

# Sampath Bank Works With All Stakeholders To Create A Better Future



*Prof Malik Ranasinghe, Chairman,  
Sampath Bank.*



*Nanda Fernando, Managing Director,  
Sampath Bank.*

The global economy took a steep downward trend with the COVID-19 pandemic epicentre shifting from China and East Asia to the United States and Europe. While the economy and the banking sector in Sri Lanka as a whole continued to face unprecedented challenges due to the COVID-19 pandemic, Sampath Bank has announced that its total assets crossed the one trillion rupees mark for the first time in its history.

Given the unprecedented challenges witnessed in the first half of 2020, it is important to note that comparing the financial result of the first half of 2020 with 2019 may not be realistic. Sampath Bank has registered a profit before tax (PBT) of 5.32 billion rupees and a profit after tax (PAT) of 3.97 billion rupees for the six months ended by June 30, 2020. Despite the unique challenges that prevailed

since mid-March 2020, the bank was able to limit the decline in PBT and PAT to eight percent and 3.2 percent respectively compared to the corresponding period in 2019.

PBT and PAT of the group also declined by 7.7 percent and 4.2 percent respectively for the six months ended by June 30, 2020 and stood at 5.48 billion rupees and 3.99 billion rupees respectively. Meanwhile, the bank remained well-capitalized with a Tier 1 capital ratio of 13.30 percent and a total capital ratio of 16.77 percent. Sampath Bank's Net Interest Income (NII) was significantly affected by two factors: the reduction in policy rates in order to provide relief to the economy as well as the moratorium granted to customers. Consequently, the day one loss on account of the COVID - 19 moratorium was recorded against the interest income as per the modification method given in the Sri Lanka Accounting Standard - 9 (SLFRS - 9). Due to the reasons mentioned above, the bank's NII declined by 11.9 percent and stood at 17.4 billion rupees for the first half of 2020 compared to the same period in 2019. Hence, the Net Interest Margin for first half of 2020 decreased to 3.57 percent compared to 4.46 percent reported in 2019. Net fee and commission income, which comprises credit, trade, card, and electronic channel related fees, was limited to 3.8 billion rupees during the period under review, a decline of 18.9 percent over the figure reported in first half of 2019. Other operating income (net) recorded a significant YoY increase of 509 percent in the first half of 2020, led mainly by an increase in realized exchange income due to the 2.7 percent depreciation of the Sri Lankan Rupee against the US Dollar. The bank's net exchange income from foreign exchange transactions amounted to a sum of 1.8 billion rupees for the period under review.

Sampath Bank's total asset base grew by 4.5 percent (annualized nine percent) during the period under review to reach one trillion rupees as at June 30, 2020. It stood at 962 billion rupees as at December 31, 2019. Gross loans and advances grew by 3.9 percent (annualized 7.8 percent) to reach 748 billion rupees as at June 30, 2020, recording a growth of 28 billion rupees for the period under review. Total deposit base increased by 72 billion rupees for the same period, to reach 790 billion rupees as at the reporting date, a growth of ten percent (annualized 20 percent).