

## **NON-PERFORMING LOANS & PERFORMANCE OF COMMERCIAL BANKS IN SRI LANKA: COMPARISON BETWEEN PRE & DURING COVID - 19 PANDEMIC**

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### **Abstract**

The size of non-performing loans (NPLs) plays a key role in the stability of the banking sector of a country. The factors that explain the NPLs contain very important information for banks. This study aims to investigate the relationship between Non-Performing Loans & Performance of Commercial Banks in Sri Lanka as well as the impact of the COVID-19 pandemic on them. For this purpose, secondary data from the banking sector will be used. The independent variable is non-performing loans, and the dependent variable is the performance of commercial banks that will be used in the analysis. Statistical tools will be used to test research hypotheses including individual correlation and regression analysis. Relationship analysis will be used to find the relationship between the independent variable and the linear regression analysis between the dependent variable to examine the impact of non-performing loans on financial performance from 2011 to 2021. The expected findings of the research are that non-performing loans significantly influence the financial performance of commercial banks in Sri Lanka with a negative relationship. And also, non-performing loans are increasing because of the COVID pandemic. Thus, this study will be useful for bank management personnel to create ideas to protect banks from crisis and to enhance the performance of banks.

***Key Words:*** *Non-Performing loans, Performance of commercial banks*