



INVESTOR UPDATE

Q1 2016

HNB Performance Q1 2016

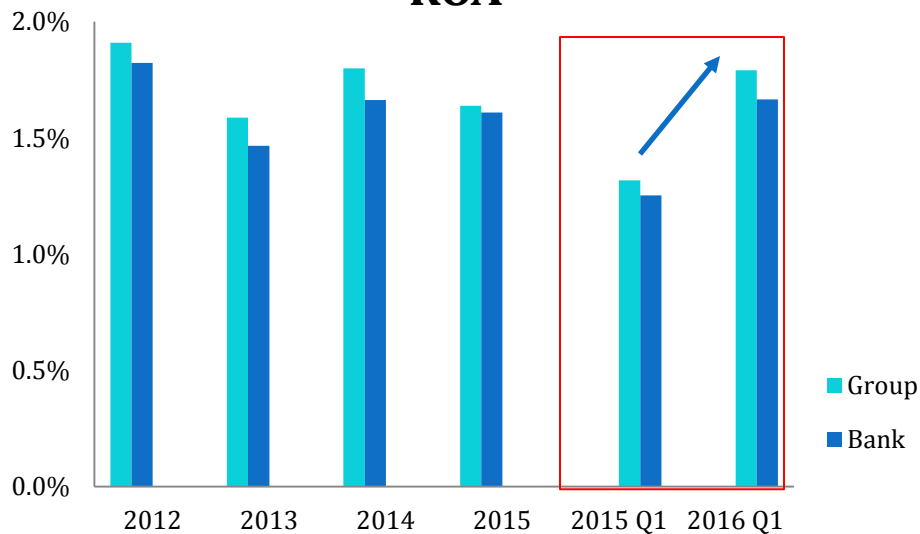
Rs Mn	2016	2015	% Change
Net interest income	7,379.7	6,189.4	19.2%
Net fee and commission income	1,712.4	1,331.9	28.6%
Other income	655.2	369.8	77.2%
Less: Impairment for loans and other losses	105.9	575.1	(81.6%)
Net operating income	9,641.4	7,316.0	31.8%
Operating expenses	4,442.7	3,984.1	11.5%
Operating profit before VAT	5,198.6	3,331.9	56.0%
Less: Financial VAT & NBT	812.2	558.3	45.5%
Profit before income tax	4,386.3	2,773.6	58.1%
Less - Income tax expense	1,294.5	935.6	38.4%
Profit for the year	3,091.8	1,838.0	68.2%

Group Performance Q1 2016

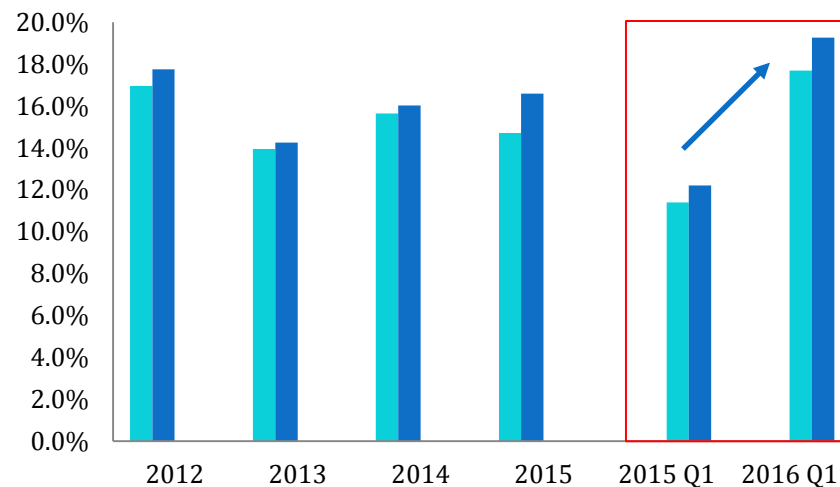
Rs Mn	2016	2015	% Change
Net interest income	8,429.9	6,896.5	22.2%
Net fee and commission income	1,864.9	1,436.5	29.8%
Other income	1,936.0	1,393.1	39.0%
Less: Impairment for loans and other losses	137.2	587.8	(76.7%)
Net operating income	12,093.6	9,138.1	32.3%
Operating expenses	6,282.2	5,497.4	14.3%
Operating profit before VAT	5,811.3	3,640.6	59.6%
Less: Financial VAT & NBT	895.5	609.4	20.1%
Profit before income tax	4,927.5	3,011.0	46.9%
Less - Income tax expense	1,455.6	1,000.2	45.5%
Profit for the year	3,471.9	2,010.8	72.7%
Profit attributable to equity holders	3,305.6	1,915.2	72.6%

ROA & ROE improve in Q1 2016

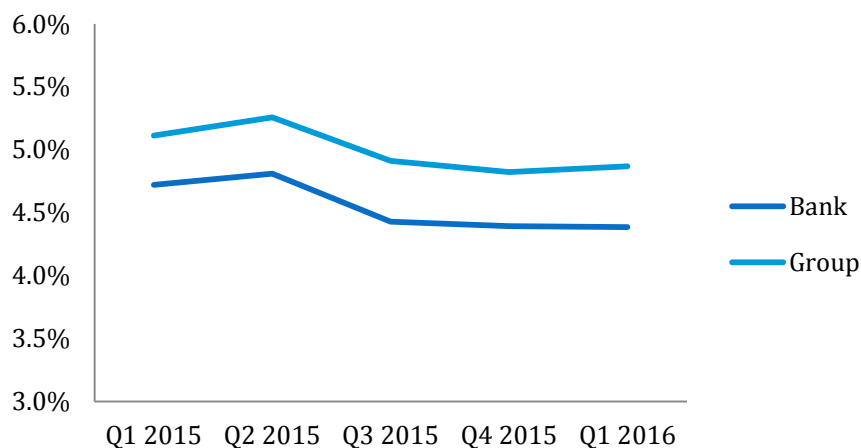
ROA



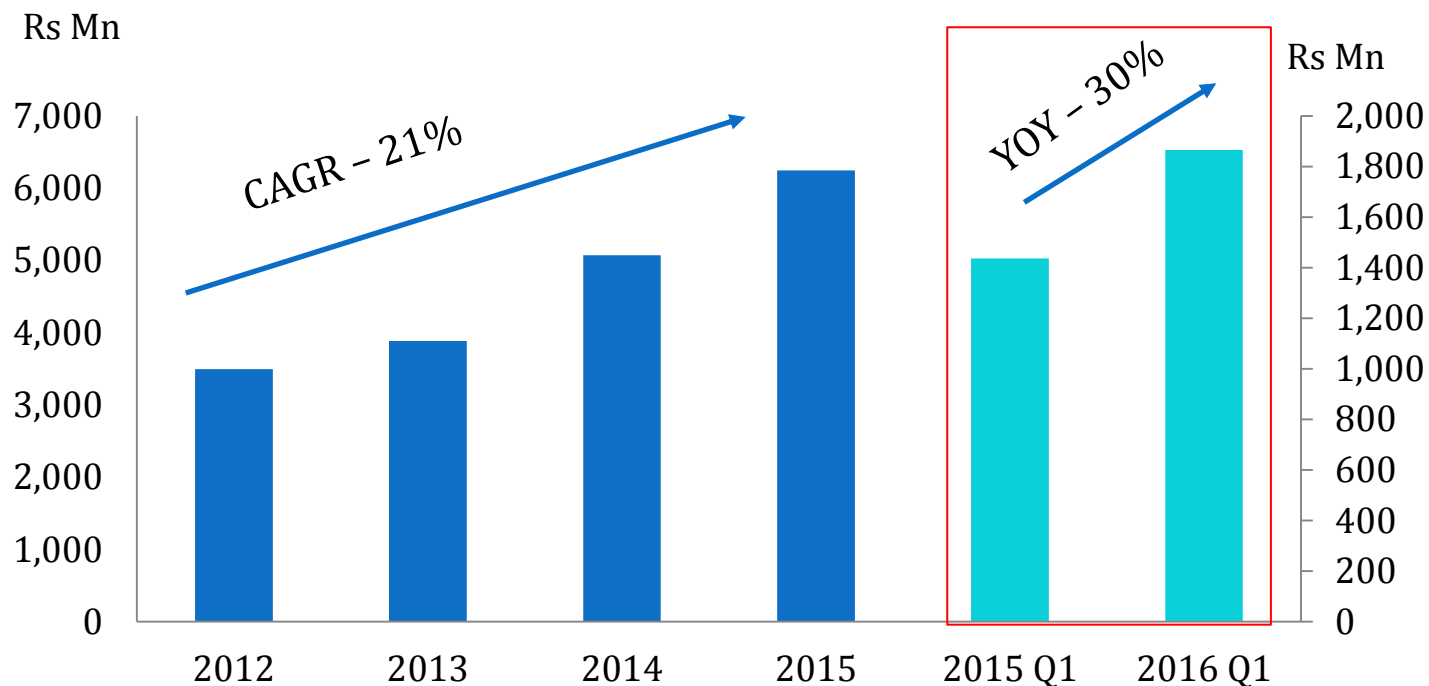
ROE



Stabilization of NIMs

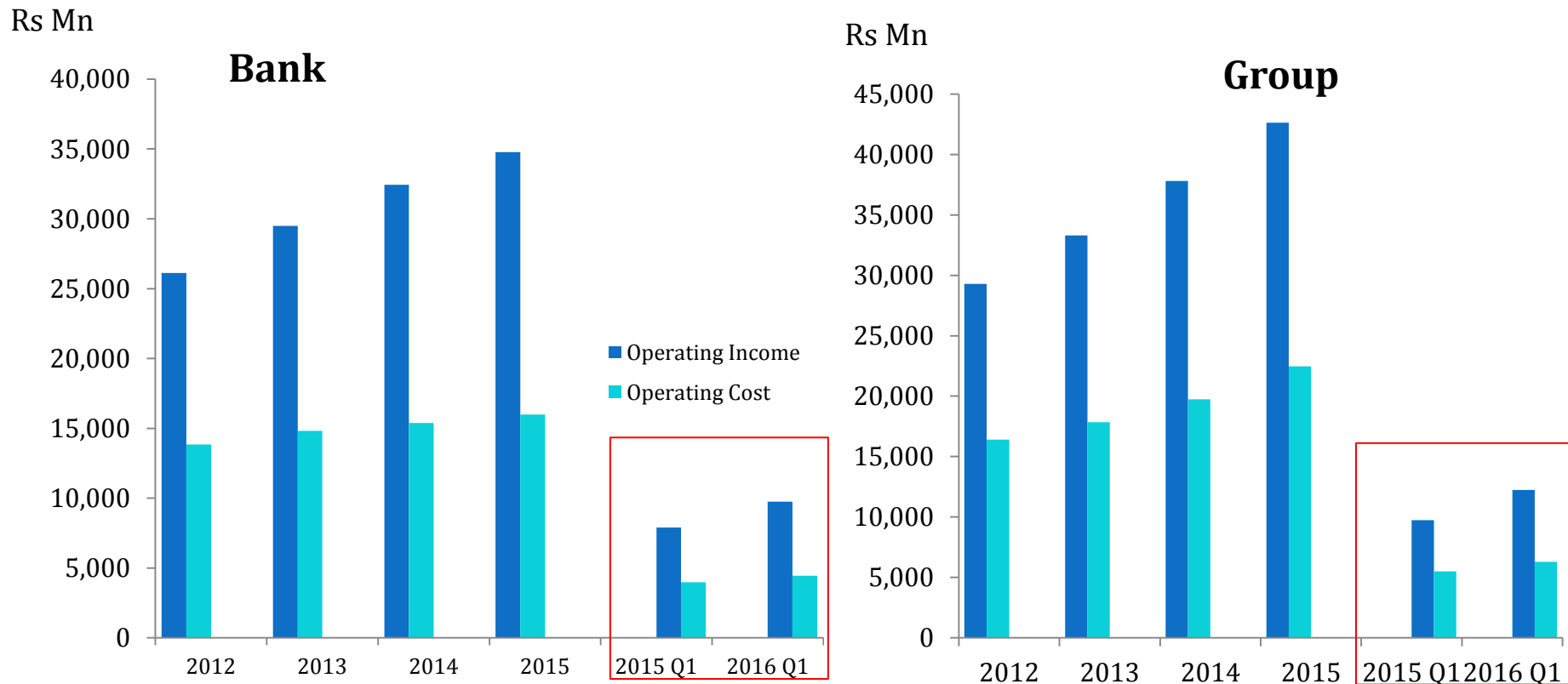


Group Net Fee Income



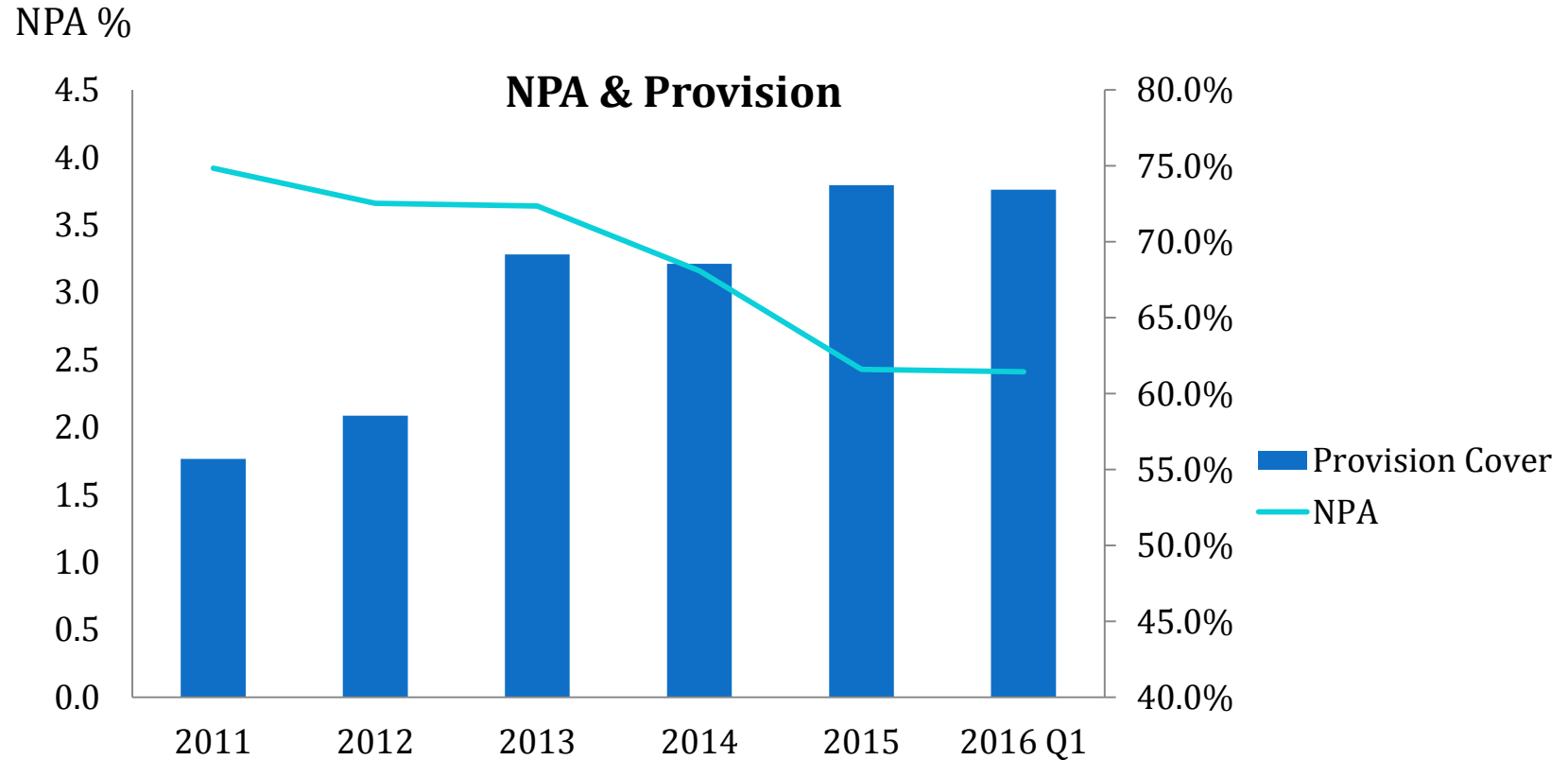
- Significant constituents of fee income were Credit Cards, Trade Finance, Loan Administration, Current Accounts and Guarantee Business.
- Credit Cards, E Banking and Loan Admin fees exhibited the highest yoy growth rates.

Driving operational efficiency



- Bank's Cost to Income Ratio has declined from 50.5% in Q1 2015 to 45.6% in Q1 2016
- Group Cost to Income Ratio has declined from 56.5% in Q1 2015 to 51.4% in Q1 2016

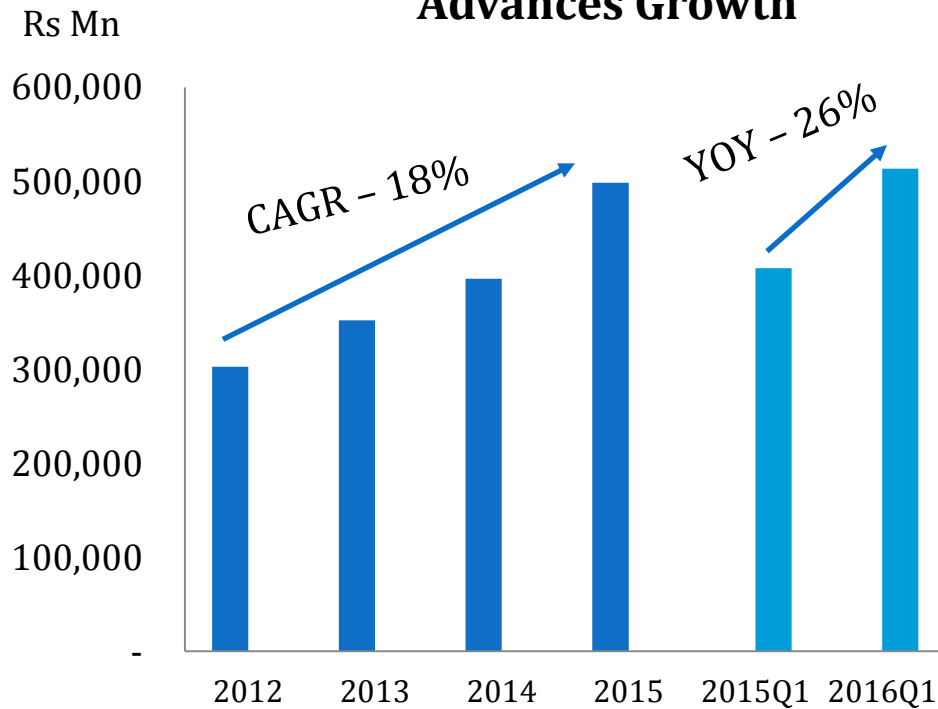
Improving Asset Quality



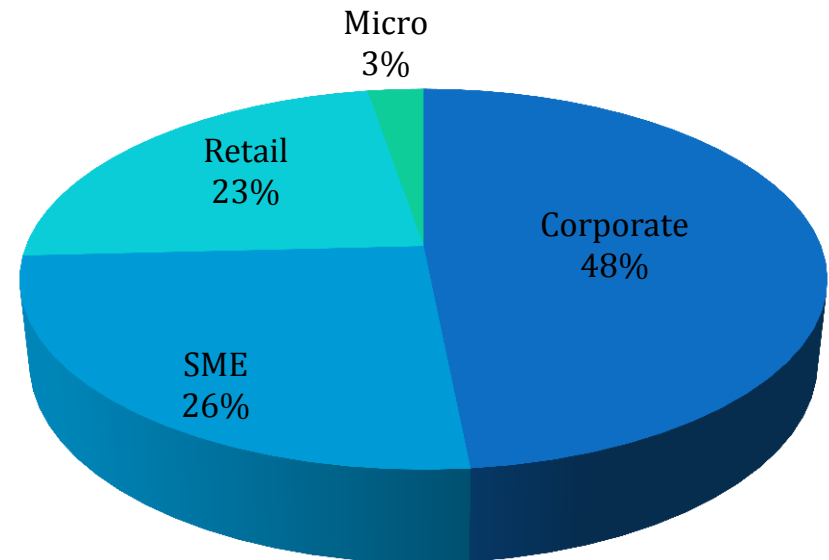
- NPA improves further to 2.41%
- High Provision Cover > 73%

Sound Advances growth

Advances Growth

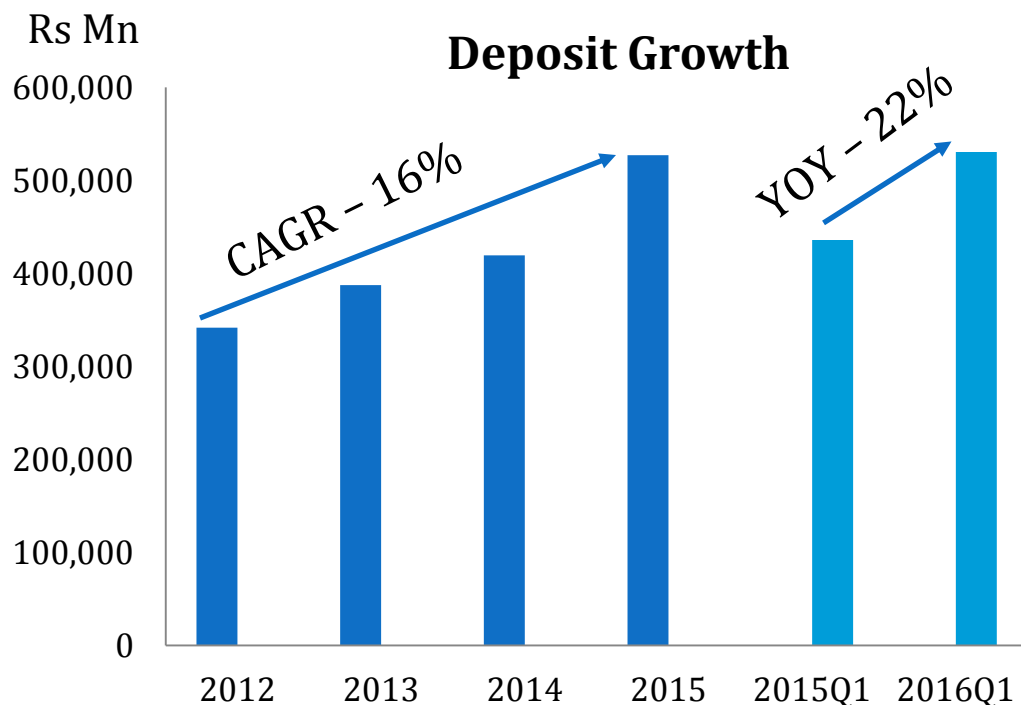


Segmental Distribution of Advances

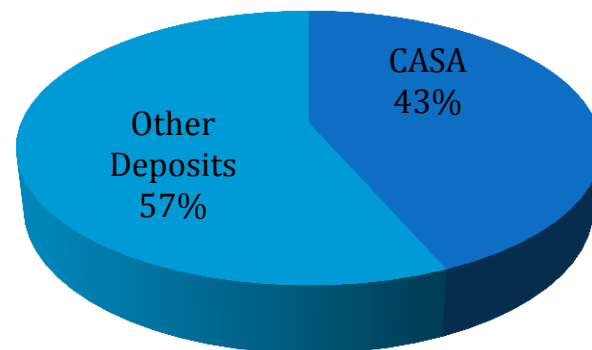


- 26% YOY growth in advances
- 3% growth in Q1 2016

Deposits and Borrowings funding growth



LKR CASA Ratio

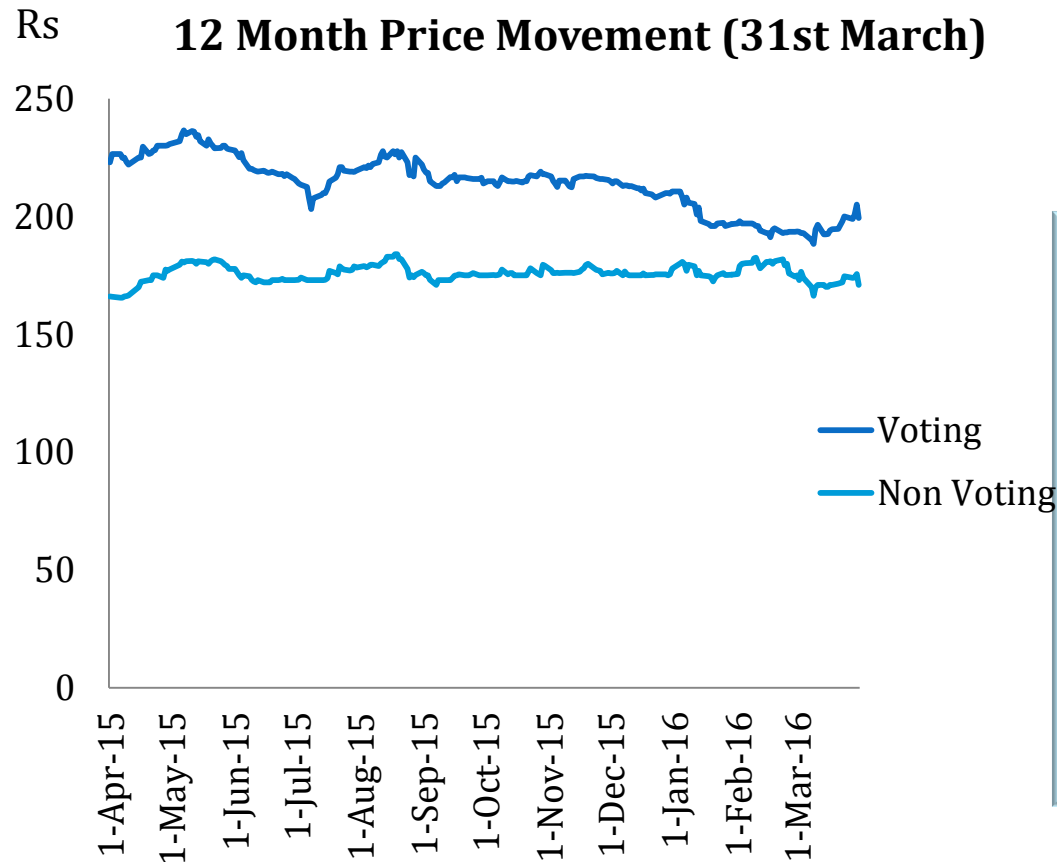


- 22% YOY growth in deposits ; 1% growth in Q1 2016
- Rs 7 Bn raised through Subordinated Debt which was oversubscribed on opening day
- Total Capital Ratio improves by 78 bps to 13.48%

DuPont Analysis – Q1

	2016	2015	2016	2015
	Bank		Group	
Net Interest Income	3.97%	4.22%	4.35%	4.52%
Other Income	1.28%	1.16%	1.97%	1.84%
Net Income	5.25%	5.38%	6.32%	6.36%
Provisions	0.06%	0.39%	0.07%	0.39%
Operating Cost	2.39%	2.72%	3.24%	3.60%
Taxation	1.13%	1.02%	1.21%	1.05%
Minority Interest	0.00%	0.00%	0.09%	0.06%
ROA	1.67%	1.25%	1.71%	1.25%
Multiplier	11.57	9.74	10.38	9.09
ROE	19.28%	12.21%	17.70%	11.40%

Return to Shareholders



- Dividend per share – Rs 8.50
- Dividend yield (N) – 4.0%
- Dividend yield (X) – 4.8%
- Voting : (6.8%)
- Non Voting : 8.1% return
- ASPI declined by 12.2% over the corresponding period

THANK YOU