










Hatton National Bank

Investor Forum

13th March 2018








Financial Performance – Bank

Income

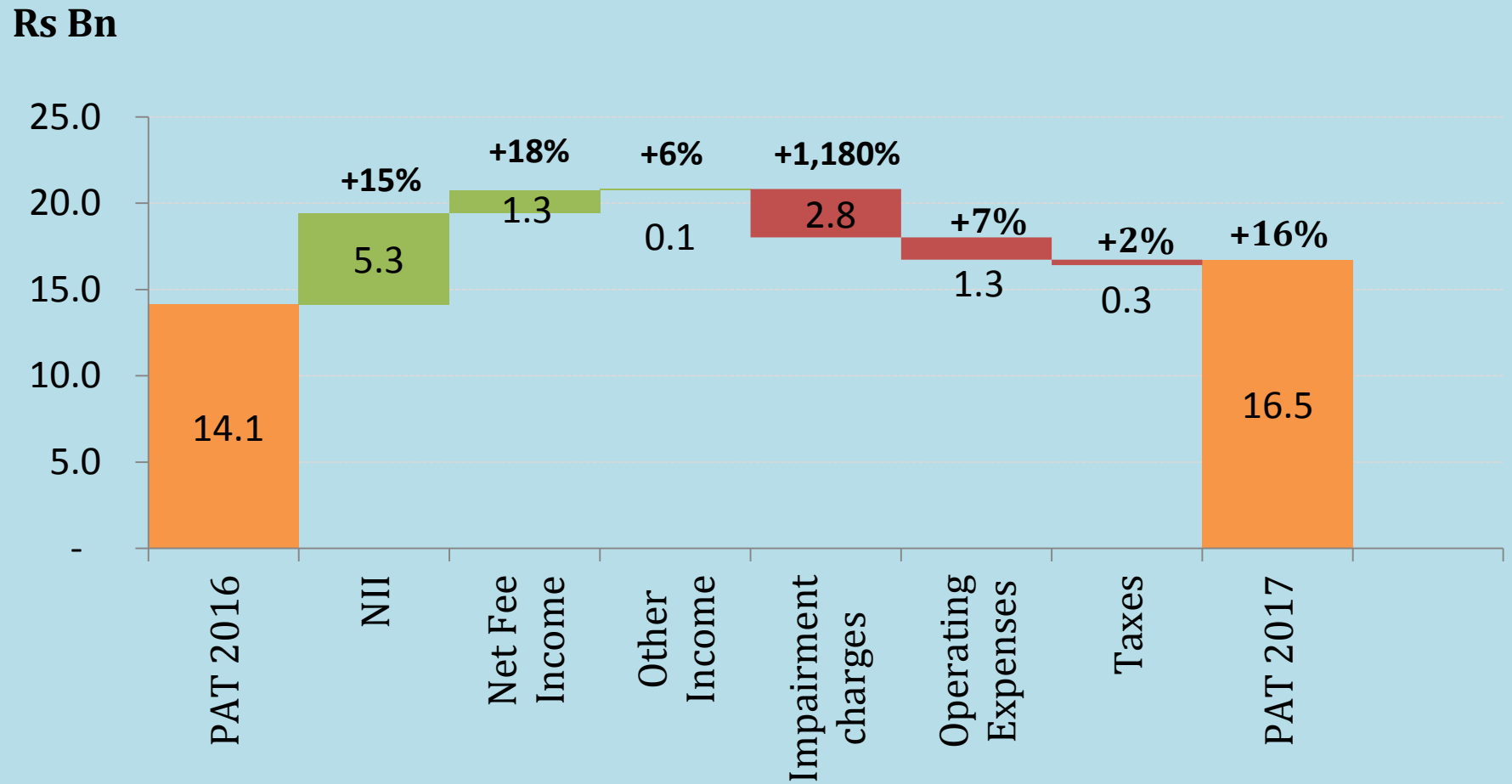
	2017 (Rs Bn)	2016 (Rs Bn)	Growth %
Interest Income	96.2	75.6	 27%
Interest Expenses	56.5	41.2	 37%
NII	39.6	34.4	 15%
Net Fee Income	8.3	7.0	 18%
Net gain/loss from trading	(3.7)	(1.8)	 106%
Net gain from financial investments	0.2	0.1	 90%
Other Operating Income	5.2	3.3	 58%

Financial Performance – Bank

Charges & Profits

	2017 (Rs Bn)	2016 (Rs Bn)	Growth %
Impairment	3.0	0.2	 1180%
Net Operating Income	46.6	42.8	 9%
Operating Expenses	19.6	18.3	 7%
VAT & NBT	5.0	4.4	 15%
PBT	22.1	20.1	 9%
Income Tax	5.6	6.0	 7%
PAT	16.5	14.1	 16%

Financial Performance – Bank



HNB Group



60%
Insurance

PAT - Rs 935 Mn
ROE - 28%



51% (voting)
Micro finance

PAT - Rs 1,088 Mn
ROE - 27%



A joint Venture of DFCC Bank and HNB

50%
Investment
Banking

PAT - Rs 351 Mn
ROE - 10%









Sithma
Development

100%
Real Estate

PAT - Rs 526 Mn
ROE - 6%









Financial Performance – Group

Net Operating Income

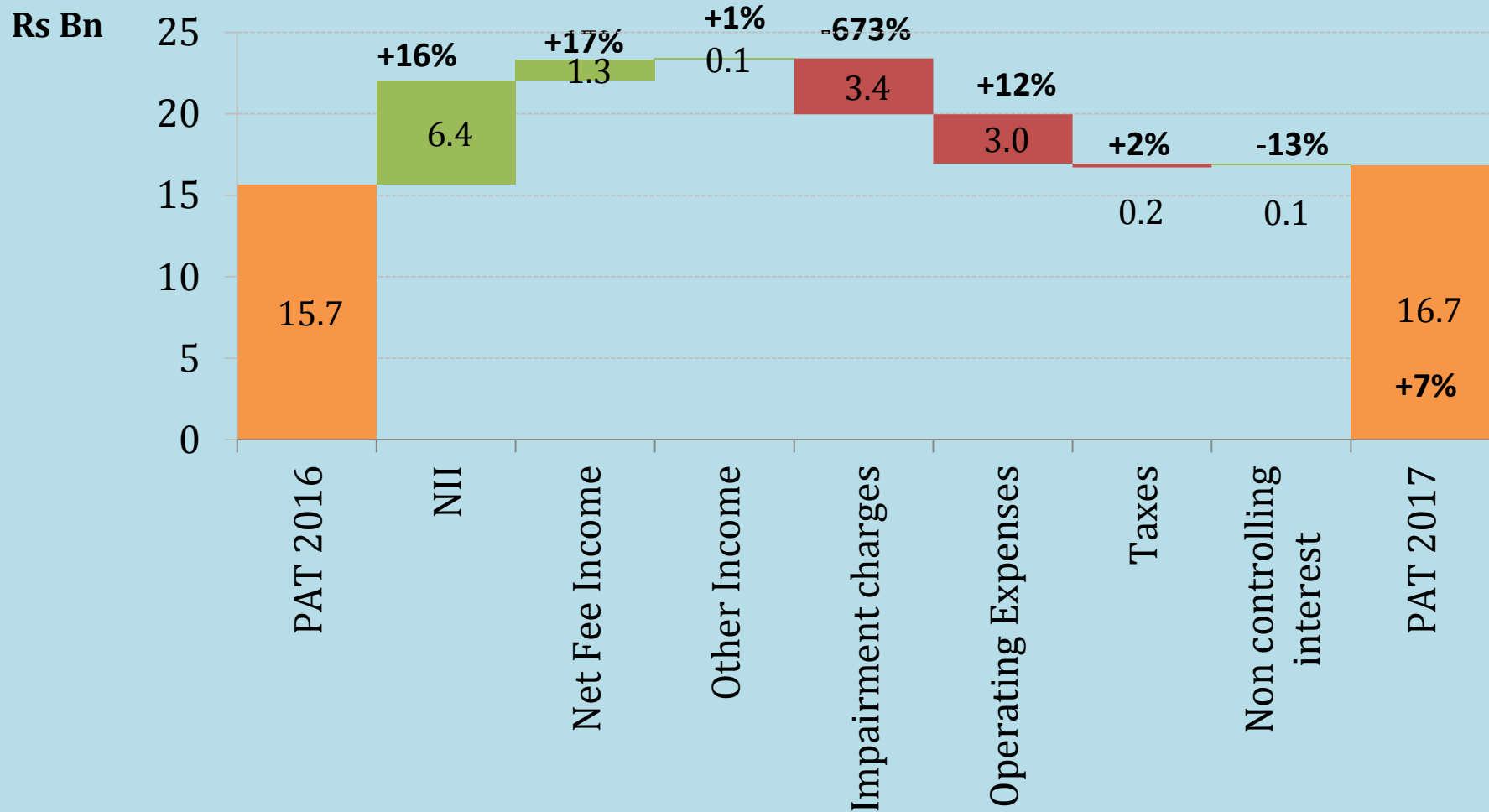
	2017 (Rs Bn)	2016 (Rs Bn)	Growth %
Interest Income	103.9	81.5	 27%
Interest Expenses	58.4	42.4	 38%
NII	45.5	39.1	 16%
Fee Income	9.0	7.7	 17%
Net gain/loss from trading	(3.7)	(1.8)	 102%
Net gain from financial investments	0.2	0.1	 140%
Net insurance premium	6.3	5.5	 15%
Other operating income	3.7	2.8	 35%

Financial Performance – Group

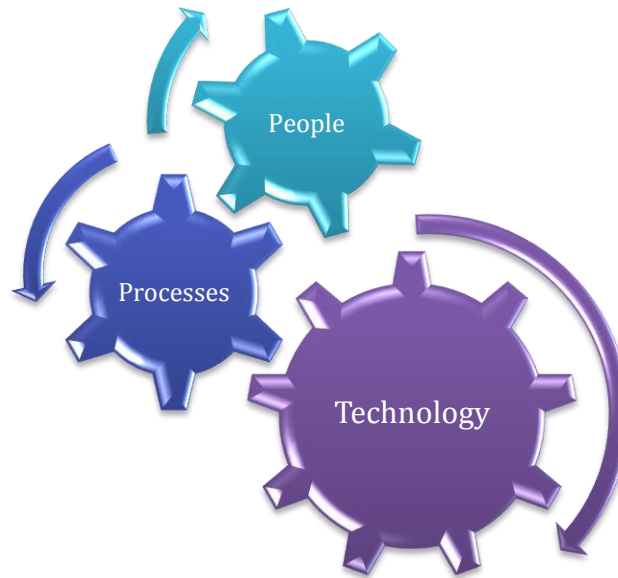
Expenses & Profits

	2017 (Rs Bn)	2016 (Rs Bn)	Growth %
Impairment	3.9	0.5	 673%
Net Operating Income	57.2	52.9	 8%
Operating Expenses	28.8	25.8	 12%
VAT & NBT	5.4	4.7	 15%
PBT	23.1	22.5	 3%
Income Tax	6.4	6.8	 7%
PAT	16.7	15.7	 7%
Profit Attributable to Shareholders	15.9	14.8	 8%

Financial Performance – Group

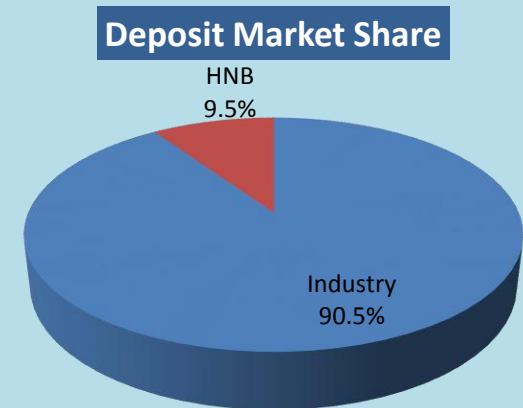
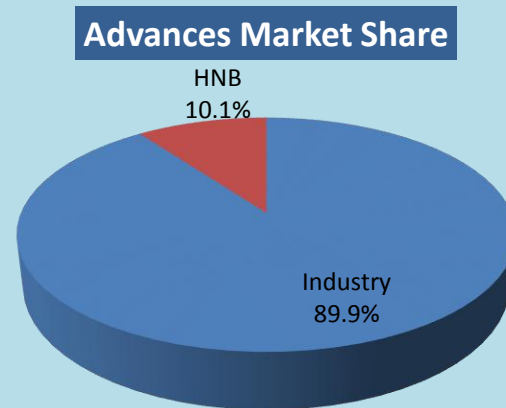
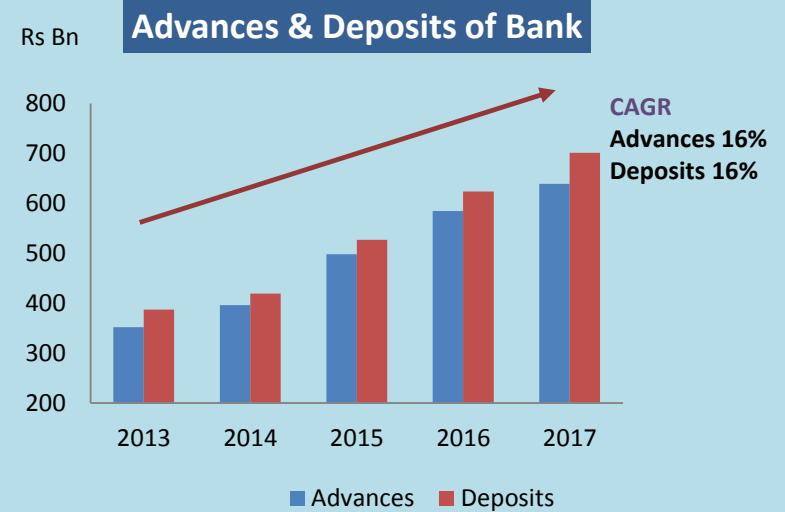
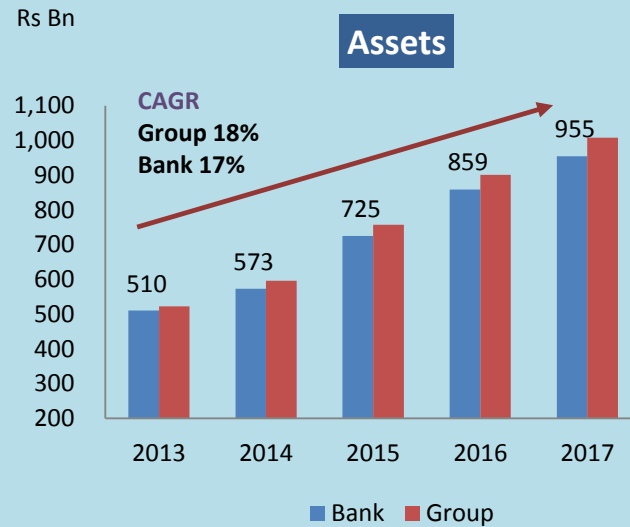


Strategy Framework



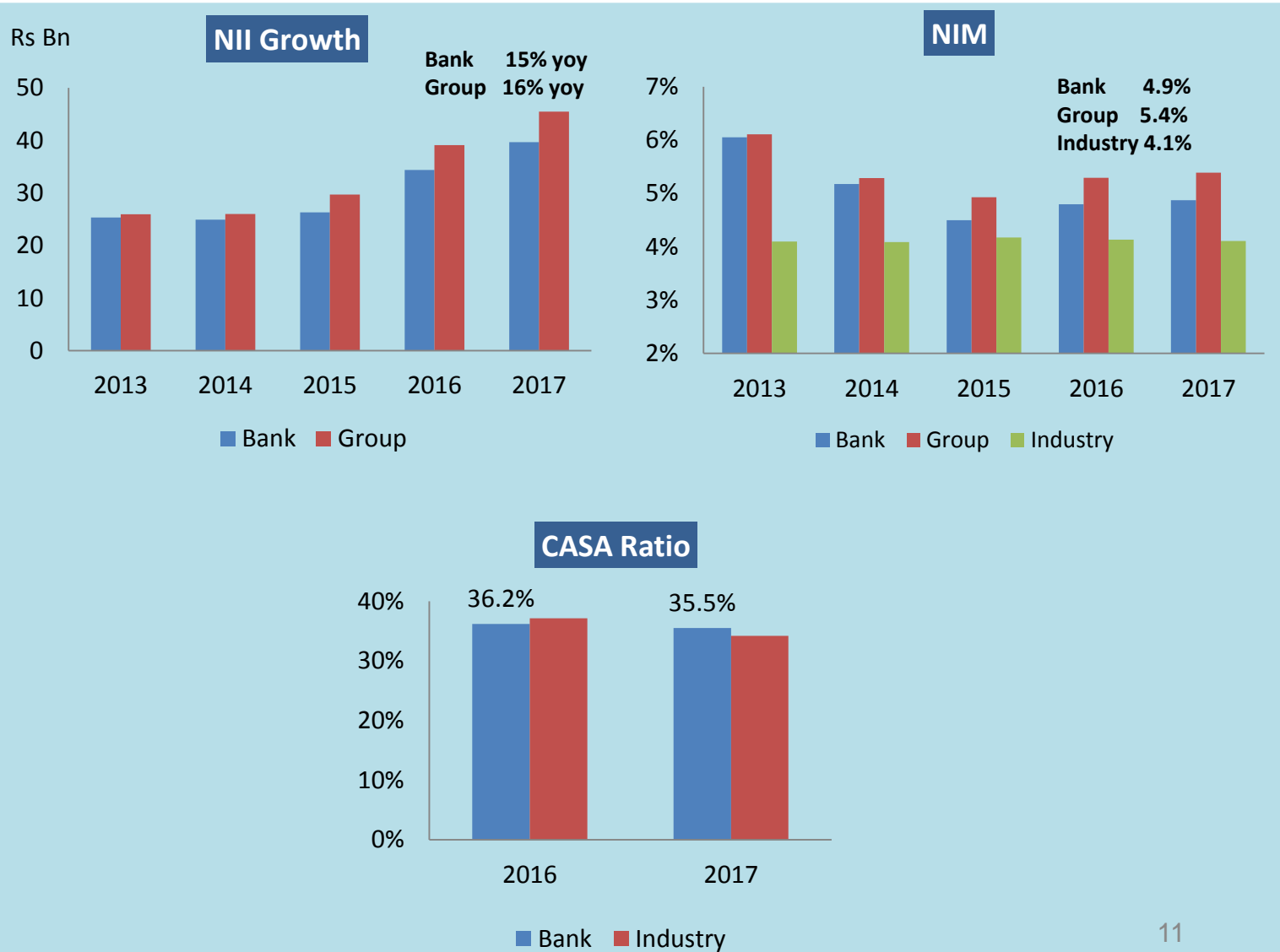
Profitable Balance Sheet Growth

- Group Assets surpass Rs 1 Tn
- Bank Deposits over Rs 700 Bn
- 10% Market share in advances
- Assets
 - Bank 11% yoy
 - Group 12% yoy
- Advances
 - Rs 639 Bn
 - 9% yoy
- Deposits
 - Rs 701 Bn
 - 13% yoy



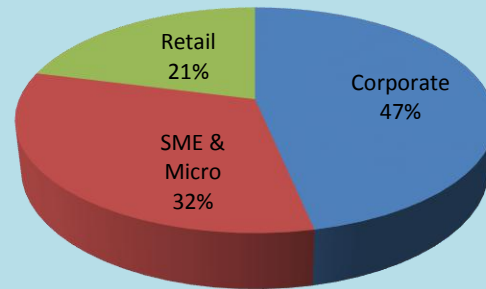
Profitable Balance Sheet Growth

- Exposure to higher yielding segments
- Margins improved yoy
 - Bank - 4.87% from 4.8%
 - Group – 5.39% from 5.29%
- Industry Margins dropped marginally to 4.11% from 4.14%
- CASA growth of Rs 23.4Bn, higher than the industry growth rate
- CASA ratio remained flat

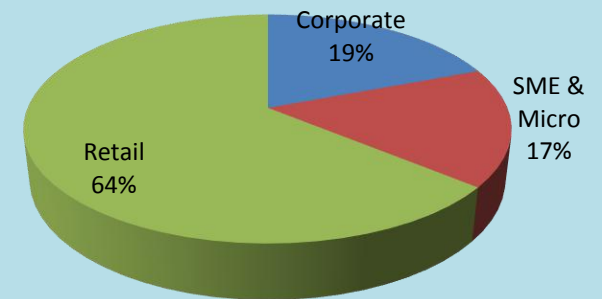


Profitable Balance Sheet Growth

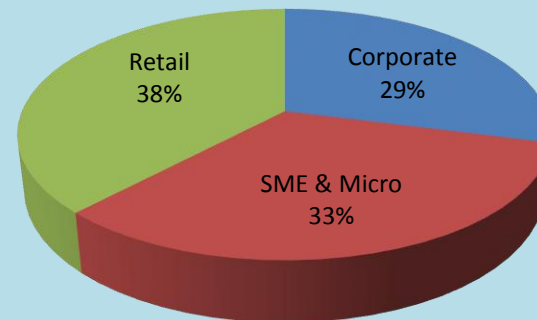
Loan Book



Deposit Base



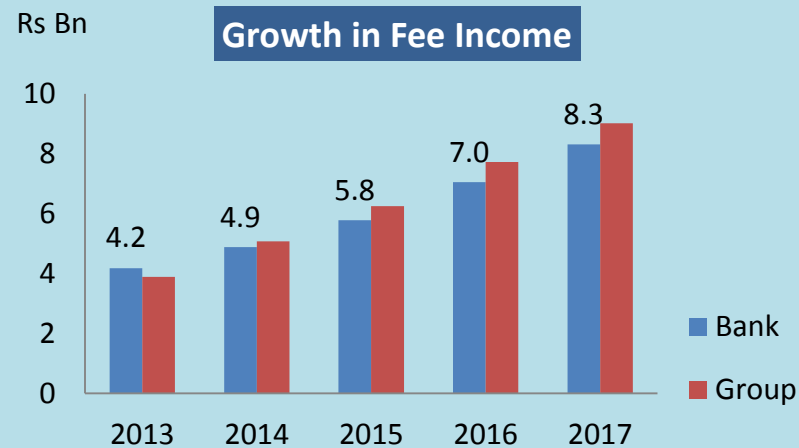
Segmental NII



- Corporate – 47%
- SME & Micro – 32%
- Retail – 21%

Fee Income

- Digital Payment Channels including cards account for 30% of fee income
- 25% growth in Fee income from Cards
- 20% growth in Fee income from Trade
- Fees contribute 17% of total operating income

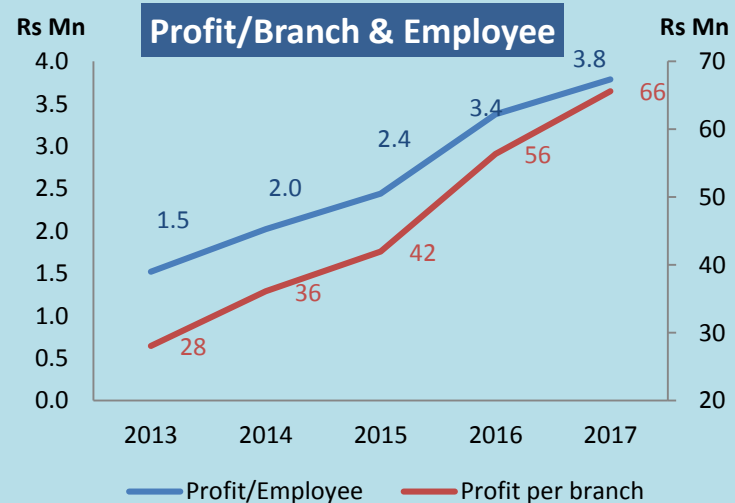
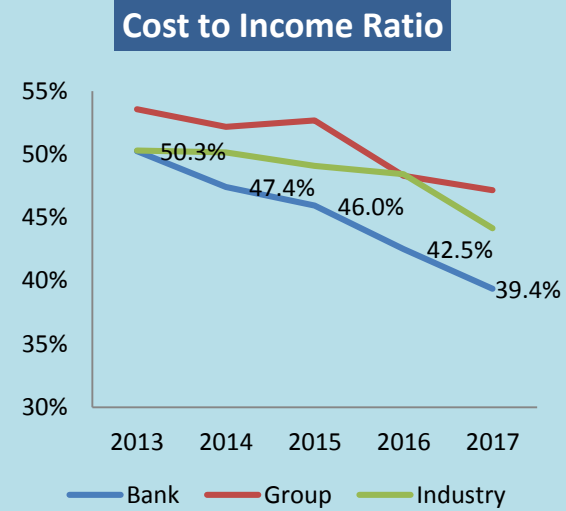
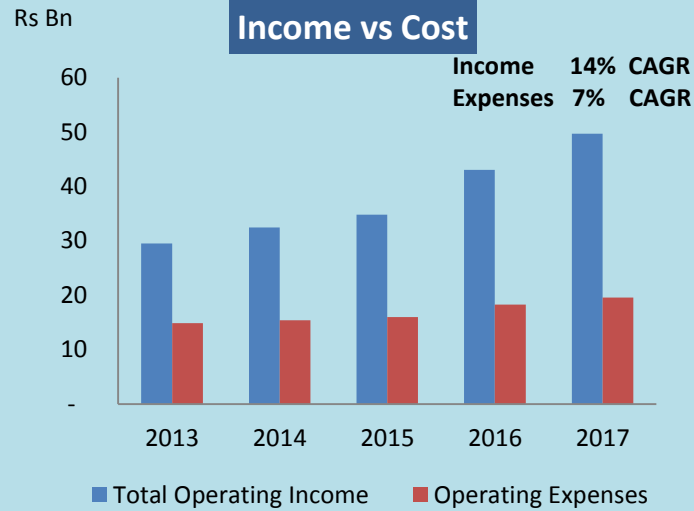


Bank 19% CAGR

Group 23% CAGR

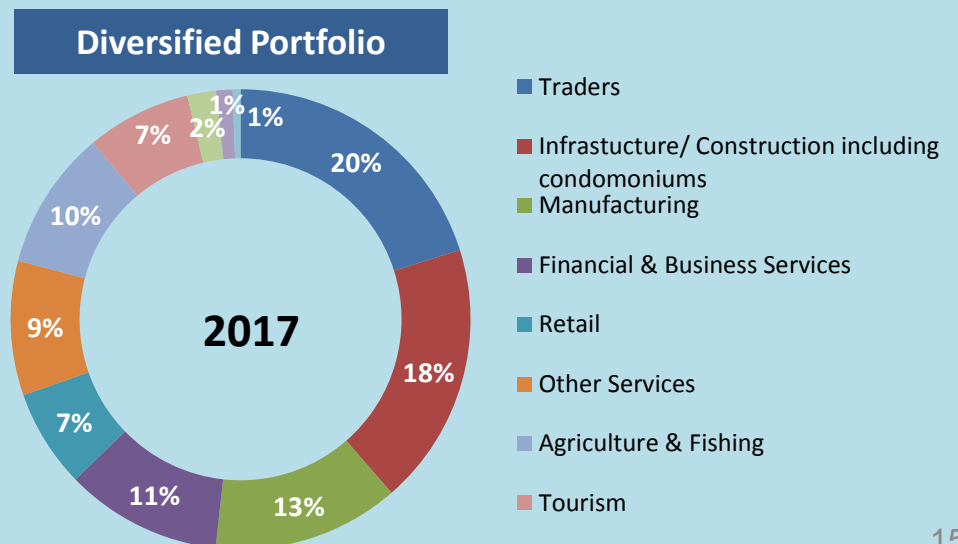
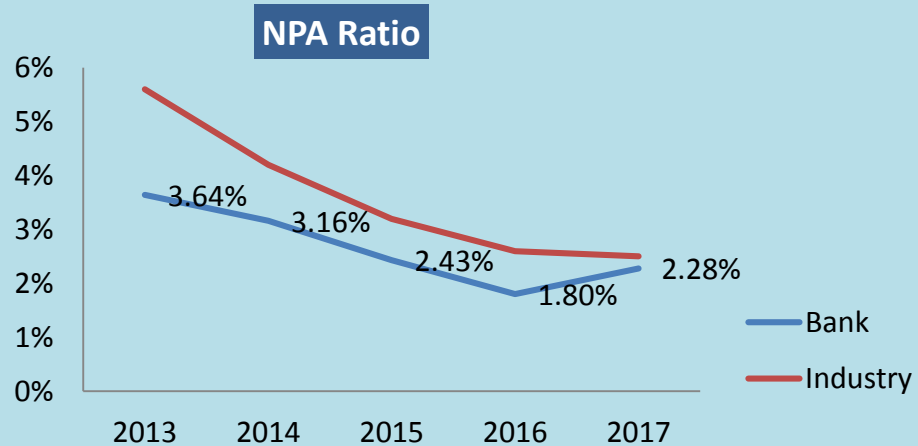
Operational Excellence

- Centre of Excellence (COE) – 100% of retail applications processed centrally
- Regionalization of SME credit
- Centre of Aspiration (COA), the Centralized Collections Unit
- Centralized Disbursements
- Centralized Security Repository Unit
- Green Initiatives – Solar energy at branches



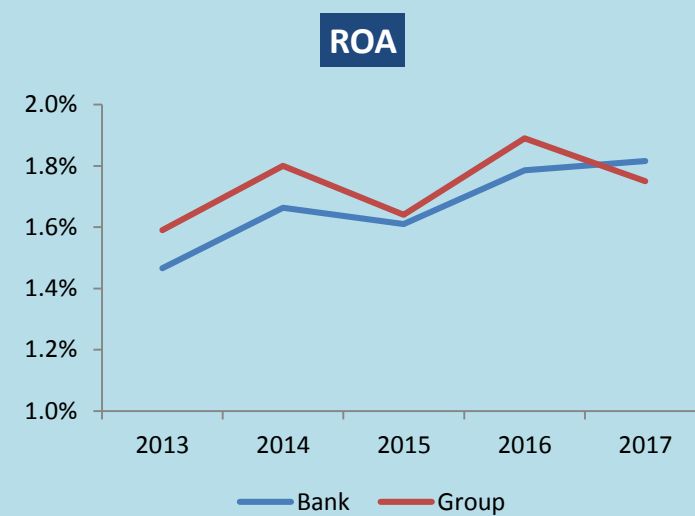
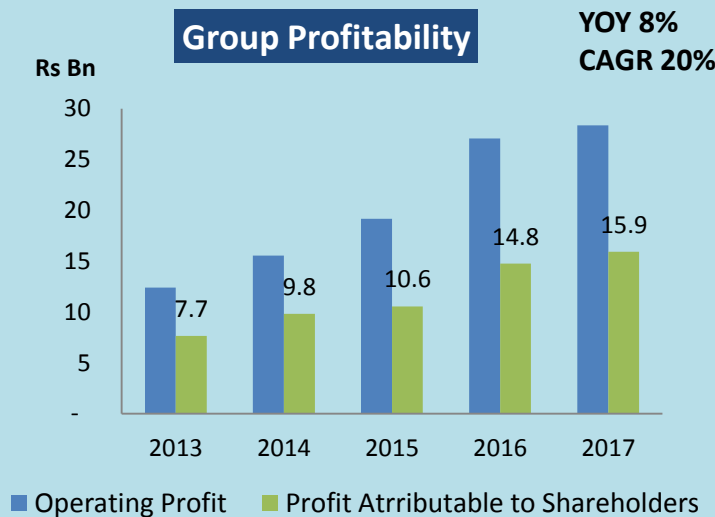
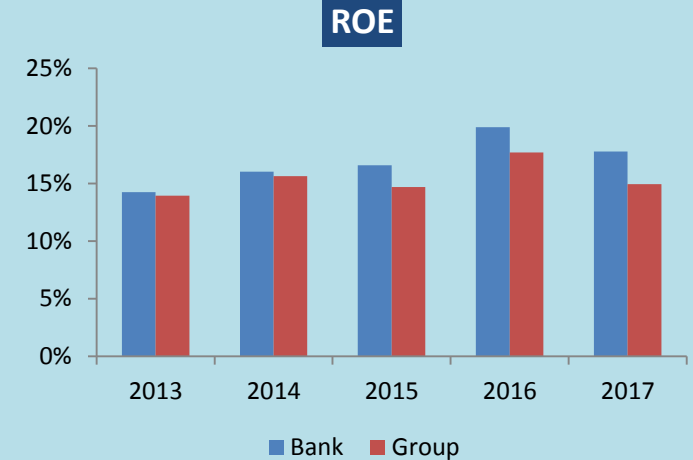
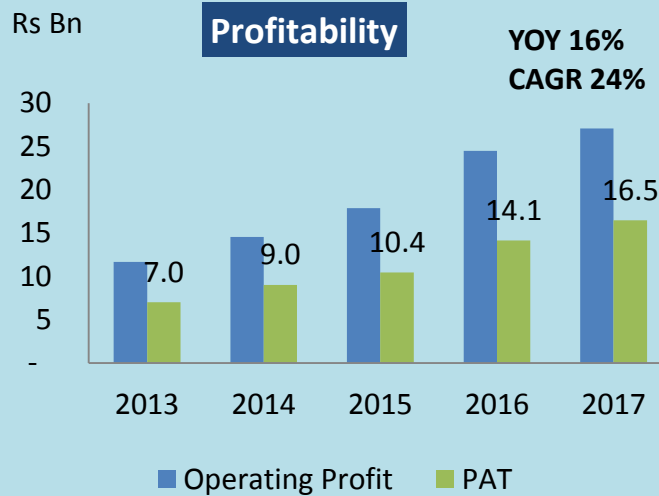
Risk & Compliance

- Centralized credit underwriting leading to specialization
- Centralized collection system set up to achieve higher efficiency
- Diversity in exposure to economic sectors
- New Operational Risk Management Framework
- Appointment of Chief Information Security Officer
- Cyber & Information Security
- Data Loss Prevention / Data classification

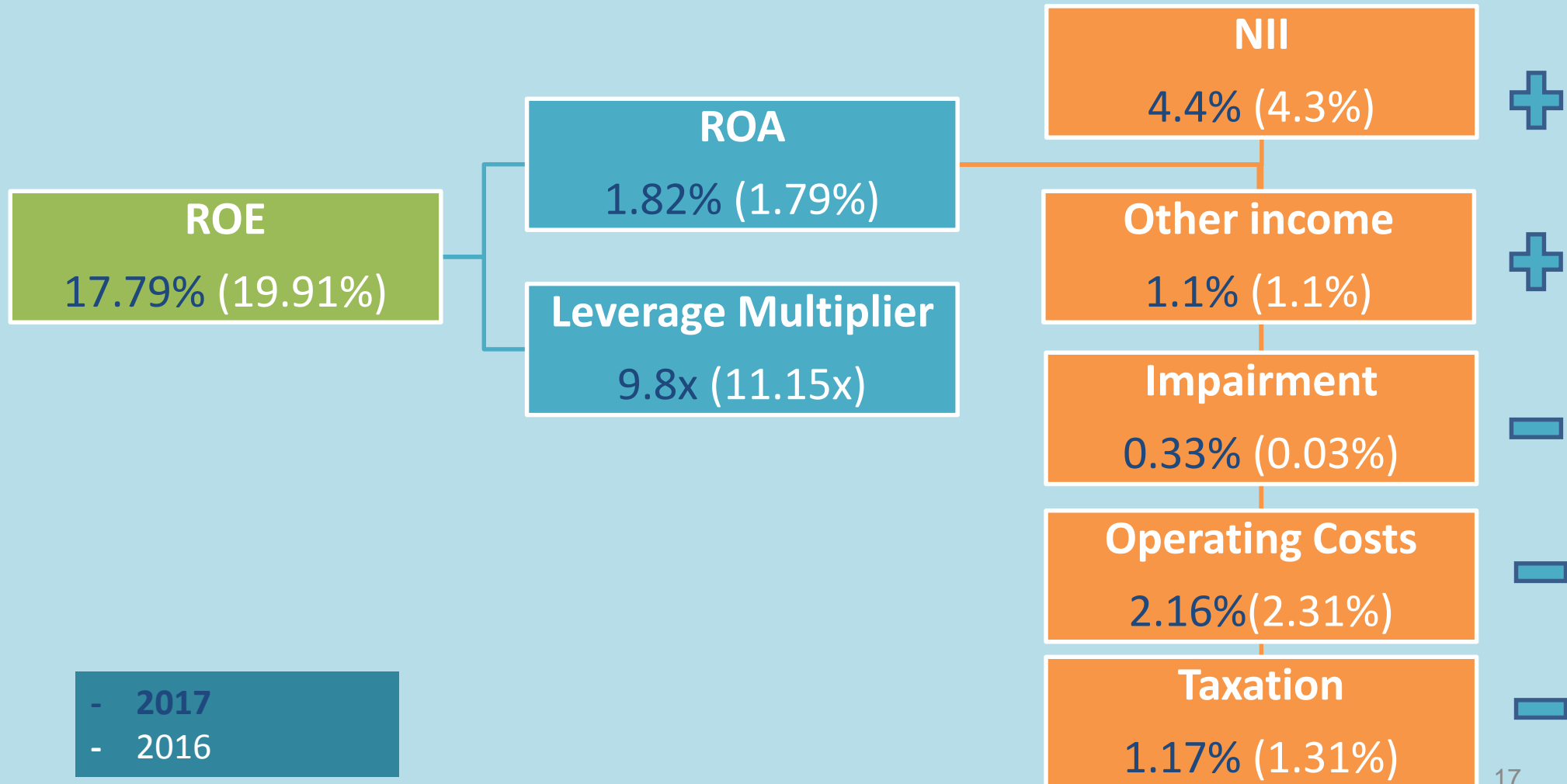


Profitability

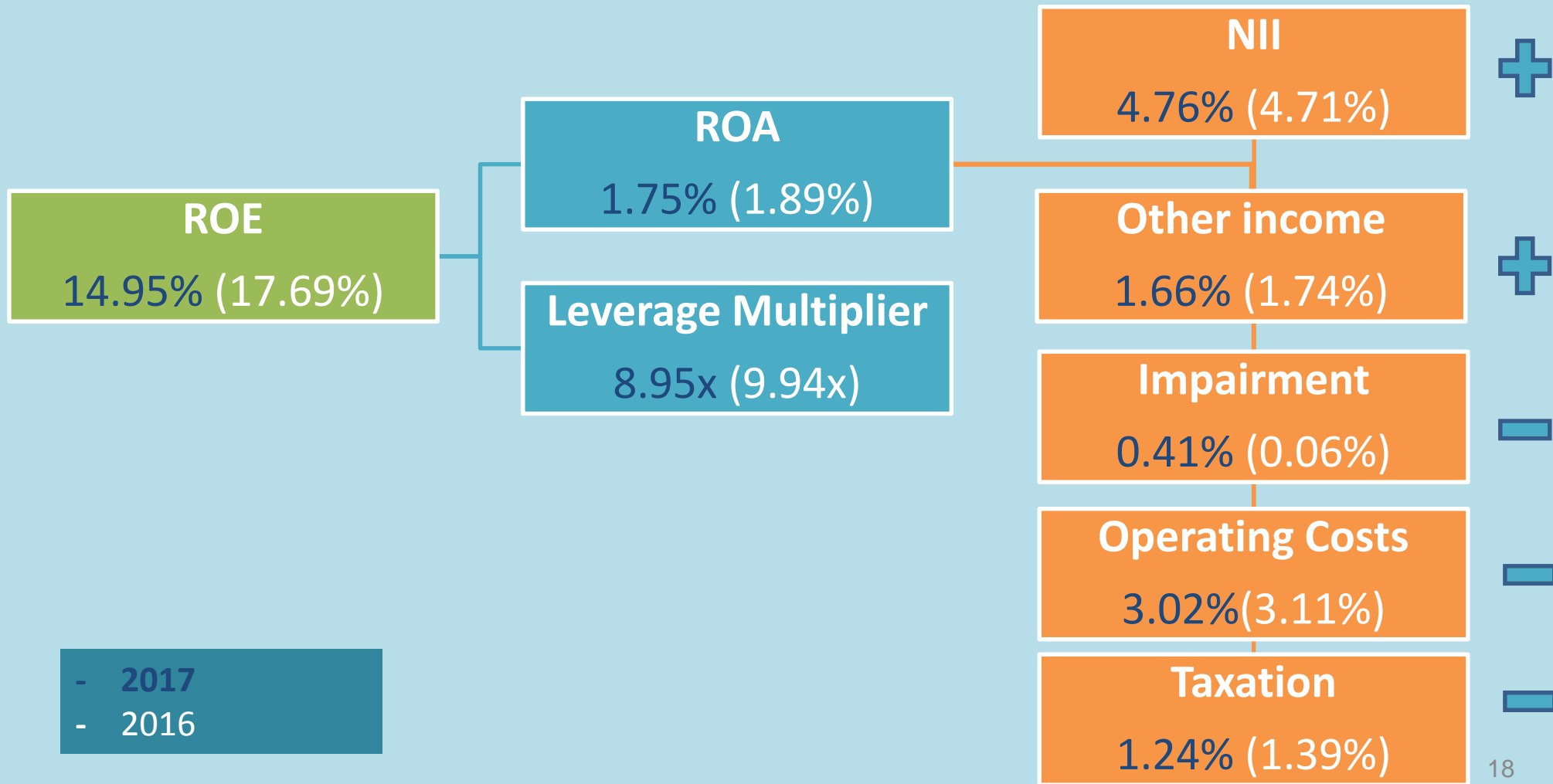
- Rs 16.5 Bn PAT (Bank)
- PAT Rs 16.7 Bn (Group)
- Rs 11.8 Bn taxes
- ROA remained flat
- Right Issue suppresses year end ROE
- 17.8% (Bank)
- 15% (Group)



Dupont Analysis - Bank

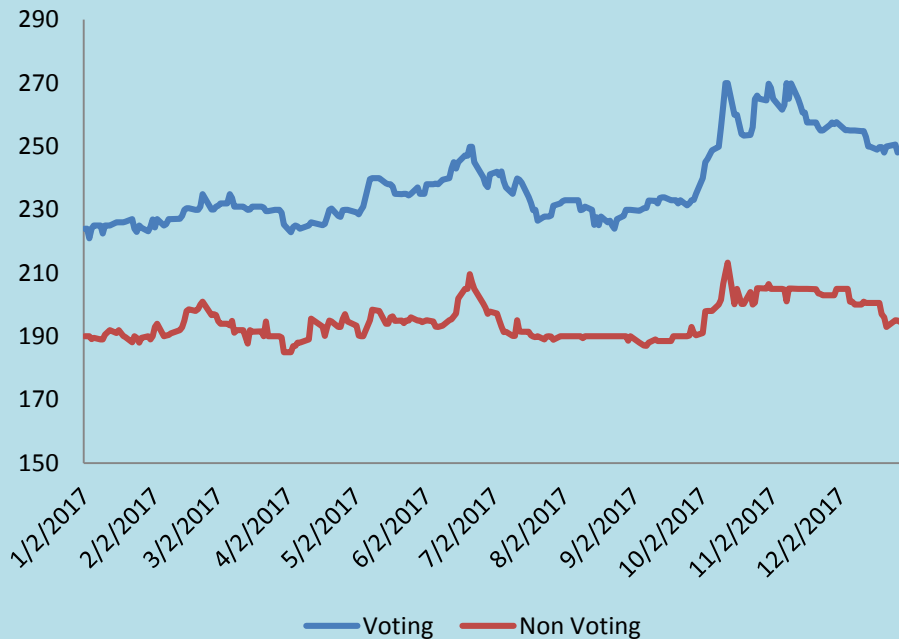


Dupont Analysis - Group



Shareholder Return

Share Price Movement



Growth : Voting share	11% 800 bps above ASPI growth
Growth : Non Voting share	3% - on par with ASPI
DPS (Rs)	Rs 8.50
Cash DPS	Rs 6.50
EPS (Rs)	Rs 35.50
BVPS (Rs)	Rs 249.74
PBV (X)	1.0
PE (X)	7.0
Total Shareholder Return Voting	15%
Total Shareholder Return TSR Non Voting	7%

Awards & Accolades



- 'Bank of the Year' by The Banker
- 'Top 1000 Banks in the World' by The Banker
- Highest ranked bank in Sri Lanka by LMD and Business Today
- 5th Most valued Brand in Sri Lanka by Interbrand
- 'Best Retail Bank in Sri Lanka' by The Asian Banker
- 'Best SME Bank' in Sri Lanka by Asiamoney
- 'The most innovative Microfinance Product in Sri Lanka' by International Finance Magazine
- 'Best Cash Management Bank' in Sri Lanka by Asiamoney
- 'Best CSR Bank' in Sri Lanka by Asiamoney
- Silver Award – Islamic Financing Entity, Silver Award – Islamic Window, Bronze Award – Islamic Finance Deal of the year by Islamic Finance Forum South Asia (IIFSA)
- Emerging Technologies Led Innovation award – HNB FIT account (mid-size bank category) by Infosys India

Thank you