

**Effect Of Financial Performance on Share Prices During the Covid-19
Pandemic: Special Reference to The Listed Bank, Financial, And Insurance
Sector in Sri Lanka**

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ABSTRACT

Introduction: COVID-19 is a major health emergency recognized around the world. The investors invest in various types of investment avenues such as shares, treasury bonds, treasury bills, debentures etc. Among these instruments, investment in company shares is an attractive way of profitable investment as far as the capital market is concerned. Most of the stakeholders are mainly concerned about the share price of the entity in the process of resource allocation. Hence this study examines the effect of financial performance on share prices during the COVID 19 pandemic.

Design/Methodology/Approach: This study used panel data consisting of 20 listed banks, financial and insurance sector in Sri Lanka covering the period from 2018 to 2020 at the Colombo Stock Exchange. Return on assets, return on equity, return on investment, earnings per share were used as financial performance measures and used two control variables: Board size and Firm Size. The study employed Ganger Causality test to find the effect of financial performances on the selected companies share prices.

Findings: The study reveals that financial performance variables are Granger-cause average share price at its levels of significance during the COVID 19 pandemic consistent with the literature.

Conclusion: This study can assist the banking, finance, and insurance sector in Sri Lanka to get a better understanding of financial performance on the share price during a pandemic. Stakeholders and bank managers will be able to use the results and findings from the results of this study and they can make more reliable and effective decisions during a pandemic.

Keywords: *Share Price, Financial performance, listed banks, financial and insurance sector, COVID pandemic*