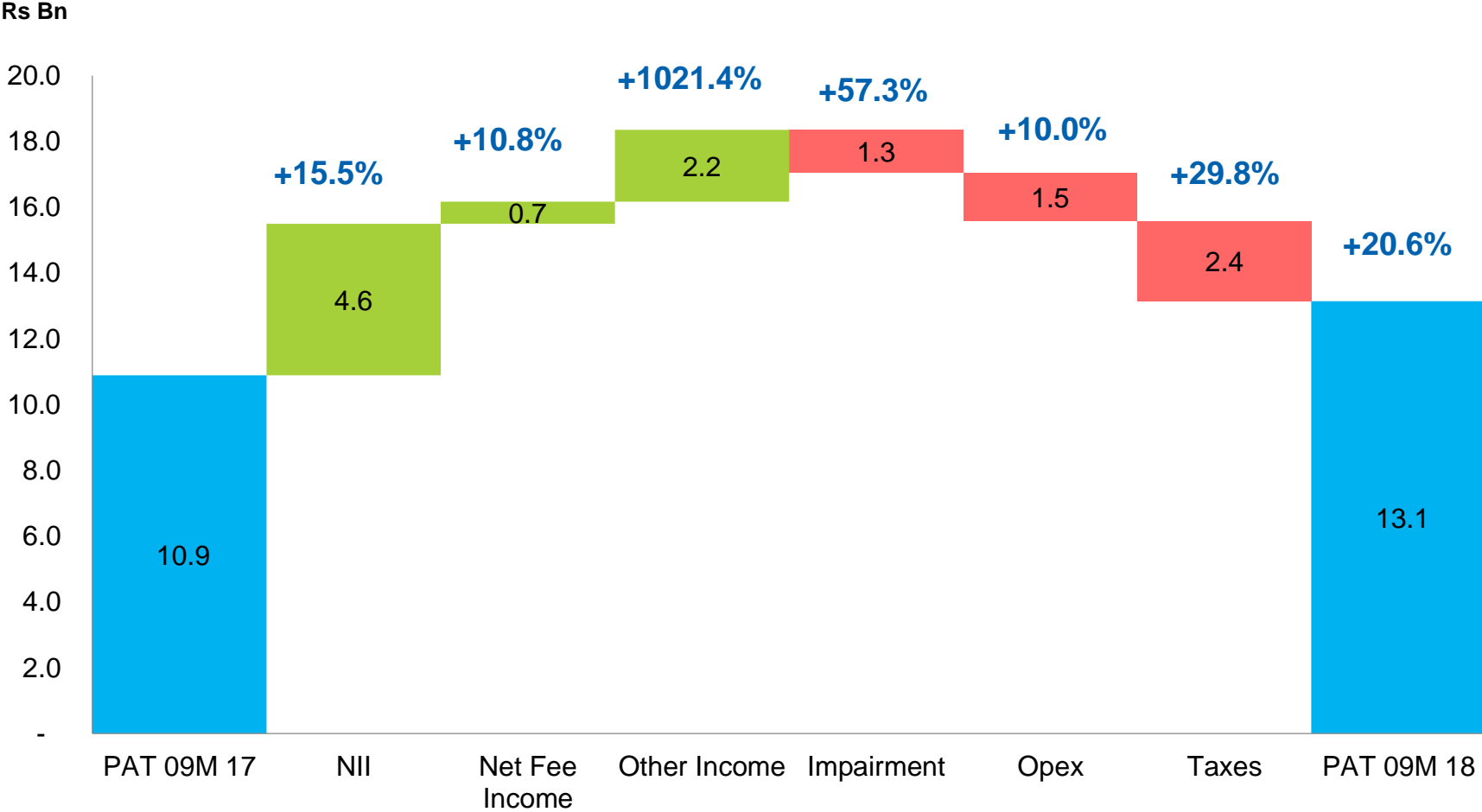
Net Operating Income - Group

	9 M 2018 (Rs Bn)	9 M 2017 (Rs Bn)	Growth %
Interest Income	84.7	77.1	 9.8%
Interest Expenses	(46.0)	(43.2)	 6.4%
NII	38.7	33.9	 14.1%
Net Fee Income	7.3	6.7	 9.3%
Trading Gain/Loss	(1.3)	(2.7)	 54.1%
Net Gain from Financial Investments	0.3	0.2	 35.5%
Net Insurance Premium	5.5	4.6	 17.9%
Other Operating Income	3.6	2.5	 42.1%

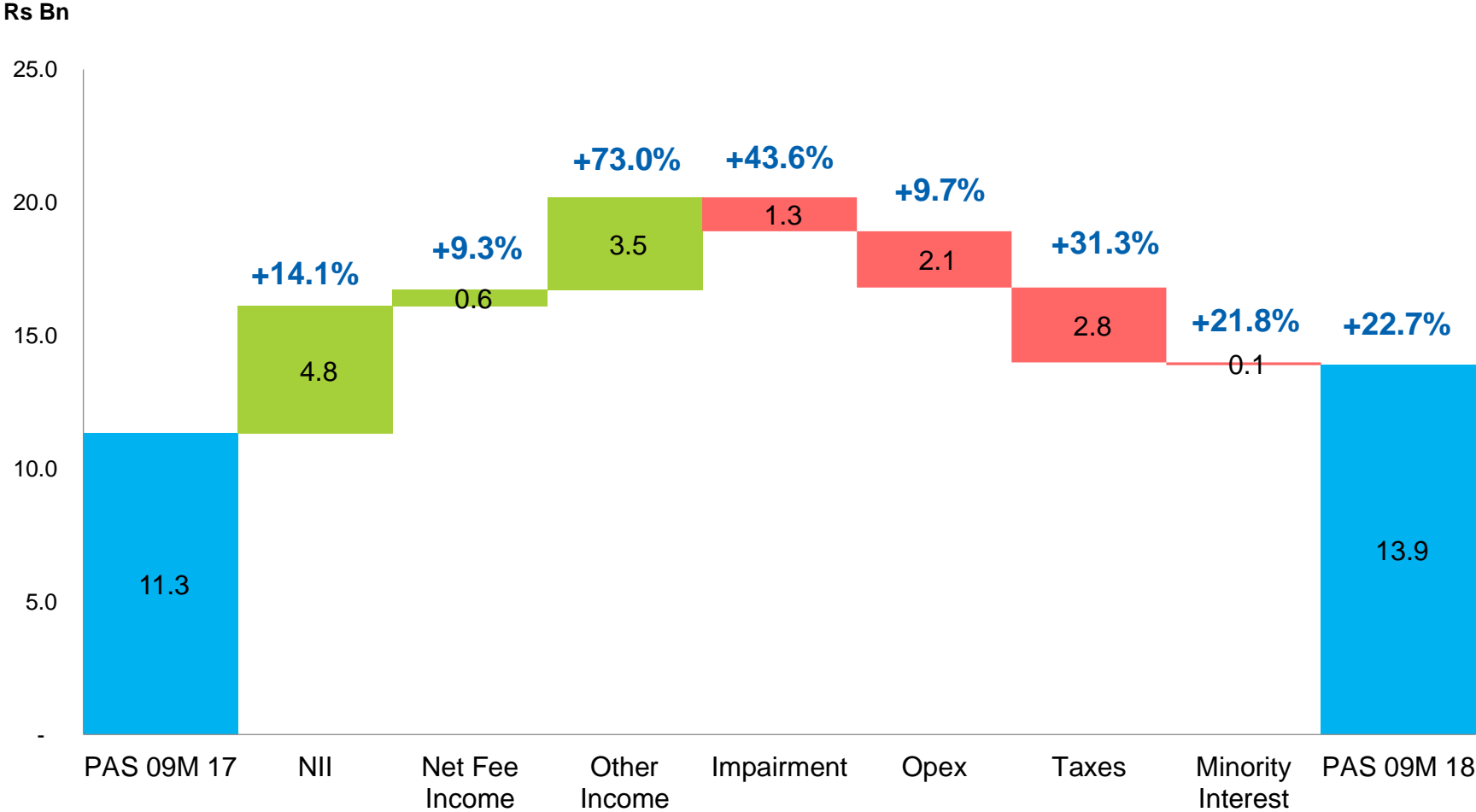
Expenses & Profits - Group

	9 M 2018 (Rs Bn)	9 M 2017 (Rs Bn)	Growth %
Impairment	(4.2)	(2.9)	 43.6%
Net Operating Income	49.9	42.3	 17.9%
Operating Expenses	(23.7)	(21.6)	 9.7%
VAT & NBT	(4.8)	(4.0)	 19.4%
PBT	21.5	16.8	 28.1%
Income Tax	(4.5)	(3.2)	 41.1%
PAT	14.5	11.8	 22.7%
Profit Attributable to Shareholders	13.9	11.3	 22.7%

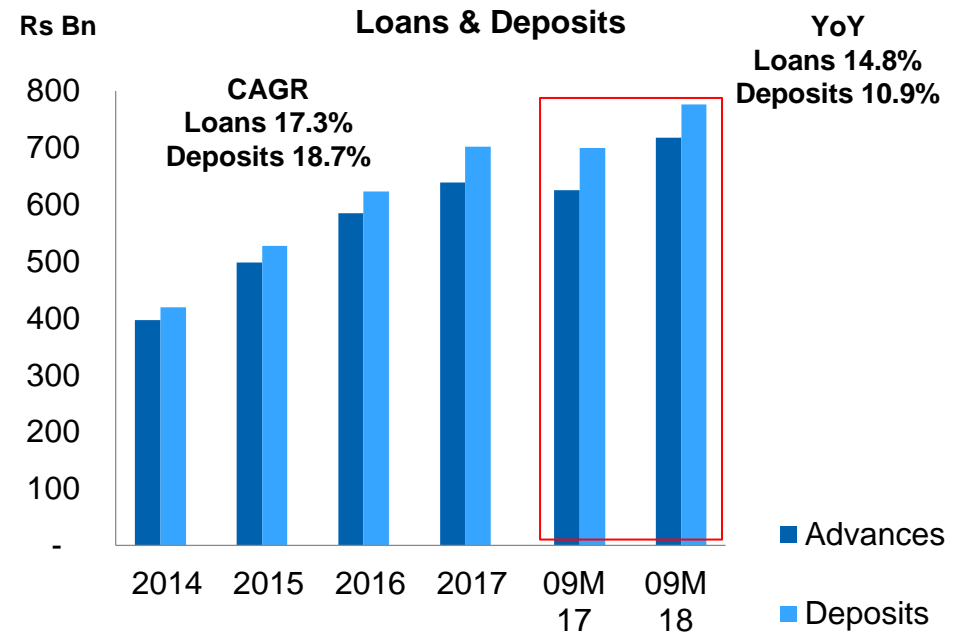
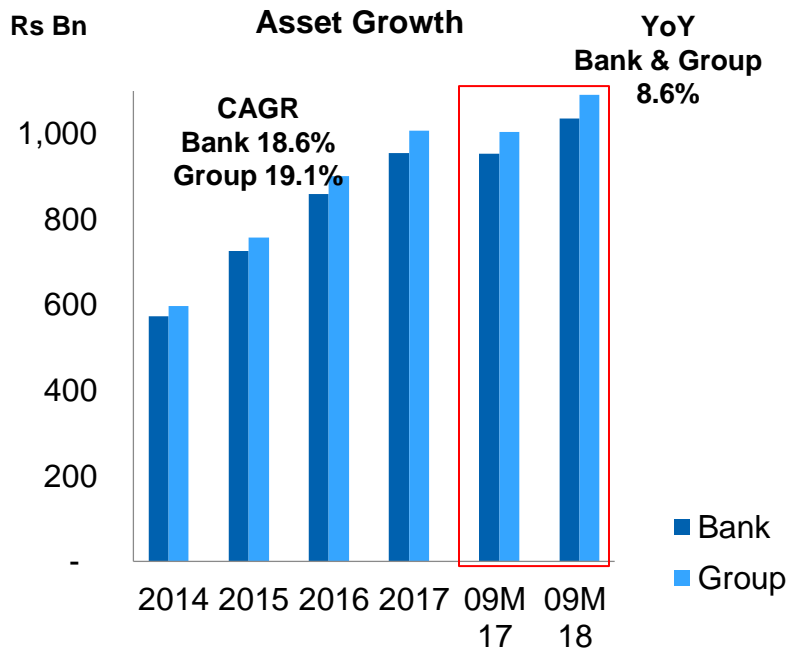
Financial Performance – Bank



Financial Performance – Group



Profitable Balance Sheet Growth



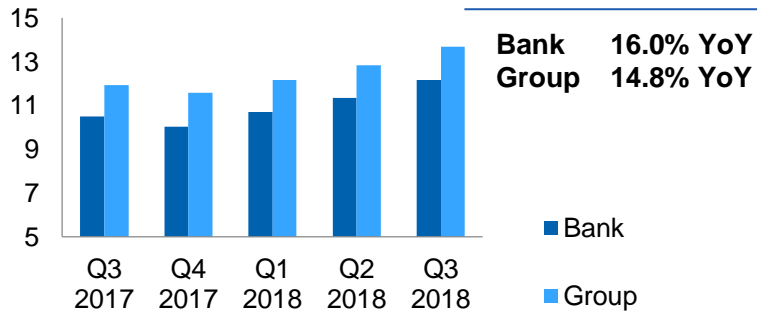
- Group & Bank balance sheets above a Trillion

- 09 month loan growth of 12.3%, Deposits up 10.7%
- Bank lending book surpasses Rs 700 Bn in 3Q

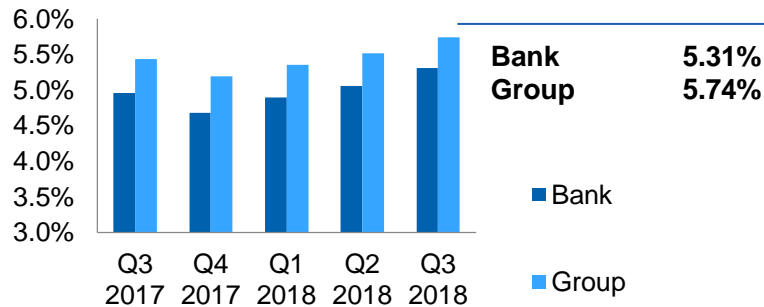
Profitable Balance Sheet Growth

- Bank NIM up by 25 bps during quarter, Group by 23 bps
- Exposure to higher yielding segments

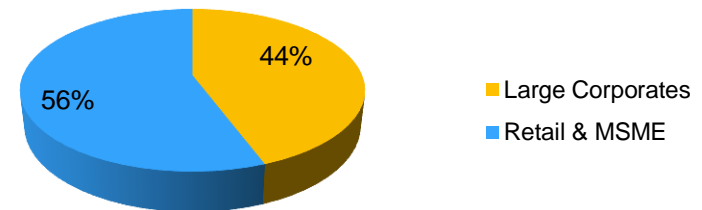
NII Growth (Rs Bn)



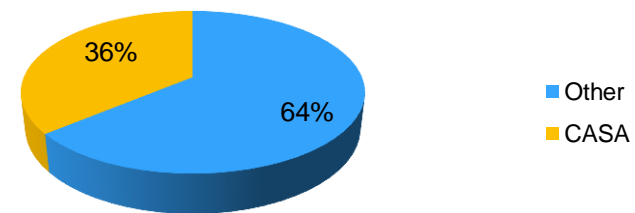
NIM Growth



Lending Mix

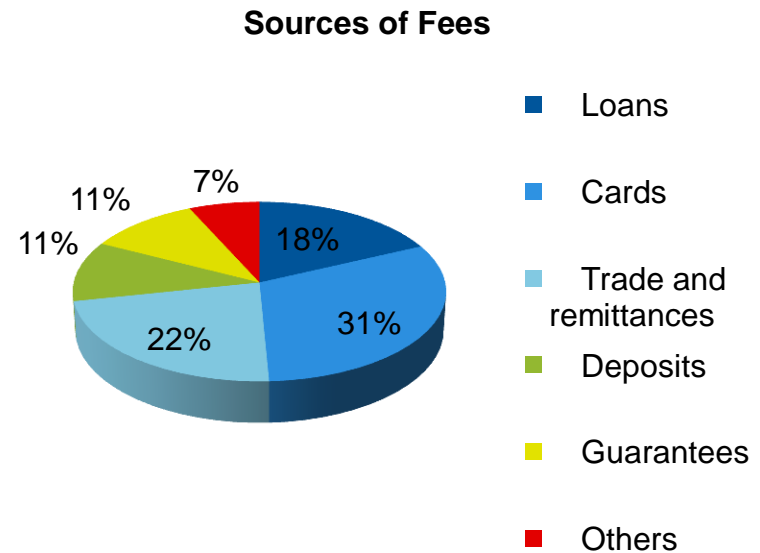
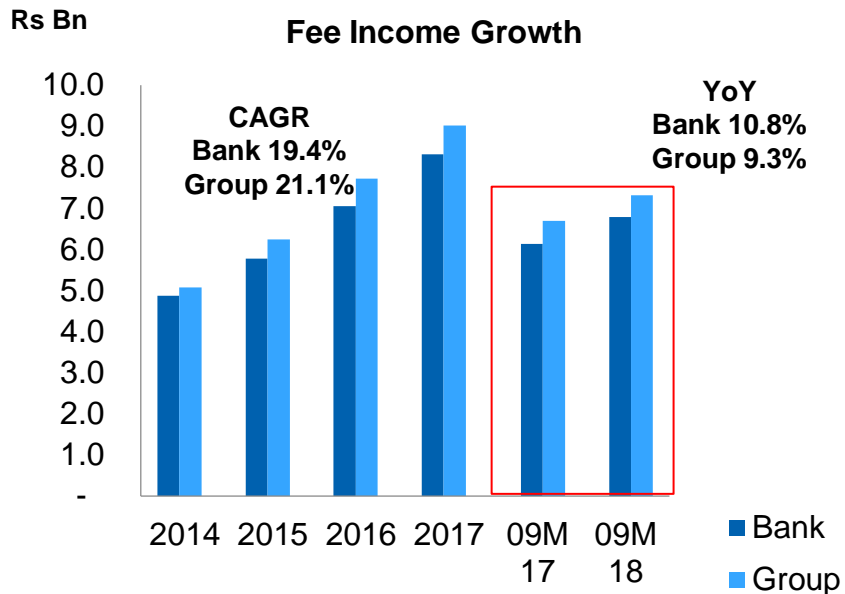


LKR Deposit Mix



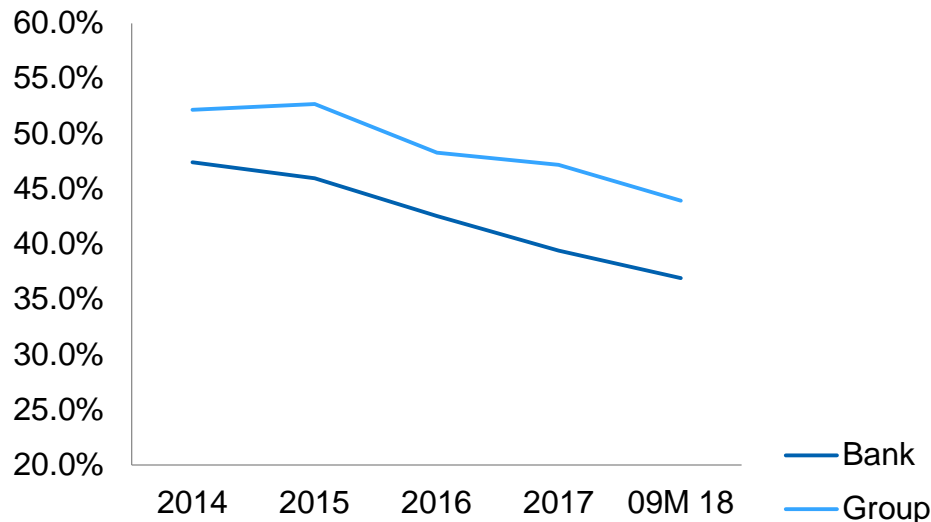
Fee Income

- Leadership in card merchant acquiring business with 45% of market share
- Strong growth in core sources of Credit Cards and Trade Finance
- Fees contribute 16% of total operating income



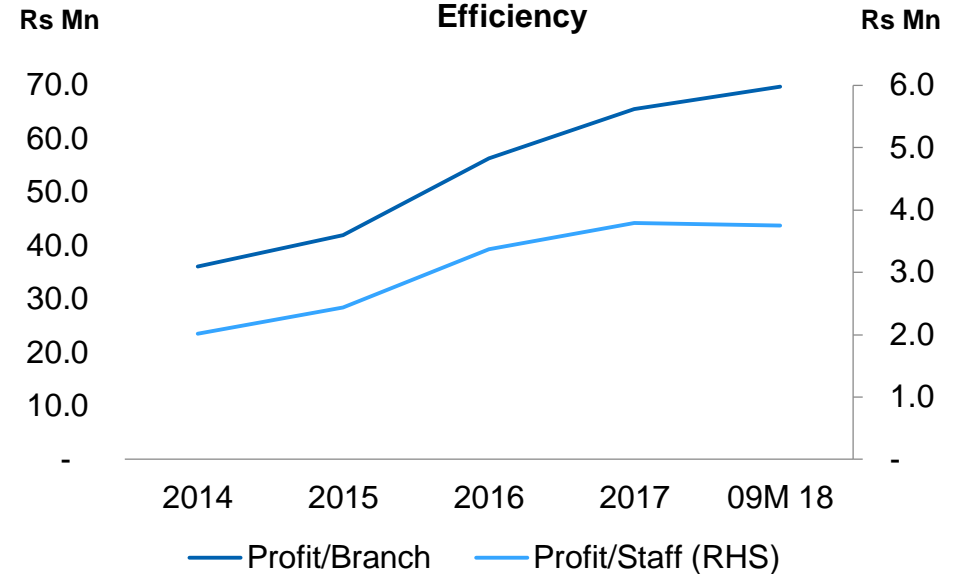
Operational Excellence

Cost to Income



- 100% of retail applications processed centrally
- Centralized Disbursements
- Central Security Repository
- Paperless Office Systems

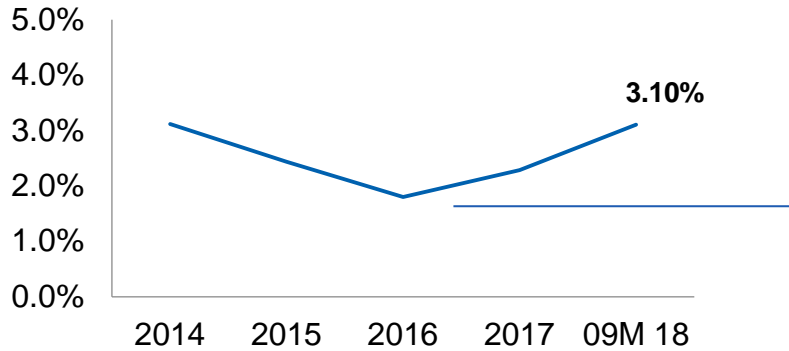
Efficiency



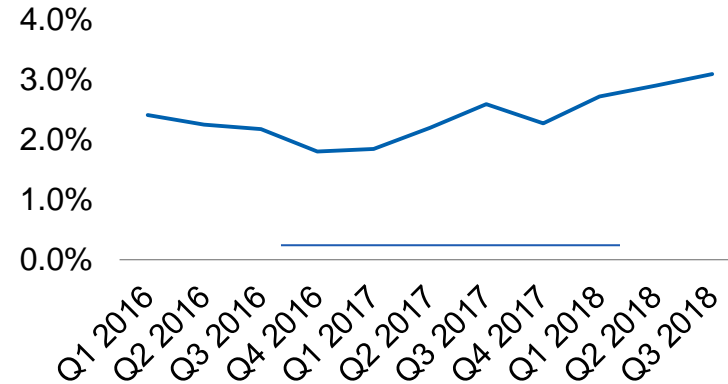
- Group Cost to Income improves nearly 400 bps YoY to 43.9%
- Bank's Cost to Income better by 360 bps YoY to 36.9%

Risk and Compliance

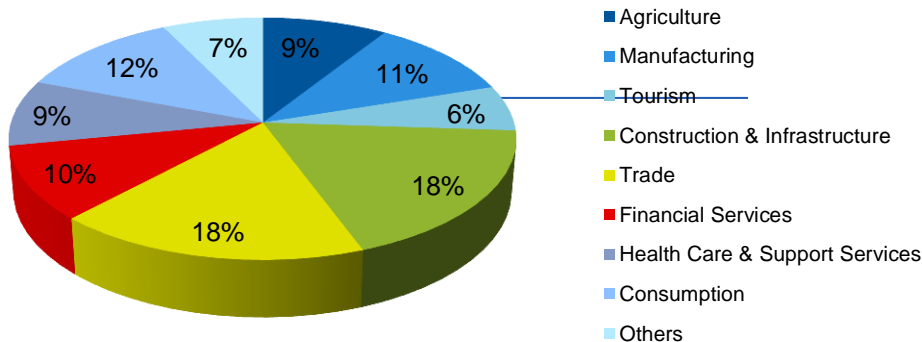
Gross NPA



Quarterly Gross NPA



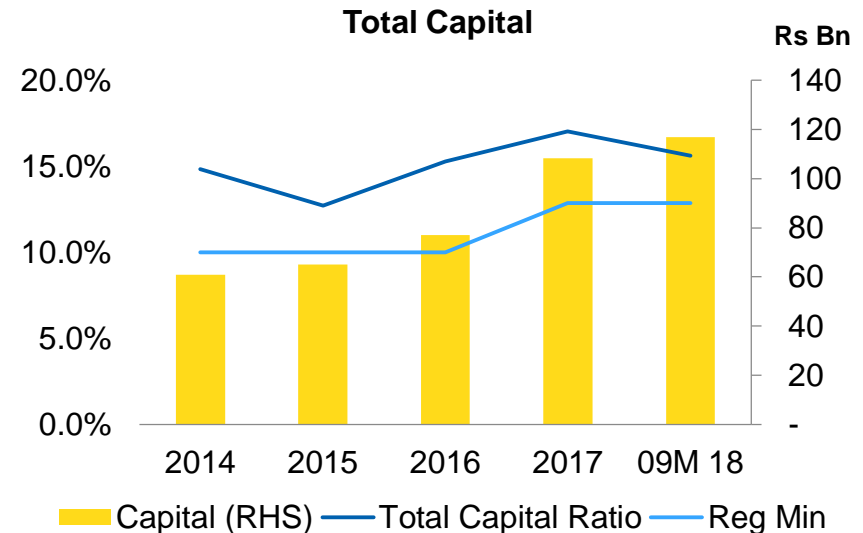
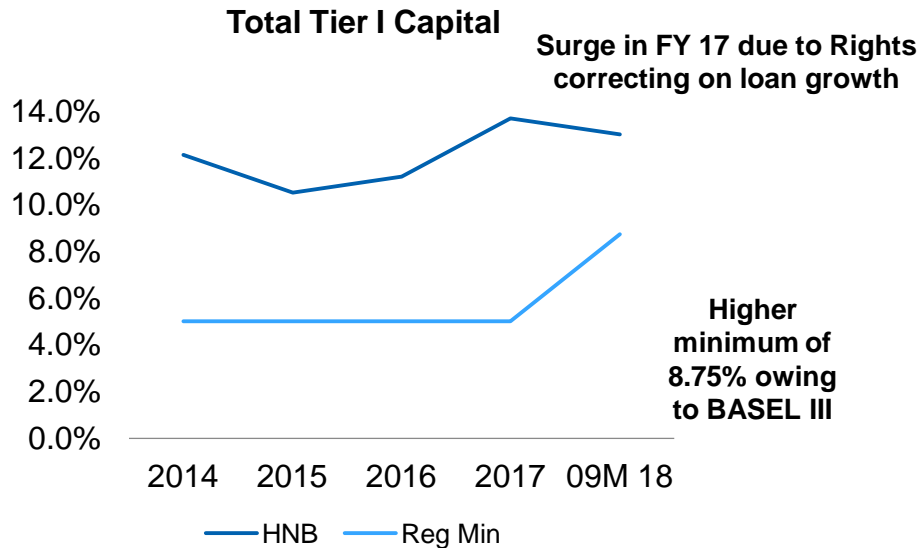
Diversified Loan Book



- Specialization via Centralized Credit Underwriting
- Centralized Collection System
- Cyber & Information Security, Data Loss Prevention/Data Classification
- Gross NPA slid from Dec 2017 with collections across industry coming under pressure from sluggish growth & volatile weather

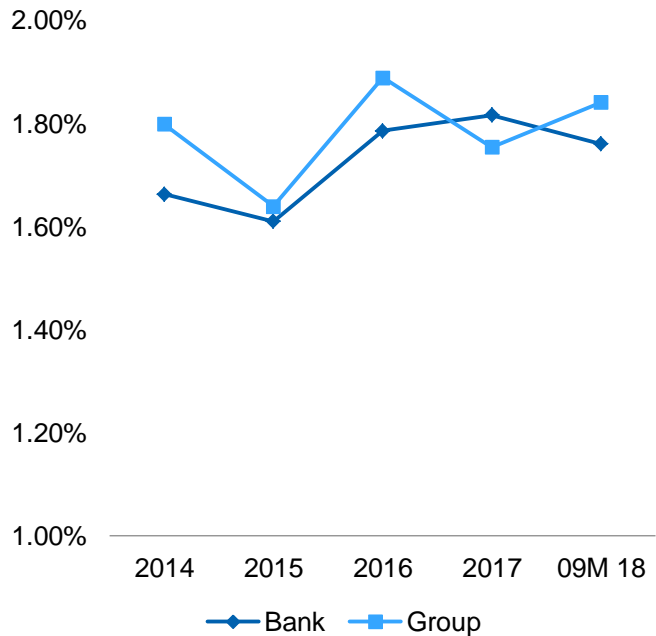
Risk and Compliance

- Healthy Balance between sound capitalization & growth
- Total Tier I Capital at 13.02%, 427 bps higher than Basel III Minimum
- Total Capital Ratio at 15.62%, 275 bps better than Basel requirement



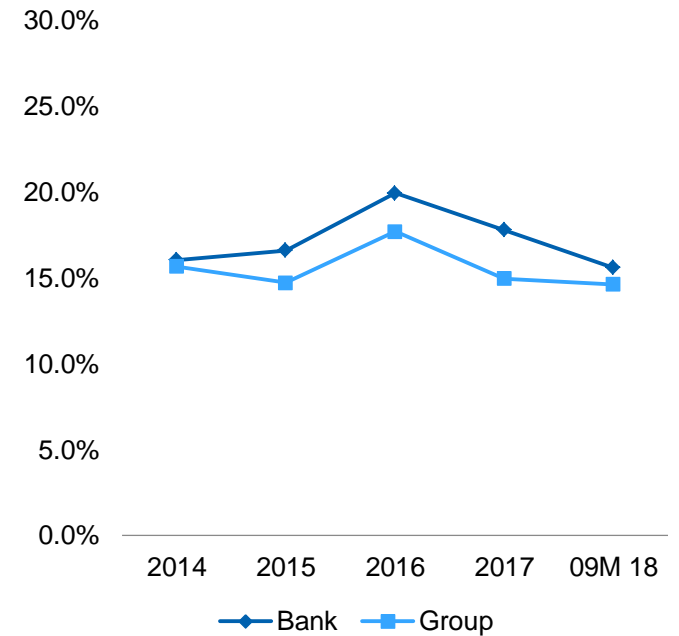
Profitability

ROA



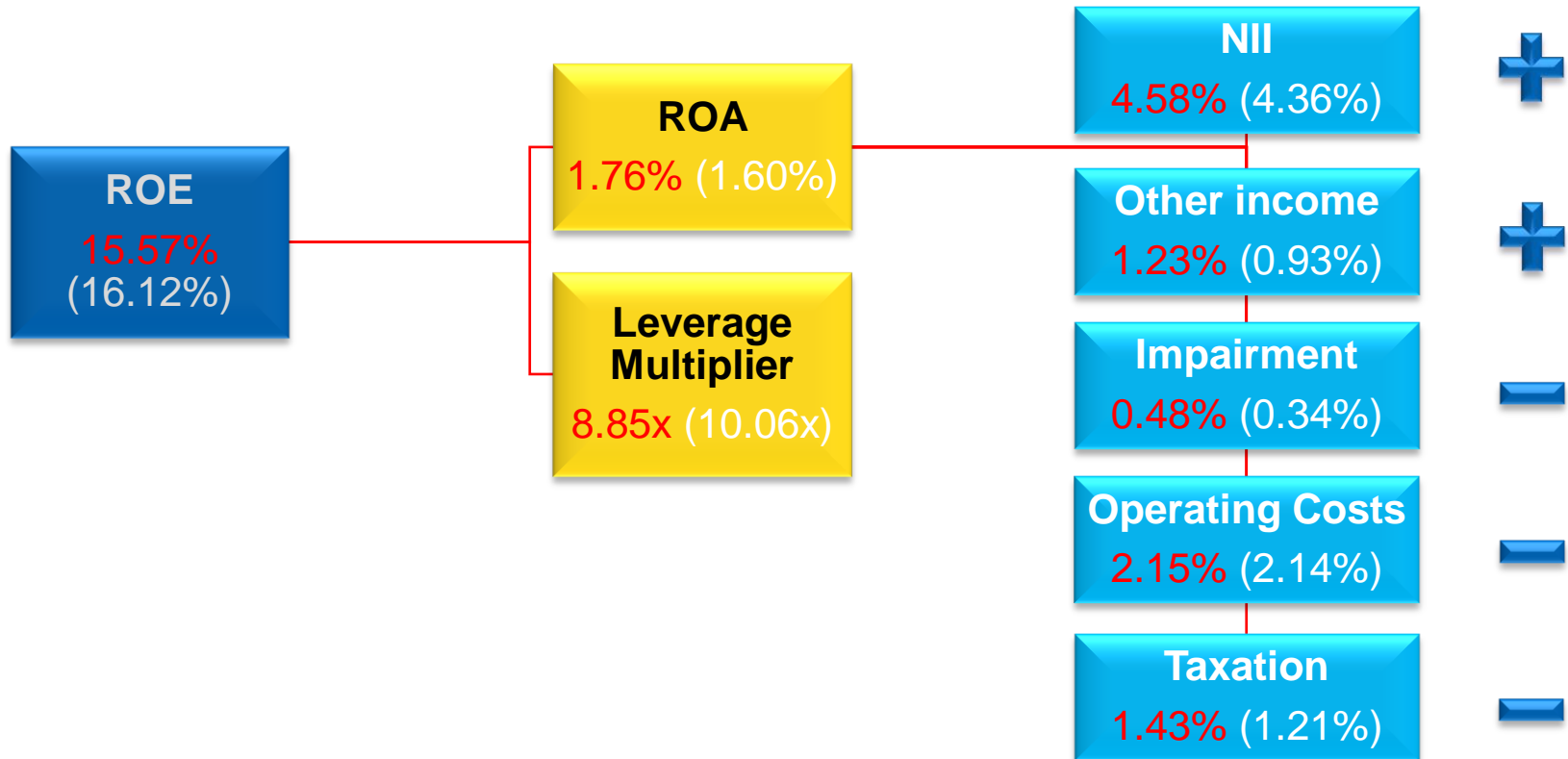
- Bank ROA up 16 bps YoY to 1.76%.
Group by 19 bps to 1.84%.

ROE



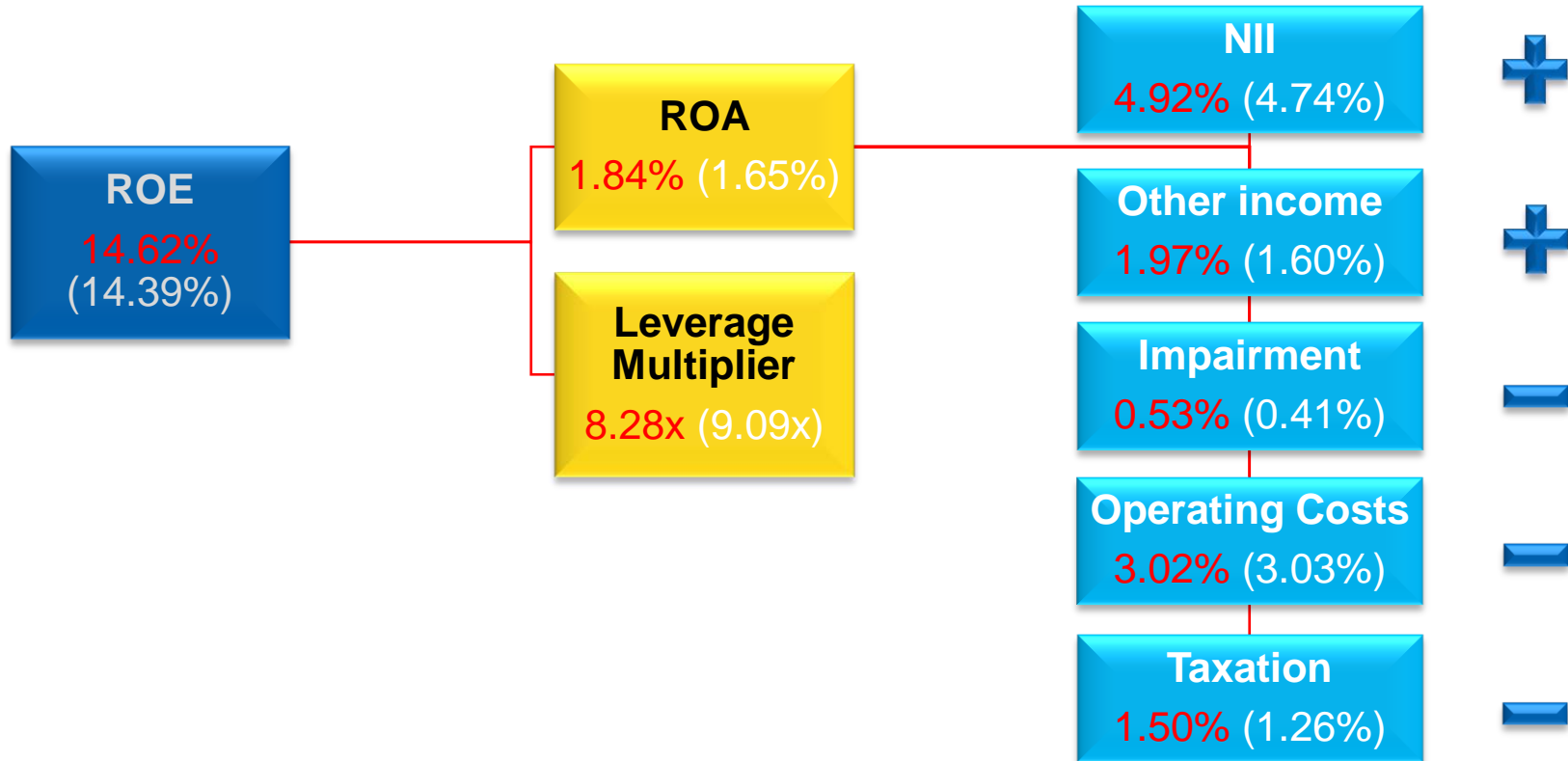
- Higher capital and resulting lower leverage impacts ROE marginally; Reported at 15.57%
- Group ROE up 23 bps YoY to 14.62%.

DuPont Analysis – Bank



09M 2018
09M 2017

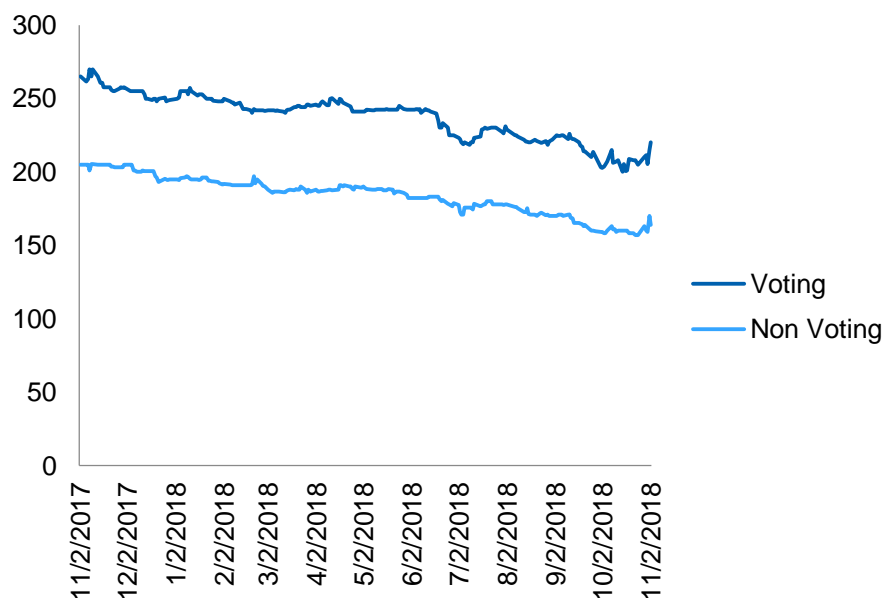
DuPont Analysis – Group



09M 2018
09M 2017

Shareholder Return – 12 Months to Nov 2 2018

12 Month share Prices (Rs)



EPS (Rs)	37.67
BVPS (Rs)	266.39
PBV (X)	0.83
PE (X)	5.84
DPS (Rs)	8.50
Dividend Yield (%)	3.9 (N) & 5.2 (X)
Voting 09M TSR(%)	(8.2)
Non Voting 09M TSR (%)	(11.5)
ASPI (%)	(8.0)

Awards & Accolades 2018



- **'No. 1 Bank in Sri Lanka'** in Banker Global Top 1000 ranking
- **'Best Retail Bank in Sri Lanka'** for the 10th time by The Asian Banker
- **'Best SME Bank'** & **'Best Digital Bank'** in Sri Lanka by Asiamoney
- **'Best Cash Management Bank'** in Sri Lanka by Asian Banker, Asiamoney and Euromoney
- **Gold Award Banking Category & Overall Runner Up** - ACCA Sri Lanka Sustainability Reporting Awards
- **'Islamic Finance Entity of the Year', 'Gold Award for Islamic Banking Window of the Year' & 'Silver Award for Islamic Finance Deal of the Year'** – Sri Lanka Islamic Banking & Finance Industry Awards
- **'Silver Award for Investor Relations'** from CFA Sri Lanka
- **Best Private Sector Organization for Promoting Women in the Workplace** – Top 50 Professional & Career Women Awards 2018

Thank you

Investor Relations Team
Hatton National Bank PLC
Level 16, HNB Towers
479, T B Jayah Mawatha
Colombo 10
Sri Lanka
Email : investor.relations@hnb.lk
Tel : +94 112 661555/1177