

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

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Investor Update

Financial Highlights

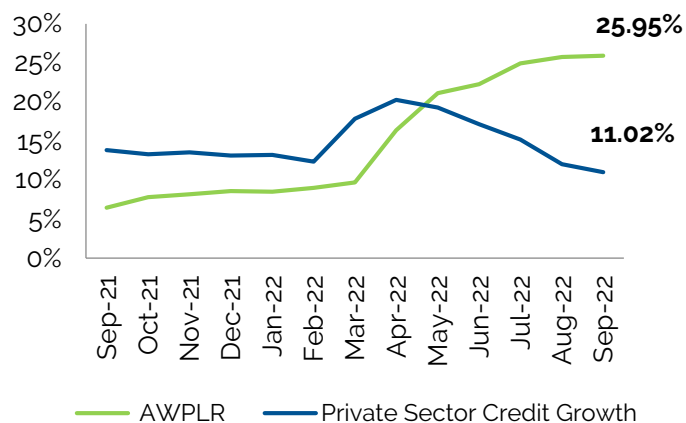
9M 2022

Fund Based income

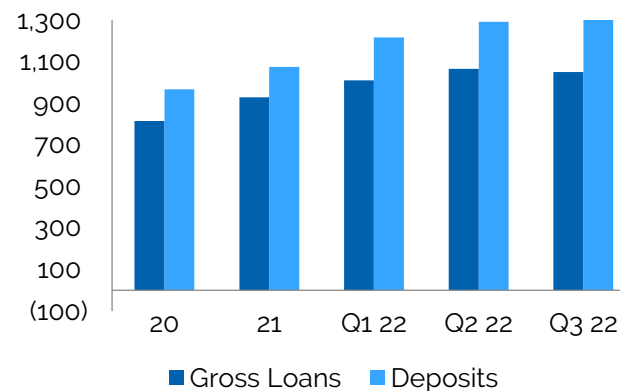
Rs Bn	9M2022	9M2021	% change
Interest Income	144.3	79.3	82.0
Interest Expenses	67.1	38.4	74.2
NII	77.3	40.8	89.4

- AWPLR increased by nearly 19 percentage points YoY and by approx. 12 percentage points on average
- Bank's deposits grew by 25% YoY compared to December 2021
- Bank's LKR deposits grew by Rs 146 Bn; CASA shifts towards high yielding FDs
- Loan book contracted marginally by 1.5% during Q3

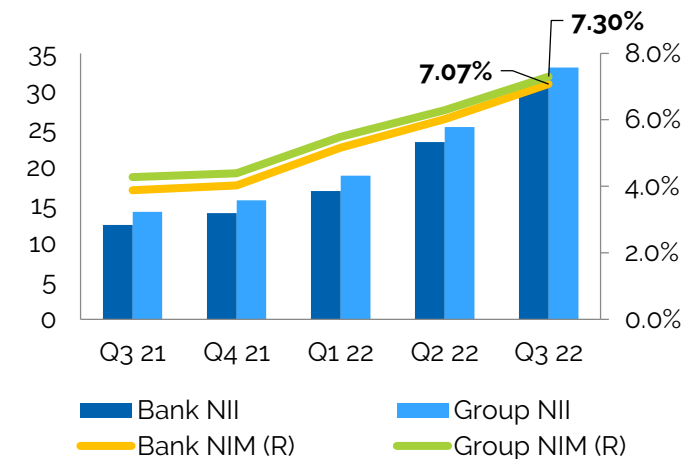
Private Sector Credit & AWPLR (%)



Bank's Gross Loans & Deposits (Rs Bn)



NII (Rs Bn) & NIM

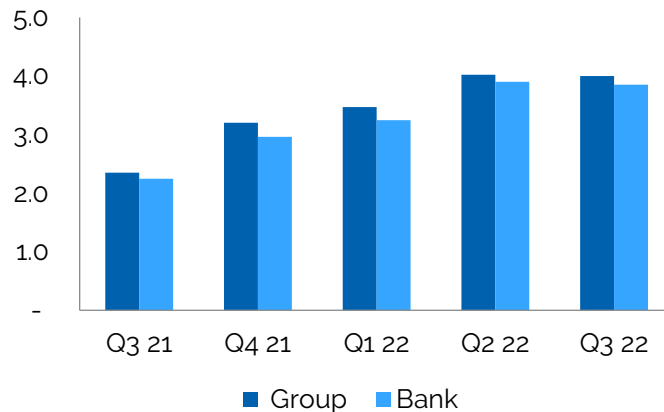


Non - Fund Based income

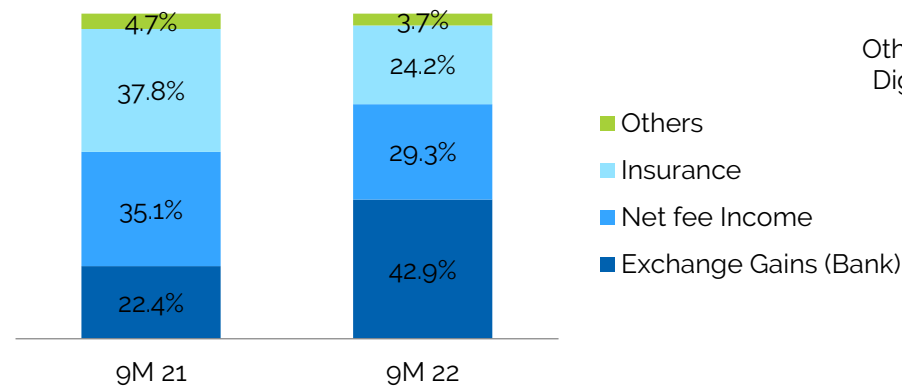
Rs Bn	9M2022	9M2021	% change
Net Fee & Commission Income	11.5	7.1	61.6
Exchange Gains (Bank)	16.8	4.5	272.2
Insurance Premium	9.5	7.7	24.5
Total Income	116.6	61.1	90.9

- Fee income from Cards, Trade and Digital Channels resulted in a 62% YoY growth in Net Fee income
- LKR depreciation of approx. 80% has boosted exchange gains

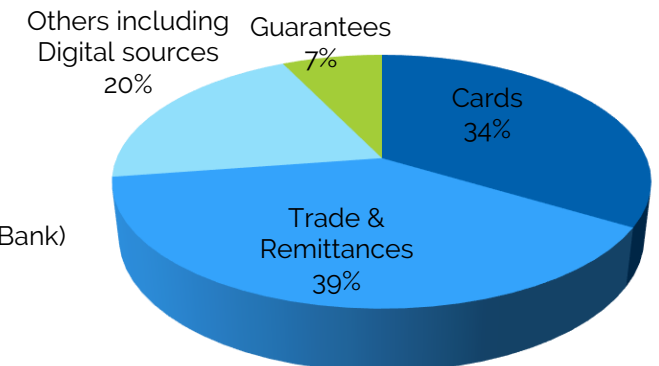
Net fee Income (Rs Bn)



Group Composition of Non fund Income



Breakup of Bank level Fee Income



Impairment & Asset Quality

Rs Bn	9M2022	9M2021	% change
Impairment on financial assets	41.2	1.2	3,449.4
Loans & Other	20.2	10.7	89.1
Total Impairment	61.4	11.8	419.0

- Highest provision cover over Stage III loans, among key peers
- Rs 41 Bn impairment on SLDBs/ SLSBs during 9M

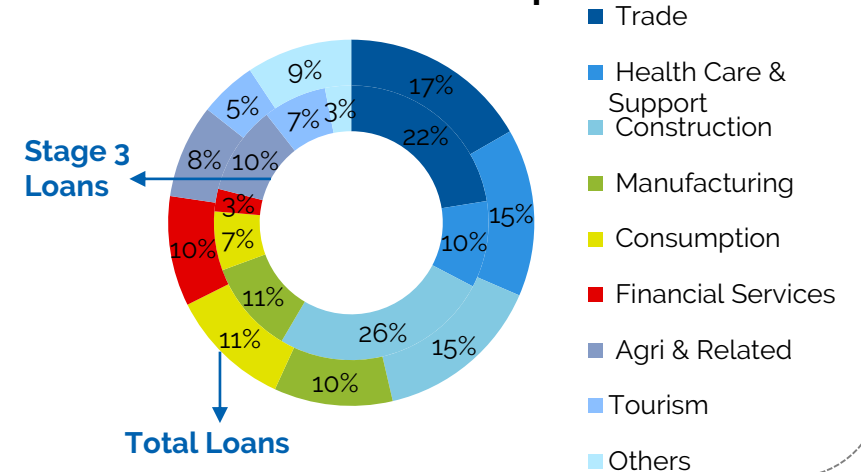
Stage 3 ratio
3.34%

Among the best in the industry

Stage III Provision cover
56.3%

Highest among key peers

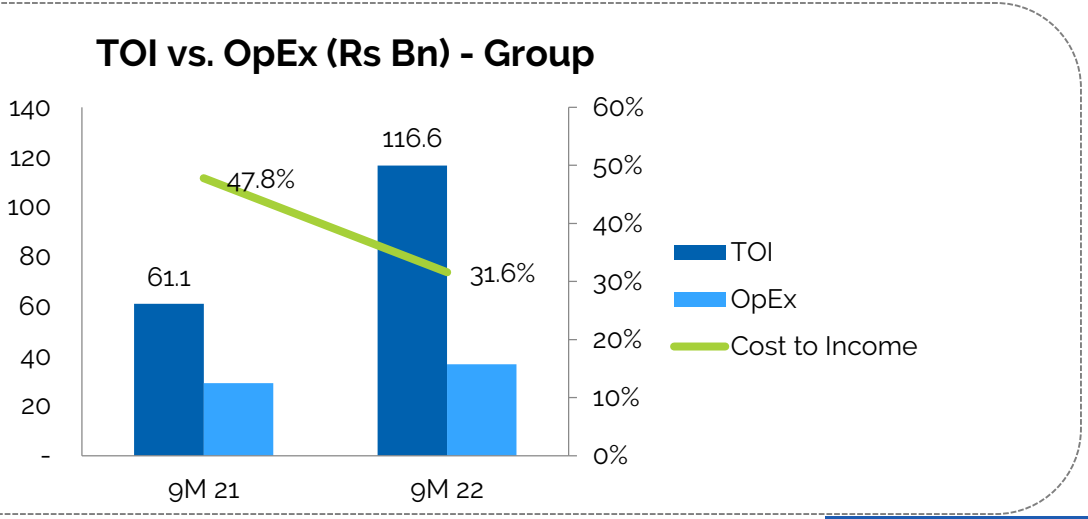
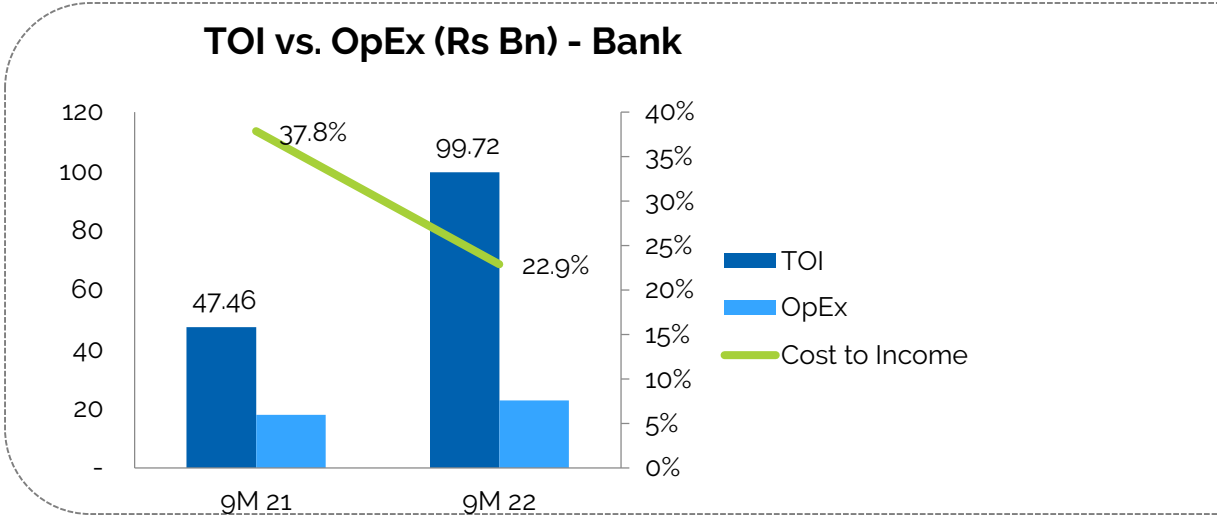
Sector wise Breakup



Operational Expenses

Rs Bn	gM2022	gM2021	% change
Personnel expenses	14.1	11.6	21.5
Insurance Costs	8.3	7.0	18.9
Other expenses	14.4	10.6	35.9
Total operating expenses	36.8	29.2	26.1

- Bank and Group Cost to Income ratios improved to 22.9% and 31.6% respectively, due to significant increase in TOI

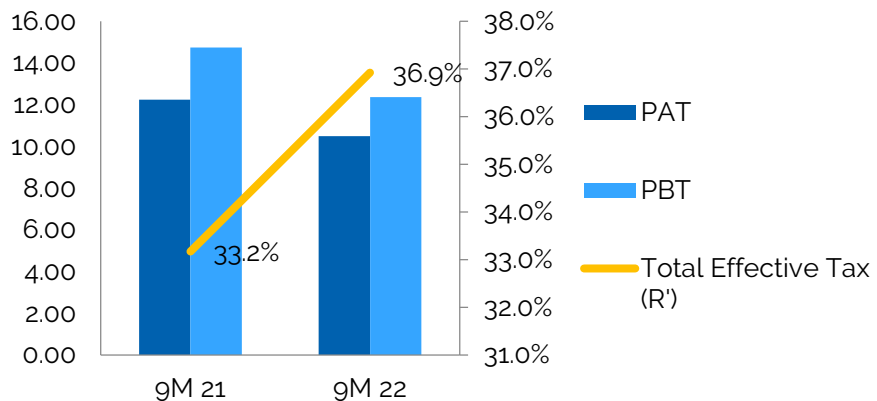


Taxation & Profitability

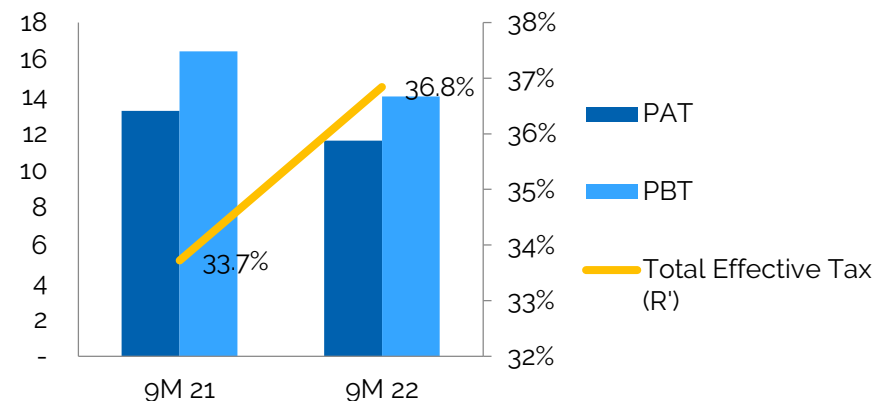
Rs Bn	9M2022	9M2021	% change
Tax on Financial Services	4.4	3.8	16.7
Profit before income tax	14.0	16.4	-14.7
Income tax expense	2.4	3.1	-21.6
Total Group PAT	11.6	13.4	-13.2

- Financial VAT charge revised to 18% from 15% since January 2022
- Reduction in interest income from foreign currency denominated government securities

Bank PBT & PAT (Rs Bn)

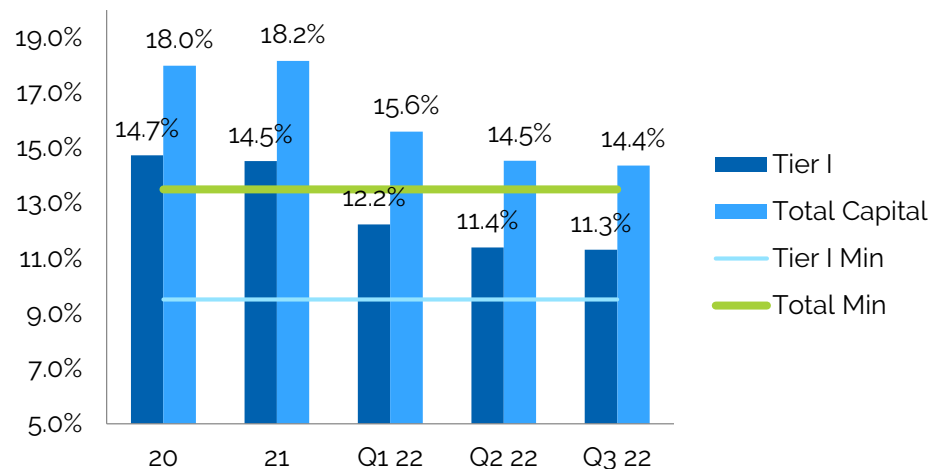


Group PBT & PAT (Rs Bn)



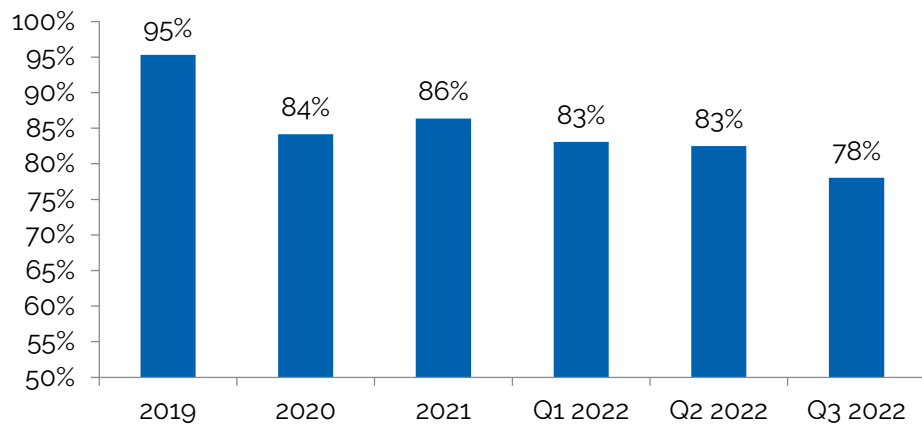
Soundness Indicators

Capital Adequacy



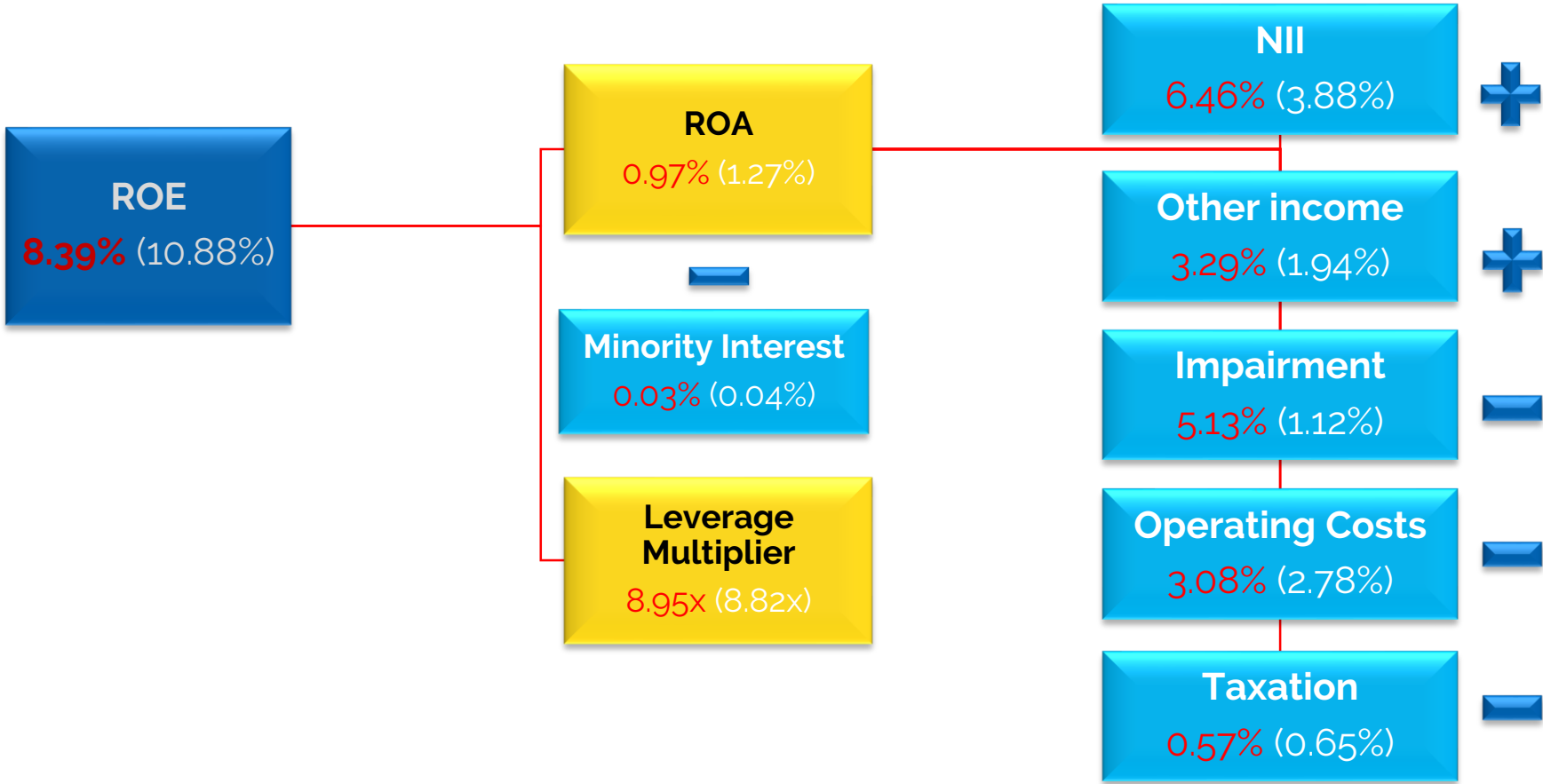
• Capital maintained above the minimum levels applicable. Further leeway provided by CBSL to drawdown up to 250bps from the statutory levels of 9.5% and 13.5% for tier I and total capital.

Loan to Deposit



Ratio	HNB	Requirement
LCR (All)	219%	100%
SLAR (DBU)	30%	20%

DuPont Analysis – Group



9M2022
9M2021

Thank you