

Press Release
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The Asian Banker Excellence in Retail Financial Services Awards 2009

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- *For the second consecutive time, Hatton National Bank won the prestigious award for a successful retail expansion strategy targeting new customer segments.*
- *Over 120 banks and financial institutions from 22 countries across the Asia Pacific, Gulf and Central Asian regions were evaluated as part of the Excellence in Retail Financial Services Programme.*

Singapore, 20 March 2009 – Hatton National Bank has been named Sri Lanka's Best Retail Bank in the eighth Asian Banker Excellence in Retail Financial Services Awards Programme. The bank received the award at The Asian Banker Excellence in Retail Financial Services Awards 2009 ceremony, held in conjunction with the region's foremost retail banking event, the Excellence in Retail Financial Services Convention. The ceremony was held at the Grand Hyatt in Singapore on the evening of March 19th, 2009.

About 120 senior bankers from award winning banks in 22 countries across the Asia Pacific, the Gulf and Central Asian regions attended the formal gala dinner, the industry's celebration of the region's best retail bankers that recognizes their efforts in bringing superior products and services to their customers.

The awards programme, administered by The Asian Banker and refereed by prominent global bankers, consultants and academics, is the most prestigious of its kind.

A stringent three month-long evaluation process, based on a balanced and transparent scorecard, determined the winners and the position of the different retail banks in the region. A full list of winners is attached.

Hatton National Bank wins the award for Best Retail Bank in Sri Lanka, 2008

Hatton National Bank has won the Best Retail Bank in Sri Lanka for 2008 for the second time in a row, gaining higher scores than the other banks surveyed in the programme, including Nations Trust Bank, HSBC and Standard Chartered Bank in Sri Lanka.

Hatton National Bank possesses a wide reaching franchise throughout the country, which increased further in 2008. It expanded its branch network to the rural and semi-rural sectors

and launched new retail products targeting new customer segments, such as children, adolescents and the elderly. The bank's main target is to expand its low-cost deposits.

This strategy proved suitable for 2008 amidst the raging inflation and regulatory restrictions in Sri Lanka. The bank displayed healthy profit growth of 38% and 11% growth in retail deposits. The sales performance of Hatton National Bank was astonishing, with triple digit growth in new branches.

"The bank aims to enhance its self-service sector, but still has some way to go to match the international standards. Nonetheless the development is impressive," says Mr. Chris Kapfer, head of Excellence in Retail Financial Services Awards Programme at The Asian Banker.

Realizing the importance of foreign remittances to Sri Lanka, HNB took the initiative to invest in exchange houses in the Middle East. These exchange houses opened the way for remittances and money exchange. New technologies also enhanced the incoming flow of remittances, which accounted for approximately \$450 million up to September 2008, which is about 20% of Sri Lanka's total remittances.

Further improvements are planned in areas such as customer service and cost management for the next year. The bank is currently in the process of implementing 5S in the bank to improve efficiency and productivity, thereby enhancing customer service. HNB is also implementing model branch concept to streamline branch operations and centralize routine operations. This initiative will reduce cost as well as allow branches to better focus on customer service.

For the second consecutive time, Hatton National Bank won the prestigious award for a successful retail expansion strategy targeting new customer segments

The Sri Lankan Central Bank imposed lending restrictions on the banking sector to curb the raging inflation. In finding new ways to generate revenues, the banks targeted at raising their low-cost deposits. Hatton National Bank has been quite successful in this endeavour and has increased its presence in rural areas, where financial services still play a minor role for the population. The rise in Hatton's low-cost deposits is going hand in hand with the strong profit growth, despite the challenging environment.

The flagship product Pathum Vimana- a deposit promotion- was re-launched with more prizes on offer and with a special scheme called "Gamin Gamata" (from village to village) for the lower end of the savings segment, targeting the rural sector of the economy. This enabled the bank to defend the low cost savings base despite the high inflationary and interest rate scenario. Not to forget the pawning business, that grew 22% during the first nine months of the year.

HNB invested in new distribution channels and its ATM usage increased by approximately 20%, while the bank was able to expand the network with additional machines exceeding 250 ATMs altogether. Above all, HNB strived to upgrade processes, reduce costs and enhance its risk management.

Over 120 banks and financial institutions from 22 countries across the Asia Pacific, Gulf and Central Asian regions were evaluated as part of the Excellence in Retail Financial Services Programme

“This year over 120 banks and financial institutions in 22 countries across the region were evaluated as part of the Excellence in Retail Financial Services Programme. It has become the single most prestigious, comprehensive and anticipated awards programme that recognises the pursuit of excellence amongst retail financial institutions available almost anywhere in the world today,” said Philip Strause, Chairman of The Asian Banker Excellence in Retail Financial Services Programme.

The transparent award evaluation process uses a balanced scorecard approach and a comprehensive methodology to evaluate the strength of individual banks’ retail banking businesses that involves extensive research and probing interviews, and taps on the combined experience of a team of experienced researchers.

Strause, who has over 30 years experience as a principal consultant to leading financial institutions in North America and the Asia Pacific, added: “The Asian Banker Excellence Programme was instituted in 2001 on the premise that an outstanding player in the retail financial services industry should build business franchises that are sustainable, competitive and profitable over a period of time.”

About The Asian Banker

The Asian Banker is the foremost provider of strategic business intelligence on the financial services industry in the Asia Pacific and Middle East regions. The organization has offices in Singapore, Kuala Lumpur, Beijing and Dubai as well as representatives in Shanghai, London and New York. With a business that revolves around publications, research services, training and forums, the organization is highly regarded in the financial services community for its incisive and independent commentaries on developments in the industry. The company’s website is www.theasianbanker.com.

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