



RANKING OF LICENSED BANKS IN SRI LANKA

Year ended 31st December 2023

Issue 03 | April 2024





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Executive Summary

During challenging times caused by low economic growth and political turmoil in Sri Lanka, it becomes an utmost important matter to monitor the health and status of the financial institutions that retail investors look up to in safeguarding their hard earned capital. Institutional investors too seek for readily available information in order to carry out relevant research on the respective financial institutions for investment purposes.

As 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 into 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

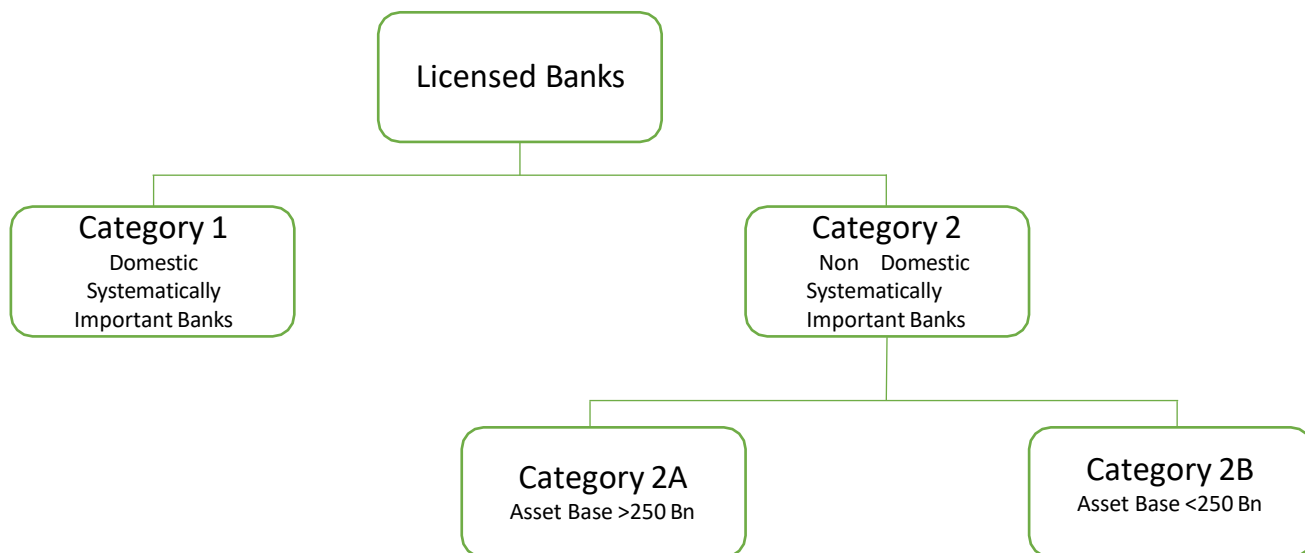
Licensed Commercial and Specialized Banks in the report has been categorized based on the latest directions issued by Central Bank of Sri Lanka which replaces the previous directions where the Banks were categorized only based on the size of the asset base.

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 an 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.

▪ Cost to Income Ratio (Excluding Impairment)	$\frac{\text{Operating Cost}}{\text{Operating Income (Net of Interest Expense)}}$
▪ Return on Equity	$\frac{\text{Profit to Equity Holders}}{\text{Average Equity}}$
▪ Return on Assets	$\frac{\text{Net Profit}}{\text{Average Assets}}$
▪ Credit to Deposits	$\frac{\text{Net Loans and Advances to customers}}{\text{Deposits of customers}}$
▪ Net Interest Margin	$\frac{\text{Net Interest income}}{\text{Average Interest Earning Assets}}$
▪ Impaired Loans (Stage 3)	$\frac{\text{Stage 3 Loans – Stage 3 Impairment}}{\text{Gross Loans and Advances to customers + Undrawn Commitments}}$
▪ Impairment to Interest Earning Assets	$\frac{\text{Impairment}}{\text{Average Interest Earning Assets}}$
▪ CASA	$\frac{\text{Current and Savings Account Balances}}{\text{Deposits of Customers}}$
▪ Loan Growth	$\frac{\text{Gross Loans and Advances to Customers FY2023} - 1}{\text{Gross Loans and Advances to Customers FY2022}}$

Category 1

Overall Ranking

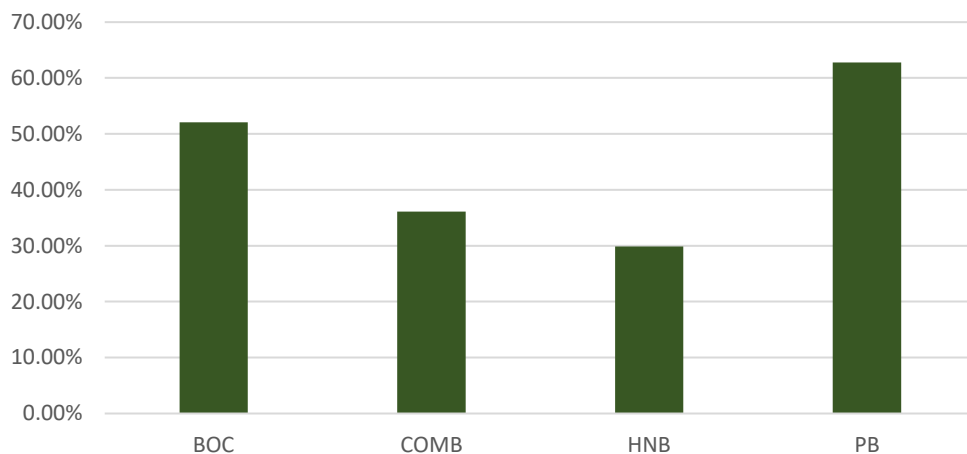
Rank	Bank	Code
1	Hatton National Bank	HNB
2	Commercial Bank	COMB
3	Bank of Ceylon	BOC
4	People's Bank	PB

Other Information

Bank Code	Revenue ('000)	Growth (%)	Profit ('000)	Growth (%)	Assets ('000)	Market Capitalization ('000)	No. of Employees
HNB	299,139,347	23.40%	20,353,118	45.03%	1,934,252,484	91,427,940*	5,492
COMB	335,770,196	21.90 %	20,460,962	-10.92%	2,580,327,879	124,326,872*	5,201
BOC	542,187,297	5.66 %	26,693,526	-16.51%	4,411,748,315	N/A	8,579
PB	422,242,143	18.20%	10,082,806	-41.35%	3,038,195,018	N/A	7,656

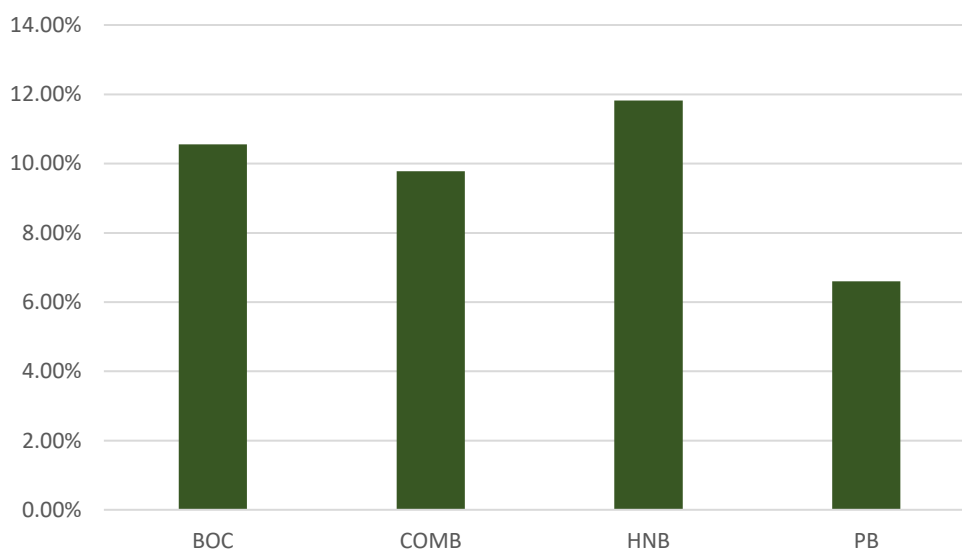
*Total Market Capitalization including voting & non-voting shares

Cost to Income



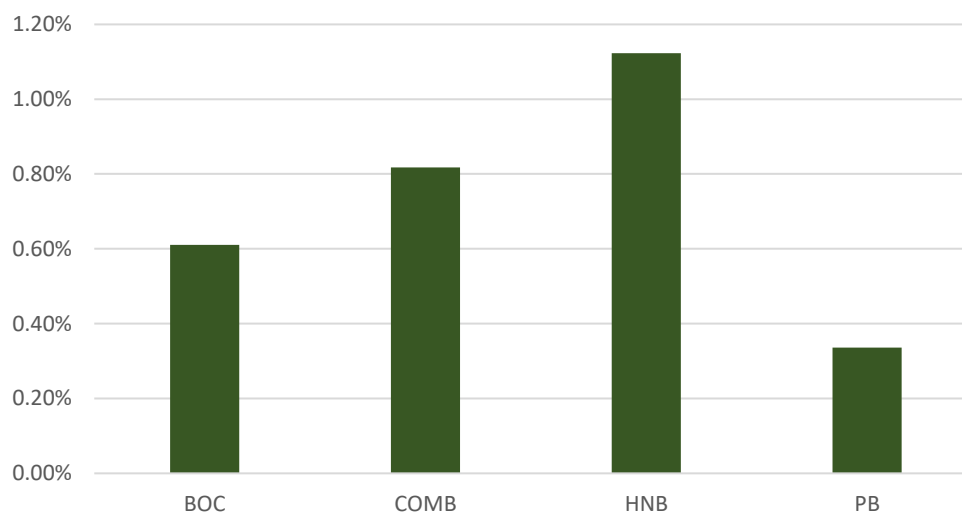
Bank Code	FY 2023
BOC	52.07%
COMB	36.11%
HNB	29.86%
PB	62.75%

Return on Equity



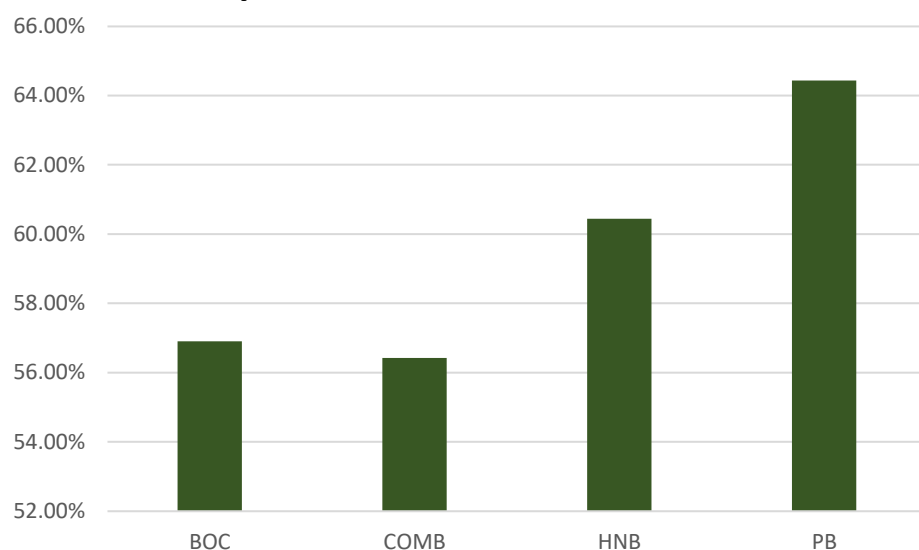
Bank Code	FY 2023
BOC	10.55%
COMB	9.78%
HNB	11.82%
PB	6.60%

Return on Assets



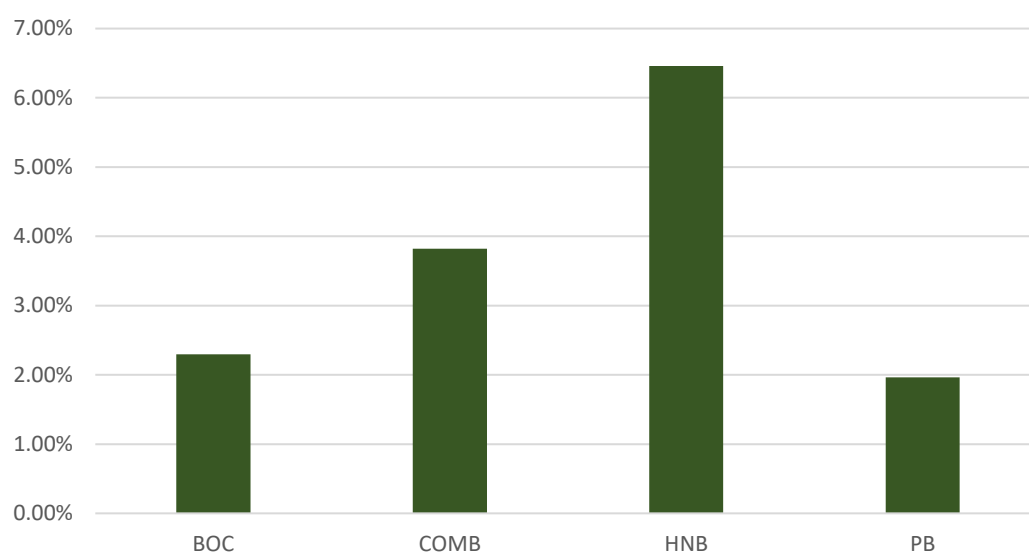
Bank Code	FY 2023
BOC	0.61%
COMB	0.82%
HNB	1.12%
PB	0.34%

Credit to Deposits



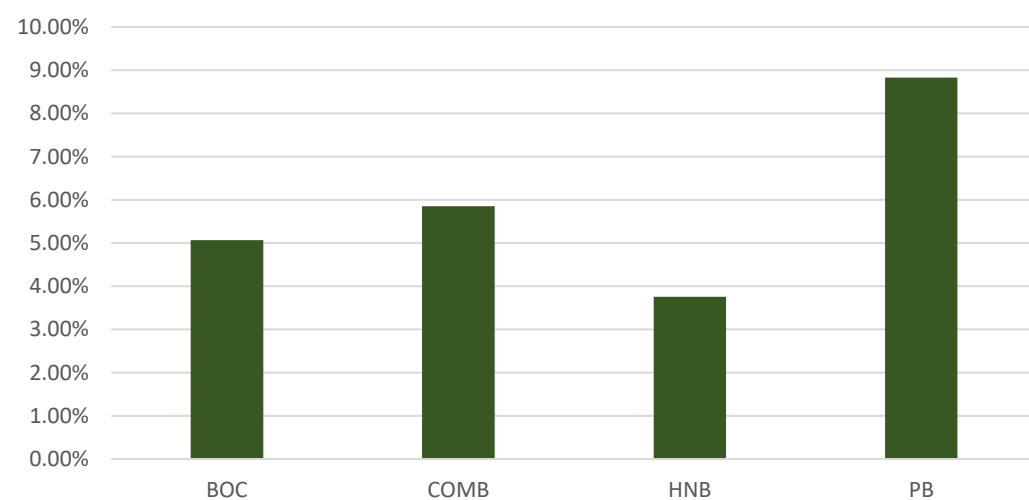
Bank Code	FY 2023
BOC	56.90%
COMB	56.42%
HNB	60.44%
PB	64.43%

Net Interest Margin



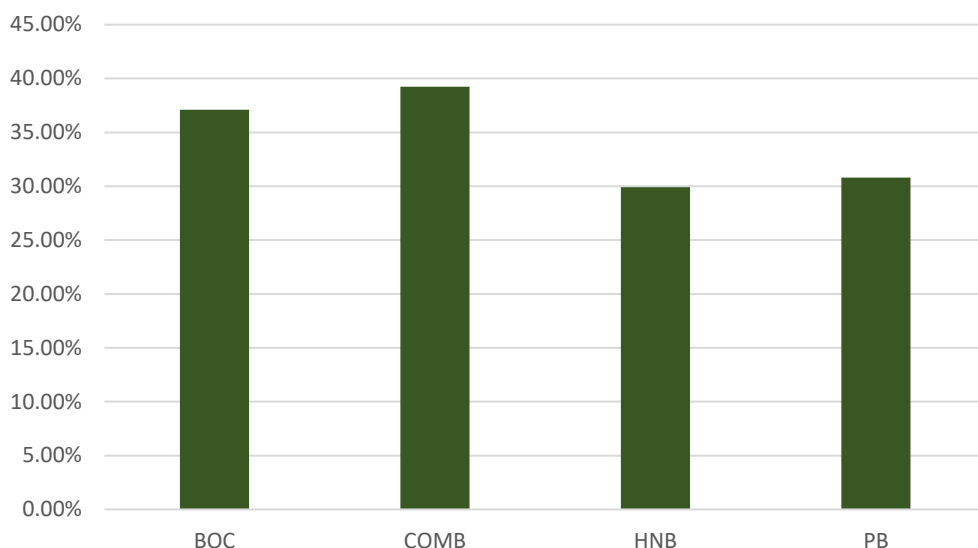
Bank Code	FY 2023
BOC	2.27%
COMB	3.81%
HNB	6.45%
PB	1.95%

Impaired Loans (Stage 3)



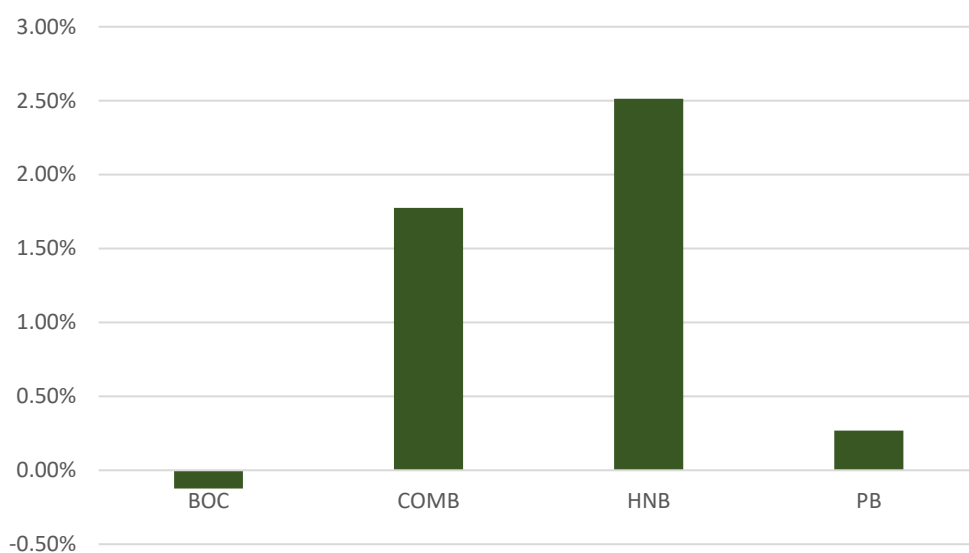
Bank Code	FY 2023
BOC	5.07%
COMB	5.85%
HNB	3.76%
PB	8.83%

CASA



Bank Code	FY 2023
BOC	37.10%
COMB	39.23%
HNB	29.91%
PB	30.79%

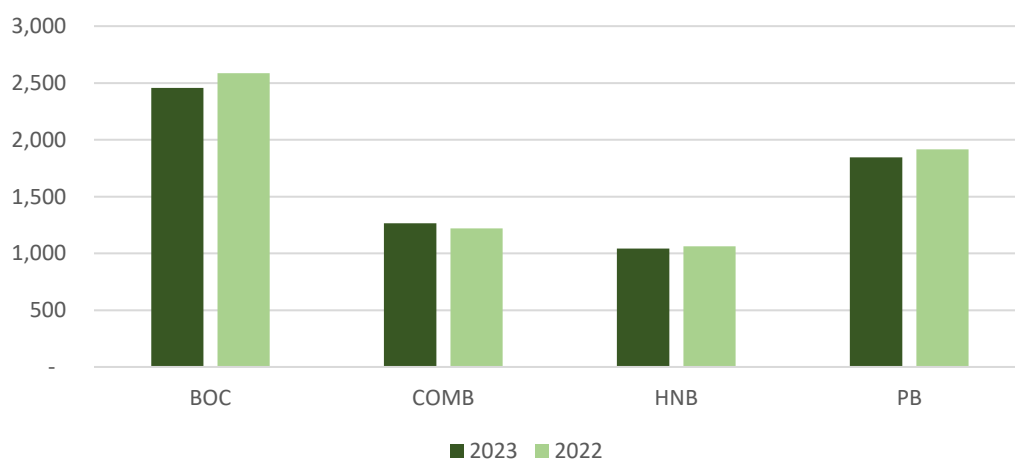
Impairment to Interest Earning Assets



Bank Code	FY 2023
BOC	(0.12)%
COMB	1.77%
HNB	2.51%
PB	0.27%

Loan Growth

Rs In Billions



Bank Code	FY 2023	FY 2022	%
BOC	2,458	2,585	(4.91)%
COMB	1,266	1,220	3.76%
HNB	1,042	1,061	(1.83)%
PB	1,846	1,916	(3.62)%

Category 2A

Overall Ranking

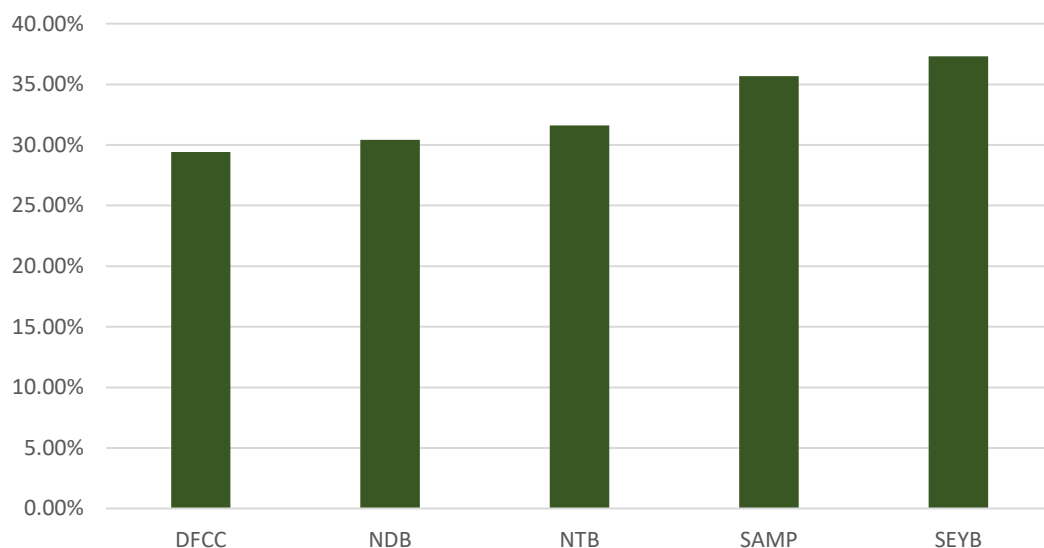
Rank	Bank	Code
1	Nations Trust Bank	NTB
2	DFCC Bank	DFCC
3	Sampath Bank	SAMP
4	Seylan Bank	SEYB
5	National Development Bank	NDB

Other Information

Bank Code	Revenue ('000)	Growth (%)	Profit ('000)	Growth (%)	Assets ('000)	Market Capitalization ('000)	No. of Employees
NTB	81,663,630	26.39%	11,106,653	60.33%	516,164,670	34,025,182*	2,481
DFCC	106,883,450	42.59%	7,219,702	187.25%	640,498,124	33,587,113	2,109
SAMP	226,154,096	14.47%	17,140,079	30.50%	1,541,948,421	82,675,404*	4,179
SEYB	116,773,303	20.61%	6,256,214	32.76%	717,985,435	24,340,859*	3,077
NDB	132,326,003	20.40%	5,370,327	84.61%	779,899,160	25,925,237	2,756

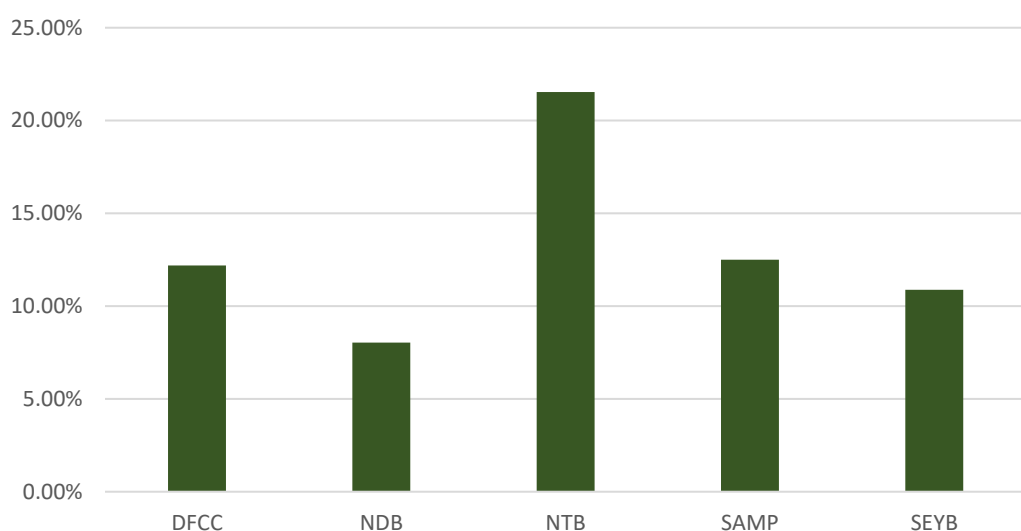
* Total Market capitalization including voting & non-voting shares

Cost to Income



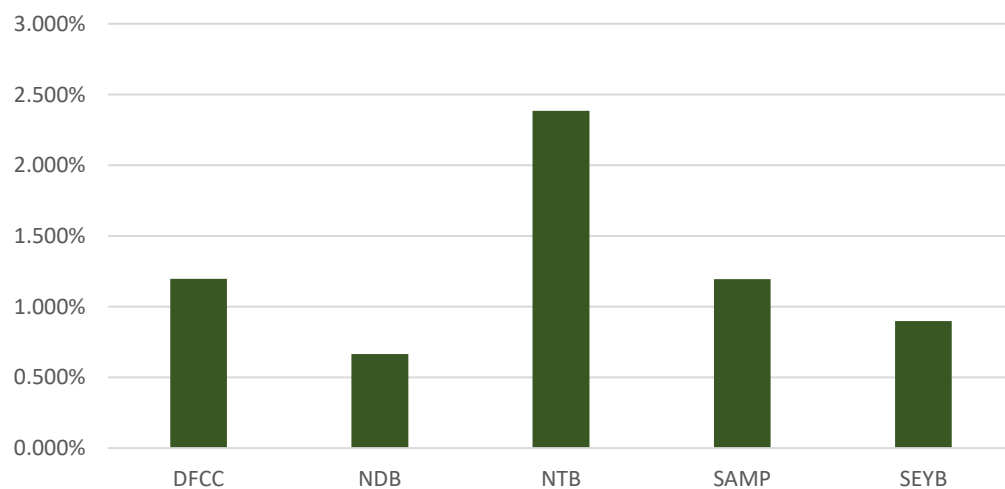
Bank Code	FY 2023
DFCC	29.41%
NDB	30.41%
NTB	31.62%
SAMP	35.68%
SEYB	37.30%

Return on Equity



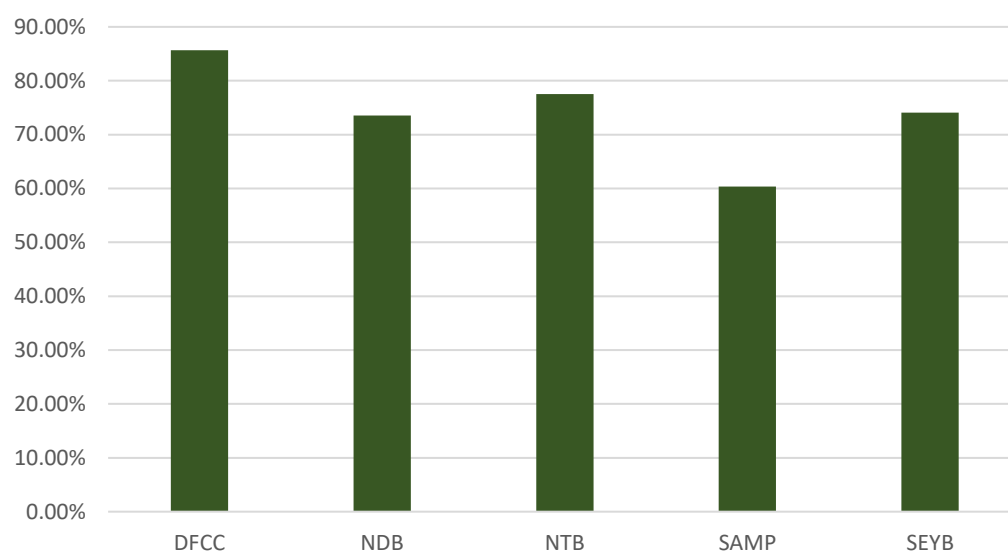
Bank Code	FY 2023
DFCC	12.19%
NDB	8.03%
NTB	21.53%
SAMP	12.50%
SEYB	10.88%

Return on Assets



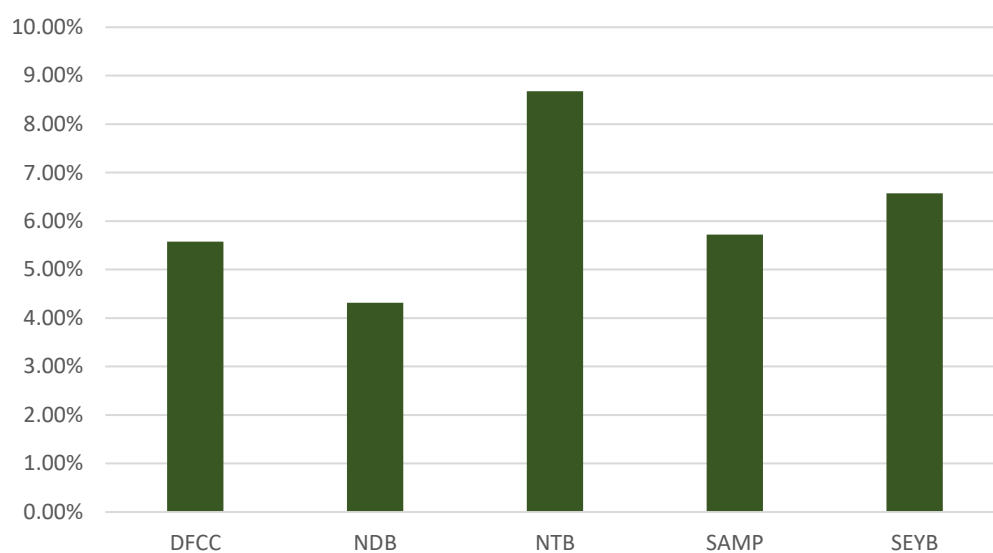
Bank Code	FY 2023
DFCC	1.197%
NDB	0.67%
NTB	2.39%
SAMP	1.196%
SEYB	0.90%

Credit to Deposits



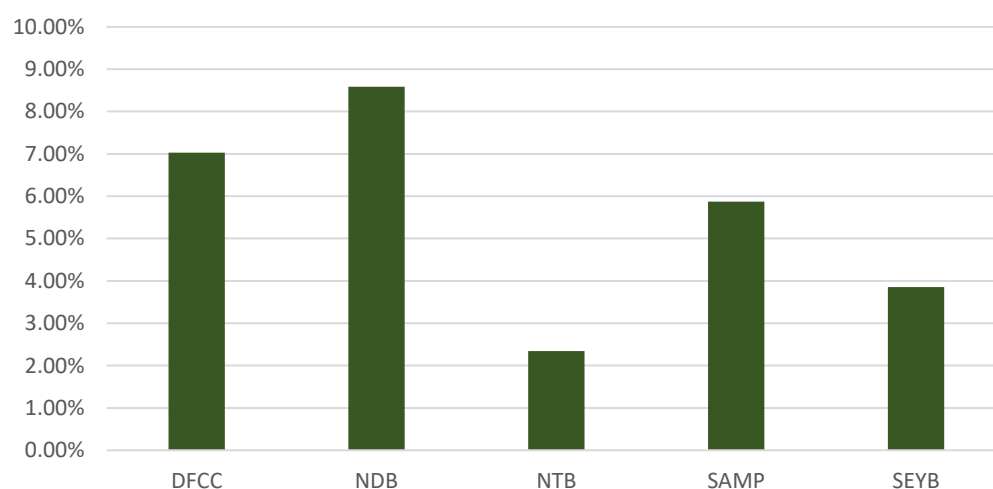
Bank Code	FY 2023
DFCC	85.64%
NDB	73.53%
NTB	77.52%
SAMP	60.34%
SEYB	74.07%

Net Interest Margin



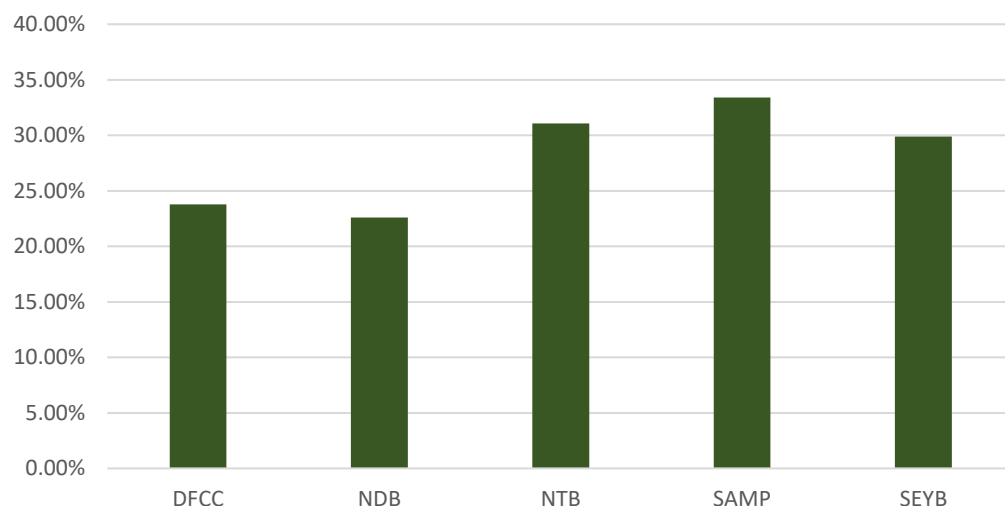
Bank Code	FY 2023
DFCC	5.58%
NDB	4.32%
NTB	8.68%
SAMP	5.72%
SEYB	6.57%

Impaired Loans (Stage 3)



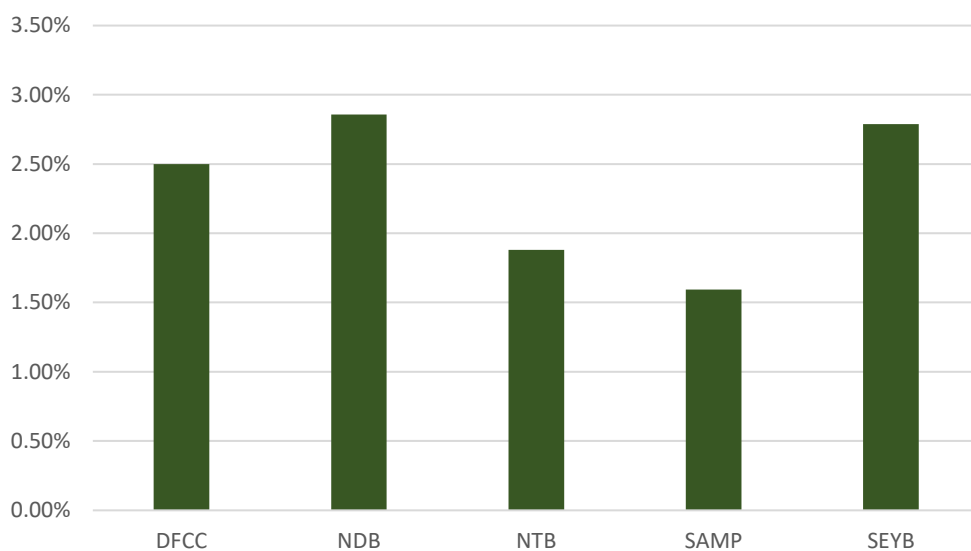
Bank Code	FY 2023
DFCC	7.03%
NDB	8.58%
NTB	2.34%
SAMP	5.87%
SEYB	3.85%

CASA



Bank Code	FY 2023
DFCC	23.69%
NDB	22.31%
NTB	31.07%
SAMP	33.65%
SEYB	29.90%

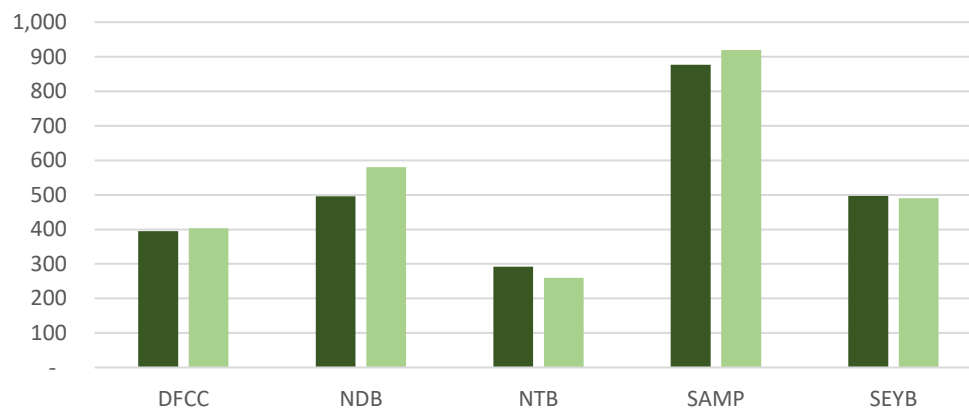
Impairment to Interest Earning Assets



Bank Code	FY 2023
DFCC	2.50%
NDB	2.86%
NTB	1.88%
SEYB	1.59%
SAMP	2.79%

Loan Growth

Rs In Billion



Bank Code	FY 2023	FY 2022	%
DFCC	395	403	(2.06)%
NDB	496	580	(14.41)%
NTB	292	260	12.19 %
SAMP	877	920	(4.65) %
SEYB	497	490	1.38 %

■ 2023 ■ 2022

Category 2B

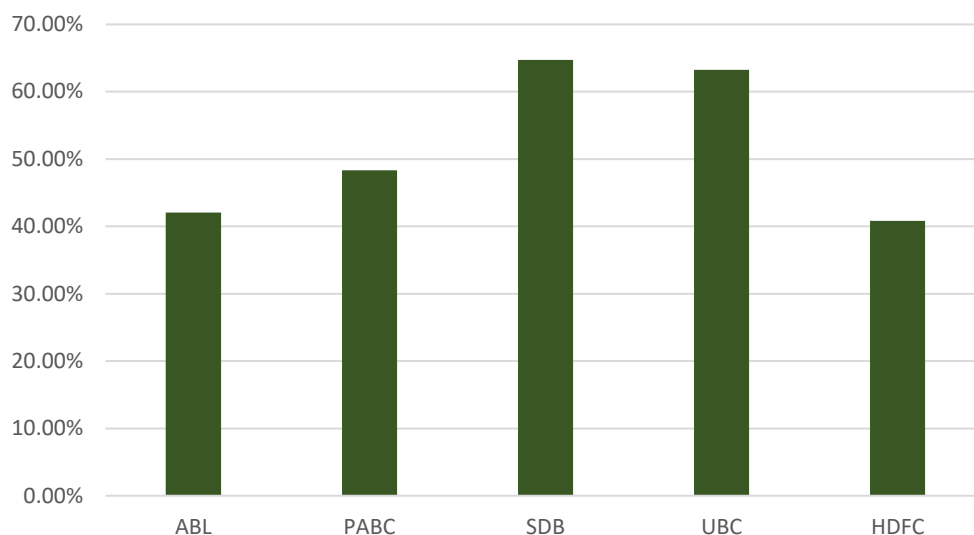
Overall Ranking

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

Other Information

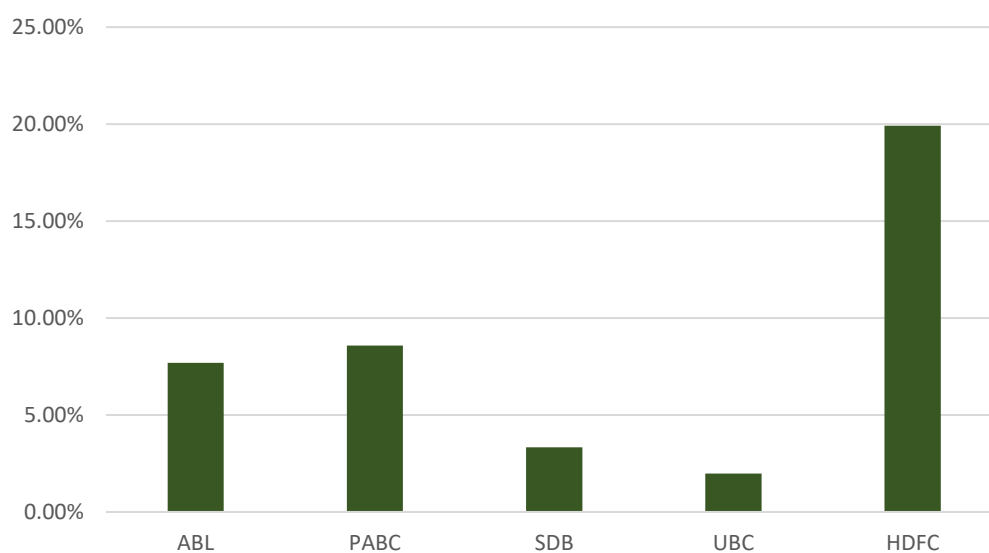
Bank Code	Revenue ('000)	Growth (%)	Profit ('000)	Growth (%)	Assets ('000)	Market Capitalization ('000)	No. of Employees
ABL	19,953,975	45.54%	1,386,776	75.95%	159,451,776	12,675,892	886
PABC	39,412,959	52.69%	1,854,965	-7.34%	233,456,323	8,452,927	1,469
SDB	30,792,731	28.12%	466,822	663.22%	156,957,400	5,062,013	1,295
UBC	22,410,834	18.16%	379,206	20.69%	139,087,719	10,835,583	1,221
HDFC	14,606,963	64.54%	1,490,123	356.64%	68,301,211	2,044,852	515

Cost to Income



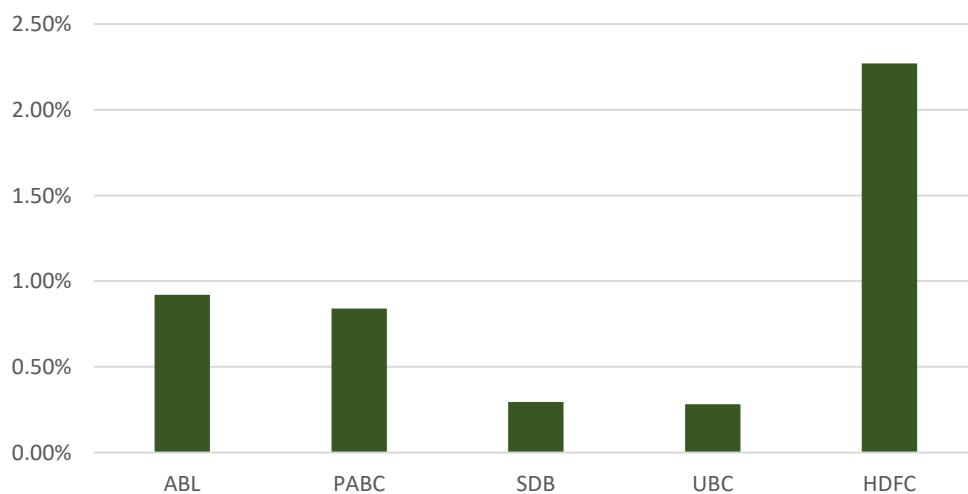
Bank Code	FY 2023
ABL	42.03%
PABC	48.31%
SDB	64.72%
UBC	63.22%
HDFC	40.84%

Return on Equity



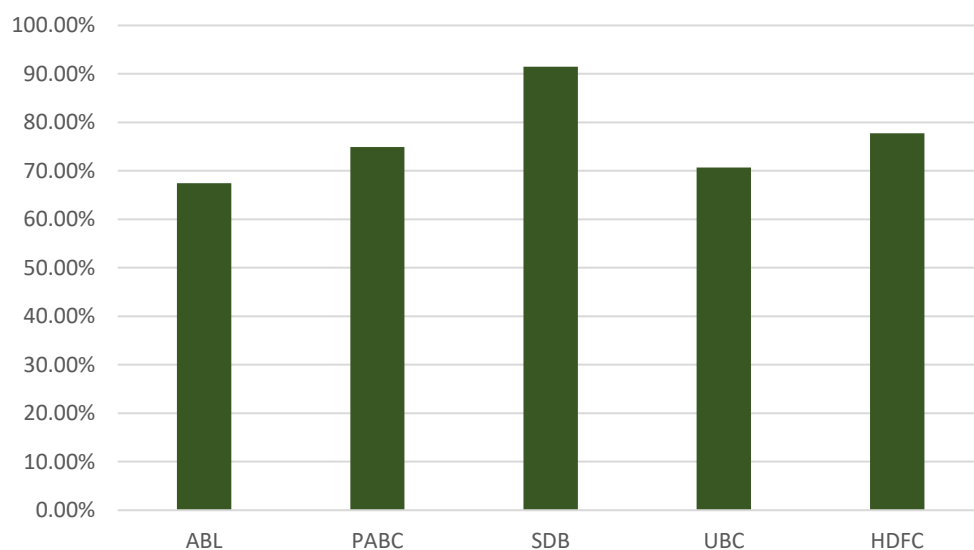
Bank Code	FY 2023
ABL	7.69%
PABC	8.58%
SDB	3.34%
UBC	1.99%
HDFC	19.92%

Return on Assets



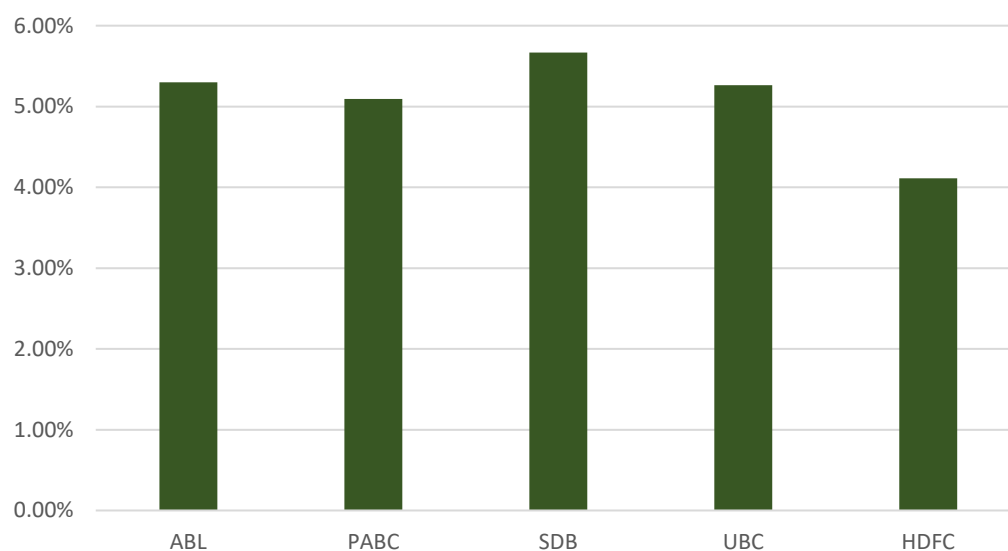
Bank Code	FY 2023
ABL	0.92%
PABC	0.84%
SDB	0.30%
UBC	0.28%
HDFC	2.27%

Credit to Deposits



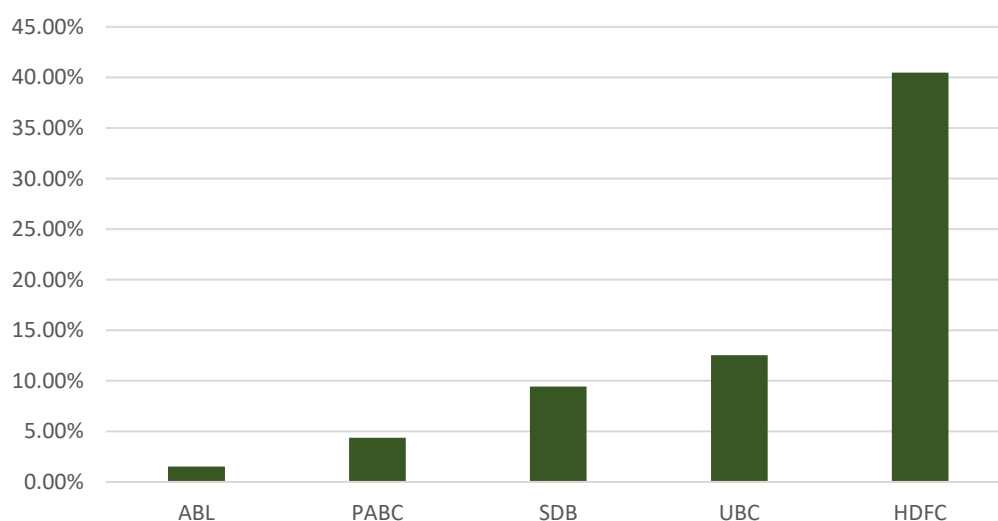
Bank Code	FY 2023
ABL	67.44%
PABC	74.88%
SDB	91.45%
UBC	70.70%
HDFC	77.72%

Net Interest Margin



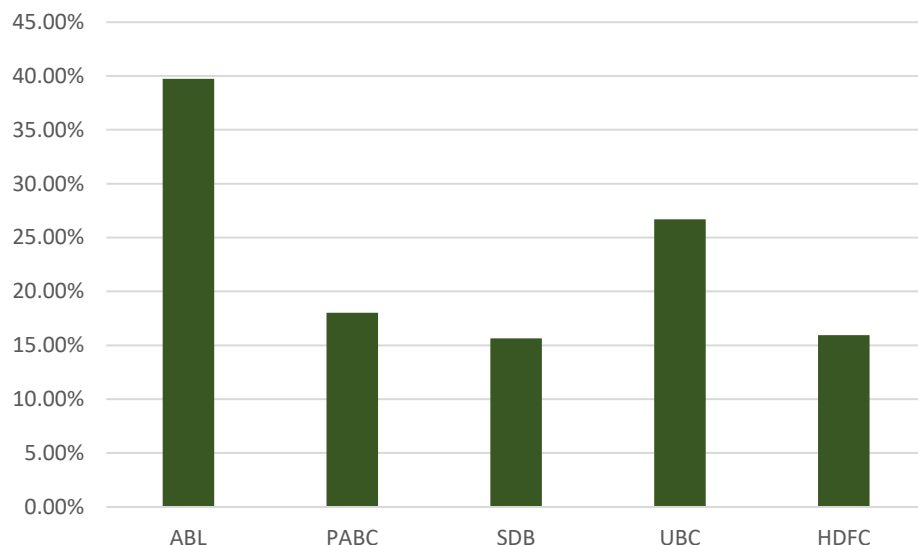
Bank Code	FY 2023
ABL	5.30%
PABC	5.10%
SDB	5.67%
UBC	5.26%
HDFC	4.11%

Impaired Loans (Stage 3)



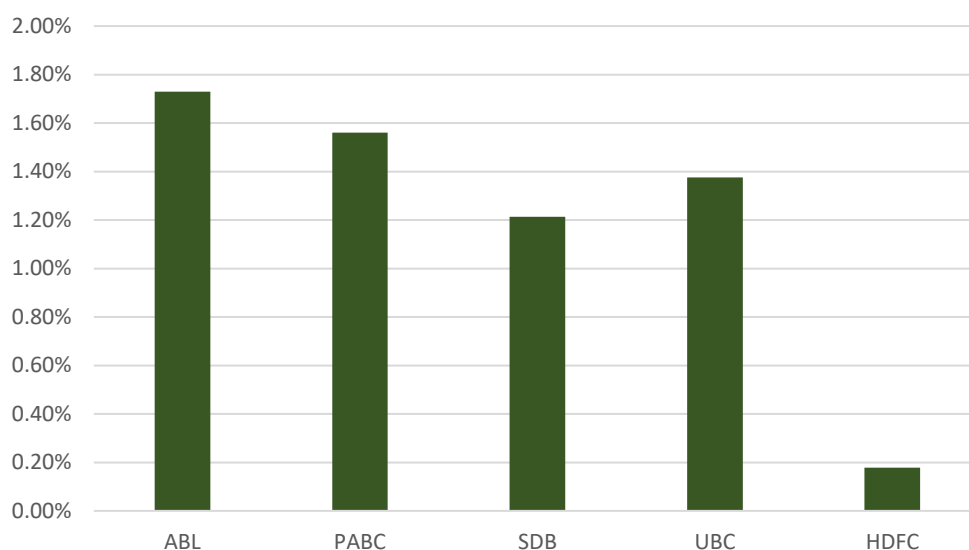
Bank Code	FY 2023
ABL	1.50%
PABC	4.36%
SDB	9.42%
UBC	12.51%
HDFC	40.47%

CASA



Bank Code	FY 2023
ABL	39.72%
PABC	18.02%
SDB	15.64%
UBC	26.68%
HDFC	15.94%

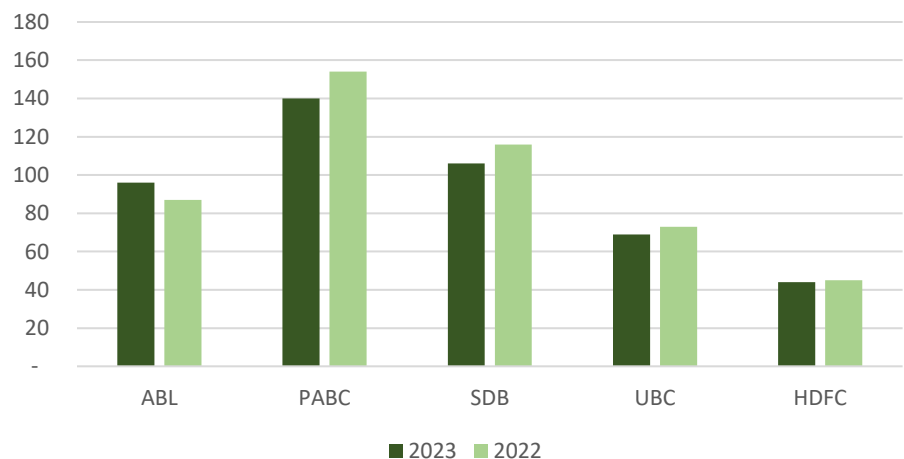
Impairment to Interest Earning Assets



Bank Code	FY 2023
ABL	1.73%
PABC	1.56%
SDB	1.21%
UBC	1.38%
HDFC	0.18%

Loan Growth

Rs in Billions



Bank Code	FY 2023	FY 2022	%
ABL	96	87	9.74 %
PABC	140	154	(9.21)%
SDB	106	116	(8.46) %
UBC	69	73	(5.04) %
HDFC	44	45	(1.81) %

Share Price Details

	Highest Market Price For the year ended		Lowest Market Price For the year ended		Market Price as at	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Category 1						
People's Bank			N/A			
Bank of Ceylon			N/A			
Commercial Bank	95.60	55.50	80.00	48.70	95.50	50.20
Hatton National Bank	175.00	84.30	158.00	72.00	169.25	78.90
Category 2A						
DFCC Bank	88.00	37.00	75.40	31.00	79.60	32.00
National Development Bank	71.00	43.00	59.00	31.30	64.90	32.00
Nations Trust Bank	110.00	52.40	99.30	45.00	107.50	46.20
Sampath Bank	74.00	42.00	60.00	30.00	70.50	34.20
Seylan Bank	51.90	32.00	40.10	27.50	43.90	31.60
Category 2B						
Amana Bank	2.40	3.80	2.10	2.60	2.30	3.50
HDFC Bank	38.40	37.50	28.00	24.00	31.60	27.80
Pan Asia Bank	20.60	11.30	17.20	8.60	19.10	9.50
Sanasa Development Bank	35.70	28.90	30.50	20.20	31.50	21.40
Union Bank	11.00	9.00	9.70	6.50	10.00	6.60

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