

Sri Lanka Listed Banking Sector Performance- 1Q'25

SRI LANKA BANKS: LICENSED COMMERCIAL BANKS (LCB) : KEY PERFORMANCE INDICATORS 1Q'25

Total Assets of LCB's
LKR 19.8 Tn
As at 31.12.2024

Net Loan Book of LCB's
LKR 9.5 Tn
As at 31.12.2024

Loan Book Growth
4.1% YoY
As at 31.12.2024

Deposit Book of LCB's
LKR 15.9 Tn
As at 31.12.2024

Deposit Book Growth
+8.4% YoY
As at 31.12.2024

Stage 3 Loans
12.1%
As at 31.12.2024

Avg NIMS
4.2%
As at 31.12.2024

Avg ROE (after tax)
15.7%
As at 31.12.2024

Stage 3 Impairment Coverage
53.7%
As at 30.09.2024

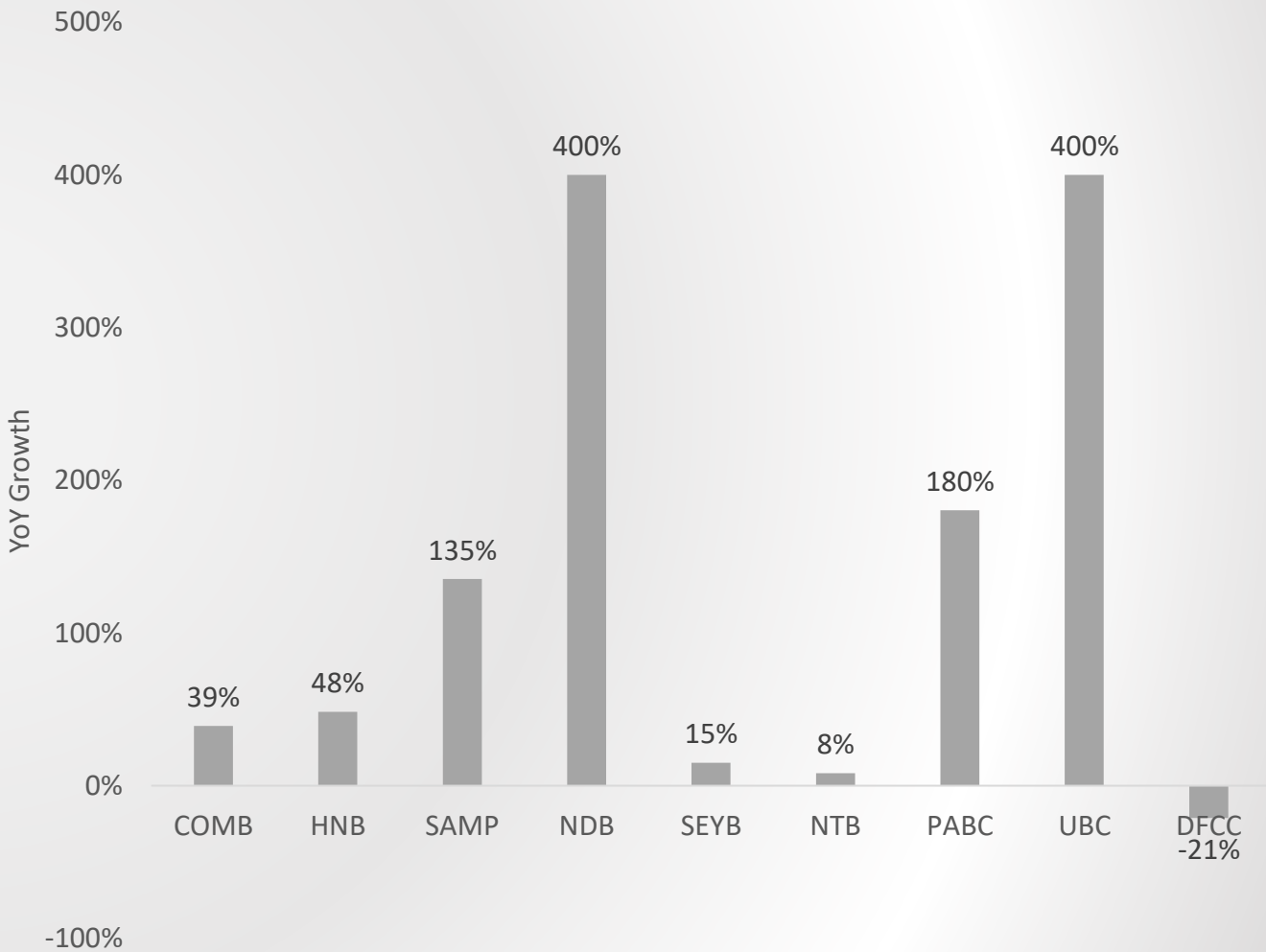
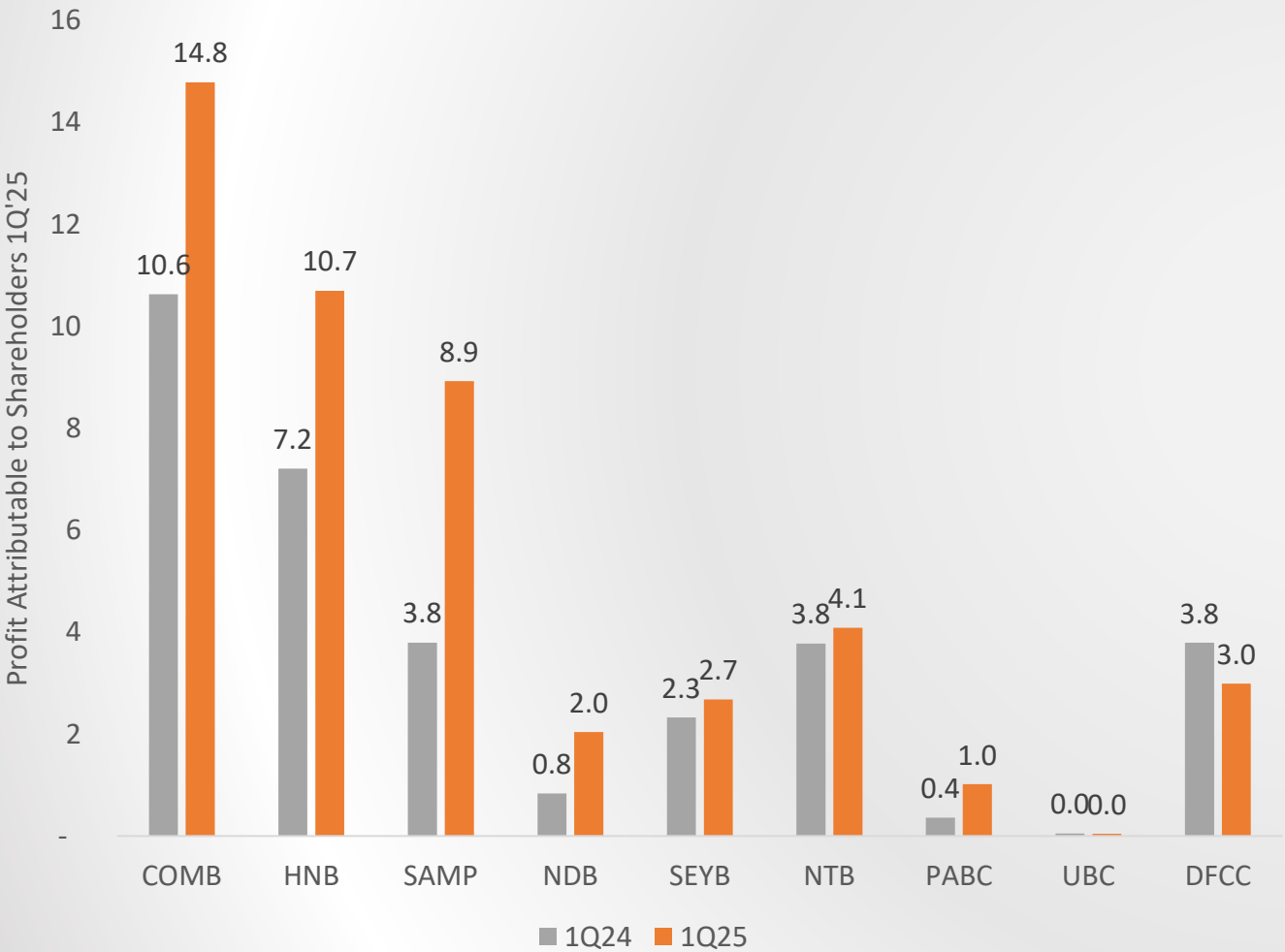
Tier 1 Capital Ratio
14.8%
As at 31.12.2024

CASA Ratio
32.5%
As at 31.12.2024

Avg Banking Sector PE/PVB
PE-4.0X, PVB-0.7X
As at 16.05.2024

BANKS RECORDED PROFITS GAINS MAINLY DUE TO LOWER IMPAIRMENTS

COMB RECORDED THE HIGHEST PROFITS FOLLOWED BY HNB & SAMP FOR 4Q'24



COMB- Commercial Bank, HNB-Hatton National Bank, SAMP- Sampath Bank, NDB- National Development Bank, SEYB- Seylan Bank, NTB- Nations Trust Bank, PABC- Pan Asia Bank, UBC- Union Bank, DFCC- DFCC Bank,

BANKING SECTOR RECORDED A 25%YOY GROWTH IN PROFITS IN 1Q'25 TO END AT LKR 48BN

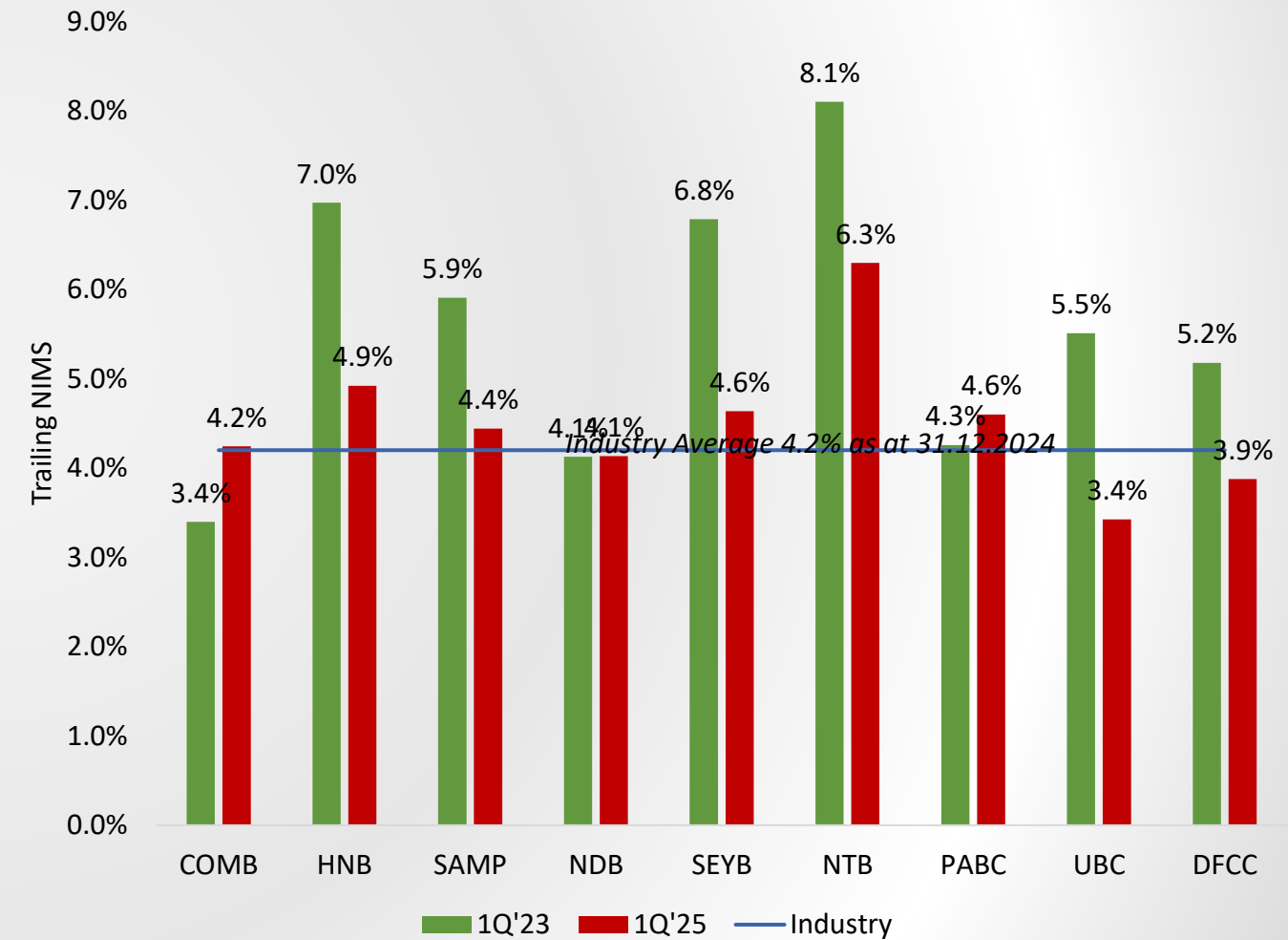
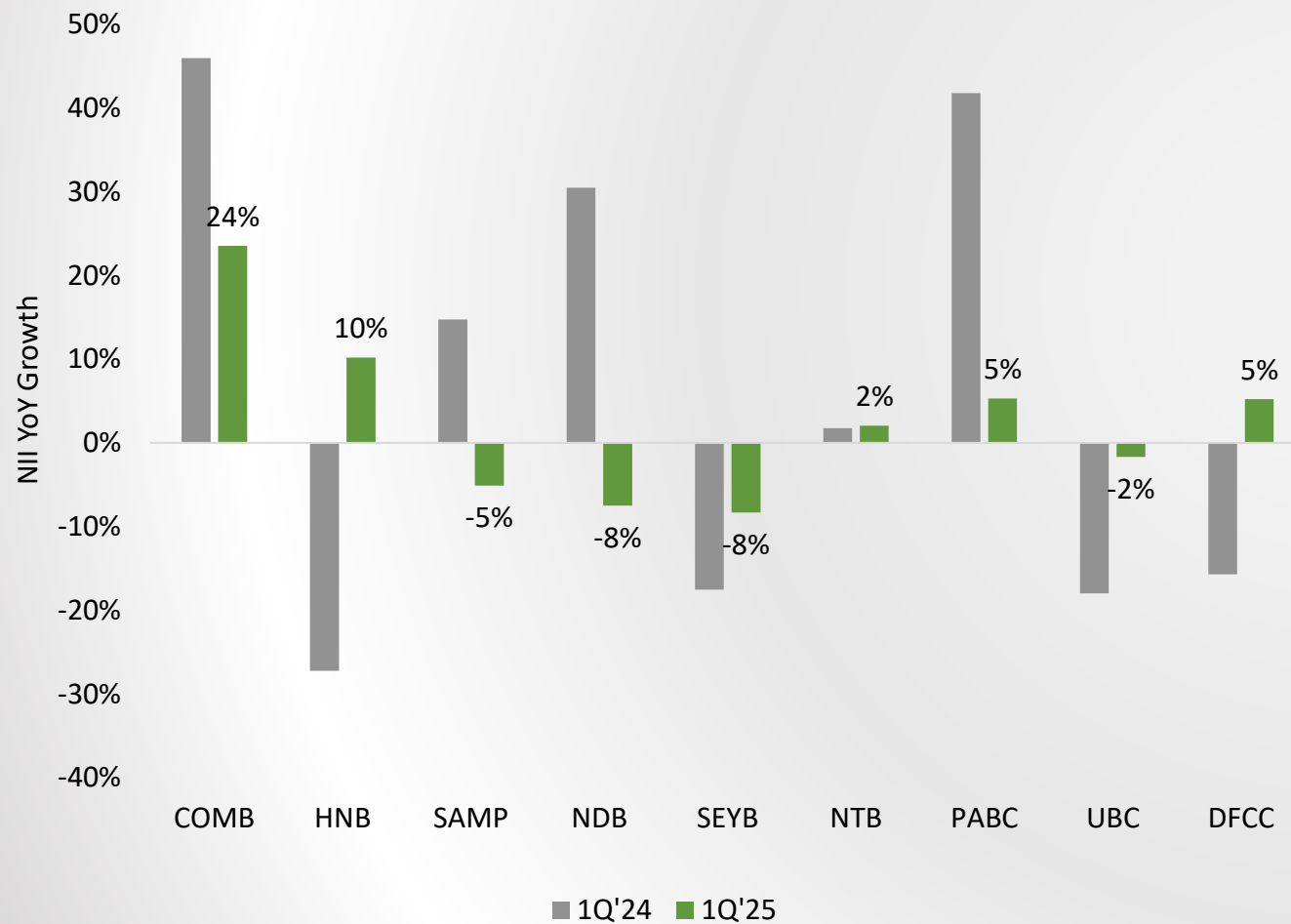
PROFITS HOWEVER PLUMMETED BY 34%QOQ MAINLY DUE TO REVERSAL OF THE IMPAIRMENT PROVISIONS MADE PREVIOUSLY ON ISBS



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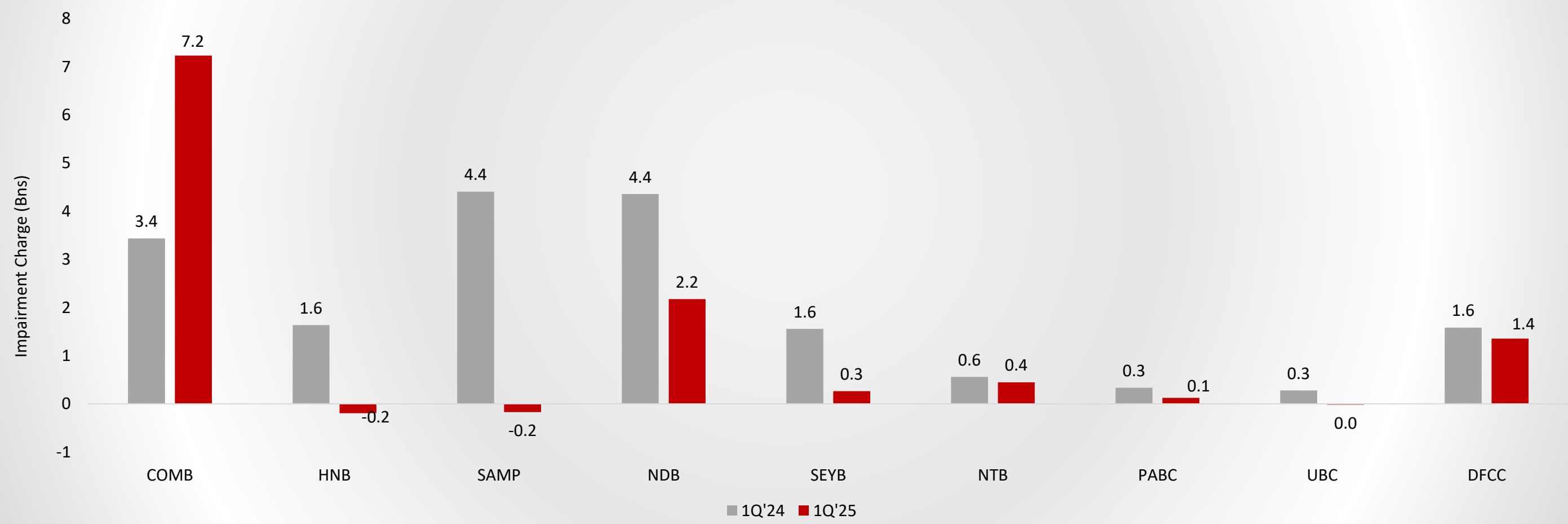
NII GROWTH SAW MIXED RESULTS SPECIALLY WITH DROP IN AWPLR AND LOW YIELDS ON GOVERNMENT SECURITIES

NIMS FELL MAINLY DUE TO LOWER YIELDS ACROSS THE BANK'S INTEREST-EARNING ASSET PORTFOLIO, INFLUENCED BY THE DECLINING TREND IN MARKET INTEREST RATES.



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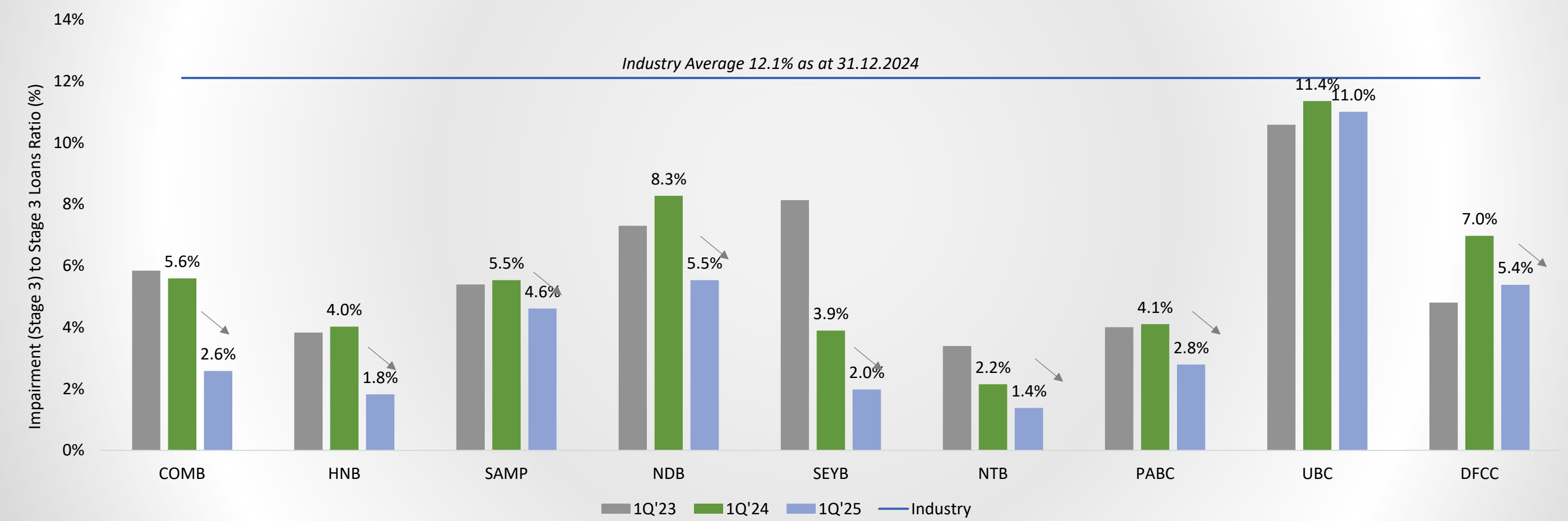
IMPAIRMENTS REDUCED DUE TO IMPROVED CUSTOMER CREDIT QUALITY, PROACTIVE PROVISIONING STRATEGY, AND THE STABILISATION OF KEY HIGH-RISK SECTORS.
BROADER RECOVERY OF THE COUNTRY'S ECONOMY ALSO SUPPORTED



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STAGE 03 IMPAIRMENT LOANS TAPERED DOWN SIGNALING GRADUAL PROGRESS IN MACRO INDICATORS

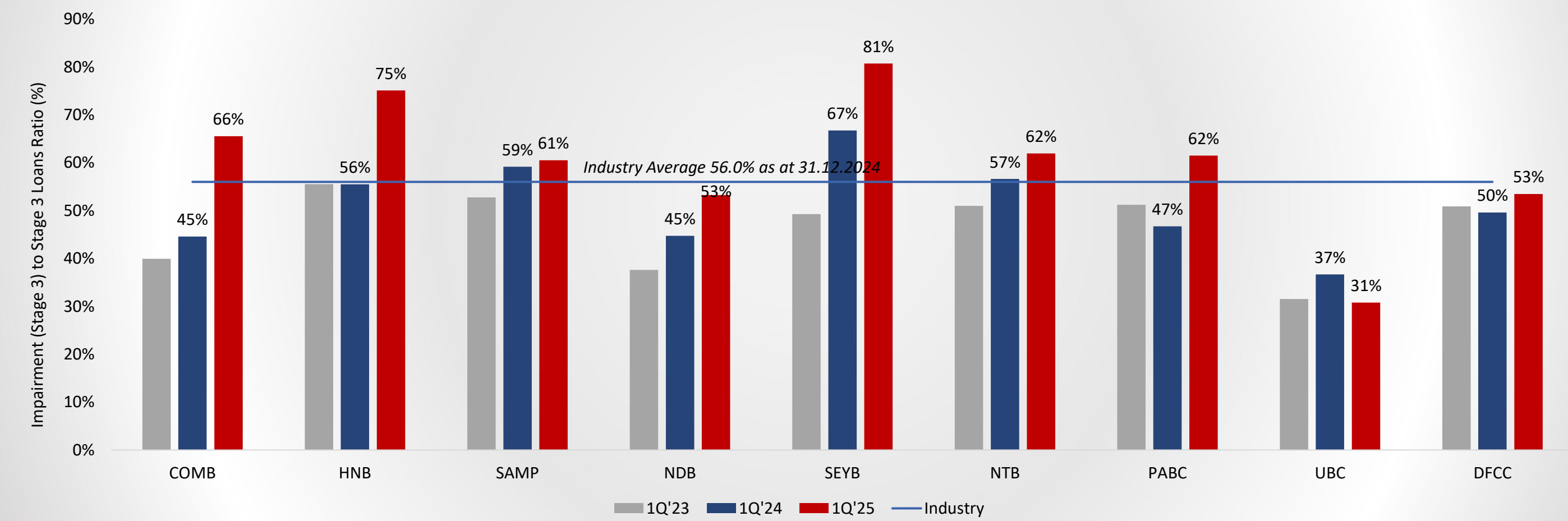
NTB REPORTED THE LOWEST STAGE 3 LOANS FOLLOWED BY HNB, SEYB AND COMB



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COVERAGE RATIOS OF ALL BANKS HAVE EDGED UP

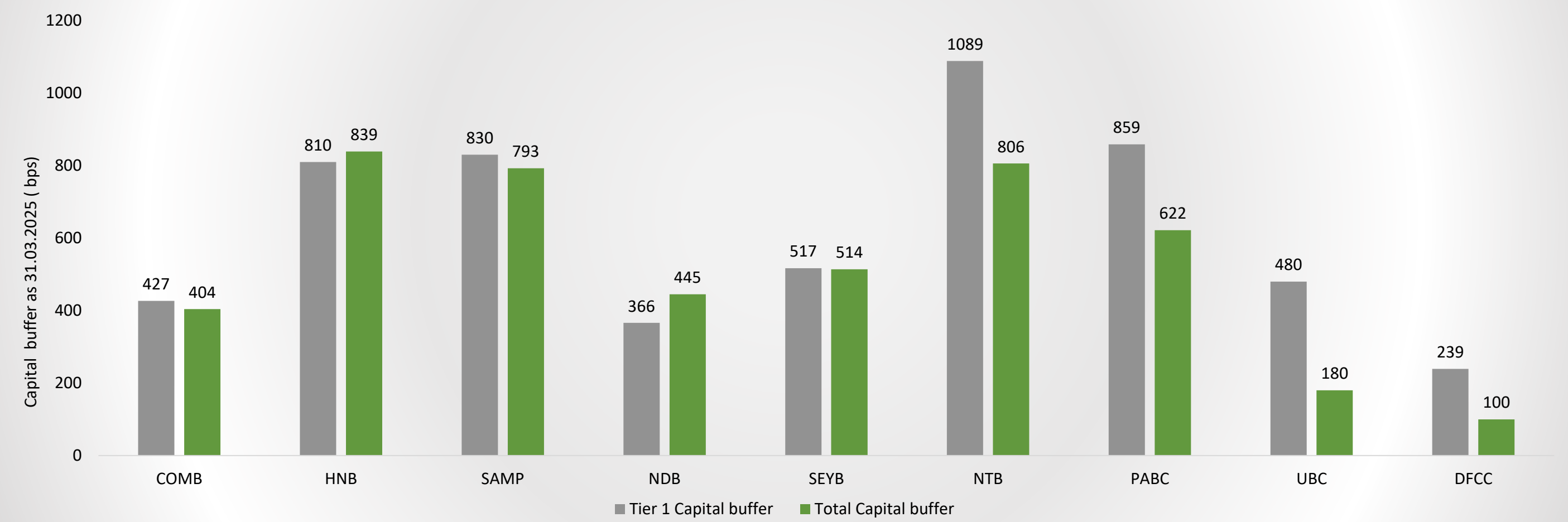
ADDITIONAL COVERAGE WAS BUILT FOR RISK-ELEVATED SEGMENTS IN THE LOANS AND ADVANCES PORTFOLIO.



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CAPITAL BUFFERS WERE SUPPORTED BY HIGHER PROFITS

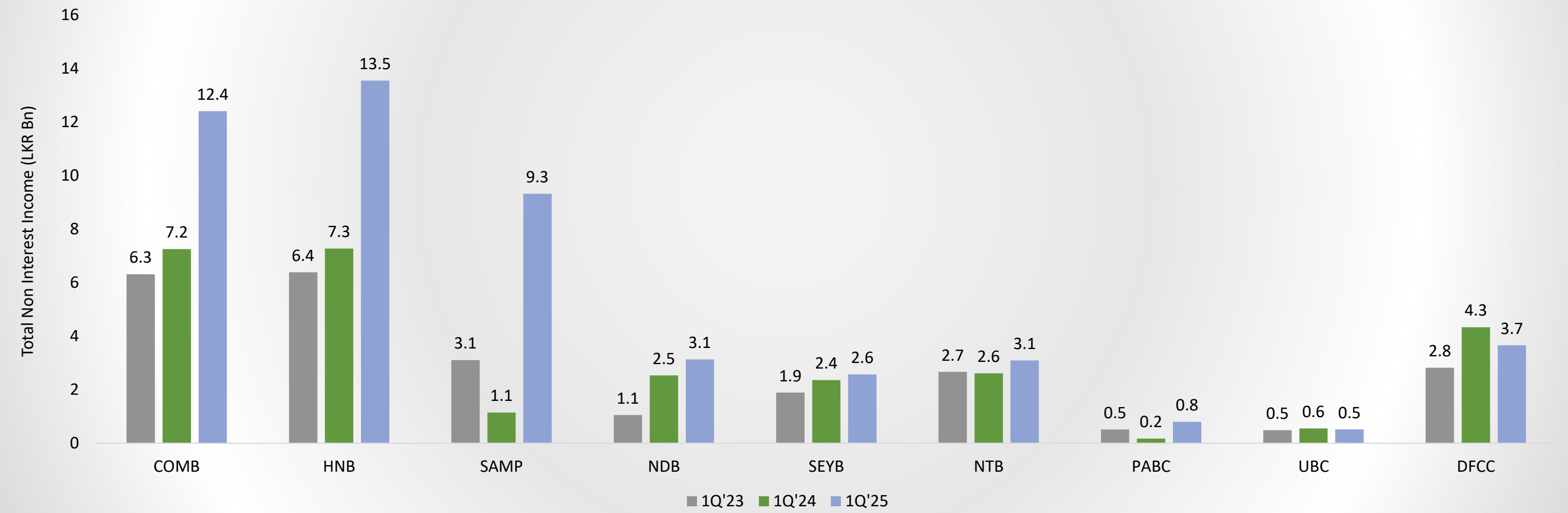
NTB COMMANDS THE HIGHEST BUFFER FOLLOWED BY PABC, SAMP AND HNB FOR TIER 01 CAPITAL .



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NON-INTEREST INCOME GREW LARGELY DUE TO HIGHER FEE INCOME & EXCHANGE GAINS

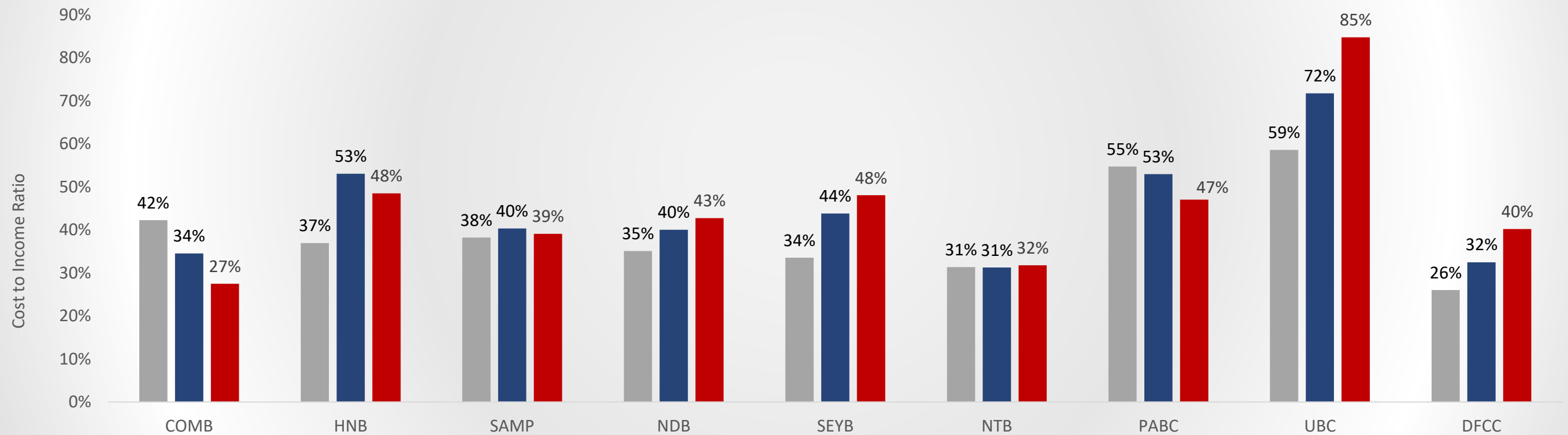
HIGHER CARD USAGE AND A SURGE IN DIGITAL TRANSACTIONS HELPED GROW FEE INCOME



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OVERALL COST TO INCOME RATIO DROPPED DUE TO HIGHER INCOME

THE TOTAL OPERATING EXPENSES ROSE PRIMARILY DRIVEN BY THE INCREASE IN STAFF COST



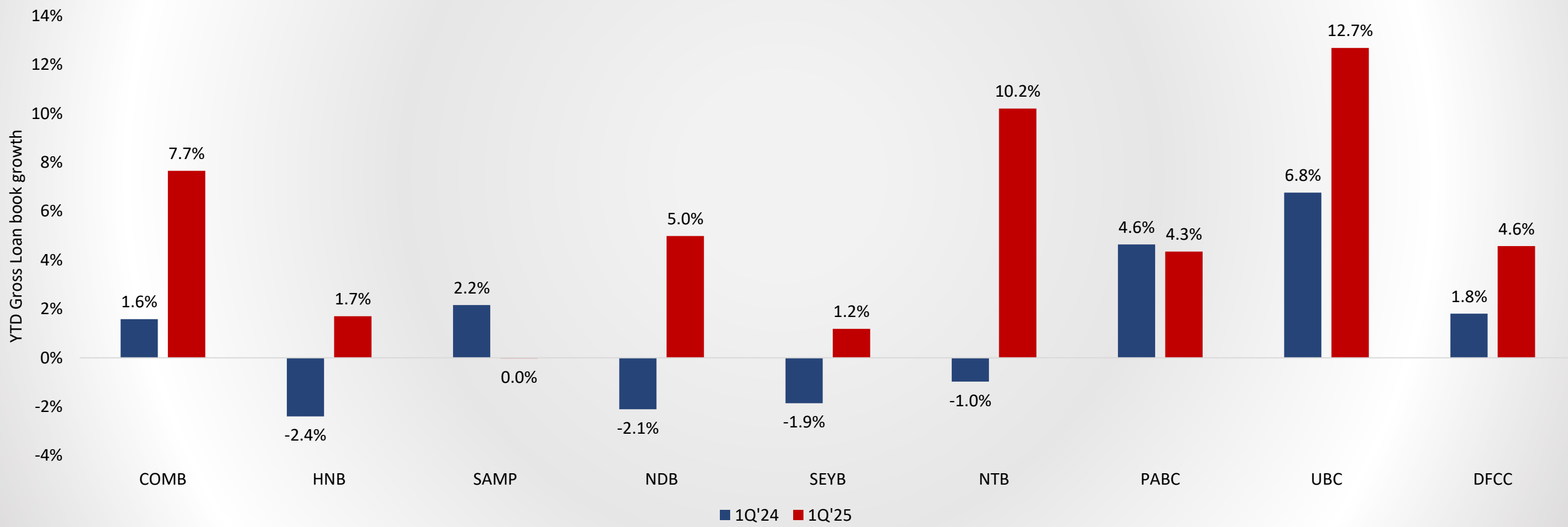
Note : The cost-to-income ratio is calculated by dividing total operational expenses by total operating income

■ 1Q'23 ■ 1Q'24 ■ 1Q'25

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LOAN BOOK SAW A SHARP UPTICK REFLECTING BROAD-BASED MOMENTUM ACROSS ALL BUSINESS SEGMENTS

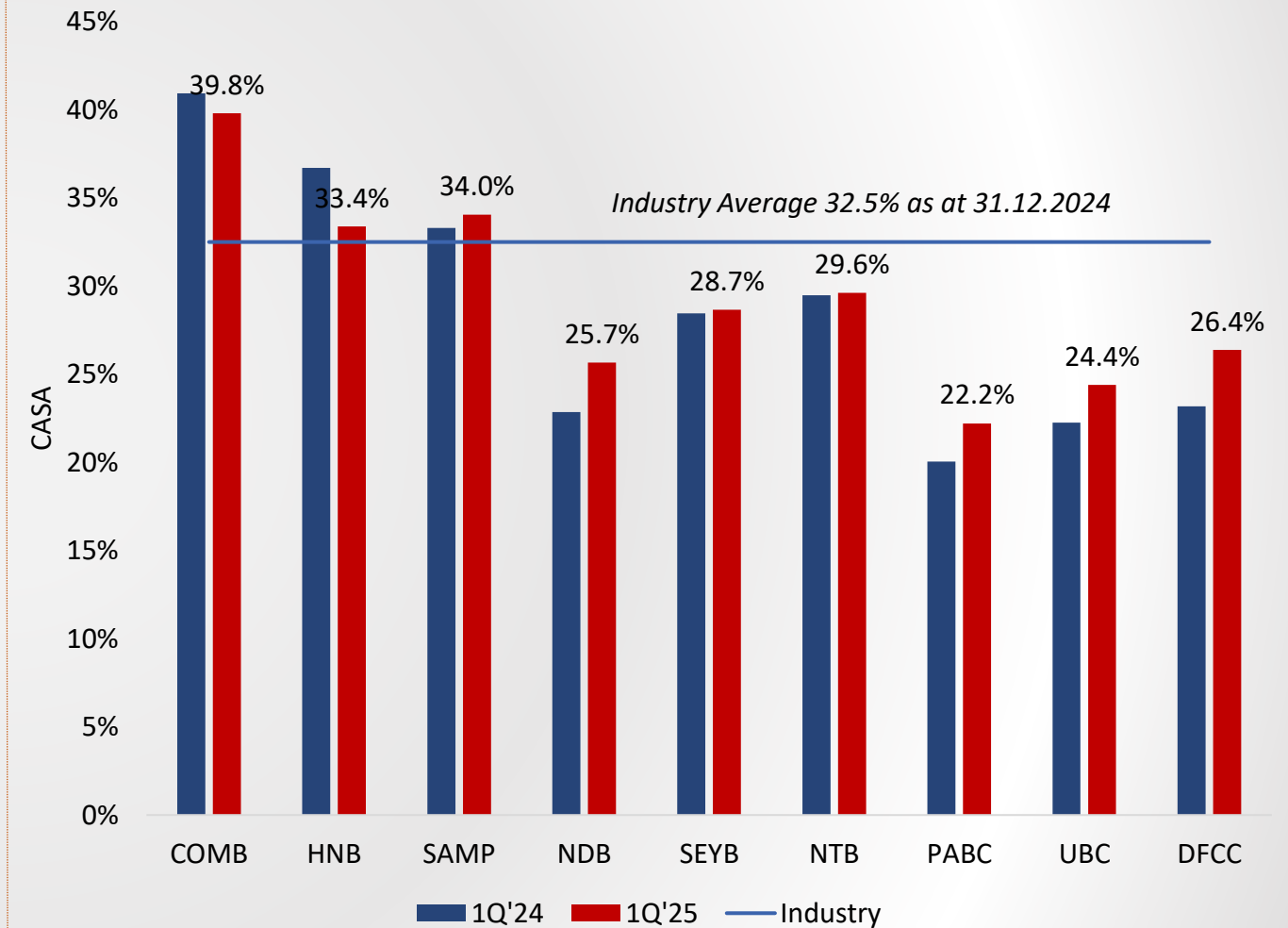
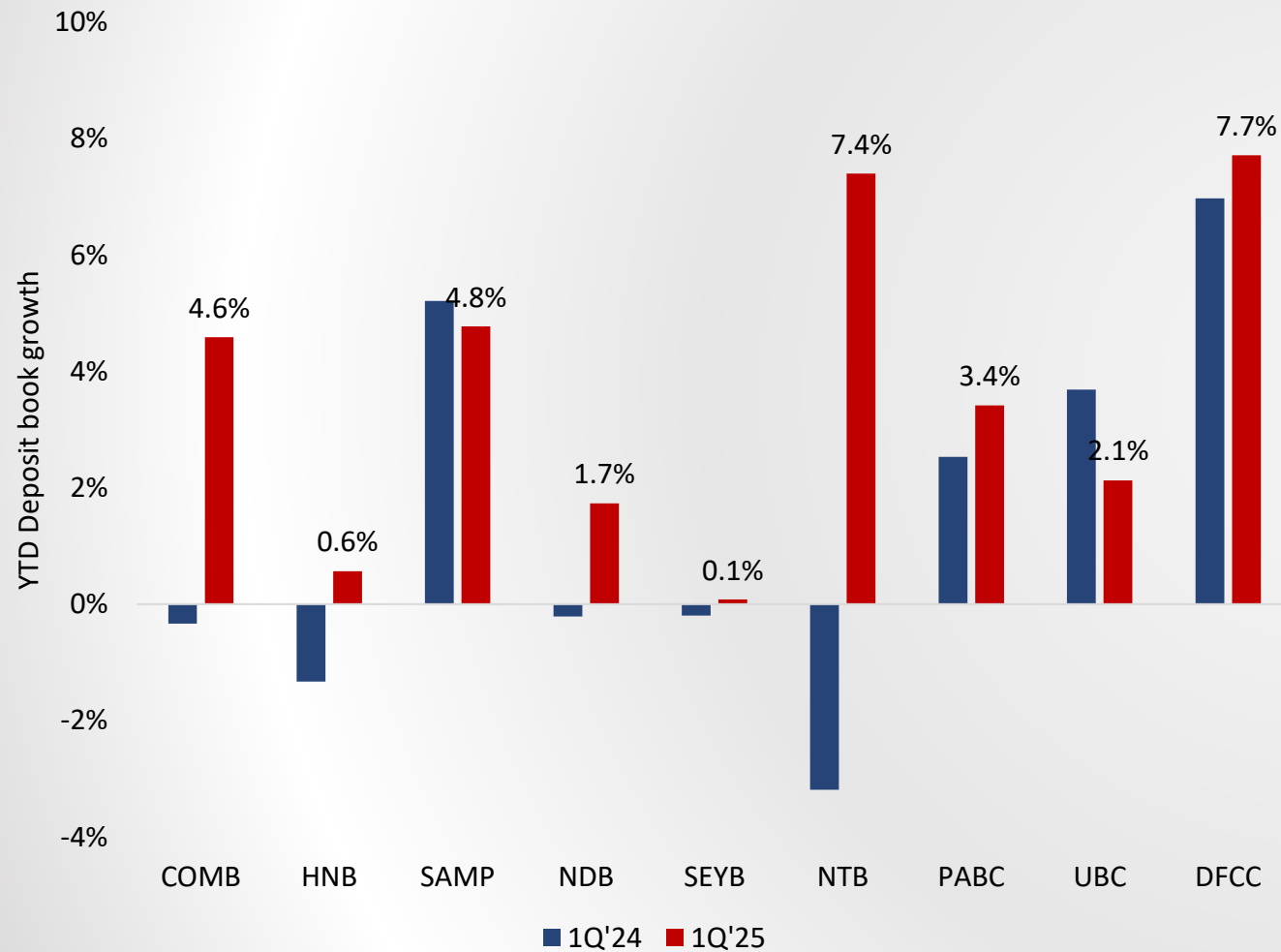
LOW INTEREST RATES AND HIGHER ACTIVITIES TO DRIVE UP THE LOAN BOOKS FURTHER



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LKR DEPOSITS WERE THE MAIN CONTRIBUTOR TO DEPOSIT BOOK GROWTH

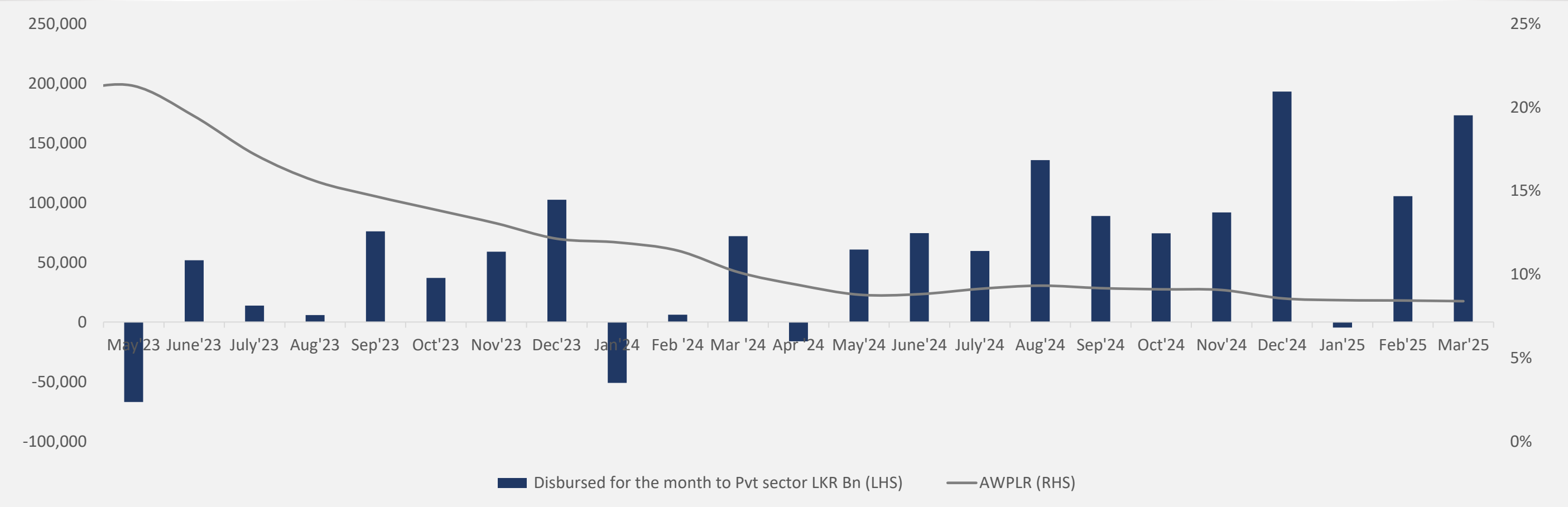
CASA BASE IMPROVED SPECIALLY WITH REPRICING OF DEPOSITS



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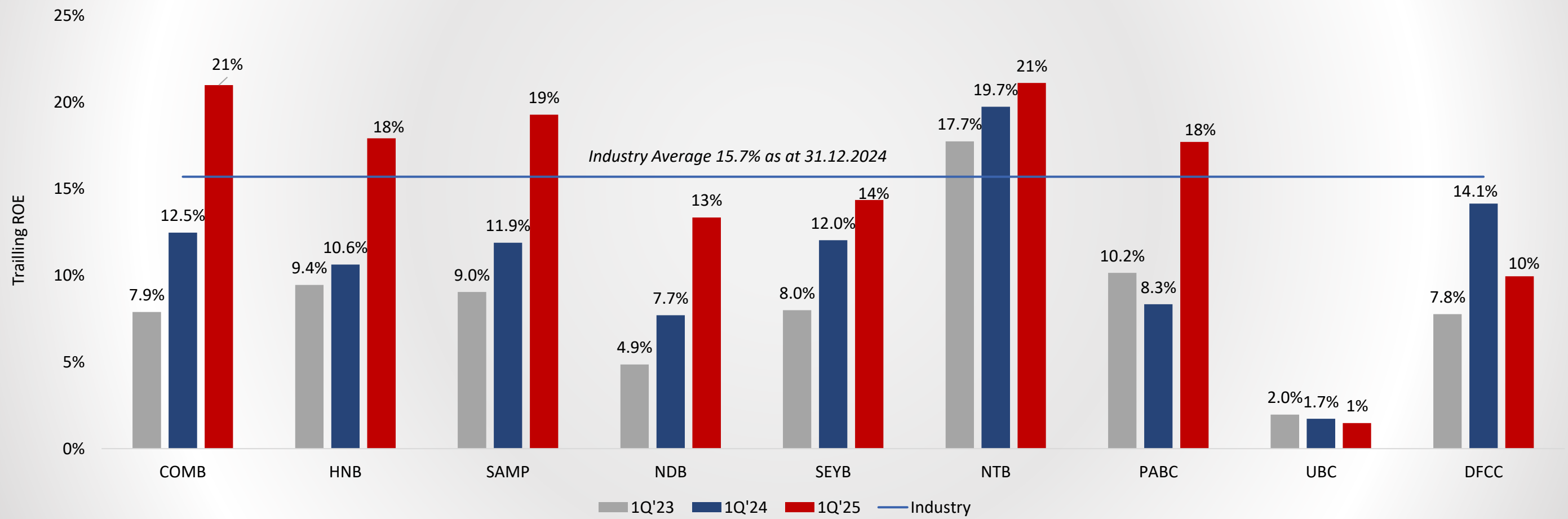
PRIVATE SECTOR CREDIT IS PICKING UP ON THE BACK OF ACCOMMODATIVE MONETARY POLICY STANCE

CREDIT GROWTH SHOULD PICK UP TO 13%-15% LEVELS BY 2025E



RETURN ON EQUITY IMPROVED SUBSTANTIALLY DUE TO HIGHER NII & IMPROVED ASSET QUALITY

HIGHER ACTIVITIES, LOWER IMPAIRMENTS, IMPROVED LOAN BOOK GROWTH , INCREASED NON INTREST INCOME TO DRIVE UP PROFITS EVEN FURTHER



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SUMMARY OF KEY INDICATORS -1Q’25

Indicator	COMB	HNB	SAMP	NDB	SEYB	NTB	PABC	UBC	DFCC
Total Assets (LKR Mns)	2,998,839	2,356,318	1,925,790	860,725	785,516	600,845	271,412	170,726	764,692
Net Loans (LKR Mns)	1,530,982	1,124,653	902,202	485,305	468,820	318,662	157,991	102,436	413,767
Total Deposits (LKR 'Mns)	2,411,900	1,760,150	1,558,134	642,007	647,337	413,114	197,826	112,984	500,165
PAT (LKR Mns) 1Q'25	14,787	10,698	8,925	2,041	2,679	4,085	1,017	46	2,992
Trailing NIMS	4.2%	4.9%	4.4%	4.1%	4.6%	6.3%	4.6%	3.4%	3.9%
CASA	39.8%	33.4%	34.0%	25.7%	28.7%	29.6%	22.2%	24.4%	26.4%
Trailing ROE	21.0%	17.9%	19.3%	13.4%	14.4%	21.1%	17.7%	1.5%	10.0%
Impaired Loans (Stage 3) Ratio (%)	2.6%	1.8%	4.6%	5.5%	2.0%	1.4%	2.8%	11.0%	5.4%
Impairment (Stage 3) to Stage 3 Loans Ratio (%)	65.6%	75.1%	60.5%	53.3%	80.7%	61.9%	61.5%	30.8%	53.5%
Tier 01 ratio	14.3%	17.6%	16.8%	12.2%	13.7%	19.4%	17.1%	13.3%	10.9%
Total Capital Adequacy Ratio	18.0%	21.9%	20.4%	17.0%	17.6%	20.6%	18.7%	14.3%	13.5%
YTD Net Loan Book Growth	7.7%	1.9%	0.0%	5.3%	1.3%	10.9%	4.6%	14.0%	4.9%
YTD Deposit Book Growth	4.6%	0.6%	4.8%	1.7%	0.1%	7.4%	3.4%	2.1%	7.7%
No. of Branches	292	254	229	113	170	94	87	61	139

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Banking Sector : Valuations

BANKING SECTOR SHOULD SEE A POTENTIAL UPWARD RE-RATING AMID AN IMPROVING MACROECONOMIC OUTLOOK.

MAKING AN ATTRACTIVE ENTRY POINT FOR LONG TERM INVESTORS

Counter	Ticker	MP as at 16.05.2025	PE (X)	PBV (X)	Trailing DY	ROE (%)
Banking Sector			4.03	0.68		16.9
Commercial Bank	COMB-N-0000	142.75	3.9	0.82	6.7	20.9
Commercial Bank [NV]	COMB-X-0000	118.25	3.3	0.68	8.0	20.9
DFCC Bank	DFCC-N-0000	104.00	5.1	0.50	5.8	9.9
Hatton National Bank	HNB -N-0000	305.25	3.7	0.66	4.9	17.8
Hatton National Bank [NV]	HNB -X-0000	259.50	3.2	0.56	5.8	17.8
HDFC	HDFC-N-0000	45.80	na	0.36	na	na
National Development Bank	NDB -N-0000	104.25	4.1	0.54	7.7	13.4
Nations Trust Bank	NTB -N-0000	196.00	3.8	0.78	3.3	20.7
Nations Trust Bank [NV]	NTB -X-0000	259.50	0.7	1.04	2.5	20.7
Pan Asia Bank	PABC-N-0000	38.60	3.6	0.62	2.6	17.5
Sampath Bank	SAMP-N-0000	114.25	3.9	0.77	8.2	19.6
Sanasa Development Bank	SDB -N-0000	35.30	16.6	0.40	2.5	2.4
Seylan Bank	SEYB-N-0000	70.90	4.4	0.63	4.9	14.3
Seylan Bank [NV]	SEYB-X-0000	52.30	3.2	0.46	6.7	14.3
Union Bank	UBC -N-0000	10.10	36.8	0.54	na	1.5
Cargills Bank	CBNK-N-0000	8.50	10.6	0.68	na	6.4

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