



First Capital
A Janashakthi Group Company

EQUITY | SRI LANKA | BANKS

EARNINGS UPDATE | 01 OCT 2026

SAMPATH BANK PLC [SAMP.N0000]

MAINTAIN BUY

“BUILT ON STRONG FUNDAMENTALS”

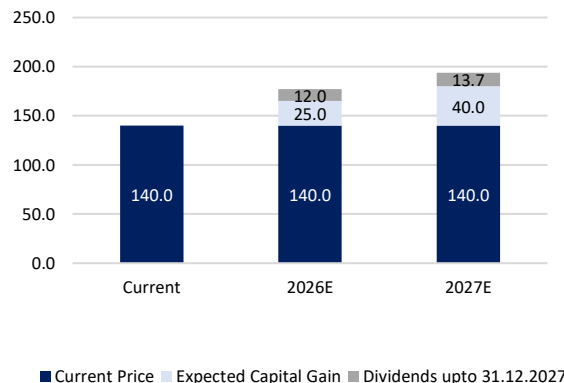
Fair Value: 2026E - LKR 165.0 [+18%]

Total Return with DPS: 2026E - 26% [AER 156%]

2027E - LKR 180.0 [+29%]

2027E - 38% [AER 30%]

SAMP reported a net profit of LKR 11.0Bn in 2Q2026, representing a 64.6%YoY increase and surpassing FCR's earnings estimate for the quarter. The strong earnings growth was primarily driven by higher net trading income and lower impairment charges. On the core banking front, Net Interest Income (NII) expanded by 17.9%YoY, supported by a 41.5%YoY increase in gross loans. Meanwhile, Net Fee and Commission Income grew by a robust 23.0%YoY, underpinned by continued expansion of the Bank's lending portfolio and higher transaction volumes across its key business segments. Other operating income increased by 31.4%YoY, largely due to a significant improvement in net trading income. In addition, impairment charges remained at a relatively low level compared to the corresponding period last year, further supporting profitability. Looking ahead, growth in leasing facilities is expected to moderate following the imposition of a 50.0% surcharge on Customs Import Duty and the reduction in the loan-to-value (LTV) ratio. Furthermore, the newly introduced LTV requirements for gold-backed lending are likely to weigh on growth in pawning and gold loans. Nevertheless, these segments have historically accounted for less than 20% of SAMP's gross loan book, and FCR had already factored in a moderation in net loan growth to 13.9%YoY in 2026E, compared to 32.6%YoY in 2025. Additionally, the 100bps increase in the CBSL's OPR in May 2026 is expected to support lending rate repricing, partially offsetting the impact of slower credit growth on earnings. Given the Bank's stronger-than-expected performance during the quarter, we have modestly revised our earnings forecasts upward to LKR 35.8Bn and LKR 40.7Bn for 2026E and 2027E, respectively, from LKR 34.7Bn and LKR 40.0Bn previously. Despite the upward revision to earnings, we maintain our fair value estimates of LKR 165.0 and LKR 180.0, implying upside potential of 26.0% and 38.0%, respectively. **MAINTAIN BUY.**



FIRST CAPITAL RESEARCH

Shahana Kanagaratnam +94 11 263 9866
shahana@firstcapital.lk

LKR (Mn)	2Q2025	2Q2026	YoY	1H2025	1H2026	YoY
Earnings (LKR 'Mn)						
NII	20,866	24,594	+18%	41,325	46,430	+12%
Total Operating Income	28,401	37,332	+31%	58,040	68,134	+17%
Net Operating Income	27,108	36,874	+36%	57,059	63,312	+11%
Profit Before Tax	11,637	17,197	+48%	25,958	26,623	+3%
Net Profit	6,703	11,030	+65%	15,627	17,860	+14%
Balance Sheet (LKR 'Mn)						
Loans	981,209	1,437,657	+47%	981,209	1,437,657	+47%
Shareholders' Equity	177,700	195,585	+10%	177,700	195,585	+10%
NAVPS	152	167	+10%	152	167	+10%

SAMP earnings up 64.6%YoY during 2Q2026

SAMP reported a net profit of LKR 11.0Bn in 2Q2026, representing a 64.6%YoY increase and exceeding FCR's earnings estimate for the quarter. The strong earnings performance was primarily driven by higher net trading income and substantially lower impairment charges. On the core banking front, NII expanded by 17.9%YoY, supported by a 41.5%YoY increase in gross loans. Meanwhile, Net Fee and Commission Income recorded a robust 23.0%YoY growth, driven by the continued expansion of the Bank's lending portfolio and higher transaction volumes across its key business segments. Other operating income rose by 31.4%YoY, mainly reflecting a significant increase in net trading income. Impairment charges declined sharply to LKR 458.1Mn in the quarter, down 64.6%YoY from LKR 1.3Bn in 2Q2025. The improvement was primarily attributable to an impairment reversal of over LKR 3.0Bn, following the successful recovery of long-outstanding loans during the quarter. Meanwhile, operating expenses increased by 23.5%YoY, largely due to higher personnel costs. Taxes on financial services rose by 40.1%YoY, while income tax expense increased by 25.0%YoY.

Gross loan book accelerates during 2Q2026

The Average Weighted Prime Lending Rate (AWPR) increased to 10.39% in 2Q2026, from 9.28% at end-1Q2026 and 8.11% at end-2Q2025. Despite the higher interest rate environment, private sector credit growth accelerated to 27.4%YoY as of Jun 2026, compared with 17.9%YoY in Jun 2025. Against this backdrop, SAMP's gross loan portfolio recorded strong growth, expanding 41.5%YoY (7.6%QoQ) to LKR 1.5Tn in 2Q2026. This expansion was primarily driven by the domestic lending segment, which grew 41.4%YoY (8.3%QoQ) to LKR 1.3Tn. Meanwhile, LKR depreciation against the USD provided an additional boost to foreign currency-denominated lending, which increased 42.4%YoY (3.1%QoQ) to LKR 202.6Bn. In line with expectations, asset quality improved further, with the NPL ratio declining to 2.25% in 2Q2026 from 4.26% in 2Q2025 though up from 3.01% in 1Q2026.

Price Movement of SAMP vs ASPI and past recommendations



Source: CSE

Minimum Return for BUY:

Buy Below for 2026E [AER of 15.0% with DPS]: LKR 163.6
SAMP categorized as 'Grade A' counter.

Disclosure on Shareholding:

First Capital Group or the covering analyst did not hold 1% or more of the total outstanding share capital of SAMP during the five trading days prior to the issuance of this document.



SAMP deposit base expanded by 9.4%YoY to LKR 1.8Tn

SAMP's deposit base expanded by 9.4%YoY to LKR 1.8Tn in 2Q2026, driven primarily by growth in local currency deposits, which increased by 10.6%YoY to LKR 1.5Tn. This performance reflected broad-based expansion across deposit products and customer segments. The depreciation of the LKR further supported deposit growth, contributing to a 2.5%YoY increase in foreign currency denominated deposits during the quarter. Meanwhile, SAMP's CASA ratio dipped to 34.0% in 2Q2026, from 35.0% in 1Q2026 and 34.9% in 2Q2025.

Robust capital and liquidity support growth

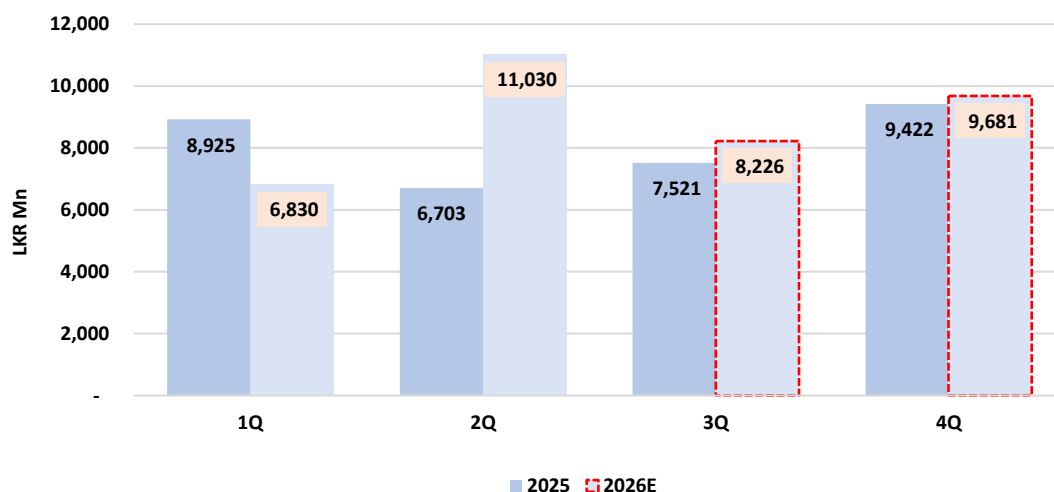
SAMP maintained a strong capital position throughout the period, with all regulatory capital ratios remaining above the minimum requirements prescribed by the regulator. As at 30th June 2026, the Common Equity Tier 1 (CET 1), Tier 1 and Total Capital ratios stood at 13.21%, 13.21% and 15.62%, respectively, compared with 14.75%, 14.75% and 17.65% as at 31st December 2025. The movement in capital ratios primarily reflected the increase in risk-weighted assets arising from the Bank's strategic loan portfolio expansion during the first half of 2026. Moreover, as at 30th June 2026, the LCR (All Currency) and NSFR stood at 185.04% and 157.38%, respectively, compared with the minimum regulatory requirement of 100%.

FV for 2026E and 2027E maintained at LKR 165.0 and LKR 180.0 – MAINTAIN BUY

Looking ahead, growth in the leasing portfolio is expected to moderate following the imposition of a 50.0% surcharge on Customs Import Duty and the reduction in the LTV ratio applicable to vehicle financing. In addition, the newly introduced LTV requirements for gold-backed lending are likely to temper growth in pawning and gold loans. However, these segments have historically represented less than 20% of SAMP's gross loan book, and FCR had already incorporated a moderation in net loan growth to 13.9% YoY in 2026E, following the strong 32.6% YoY growth projected for 2025E. Meanwhile, the 100bps increase in the CBSL's OPR in May 2026 is expected to facilitate lending rate repricing, partially mitigating the earnings impact of slower credit growth. Reflecting the Bank's stronger-than-expected performance during the quarter, we have modestly revised our earnings forecasts upward to LKR 35.8Bn for 2026E and LKR 40.7Bn for 2027E, from our previous estimates of LKR 34.7Bn and LKR 40.0Bn, respectively. Despite the upward revision to earnings, we maintain our fair value estimates of LKR 165.0 and LKR 180.0, implying upside potential of 26.0% and 38.0%, respectively. **MAINTAIN BUY.**



Quarterly Earnings



Note: 1Q2025 benefited from a one-time capital gain of LKR 2.7Bn from the sale of Treasury Bills and Bonds, pushing overall profitability higher.

Estimate Revision

In LKR Mn	2026E - O	2026E - R	% Change	2027E - O	2027E - R	% Change
Earnings Estimate						
Net Interest Income	93,473	93,473	0%	108,979	108,817	-0%
Total Operating Income	124,302	132,934	+7%	143,239	149,293	+4%
Net Operating Income	123,370	124,740	+1%	141,841	140,935	-1%
Profit Before Tax	57,837	59,611	+3%	66,600	67,782	+2%
Net Profit	34,702	35,767	+3%	39,960	40,669	+2%
Adjusted EPS	29.6	30.5		34.1	34.7	
Growth YoY	7%	10%		15%	14%	
Balance Sheet Estimate						
Loans & Advances	1,362,399	1,362,399	0%	1,482,080	1,482,080	0%
Shareholders' Equity	205,320	205,432	+0%	219,739	219,925	+0%
Adjusted NAVPS	175.1	175.2		187.4	187.5	
Ratio Estimate						
ROE (%)	17.4%	17.9%		18.8%	19.1%	
PER (x)	4.8	4.6		4.1	4.0	
PBV (x)	0.8	0.8		0.8	0.7	



Valuation Table

P/E 31 December	2022	2023	2024	2025	2026E	2027E	2028E
Estimates (LKR 'Mn)							
Net Interest Income	76,042	75,443	84,662	83,572	93,473	108,817	120,932
Total Operating Income	114,768	95,463	94,089	117,883	132,934	149,293	163,830
Net Profit	14,061	17,924	28,703	32,571	35,767	40,669	44,429
Recurring Net Profits	14,061	15,404	23,523	32,571	35,767	40,669	44,429
Adjusted EPS (LKR)	12.0	13.1	20.1	27.8	30.5	34.7	37.9
YoY Growth (%)	8%	10%	53%	38%	10%	14%	9%
Valuations							
PER (x)	11.7x	10.7x	7.0x	5.0x	4.6x	4.0x	3.7x
PBV (x)	1.2x	1.0x	0.9x	0.8x	0.8x	0.7x	0.7x
DY (%)	3.2%	4.2%	6.7%	7.7%	8.6%	9.8%	10.7%
Adjusted NAVPS	115.6	134.6	151.7	165.2	175.2	187.5	201.0
Adjusted DPS (LKR)	4.5	5.9	9.35	10.83	12.0	13.7	15.0
Dividend Payout	37.4%	44.5%	46.6%	39.0%	39.5%	39.5%	39.5%

Note: Recurring net profit for 2024 indicates reported net profit adjusted for impairment reversal on ISB holdings and net losses from derecognition of financial assets. 2023 and 2021 earnings have been adjusted for net gains / losses from derecognition of financial assets.

Ratio Analysis

		2022	2023	2024	2025	2026E	2027E	2028E
Growth	Asset	10.0%	16.1%	15.7%	12.4%	9.3%	9.6%	9.9%
	Deposit	12.2%	14.5%	16.5%	11.8%	10.0%	10.5%	10.6%
	Net Loans	5.6%	-6.3%	14.6%	32.6%	13.9%	8.8%	7.0%
Profitability	Return on Equity	10.7%	12.2%	17.1%	17.5%	17.9%	19.1%	19.5%
	Return on Average Asset:	1.1%	1.2%	1.7%	1.7%	1.7%	1.7%	1.7%
	Net Interest Spread	4.8%	3.6%	3.9%	3.4%	3.5%	3.8%	3.9%
	Net Interest Margin	5.8%	5.1%	4.9%	4.3%	4.3%	4.6%	4.7%
Funding & Liquidity	Loan/ Deposits	75.3%	61.7%	60.6%	71.9%	74.5%	73.3%	70.9%
	Loan/ Assets	61.4%	49.6%	49.1%	57.9%	60.4%	60.0%	58.4%
	Deposit/ Liabilities	90.5%	89.3%	89.6%	88.9%	89.2%	89.8%	90.2%
	CASA	32.3%	33.0%	33.5%	34.3%	35.0%	32.0%	32.0%



Valuation Summary

Expected SAMP price	2026E	2027E
Justified PBV based target price	175.2	187.5
PER Valuation based target price	152.5	173.4
RI Valuation based target price	170.0	182.3
Average Target Price	165.9	181.1
Target Price after Rounding off	165.0	180.0

Return	2026E	2027E
Target Price	165.0	180.0
Current Price	140.0	140.0
Capital Gain (LKR)	25.0	40.0
Dividends upto 31st Dec (LKR)	12.0	13.7
Capital Gain %	18%	29%
Dividend Yield %	9%	10%
Total Return %	26%	38%
Annualized Return %	156%	30%

Residual Income Valuation

Residual Income based Valuation	2026E	2027E
PV of Residual Income	5,550	8,405
No. of Shares ('Mn)	1,173	1,173
RI per Share	4.7	7.2
Opening Book value per Share	165.2	175.2
Value per Share	170.0	182.3

COE	2026E	2027E
Rf	10%	10%
Rm	18%	18%
Growth %	3%	3%
β	1.10	1.10
$K_e = R_f + \beta(R_m - R_f)$	18.8%	18.8%

Justified PBV Valuation

Justified PBV based Valuation	2026E	2027E
ROAE	17.9%	19.1%
Growth	3.0%	3.0%
COE	18.8%	18.8%
PBV	1.0	1.0
NAVPS	175.2	187.5
Target Price	175.2	187.5

PER Valuation

PER based Valuation	2026E	2027E
Earnings (LKR 'Mn)	35,767	40,669
No. of Shares ('Mn)	1,173	1,173
EPS	30.5	34.7
Expected PER	5.0x	5.0x
Price at 5.0x Earnings	152.5	173.4

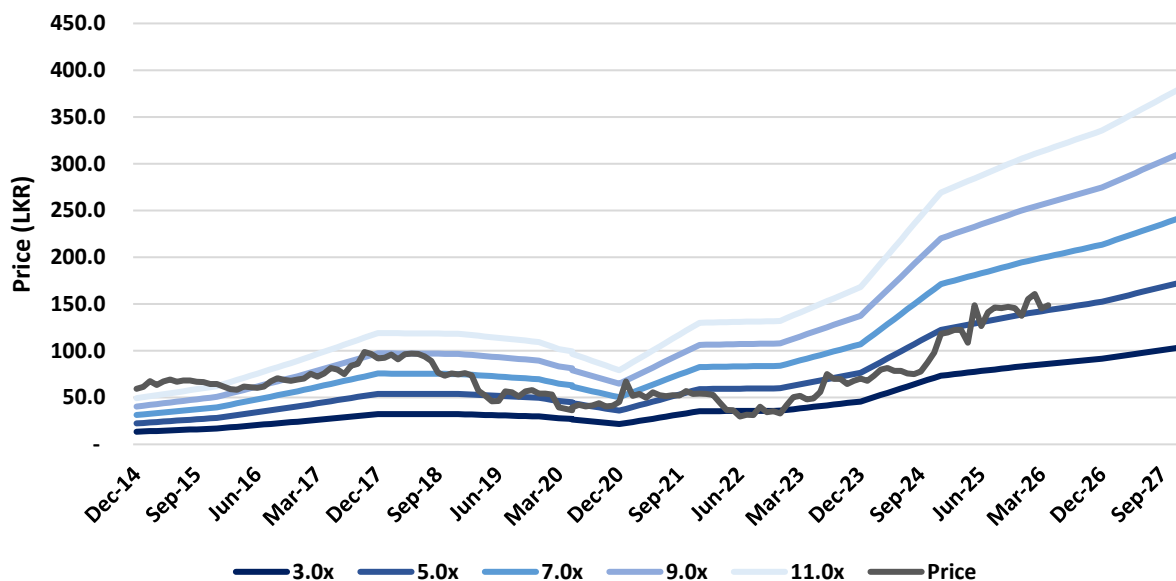
Recommendation Criteria

Categorization	Company Category	Buy	Hold	Sell
Grade A	S&P SL20 Companies	T.Bill + 5% & Above	T.Bill + 1% & Above	Below T.Bill + 1%
Grade B	Rest of the Companies	T.Bill + 8% & Above	T.Bill + 3% & Above	Below T.Bill + 3%
Grade C	Companies less than LKR 1Bn Market Cap	T.Bill + 11% & Above	T.Bill + 6% & Above	Below T.Bill + 6%

Categorization	Company Category	Buy	Hold	Sell
Grade A	S&P SL20 Companies	15.00%	11.00%	11.00%
Grade B	Rest of the Companies	18.00%	13.00%	13.00%
Grade C	Companies less than LKR 1Bn Market Cap	21.00%	16.00%	16.00%



PER Chart



Appendix I: Statement of Income and Expenses

Income Statement (LKR Mn)	2022	2023	2024	2025	2026E	2027E	2028E
P/E 31st December							
Gross Income	206,002	236,504	208,273	228,202	260,961	293,320	328,211
Interest Income	164,776	212,459	192,359	192,137	219,825	250,736	282,491
Interest Expenses	88,734	137,016	107,697	108,566	126,352	141,919	161,559
Net Interest Income	76,042	75,443	84,662	83,572	93,473	108,817	120,932
Fee & Other Income	38,726	20,020	9,427	34,312	39,461	40,476	42,898
Total Operating Income	114,768	95,463	94,089	117,883	132,934	149,293	163,830
Impairment (Charges)/ Reversal	-62,908	-20,210	11,871	643	-8,194	-8,358	-8,776
Net Operating Income	51,860	75,253	105,960	118,526	124,740	140,935	155,054
Less : Operating expenses							
Staff Cost	13,879	15,826	20,434	22,892	23,778	26,632	29,827
Other Operating Expenses	16,010	19,140	22,369	27,511	24,271	27,184	29,902
Total Operating Expenses	29,888	34,966	42,802	50,403	48,049	53,815	59,729
Profit from operations	21,971	40,287	63,158	68,123	76,691	87,120	95,325
VAT on Financial Services & DRL	5,577	9,085	13,970	15,077	17,080	19,338	21,276
Profit Before Tax	16,395	31,202	49,188	53,046	59,611	67,782	74,049
Income Tax Expense	2,334	13,277	20,485	20,475	23,844	27,113	29,620
Profit for the Year	14,061	17,924	28,703	32,571	35,767	40,669	44,429
Minority Interest	0	0	0	0	0	0	0
Profit attributable to Equity Holders	14,061	17,924	28,703	32,571	35,767	40,669	44,429
EPS	12.0	13.1	20.06	27.77	30.5	34.7	37.9



Appendix II: Statement of Financial Position

Balance Sheet (LKR Mn)	2022	2023	2024	2025	2026E	2027E	2028E
As at 31st December							
Assets							
Cash and cash equivalents	79,345	79,530	46,501	62,564	64,166	42,205	41,838
Financial instruments	15,167	5,579	11,717	9,957	18,254	18,056	19,757
Loans to & Deposits with Banks	42,506	48,205	42,826	61,059	50,584	50,702	50,974
Loans and Receivables	839,977	787,356	901,950	1,195,918	1,362,399	1,482,080	1,585,825
Debt and other instruments	284,238	373,900	405,616	523,233	493,897	545,756	603,606
Property, plant & equipment	19,067	19,961	22,013	28,274	29,706	37,696	44,623
Other Assets	87,020	272,845	406,372	183,202	236,355	294,522	368,751
Total Assets	1,367,320	1,587,376	1,836,995	2,064,207	2,255,362	2,471,019	2,715,375
Liabilities							
Due to other customers	1,115,156	1,276,551	1,487,149	1,662,953	1,829,248	2,021,319	2,235,579
Due to banks	15,255	17,345	30,068	43,930	73,170	80,853	89,423
Debt issued and other borrowed funds	45,779	72,961	76,316	81,673	80,726	88,766	100,036
Current tax liabilities	19,186	16,689	15,312	17,602	17,602	17,602	17,602
Other liabilities	36,392	46,000	50,268	64,286	49,184	42,554	37,034
Total Liabilities	1,231,768	1,429,545	1,659,113	1,870,443	2,049,930	2,251,094	2,479,674
Shareholders' Funds							
Stated Capital	47,622	48,741	48,741	48,741	48,741	48,741	48,741
Reserves	74,364	92,378	108,011	120,033	127,945	138,168	149,279
Retained earnings	13,565	16,712	21,130	24,990	28,745	33,016	37,681
Shareholders' Funds	135,551	157,830	177,882	193,764	205,432	219,925	235,701
Minority Interest	0	0	0	0	0	0	0
Total Liabilities & Shareholders' Funds	1,367,320	1,587,376	1,836,995	2,064,207	2,255,362	2,471,019	2,715,375
Adjusted NAVPS	115.6	134.6	151.7	165.2	175.2	187.5	201.0

RESEARCH

Dimantha Mathew	+94 11 2639 853	Akna Tennakoon	+94 11 2639 866
Charith Gamage	+94 11 2639 863	Dilhari Dias	+94 11 2639 866
Ranjan Ranatunga	+94 11 2639 863	Manusha Kandanaarachchi	+94 11 2639 866
Shahana Kanagaratnam	+94 11 2639 866	Salaama Sanoon	+94 11 2639 866

GOVERNMENT SECURITIES SALES

Anjelo Simmons	+94 77 3031 636	Arun Kandasamy	+94 75 4861 506
Anushka Dissanayake	+94 77 2220 021		
Anushi Ranawaka	+94 77 3876 819		

CORPORATE DEBT SALES

Tharusha Ekanayake	+ 94 77 7 809 154
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EQUITY SALES

CEO	Jaliya Wijeratne	+94 723 055 000	Equity Branches		
Colombo			Anuradhapura	Sumiyuru Rajaguru	+94 76 885 6571
Isuru Jayawardana	+94 76 708 4953		Gampaha	Chinthaka Deshapriya	+94 71 491 5856
Nishantha Mudalige	+94 72 346 5000		Galle	Thilina Shashimal	+94 77 639 8477
Anushka Buddhika	+94 71 431 0600		Jaffna	Gratian Nirmal	+94 77 4510 000
Thushara Pathiraja	+94 77 007 6314		Kandy	Sudesh Upatissa	+94 77 651 6105
Anjelo LaBrooy	+94 77 754 6645		Negombo	Priyanka Anuruddha	+94 77 454 6070
Dillon Lowe	+94 76 616 0647			Priyantha Wijesiri	+94 77 906 5779
Evelyn John	+94 77 779 2452		Agents		
Yudheshan Kannadasan	+94 77 415 5809		Anuradhapura	Amila Luwishewa	+94 71 062 8195
Imashi Sellapperuma	+94 72 444 4135		Colombo	Dayan Fernando	+94 77 735 4081
Tehan Liyanage	+94 76 399 6785			Kithsiri Jayasinghe	+94 77 779 0657
Hirosha Gayani	+94 72 444 4149		Embilipitiya	Ruwan Wanniarachchi	+94 77 3877 734
Tharindu Priyankara	+94 77 728 2586		Galle	Nuwan Abeynayake	+94 77 728 8274
			Kandy	Ajith Ihalawatta	+94 77 847 7530
			Kurunegala	Muditha Eranga	+94 70 504 0090

UNIT TRUST SALES

Kavin Karunamoorthy	+94 77 0328 060	Imali Abeygunawardena	+94 77 1764 799
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BRANCHES

Kandy	Kurunegala	Matara	Negombo
CSE Branch Office, No. 88, Dalada Veediya, Kandy 20000.	No.174/B2, Negombo Road, Kurunegala. Kurunegala 60000.	CSE Branch Office, 1 st Floor, E.H.Coaray Tower, No.24, Anagarika Dharmapala Mawatha, Matara 81000.	Colombo Stock Exchange Negombo Branch Office, No. 72 A, 2/1, Old Chilaw Road, Negombo 11500.
Manager: Salinda Samarakoon	Manager:	Manager: Rohana Jayakody	Manager:
Tel: +94 81 2236 010	Tel: +94 37 2222 930	Tel: +94 41 2222 988	Tel: +94 31 4937 072

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