

HNB records a Group PBT of 38.7 billion rupees for the first nine months of 2024

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Nihal Jayawardene, Chairman, HNB.



Damith Pallewatte, CEO, HNB.

HNB Group recorded a PAT of 23.7 billion rupees growing by 26 percent YoY, while the Bank's Profit After Tax increased by 34 percent YoY to 22.2 billion rupees for the nine months ended September 2024.

Nihal Jayawardene, Chairman, Hatton National Bank, stated, "Having experienced five years of extreme volatility and unprecedented challenges, Sri Lanka has witnessed macro-economic stability during the year. We believe that the completion of the external debt restructuring as announced and progression in the reform agenda will boost investor confidence, auguring well for the country and the banking sector".

Damith Pallewatte, Chief Executive Officer, Hatton National Bank, added that “Sri Lanka’s key macro variables continued to move in the right trajectory during the first nine months of the year. However, these variables resulted in mixed financial outcomes at the bank level. The overall improvement in the operating environment created a conducive environment for businesses and individuals, leading to better credit growth and debt serviceability for borrowers. However, steep drop-in market rates impacted both the loans and advances and investment portfolio yields, negatively exerting pressure on interest margins. While the strengthening of the LKR against the USD resulted in improved economic activity on the imports front, this also resulted in banks having to recognize an exchange loss on the revaluation of foreign exchange reserves. Nonetheless, in this backdrop, the Bank’s core focus remained on sustainable growth through responsible lending, mobilization of low-cost deposits, growing non-interest income, and improving asset quality”.

Bank’s efforts to minimize the impact of interest rate volatility resulted in a ten percent YoY growth in net fee and commission income despite trade income being relatively lower compared to the previous year, with the normalization of the trade tariff to pre- crisis levels. The growth in fee income was largely driven by higher cards and digital transactions in line with the efforts to drive a cashless economy.

The support extended to customers to revive their businesses, concerted efforts on collection, and the overall improvement in economic activity enabled the Bank to record superior asset quality compared to the industry. The net stage three ratio improved to 3.32 percent, while the stage 3 provision coverage ratio improved to 60.50 percent during the quarter, compared to 4.09 percent and 56.08 percent recorded in 1H 2024. The total impairment charge for the nine months amounted to 3.2 billion rupees. The impairment charge for the previous period included an amount of 25 billion rupees on account of Bank’s investments in international sovereign bonds (ISBs). With the agreement on the external debt restructuring, in line with the industry practice, the Bank maintained its provision cover of 52 percent on the investments in ISBs. This, together with the positive movement in stage-wise loans, led to a significant reduction in the impairment charge for the period.

Outlining his vision for the Bank, the Acting CEO stated, “Our goal is to continue building on our legacy of strength, stability, and innovation. By leveraging best-in-class customer service, emerging technologies, and an unparalleled suite of products and services, we aim to partner with the progress of our people while exploring new market opportunities for expansion.

HNB was ranked number one Company in Sri Lanka by Business Today in its Top 40 Businesses ranking for 2023-24.