

# Banking Sector 3Q 2023 Update



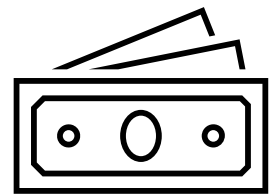
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# Relative Valuation Post 3Q 2023 Results– Banking Sector

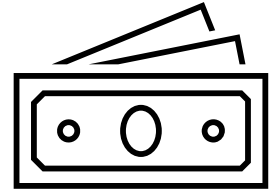
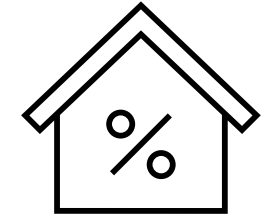
	MPS (LKR)	YTD Change	TTM EPS (LKR)	TTM PER (X)	BVPS (LKR)	P/BV (X)	ROE (%)	DPS (LKR)	DY	3 Year Average DPO %
<b>Banks</b>										
ABL	2.30	-20.69%	0.23	10.07	3.22	0.72	7.33	0.12	5.22%	66.28
COMB	84.90	69.12%	17.48	4.86	162.70	0.52	11.02	4.50	5.30%	38.74
COMB(X)	74.90	81.36%	17.48	4.28	162.70	0.46	11.02	4.50	6.01%	38.74
DFCC	80.70	152.19%	20.52	3.93	165.34	0.49	14.04	2.00	2.48%	36.85
HNB	170.00	115.46%	40.46	4.20	371.77	0.46	11.67	5.00	2.94%	26.23
HNB(X)	142.00	102.86%	40.46	3.51	371.77	0.38	11.67	5.00	3.52%	26.23
NDB	67.00	109.38%	19.50	3.44	190.44	0.35	10.96	2.50	3.73%	25.57
NTB	104.75	126.73%	35.59	2.94	184.73	0.57	21.91	4.00	3.82%	16.72
NTB(X)	102.50	78.57%	35.59	2.88	184.73	0.55	21.91	4.00	3.90%	16.72
PABC	18.00	89.47%	6.35	2.83	49.39	0.36	13.24	-	0.00%	-
SAMP	68.20	99.42%	16.29	4.19	130.10	0.52	13.56	4.60	6.74%	37.51
SEYB	47.00	48.73%	10.65	4.41	100.19	0.47	11.19	2.00	4.26%	32.32
SEYB(X)	35.00	116.05%	10.65	3.29	100.19	0.35	11.19	2.00	5.71%	32.32
UBC	10.50	59.09%	0.53	19.92	17.76	0.59	3.00	-	0.00%	7.42

# Net Interest Income Comparison



Company	Net Interest Income (LKR Mn)				
	3Q 2022	2Q 2023	3Q 2023	QoQ %	YoY %
ABL	1,100.7	1,592.8	1,486.4	(6.7)	35.0
COMB	22,101.2	18,474.4	23,432.1	26.8	6.0
DFCC	7,739.4	7,162.5	8,208.4	14.6	6.1
HNB	33,148.7	31,444.1	27,184.7	(13.5)	(18.0)
NDB	7,322.6	6,637.7	9,500.9	43.1	29.7
NTB	8,706.8	8,811.0	8,733.2	(0.9)	0.3
PABC	2,279.1	2,517.6	2,912.0	15.7	27.8
SAMP	22,287.9	16,632.2	19,811.4	19.1	(11.1)
SEYB	11,202.3	9,178.3	10,182.9	10.9	(9.1)
UBC	1,732.2	1,721.8	1,926.2	11.9	11.2

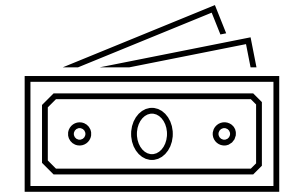
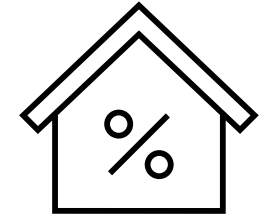
# PATMI Comparison QoQ & YoY



Company	PATMI (LKR Mn)				
	3Q 2022	2Q 2023	3Q 2023	QoQ %	YoY %
ABL	238.5	198.9	471.9	137.2	97.9
COMB	6,095.7	3,750.1	6,233.4	66.2	2.3
DFCC	451.9	1,823.7	3,095.6	69.7	585.0
HNB	5,407.9	2,369.0	8,874.4	274.6	64.1
NDB	(1,083.5)	1,536.9	3,029.9	97.1	379.7
NTB	2,591.3	3,325.8	3,319.4	(0.2)	28.1
PABC	100.8	602.2	316.7	(47.4)	214.3
SAMP	316.4	4,627.7	5,092.2	10.0	1,509.7
SEYB	1,040.3	1,477.1	1,974.9	33.7	89.8
UBC	105.7	185.8	94.7	(49.0)	(10.4)

# Impairment Provisions Comparison

Company	Impairments (LKR Mn)				
	3Q 2022	2Q 2023	3Q 2023	QoQ %	YoY %
ABL	264.2	712.8	12.3	(98.3)	(95.4)
COMB	17,053.0	6,413.8	12,571.1	96.0	(26.3)
DFCC	5,154.7	3,405.5	4,017.1	18.0	(22.1)
HNB	20,627.3	17,779.7	4,345.7	(75.6)	(78.9)
NDB	8,294.5	3,062.4	6,062.2	98.0	(26.9)
NTB	3,428.2	854.6	1,567.7	83.4	(54.3)
PABC	830.4	694.1	832.9	20.0	0.3
SAMP	20,620.6	382.2	7,298.1	1,809.6	(64.6)
SEYB	7,473.2	3,193.0	3,887.9	21.8	(48.0)
UBC	709.7	297.4	504.7	69.7	(28.9)



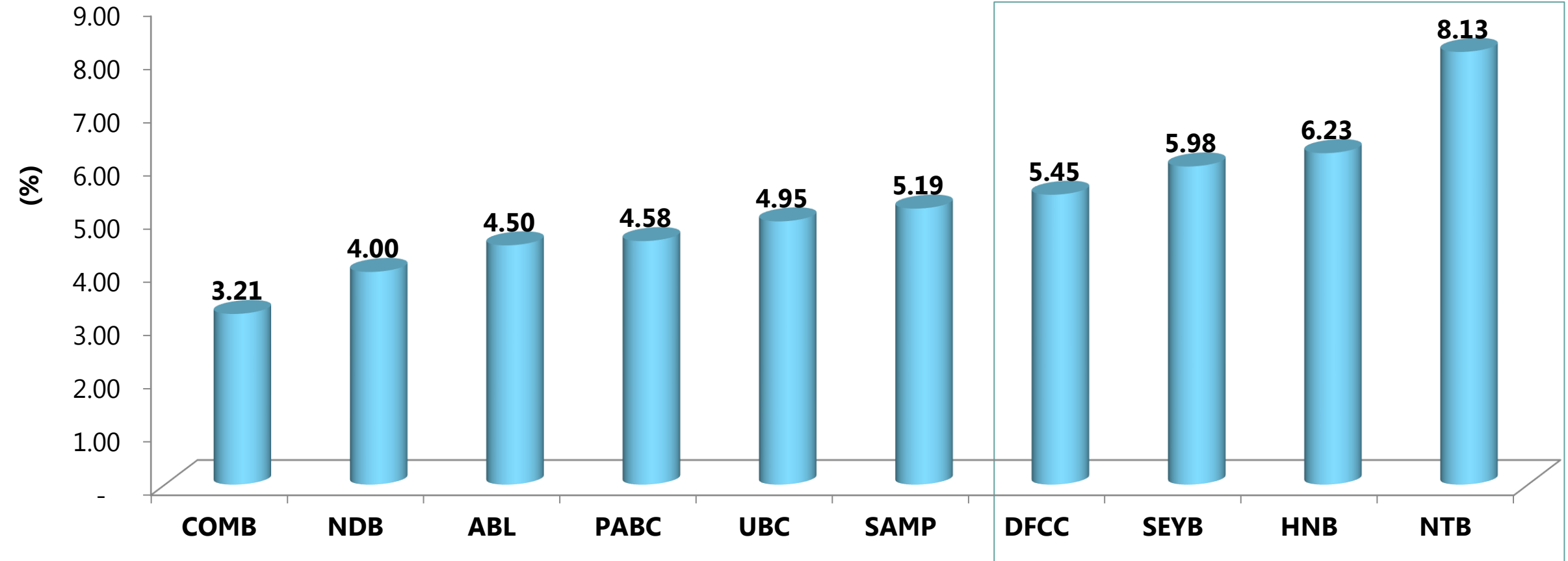
All the banks recorded lower impairment provisions in 3Q 2023 compared to 3Q 2022 except PABC.

# Loan Book & Deposits Growth in 2023 YTD

Company	Loan Book (LKR Bn)		
	2022	3Q 2023	YTD (%)
ABL	83.2	87.1	4.7
COMB	1,155.5	1,148.3	(0.6)
DFCC	369.1	334.9	(9.3)
HNB	1,014.5	965.8	(4.8)
NDB	545.9	473.3	(13.3)
NTB	241.2	256.3	6.3
PABC	144.1	132.1	(8.3)
SAMP	840.0	778.7	(7.3)
SEYB	444.2	411.8	(7.3)
UBC	76.1	70.5	(7.4)

Company	Deposits (LKR Bn)		
	2022	3Q 2023	YTD (%)
ABL	112.5	128.3	14.0
COMB	1,977.7	2,038.5	3.1
DFCC	369.7	390.8	5.7
HNB	1,443.2	1,563.2	8.3
NDB	671.7	627.3	(6.6)
NTB	297.3	314.8	5.9
PABC	162.5	170.7	5.0
SAMP	1,115.2	1,225.2	9.9
SEYB	547.3	564.7	3.2
UBC	98.9	93.1	(5.9)

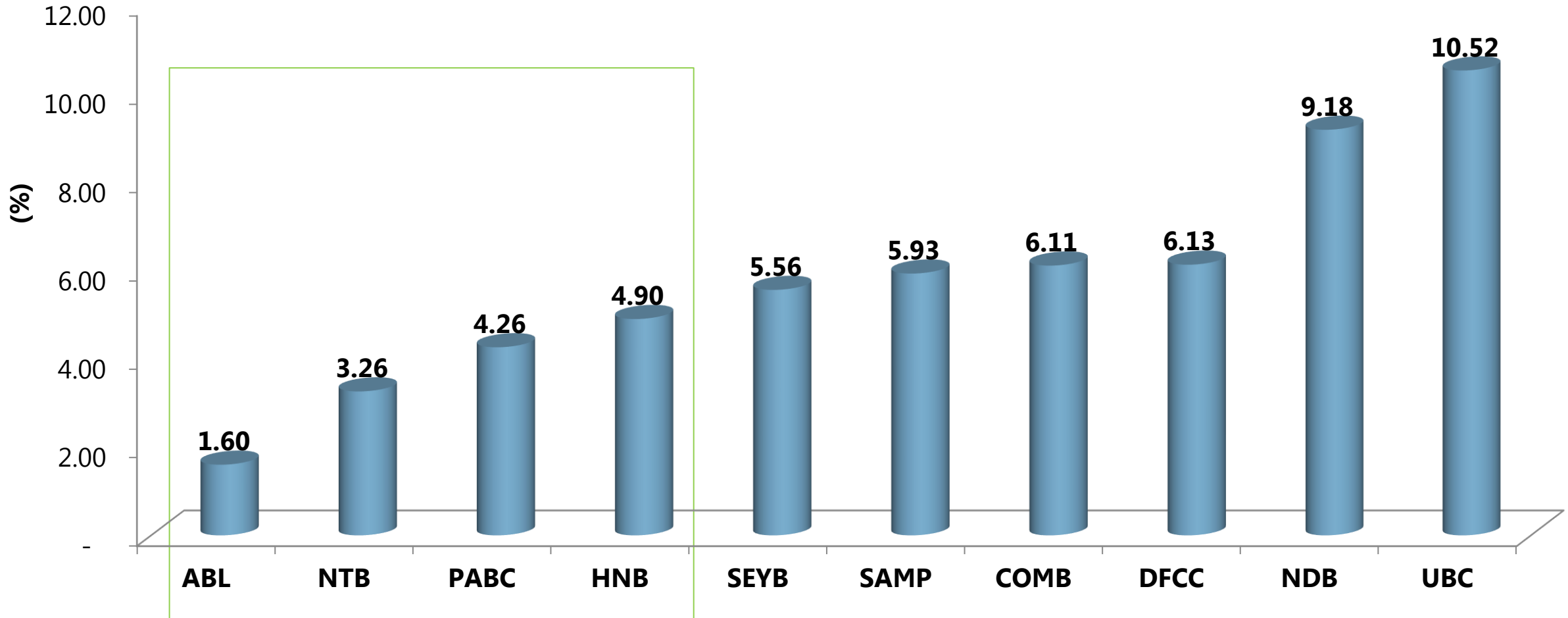
Only ABL & NTB recorded a YTD loan book growth in 2023. However, private sector credit saw a recovery in 3Q 2023.



NTB, HNB, SEYB and DFCC showcased the highest NIMs as of 30<sup>th</sup> September 2023.

Source: CSE & BRS Equity Research

# Impaired Loans (Stage 3) Ratio – Listed LCBs

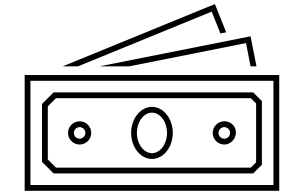
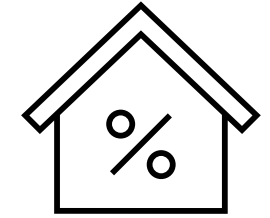


Asset quality continues to deteriorate due to weak economic activities which remains a concern.



# Capital Ratios of Listed LCBs

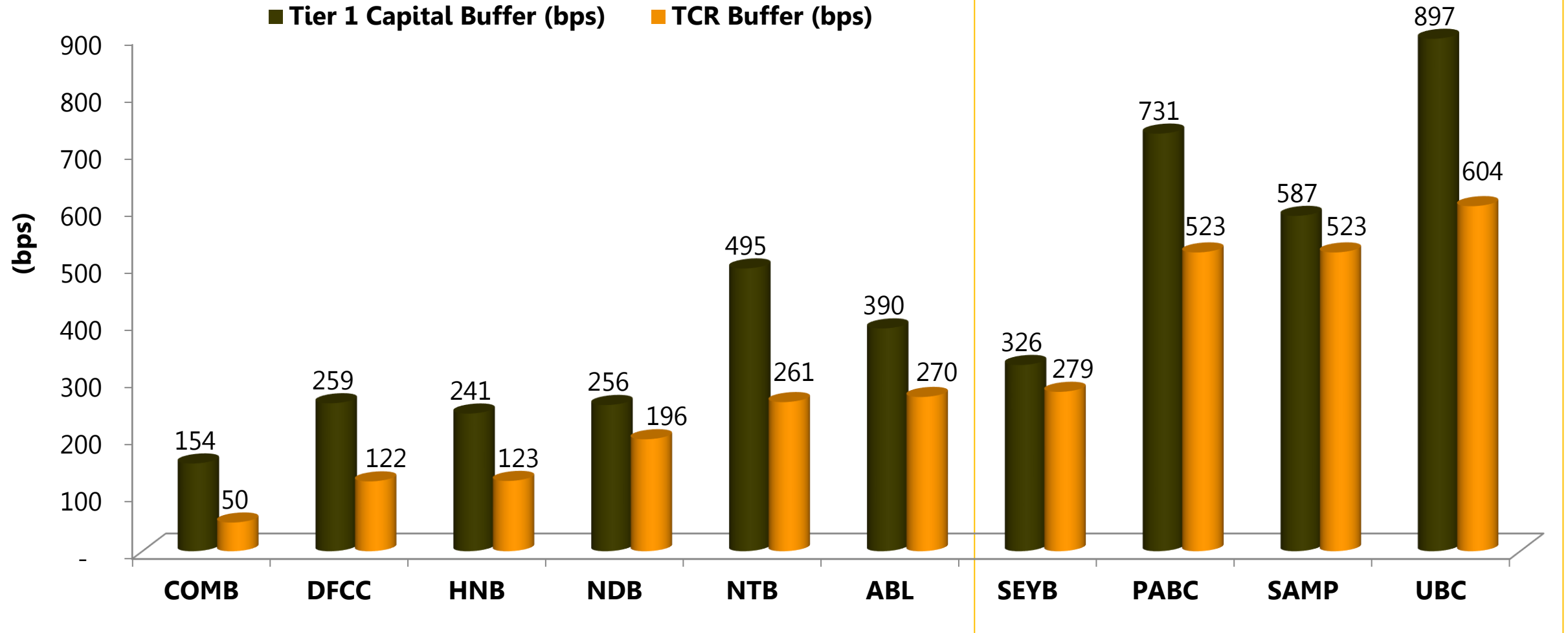
Company	Tier 1 capital	Tier 1 Min requirement	Tier 1 Capital Buffer (bps)	TCR	TCR Min requirement	TCR Buffer (bps)
ABL	12.40%	8.50%	390.0	15.20%	12.50%	270.0
COMB	11.54%	10.00%	153.6	14.50%	14.00%	50.2
DFCC	11.09%	8.50%	259.0	13.72%	12.50%	122.2
HNB	11.91%	9.50%	241.0	14.73%	13.50%	123.0
NDB	11.06%	8.50%	256.0	14.46%	12.50%	196.0
NTB	13.45%	8.50%	495.0	15.11%	12.50%	261.0
PABC	15.81%	8.50%	731.0	17.73%	12.50%	523.0
SAMP	14.37%	8.50%	587.0	17.73%	12.50%	523.0
SEYB	11.76%	8.50%	326.0	15.29%	12.50%	279.0
UBC	17.47%	8.50%	897.0	18.54%	12.50%	604.0



As of 30th September 2023.

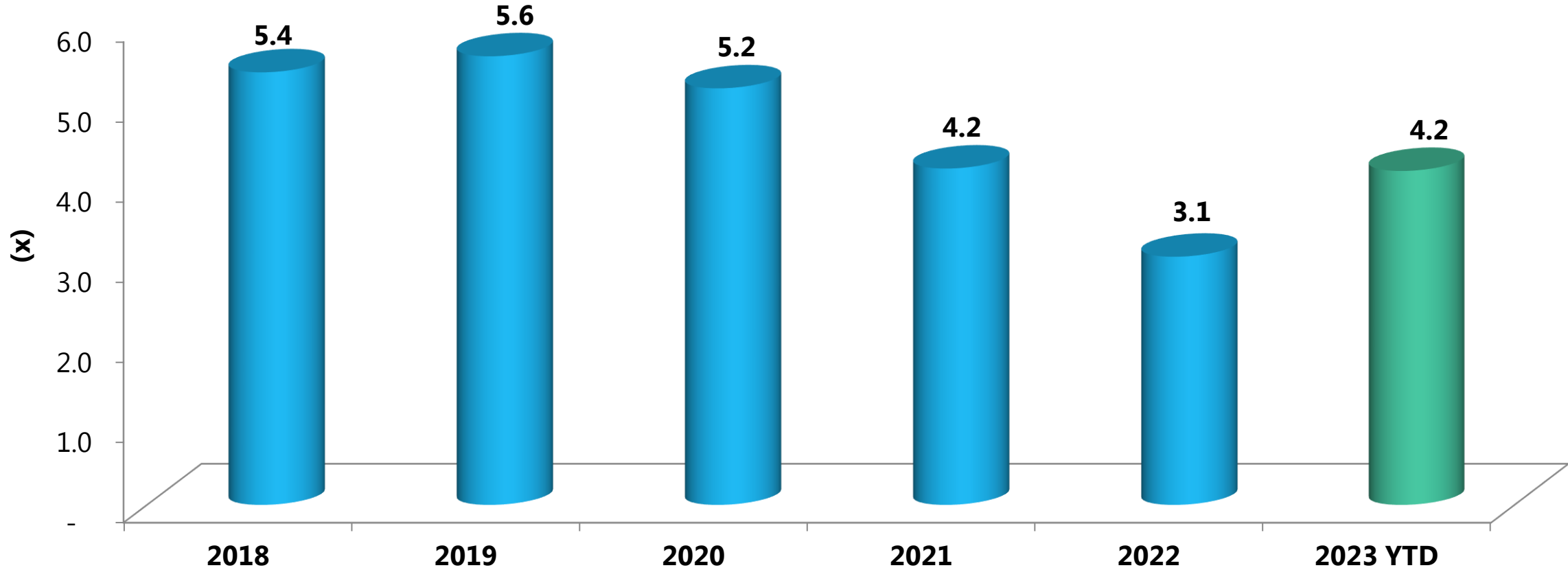
Source: CSE & BRS Equity Research

# Capital Buffers of Listed LCBs



COMB, DFCC, HNB and NDB had relatively lower TCR buffers as of 30<sup>th</sup> September 2023.

# Banking Sector Historical PER

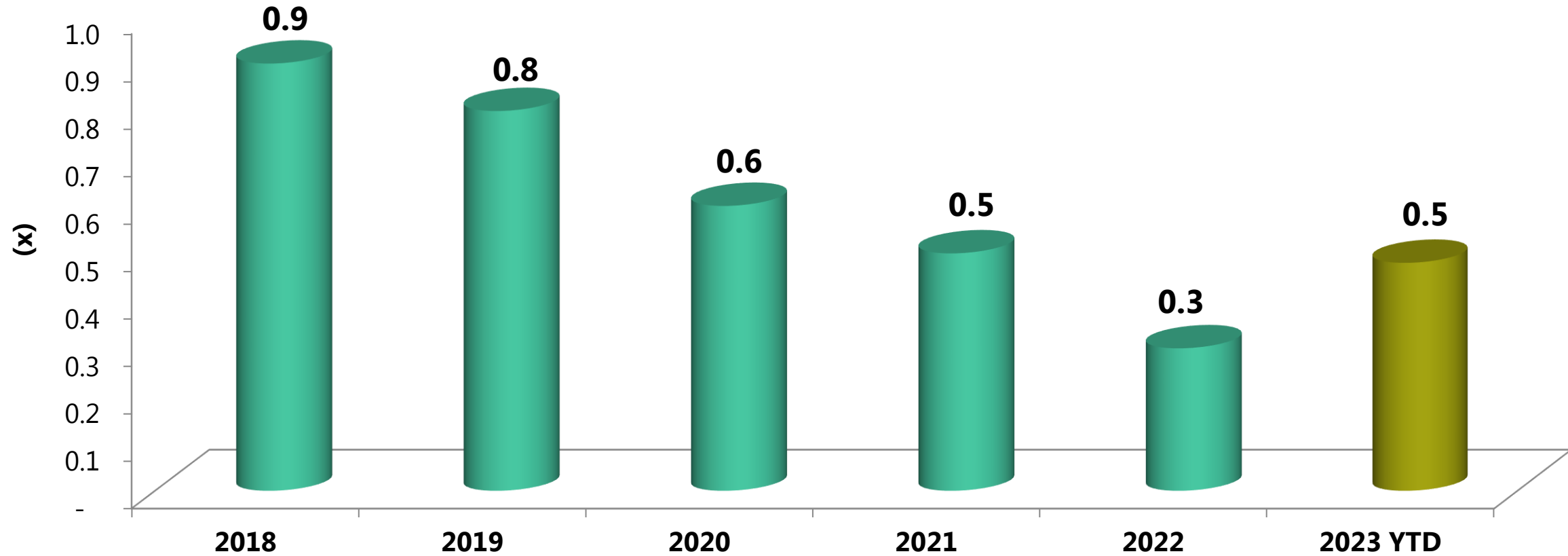


As of 15<sup>th</sup> November 2023

2023 YTD PE reflects banking sector TTM PE post 3Q 2023 results.

Source: CSE & BRS Equity Research

# Banking Sector Historical PBV



As of 15<sup>th</sup> November 2023

2023 YTD PBV reflects banking sector PBV post 3Q 2023 results.

Source: CSE & BRS Equity Research

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