

Banks' 4QCY20 Earnings drop by 18.3% YoY

- Slow credit growth and lower interest rates dragged down listed banks aggregate 4QCY20 Net Profits by 18.3% YoY.
- We believe that Net Interest Income (NII) may not reflect the true position of the banks as they continue to recognise interest income on loans of SMEs from 1st April 2020 to 31st March 2021 as covered by the Debt Moratorium.
- We believe that from 1st April 2021, the collection of 2 Loan Instalments (both capital and interest) each month would be extremely challenging.
- We remain **Underweight** on the sector.

Company Name	Code	NPAT (LKR 'mn)		YoY %
		4QCY20	4QCY19	
Commercial Bank of Ceylon	COMB	5,873	5,865	0.1%
Hatton National Bank	HNB	4,490	6,264	-28.3%
Seylan Bank	SEYB	841	1,179	-28.6%
National Development Bank	NDB	1,248	1,839	-32.1%
Pan Asia Banking Corporation	PABC	798	727	9.8%
DFCC Bank	DFCC	716	516	38.8%
Sampath Bank	SAMP	3,229	4,899	-34.1%
Amana Bank	ABL	213	30	613.3%
		17,409	21,318	-18.3%

Source: Colombo Stock Exchange