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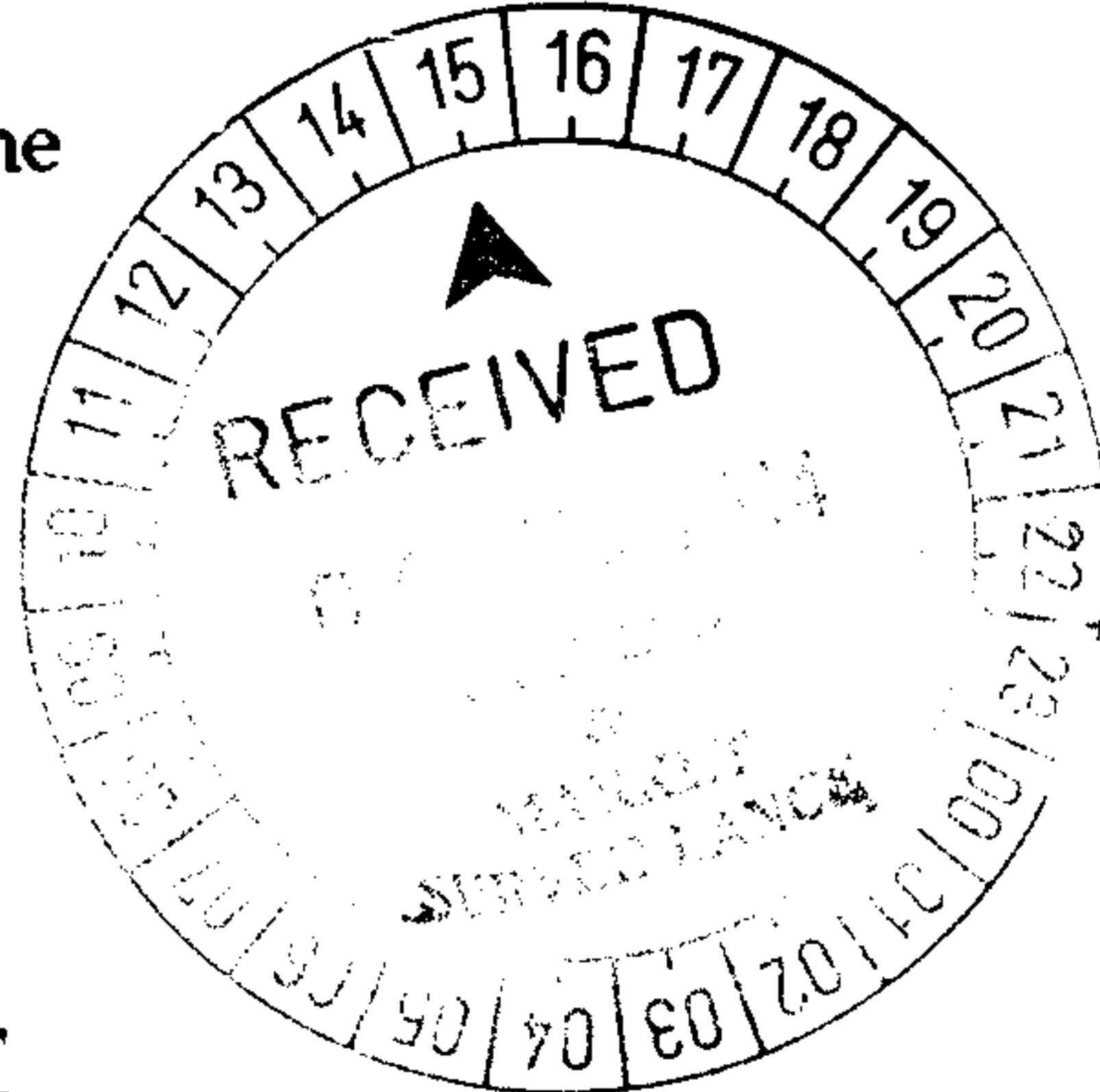


Hatton National Bank

Hatton National Bank PLC (PQ82)

August 4, 2014

Mr Renuke Wijayawardhane
Chief Operating Officer
Colombo Stock Exchange
04-01 West Block
World Trade Centre
COLOMBO 1



Dear Sir

ANNOUNCEMENT

At its meeting held on 31st July 2014, the Board of Directors of Hatton National Bank PLC has granted its approval in principle, to acquire 51% of the issued and fully paid up voting shares of Prime Grameen Micro Finance Limited (the "Company"), a Licensed Finance Company, from Prime Lands Private Limited (the "Selling Shareholder") for a total price of Rs. 660.0 Mn, subject to the satisfaction of the undernoted conditions:

- (i) *The Bank and the Company obtaining all relevant statutory and regulatory approvals applicable in relation to the proposed share purchase;*
- (ii) *The Bank carrying out a due diligence of the Company and being satisfied with the financials submitted to HNB and such other material concerns that may arise;*
- (iii) *Entering into a shareholder agreement, setting out inter-alia the rights of HNB as the Major Shareholder, and terms relating to the future management and operations of the Company.*

The transaction is expected to be concluded on or before 30th September 2014.

In the event the above transaction is successfully completed, the Bank will carry on its microfinance business through the acquired Company. Therefore, the Bank's proposal to set up a new Finance Company to carry on microfinance business, as announced by our letter of 8.10.2013 to the CSE, will not take place.

This announcement is made in compliance with the disclosure requirements of CSE.

Yours faithfully

HATTON NATIONAL BANK PLC

Thushari Ranaweera (Mrs)
DEPUTY GENERAL MANAGER (LEGAL)/BOARD SECRETARY

TR/OK

Cc: MD/CEO - HNB

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