

The logo graphic consists of a yellow horizontal bar on top, a light blue square to its right, and a dark blue vertical bar extending downwards from the light blue square.

HNB

YOUR PARTNER IN PROGRESS

Investor Update

19th May 2023

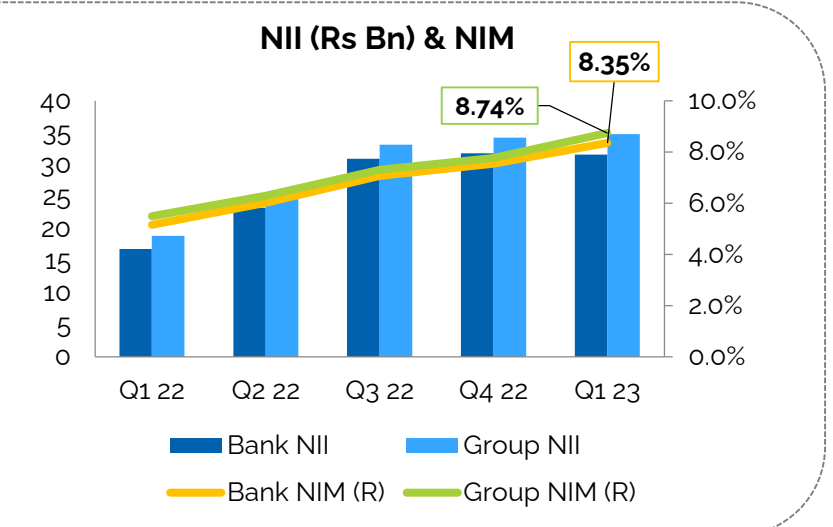
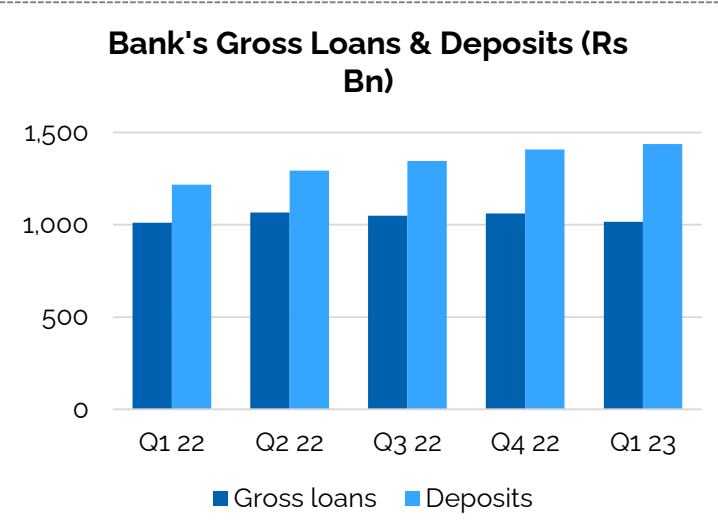
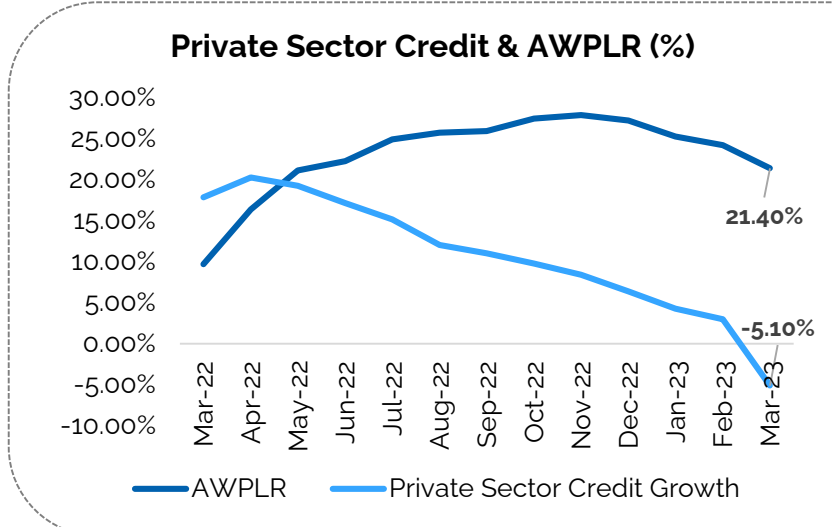
Financial Highlights

Q1 2023

Fund Based Income

Rs Bn	Q1 2023	Q1 2022	% change
Interest Income	80.8	32.8	145.8
Interest Expenses	45.9	14.0	229.0
NII	34.8	18.9	84.3

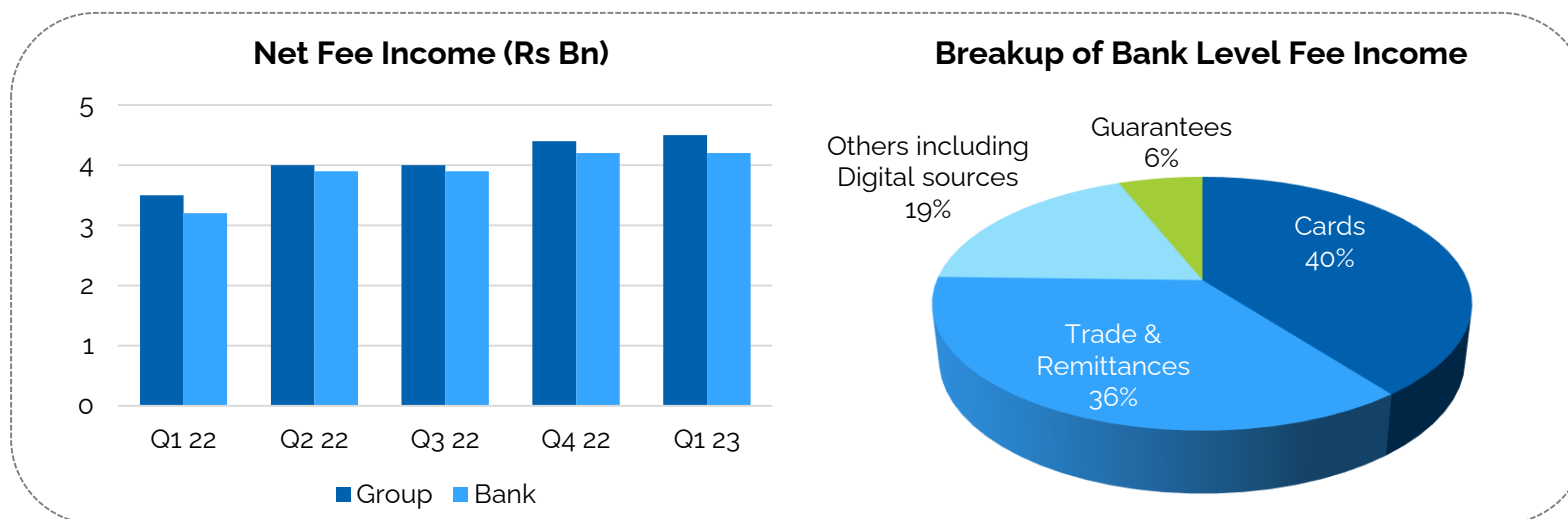
- AWPLR decreased by nearly 6 percentage points QoQ, signalling easing credit conditions
- Bank's deposit base grew by 2% YoY
- LKR deposits increased by Rs 53 Bn; CASA mix further shifts towards high yielding FDs
- Gross loan book contracted by 4% in Q1
- NIM remains one of the best in the industry



Non-Fund Based Income

Rs Bn	Q1 2023	Q1 2022	% change
Net Fee & Commission Income	4.5	3.5	30.9
Exchange Gains (Bank)	-2.3	7.3	-131.2
Insurance Premium	3.8	3.2	16.4
Total Income	41.2	33.6	22.7

- Fee income from Cards, Trade and Digital Channels resulted in a 31% YoY growth in Net Fee income
- LKR appreciation in March 2023 led to exchange losses amounting to Rs 2.3 Bn



Impairment & Asset Quality

Rs Bn	Q1 2023	Q1 2022	% change
Impairment on Financial Assets	4.8	6.7	-27.9
Loans & Other	6.9	6.8	0.7
Total Impairment	11.7	13.5	-13.5

- Highest provision cover over Stage III loans among key peers
- Having made significant provisions on account of impairment in 2022, the Bank made a total impairment of Rs 11.7 Bn for the quarter

Stage 3 ratio

3.82%

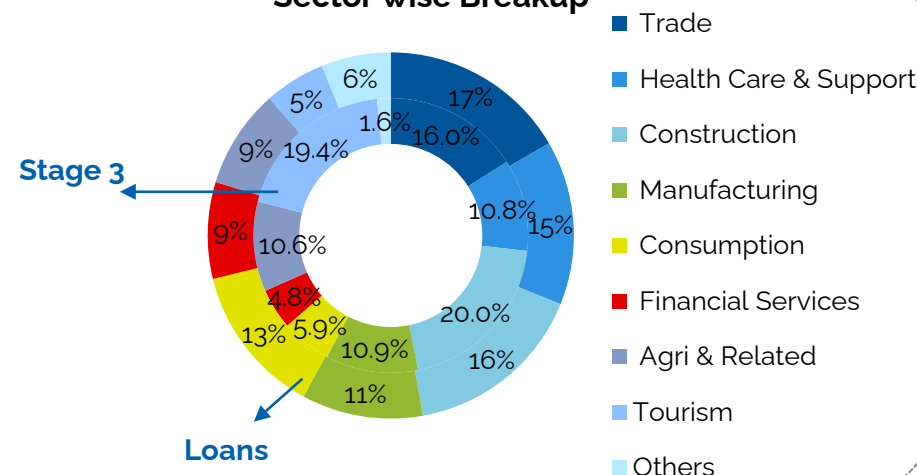
Among the best in the industry

Stage 3 coverage ratio

55.52%

Highest among key peers

Sector wise Breakup

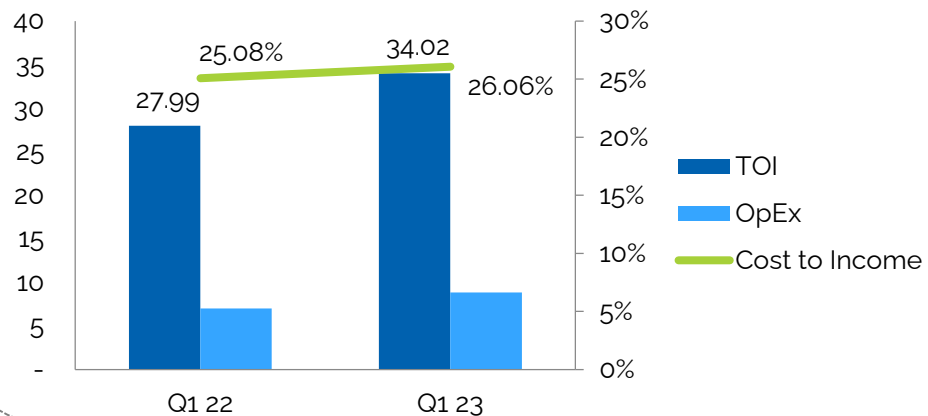


Operational Expenses

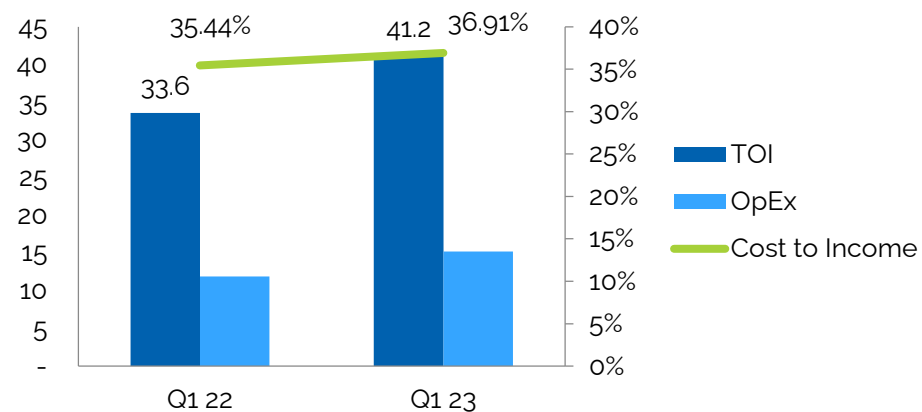
Rs Bn	Q1 2023	Q1 2022	% change
Personnel Expenses	5.3	4.3	22.2
Insurance Costs	4.4	3.2	38.3
Other Expenses	5.5	4.4	25.7
Total Operating Expenses	15.2	11.9	27.8

- Despite a 27.8% growth in operating expenses, the Bank and Group maintained efficient Cost to Income ratios at 26.06% and 36.91% respectively.

TOI vs. OpEx (Rs Bn) - Bank



TOI vs. OpEx (Rs Bn) - Group

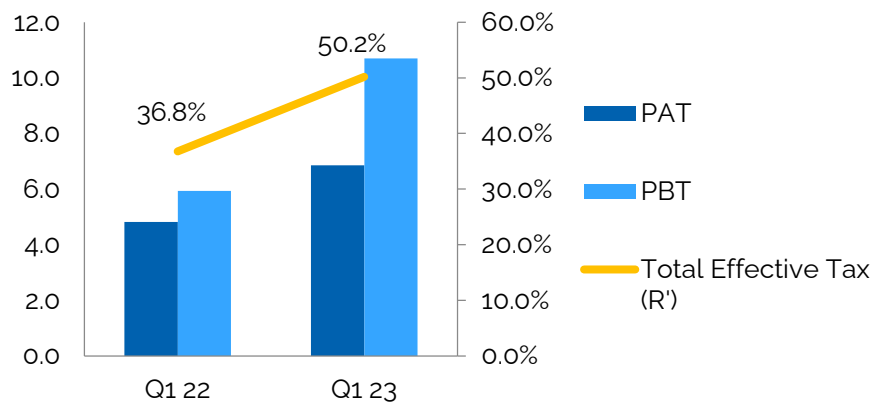


Taxation & Profitability

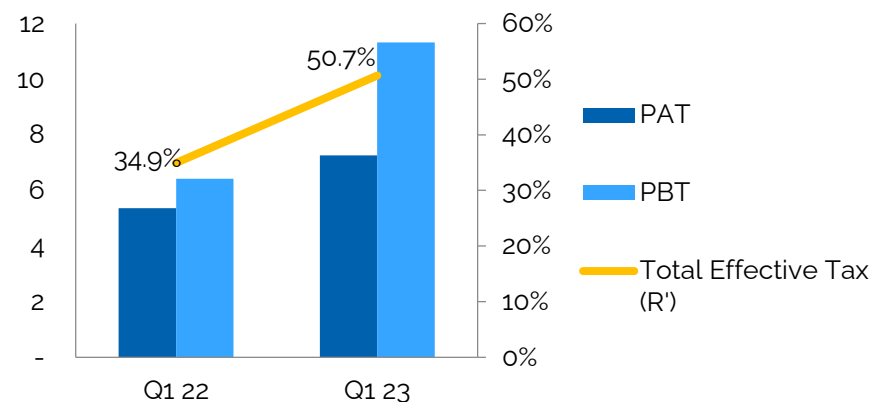
Rs Bn	Q1 2023	Q1 2022	% change
FSVAT & SSC	3.2	1.8	77.3
Profit Before Income Tax	11.3	6.4	76.5
Income Tax Expense	4.1	1.1	285.4
Total Group PAT	7.3	5.4	35.5

- The total effective tax rate for the quarter increased to 50.2% from 36.8% in Q1 2022, on account of the Bank's standard tax being revised from 24% to 30% coupled with the 2.5% Social Security Contribution Levy

Bank PBT & PAT (Rs Bn)

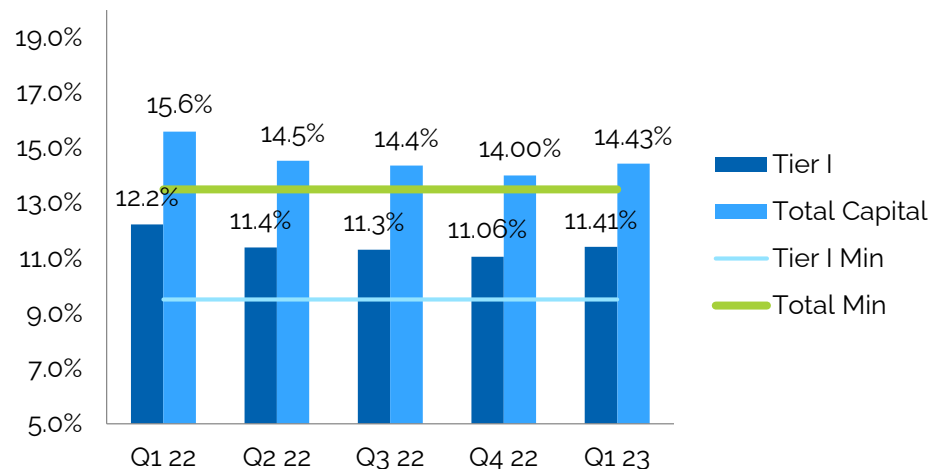


Group PBT & PAT (Rs Bn)



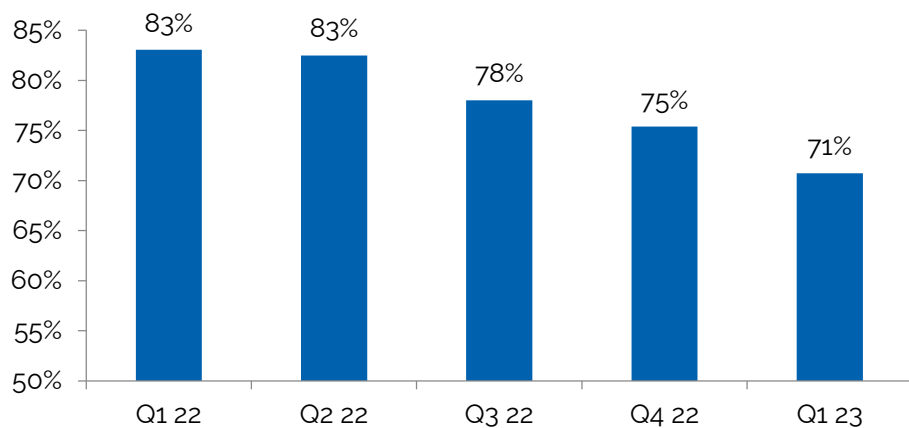
Soundness Indicators

Capital Adequacy



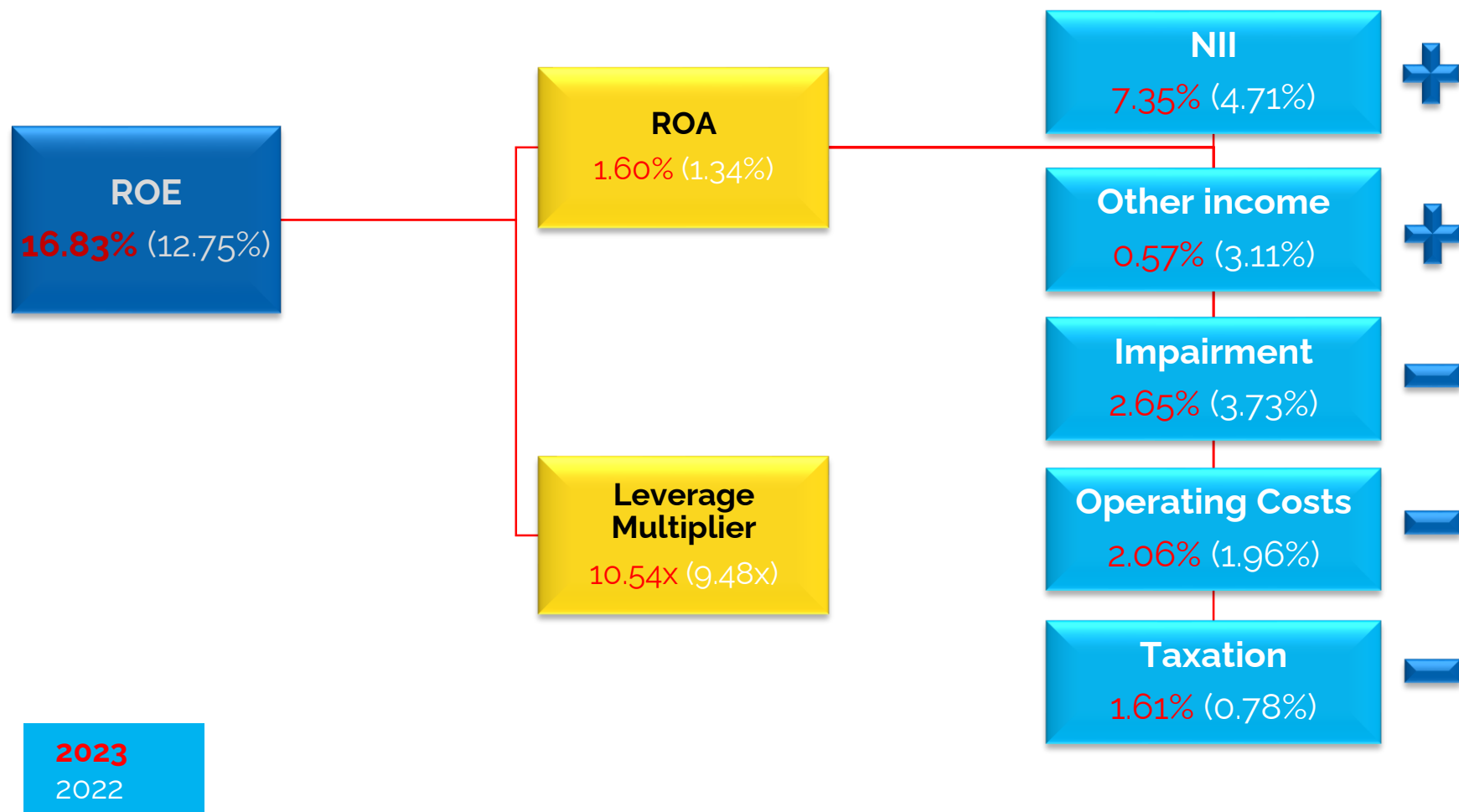
- Capital maintained above the minimum levels applicable
- Further leeway provided by CBSL to drawdown up to 250bps from the statutory levels of 9.5% and 13.5% for tier I and total capital

Loan to Deposit

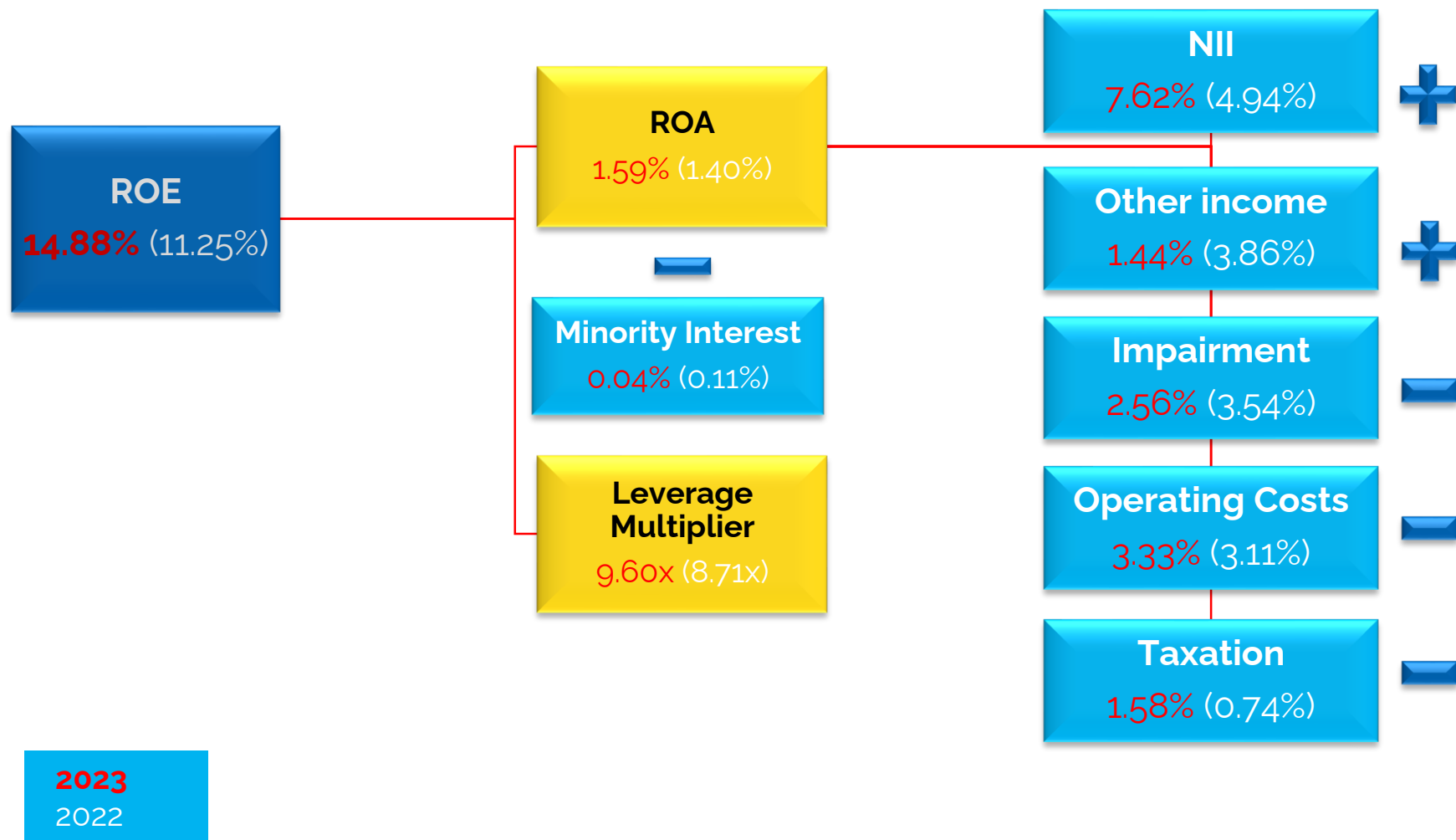


Ratio	HNB	Requirement
LCR (All)	358.12%	100%
SLAR (DBU)	39.31%	20%

DuPont Analysis - Bank



DuPont Analysis - Group



2023
2022

Awards and Recognition

- Declared as the **Best Corporate Citizen in Sri Lanka in 2022** by the Ceylon Chamber of Commerce
- Crowned the **Best Retail Bank** by the Asian Banker for the 13th consecutive time
- Ranked among the **Top 5 corporates in Business Today's Top 40** list
- Awarded the **Best Service in Trade Finance (Asia Banks)** and **Market Leader in Trade Finance (Asia Banks)** for 2023 by Asiamoney Magazine



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*"Best Corporate Citizen
Sustainability Award 2022"*

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Hatton National Bank
PLC

Ten Best Corporate Citizens
Awarded to

Hatton National Bank
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Winner

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Finance



Thank You

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