

HNB Group demonstrate resilience and growth momentum

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Nihal Jayawardena, Chairman, HNB.



Damith Pallewatte, MD/CEO, HNB.

HNB continued its growth trajectory in Q1 2025, achieving a year-over-year (YoY) growth of 49 percent in Group Profit After Tax (PAT) and a remarkable 64 percent growth in Bank PAT. The Group PAT reached 11.1 billion rupees, while the Bank PAT stood at 10.2 billion rupees. During the first quarter, the Bank's Net Interest Income (NII) increased by 7.7 percent YoY, amounting to 23.7 billion rupees, despite the backdrop of lower interest rates compared to the same period in 2024. The loan portfolio increased by 159 billion rupees YoY, but interest income declined by 14.4 percent. Interest expenses fell more significantly by 27.1 percent, aided by growth in CASA deposits, which boosted NII.

Nihal Jayawardena, Chairman, HNB, expressed his satisfaction with the bank's performance in the first quarter of 2025, noting that "the economy continued its path towards stability. Over the years, HNB has played a pivotal role in the economy as a true partner in progress for our stakeholders, especially during their

times of need. As a Domestic Systemically Important Bank in the country, we remain committed to our journey of uplifting the lives and livelihoods of Sri Lankans.”

Net fee and commission income rose 17 percent YoY due to increased card usage and digital transactions, reflecting HNB’s commitment to a cashless economy. Other income, mainly from exchange gains, recovered to 2.3 billion rupees from a loss of 2.1 billion rupees in the same period of 2024, driven by the depreciation of the Sri Lankan rupee.

The Bank’s strong risk management and recovery efforts have improved asset quality, leading to a total impairment reversal of 379.7 million rupees, compared to a 1.4 billion rupee charge last year. The Net Stage 3 ratio improved to 1.82 percent from 1.88 percent in December 2024, with the Stage 3 coverage ratio at 75.12 percent. Total operating expenses rose by 13.5 percent year-over-year, mainly due to increased staff costs related to compensation realignment and performance-based pay.

Damith Pallewatte, MD/CEO, stated, “HNB’s performance in the first quarter of 2025 demonstrates our unwavering commitment to strategic focus. Despite the ongoing uncertainties in the global environment, HNB remains resilient, supported by strong fundamentals in asset quality, liquidity, and capital adequacy. This enables us to confidently serve various market segments across the country and navigate challenges in the operating environment.”

“As a bank that has significantly shaped the financial services sector in Sri Lanka, we take pride in leading the country’s transition toward a cashless economy. Our initiative to eliminate Merchant Discount Rates (MDR) for LANKAQR transactions is designed to empower SMEs and micro-entrepreneurs, who form the backbone of our economy, to actively engage in the digital financial ecosystem. We have also partnered with the Road Development Authority to introduce Sri Lanka’s first card-based toll payment system, reflecting our commitment to innovation and enhancing public convenience. This initiative streamlines daily transactions, reduces congestion, and supports our vision for a digitally-enabled, future-ready nation.”

“As we navigate the evolving landscape, which is influenced by underlying pressures in domestic and global markets, changing customer needs, digital disruptions, and the regulatory environment, our focus remains on delivering sustainable value to all our stakeholders while supporting national economic

progress.”

In Q1 2025, the Bank’s asset base surpassed 2.1 trillion rupees, showing a 3.4 percent increase. Gross loans and advances rose by 14.4 billion rupees, contrasting with a 26.5 billion rupee decline in Q1 2024. The deposit base also grew by 7.8 billion rupees, reaching 1.72 trillion rupees.

HNB was ranked as the number one corporate entity in Sri Lanka in the ‘Business Today Top 40’ rankings.