

# **HNB delivers robust financial performance with strong balance sheet growth**

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Nihal Jayawardena, Chairman, HNB.



Damith Pallewatte, MD and CEO, HNB.

Sustaining its upward trajectory, HNB delivered robust performance during the first nine months of 2025. The Group reported a Profit After Tax (PAT) of 34.7 billion rupees, a 47 percent year-on-year (YoY) increase, while the Bank's PAT rose by 42 percent YoY to 31.5 billion rupees.

Nihal Jayawardena, Chairman, HNB, stated that the period under review represented one of steady progress for both the Bank and the broader Sri Lankan

economy. While challenges remain, macroeconomic reform measures have produced encouraging outcomes, with inflation moderating, the currency remaining relatively stable, and GDP expanding by 4.8 percent during the first half of the year. Fiscal improvements and continued progress under the IMF program have strengthened confidence in Sri Lanka's recovery trajectory. In this environment, HNB remains committed to supporting national development priorities.

The significant reduction in average interest rates compared to the previous year contributed to a narrowing of interest margins. However, the strong expansion of the balance sheet helped offset much of this impact, enabling net interest income to reach 69.2 billion rupees for the nine months. Net Fee and Commission Income recorded a robust YoY growth of 24.3 percent, supported by the continued expansion of loans and advances during 2025. This growth was complemented by improved performance across Transaction Banking, digital banking platforms, and card services.

Exchange income recorded a substantial turnaround, rising to 4.2 billion rupees for the period, compared to a loss of two billion rupees in the corresponding period last year. This improvement was driven primarily by exchange rate movements and increased foreign currency transactions, particularly reflecting a notable surge in vehicle imports.

HNB's proactive risk management and recovery efforts were further evidenced by an impairment reversal of 7.5 billion rupees, a sharp contrast to the 3.2 billion rupees impairment charge recorded in the same period in 2024. Asset quality indicators improved significantly, with the Net Stage 3 ratio declining to 1.36 percent from 1.88 percent at the end of 2024. The Stage 3 coverage ratio remained strong at 75.64 percent, underscoring the Bank's disciplined risk management approach.

Damith Pallewatte, Managing Director and CEO, HNB, highlighted that the Bank's progress is anchored in a clear strategic vision focused on enabling economic growth while advancing innovation and inclusivity. He emphasized the Bank's commitment to supporting MSMEs—the backbone of the Sri Lankan economy. Through solutions such as HNB Accept, the Bank continues to expand access to digital payments, promoting entrepreneurship and enabling small businesses to participate in the digital economy fully.

Addressing evolving customer needs, the Bank also strengthened its premium

banking proposition with the launch of the Club Elite Mastercard, setting a new benchmark for exclusivity and customer experience. Such initiatives reflect HNB's broader goal of combining technology, convenience, and trust to create long-term sustainable value.

As of September 2025, the Group's asset base exceeded 2.6 trillion rupees, driven by a 287.7 billion rupees increase in net loans and advances at Group level, including 262.6 billion rupees from the Bank. Deposits grew by approximately 182 billion rupees to 1.93 trillion rupees, with the Bank contributing 165.0 billion rupees. Capital buffers remained strong, with Tier I and Total Capital Adequacy Ratios of 16.74 percent and 20.13 percent, respectively, both well above regulatory minimums. Liquidity also remained sound, reflected in an all-currency Liquidity Coverage Ratio of 227.45 percent, far exceeding the 100 percent regulatory requirement.