



Investor Update - 2024

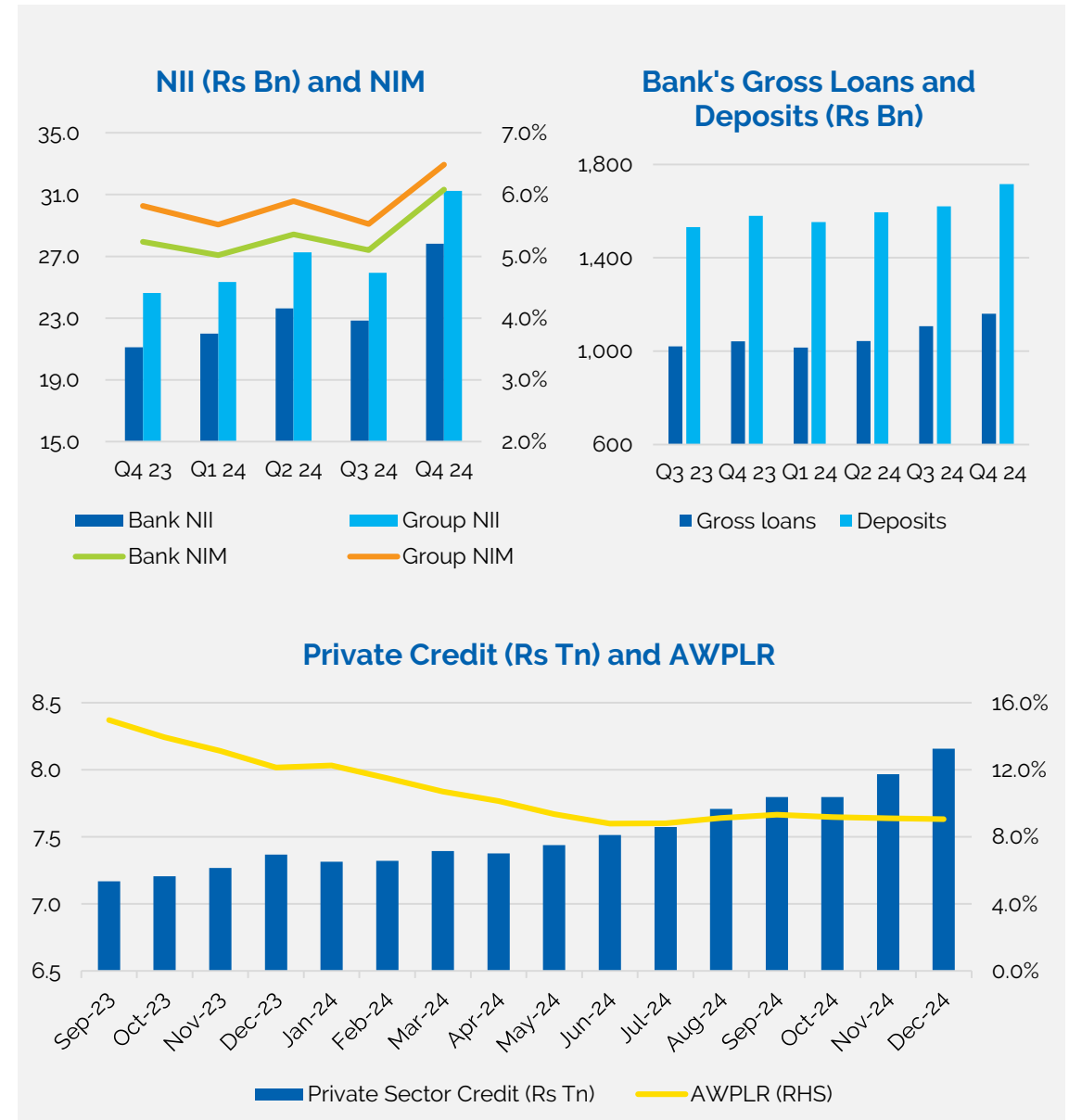
24th March 2025

Financial Performance

Fund Based Income

Rs Bn	2024	2023	% change
Interest Income	240.24	304.58	-21.12
Interest Expense	130.48	186.50	-30.04
NII	109.76	118.07	-7.04

- The Group's interest income declined due to the gradual easing of monetary policy
- Average yield on loans and govt securities dropped by approx. 45% YoY
- The Bank's advances grew by Rs 117.8 Bn during the year, despite the drop of Rs 26.5 Bn in 1Q 2024
- The Bank's deposits grew by 8.6%; CASA deposits grew by Rs 113.4 while the total deposits base grew by Rs 135.7 Bn

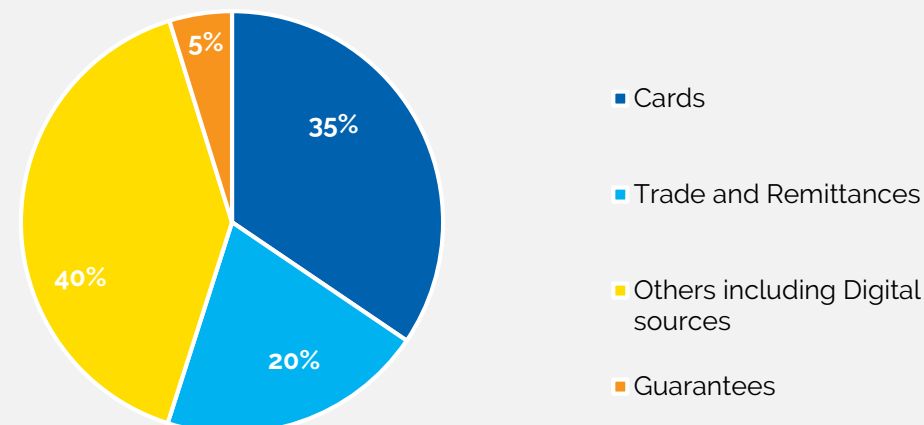


Non-Fund Based Income

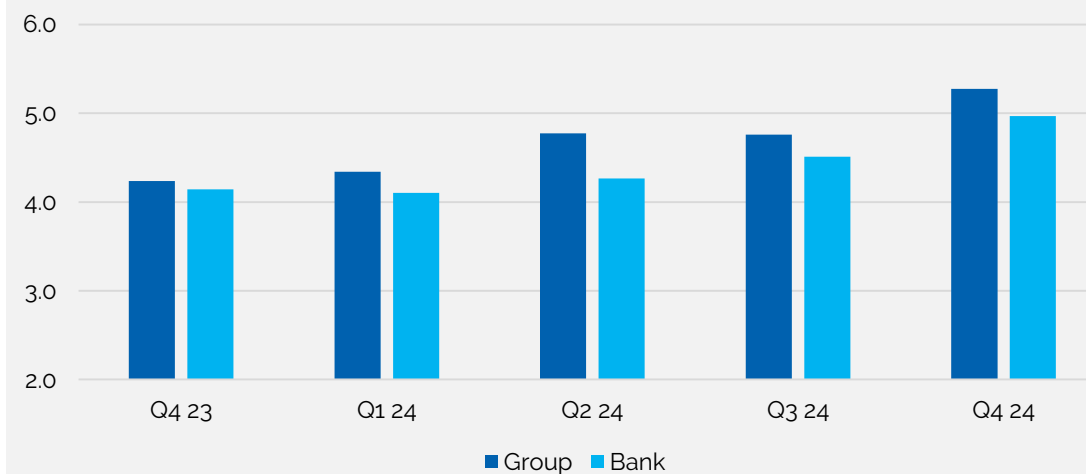
Rs Bn	2024	2023	% change
Net Fee and Commission Income	19.15	16.57	15.54
Other Gains/ (Losses)	(49.29)	(0.40)	
Insurance Premium	17.97	15.25	17.83
Total Operating Income	97.59	149.50	-34.72

- Net Fee and Commission Income grew due to a surge in transaction volumes across the bank's digital platforms, credit card fees etc.
- The restructure of ISBs led to a reversal of Rs 91.6 Bn in provisions and a Rs 49.5 Bn loss from derecognition
- The restructure increased profit before taxes by Rs 38.0 Bn. With the reversal of impairment provisions, a net deferred tax asset of Rs 26.2 Bn was charged, resulting in a net positive impact of Rs 11.8 Bn in PAT

Breakup of Bank Fee Income



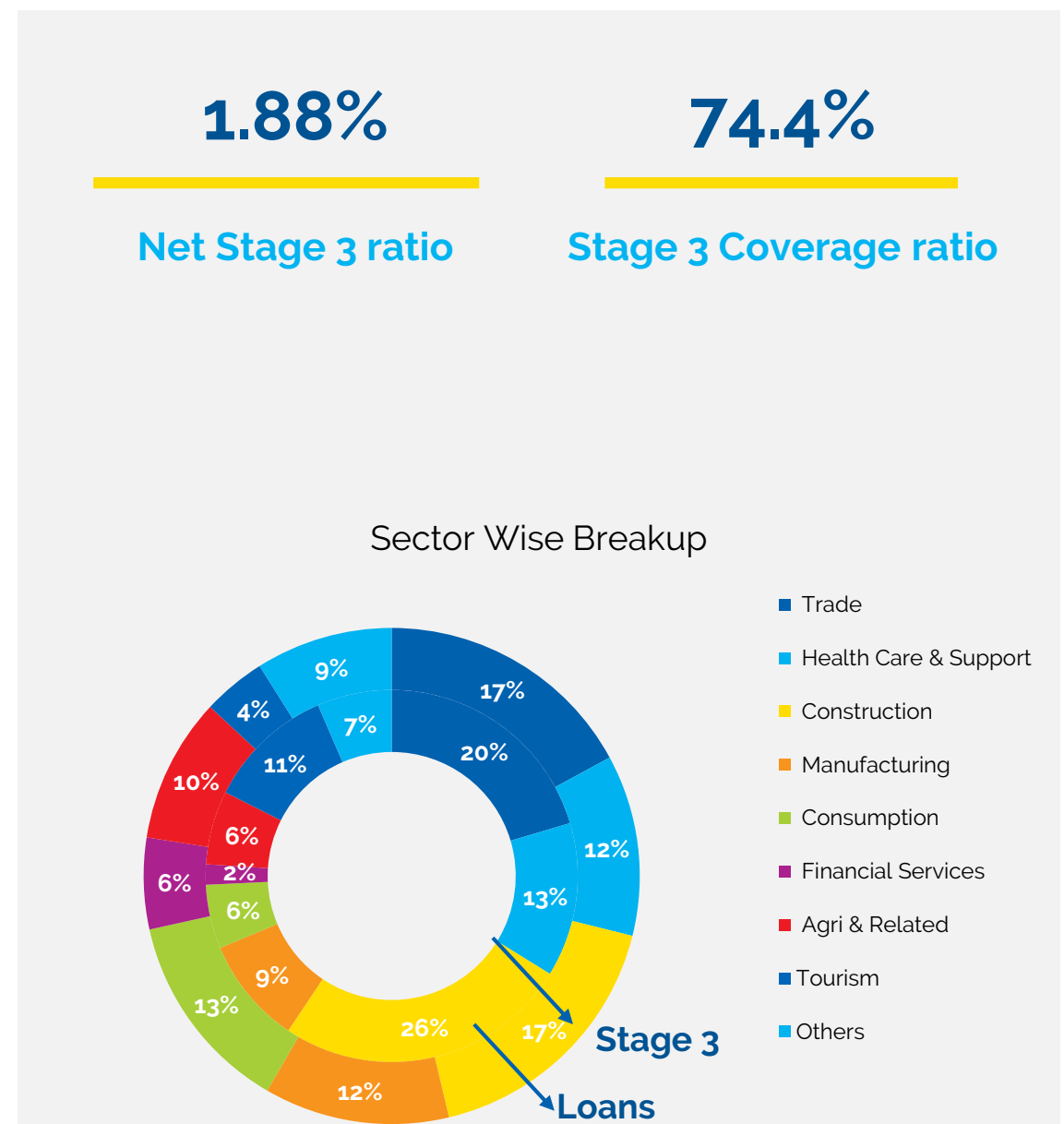
Net Fee Income (Rs Bn)



Impairment and Asset Quality

Rs Bn	2024	2023	% change
Reversals on ISBs	-91.66	36.05	-354.29
Impairment on PDI bonds	1.59	-	
Loans and Advances	12.25	5.49	123.22
Others	3.60	0.99	262.82
Total Impairment	-77.41	42.52	-282.03

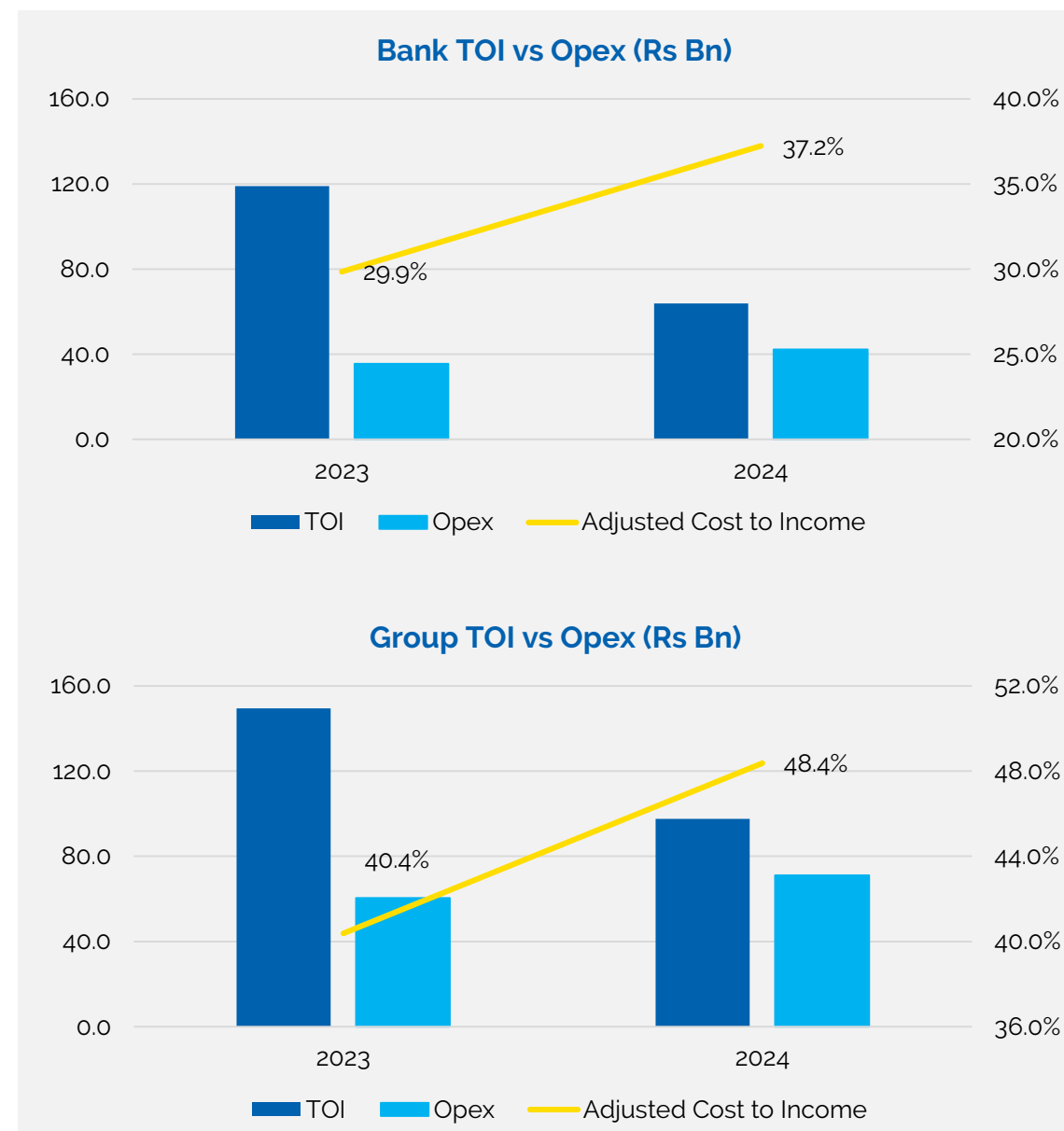
- One of the best asset quality indicators in the industry
- The asset quality improved as a result of the improving operating environment and the recovery and rehabilitation efforts of the bank
- This resulted in a significant improvement in stage 2 and stage 3 portfolios. However, the bank recognised provisions on loans and advances on a prudent basis



Operational Expenses

Rs Bn	2024	2023	% change
Personnel Expenses	26.33	20.93	25.77
Insurance Costs	17.31	15.22	13.77
Other Expenses	27.49	24.22	13.47
Total Operating Expenses	71.13	60.38	17.81

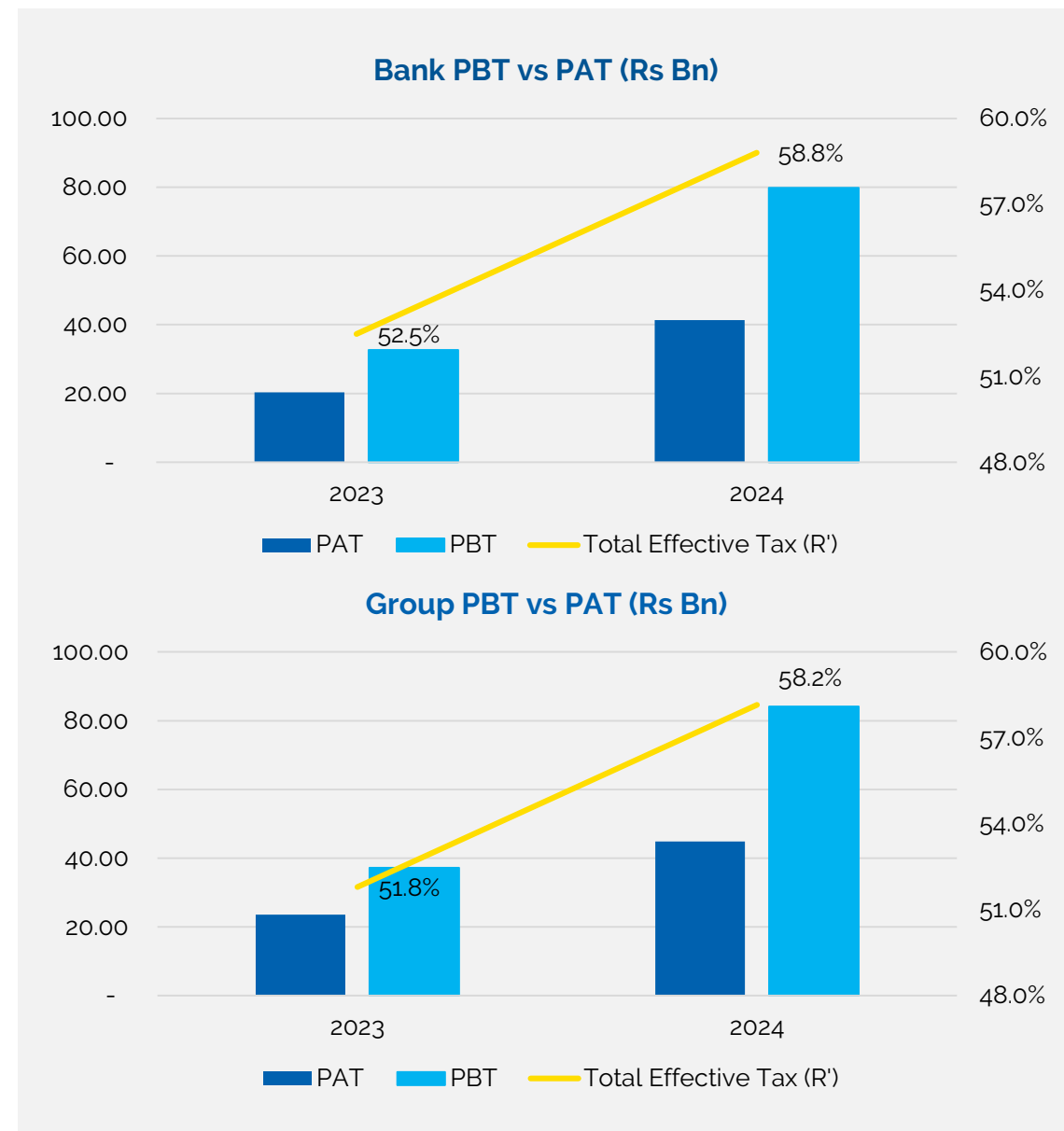
- Operating expenses increased due to the rise in personnel expenses, insurance cost etc.
- The cost to income ratio was significantly affected by the derecognition loss associated with the external debt restructuring, resulting in an increase of approx. 25 percentage points
- However, adjusted cost to income ratios stood at 37.2% and 48.4%, for the Bank and the Group, respectively



Taxation and Profitability

Rs Bn	2024	2023	% change
FSVAT and SSCL	21.15	10.52	100.97
Profit Before Income Tax	84.10	37.22	125.96
Income Tax Expense	39.26	13.61	188.43
Total Group PAT	44.84	23.61	89.95

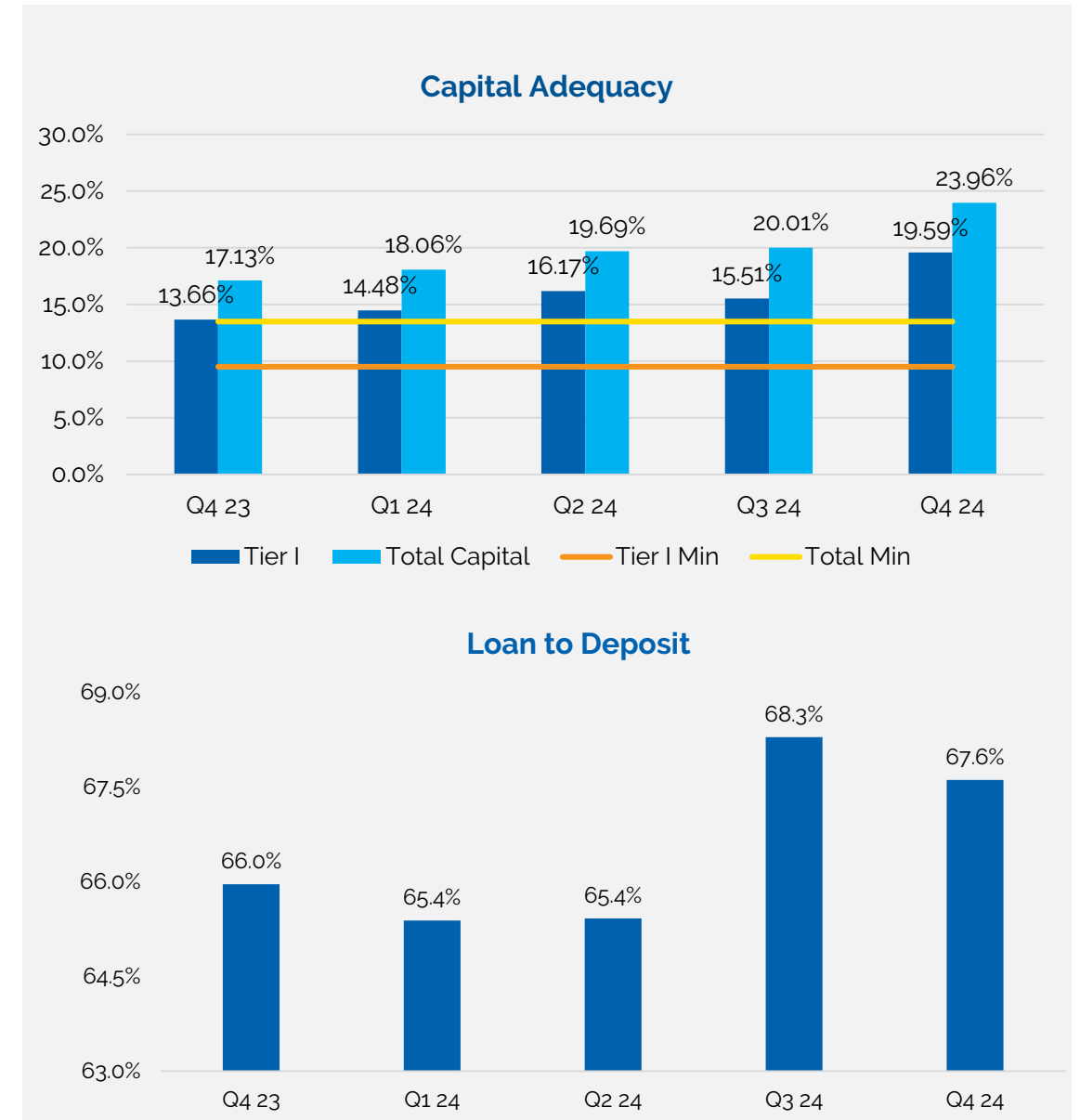
- The HNB Group PAT increased by 90% while the Bank's PAT grew by 103%
- Effective tax rate for the Group and Bank increased to 58.2% and 58.8%, respectively



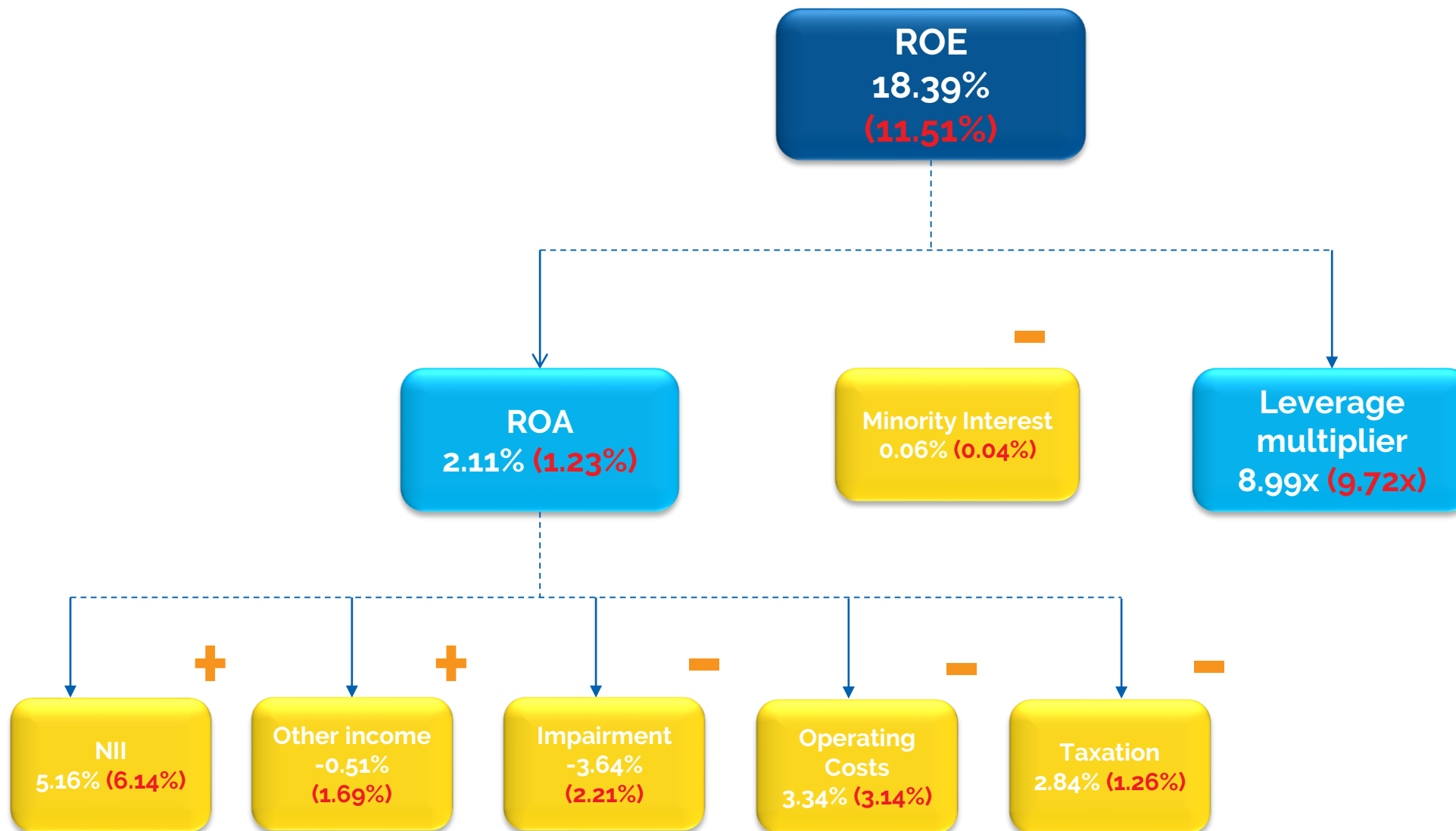
Soundness Indicators

Ratio	Requirement	HNB
LCR (All)	100%	331.49%
LCR (LKR)	100%	292.61%
NSFR	100%	161.18%

- The bank's Tier 1 and Total Capital Ratios stood at 19.59% and 23.96% respectively; well above the minimum requirement of 9.50% and 13.50%
- All Liquidity Coverage Ratio of the bank stood at 331.49%; above the minimum requirement of 100%



Group – DuPont Analysis



2024
2023

Key Highlights

HNB Investment Bank

Further Diversifying the Revenue Streams

- Successfully acquired the remaining 50% stake in Acuity Partners, from DFCC Bank PLC, in January 2025
- Rebranded as **HNB Investment Bank (HNBIB)**



HNB Stockbrokers
(100%)

HNB Securities
(100%)

Lanka Ventures PLC
(79.8%)



Key Awards and Recognitions

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- **'No 1 Corporate in Sri Lanka'** under 'Business Today Top 40' rankings
- **'Best Bank in Sri Lanka'** and **'Best Bank for SMEs in Sri Lanka'** by Euromoney
- **'Best Bank in Sri Lanka'** by the Indian Chamber of Commerce (ICC)
- **'Best Retail Bank in Sri Lanka'** for the 15th occasion by the Asian Banker
- **'Best Automobile Financing in Asia Pacific'** by the Asian Banker
- **'Market Leader in Trade Finance Services'** by Euromoney
- **'Winner Top 10 - Best Corporate Citizens'**, 'Triple Bottom Line' Award, 'Economic Contribution Award' and 'Best Project Sustainability' Awarded by the Ceylon Chamber of Commerce
- Gold Award for the **'Bank of the Year for Excellence in Customer Convenience'** at the LankaPay Technovation Awards



Thank You