



HNB

HNB PLC
Investor Update

Financial Highlights – 9 M Group P&L (LKR Mn)

	Sept 2015	Sept 2014	% Change
Net Interest Income	21,822.8	18,890.8	16%
Net Fee Income	4,023.0	3,332.3	21%
Other Income	5,009.6	5,105.7	(2%)
Total Income	30,855.4	27,328.8	13%
Impairment Charge	(1,777.3)	(2,564.2)	(31%)
Operating Expenses	(16,736.1)	(14,284.8)	17%
VAT & NBT	(2,052.5)	(1,740.5)	18%
PBT	10,289.5	8,739.2	18%
Corporate Tax	(3,004.8)	(2,508.9)	20%
PAT attributable to Equity holders	6,982.0	6,166.8	13%

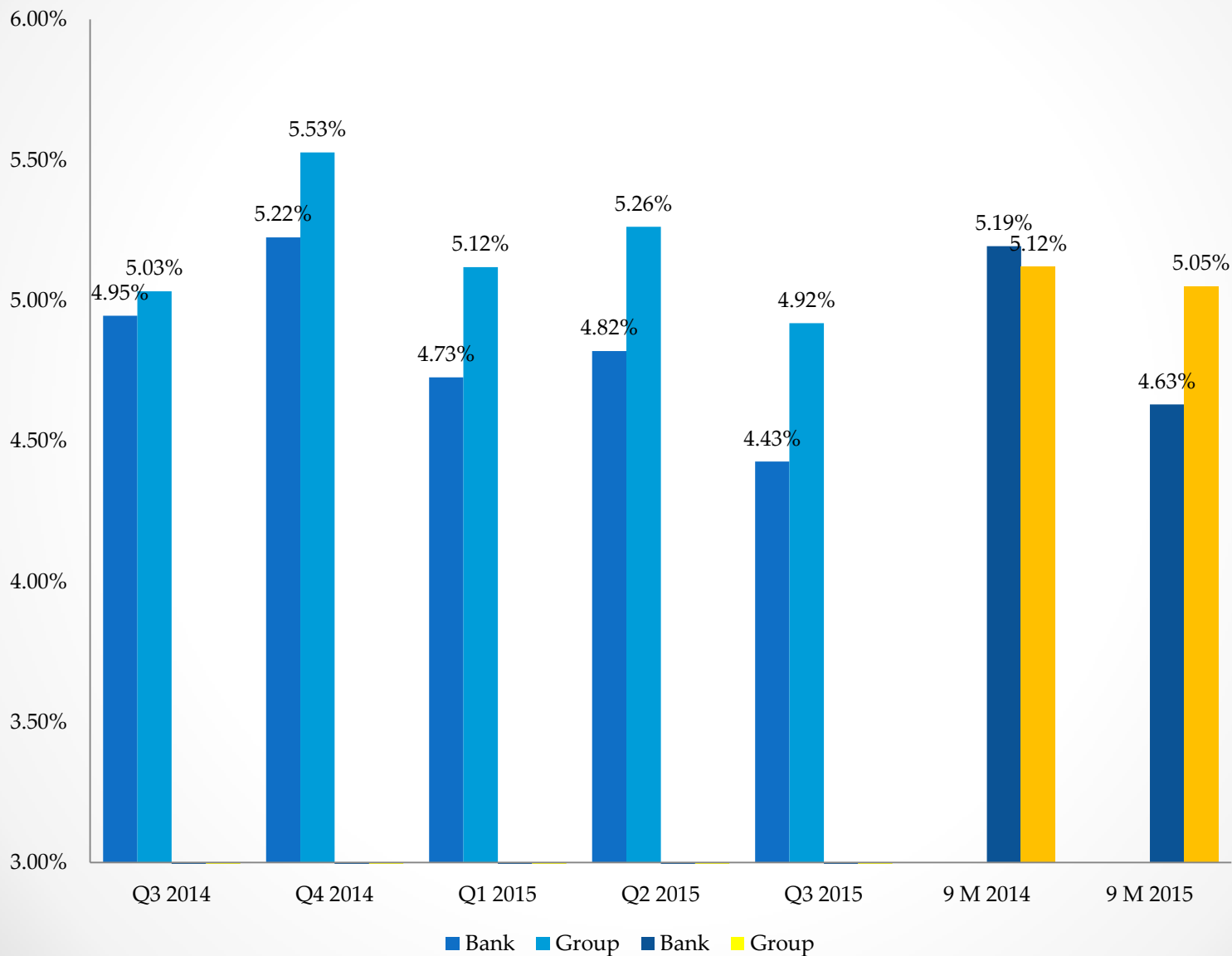
Financial Highlights – Group Balance Sheet (LKR Mn)

	Sept 2015	Dec 2014	% Change
Total Assets	704,364.6	600,056.2	17%
Net Loans	469,731.8	401,062.7	17%
Liabilities	631,721.4	530,417.5	19%
Deposits	505,024.3	425,620.4	19%

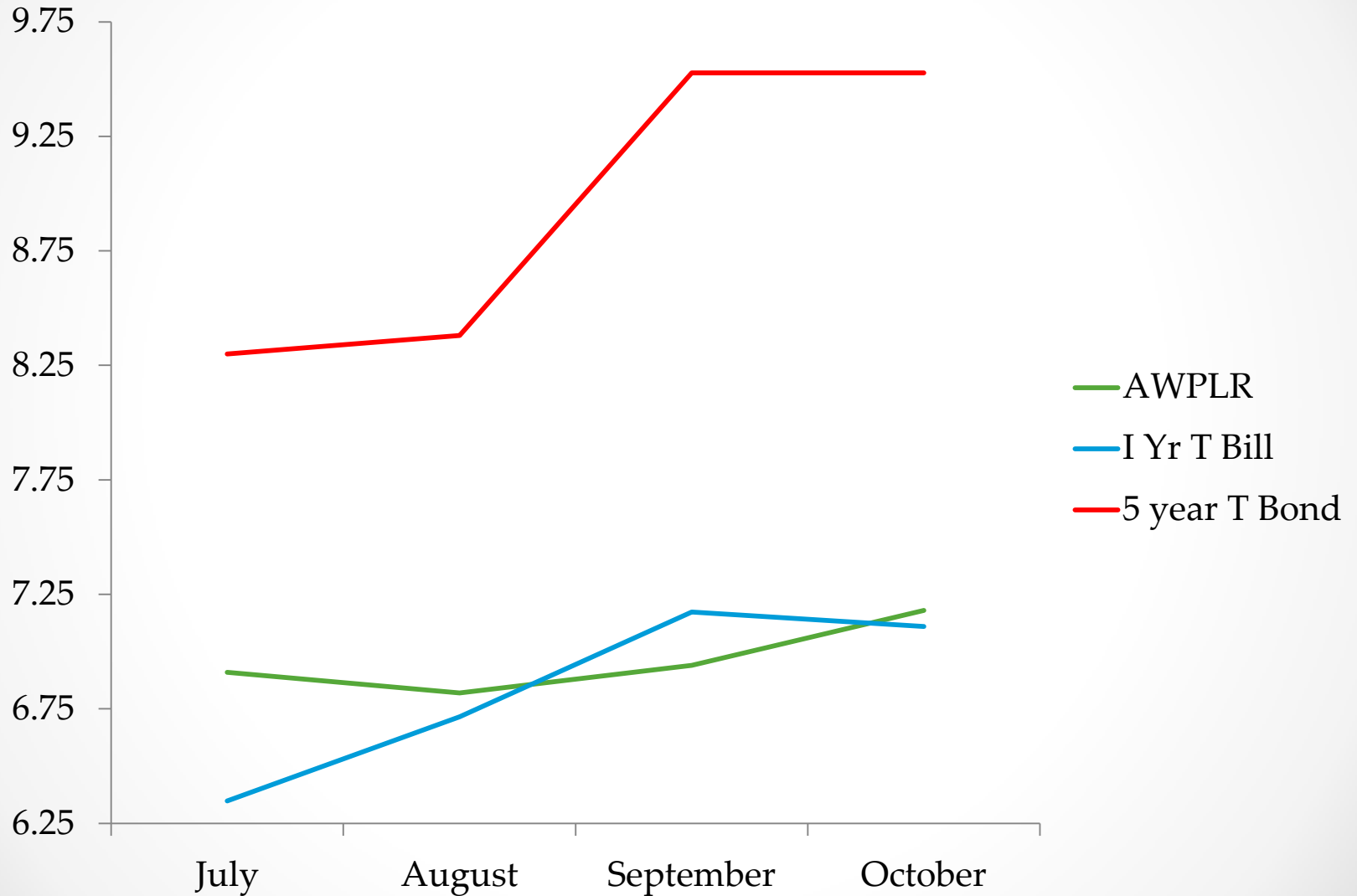
Financial Highlights – Bank P&L and Balance Sheet

P & L	9 M 2015	9 M 2014	% Change
Net Interest Income	19,369.0	18,340.3	6%
Net Fee Income	4,151.4	3,602.5	15%
Other Income	1,866.8	1,979.6	(6%)
• Trading	791.0	(680.0)	216%
• Investment	217.0	1,093.0	(80%)
• Other Operating Income	858.8	1,566.6	(45%)
Impairment Charge	(1,716.8)	(2,564.2)	(33%)
Operating Expenses	(12,301.4)	(11,449.9)	7%
PBT	9,503.6	8,167.7	16%
Corporate Tax	(2,674.1)	(2,479.2)	8%
PAT	6,829.5	5,688.5	20%

Continuing pressure on margins



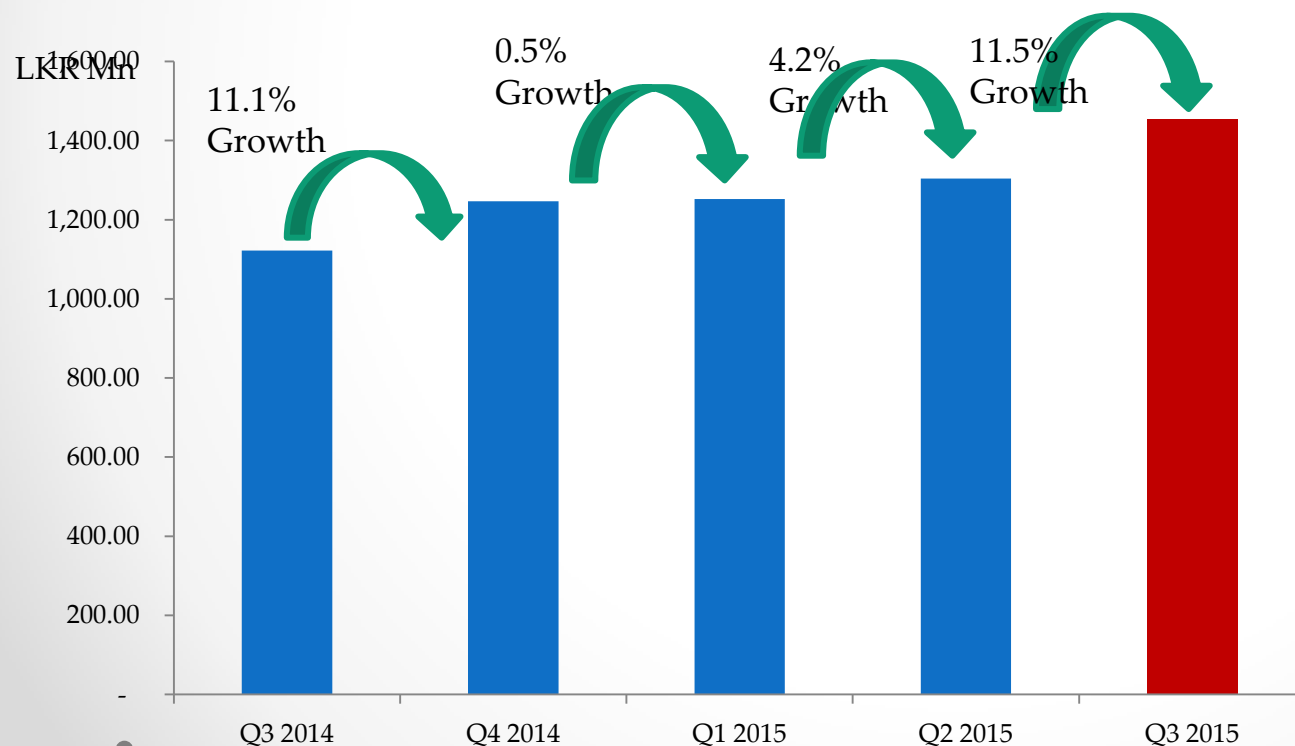
Interest movement in the last 4 months



Growth in Fee Income (LKR Mn)

	Cumulative 2015	Cumulative 2014	% growth YoY
Net Fee Income	4,023.0	3,332.3	21%

Fee & Commission Income

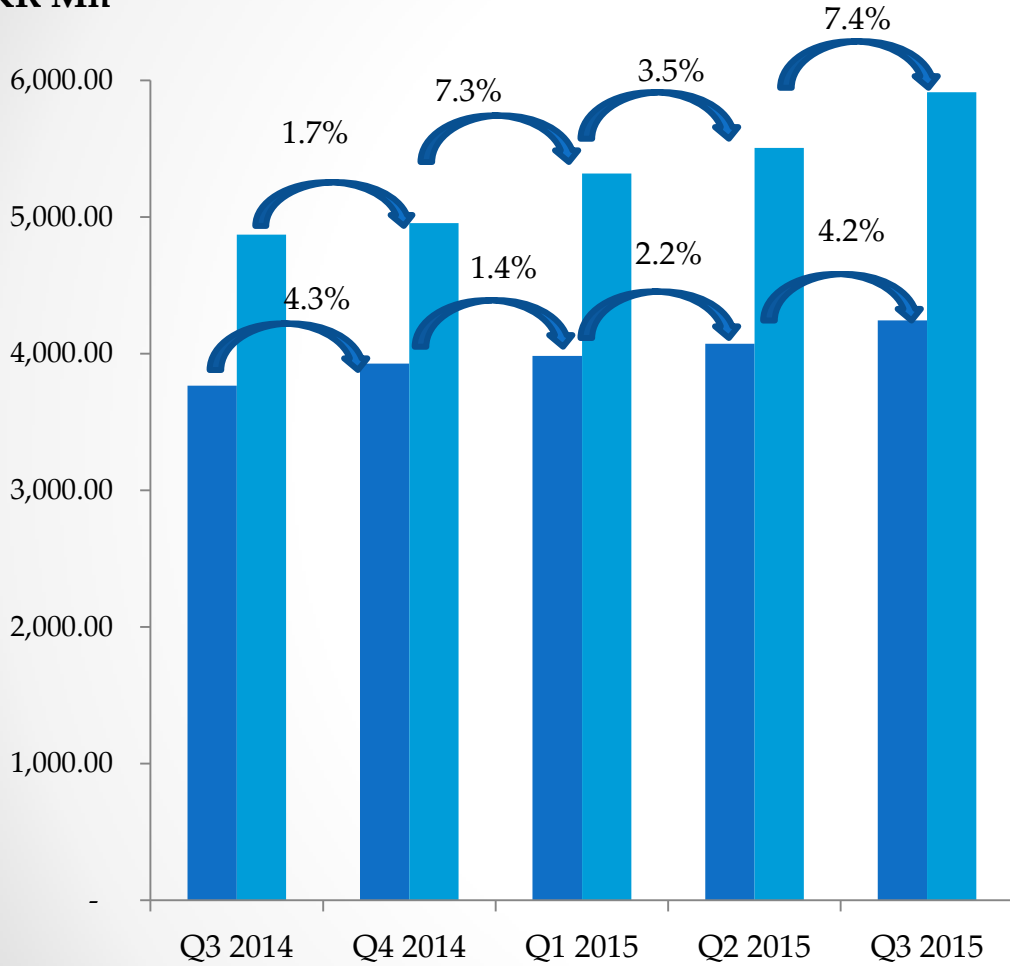


Main fee drivers :

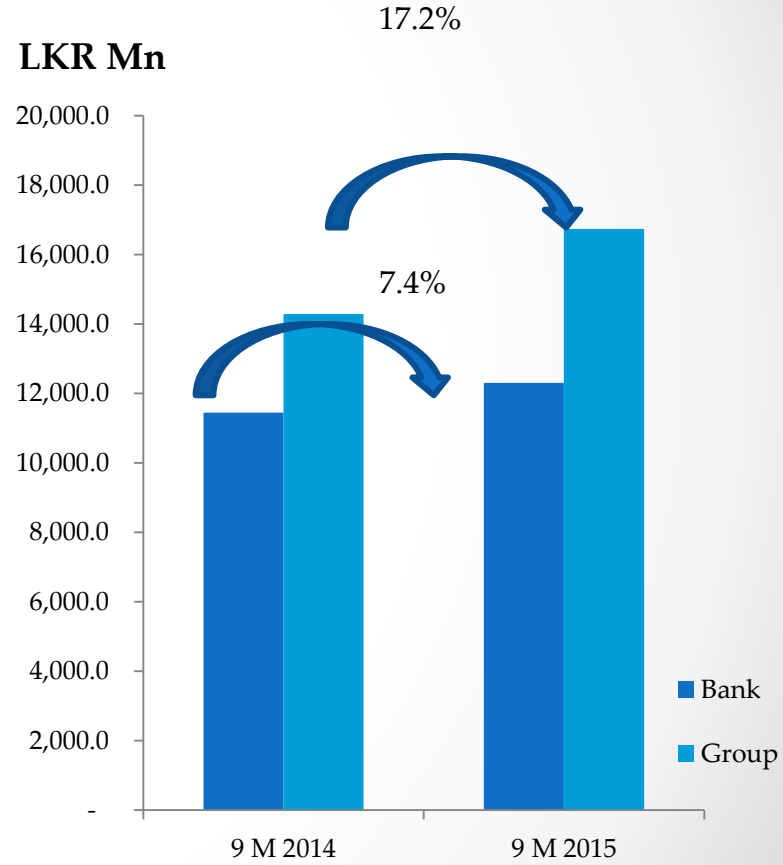
- Trade Finance
- Electronic Channels
- Leasing
- Guarantees

Containing increase in Operating Expenses

LKR Mn

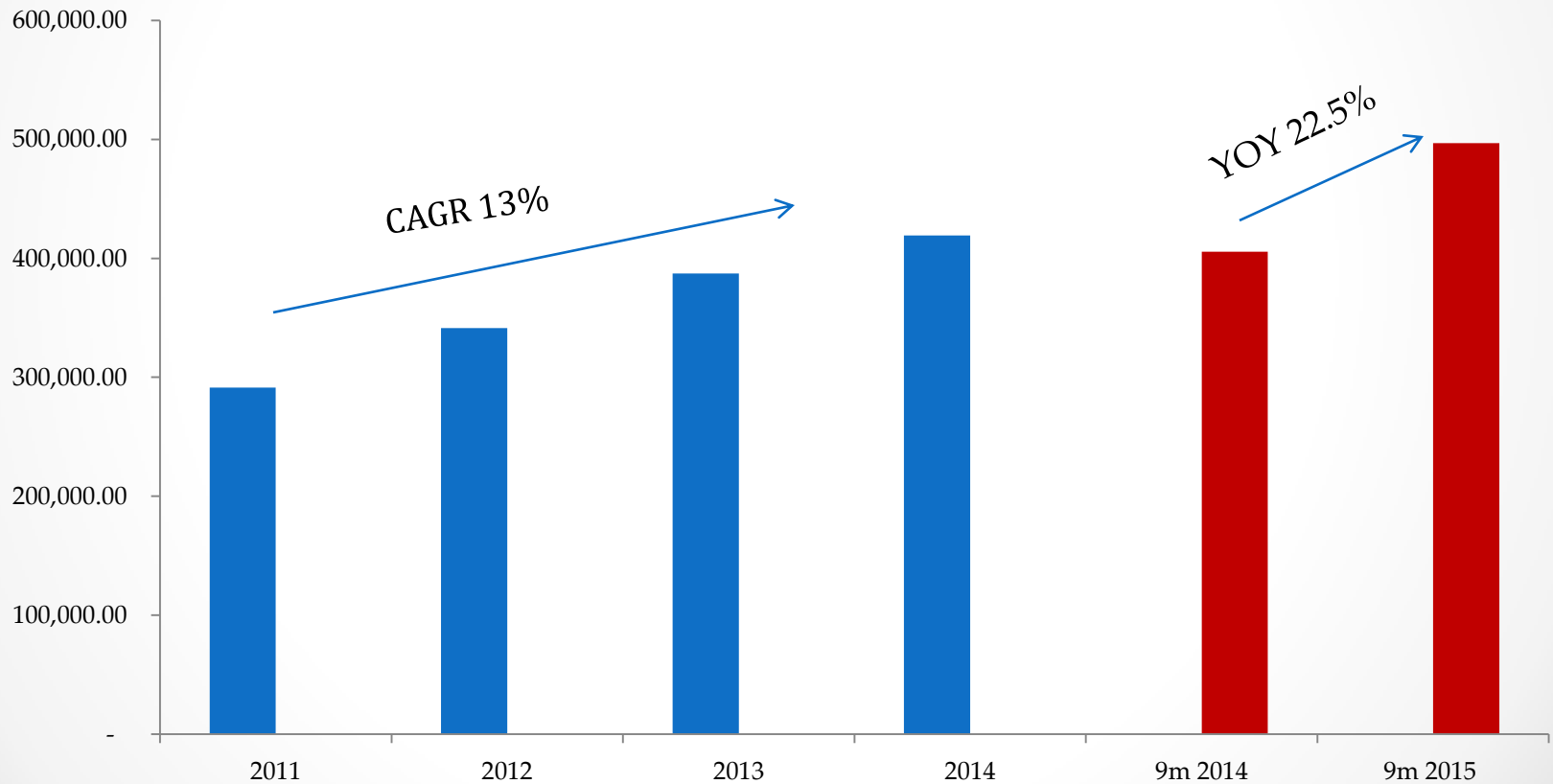


LKR Mn

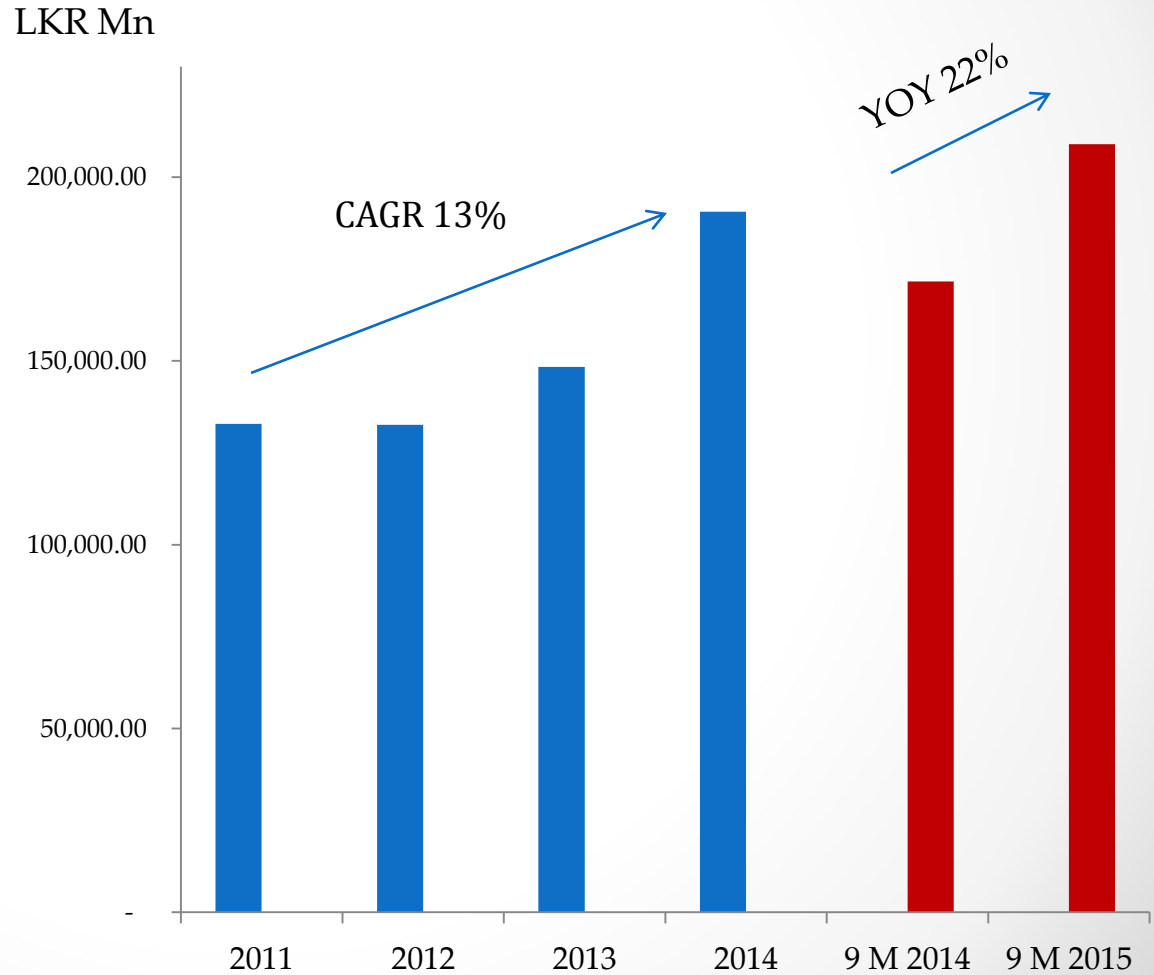
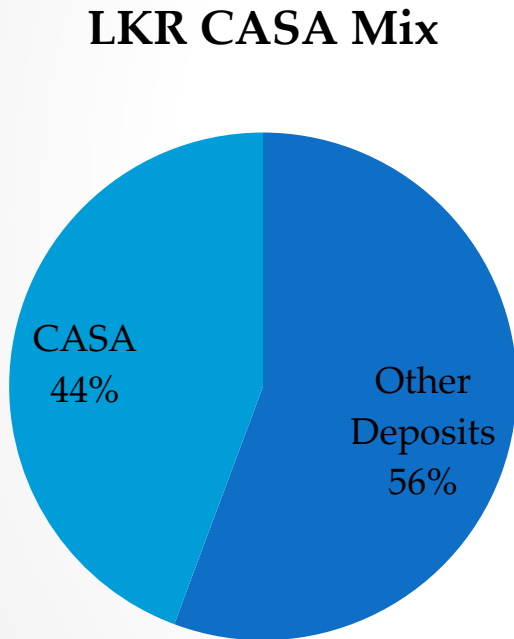


Total Deposit Growth

LKR Mn



Low cost deposit base funding growth

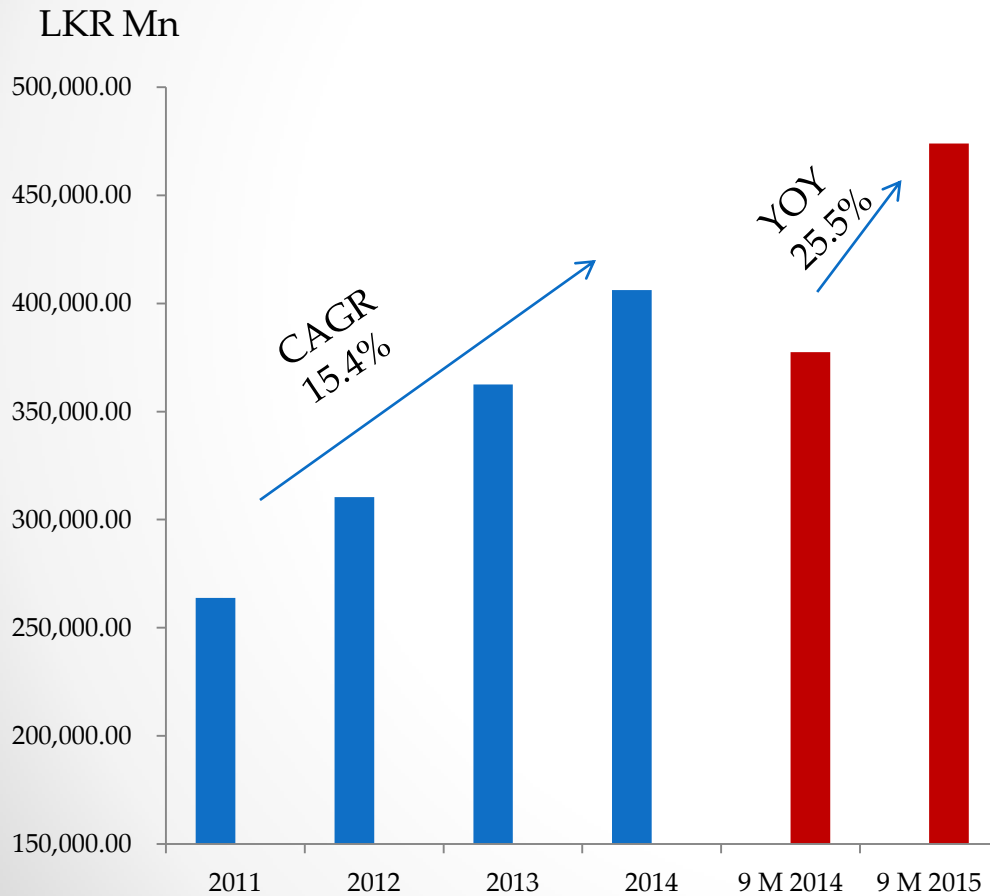


Foreign Funding

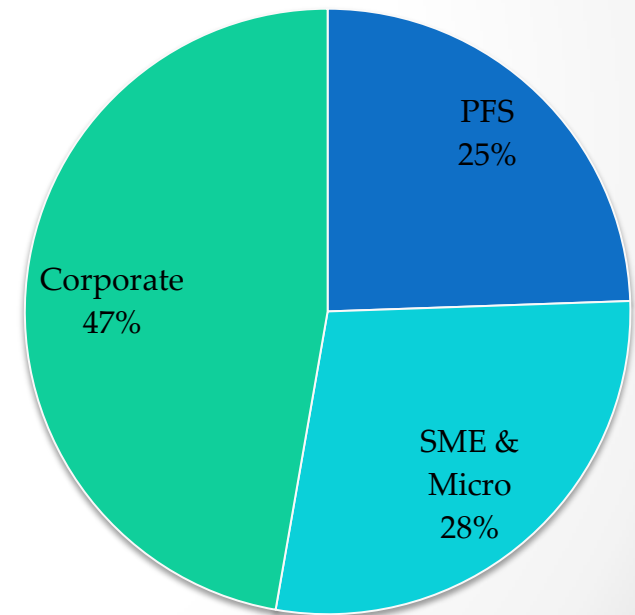
- Landmark Agreement with the Asian Development Bank (ADB) to secure USD 100 MN in 7 year Senior Debt in May 2015
- USD 35 Mn 6 year Senior long term Loan in September from DEG Germany for SME funding
- USD 50 Mn 5 year Senior Long Term Loan from PROPARCO based in France for SME and Agri funding purposes signed in November
- **A Total of USD 185 MN raised in 2015 through Foreign sources**

Sound growth in advances

30.4% YOY growth in advances net of gold backed loans

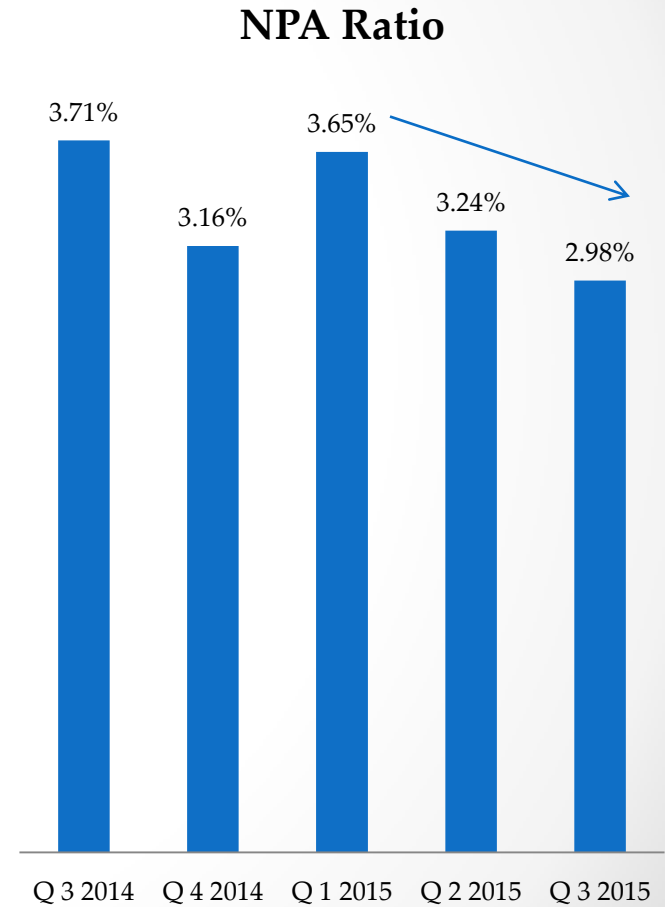
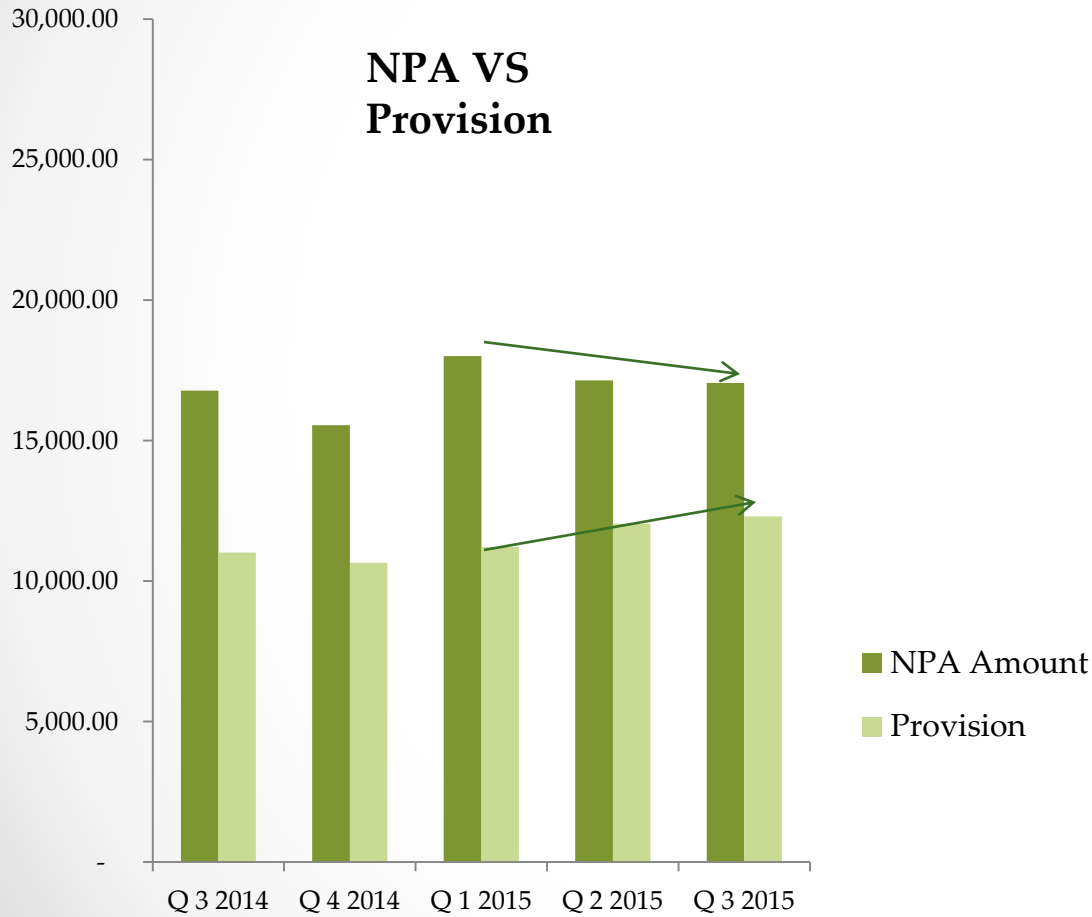


Segmental Distribution



Asset Quality

LKR Mn

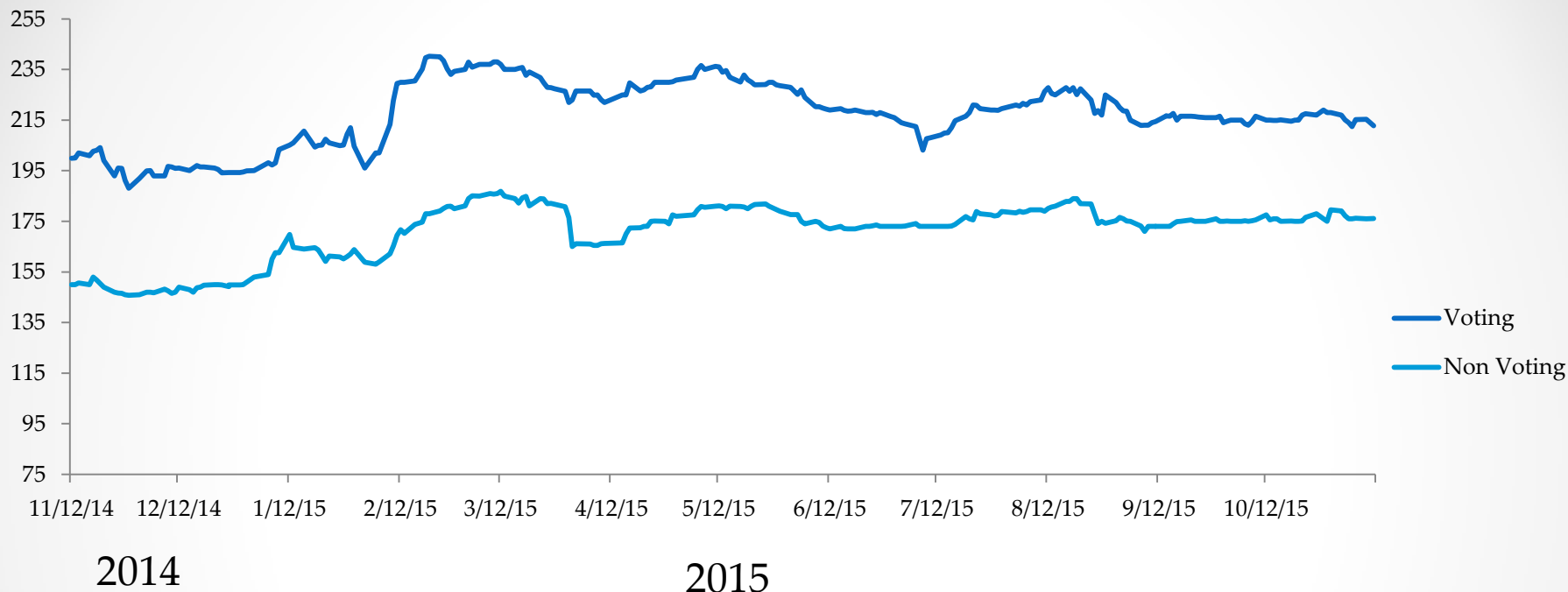


9M DuPont Analysis

	9 M 2015	9 M 2014	9 M 2015	9 M 2014
	Bank		Group	
NII/ Avg Assets	4.12%	4.58%	4.46%	4.60%
Other Income / Avg Assets	1.28%	1.40%	1.85%	2.06%
Net Income/ Avg Assets	5.40%	5.98%	6.31%	6.66%
Operating Cost/ Avg Assets	-2.62%	-2.86%	-3.42%	-3.48%
Provisions / Avg assets	-0.37%	-0.64%	-0.36%	-0.63%
Taxation/ Avg assets	-0.97%	-1.05%	-1.03%	-1.04%
Return on Avg Assets	1.45%	1.42%	1.43%	1.50%
Equity Multiplier	10.07	9.87	9.41	9.04
Return on Avg Equity	14.62%	14.03%	13.43%	13.59%

Shareholder Value Creation

12 Month Share Price



- ▶ PE of 9.47x Industry PE 11.3x
- ▶ PBV of 1.36x Industry PBV 1.5x
- ▶ Total Shareholder Return continues to be well above ASPI growth which has been negative over the past 12 months
 - ▶ Voting - 10.7%
 - ▶ Non Voting - 23.1%

Key Achievements in 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 organized 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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