



**YOUR PARTNER IN PROGRESS**

# Investor Update

# Financial Highlights

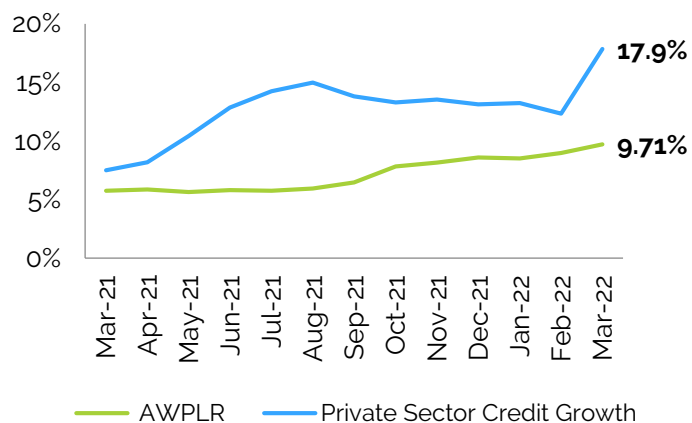
## Q1 2022

# Fund Based income

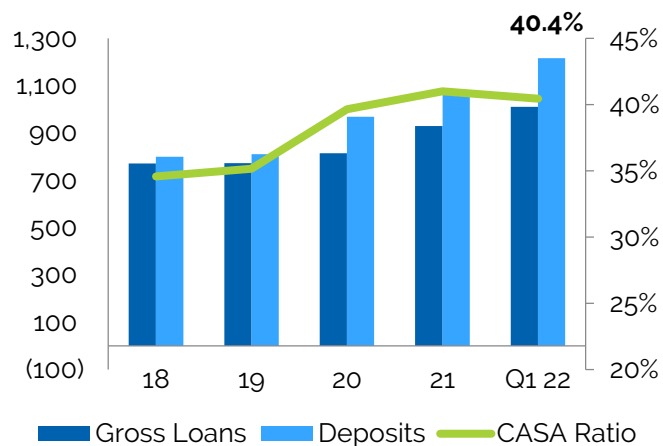
Rs Bn	Q1 2022	Q1 2021	% change
Interest Income	32.8	25.9	27.0
Interest Expenses	14.0	13.6	2.3
NII	18.9	12.2	54.5

- AWPLR increased by nearly 400bps over 12 months
- Over 150 bps NIM increase during the 12 months
- Total Advances : Rs 1 Trn. (YTD 9%)
- Total Deposits : Rs 1.2 Trn (YTD 13%)

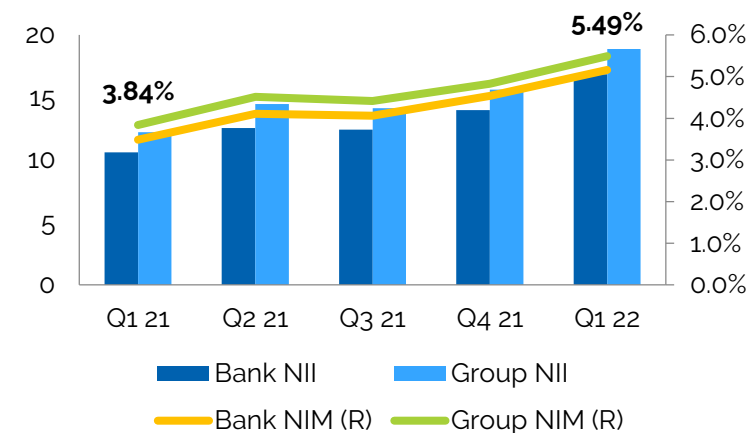
Private Sector Credit (%) & PLR (%)



Gross Loans & Deposits (Rs Bn)



NII (Rs Bn) & NIM

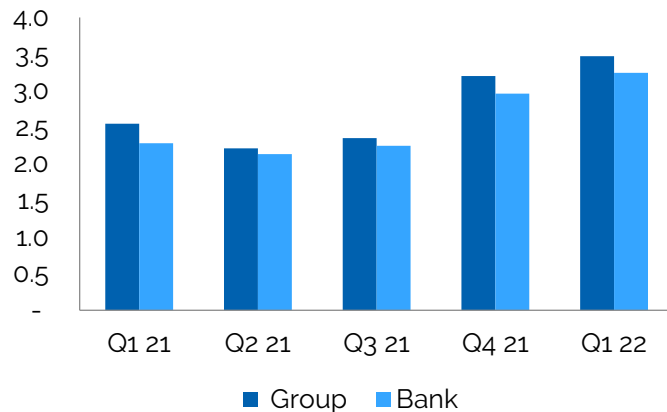


# Non - Fund Based income

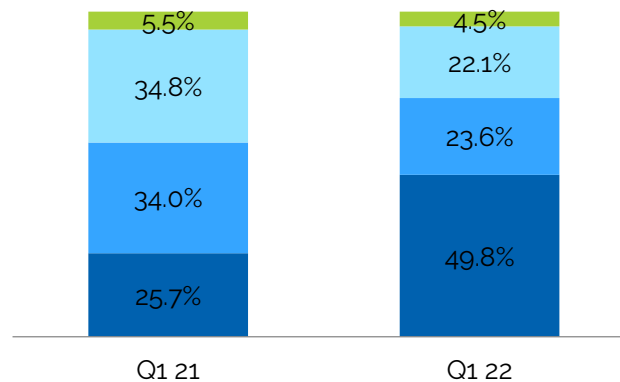
Rs Bn	Q1 2022	Q1 2021	% change
Net Fee & Commission Income	3.5	2.5	36.2
Exchange Gains	7.3	1.9	287.3
Insurance Premium	3.2	2.5	30.0

- Fee income from Cards, Trade and Digital Channels lead to growth in Net Fee income
- LKR depreciation boosted exchange gains

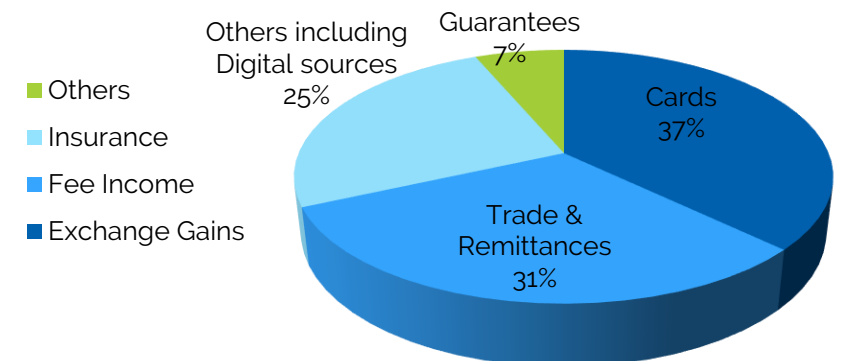
Fee Income (Rs Bn)



Composition of Non fund Income



Breakup of Bank level Fee Income

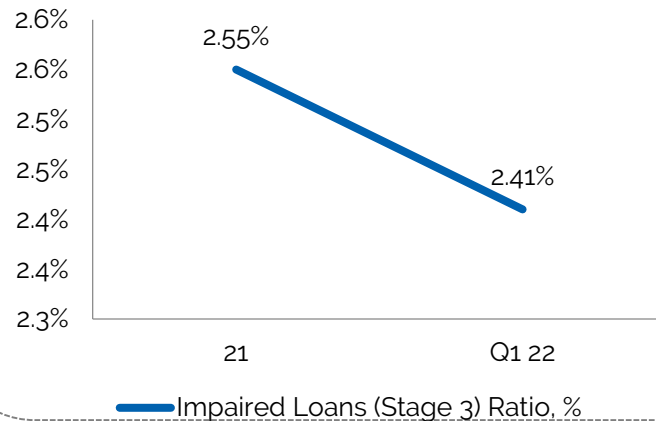


# Impairment & Asset Quality

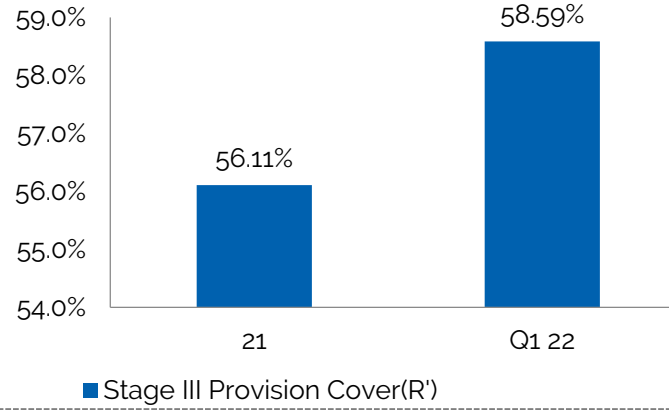
Rs Bn	Q1 2022	Q1 2021	% change
Impairment on SLDBs/SLSBs	6.7	0.07	9,307.4
Loans & Other	6.8	2.8	140.6
<b>Total Impairment</b>	<b>13.5</b>	<b>2.9</b>	<b>364.5</b>

- Impaired Loans (Stage 3) ratio, improved to 2.41%
- Rs 6.7 Bn impairment on SLDB/ SLSB
- Significant 'Management Overlay'
- Over 58% provision cover over Stage III loans

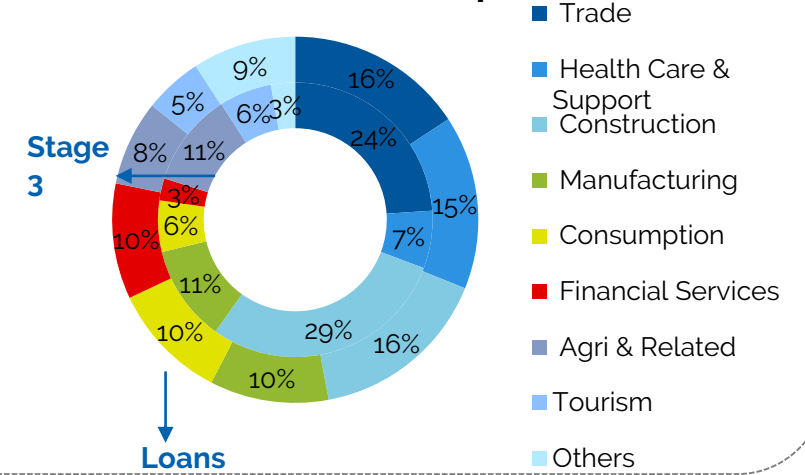
Impaired Loans (Stage 3) Ratio %



Impairment (Stage 3) to Stage 3 loans Ratio, %



Sector wise Breakup

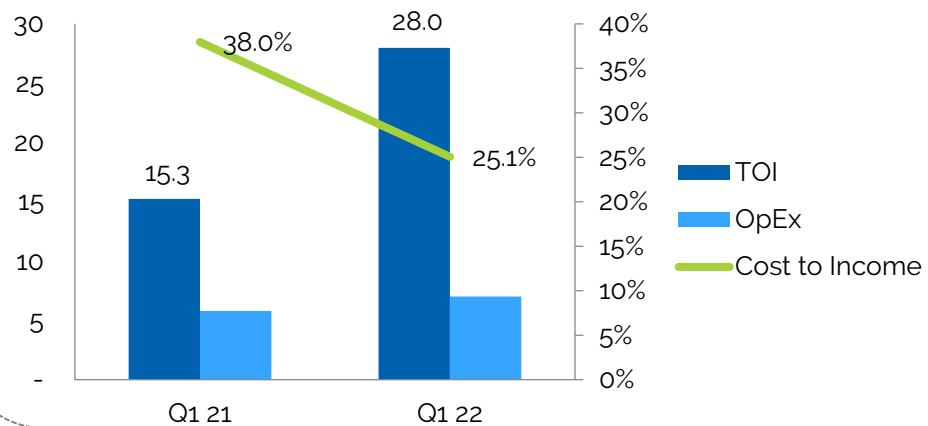


# Operational Expenses

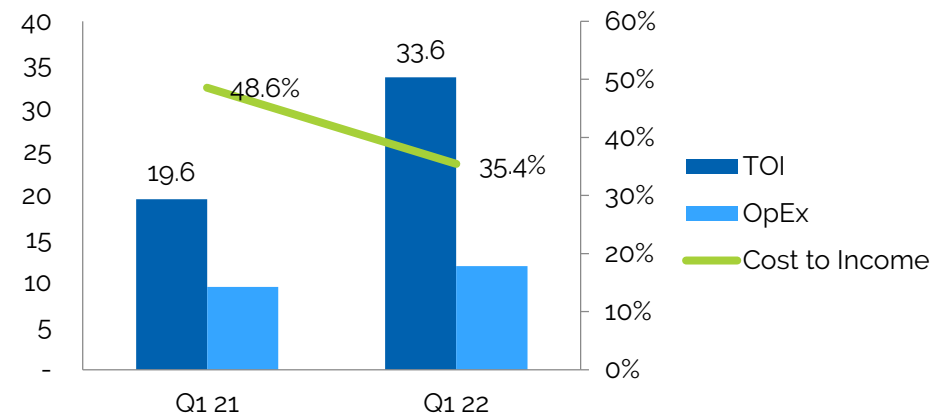
Rs Bn	Q1 2022	Q1 2021	% change
Personnel expenses	4.3	3.8	14.7
Insurance Costs	3.2	2.4	31.0
Other expenses	4.4	3.3	33.0
<b>Total operating expenses</b>	<b>11.9</b>	<b>9.5</b>	<b>25.0</b>

- Bank and Group OpEx increased by 21% and 25% YoY respectively
- Bank and Group Cost to Income ratios improved significantly due to significant increase in TOI

TOI (Rs Bn) vs. OpEx (Rs Bn) - Bank



TOI (Rs Bn) vs. OpEx (Rs Bn) - Group

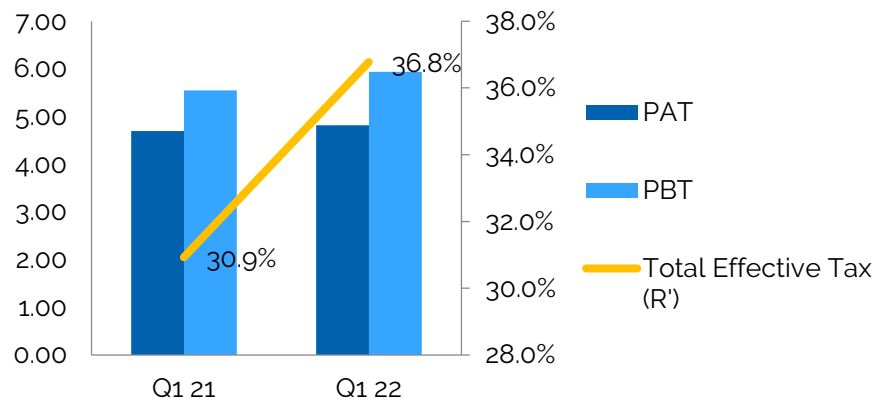


# Taxation & Profitability

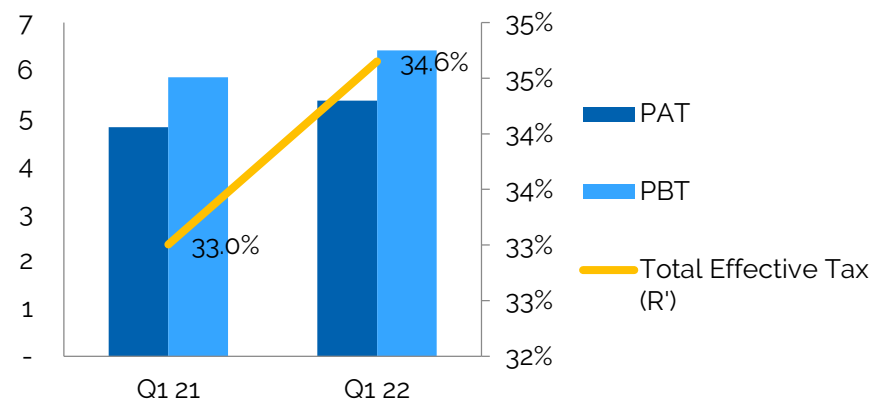
Rs Bn	Q1 2022	Q1 2021	% change
Tax on Financial Services	1.8	1.3	35.5
Profit before income tax	6.4	5.9	9.6
Income tax expense	1.1	1.0	0.6
Total Group PAT	5.4	4.8	11.5

- Financial Vat charge revised to 18% from 15%
- Reduction in interest income from foreign currency denominated government securities

Bank PBT & PAT (Rs Bn)



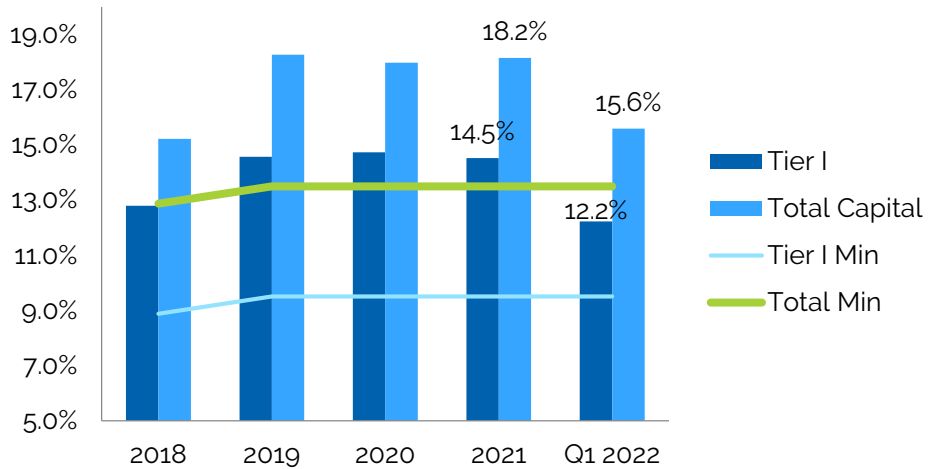
Group PBT & PAT (Rs Bn)





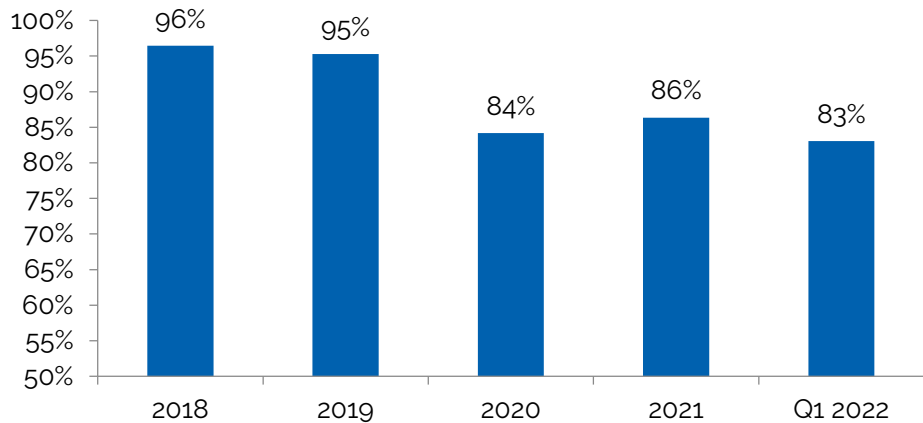
# Soundness Indicators

## Strong on Capital Adequacy



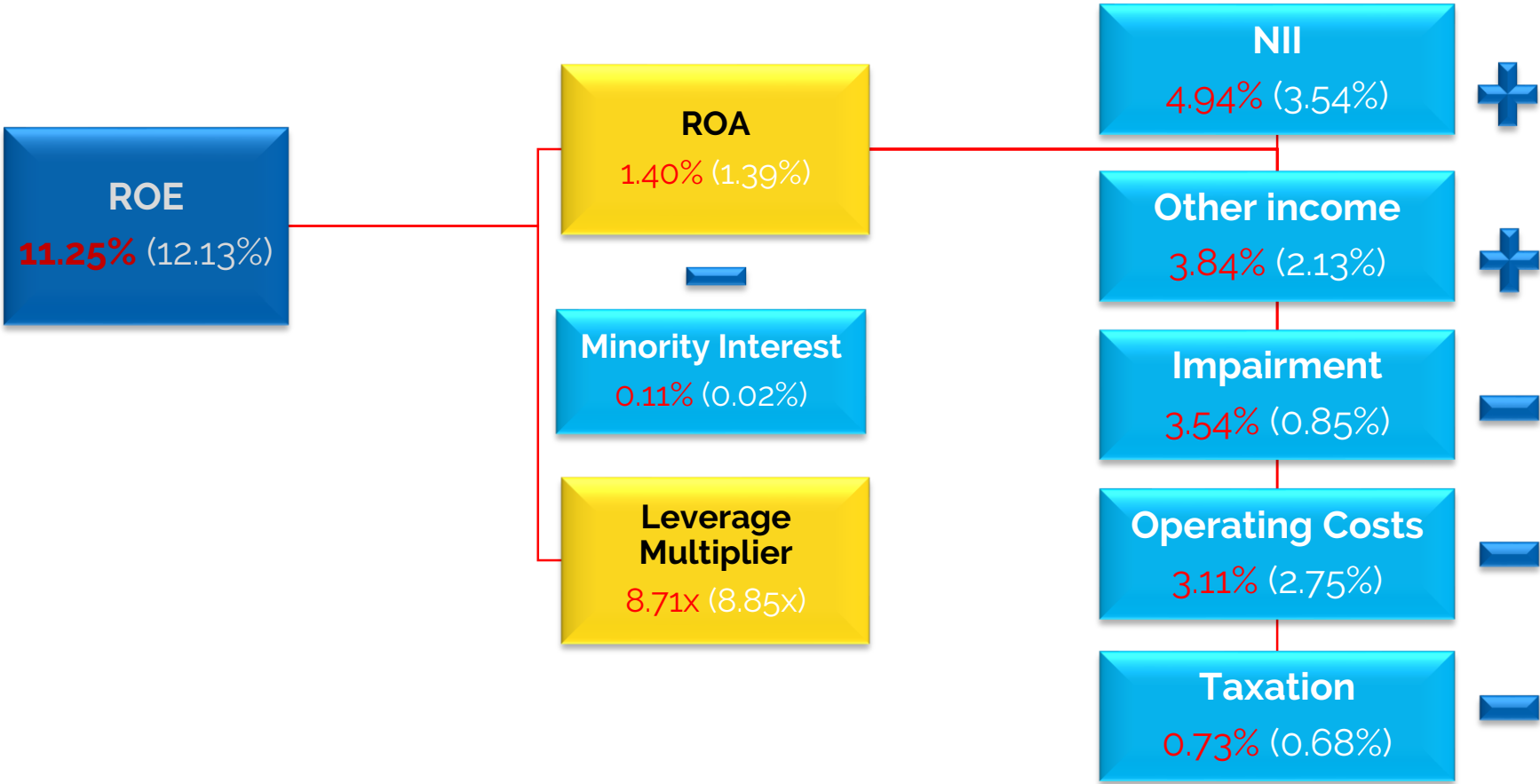
- HNB continues to be among the best capitalized in the industry
- LDR at only 83%
- Strong Liquidity Position continues to be maintained
- CBSL has offered flexibility to use the CCB, up to 2.5%
- CBSL has permitted to maintain LCR and NSFR at a minimum level of 90% up to Sep-2022

## Loan to Deposit



Ratio	HNB	Requirement
LCR (All)	194%	100%
SLAR (DBU)	29%	20%

# DuPont Analysis – Group



**Q1 2022**  
Q1 2021

**Thank you**