HNB Group Records 18.8 billion in PAT for nine months



Nihal Jayawardene, Chairman, HNB.



Jonathan Alles, Managing Director/CEO, HNB.

Hatton National Bank posted a profit before tax of 26.3 billion rupees and a profit after tax of 16.6 billion rupees during the nine months ended September 2023. The Group recorded a consolidated PBT and PAT of 29 billion rupees and 18.8 billion rupees, respectively.

Nihal Jayawardene, Chairman of HNB, stated, “Sri Lanka has progressed well during the year with signs of recovery as indicated by most macroeconomic variables. While we remain positive on the country’s journey ahead, as a premier bank in Sri Lanka, we are delighted to have surpassed 1.5 trillion rupees in deposits. It is noteworthy to mention that a growth of 500 billion rupees in deposits has been achieved since June 2021, and we would like to record our sincere gratitude to our valued customers for their unwavering trust and confidence despite extremely

turbulent macro conditions experienced during this period”.

The Bank’s interest income recorded a YoY growth of 63.5 percent, reaching 220.7 billion rupees during the first nine months, in the background of a sharp decline in interest rates during the third quarter. Interest expense increased faster by 115 percent YoY, resulting in a 17.1 percent YoY growth in net interest income, which improved to 83.2 billion rupees. Bank’s net fee and commission income grew by 6.3 percent YoY to 11.7 billion rupees, primarily fueled by cards and digital channels—the appreciation in the Sri Lankan rupee against the US dollar. Twelve percent, during the period, resulted in the Bank recording an exchange loss of 2.5 rupees for the nine months.

HNB maintained its asset quality well above the industry, with a net stage 3 ratio of 4.9 percent and stage III provision cover at 50.7 percent. The Bank recognized a total impairment charge of 32.4 billion rupees during the first nine months of 2023, which comprised impairment on account of loans and advances and foreign currency-denominated government securities.

Jonathan Alles, Managing Director/ CEO of HNB, stated, “As the country displays signs of recovery, we are pleased to record robust overall performance for the nine months, which outlines the proactive and prudent actions taken during adverse times. I want to thank the entire HNB team for their continued dedication and commitment amidst many challenges.”

“We believe that the external debt restructuring program would also be concluded soon, considering the strain on the banking sector, which has incurred significant impairment charges of nearly 580 billion rupees since 2022 and the increased effective tax rate of over 50 percent for the industry. Preserving banking sector stability and capital would be critical to enable the banking sector to play a catalytic role in reviving the nation and its people. We eagerly look forward to partnering with this resurgence as a responsible, systemically important bank in the country”.

Bank’s asset base improved to 1.86 trillion rupees as of the end of September 2023. Significant reduction in market lending rates in line with the Central Bank’s relaxed monetary policy has enabled the Bank to record a 34 billion rupees growth in gross loans, to surpass 1.0 trillion rupees in the third quarter. The Bank reached a significant milestone as its deposit base crossed the 1.5 trillion rupees mark for the first time.

HNB was ranked among the Top 5 positions on Business Today’s Top 40 rankings for 2022.