










Hatton National Bank

1H 2018 Performance



Financial Performance – Bank

Net Operating Income

	1H 2018 (Rs Bn)	1H 2017 (Rs Bn)	Growth %
Interest Income	51.0	46.5	 9.6%
Interest Expenses	(29.0)	(27.4)	 5.6%
NII	22.0	19.1	 15.3%
Net Fee Income	4.4	4.1	 8.8%
Net Trading Gain/Loss	(1.4)	(0.9)	 61.7%
Net Gain from Financial Investments	0.2	0.2	 6.2%
Other Operating Income	2.7	1.3	 103.6%









Financial Performance – Bank

Expenses & Profits

	1H 2018 (Rs Bn)	1H 2017 (Rs Bn)	Growth %
Impairment	(1.9)	(1.5)	 32.6%
Net Operating Income	26.0	22.4	 16.3%
Operating Expenses	(10.5)	(9.9)	 6.7%
VAT & NBT	(2.9)	(2.5)	 18.4%
PBT	12.6	10.0	 25.2%
Income Tax	(4.0)	(2.9)	 36.7%
PAT	8.6	7.1	 20.6%









Financial Performance – Group

Net Operating Income

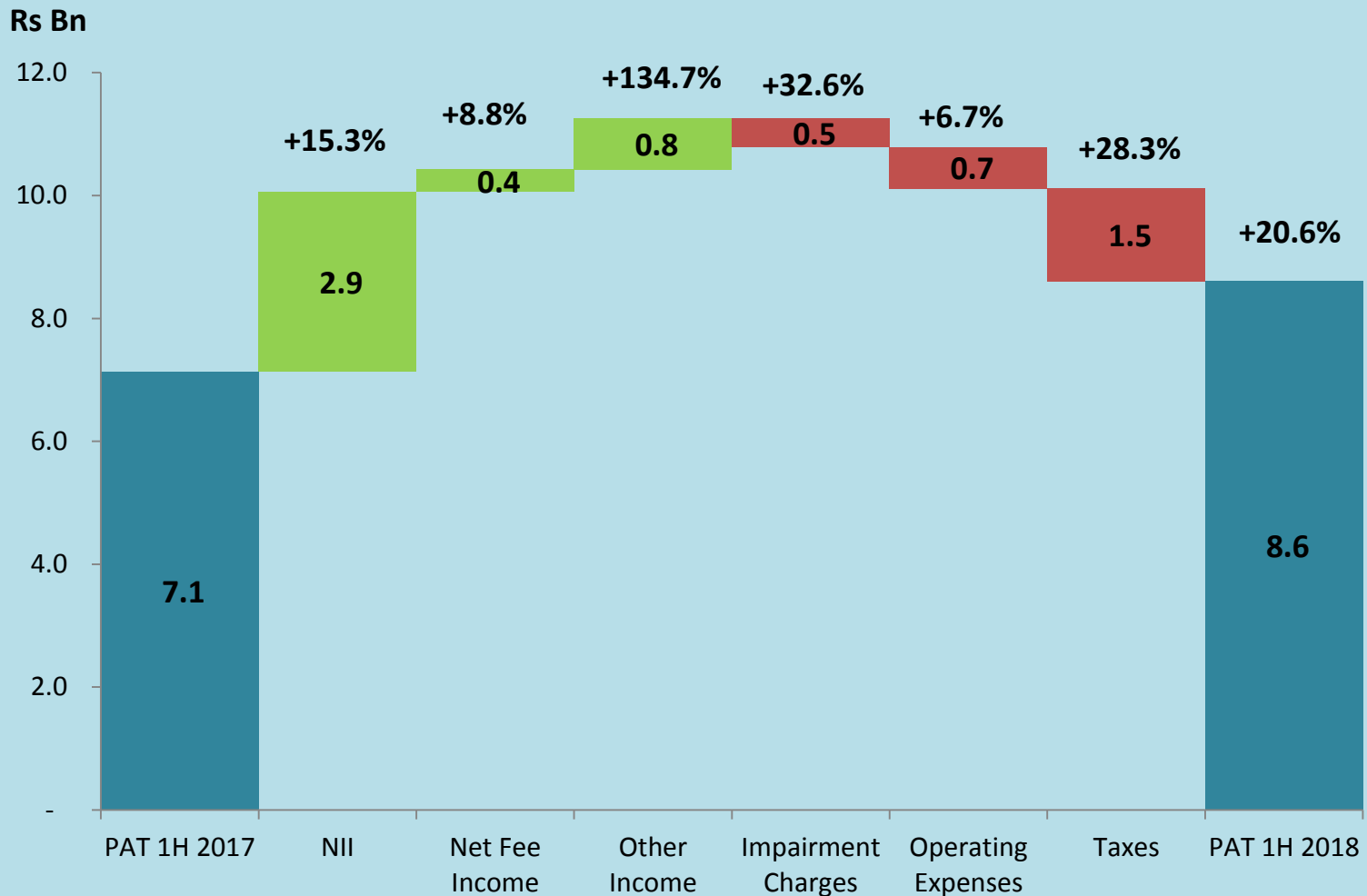
	1H 2018 (Rs Bn)	1H 2017 (Rs Bn)	Growth %
Interest Income	55.1	50.2	 9.8%
Interest Expenses	(30.1)	(28.2)	 6.7%
NII	25.0	22.0	 13.8%
Fee Income	4.8	4.4	 8.6%
Trading Gain/Loss	(1.4)	(0.9)	 66.8%
Net Gain from Financial Investments	0.2	0.2	 19.8%
Net Insurance Premium	3.5	3.0	 16.9%
Other Operating Income	2.7	1.0	 157.7%

Financial Performance – Group

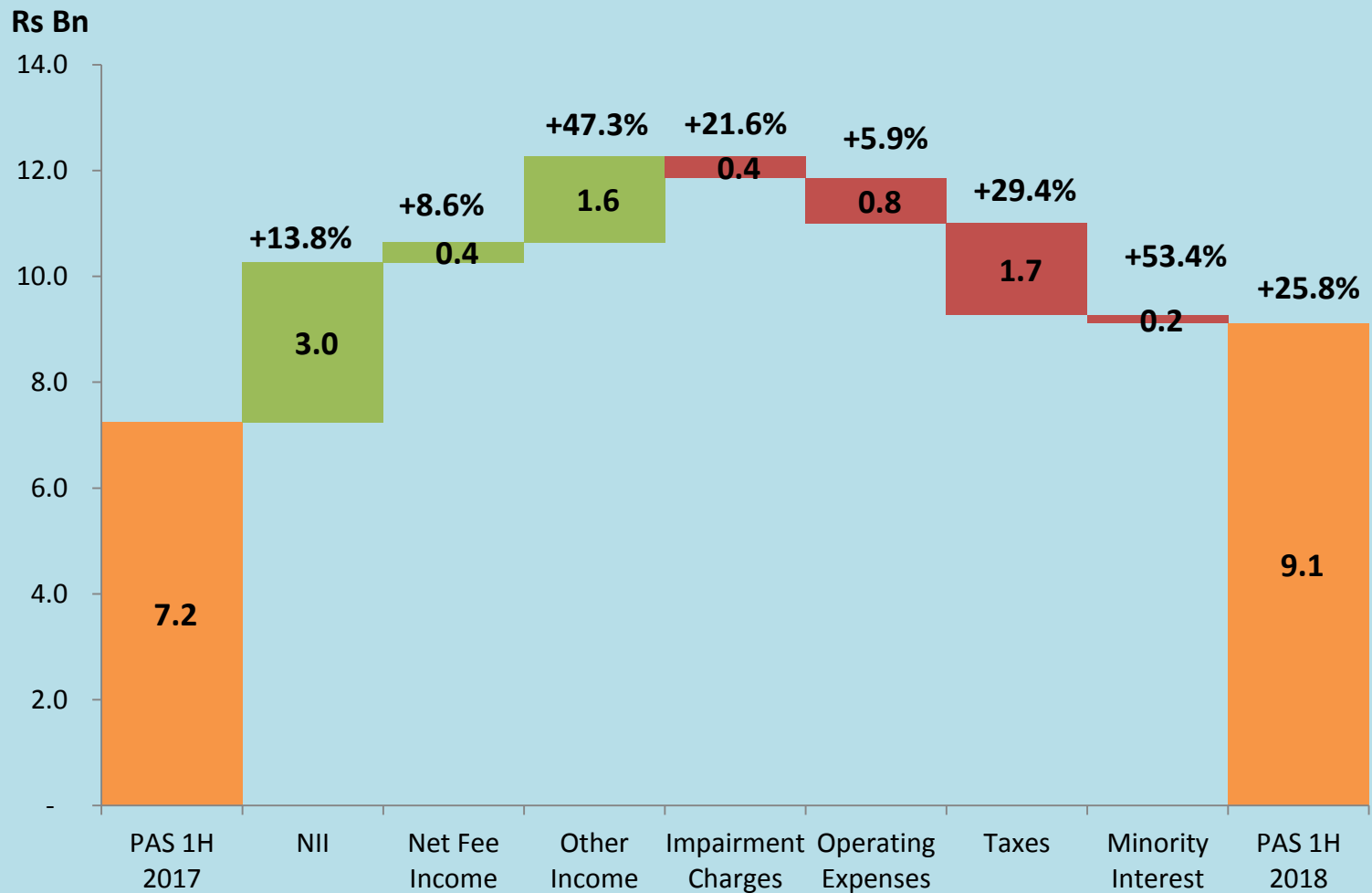
Expenses & Profits

	1H 2018 (Rs Bn)	1H 2017 (Rs Bn)	Growth %
Impairment	(2.3)	(1.9)	 21.6%
Net Operating Income	32.4	27.8	 16.5%
Operating Expenses	(15.3)	(14.4)	 5.9%
VAT & NBT	(3.1)	(2.7)	 17.2%
PBT	14.1	10.8	 30.7%
Income Tax	(4.5)	(3.2)	 39.5%
PAT	9.6	7.5	 26.9%
Profit Attributable to Shareholders	9.1	7.2	 25.8%

Financial Performance – Bank

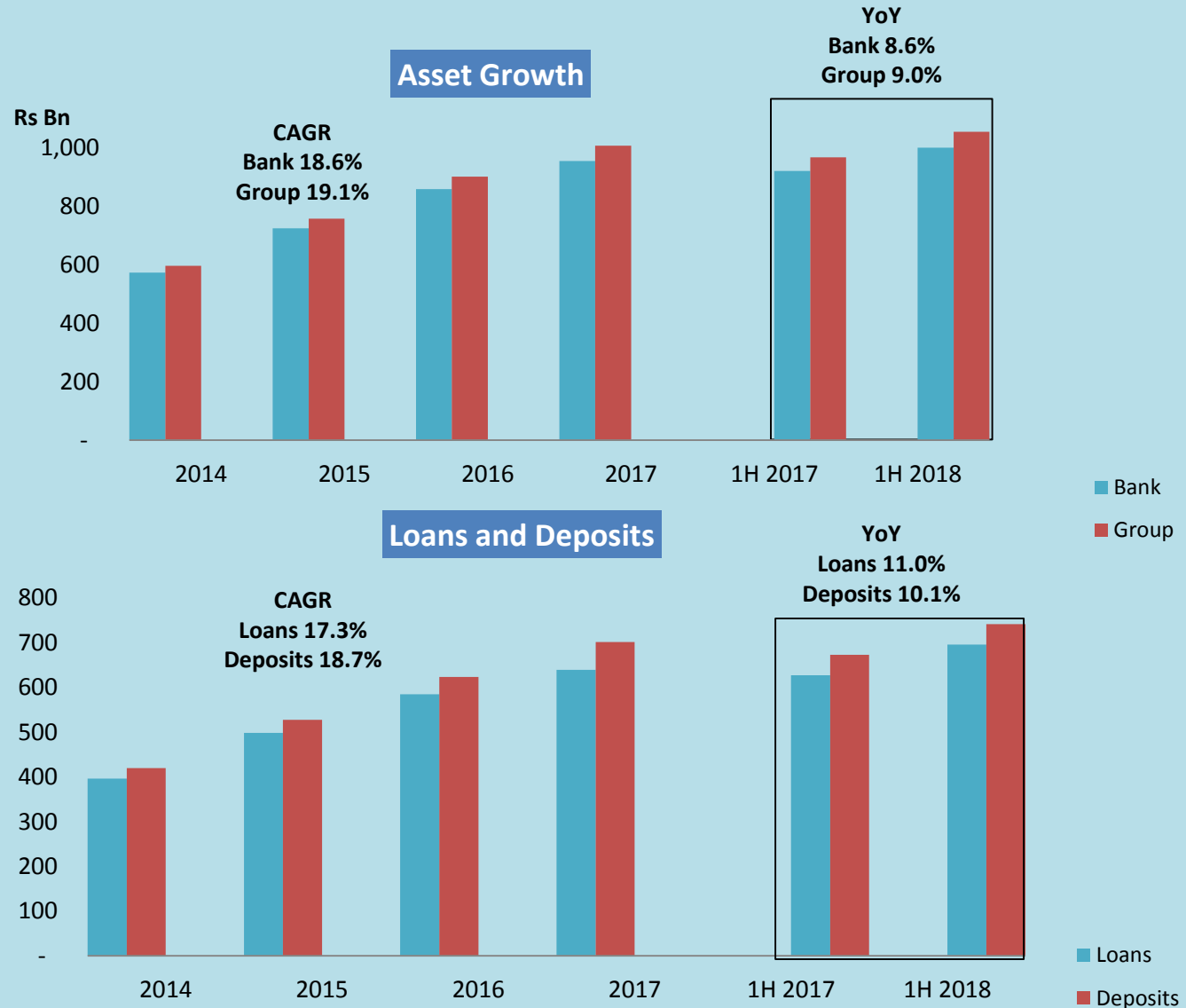


Financial Performance – Group



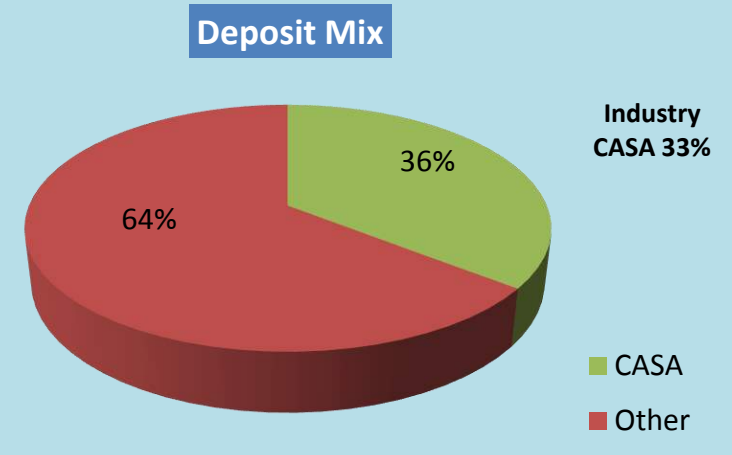
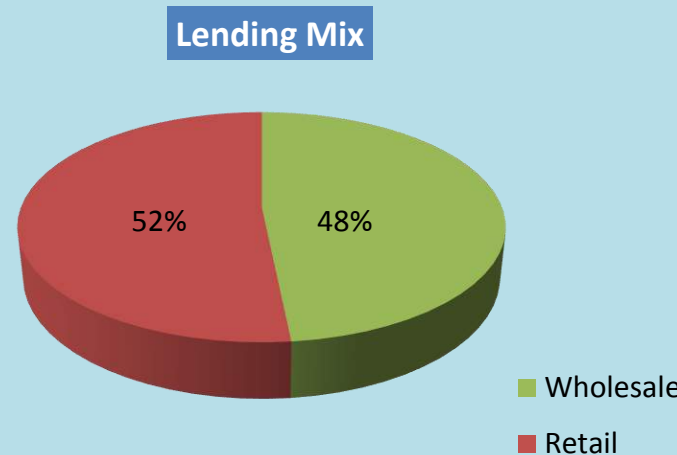
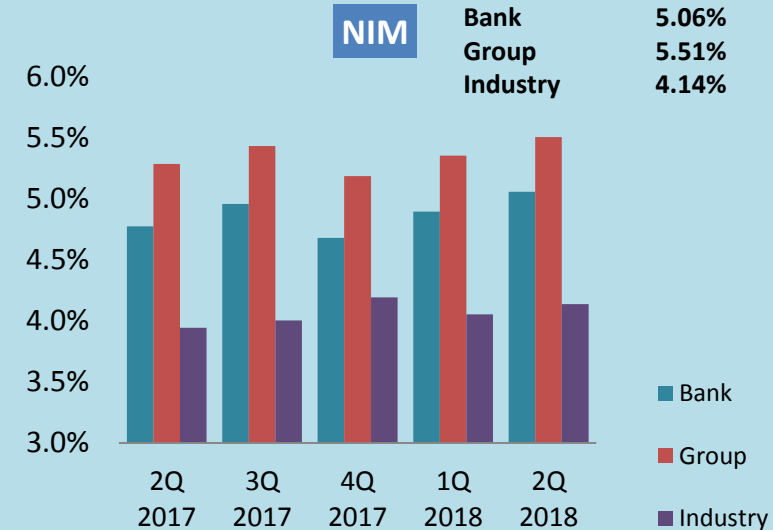
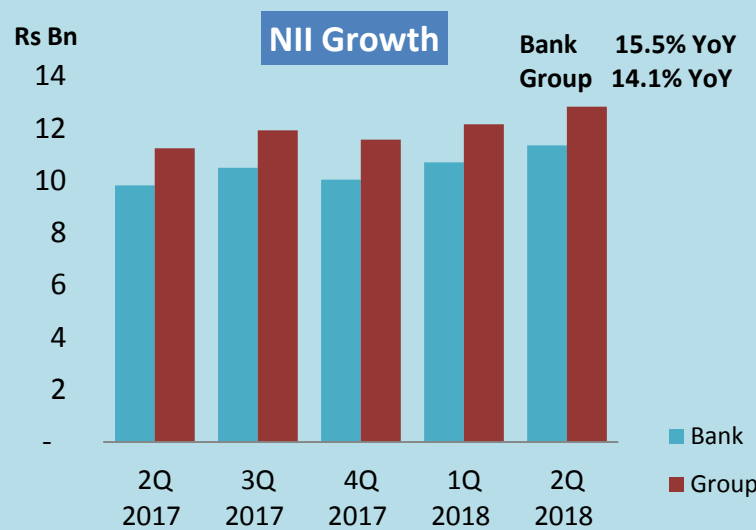
Profitable Balance Sheet Growth

- 1H loan growth of 8.9%
- Bank asset base crosses Rs 1 Trillion
- Group lending exceeds Rs 700 Bn



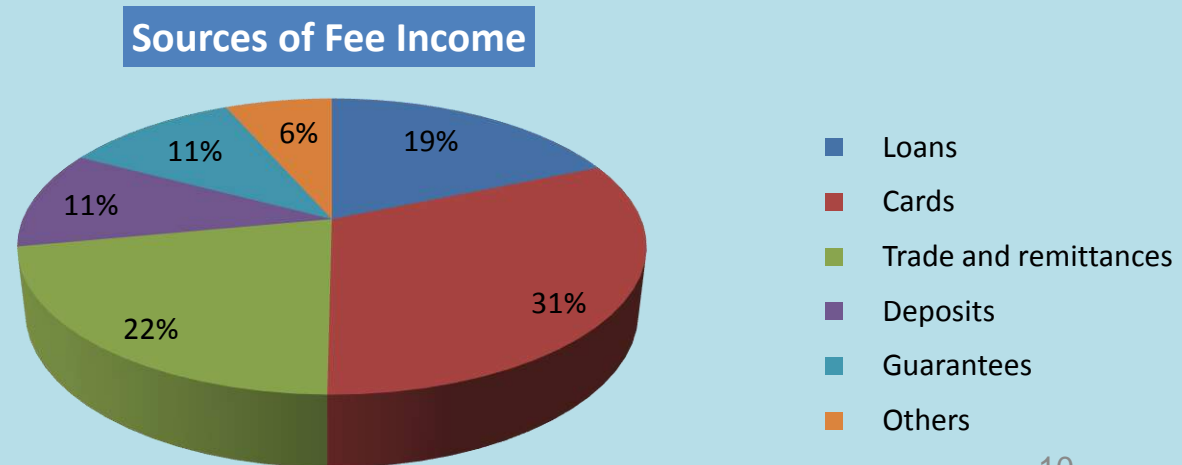
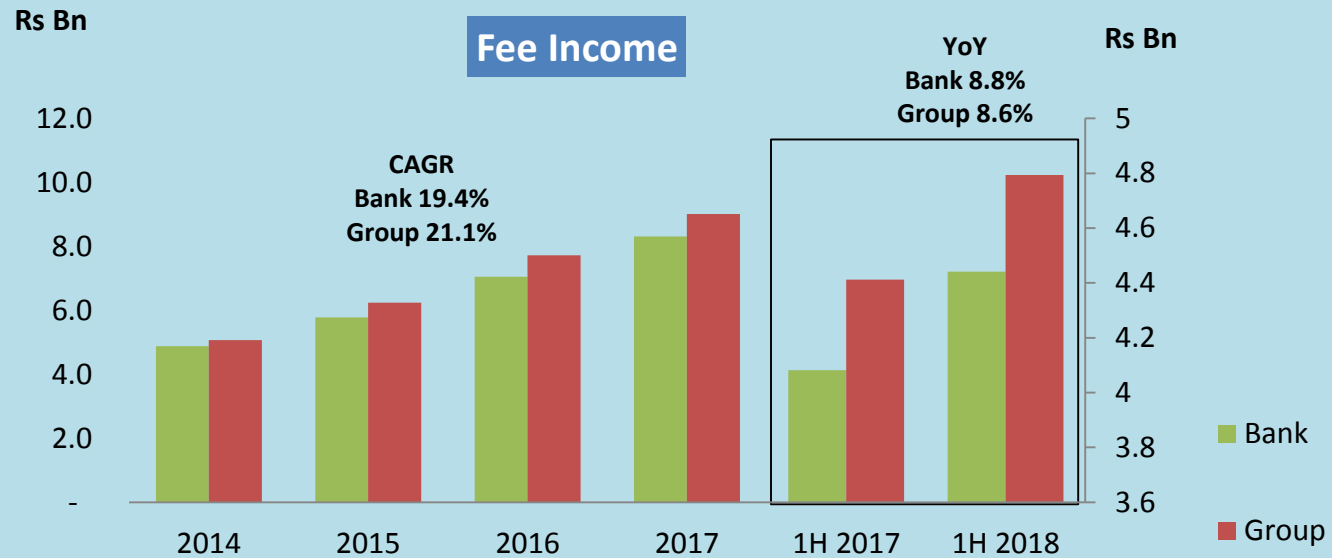
Profitable Balance Sheet Growth

- Bank NIM up by 16 bps during quarter, Group by 15 bps
- Exposure to higher yielding segments
- LKR CASA ratio at 37.2%



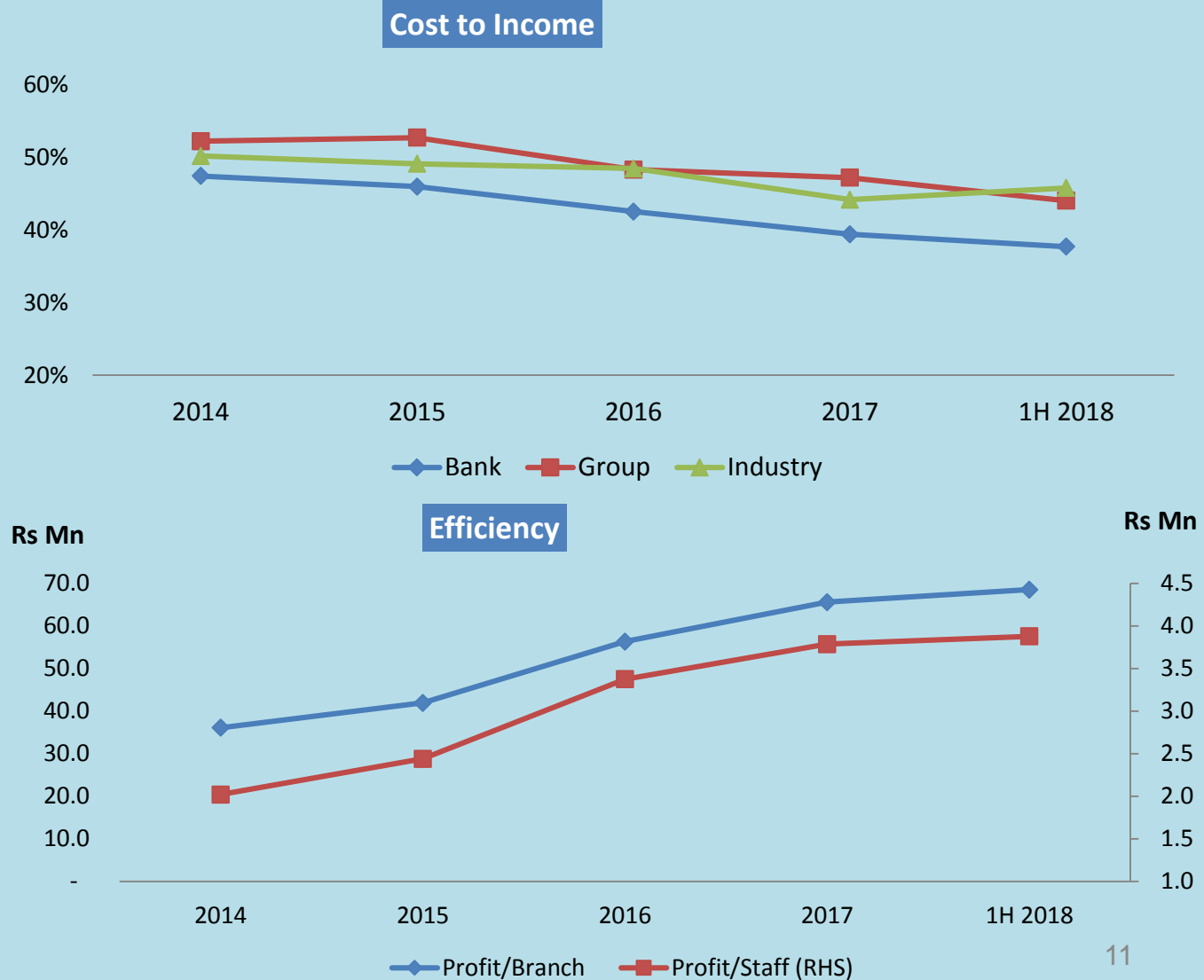
Fee Income

- Leadership in card merchant acquiring business with 45% of market share
- Strong growth in core sources of Credit Cards and Trade Finance
- Fees contribute 16% of total operating income



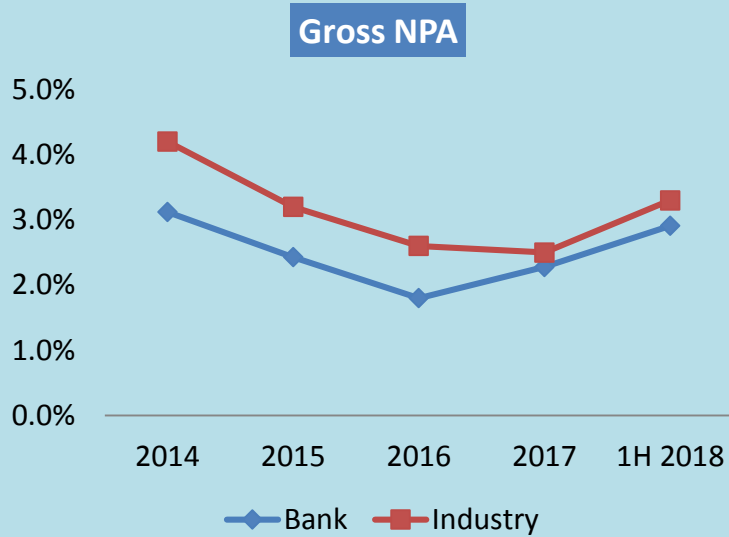
Operational Excellence

- Group Cost to Income improves by >450 bps to 44.0%
- Bank's Cost to Income better by 373 bps YoY to 37.7%
- Opex Growth contained to 6.7% while Total Operating Income reports growth of 17.3% YoY.
- Profit/Branch Rs 68.6 Mn vs Industry Rs 36.3 Mn
- Profit/Staff Rs 3.9 Mn vs Industry Rs 2.3 Mn.

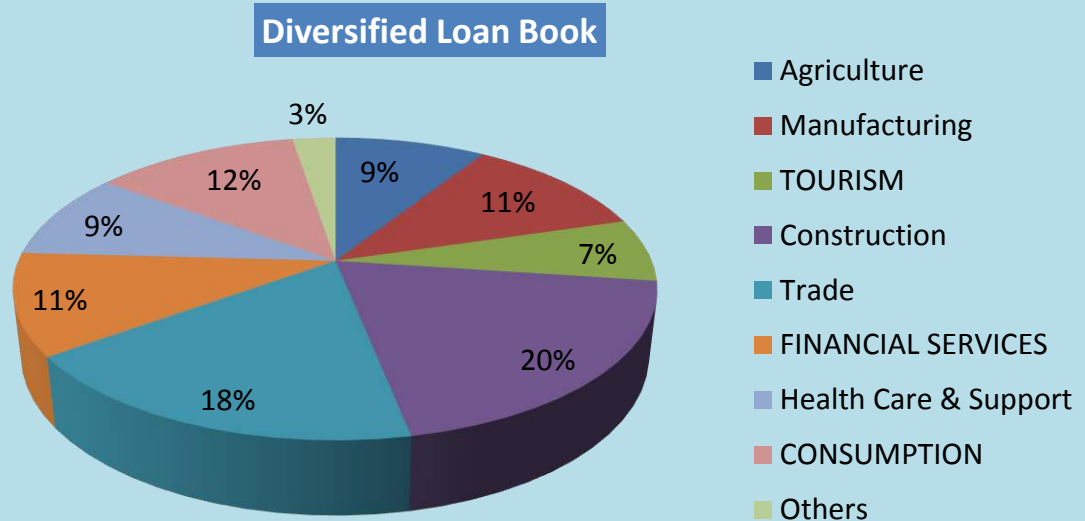


Risk & Compliance

- Gross NPA slid from Dec 2017 mainly due to weather related constraints and collection delays especially in construction sector

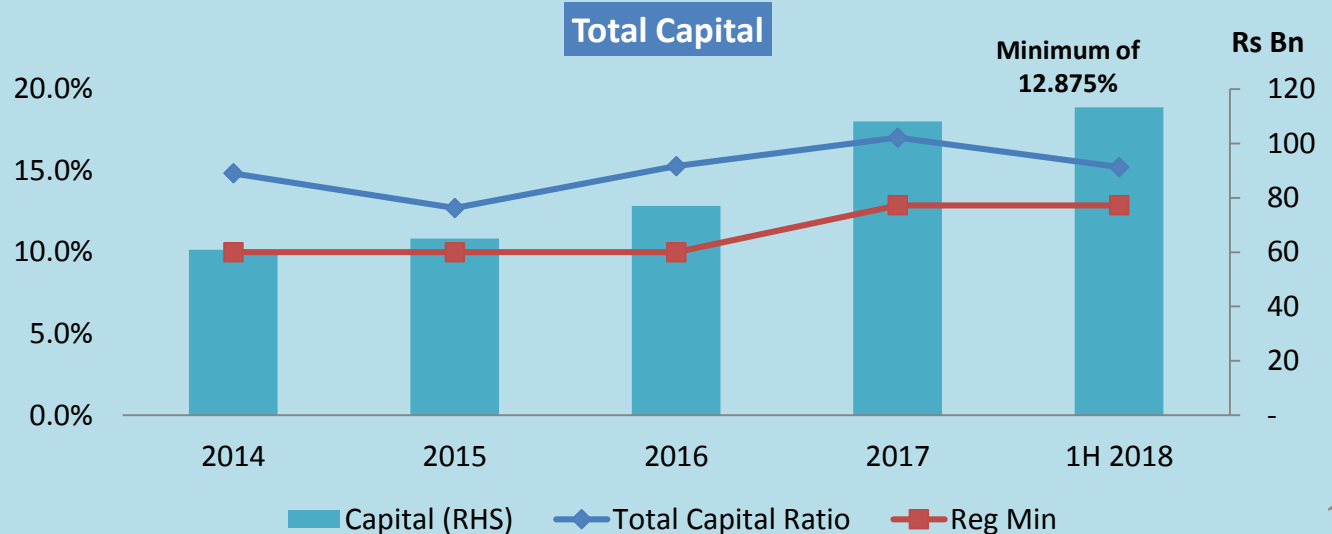
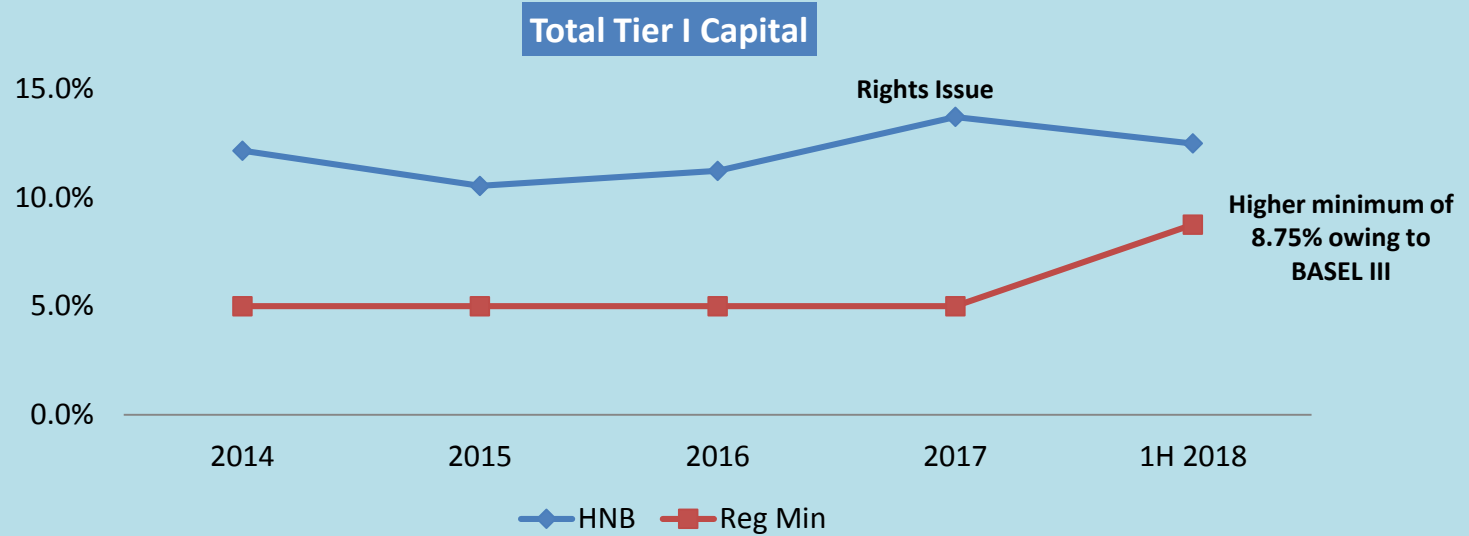


- Quarterly increase of 19 bps in NPA to 2.9% while Industry asset quality dips by 30 bps to 3.3%



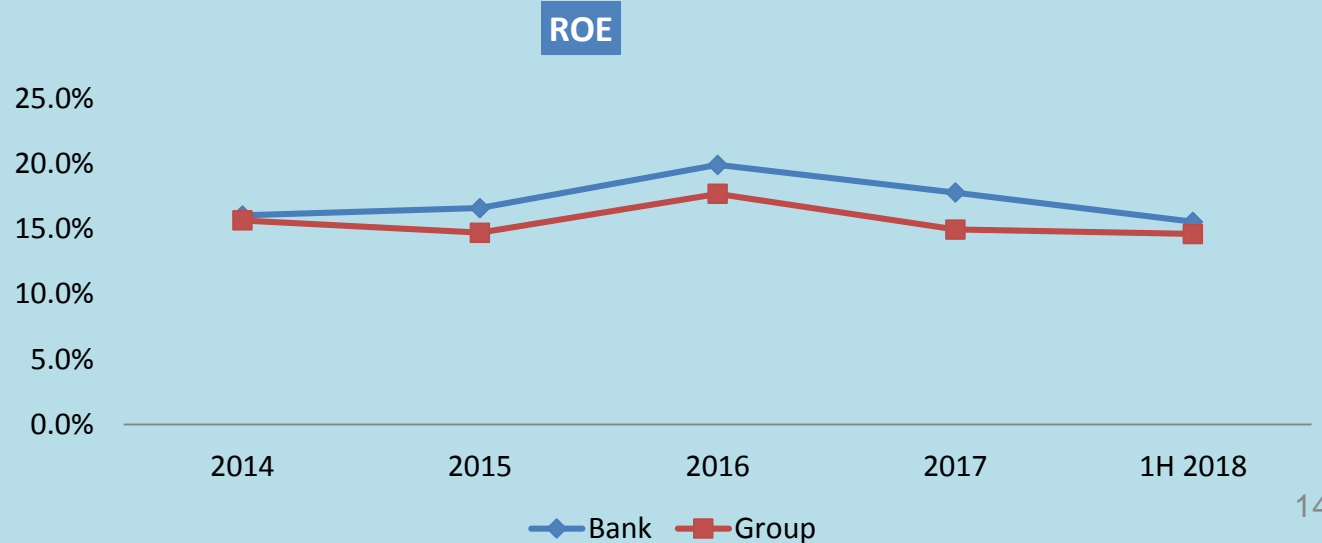
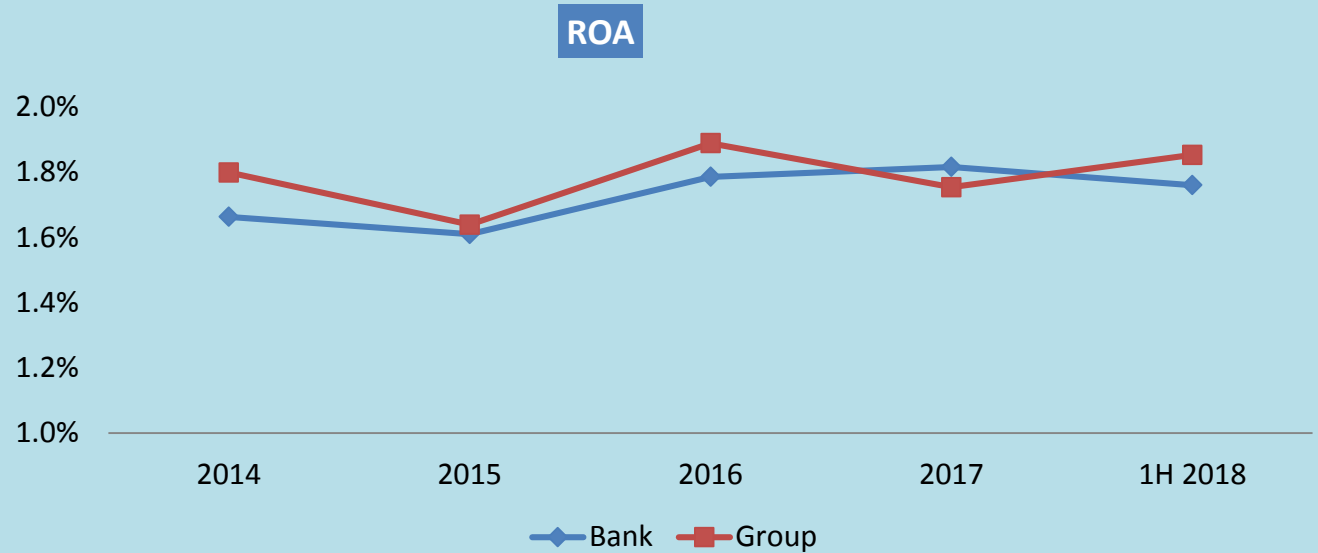
Risk & Compliance

- Healthy Balance between sound capitalization & growth
- Total Tier I Capital at 12.48%, 373 bps higher than Basel III Minimum
- Total Capital Ratio at 15.22%, 235 bps better than Basel requirement

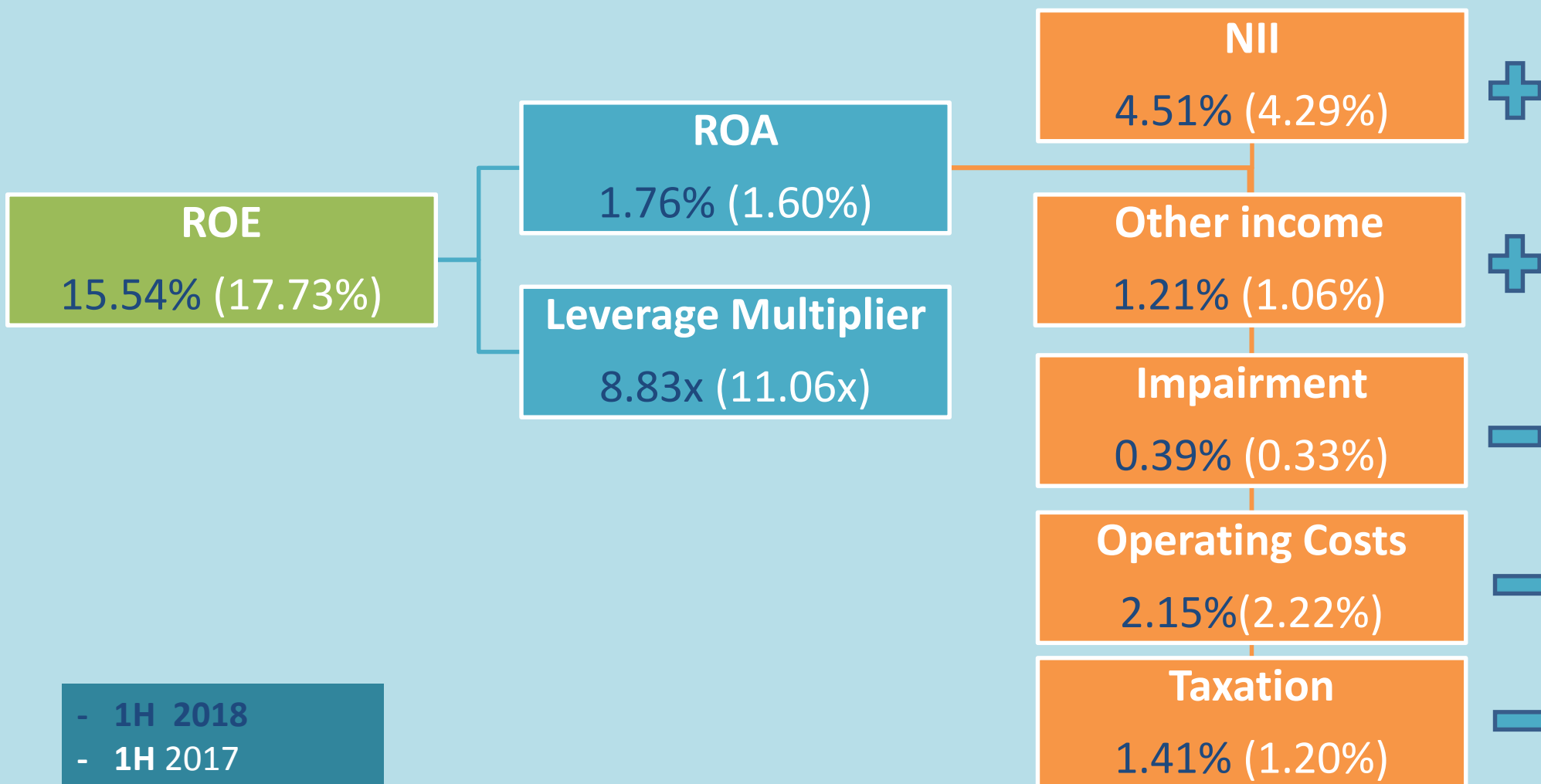


Profitability

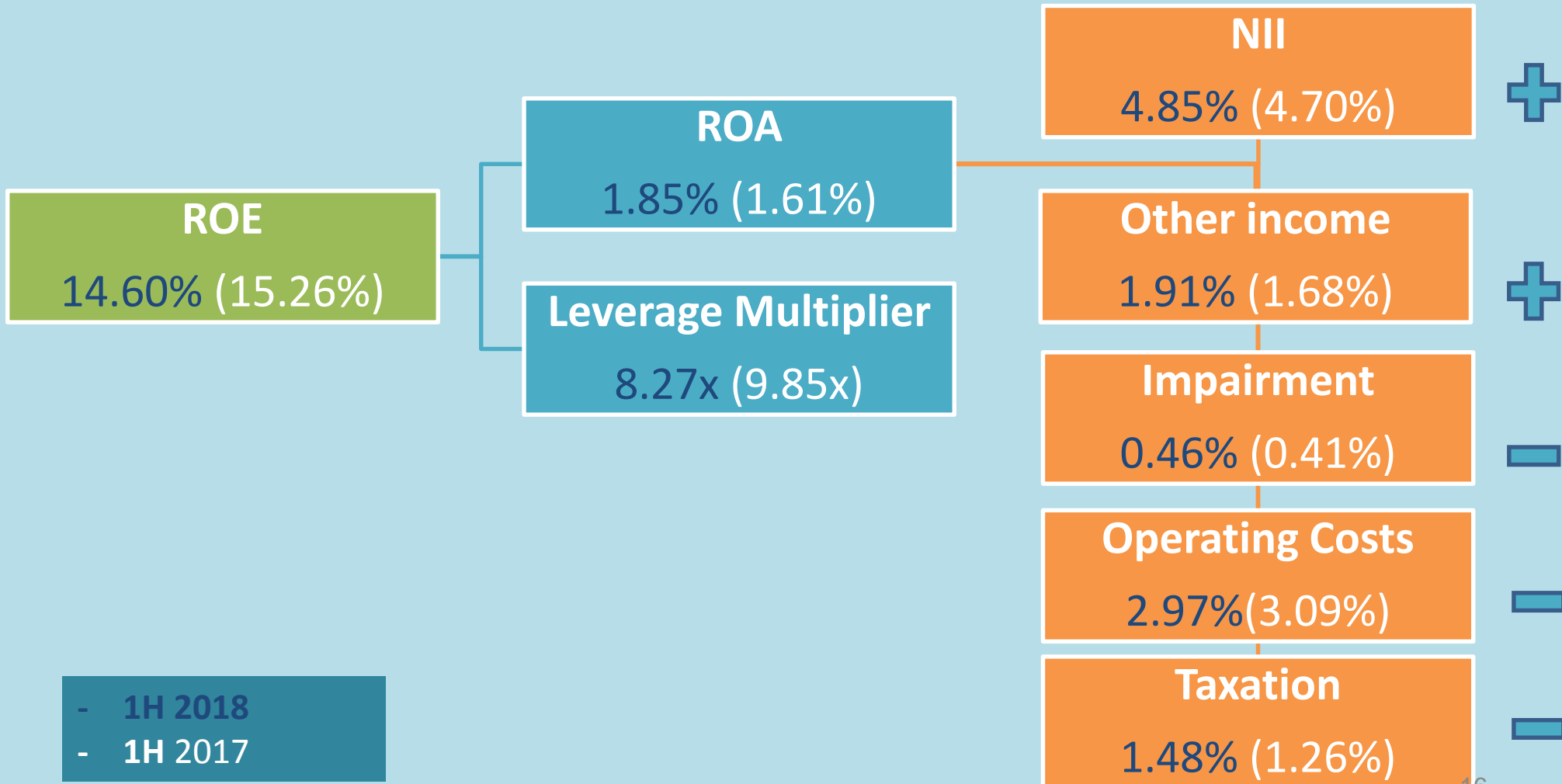
- Bank ROA up 16 bps YoY to 1.76%. Group by 24 bps to 1.85%. Industry ROA at 1.22%
- Higher capital and resulting lower leverage impacts ROE marginally.
- Group ROE down by 60 bps to 14.60%. Bank ROE at 15.54%.



DuPont Analysis - Bank



DuPont Analysis - Group



Shareholder Return

EPS (Rs)	36.98
BVPS (Rs)	258.77
PBV (X)	0.87
PE (X)	6.08
DPS (Rs)	8.50
Dividend Yield (%)	3.9 (N) & 5.0 (X)
N 1H TSR (%)	(6.2)
X 1H TSR (%)	(4.1)
ASPI (%)	(5.2)

Awards & Accolades 2018



- 'Best Retail Bank in Sri Lanka' for the 10th time by The Asian Banker
- 'Best SME Bank', 'Best Digital Bank' & 'Best Cash Management Bank' in Sri Lanka by Asiamoney
- Gold Award Banking Category & Overall Runner Up - ACCA Sri Lanka Sustainability Reporting Awards
- 'Islamic Finance Entity of the Year', 'Gold Award for Islamic Banking Window of the Year' & 'Silver Award for Islamic Finance Deal of the Year' – Sri Lanka Islamic Banking & Finance Industry Awards
- 'No. 1 Bank in Sri Lanka' in Banker Global Top 1000 ranking
- Silver Award for Investor Relations from CFA Sri Lanka
- Best Private Sector Organization for Promoting Women in the Workplace – Top 50 Professional & Career Women Awards 2018

Thank you