



RANKING OF LICENSED BANKS IN SRI LANKA

Year ended 31st December 2020

Issue 02 | March 2021





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Executive Summary

2020 was a year in which the economy of Countries around the globe was pushed beyond what it could bear. Especially in Sri Lanka just when the economy was expected for a great boost the pandemic paralyzed that process. However, in such a scenario it becomes vital to keep on monitoring the commercial banks and institutions in a country as they represent the backbone of the nation's economy & its future. As investors get very skeptical and risk-averse in a period like this it's important to give a fair judgment towards the above-mentioned financial institutions.

At K Seeds Investments, we present this report annually which evaluates the Banking Sector of Sri Lanka. The list includes both licensed commercial banks and specialized banks which are evaluated based on the latest annual financial statements presented by each bank.

Based on the directions by the Central Bank of Sri Lanka the banks are split into two main categories. To make it an even fairer approach we have divided the 2nd category in to 2 more subcategories based on their assets values. Rooting from the above categorization, they are ranked based on a number of key performance indicators which we consider to be most relevant for evaluating the financial performance of financial institutions. We expect the reader would gain valuable insights on the banking sector of Sri Lanka through this report and would facilitate better decision-making for investment purposes.

Basis of Categorization

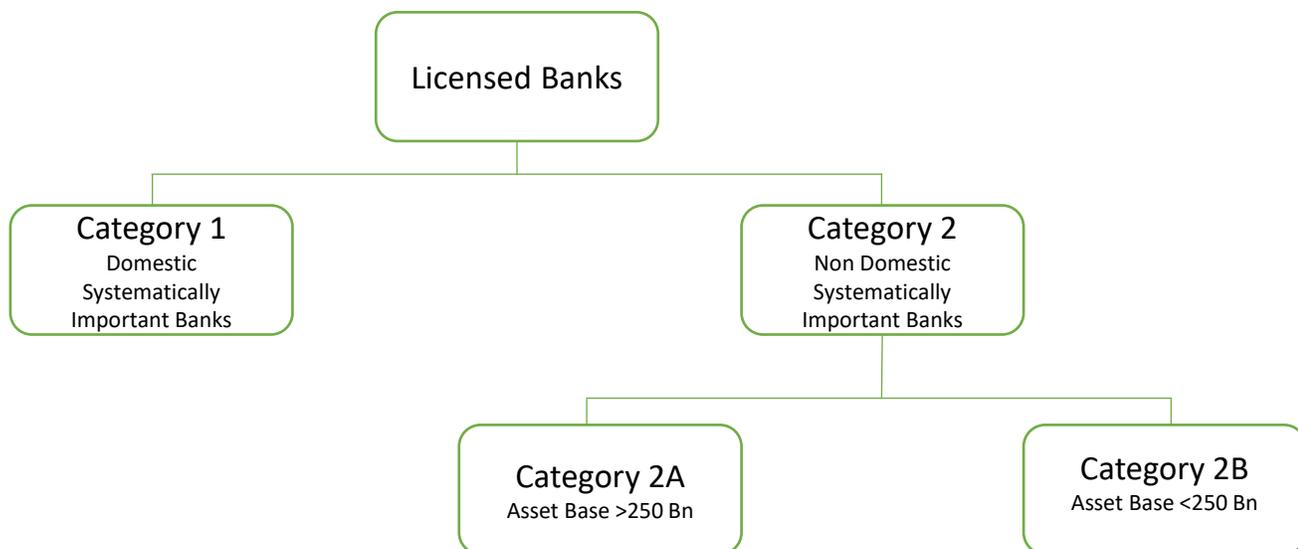
Licensed Commercial and Specialized Banks in the report has been categorized based on the latest directions issued by Central Bank which replaces the previous directions where the Banks were categorized only based on the size of the asset base.

The new rule requires the banks be categorized based on a number of criterion including,

- Size
- Interconnectedness
- Substitutability/financial institution infrastructure
- Complexity

These quantitative and qualitative criteria lead to a more sophisticated categorization which splits the banks into two main categories, namely “Domestic Systematically Important Banks” and “Non Domestic Systematically Important Banks”.

For the purpose of this report, we have allocated them to Category 1 and Category 2 respectively. The Category 2 has been further divided into 2 more sub-categories to ensure that the ranking is based on a fair approach. Hence the 2 sub-categories are banks with as asset base below and above 250 billion.



Categorized List of Banks

Category 1

1. Bank of Ceylon (BOC)
2. Commercial Bank (COMB)
3. Hatton National Bank (HNB)
4. People's Bank (PB)

Category 2A

1. DFCC Bank (DFCC)
2. National Development Bank (NDB)
3. Nations trust Bank (NTB)
4. Sampath Bank (SAMP)
5. Seylan Bank (SEYB)

Category 2B

1. Amana Bank (ABL)
2. HDFC Bank (HDFC)
3. Pan Asia Bank (PABC)
4. Sanasa Development Bank (SDB)
5. Union Bank (UBC)

Basis of Ranking

Ranking has been arrived at based on the following KPIs.

<ul style="list-style-type: none"> ▪ Cost to Income Ratio (Excluding Impairment) 	$\frac{\text{Operating Cost}}{\text{Operating Income (Net of Interest Expense)}}$
<ul style="list-style-type: none"> ▪ Return on Equity 	$\frac{\text{Profit to Equity Holders}}{\text{Average Equity}}$
<ul style="list-style-type: none"> ▪ Return on Assets 	$\frac{\text{Net Profit}}{\text{Average Assets}}$
<ul style="list-style-type: none"> ▪ Credit to Deposits 	$\frac{\text{Loans and Advances to customers}}{\text{Deposits to customers}}$
<ul style="list-style-type: none"> ▪ Net Interest Margin 	$\frac{\text{Net Interest income}}{\text{Average Interest Earning Assets}}$
<ul style="list-style-type: none"> ▪ Gross Non-Performing Loans 	$\frac{\text{Gross Non-Performing Loans}}{\text{Loans and Advances}}$
<ul style="list-style-type: none"> ▪ Impairment to Interest Earning Assets 	$\frac{\text{Impairment}}{\text{Average Interest Earning Assets}}$
<ul style="list-style-type: none"> ▪ CASA 	$\frac{\text{Current and Savings Account Balances}}{\text{Deposits to Customers}}$
<ul style="list-style-type: none"> ▪ Loan Growth 	$\frac{\text{Loans and Advances to Customers FY2020}}{\text{Loans and Advances to Customers FY2019}}$

Category 1

Overall Ranking

Rank	Bank	Code
1	People's Bank	PB
2	Bank of Ceylon, Commercial Bank & Hatton National Bank	BOC, COMB, ⁽¹⁾ HNB

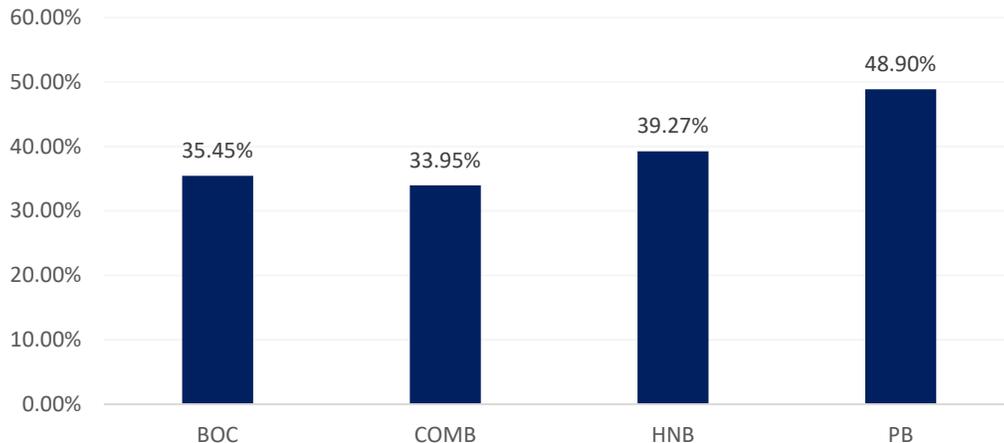
Other Information

Bank Code	Revenue ('000)	Growth (%)	Profit ('000)	Growth (%)	Assets ('000)	Market Capitalization ('000)	No. of Employees
PB	190,981,708	-4.38%	14,174,943	9.66%	2,230,118,665	N/A	7,692
BOC	247,177,588	3.37%	17,768,621	-23.07%	2,982,993,884	N/A	8,511
COMB	149,711,481	0.68%	16,373,489	-3.83%	1,736,218,021	93,668,583	5,057
HNB	115,813,618	-8.08%	11,462,636	-18.31%	1,291,851,536	62,132,035	4,836

(1) BOC, COMB and HNB scored equally for the cumulative ranking

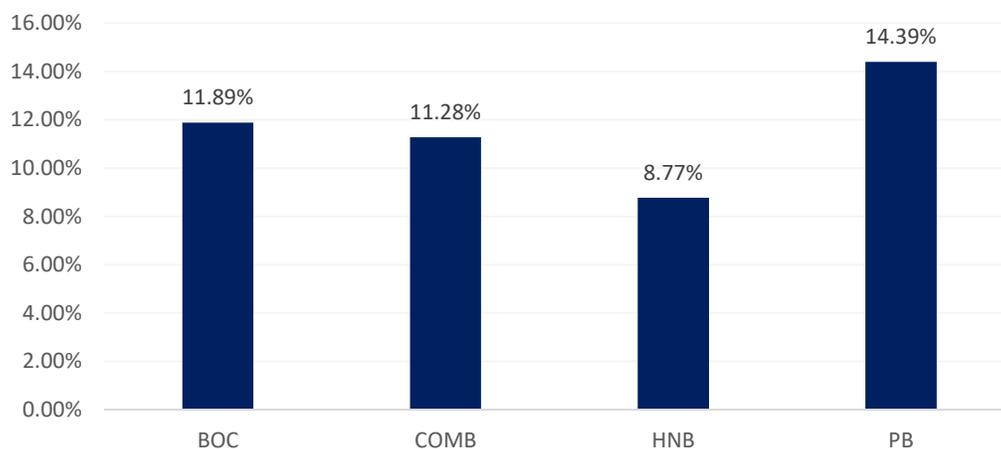
(2) Total market capitalization including voting & non-voting shares

Cost to Income



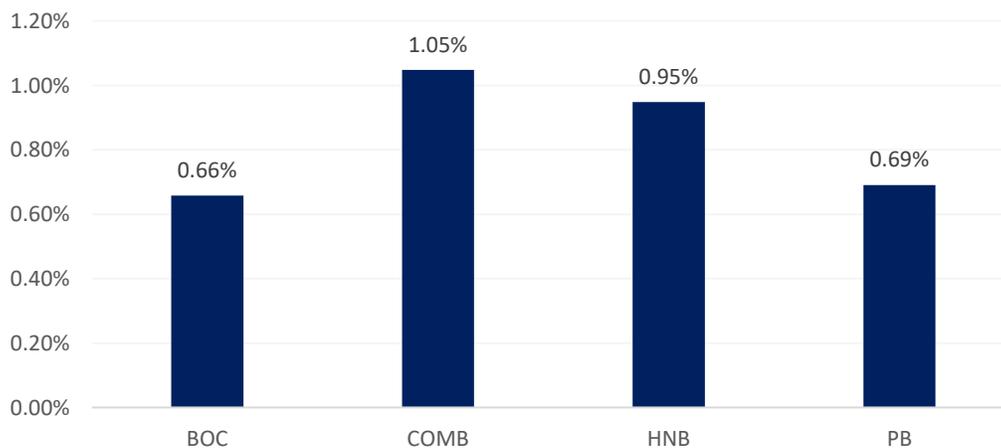
Bank Code	FY 2020
BOC	35.45%
COMB	33.95%
HNB	39.27%
PB	48.90%

Return on Equity



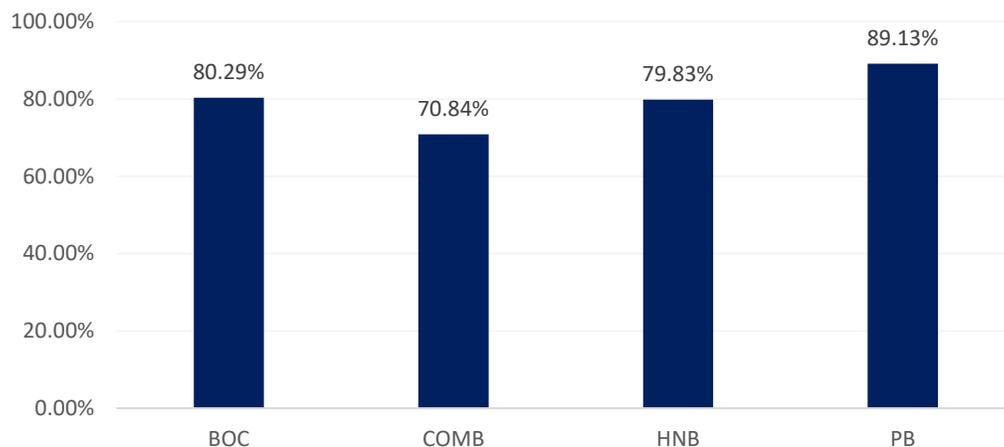
Bank Code	FY 2020
BOC	11.89%
COMB	11.28%
HNB	8.77%
PB	14.39%

Return on Assets



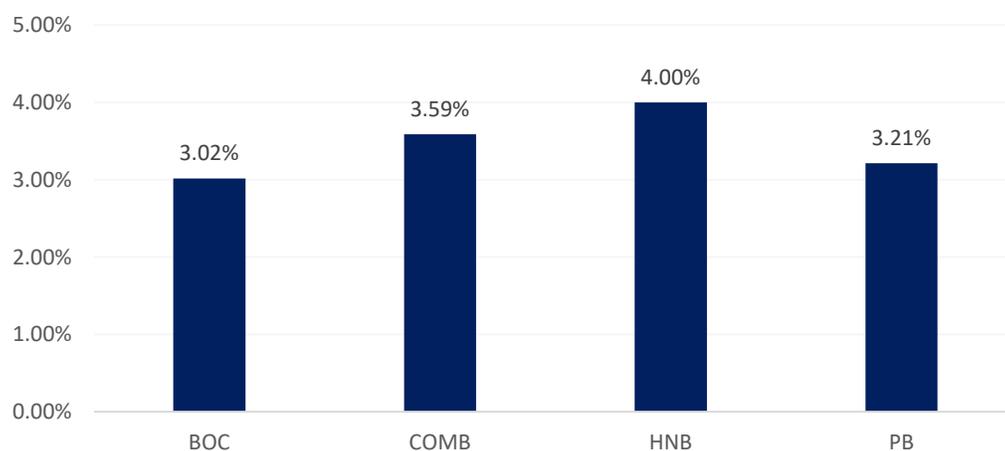
Bank Code	FY 2020
BOC	0.66%
COMB	1.05%
HNB	0.95%
PB	0.69%

Credit to Deposits



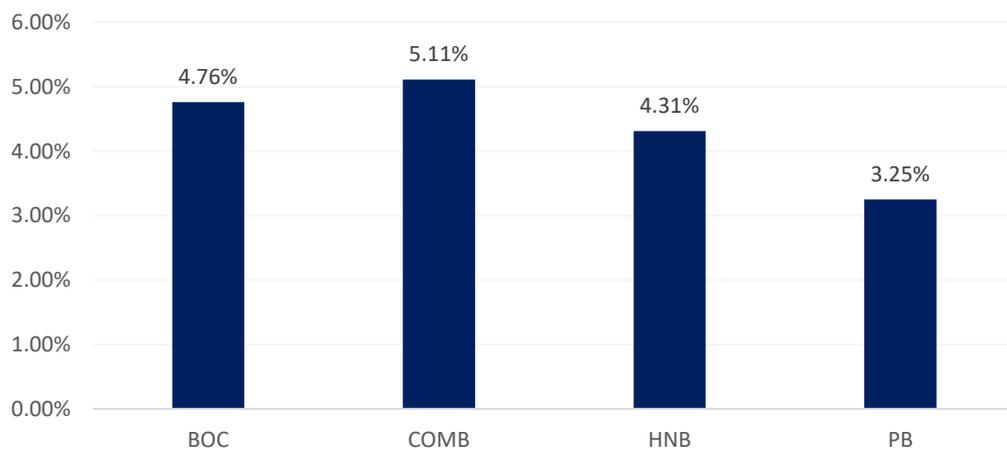
Bank Code	FY 2020
BOC	80.29%
COMB	70.84%
HNB	79.83%
PB	89.13%

Net Interest Margin



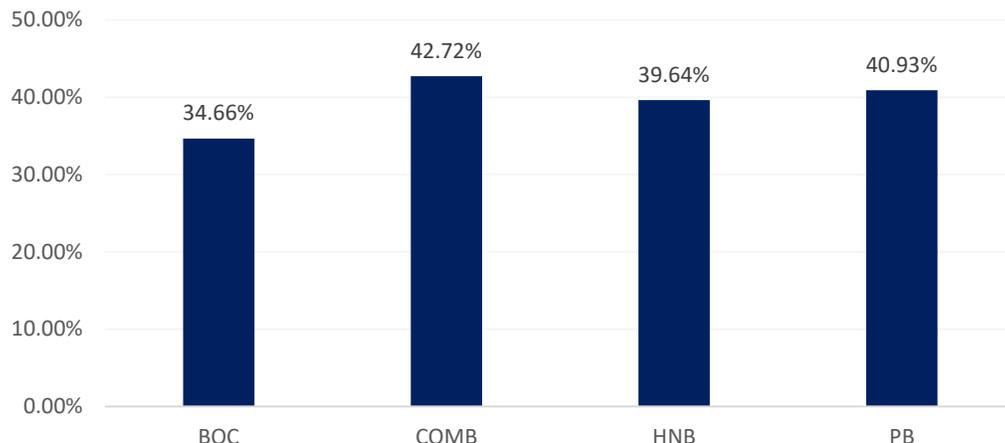
Bank Code	FY 2020
BOC	3.02%
COMB	3.59%
HNB	4.00%
PB	3.21%

Gross Non-Performing Loans



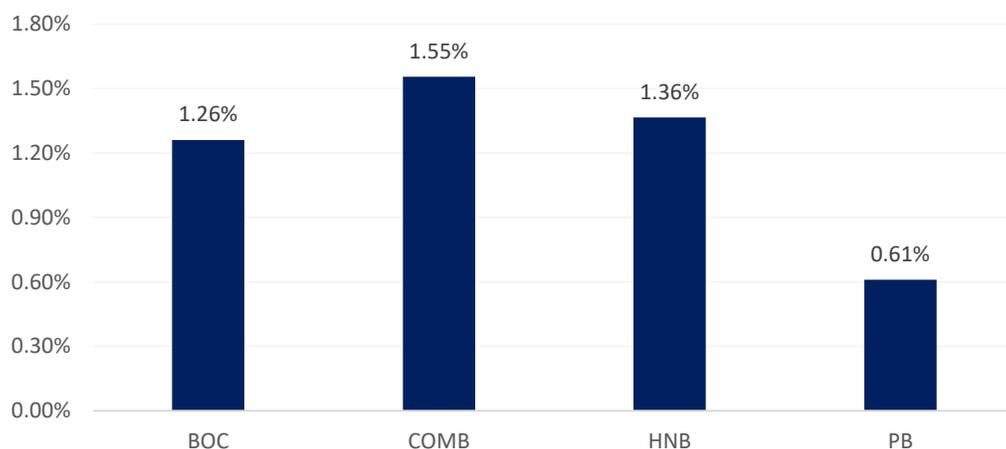
Bank Code	FY 2020
BOC	4.76%
COMB	5.11%
HNB	4.31%
PB	3.25%

CASA



Bank Code	FY 2020
BOC	34.66%
COMB	42.72%
HNB	39.64%
PB	40.93%

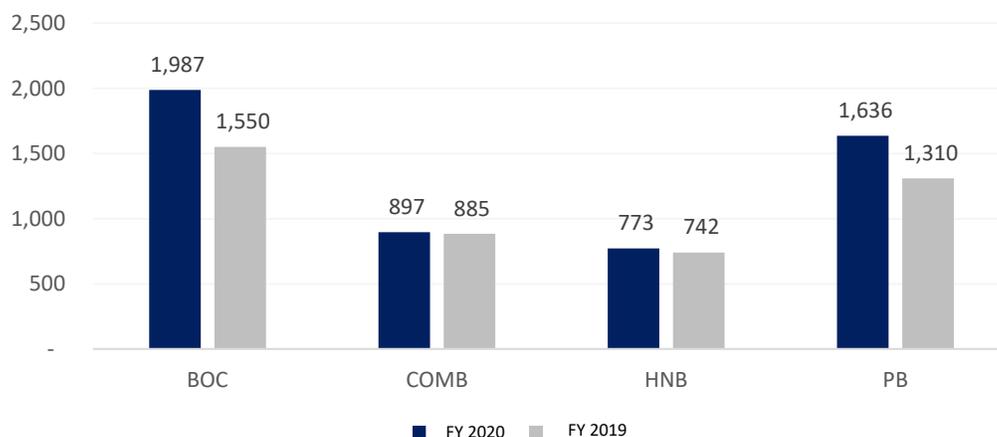
Impairment to Interest Earning Assets



Bank Code	FY 2020
BOC	1.26%
COMB	1.55%
HNB	1.36%
PB	0.61%

Loan Growth

R.S In Billions



Bank Code	FY 2020	FY 2019	%
BOC	1,987	1,550	28.20%
COMB	897	885	1.38%
HNB	773	742	4.15%
PB	1,636	1,310	24.84%

Category 2A

Overall Ranking

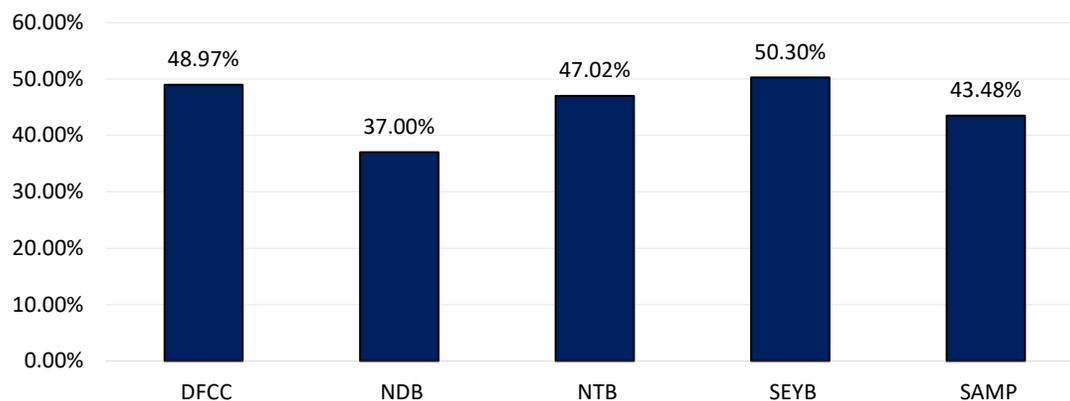
Rank	Bank	Code
1	National Development Bank	NDB
2	Sampath Bank	SAMP
3	Nations Trust Bank	NTB
4	DFCC Bank	DFCC
5	Seylan Bank	SEYB

Other Information

Bank Code	Revenue ('000)	Growth (%)	Profit ('000)	Growth (%)	Assets ('000)	Market Capitalization ('000)	No. of Employees
NDB	60,657,705	2.61%	5,530,476	8.19%	626,836,698	18,168,968	2,892
SAMP	102,338,976	-13.90%	8,025,147	-28.03%	1,110,271,124	51,725,703	4,048
NTB	40,398,619	-12.23%	3,798,684	9.93%	337,634,308	17,611,868 ⁽¹⁾	2,804
DFCC	43,299,800	0.01%	2,388,035	15.15%	465,077,287	19,981,620	2,072
SEYB	58,439,838	-4.77%	3,011,300	-18.18%	557,707,420	20,659,385 ⁽¹⁾	3,251

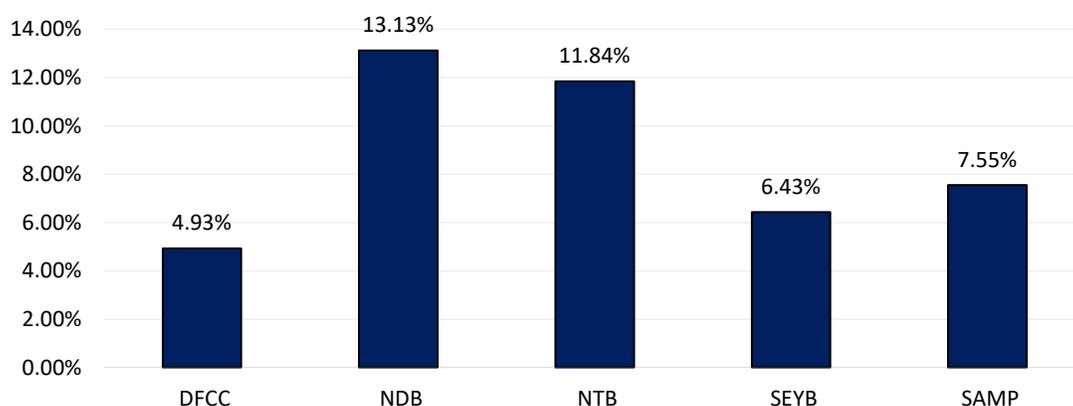
(1) Total market capitalization including voting & non-voting shares

Cost to Income



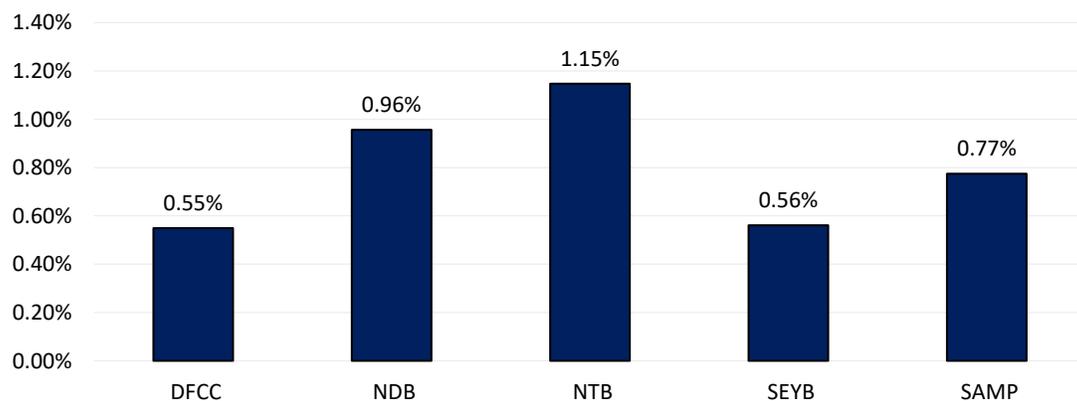
Bank Code	FY 2020
DFCC	48.97%
NDB	37.00%
NTB	47.02%
SEYB	50.30%
SAMP	43.48%

Return on Equity



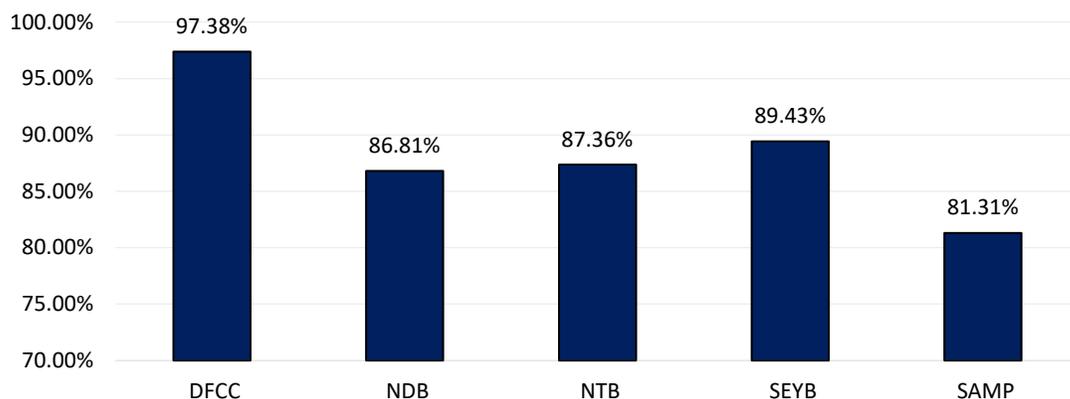
Bank Code	FY 2020
DFCC	4.93%
NDB	13.13%
NTB	11.84%
SEYB	6.43%
SAMP	7.55%

Return on Assets



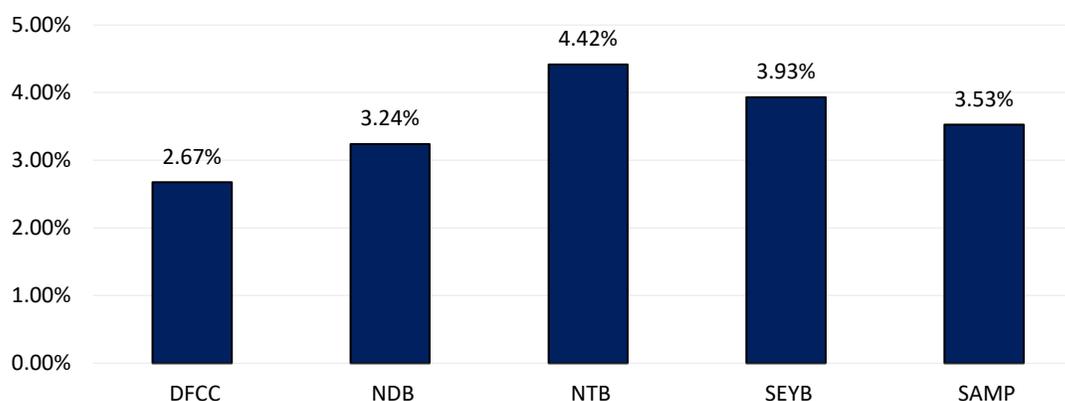
Bank Code	FY 2020
DFCC	0.55%
NDB	0.96%
NTB	1.15%
SEYB	0.56%
SAMP	0.77%

Credit to Deposits



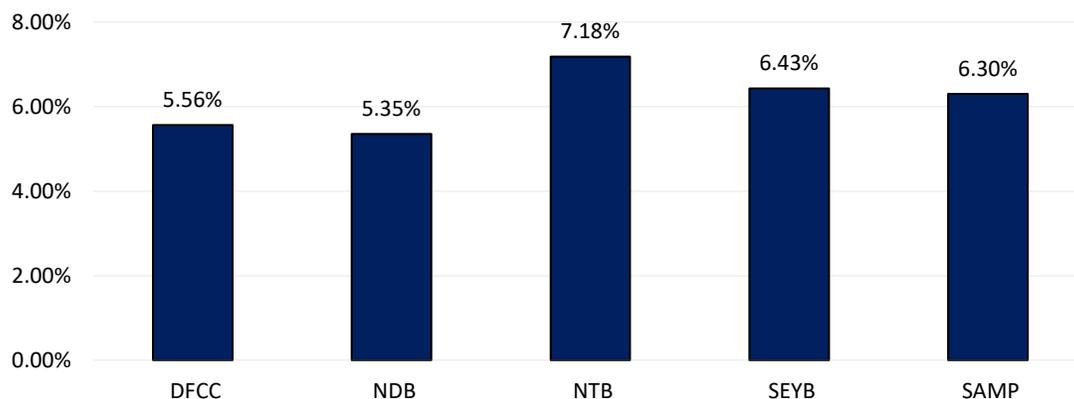
Bank Code	FY 2020
DFCC	97.38%
NDB	86.81%
NTB	87.36%
SEYB	89.43%
SAMP	81.31%

Net Interest Margin



Bank Code	FY 2020
DFCC	2.67%
NDB	3.24%
NTB	4.42%
SEYB	3.93%
SAMP	3.53%

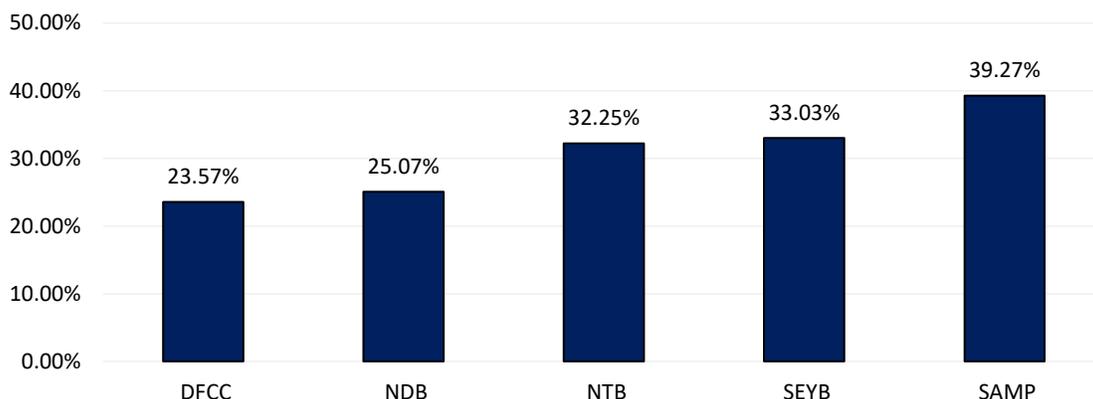
Gross Non-Performing Loans



Bank Code	FY 2020
DFCC	5.56%
NDB	5.35%
NTB	7.18%
SEYB	6.43%
SAMP	6.30%

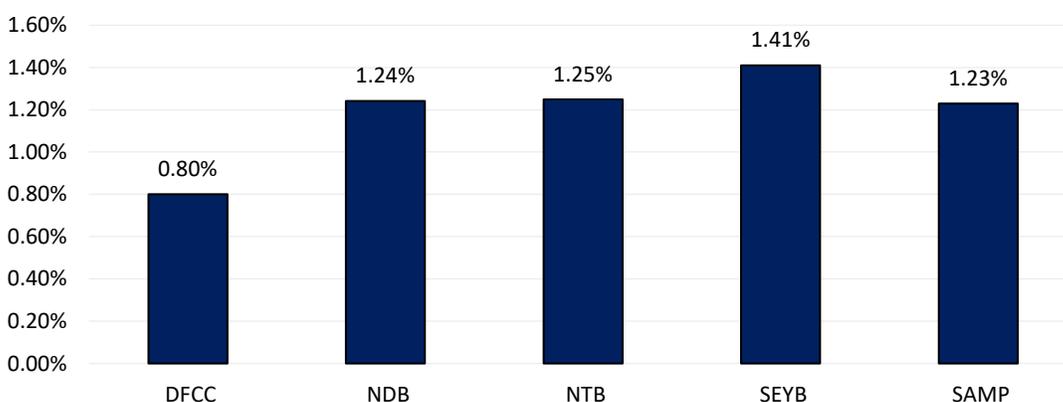


CASA



Bank Code	FY 2020
DFCC	23.57%
NDB	25.07%
NTB	32.25%
SEYB	33.03%
SAMP	39.27%

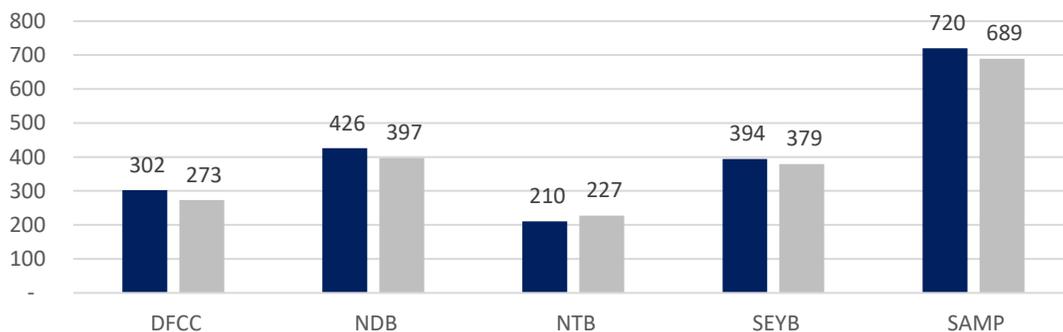
Impairment to Interest Earning Assets



Bank Code	FY 2020
DFCC	0.80%
NDB	1.24%
NTB	1.25%
SEYB	1.41%
SAMP	1.23%

Loan Growth

R.S In Billions



Bank Code	FY 2020	FY 2019	%
DFCC	302	273	10.66%
NDB	426	397	7.30%
NTB	210	227	-7.32%
SEYB	394	379	3.83%
SAMP	720	689	4.47%

■ FY 2020 ■ FY 2019

Category 2B

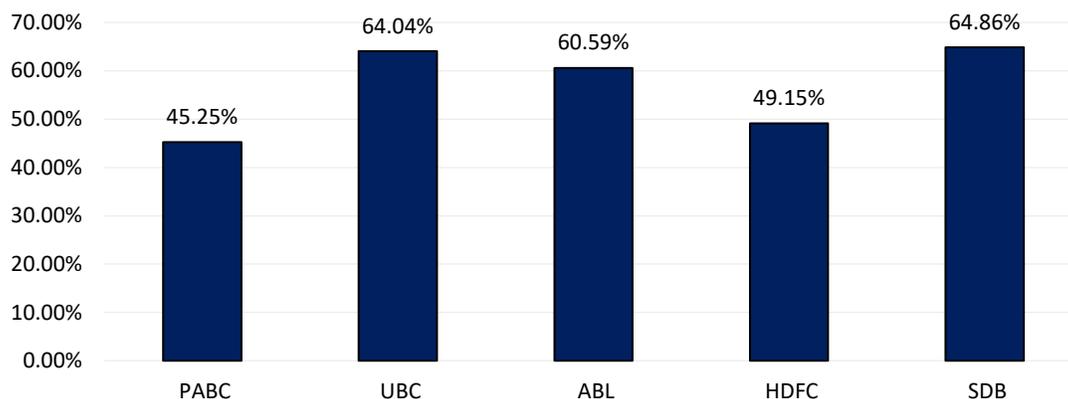
Overall Ranking

Rank	Bank	Code
1	Sanasa Development Bank	SDB
2	Pan Asia Bank	PABC
3	Amana Bank	ABL
4	HDFC Bank	HDFC
5	Union Bank	UBC

Other Information

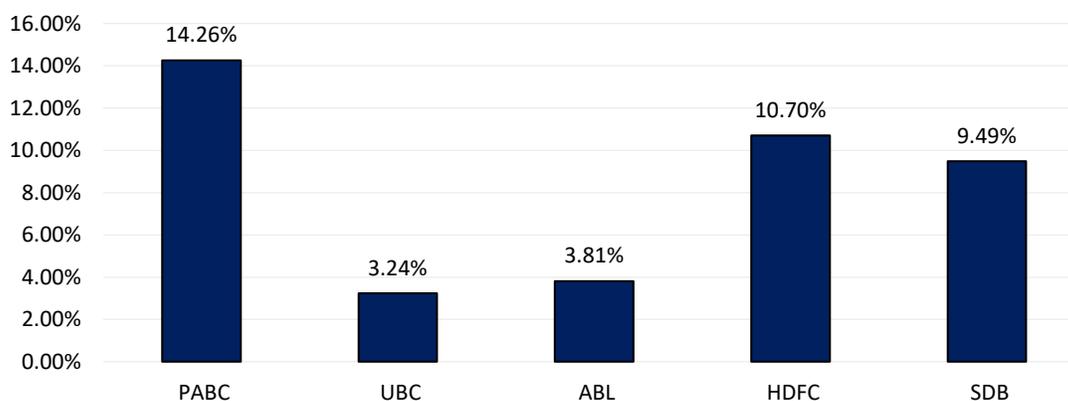
Bank Code	Revenue ('000)	Growth (%)	Profit ('000)	Growth (%)	Assets ('000)	Market Capitalization ('000)	No. of Employees
SDB	16,161,787	4.11%	834,481	229.31%	129,059,724	5,320,567	1,486
PABC	20,881,423	-4.68%	2,048,168	17.00%	176,940,407	5,753,301	1,483
ABL	7,662,511	-9.55%	463,696	0.60%	100,172,367	8,844,917	869
HDFC	7,884,197	-2.55%	576,109	21.10%	60,835,249	2,342,521	633
UBC	13,370,190	-9.12%	576,536	-18.84%	122,943,274	12,677,633	1,275

Cost to Income



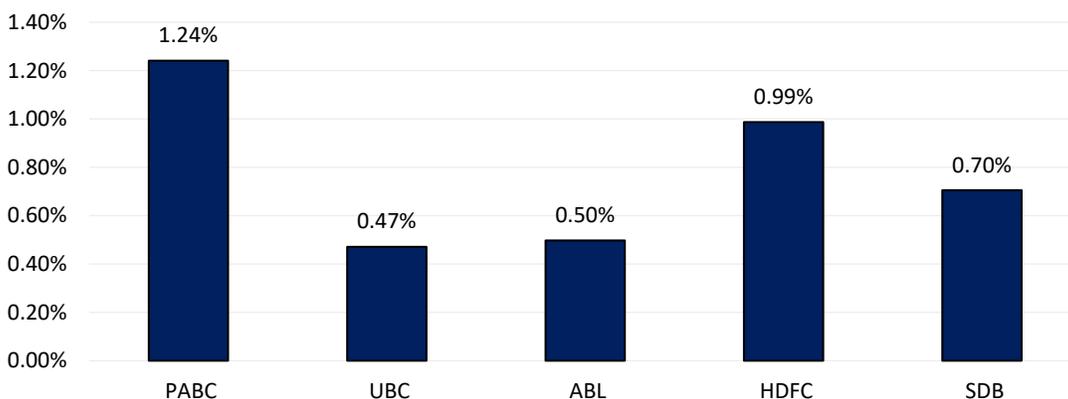
Bank Code	FY 2020
PABC	45.25%
UBC	64.04%
ABL	60.59%
HDFC	49.15%
SDB	64.86%

Return on Equity



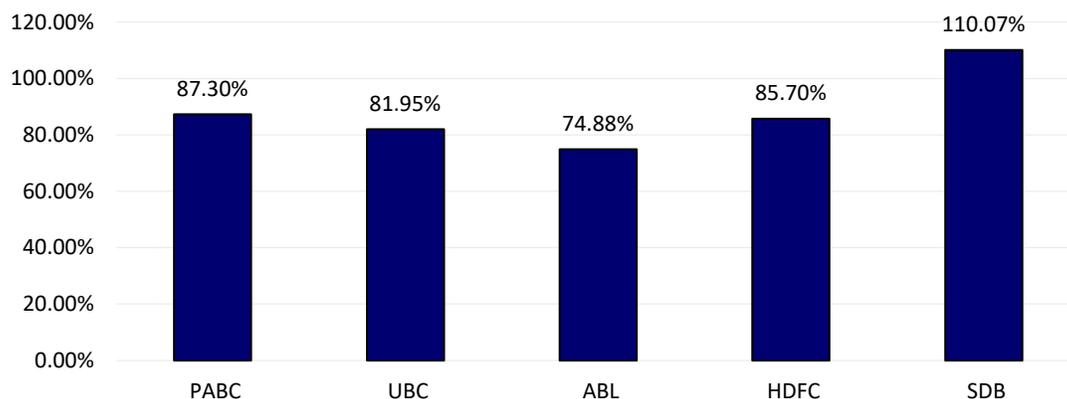
Bank Code	FY 2020
PABC	14.26%
UBC	3.24%
ABL	3.81%
HDFC	10.70%
SDB	9.49%

Return on Assets



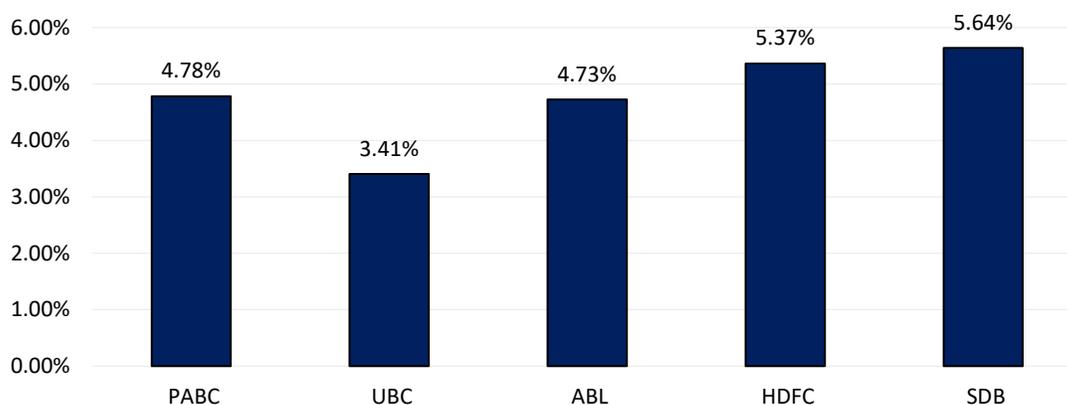
Bank Code	FY 2020
PABC	1.24%
UBC	0.47%
ABL	0.50%
HDFC	0.99%
SDB	0.70%

Credit to Deposits



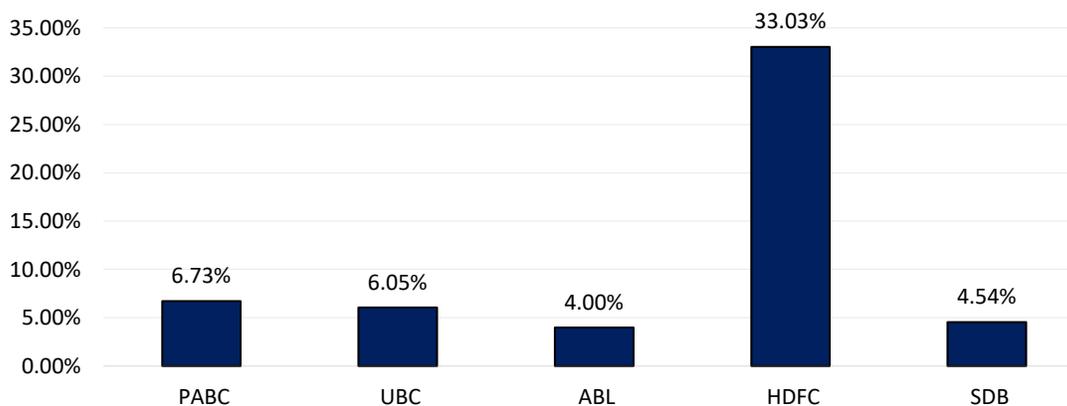
Bank Code	FY 2020
PABC	87.30%
UBC	81.95%
ABL	74.88%
HDFC	85.70%
SDB	110.07%

Net Interest Margin



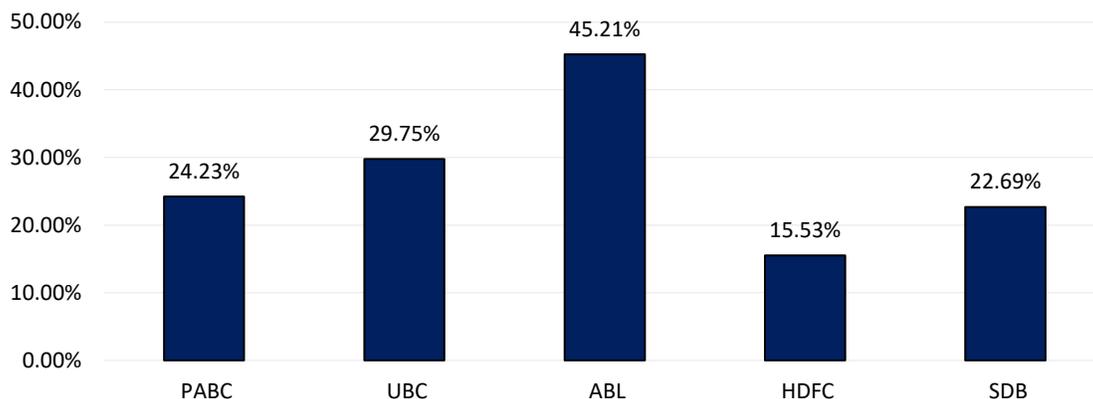
Bank Code	FY 2020
PABC	4.78%
UBC	3.41%
ABL	4.73%
HDFC	5.37%
SDB	5.64%

Gross Non-Performing Loans



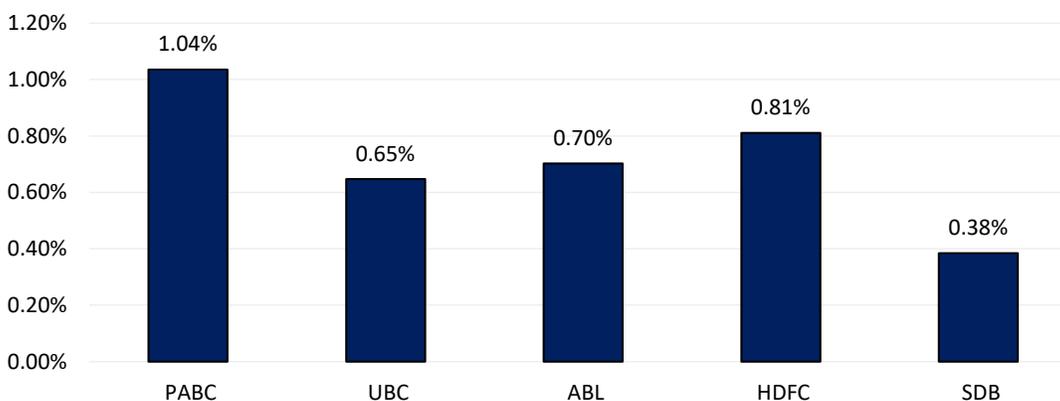
Bank Code	FY 2020
PABC	6.73%
UBC	6.05%
ABL	4.00%
HDFC	33.03%
SDB	4.54%

CASA



Bank Code	FY 2020
PABC	24.23%
UBC	29.75%
ABL	45.21%
HDFC	15.53%
SDB	22.69%

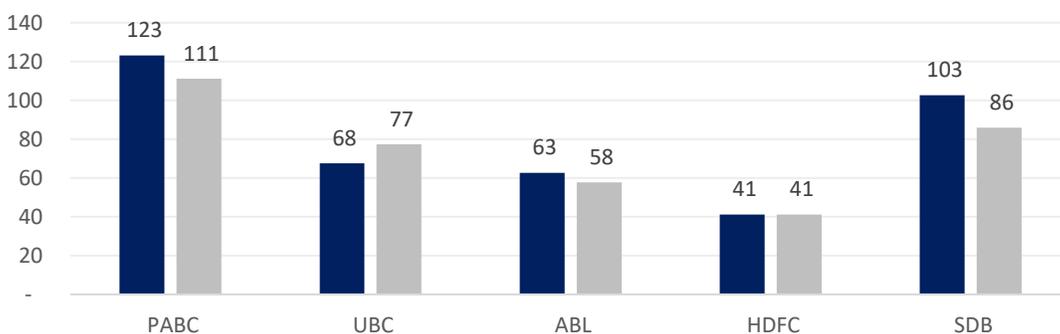
Impairment to Interest Earning Assets



Bank Code	FY 2020
PABC	1.04%
UBC	0.65%
ABL	0.70%
HDFC	0.81%
SDB	0.38%

Loan Growth

R.S In Billions



Bank Code	FY 2020	FY 2019	%
PABC	123	111	10.76%
UBC	68	77	-12.72%
ABL	63	58	8.40%
HDFC	41	41	-0.30%
SDB	103	86	19.62%

■ FY 2020 ■ FY 2019

Directions, Circulars and Guidelines issued by the Central Bank of Sri Lanka

- Circular No. 01 of 2020 [Credit Support to Accelerate Economic Growth](#)
- Circular No. 02 of 2020 [Credit Support to Accelerate Economic Growth](#)
- FAQ No. 01 of 2020 [Banking Act Directions No. 04 of 2018 on Financial Derivative Transactions for Licensed Commercial Banks and Licensed Specialised Banks \(Last Updated on 15 June 2020\)](#)
- Circular No. 03 of 2020 [Recovery of Accommodation to Exporters](#)
- Banking Act Directions No. 1 of 2020 [Measures to Curtail Imports and Foreign Currency Investments](#)
- Circular No. 4 of 2020 [Relief Measures to Assist COVID-19 Affected Businesses and Individuals](#)
- Circular No. 5 of 2020 [Rupees 50 Billion, Six-Month Re-Financing Facility to Support COVID-19 Hit Businesses including Self Employment and Individuals](#)
- Instructions to CEOs of LCBs and LSBs [Extraordinary Regulatory Measures taken by the Central Bank of Sri Lanka to Provide Flexibility to Licensed Banks to Support Businesses and Individuals Affected by the Outbreak of Coronavirus Disease \(COVID-19\)](#)
- Monetary Law Act Order No. 1 of 2020 [Maximum Interest Rates on Pawning Advances of Licensed Banks](#)
- Circular No. 6 of 2020 [Amendment to Circulars No.4 and 5 of 2020](#)
- Instructions to CEOs of LCBs and LSBs [Extraordinary Regulatory Measures to Provide Liquidity to Licensed Banks amidst COVID-19 Outbreak](#)
- Banking Act Directions No. 2 of 2020 [Liquid Assets for Licensed Commercial Banks and Licensed Specialised Banks](#)
- FAQ No. 2 of 2020 [COVID-19 Relief Schemes - FAQs](#)
- Banking Act Directions No. 3 of 2020 [Restrictions on Discretionary Payments of Licensed Banks](#)
- Banking Act Directions No. 4 of 2020 [Loan to Value Ratios for Credit Facilities Granted in Respect of Motor Vehicles](#)
- Banking Act Direction No. 5 of 2020 [Investments in Sri Lanka International Sovereign Bonds by Licensed Commercial Banks and National Savings Bank](#)
- FAQ No. 3 of 2020 [Amendments to Frequently Asked Questions No. 02 of 2020](#)
- Banking Act Direction No. 6 of 2020 [Extraordinary Regulatory Measures Amidst Covid-19](#)
- Circular No. 7 of 2020 [Relief Measures to Assist Covid-19 affected Businesses and Individuals](#)
- Banking Act Direction No. 7 of 2020 [Amendments to Banking Act Directions No. 01 of 2016 on Capital Requirements under Basel III for Licensed Commercial Banks and Licensed Specialized Banks](#)
- FAQ No. 4 of 2020 [Amendments to Frequently Asked Questions No. 02 of 2020](#)
- Monetary Law Act Order No. 2 of 2020 [Maximum Interest Rates on Lending Products of Licensed Banks](#)

Directions, Circulars and Guidelines issued by the Central Bank of Sri Lanka

- Circular No. 8 of 2020 [Extension of Debt Moratorium for COVID-19 Affected Businesses and Individuals in the Tourism Industry](#)
- Banking Act Direction No. 8 of 2020 [Amendment to the Banking Act Directions on Ownership of Issued Capital Carrying Voting Rights for Licensed Commercial Banks](#)
- Banking Act Direction No. 9 of 2020 [Amendment to the Banking Act Directions on Ownership of Issued Capital Carrying Voting Rights for Licensed Specialised Banks](#)
- Banking Act Direction No. 10 of 2020 [Amendments to Banking Act Directions on Financial Derivative Transactions for Licensed Commercial Banks and Licensed Specialised Banks](#)
- Circular No.09 of 2020 [Amendments to Circular No. 04 of 2018 on Guidelines to Licensed Banks on the Adoption of Sri Lanka Accounting Standards – SLFRS 9: Financial Instruments](#)
- Circular No.10 of 2020 [Debt Moratorium for COVID-19 Affected Businesses and Individuals](#)
- Banking Act Determination No. 01 of 2020 [Annual Licence Fee of Licensed Commercial Banks and Licensed Specialised Banks](#)
- Monetary Law Act Order No. 3 of 2020 [Maximum Interest Rates on Mortgage-backed Housing Loans](#)
- Banking Act Direction No. 11 of 2020 [Investments in Sri Lanka International Sovereign Bonds by Licensed Commercial Banks and National Savings Bank](#)
- Frequently Asked Questions No. 5 of 2020 [Maximum Interest Rates on Mortgage-backed Housing Loans](#)
- Banking Act Direction No. 12 of 2020 [Investments in Sri Lanka International Sovereign Bonds by Licensed Commercial Banks and National Savings Bank](#)
- Banking Act Direction No. 13 of 2020 [Amendments to Regulatory Framework on Valuation of Immovable Properties of Licensed Commercial Banks and Licensed Specialised Banks](#)

Share Price Details

	Highest Market Price For the year ended		Lowest Market Price For the year ended		Market Price as at	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Category 1						
People's Bank			N/A			
Bank of Ceylon			N/A			
Commercial Bank	85.2	104.0	70.2	94.7	80.9	95.0
Hatton National Bank	135.3	188.0	110.0	153.0	126.5	172.2
Category 2A						
DFCC Bank	70.5	99.9	59.9	86.1	65.3	91.9
National Development Bank	90.0	112.0	72.0	97.5	78.1	100.0
Nations Trust Bank	64.3	85.0	54.0	76.8	60.0	80.0
Sampath Bank	143.2	176.9	117.0	152.3	135.6	162.4
Seylan Bank	48.4	60.0	40.0	49.3	46.0	52.5
Category 2B						
Amana Bank	4.1	2.7	2.9	2.3	3.4	2.3
HDFC Bank	41.5	34.9	32.0	28.5	36.2	32.0
Pan Asia Bank	14.7	13.7	11.5	12.0	13.0	12.8
Sanasa Development Bank	65.0	65.8	50.5	59.3	58.1	63.9
Union Bank	13.0	13.8	9.7	12.3	11.7	13.3

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