

HNB Group Posts Growth

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Dinesh Weerakkody, Chairman, HNB

Jonathan Alles, Managing Director/CEO, HNB

Hatton National Bank reported Profit After Taxes of 7.7 billion rupees for the first nine months of 2020, while the Group recorded a PAT for 8.8 billion rupees for the same period. Dinesh Weerakkody, the Chairman, HNB stated that “Sri Lanka managed the first wave of the pandemic commendably. However, as the situation continues to evolve globally, we as a nation are currently at a crucial juncture once again. Despite the significant challenges brought about by the pandemic, HNB continued to demonstrate strength, stability and resilience. The recent unprecedented two notch downgrade of the Sovereign rating by Moody’s has been a further setback. In this backdrop, I’m happy to note that HNB was able to conclude a long-term loan agreement of USD 60 million with the French Development Financing Institution, Proparco to support the SME sector of Sri Lanka”. The Interest Income of the Bank declined in line with the drop in interest rates to 79.6 billion rupees, by 8.7 percent YoY in comparison to 2019. Interest Expenses of 45.8 billion rupees represented a 7.3 percent YoY drop from last year, resulting in a Net Interest Income (NII) of 33.8 billion rupees, which was 10.6 percent lower compared to the first nine months of the previous year. The impact of COVID-19 continued to hamper the Net Fee and Commission income, which declined by 18.9 percent YoY to 5.4 billion rupees as a result of the restrictions placed on imports, low volume of foreign card transactions, removal of certain charges as part of CBSL initiated COVID relief scheme and low level of economic activity. HNB witnessed an encouraging increase in income from digital products and platforms with customers shifting to digital channels under social distancing and health guidelines. Jonathan Alles, MD/CEO, HNB said, “Our country was moving in a positive trajectory over the last few months, until the second wave struck us, however, this has been a common phenomenon across the world. Therefore, it is important to provide the necessary support to drive grass root revival and adapt to the ‘new normal’. As of September, HNB has provided moratoriums to over 85,000 customers and processed working capital finance amounting to

over 24 billion rupees to COVID affected businesses under the CBSL Saubhagya schemes. Over the past two years, the banking sector of Sri Lanka, has stepped in to support distressed sectors, providing necessary financial assistance as our country underwent, multiple shocks. At this critical point in time as a responsible D-SIB, HNB will once again stand by its loyal customers, to ensure that they come out of this crisis successfully. We strongly believe that the authorities will introduce sustainable, long-term solutions and more stable alternate funding options to support the most vulnerable segments of our economy". He added that, "We are cognizant of the tough road ahead of us, however we remain optimistic of the revival of our economy and the time taken for recovery would depend on how successful we are as a nation in managing the crisis. At HNB, we will continue to drive transformational change in our systems, processes and people operating within the new normal, and play a meaningful role in the resurgence of Sri Lanka." HNB recorded a Profit Before Tax (PBT) of 10.3 billion rupees for the nine-month period, which is a decline of 23.1 percent YoY compared to the corresponding period of 2019. The Profit After Tax (PAT) of 7.7 billion rupees represented a drop of 3.8 percent YoY. Gross loans grew marginally by 11.9 billion rupees to 783.9 billion rupees, in the backdrop of low demand for credit, while the deposit base grew by an impressive 112.4 billion rupees recording a growth of 13.9 percent during the year 2020. The Group's Insurance and Investment Banking businesses performed admirably as the HNB Group made PBT of 12 billion rupees during the first nine months, which is a 18 percent YoY drop while Group PAT increased by a marginal 1.2 percent YoY to 8.8 billion rupees. Group level assets rose by 128 billion rupees since the end of last year, a 10.7 percent growth to 1.3 trillion rupees. HNB is also ranked in the latest Business Today Top 30 Corporate rankings.