



First Capital
A Janashakthi Group Company

BANKING SECTOR IN SRI LANKA

“RISING POTENTIAL, ENDURING STRENGTH...”

MAINTAIN BUY

FIRST CAPITAL RESEARCH

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*****Please refer page 80 for an important disclaimer***

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Executive Summary

Profits spike, exceeding our expectations

- The profitability of the big 8 listed banks improved steeply with a growth of 33.5%YoY in 2Q2025 whilst PBT grew by 27.0%YoY to LKR 74.9Bn in 2Q2025, slightly beating our expectations. The lower-interest rate environment, improved NPLs and the rise in fee and commission income are the key reasons to have driven profitability in the recent quarters.

Credit growth continues momentum

- Private sector credit continued its upward trajectory, rising 17.9%YoY by the end of Jun-25, cf. 14.0% in Mar-25. The easing interest rate trend, evidenced by the decline in the Average Weighted Lending Rate (AWLR) to 11.56% at end-2Q2025 from 11.80% in 1Q2025, combined with a broad-based economic recovery, is expected to drive further credit growth in the near term, albeit with the potential for a gradual moderation.

Capital base growth in strength

- The sector's Tier 1 and Tier 2 capital remained strong, supported by steady profitability. Additionally, Tier 2 capital buffers were strengthened as some banks leveraged the low-interest rate environment to issue debentures.

Sector remains steeply discounted

- Despite a slight uptick in prices since our last update, the banking sector continues to trade at a discount of 0.9x book value, given that the big 8 has already offered an average ROE of 16.9% in 2Q2025.



First Capital Banking Universe

COMB, HNB, SAMP, NDB, SEYB, NTB

Stock	Stock Code	Market Cap (LKR Mn)	MPS	TP 2026E	Upside (%)	PER (x)		PBV (x)		DPS in	DY	Total Return
						2025E	2026E	2025E	2026E	2026E	2026E	
<u>Voting Shares</u>												
Commercial Bank - Voting	COMB.N	296,759.5	193.5	225.0	16.3%	5.5x	5.3x	1.1x	1.0x	18.6	9.6%	25.9%
Hatton National Bank - Voting	HNB.N	178,876.2	392.3	425.0	8.3%	5.8x	5.4x	0.8x	0.8x	20.2	5.1%	13.5%
Sampath Bank	SAMP.N	170,979.8	145.8	175.0	20.0%	5.3x	4.9x	0.9x	0.9x	11.9	8.2%	28.2%
NDB Bank	NDB.N	60,595.4	142.0	190.0	33.8%	7.1x	6.1x	0.7x	0.6x	7.0	4.9%	38.7%
Seylan Bank - Voting	SEYB.N	30,492.5	99.9	150.0	50.2%	5.2x	4.4x	0.8x	0.7x	3.0	3.0%	53.2%
Nations Trust Bank - Voting	NTB.N	88,459.8	309.3	330.0	6.7%	5.0x	4.7x	1.2x	1.0x	6.5	2.1%	8.8%
					22.5%						5.5%	28.0%
<u>Non - Voting Shares</u>												
Commercial Bank - Non - Voting	COMB.X	16,744.1	173.8	190.0	9.3%	5.0x	4.8x	1.0x	0.9x	18.6	10.7%	20.0%
Hatton National Bank - Non - Voting	HNB.X	34,408.0	297.0	340.0	14.5%	4.4x	4.1x	0.6x	0.6x	20.2	6.8%	21.3%
Seylan Bank - Non- Voting	SEYB.X	23,788.8	72.0	115.0	59.7%	3.8x	3.2x	0.6x	0.5x	3.0	4.2%	63.9%
Nations Trust Bank - Non - Voting	NTB.X	19,757.8	443.0	350.0	-21.0%	7.2x	6.8x	1.6x	1.4x	6.5	1.5%	-19.5%

2Q2025 Earnings Summary - Individual Banks

[COMB, HNB]

COMMERCIAL BANK OF CEYLON PLC [COMB.N0000]

COMB delivered a significantly stronger-than-expected financial performance in 2Q2025, with net earnings rising by 101.4% YoY to LKR 16.0Bn, well above the forecasted LKR 9.0Bn. The outperformance was driven primarily by a robust 11.9% YoY growth in Net Interest Income (NII) to LKR 34.6Bn, underpinned by improved loan growth in a declining interest rate environment, and a sharp reduction of over 73% YoY in impairment charges, reflecting the absence of elevated provisioning related to Sri Lanka International Sovereign Bonds (SLISBs). Additionally, Net Fee and Commission Income grew by 24.1% YoY, aided by increased digital transaction volumes and the easing of vehicle import restrictions, although Other Operating Income fell by 19.4% YoY. In response to the strong quarterly results, earnings forecasts have been revised upward to LKR 60.2Bn for 2025E (from LKR 47.3Bn) and LKR 66.5Bn for 2026E (from LKR 58.0Bn). The outlook is supported by continued credit expansion amid a favorable macroeconomic backdrop and sustained decline in impairment charges. Target prices have been raised accordingly to LKR 210.0 for 2025E and LKR 225.0 for 2026E. Given COMB's solid fundamentals, earnings momentum, and the current valuation discount, the recommendation is iterated at **MAINTAIN BUY**.

Target Price Upgraded

Fair Value:

2025E - LKR 210.0 [+9%]
2026E - LKR 225.0 [+16%]

Total Return with DPS:

2025E - 18% [AER 91%]
2026E - 26% [AER 20%]

HATTON NATIONAL BANK PLC [HNB.N0000]

HNB reported a 37.0% YoY increase in earnings for 2Q2025, primarily driven by impairment reversals, which significantly strengthened bottom-line performance. However, core banking operations reflected some softness, with Net Interest Income (NII) declining by 3.5% YoY to LKR 26.3Bn, despite a notable 23.5% YoY expansion in the loan book. This decline in NII was largely attributable to the lower interest rate environment, which led to a 4.4% YoY reduction in interest income. On the cost side, interest expenses fell by 5.1% YoY, supported by initiatives to enhance the CASA base. Nevertheless, the pressure on NII contributed to a contraction in Net Interest Margins (NIMs), which declined to 4.20% in 2Q2025, compared to 4.70% in 2Q2024 and 4.48% in 1Q2025. Non-interest income provided a strong offset to the weakness in NII. Net Fee and Commission Income grew by 20.0% YoY, underpinned by higher card usage and increased volumes of digital transactions. Other operating income, primarily comprising exchange income, also improved substantially, reaching LKR 2.5Bn in 2Q2025, compared to a loss of LKR 2.0Bn in 2Q2024, driven by currency depreciation. In light of stronger-than-anticipated loan book growth, we have revised our 2025E earnings forecast upward to LKR 39.0Bn (previously LKR 36.4Bn). This is expected to be followed by a more measured earnings growth of 5.9% in 2026E, with revised projections at LKR 41.3Bn (from LKR 38.7Bn). The upward revision in earnings forecasts has led to a corresponding increase in our fair value estimates, with the 2025E fair value now set at LKR 400.0 and the 2026E fair value at LKR 425.0. HNB's fundamentals remain robust, underpinned by prudent asset quality management and a well-diversified income base. Nevertheless, given the significant appreciation in the share price in recent months, the stock currently presents limited upside potential relative to our 2026E fair value estimate of LKR 425.0. Therefore, while HNB's long-term prospects remain favourable, FCR recommends investors retain the stock and issues a **DOWNGRADE TO HOLD** from our previous BUY.

Target Price Upgraded

Fair Value:

2025E - LKR 400.0 [+2%]
2026E - LKR 425.0 [+8%]

Total Return with DPS:

2025E - 7% [AER 30%]
2026E - 14% [AER 11%]

2Q2025 Earnings Summary - Individual Banks

[SAMP, NDB]

SAMPATH BANK PLC [SAMP.N0000]

SAMP reported a Net Profit of LKR 6.7Bn for 2Q2025, down 17% YoY from LKR 8.1Bn in 2Q2024, slightly below FCR's expectations, primarily reflecting lower than anticipated trading gains. On an underlying basis, profitability remained broadly in line with forecasts. Non-interest income rebounded sharply, surging 122% YoY in 1H2025 to LKR 15.9Bn, driven by capital gains from timely portfolio rebalancing and a recovery in foreign exchange gains, effectively offsetting a 6% YoY decline in NII amid easing policy rates and compressed asset yields, which lowered NIMs to 4.24% from 5.2% a year earlier. Gross loans surpassed LKR 1.0Tn with 7% YTD growth, in line with FCR's 2025E forecasts, cushioning the low-rate environment, while deposits expanded 10% year to date and an improved CASA of 35.2% helped contain funding costs. A 14% YTD reduction in impairment charges further supported the bottom line. Supported by a resilient balance sheet, robust capital and liquidity buffers with CET1 and Tier 1 at 15.64% and Total Capital at 19.16% and a favorable macro backdrop, SAMP is well positioned to achieve FCR's net profit forecasts of LKR 32.1Bn for 2025E and LKR 35.2Bn for 2026E. FCR derives target prices of LKR 165.0 for 2025E and LKR 175.0 for 2026E from the current LKR 142.0 share price, implying an AER of 22% by 2026E. **MAINTAIN BUY.**

Target Price Maintained

Fair Value:

2025E - LKR 165.0 [+13%]
2026E - LKR 175.0 [+20%]

Total Return with DPS:

2025E - 21% [AER 102%]
2026E - 28% [AER 22%]

NATIONAL DEVELOPMENT BANK PLC [NDB.N0000]

NDB reported a 6.2% YoY decline in earnings for 2Q2025, primarily due to a reduction in other operating income and higher operating costs. While headline earnings weakened, the core banking fundamentals held steady. Net Interest Income (NII) increased by 1.0% YoY to LKR 8.6Bn, benefiting from the lower interest rate environment. Despite a 20.3% YoY growth in the loan book, total interest income declined by 2.0%, reflecting rate-driven pressure on yields. A more significant 3.9% YoY reduction in interest expenses partially alleviated the pressure on NII. Non-interest income showed mixed results, with net fee and commission income rising 15.5% YoY, supported by broad-based business growth, while other income sharply declined to LKR 982.9Mn from LKR 2,927.0Mn, primarily due to lower gains from de-recognition of financial assets. Looking ahead, we project a substantial 208.4% YoY increase in recurring net profit to LKR 8.7Bn in 2025E, followed by a 21% YoY increase to LKR 10.5Bn in 2026E, driven by a recovery in NII, stronger fee income, and continued reductions in impairments. We maintain a favorable outlook on NDB, underpinned by a supportive macroeconomic environment and a declining interest rate trajectory, both of which are expected to sustain loan book growth. Furthermore, growth in trade finance and the increasing adoption of digital transactions are expected to positively impact earnings through higher fee-based income. The earnings for 1H2025 align broadly with our prior expectations. As such, we are reaffirming our fair value estimate for 2026E at LKR 190.0 and for 2025E at LKR 170.0. With resilient fundamentals, a stable earnings outlook, and attractive valuation, NDB is well-positioned for long-term value creation, we **MAINTAIN BUY.**

Target Price Maintained

Fair Value:

2025E - LKR 170.0 [+20%]
2026E - LKR 190.0 [+34%]

Total Return with DPS:

2025E - 24% [AER 128%]
2026E - 39% [AER 30%]

2Q2025 Earnings Summary - Individual Banks

[SEYB, NTB]

SEYLAN BANK PLC [SEYB.N0000]

SEYB posted a strong 25.0% YoY increase in net profit for 2Q25, reaching LKR 2.8Bn and lifting 1H25 earnings to LKR 5.4Bn. This was achieved despite a 1% dip in NII, driven by declining market interest rates, partly offset by 13.7% YoY loan growth and a 17.0% YoY surge in Net Fee and Commission Income, supported by recovering trade, remittances, and card activity. A sharp 83.6% YoY drop in impairment charges (to LKR 229.2Mn) further bolstered profitability. FCR has revised SEYB's 2025E and 2026E earnings forecasts upward to LKR 12.2Bn and LKR 14.3 Bn, respectively, owing to favorable macro conditions and continued credit appetite. The Bank maintained a CASA ratio of 30%, while an LKR 15.0Bn Tier 2 Debenture issuance in Jul-25 reinforced capital buffers. Asset quality remained resilient, with the Impaired Loan Ratio improving to 1.76% and Stage 3 coverage at 81.82%. Capital ratios were healthy (CET1 and Tier 1 at 13.14%; Total Capital at 16.85%), underscoring prudent risk management and robust investor confidence. Consequently, the fair value estimate for 2025E has been revised to LKR 120.0 (SEYB.X: LKR 85.0) while that of 2026E has been revised to LKR 150.0 (SEYB.X: LKR 115.0), denoting a 121% and 40% AER for 2025E and 2026E respectively. **MAINTAIN BUY**

Target Price Upgraded

Fair Value:

2025E - LKR 120.0 [+20%]
2026E - LKR 150.0 [+50%]

Total Return with DPS:

2025E - 23% [AER 121%]
2026E - 53% [AER 40%]

NATIONS TRUST BANK PLC [NTB.N0000]

NTB posted 2Q25 Net Profit of LKR 4.7Bn, up 11% YoY, with 1H25 earnings of LKR 8.8Bn broadly in line with FCR forecasts, supported by strong loan growth of 26% YTD to LKR 361.4Bn and a 9% YoY increase in Net Interest Income. Fee income edged higher and trading gains turned positive YoY, while asset quality continued to improve with the Stage 3 ratio easing to 1.24% and impairments declining sharply. Operational discipline helped reduce the cost-to-income ratio to 30.1%. Lending momentum remained steady across Consumer, Commercial, and Corporate Banking, though the leasing segment shows signs of peaking as pent-up vehicle import demand fades. NTB's capitalization remains robust with CET1 at 16.6% and CAR at 17.7%, supported by strong liquidity buffers and Stage 3 coverage rising to 62.1%, reinforcing recovery. Despite these positives, earnings have tracked forecasts closely, and following price adjustments after NTB's planned acquisition of HSBC's retail arm, the stock is now at fair value with target prices of LKR 300.0 for 2025E and LKR 330.0 for 2026E. The share has appreciated sharply by 21% since end-July, outperforming the ASPI's 7%, and with the banking sector likely peaking in the current economic cycle, upside appears limited. **DOWNGRADE TO SELL.**

Target Price Upgraded

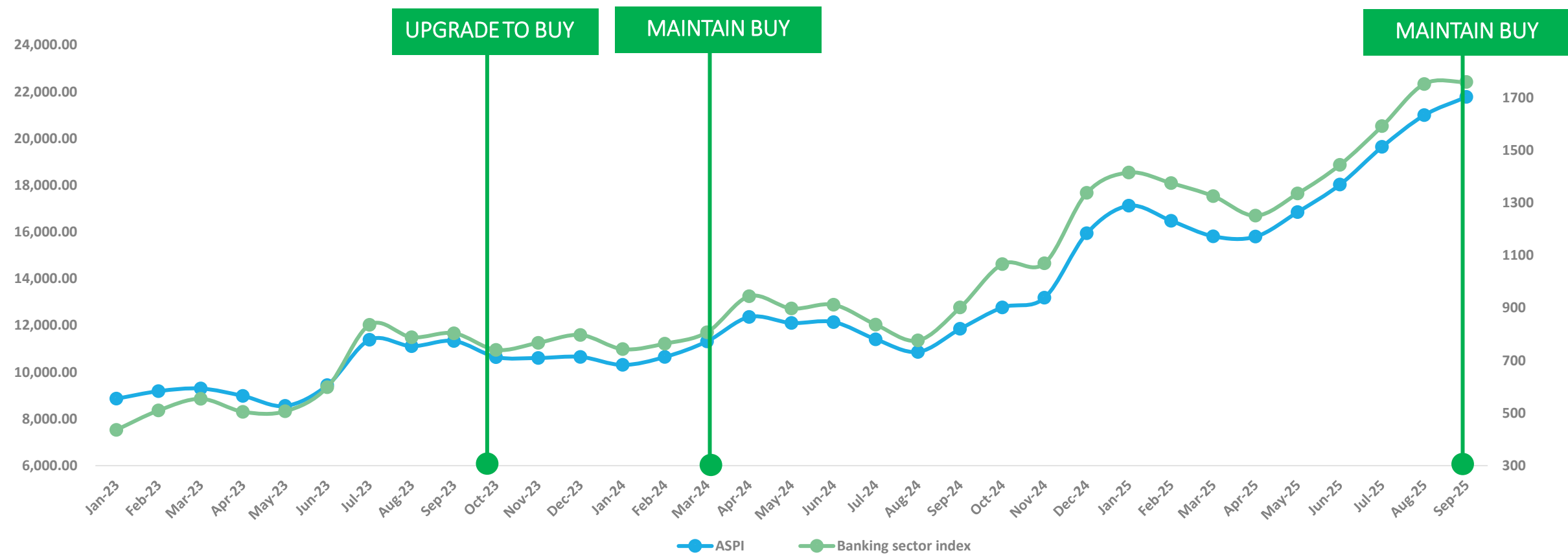
Fair Value:

2025E - LKR 300.0 [-3%]
2026E - LKR 330.0 [+7%]

Total Return with DPS:

2025E - -1% [AER -4%]
2026E - 9% [AER 7%]

ASPI vs Banking Sector Index





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Banking Sector Performance – 2Q2025

Earnings & Profitability

FC Banking Universe earnings grow, propelled by an array of growth catalysts...



3.3% YoY growth in NII

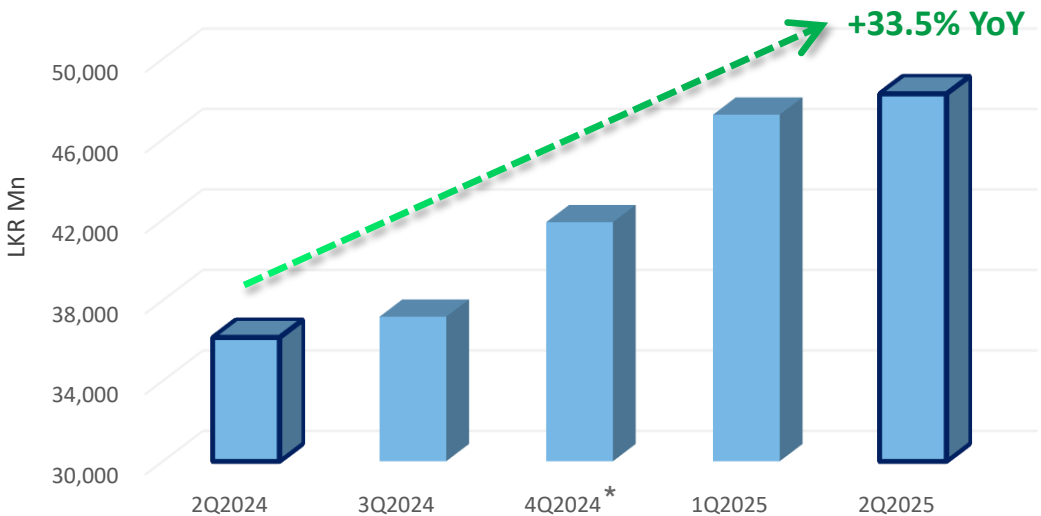


20.6% YoY growth in Net Fee & Commission Income



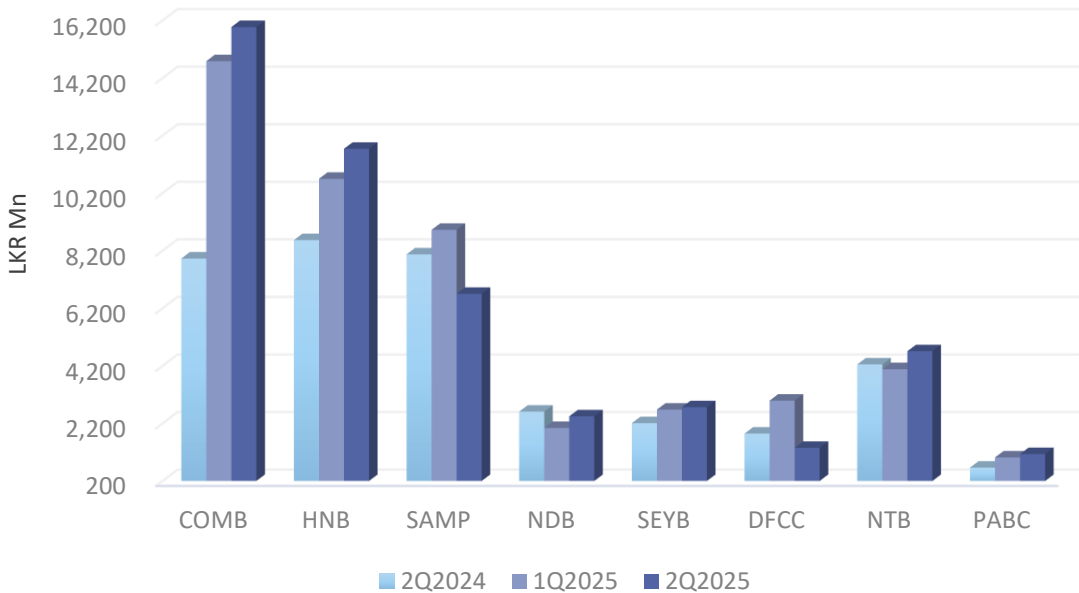
73.8% YoY dip in Impairment Charges

Net recurring profits grew both YoY and QoQ in 2Q2025



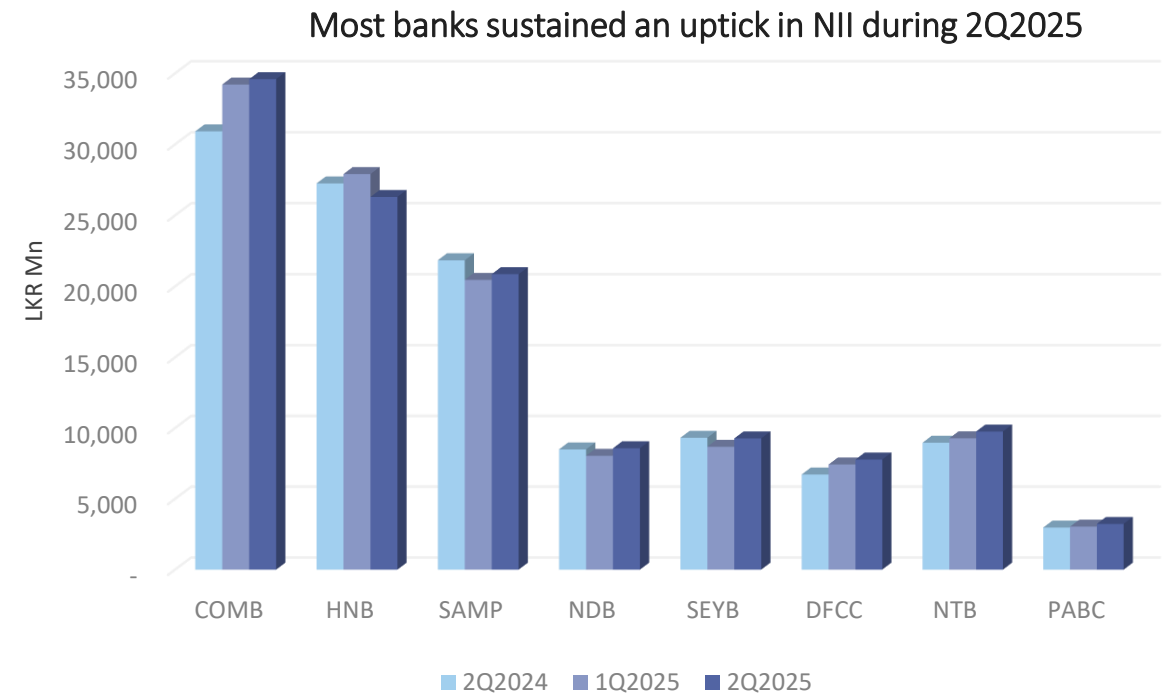
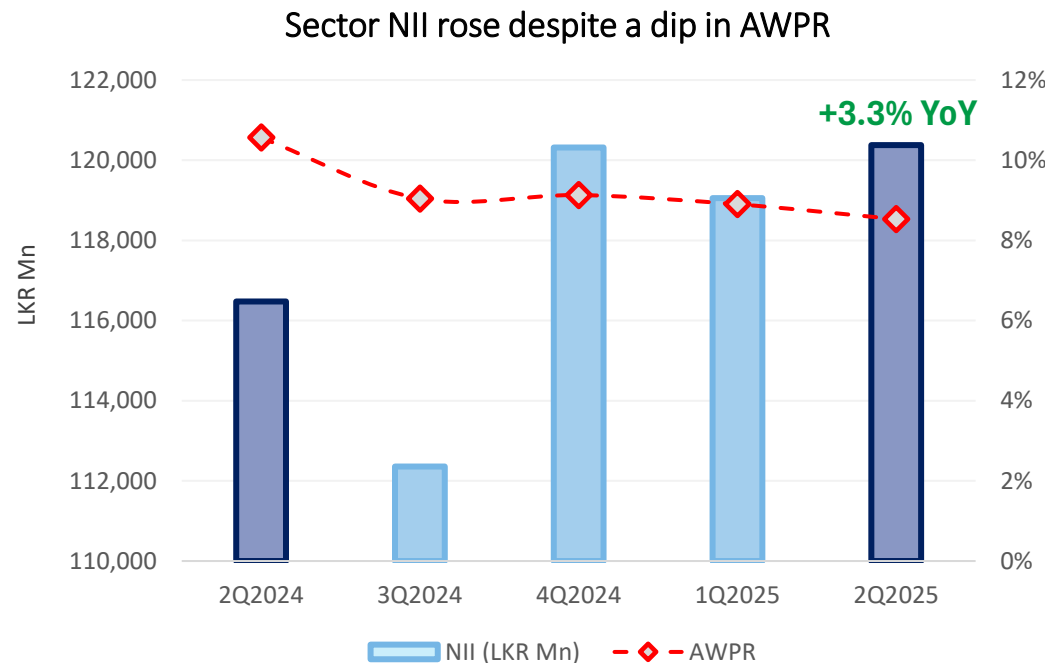
**Note: 4Q2024 PAT has been adjusted for the impact from Sri Lanka’s ISB restructuring.*

Most Banks registered a YoY rise in PAT during 2Q2025



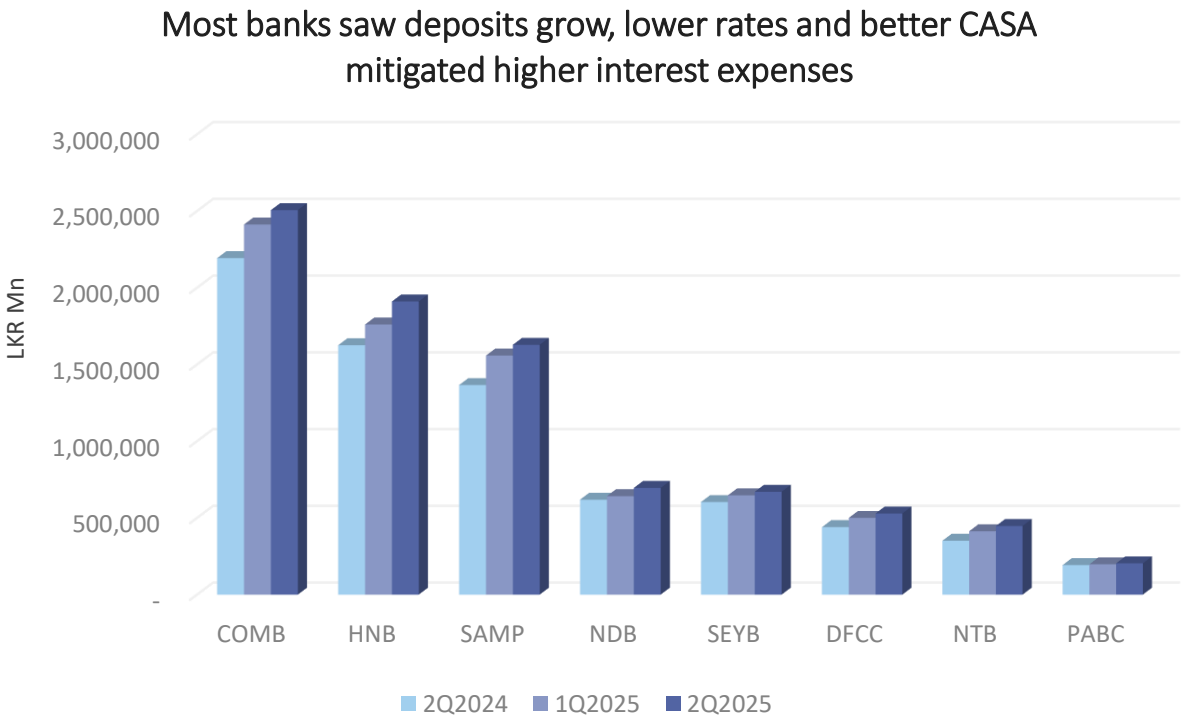
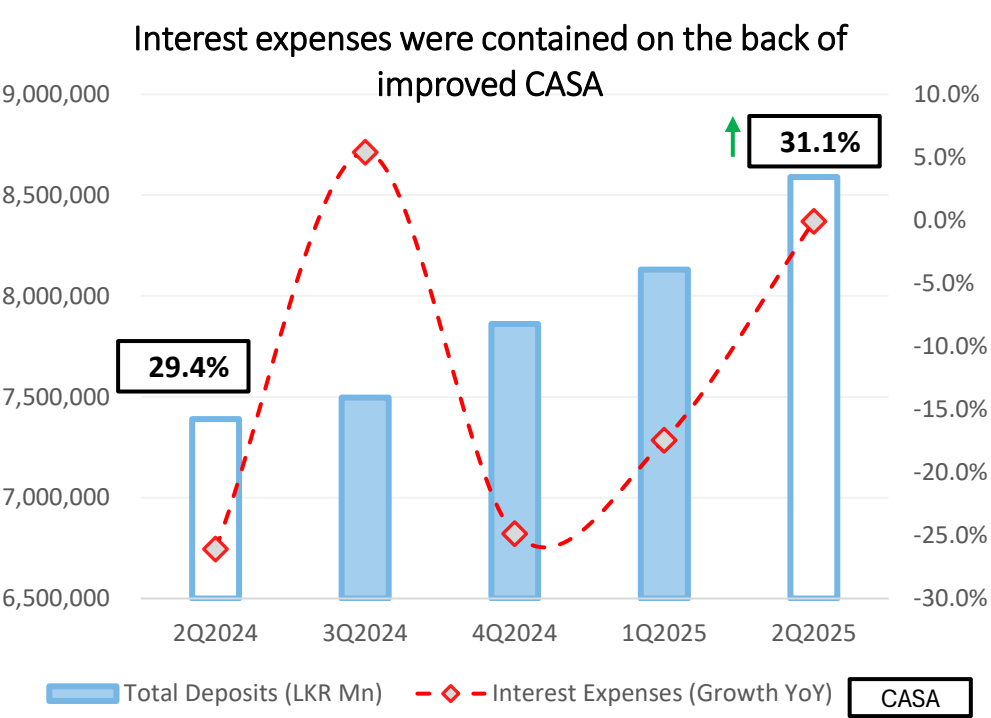
... supported by a modest NII growth of 3.3% YoY, despite the sustained decline in market rates...

- Market rates underwent consistent downward adjustment during the quarter. However, the sector secured a modest growth in NII, avoiding an otherwise adverse impact on the bottom line.
- Faster-repricing of the deposit book alongside a concurrent expansion in the loan portfolio facilitated this uptick.

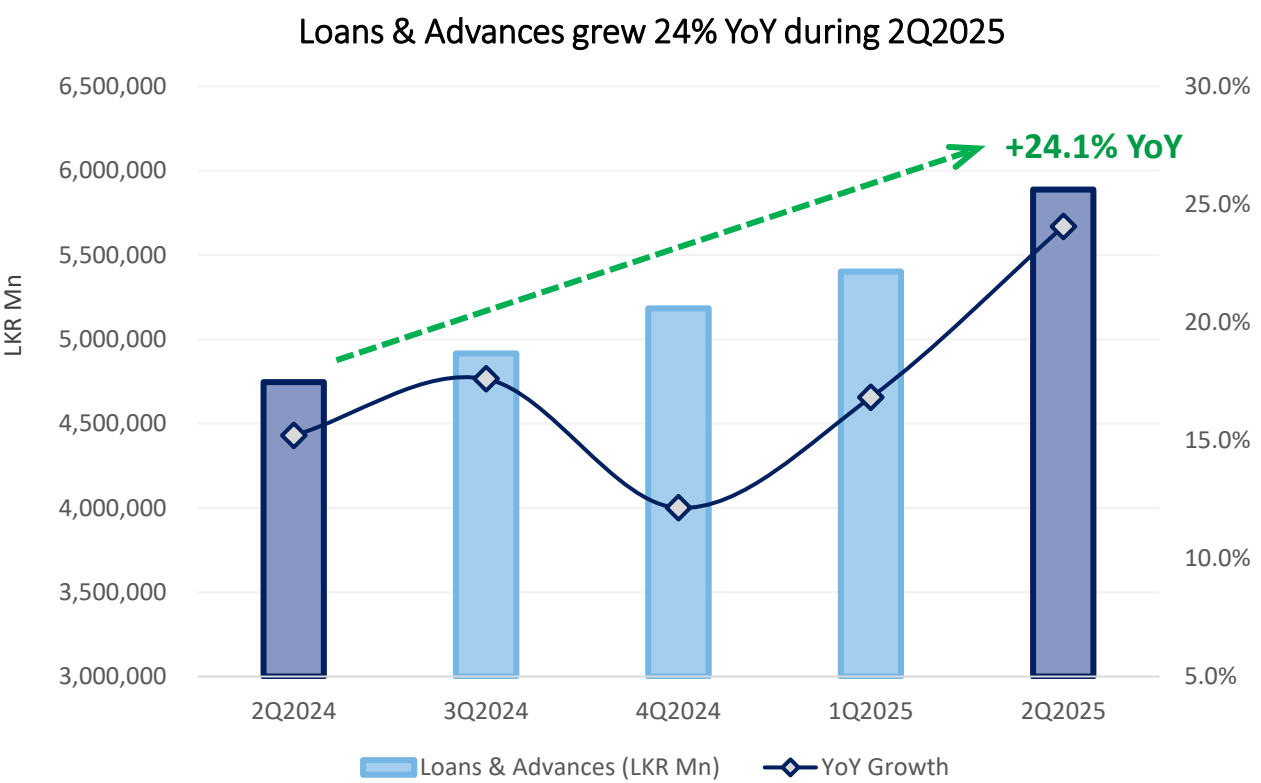


...interest expenses held flat, aided by repricing and stronger CASA, amid continued deposit growth...

- Despite the prevailing low-interest rate environment, deposit growth persisted, primarily fueled by a substantial increase in CASA deposits. Notably, sector CASA was recorded at 31.1% during the quarter, underscoring its critical role in sustaining overall deposit expansion.



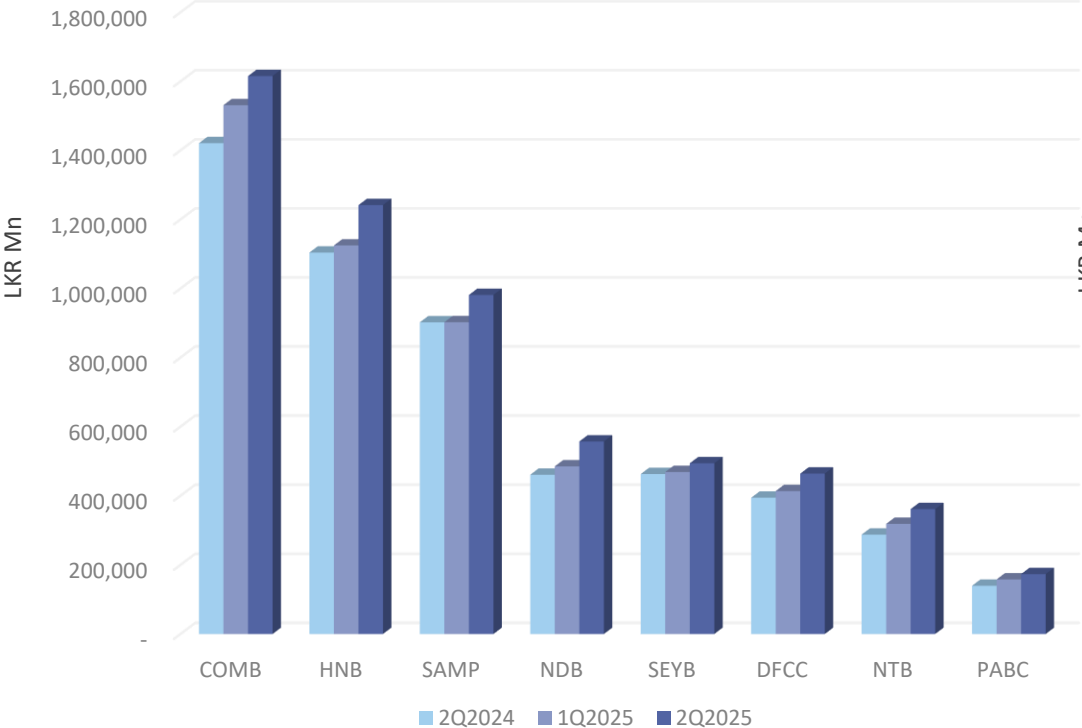
...NII strength was further underpinned by enhanced lending activity...



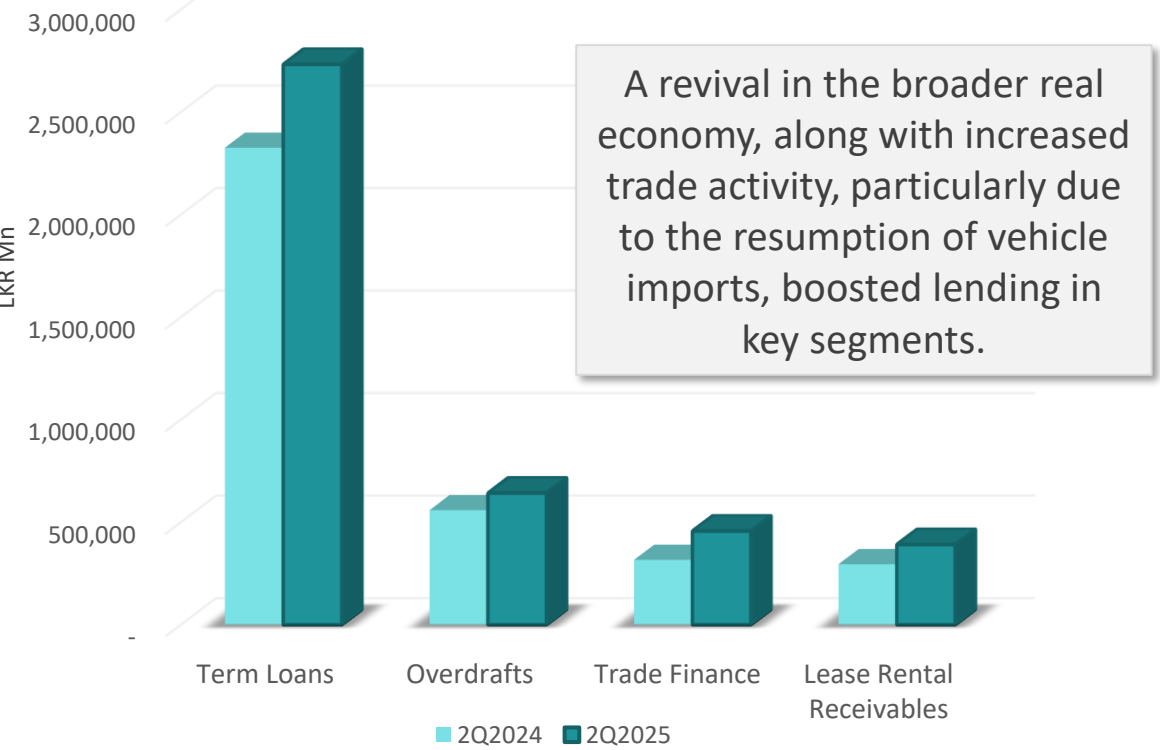
A **low-rate** environment, coupled with the steady **economic revival** boosting creditworthiness, supported stronger loan demand and greater willingness to lend.

...the revival of specific sectors particularly reinforced this trend...

All banks improved their lending both YoY and QoQ during 2Q2025



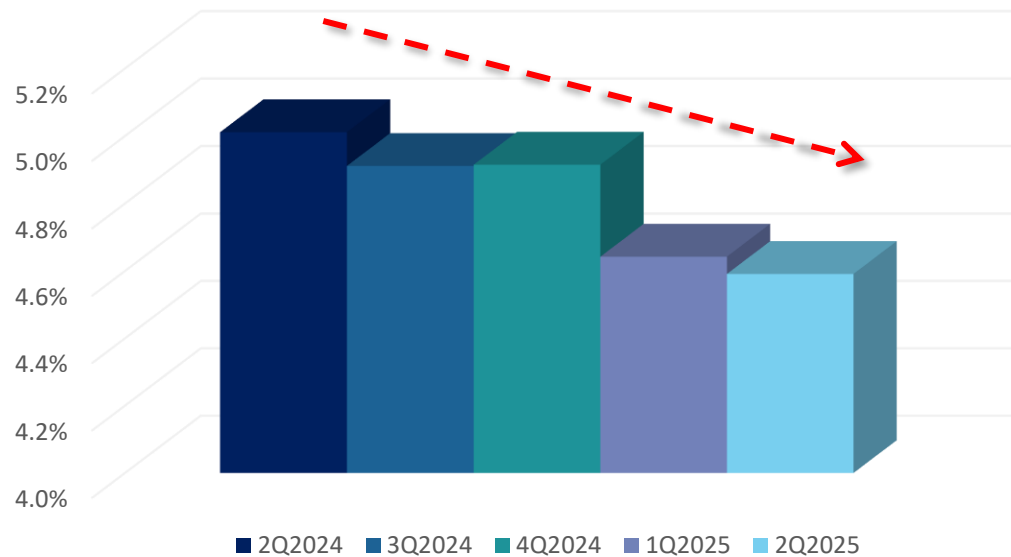
Revival of key sectors fueled loan growth



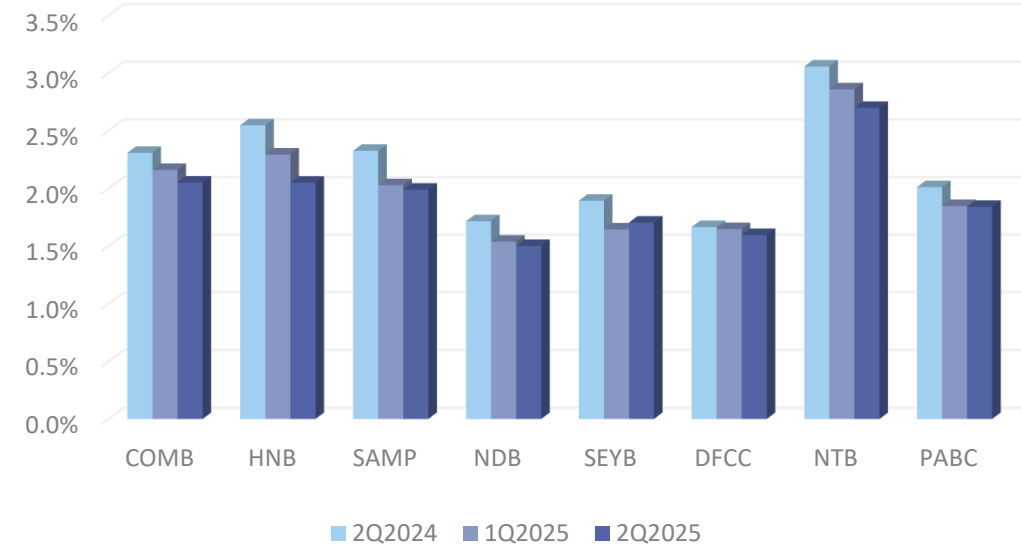
...as a result, dipped by a mere 42-bps.

- Given that the CBSL is expected to maintain policy rates at subdued levels through 1H2026, NII is projected to remain constrained, resulting in persistently compressed NIMs. NIMs are anticipated to improve gradually, aligning with FCR's forecast of a gradual rate normalization beyond 1H2026.

Sector NIM showed marginal downward adjustment



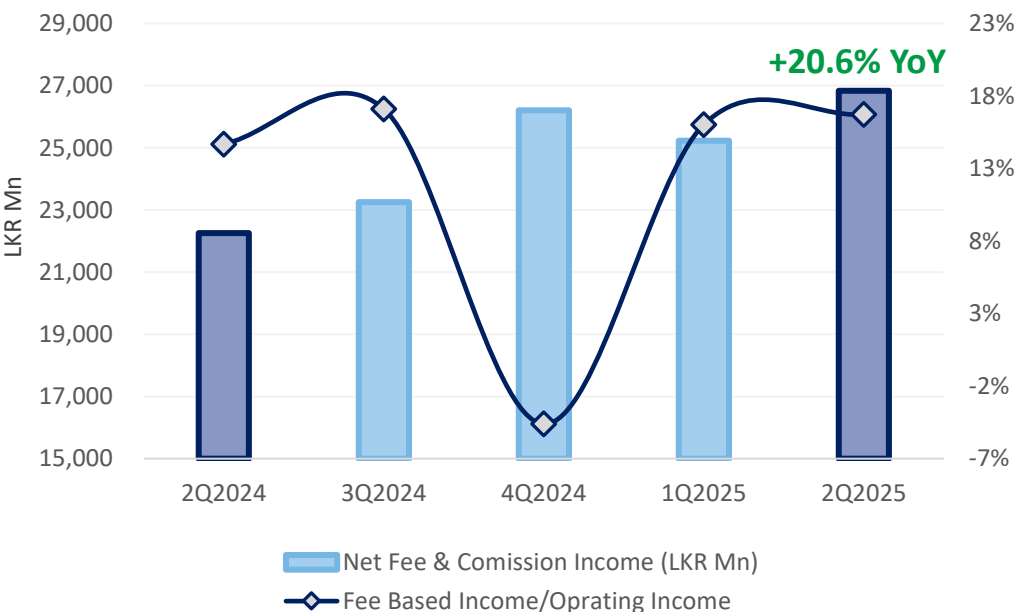
Most banks saw NIM's dip in response to lower rates



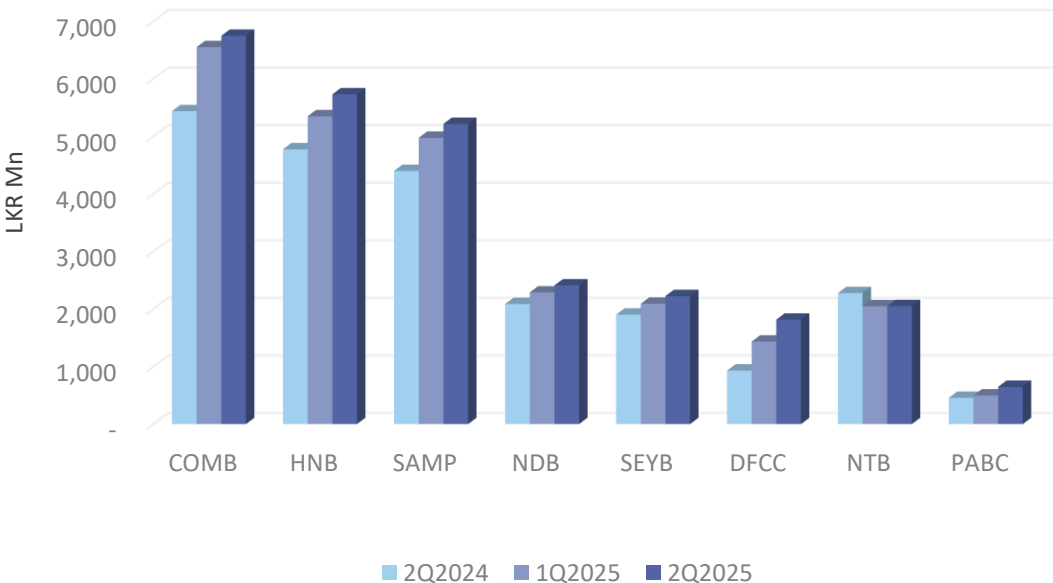
Net fee and commission income surged, further supporting earnings growth...

- Net fee and commission income has recorded a significant increase, primarily supported by the recovery in trade finance activities and the continued rise in card usage and digital transaction volumes. This growth has emerged as a key contributor to banking sector earnings in recent quarters.

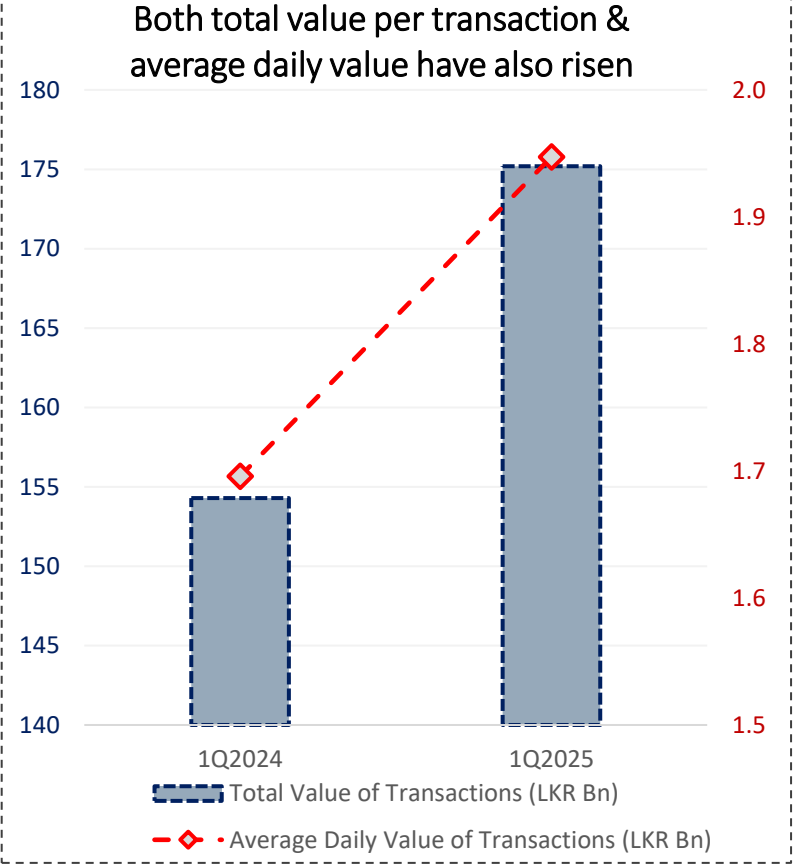
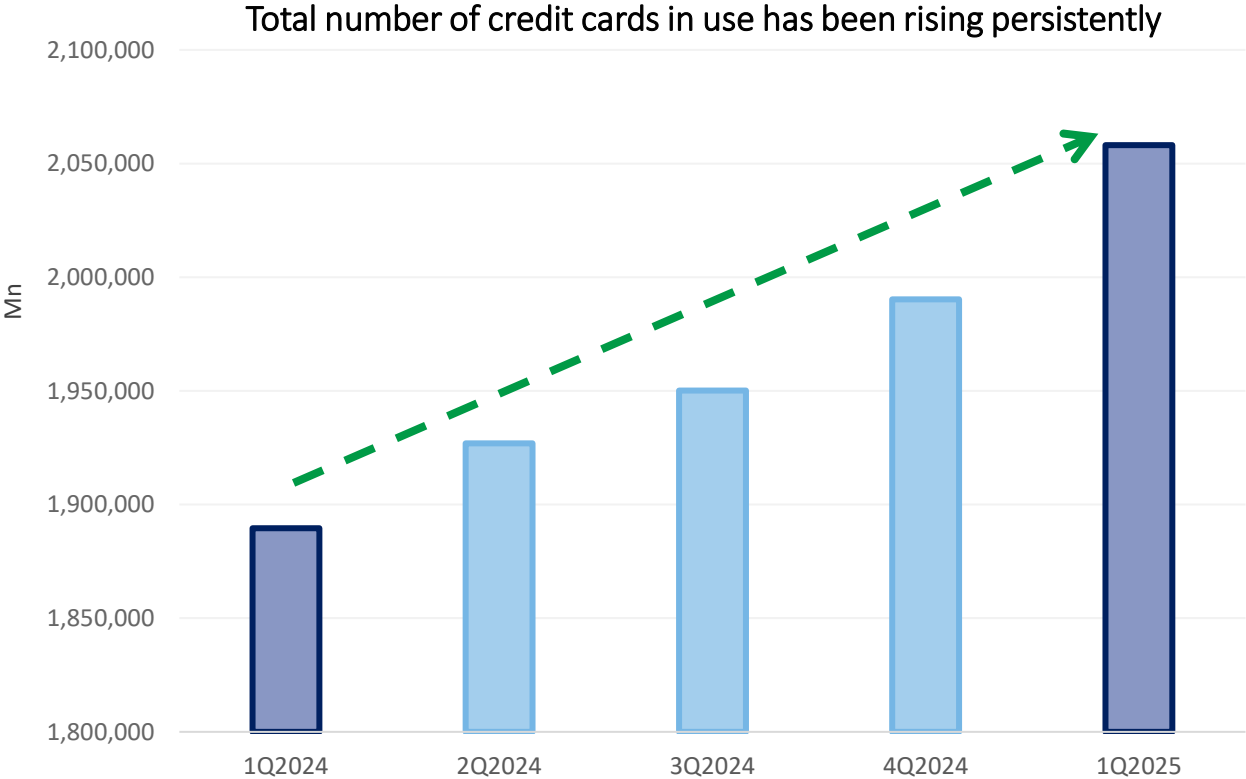
Fee based income rose both YoY and QoQ



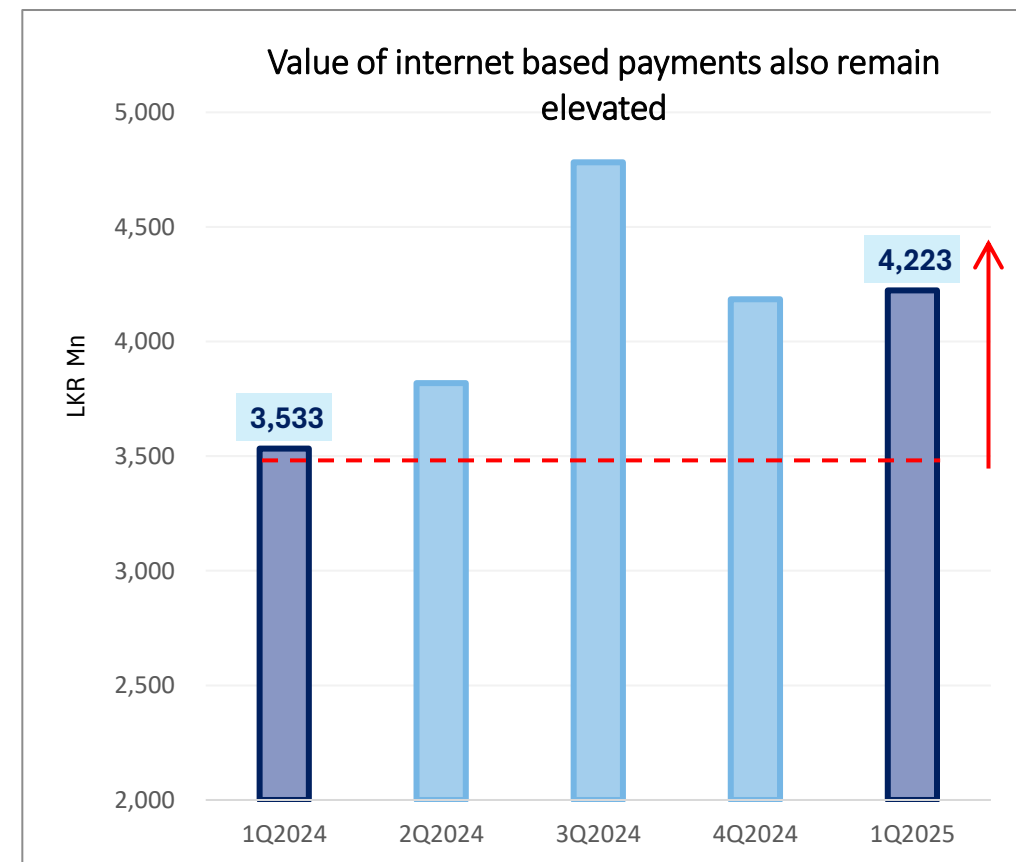
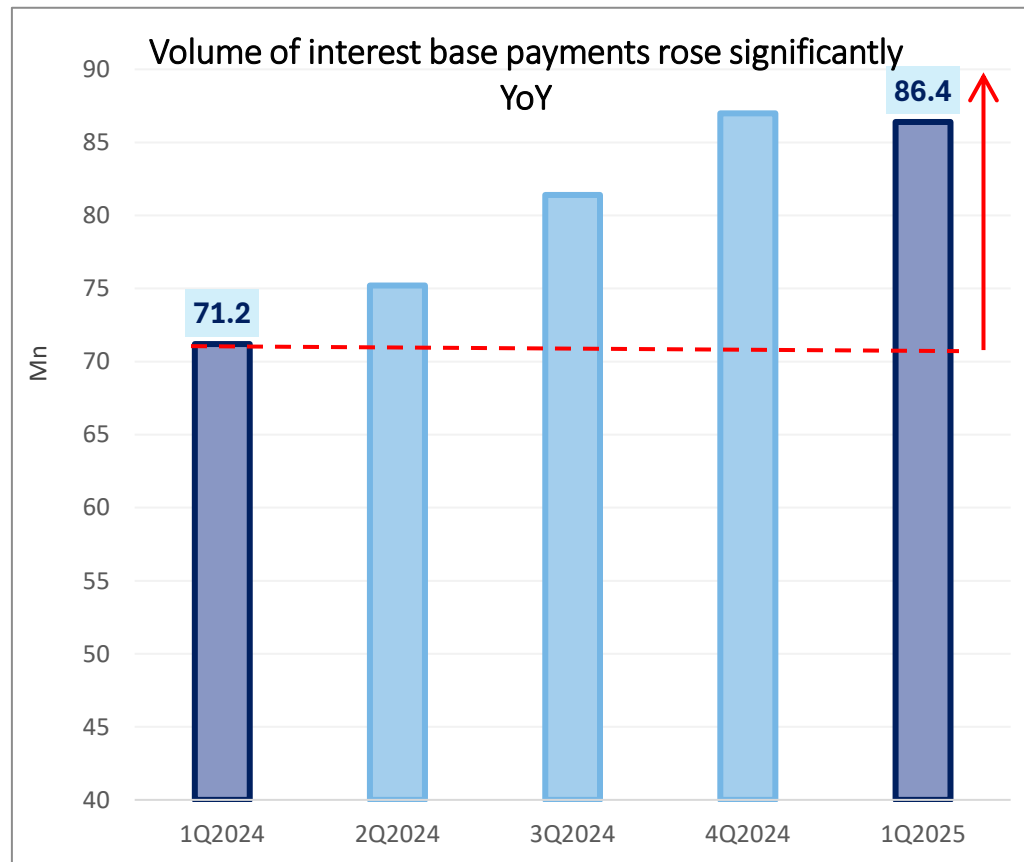
Most banks marked a YoY uptick in fee-based income



...the economic rebound boosted credit-card use, fueling fee-based income...

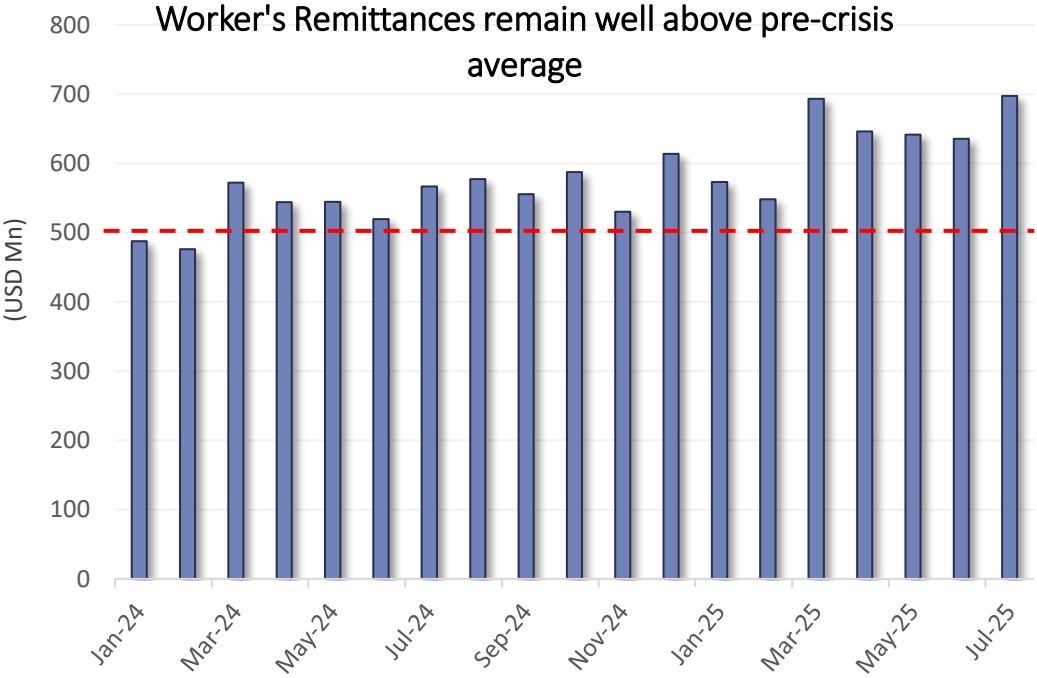


...overall digital transactions have also been on the rise, aided by enhanced digital penetration...

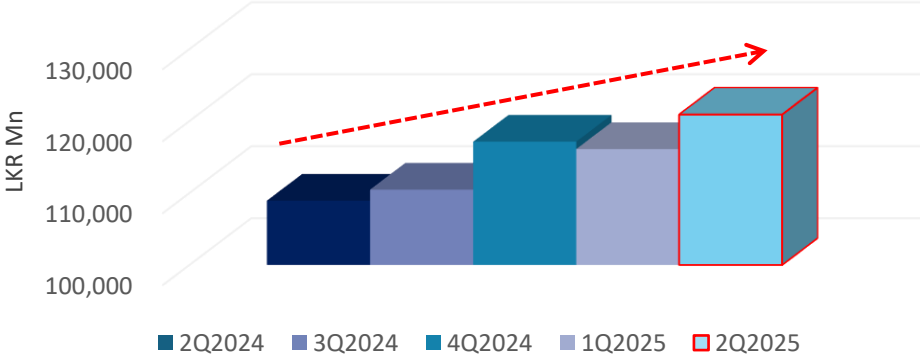


...while growing trade and remittances also added momentum...

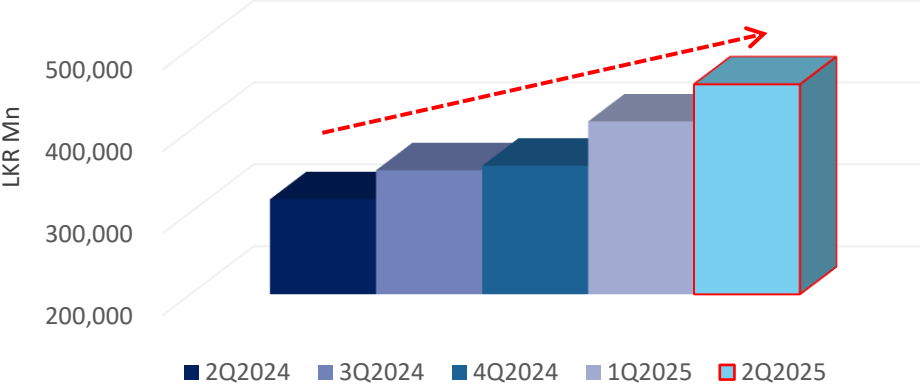
Monthly remittance inflows have begun to hover around the **pre-crisis average**, further boosting this segment...



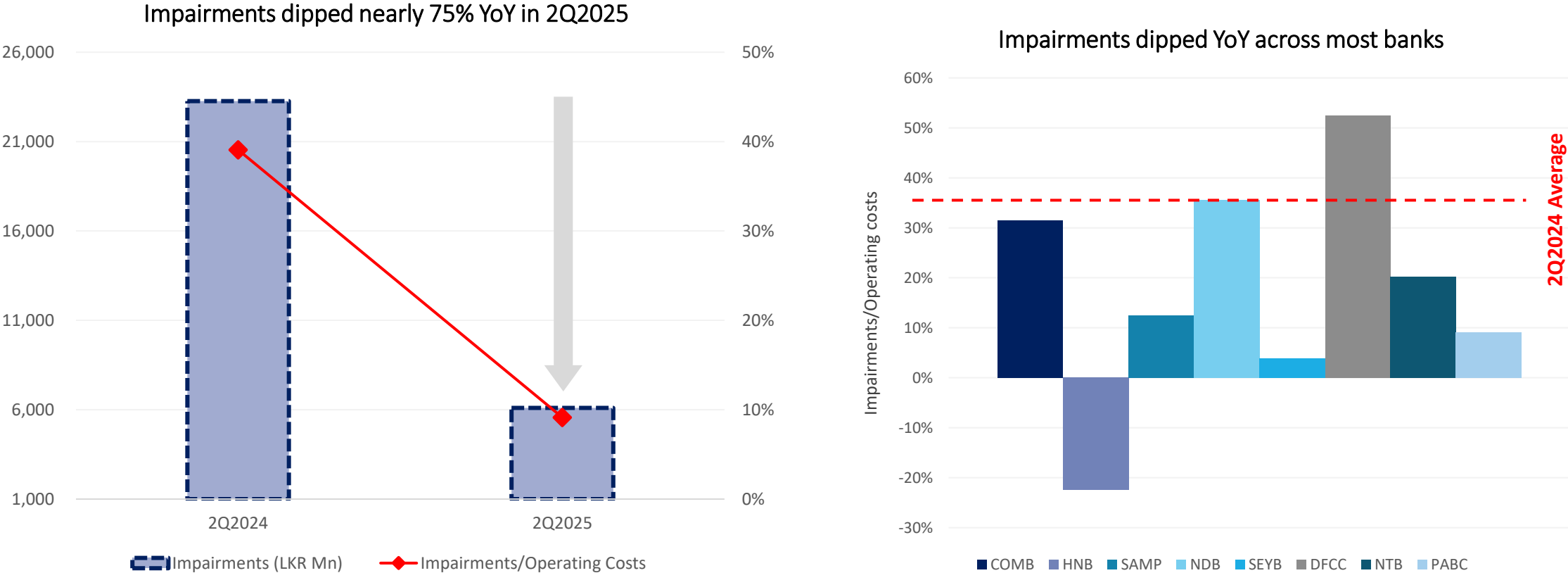
Credit card loans rose 11% YoY in 2Q2025



Trade finance loans rose 44% YoY in 2Q2025

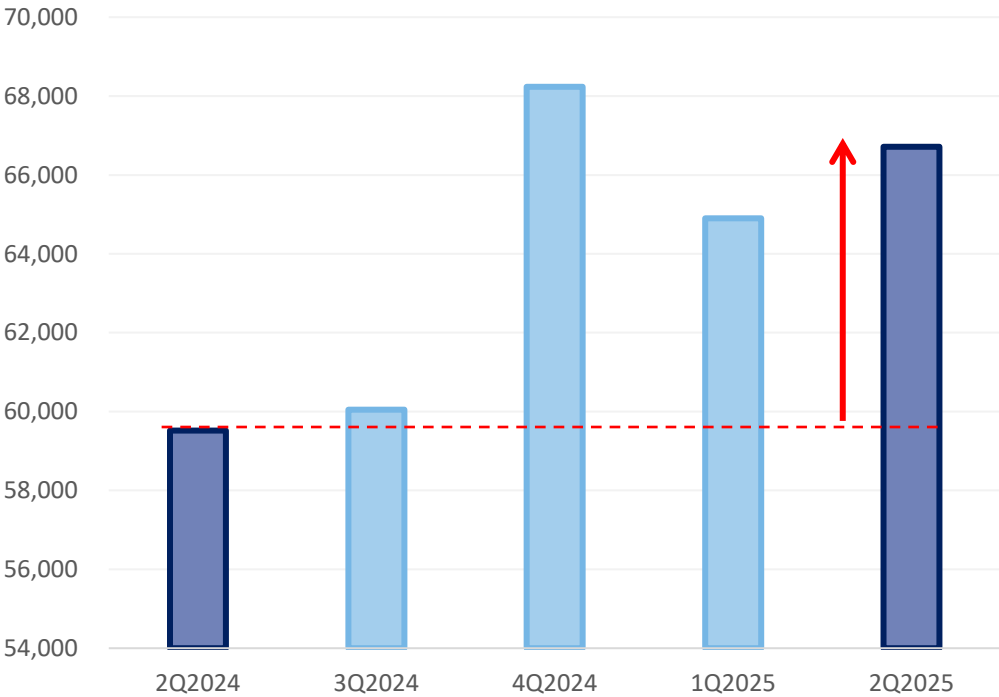


Impairments declined sharply by 73.8% during the period, reinforcing the bottom line.

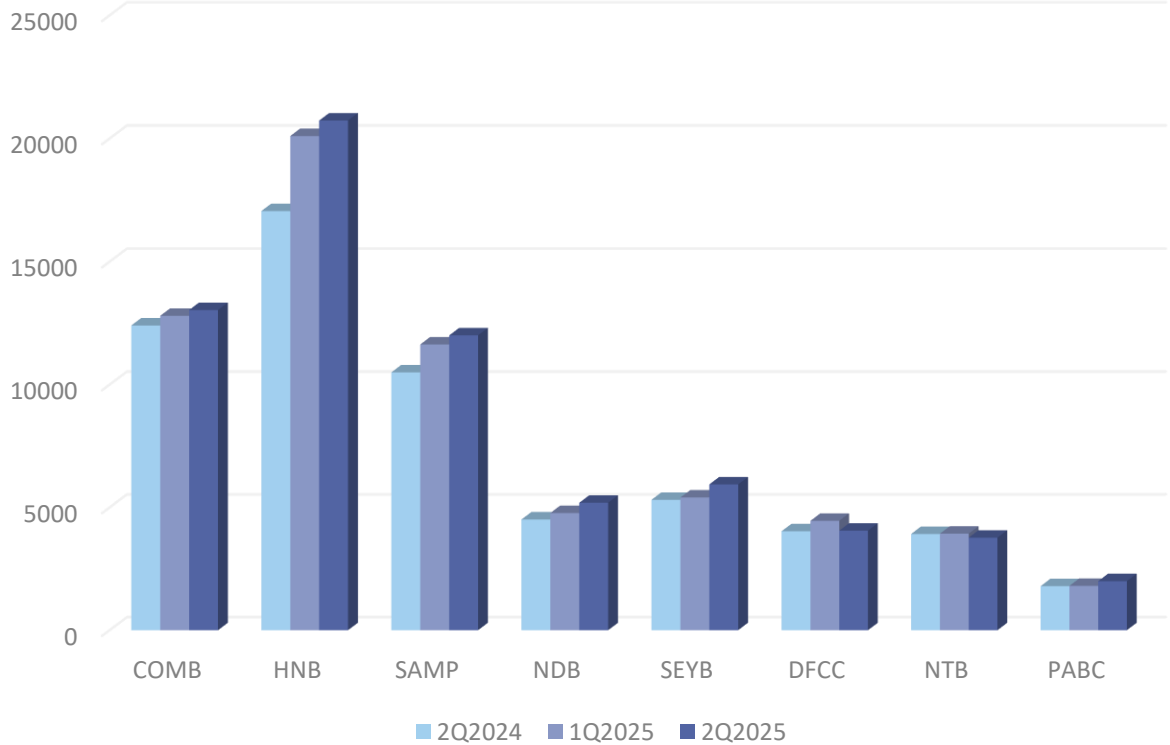


Operating expenses grew by 12.1% during the period, but this rise was mitigated by other positive catalysts to the bottom-line.

Operating costs for the sector went up both YoY and QoQ



Most banks registered a YoY uptick in operating costs in 2Q2025

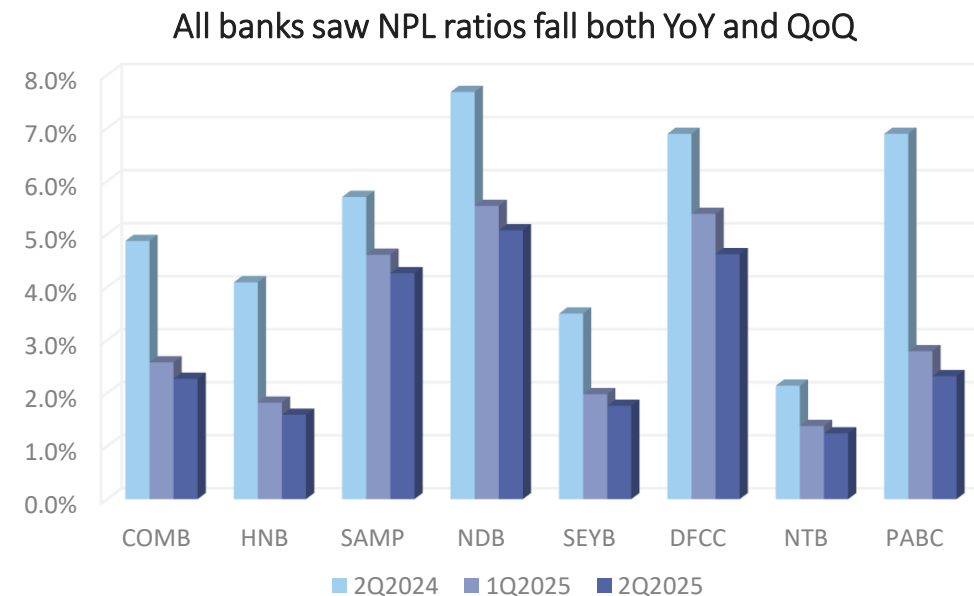
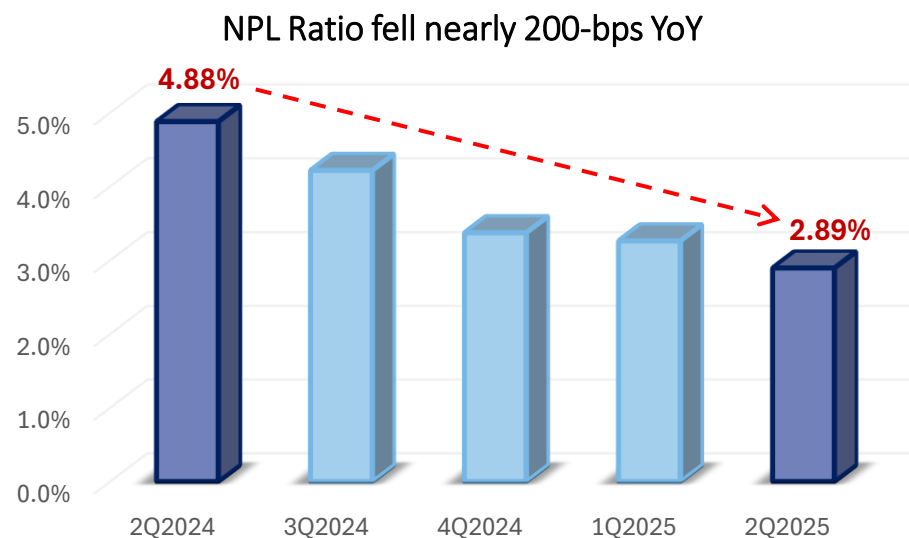


Banking Sector Performance – 2Q2025

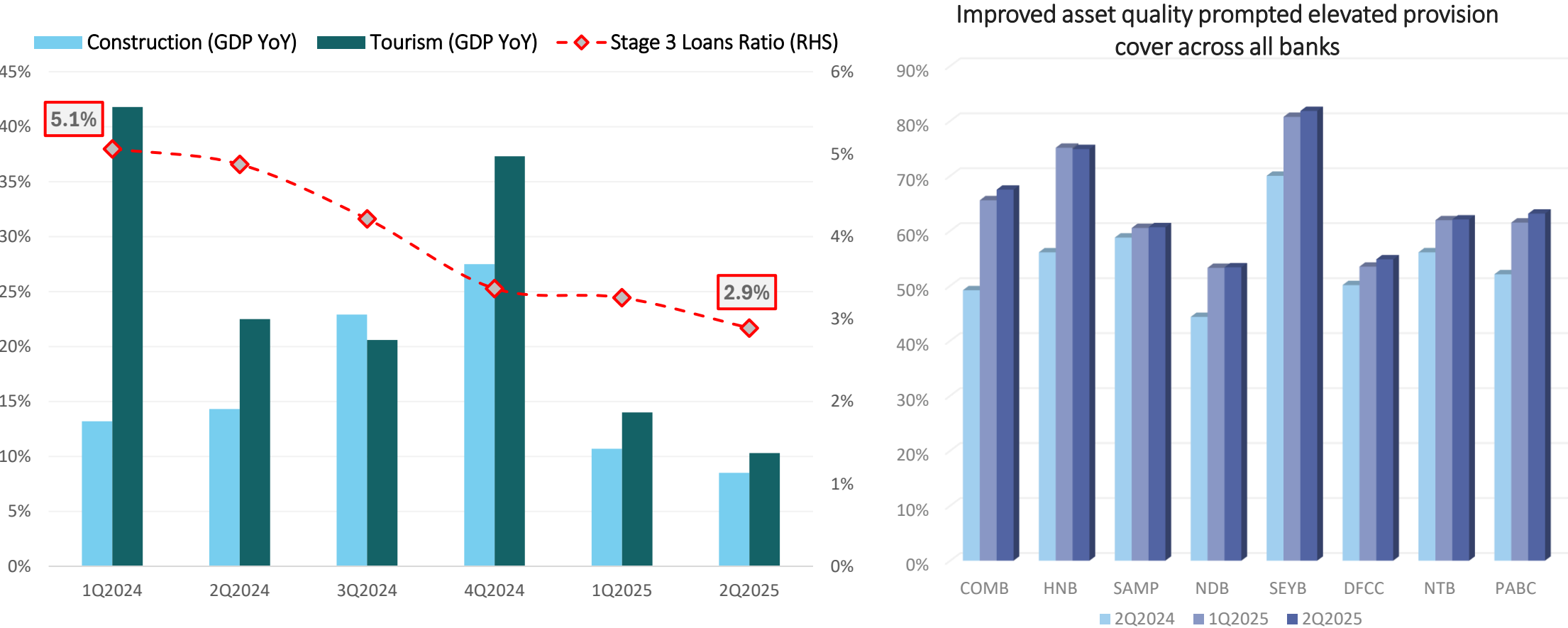
Asset Quality

The NPL ratio has steadily declined from 2Q2024 to 2Q2025.

- The persistent economic recovery bolstered creditworthiness across all rungs of Sri Lanka's economic apparatus.
- This Prompted a consistent downward adjustment in the NPL ratio across the year leading to 2Q2025.
- In 2Q2025, the NPL ratio of the FC Banking Universe hovered around the 3% mark, showcasing signs of reverting to precrisis levels.



Revival of sectors that took a massive blow due to the crisis like construction and tourism helped bolster asset quality.

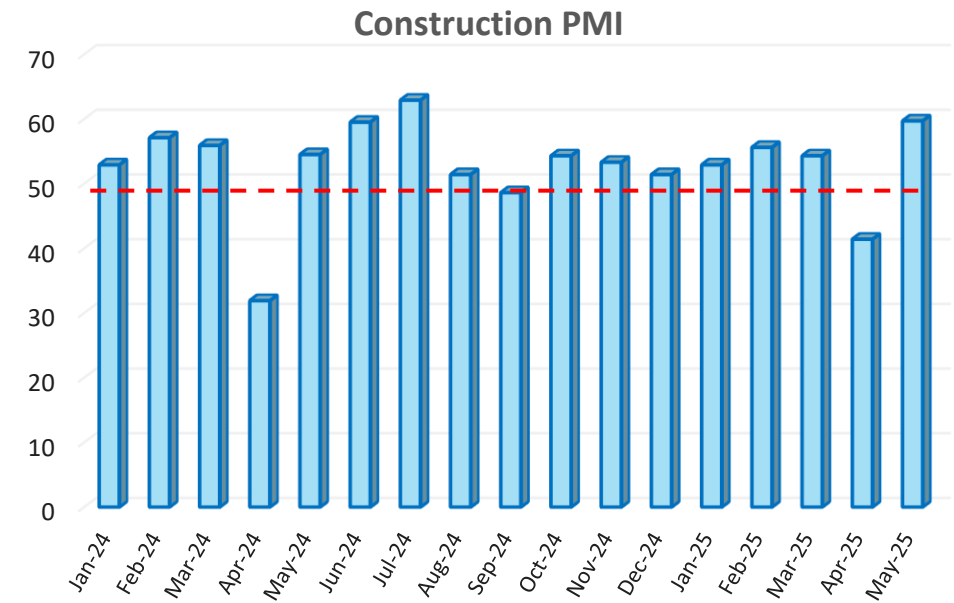


FCR anticipates asset quality to improve further on the back of continued recovery of these sectors...

FCR anticipates earnings from tourism to gradually inch closer to pre-crisis levels by end 2025E.



Construction PMI has largely hovered around positive territory and FCR expects this trend to hold steady through 2025E and well into 2026E.



...resumption of the 'Parate Execution' set to further enhance willingness to lend...

- ✓ The Government previously suspended Parate Execution, to provide relief to borrowers during economic challenges.
- ✓ This suspension was effective until March 31, 2025, after which the Government announced it would not be extended further.

WHY?



- ✓ The suspension's expiry aims to restore banks' ability to recover loans through collateral enforcement, which is essential for maintaining banking sector liquidity on an individual-bank level.
- ✓ Continued suspension was viewed as detrimental to banks' ability to manage non-performing loans (NPLs) and restricted their lending capacity, particularly impacting credit availability for MSMEs.
- ✓ The Central Bank issued guidelines to banks to prepare for the expiry and to assist affected borrowers accordingly.

...however, measures are in place to safeguard the SME segment and mitigate potential risks.

Time-line & relief measures post-suspension

- ✓ To support SMEs, the Government introduced a relief period with deadlines for accessing assistance based on loan size:
 - ***Borrowings below LKR 25Mn: relief until 31st Dec-25.***
 - ***Borrowings between LKR 25 – 50Mn: relief until 30th Sep-25.***
 - ***Borrowings above LKR 50Mn: relief until 30th Jun-25.***
- ✓ Relief benefits are available only to SMEs who engaged banks before 31st Mar-25.

Government and Institutional Support to SMEs

- ✓ Budgetary allocations made for investment and working capital financing of the SME sector.
- ✓ Launch of the National Credit Guarantee Institution (NCGI), aimed at expanding access to collateral-free loans for SMEs.
- ✓ Concessionary repayment schemes introduced for bad loans to bolster repayment capacity and future access to financing.



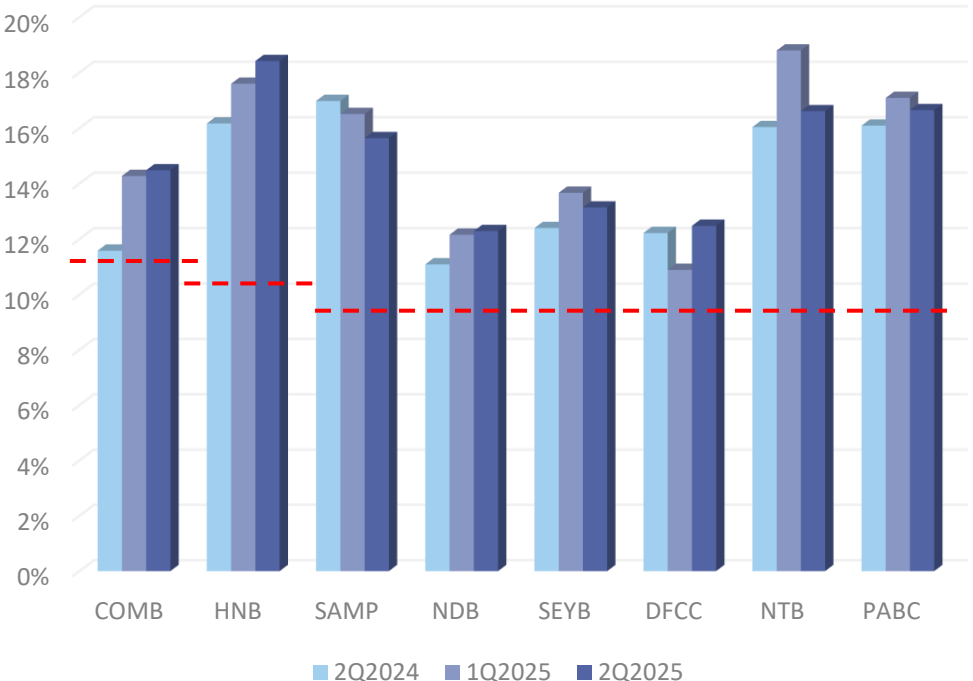
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Banking Sector Performance – 2Q2025

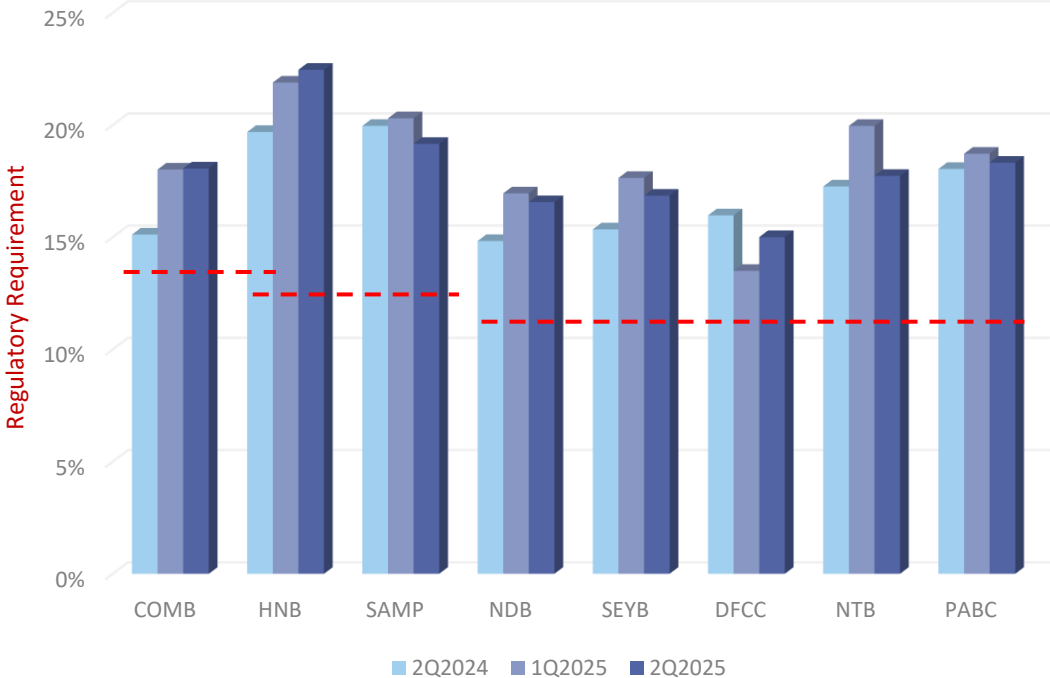
Capital Adequacy & Liquidity

Sector's Tier 1 & total capital remained robust, propelled by stable profitability...

All banks maintained Tier 1 capital ratios well above regulatory requirements



Total capital ratios also remained well above regulatory requirements

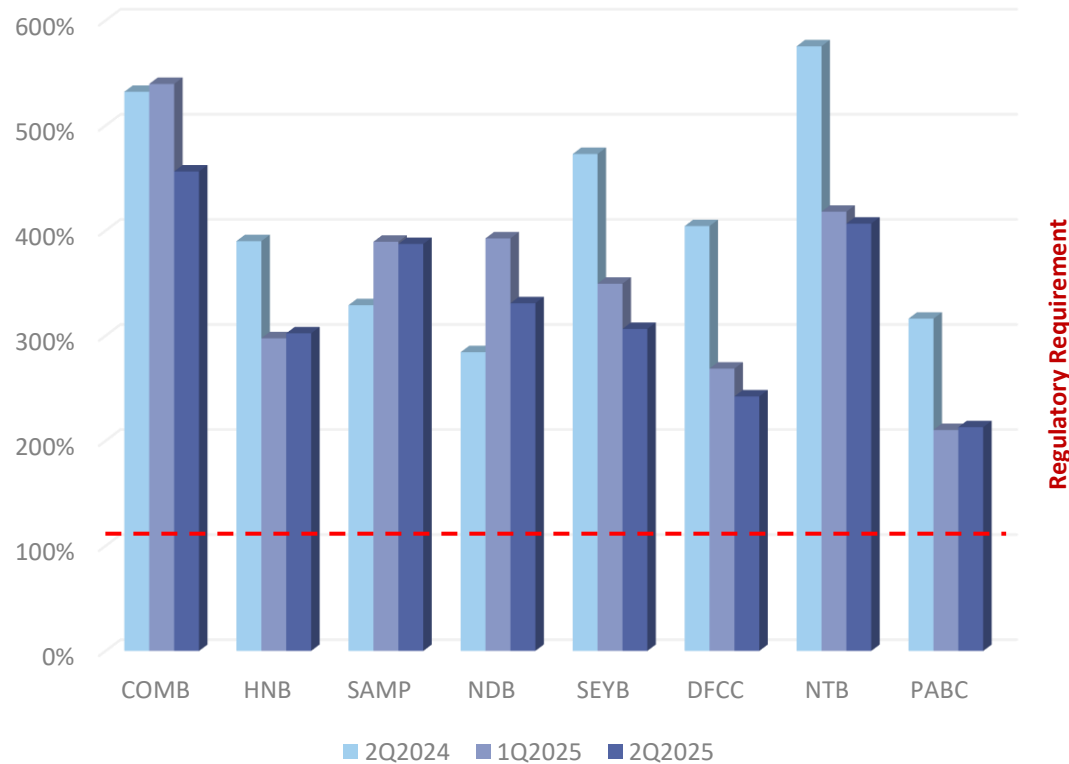


Tier 2 capital buffers improved, as certain banks capitalized on the low-rate environment to issue debentures...

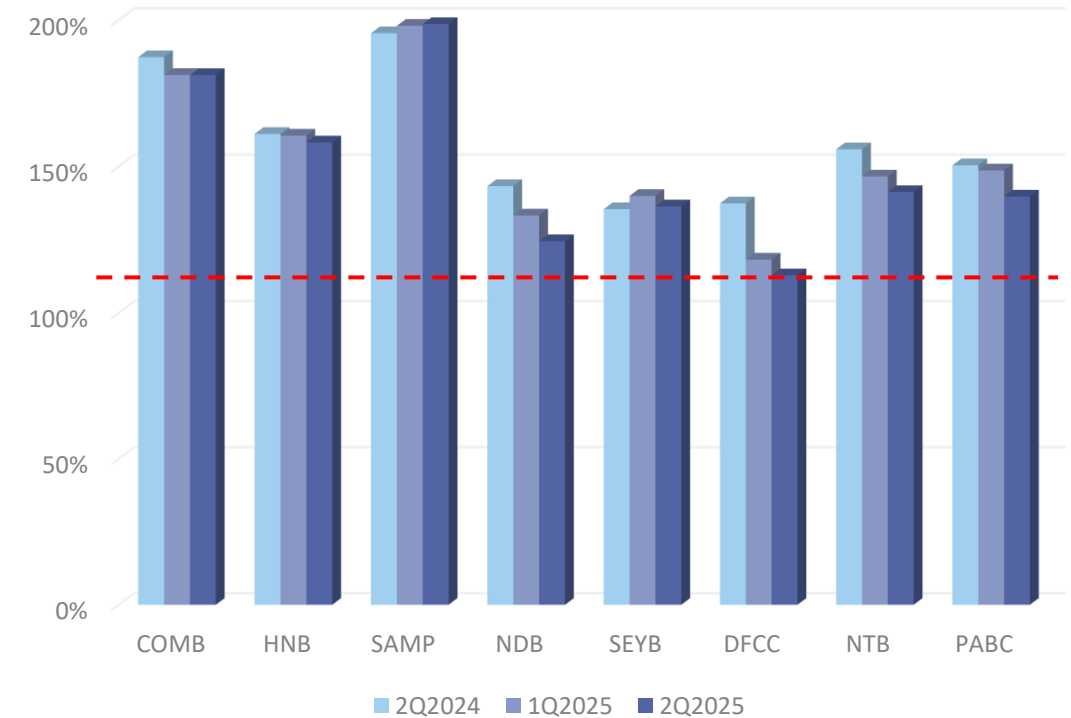
Announced Date	Bank	Debenture Type	Amount (LKR Mn)
31-Jan-25	Commercial Bank of Ceylon	Listed Rated Unsecured Subordinated Redeemable Green Bonds	10,000.0
28-Jul-25	Commercial Bank of Ceylon	Listed Rated Unsecured Subordinated Redeemable Green Bonds	10,000.0
28-Aug-25	Hatton National Bank	Listed Rated Unsecured Redeemable Senior Sustainability Bonds	5,000.0
10-Mar-25	Sampath Bank	Listed Rated Unsecured Subordinated Redeemable Debentures	10,000.0
31-Jan-25	Seylan Bank	Listed Rated Unsecured Subordinated Redeemable Debentures	15,000.0
31-Jul-25	DFCC Bank	Subordinated Listed Rated Unsecured Redeemable GSS+ Bonds	10,000.0
31-Jul-25	DFCC Bank	Senior Listed Rated Unsecured Redeemable Blue Bonds	3000.0

Liquidity remained elevated, comfortably exceeding regulatory requirements despite increased lending...

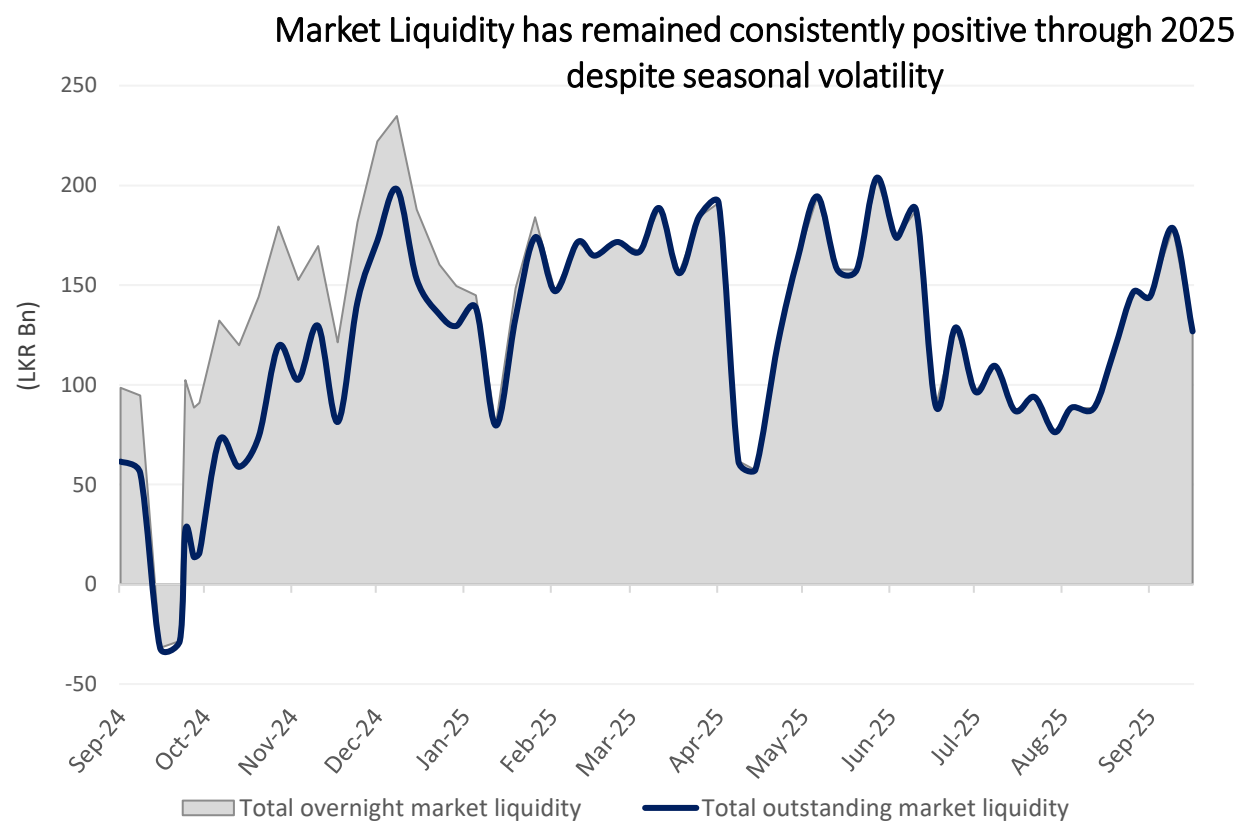
Liquidity Coverage Ratio remained at healthy levels



Net Stable Funding Ratio also stayed above regulatory requirements despite most banks registering YoY dips



...Overnight liquidity in the banking system has also stayed elevated reflecting improved liquidity.



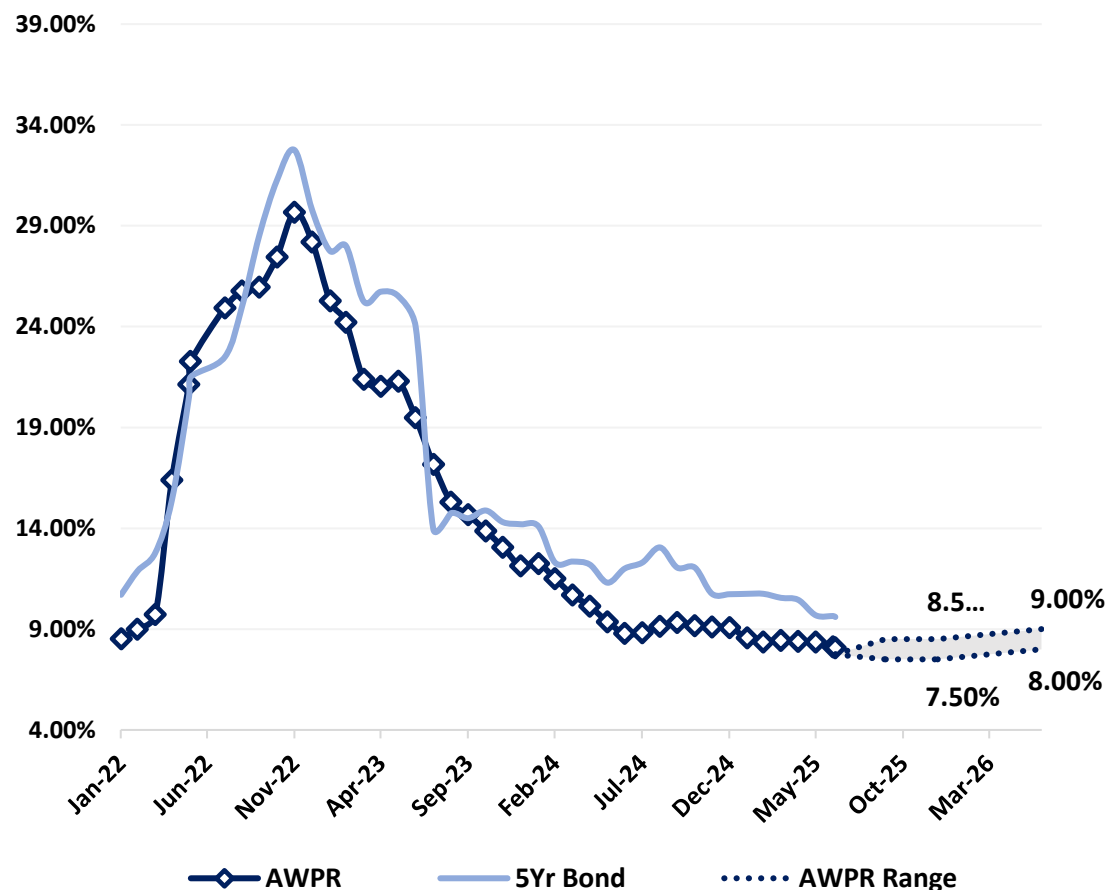
- ✓ Overnight liquidity in the banking system has remained persistently high through most of 2024 and 2025E.
- ✓ While the distribution of excess liquidity may be somewhat asymmetrical, particularly among local banks, the sector as a whole is expected to have comfortable liquidity buffers through the remainder of 2025E and well into 2026E.

Banking Sector Performance – 2Q2025

Outlook

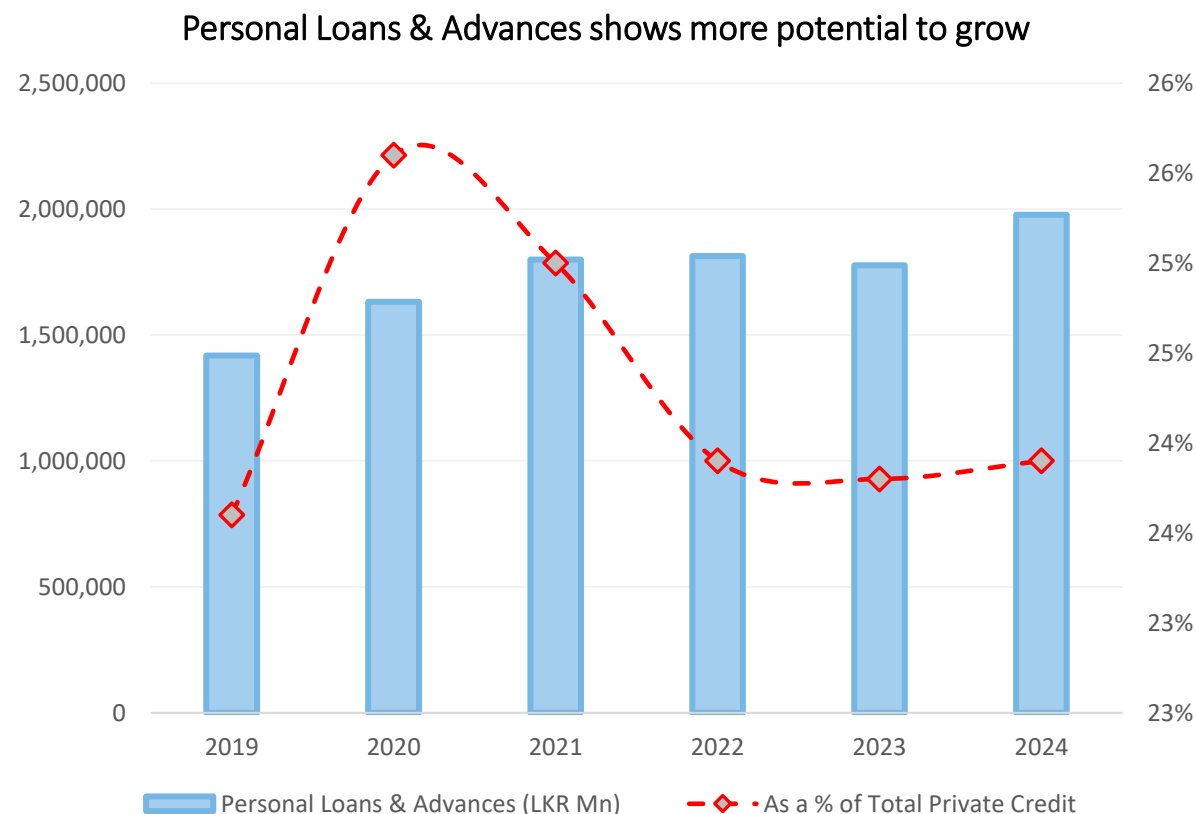


FCR expects sustained banking sector profitability amid a stable rate environment...



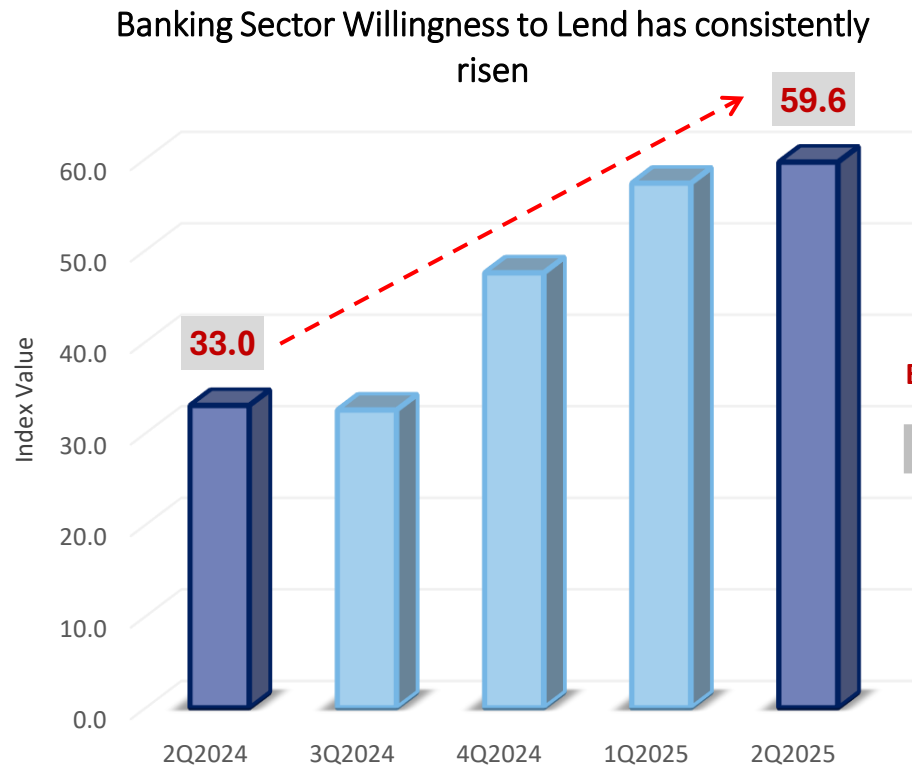
- The CBSL is implementing a calibrated monetary easing strategy, aimed at gradually steering inflation toward its medium-term target of 5%.
- Based on prevailing macroeconomic conditions, FCR expects the CBSL to implement a policy rate cut at its forthcoming monetary policy meeting in Nov-25. This decision is anticipated to follow the National Budget, which is likely to provide greater clarity on fiscal and economic indicators, thereby creating a more conducive environment for policy easing to support further economic growth.
- In line with the projected monetary policy trajectory, the AWPR is expected to decline to a range of 8.0% to 9.0% by 1H2026, thereby improving credit affordability and easing financing conditions for borrowers.

Consumer loans would benefit from a more inclusive recovery, especially at the grassroots level...



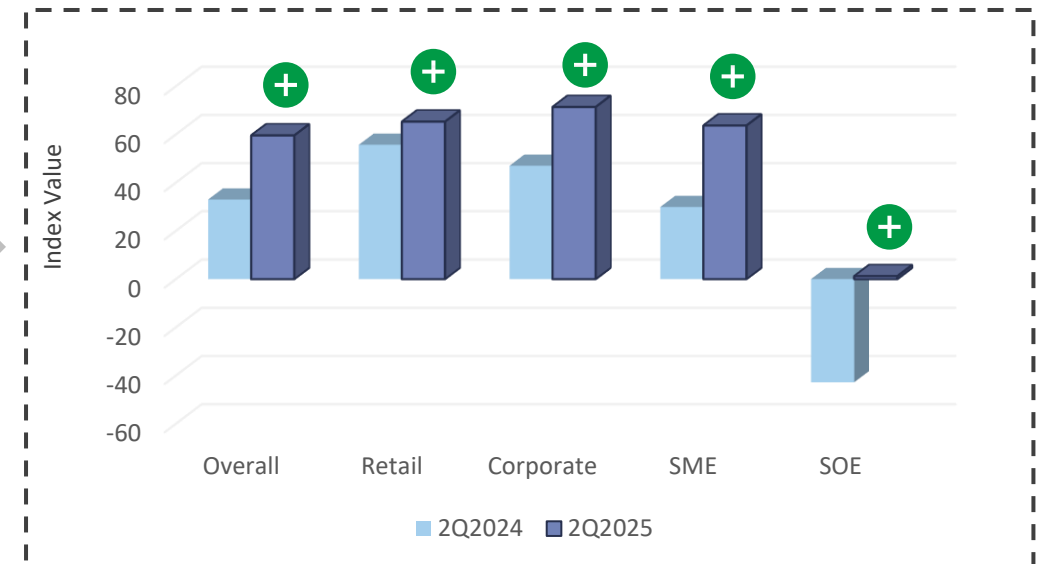
- ✓ While other components within the loan book saw accelerated progress in the consumer loan segment has lagged.
- ✓ However, with the fiscal stimuli that has been disposed alongside impending support suggested in the 2026E budget, consumption in the lower rungs of the economy may pick up further in the months to come.
- ✓ This may prompt the personal loans segment to pick-up, emerging as a key driver of overall credit.

... further, healthy capital buffers and liquidity levels would prompt heightened lending capacity...

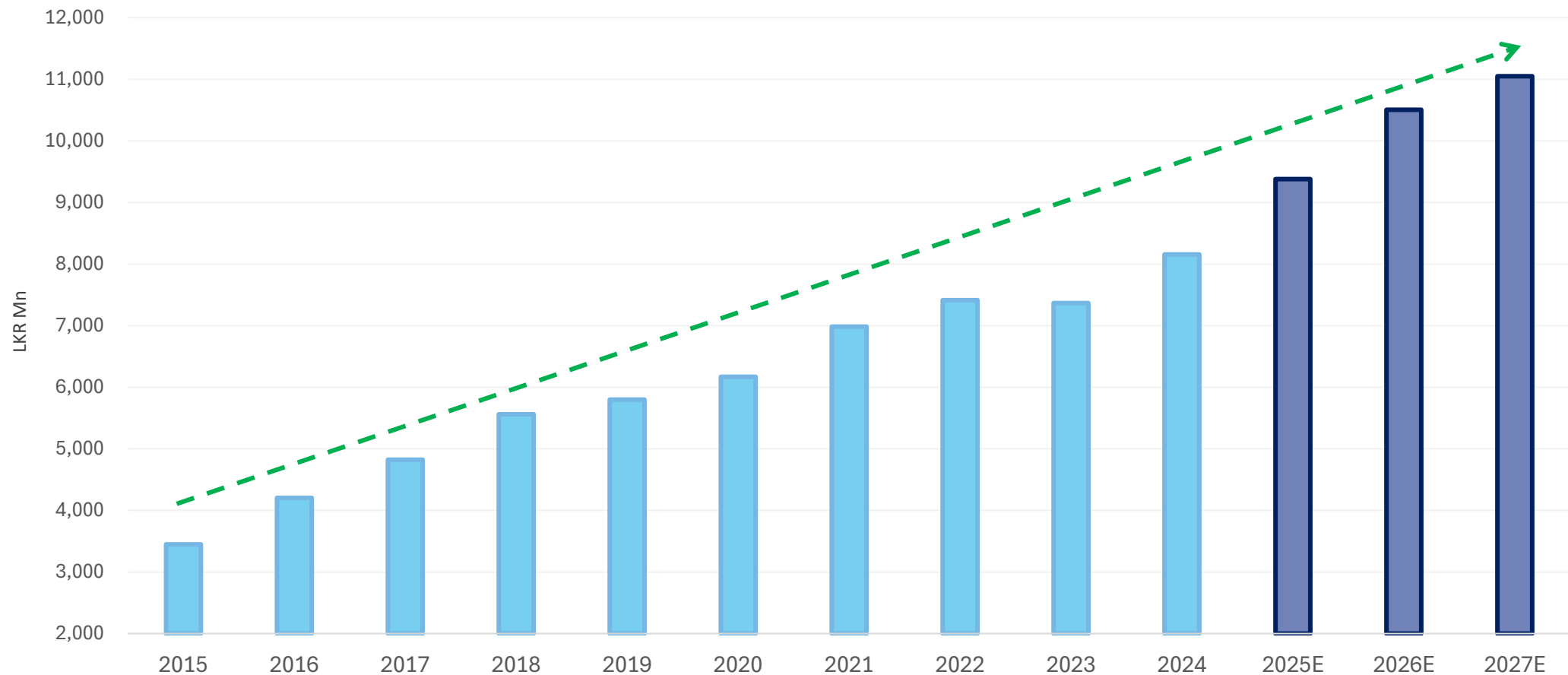


Healthy capital buffers and above par levels of liquidity stand out as key forces that have prompted enhanced willingness to lend within the Banking Sector.

By Category

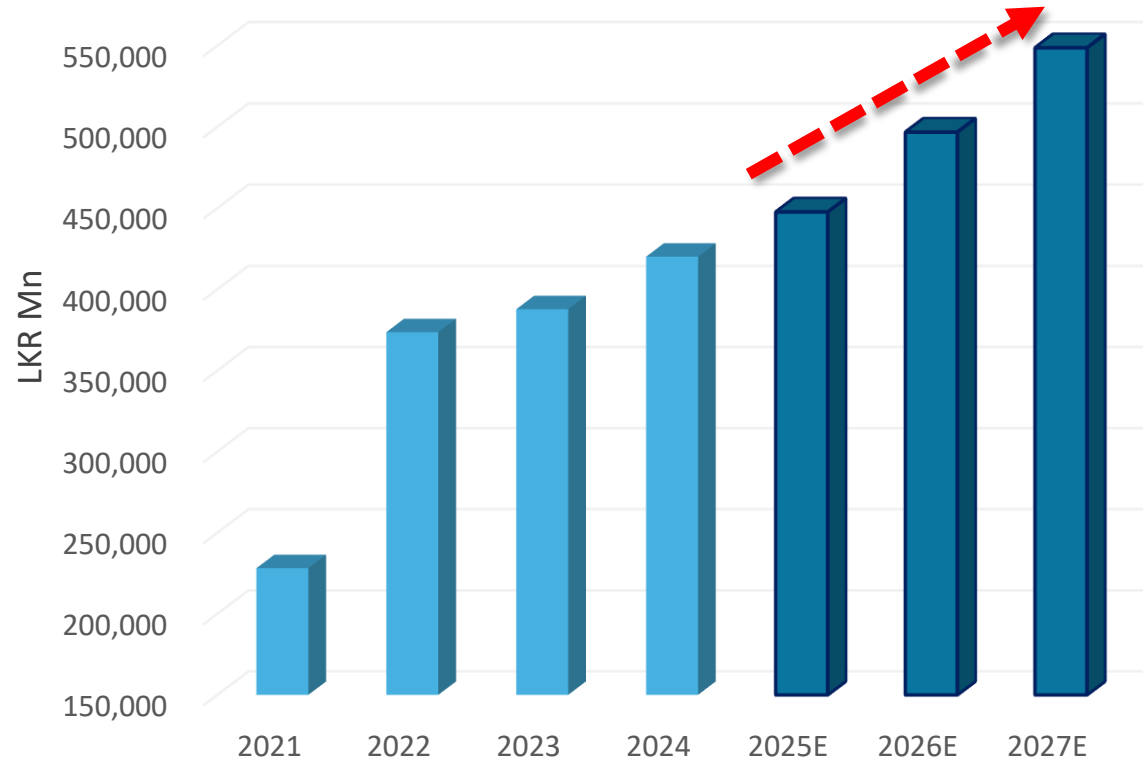


...FCR expects private sector credit to grow by 15% in 2025E and 12% in 2026E.

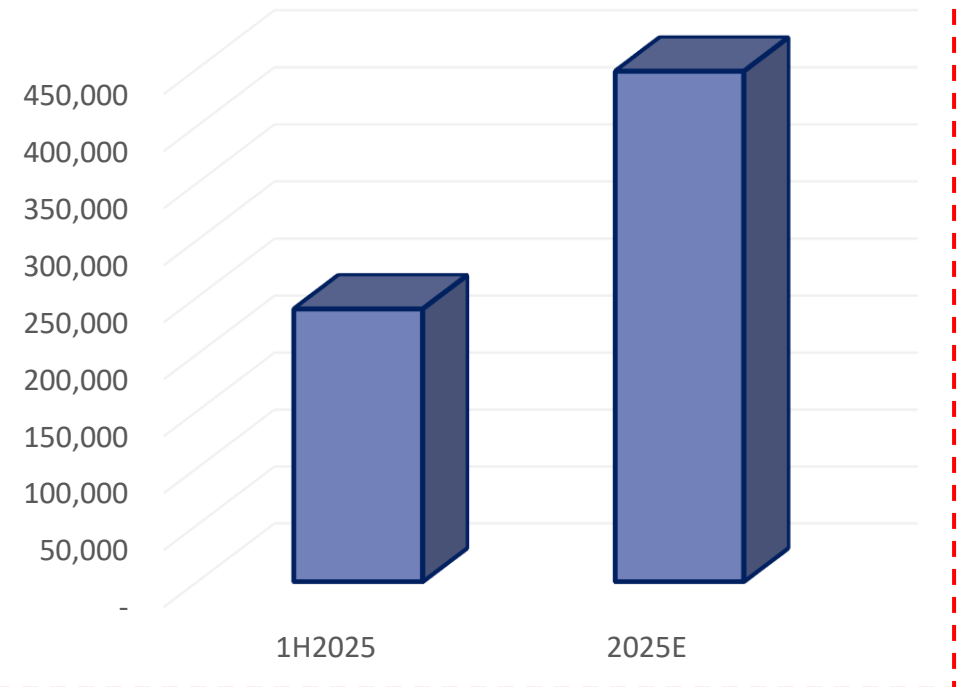


Aided by healthy loan growth and stable rates, NII would rise through 2025E & 2026E.

NII on track to rise persistently

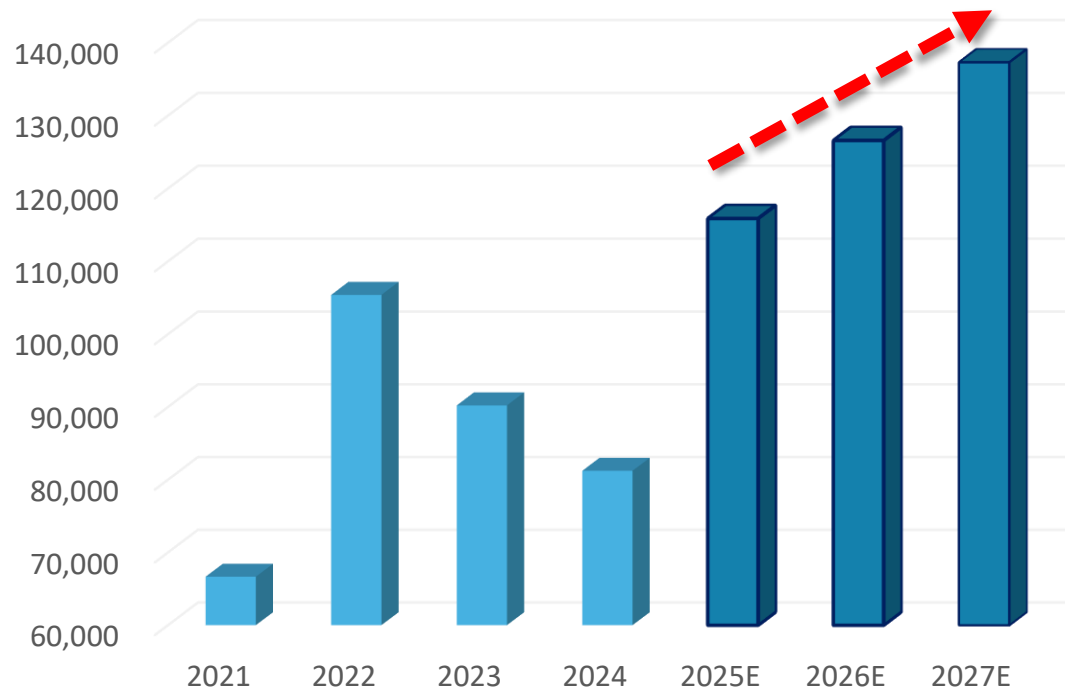


During 1H2025, the sector produced **53%** of 2025E forecast

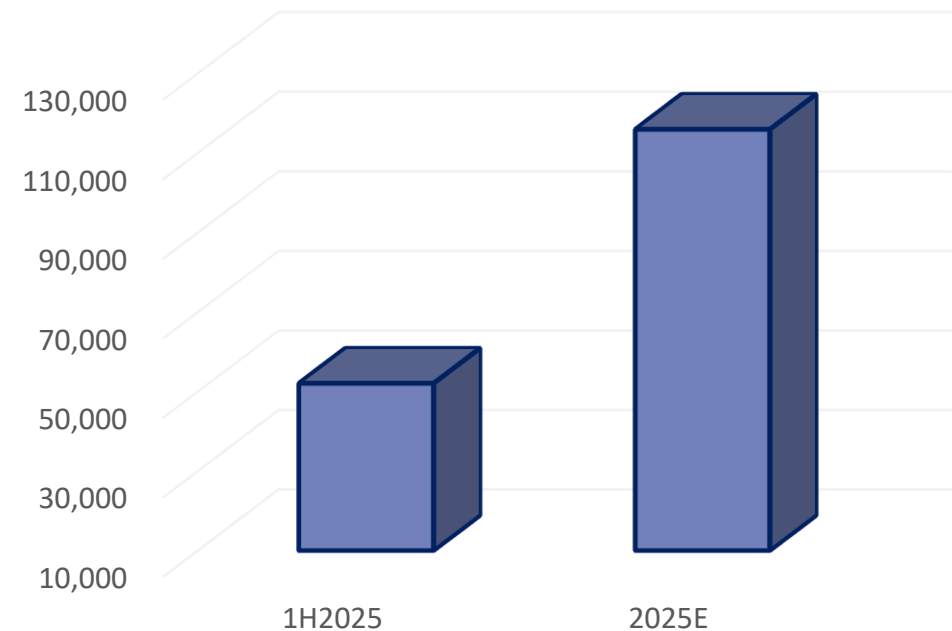


...moreover, fee and commission income will also enhance, continuing to support the bottom line.

Enhanced digital penetration to boost fee-based income



Supported by improved trade and remittances, fee income **on track to meet 2025E forecast**



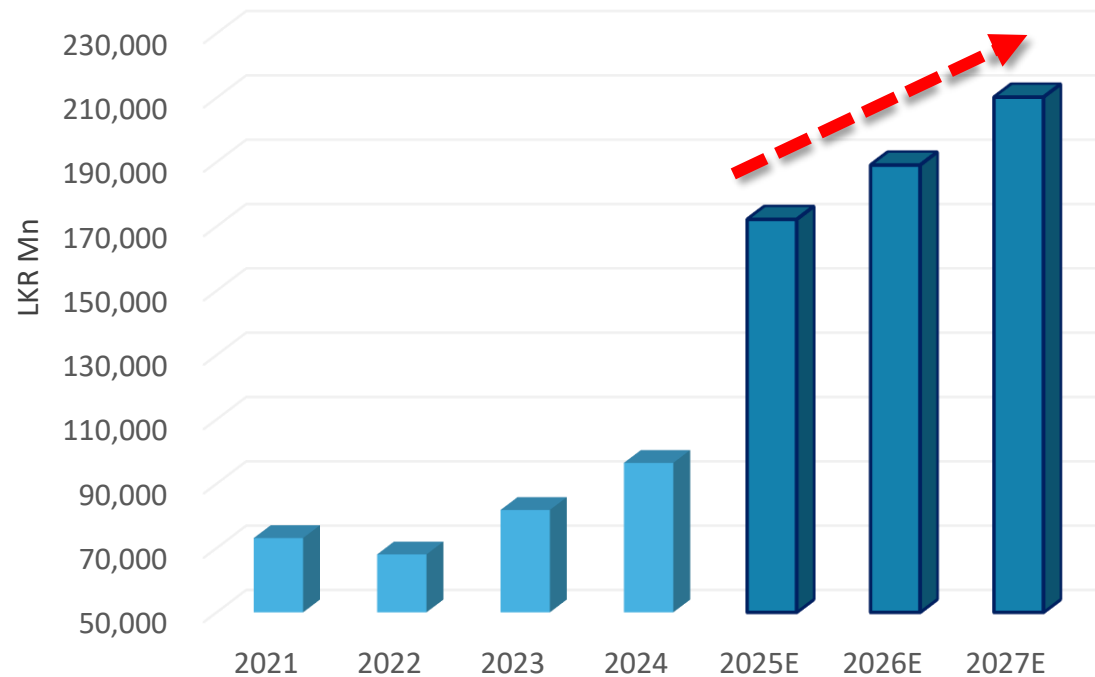


Banking Sector Performance – 2Q2025

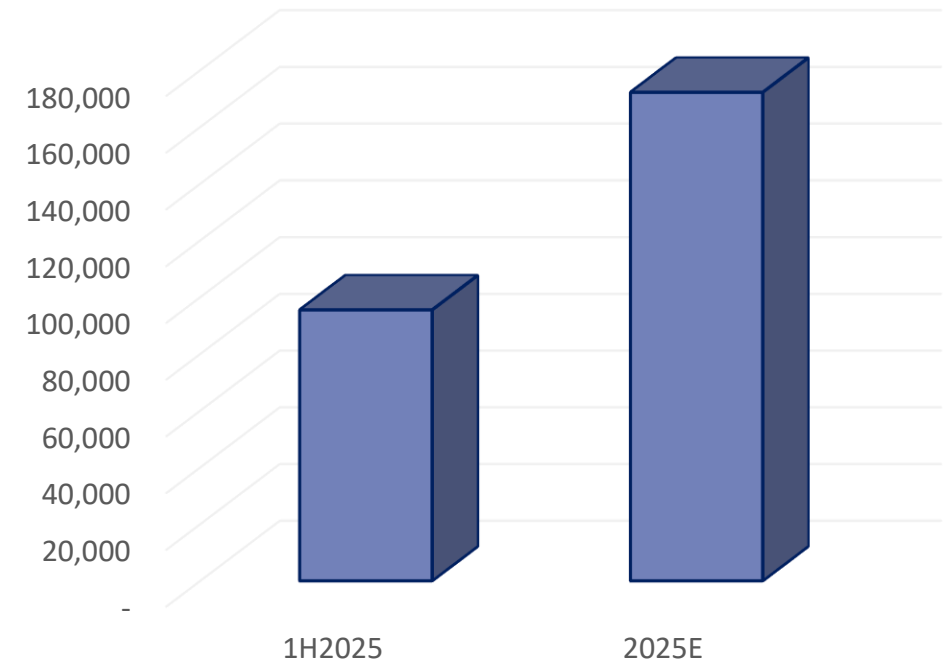
Valuations

With earnings expected to rise significantly in the upcoming years...

FCR expects banking sector profits to rise by 78% YoY in 2025E

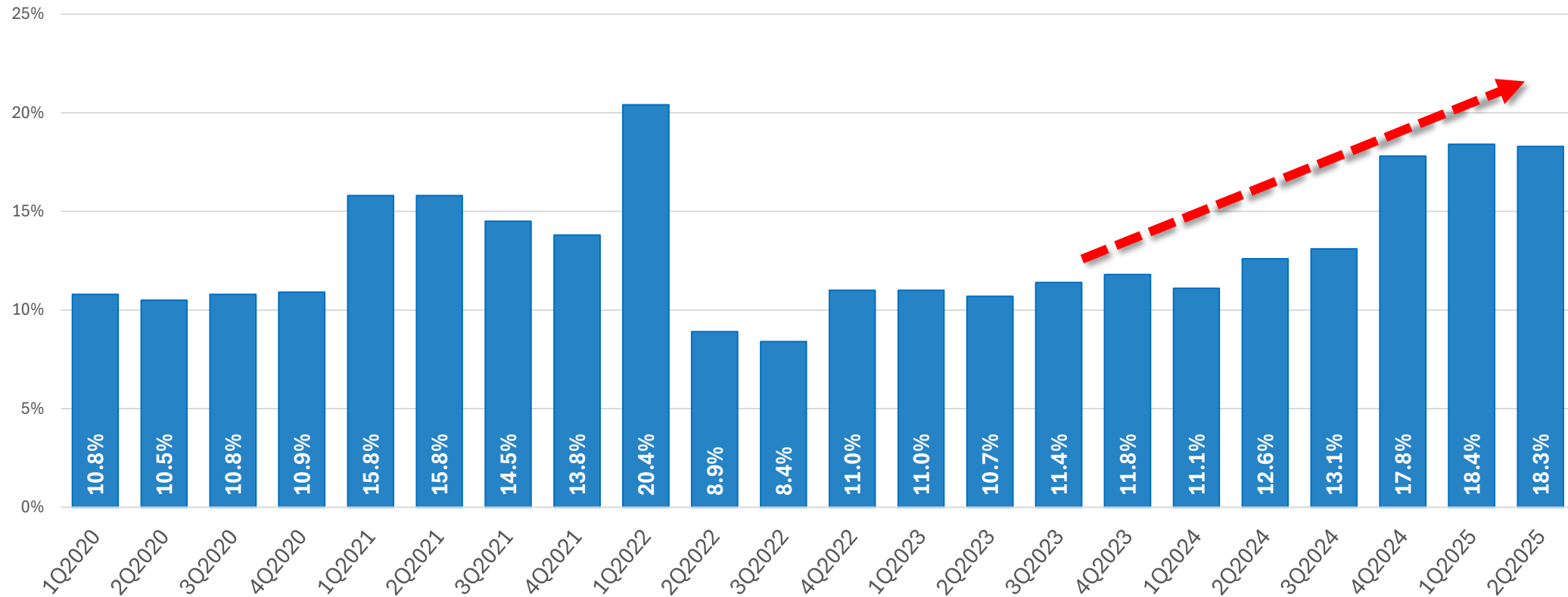


The sector remains poised to meet this figure, having **already met 55% of the forecast**



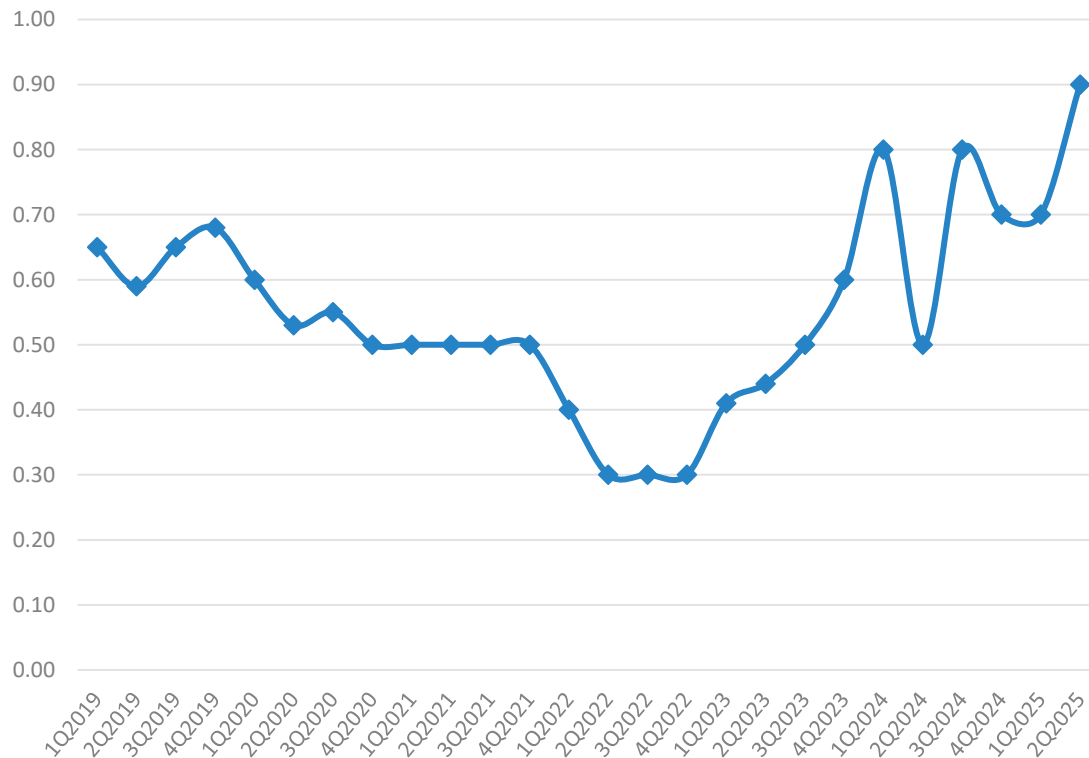
...generating stronger ROEs...

The banking sector has continued to generate stronger ROEs, amidst higher earnings growth

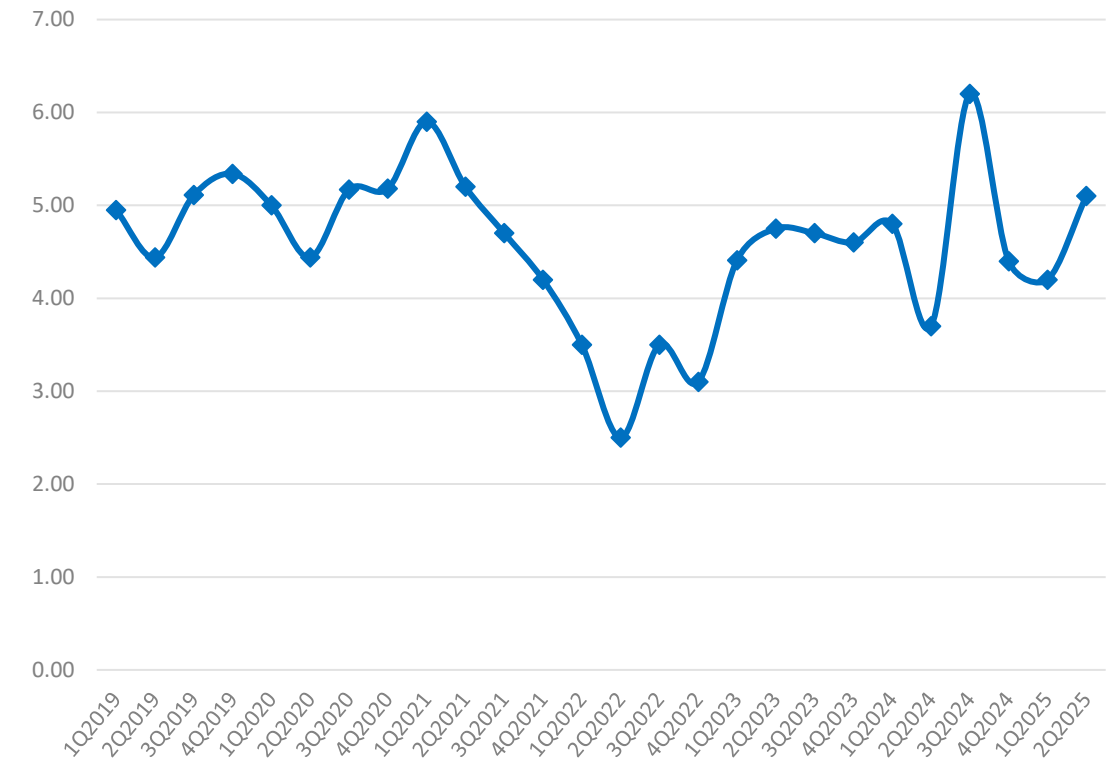


...the banking sector valuations continue to remain cheap at 0.9x PBV.

Sector trades at a PBV of 0.9x...






Sector trades at a PER of 5.1x...



In summary...

- ✓ Banking sector earnings are expected to rise over 78.0% in 2025E and 9.8% in 2026E, supported by higher NII, increased net fee and commission income as well as lower impairments.
- ✓ Despite a slight uptick in prices since our last update, the banking sector continues to trade at a discount of 0.9x book value, given that the big 8 has already offered an average ROE of 16.9% in 2Q2025.
- ✓ With the sector expected to generate a price upside of 22.5% and a total return of 28.0%, we reiterate our recommendation on the sector, **MAINTAIN BUY**

Banking Sector Recommendations

Stock	Stock Code	Recommendation	3-Oct-25	PE	PBV	DY	52-Week High	52-Week Low	Target Price 2025E	Target Price 2026E
LKR										
 COMMERCIAL BANK OF CEYLON	COMB.N0000	BUY	194.75	4.7	1.1	1.9%	199.25	104.50	210.00	225.00
 COMMERCIAL BANK OF CEYLON	COMB.X0000	BUY	182.00	4.4	1.0	2.1%	184.75	80.60	175.00	190.00
 HATTON NATIONAL BANK	HNB.N0000	HOLD	389.75	4.4	0.8	1.0%	410.00	208.00	400.00	425.00
 HATTON NATIONAL BANK	HNB.X0000	HOLD	304.00	3.5	0.6	1.3%	321.00	172.00	320.00	340.00
 NATIONAL DEVELOPMENT BANK	NDB.N0000	BUY	146.25	5.8	0.7	1.4%	149.50	76.30	170.00	190.00
 NATIONS TRUST BANK	NTB.N0000	SELL	310.25	5.8	1.2	1.0%	324.00	130.00	300.00	330.00
 NATIONS TRUST BANK	NTB.X0000	SELL	410.00	7.7	1.5	0.8%	480.00	127.75	320.00	350.00
 SAMPATH BANK	SAMP.N0000	BUY	148.25	5.4	1.0	3.9%	151.00	80.50	165.00	175.00
 SEYLAN BANK	SEYB.N0000	BUY	102.00	5.9	0.8	1.0%	107.00	48.50	120.00	150.00
 SEYLAN BANK	SEYB.X0000	BUY	73.70	4.3	0.6	1.4%	76.00	39.50	85.00	115.00



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Banking Sector Performance – 2Q2025

Investment Risks

Risks....

Asset quality

Despite ongoing improvements in asset quality, supported by recent interest rate reductions and favorable economic conditions, many borrowers, particularly within the SME and retail sectors, continue to struggle with repayment due to the sluggish pace of post-crisis recovery. This persistent challenge heightens the risk of NPLs, placing added pressure on banks' balance sheets

Political and policy uncertainty

While the current political environment in Sri Lanka appears stable, potential shifts in fiscal or monetary policy introduce a degree of uncertainty. Abrupt changes in regulatory frameworks, taxation, or government spending priorities could negatively impact credit demand, investor sentiment, and the overall operating conditions for the banking sector.

Capital adequacy

Although robust loan growth is anticipated amid the ongoing economic recovery, maintaining adequate capital buffers will be essential. Higher lending volumes are likely to increase RWAs, potentially necessitating additional capital to ensure compliance with regulatory capital requirements.

Exchange rate volatility

The banking sector remains exposed to exchange rate fluctuations, particularly due to its foreign currency-denominated assets and liabilities. A sharp depreciation of the LKR could increase the cost of external debt and impact capital adequacy ratios.

Cybersecurity and digital risk

With increased digitalization of banking services, Sri Lankan banks are more vulnerable to cyber threats. Limited investment in advanced cybersecurity infrastructure could expose institutions to data breaches, financial loss, and reputational damage.

Banking Sector Performance – 2Q2025

Individual Banks

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	14.00%	10.00%	10.00%
Grade B	Rest of the Companies	17.00%	12.00%	12.00%
Grade C	Companies less than LKR 1Bn Market Cap	20.00%	15.00%	15.00%



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 COMMERCIAL BANK

COMMERCIAL BANK OF CEYLON PLC

“STRONG FUNDAMENTALS, VALUE RISING”

MAINTAIN BUY

Fair Value: 2025E - LKR 210.0 [+9%]

2026E - LKR 225.0 [+16%]

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Total Return with DPS: 2025E - 18% [AER 91%]

2026E - 26% [AER 20%]

LKR (Mn)	2Q2024	2Q2025	YoY	1H2024	1H2025	YoY
Earnings (LKR 'Mn)						
NII	30,922	34,597	+12%	58,620	68,812	+17%
Total Operating Income	42,310	46,139	+9%	77,257	92,758	+20%
Net Operating Income	26,729	42,038	+57%	58,241	81,425	+40%
PBT	12,379	24,256	+96%	29,117	46,813	+61%
Net Profit	7,929	15,970	+101%	18,555	30,757	+66%
Balance Sheet (LKR 'Mn)						
Shareholder's Equity	224,831	299,444	+33%	224,831	299,444	+33%
NAVPS	137.9	183.7	+33%	137.9	183.7	+33%

COMB earnings jump by 101.4%YoY during 2Q2025

COMB reported strong financial performance for 2Q2025, with net earnings increasing by 101.4% YoY to LKR 16.0Bn, significantly surpassing our quarterly forecast of LKR 9.0Bn. This outperformance was primarily attributable to stronger-than-anticipated growth in NII and a notable reduction in impairment charges. NII rose by 11.9% YoY to LKR 34.6Bn, supported by a 7.5% YoY increase in interest income, driven by improved loan growth amid a lower interest rate environment. Consequently, Net Interest Margins (NIMs) expanded to 4.63%, compared to 4.41% in 2Q2024, although slightly lower than the 4.74% recorded in 1Q2025. Additionally, Net Fee and Commission Income recorded a robust YoY growth of 24.1%, supported by increased adoption of digital transactions and the easing of vehicle import restrictions. In contrast, Other Operating Income declined by 19.4% YoY to LKR 4.8Bn. Impairment charges declined by over 73% YoY, reflecting the absence of the elevated provisioning seen in the previous year related to the Bank’s holdings of SLISBs.

On the cost front, there was upward pressure, with VAT on financial services increasing by 144.5% YoY and corporate tax expenses rising by 88.0% YoY. Despite these headwinds, COMB delivered a resilient and commendable performance in 2Q2025.

Gross loan book accelerates during 2Q2025

COMB’s gross loan portfolio registered a strong expansion of 27.0% YoY (5.4% QoQ), reaching LKR 1.7Tn in 2Q2025. This growth was primarily underpinned by the solid performance of the domestic lending segment, which rose by 28.4% YoY (6.6% QoQ) to LKR 1,232.9Bn. The acceleration in credit growth was facilitated by the decline in interest rates, with the Average Weighted Lending Rate (AWLR) decreasing to 11.56% at end-2Q2025 from 11.80% in 1Q2025, coupled with a broad-based recovery in economic activity. Furthermore, the depreciation of the LKR against the USD positively impacted foreign currency-denominated lending, which grew by 23.8% YoY (2.6% QoQ) to LKR 498.5Bn. In line with expectations, asset quality continued to strengthen, with the Non-Performing Loan (NPL) ratio improving to 2.27% in 2Q2025, down from 2.58% in 1Q2025 and significantly lower than the 4.87% recorded in 2Q2024.

COMB deposit base expanded by 14.3%YoY to LKR 2.5Tn

COMB’s deposit base grew by 14.3% YoY to LKR 2.5Tn in 2Q2025, primarily supported by an increase in local currency deposits, which rose by 16.2% YoY and 4.1% QoQ to LKR 1.7Tn. This growth was driven by the broad-based expansion of deposit products across all customer segments. Additionally, the depreciation of the LKR contributed to a 10.0% YoY and 3.4% QoQ increase in foreign currency denominated deposits during the quarter.

COMMERCIAL BANK PLC [COMB.N0000]

Meanwhile, the continued growth in the LC-denominated current and savings account base led to an improvement in COMB’s CASA ratio, which increased to 40.11% in 2Q2025 from 39.80% in 1Q2025. The rise in the CASA ratio also supported the improvement in NIMs during the period.

Capital adequacy soars past regulatory hurdles

The Bank’s Tier 1 Capital Ratio as at 30th June 2025 was 14.48% while its Total Capital Ratio stood at 18.06%, both comfortably above the regulatory minimum ratios of 10% and 14% respectively. A Tier 2 Green Bond issue of LKR 15.0Bn concluded in early August is expected to further strengthen the Bank’s Tier 2 capital, taking it closer to 19.00%.

Earnings revised up; TP upgraded

Following COMB’s strong performance in 2Q2025, primarily driven by higher-than-anticipated NII, we have revised our earnings forecasts upward. We now estimate 2025E net profit at LKR 60.2Bn (previously LKR 47.3Bn) and 2026E net profit at LKR 66.5Bn (previously LKR 58.0Bn). The ongoing decline in interest rates, coupled with a broad-based economic recovery, is expected to support continued credit expansion in the near term, although we anticipate a gradual normalization over time. In this context, COMB appears well positioned to capture incremental growth opportunities. Furthermore, the sustained reduction in new impairment charges is likely to remain a key contributor to profitability going forward. Given the bank’s solid fundamental position and the favorable macroeconomic backdrop, we maintain a constructive view on COMB. Reflecting the upward revision of our earnings forecasts, we have accordingly increased our target prices for COMB.N to LKR 210.0 for 2025E and LKR 225.0 for 2026E, and for COMB.X to LKR 175.0 and LKR 190.0 for 2025E and 2026E, respectively. Considering the current market price continues to trade at a significant discount to our revised target prices, we reiterate our recommendation, **MAINTAIN BUY.**

Estimate Revision

In LKR Mn	2025E-O	2025E-R	% Change	2026E-O	2026E-R	% Change
Earnings Estimate						
NII	119,634	135,165	+13%	136,358	147,450	+8%
Total Operating Income	161,387	177,546	+10%	186,016	195,793	+5%
Net Operating Income	142,018	159,246	+12%	164,894	174,180	+6%
Profit before Tax	70,429	87,819	+25%	86,361	96,898	+12%
Net Profit	47,328	60,244	+27%	58,034	66,472	+15%
Adjusted EPS	27.6	35.1		31.8	36.4	
Balance Sheet Estimate						
Loans & Advances	1,584,696	1,631,530	+3%	1,725,888	1,820,436	+5%
Shareholders' Equity	297,937	300,444	+1%	346,517	348,098	+0%
Adjusted NAVPS	173.7	175.2	+1%	189.7	190.6	+0%

Valuation Table

P/E 31st December	2021	2022	2023	2024	2025E	2026E	2027E
Estimates (LKR 'Mn)							
Net Interest Income	66,416	84,665	86,415	118,135	135,165	147,450	157,677
Total Operating Income	93,598	136,637	122,070	107,059	177,546	195,793	210,481
Net Profit: Equity Holders	24,062	23,812	21,115	55,073	60,244	66,472	73,175
Recurring Net Profit: Equity Holders	21,961	23,812	17,573	23,055	60,244	66,472	73,175
Adjusted EPS (LKR)	13.6	14.8	10.9	14.3	35.1	36.4	37.6
YoY Growth (%)	30%	8%	-26%	31%	145%	4%	3%
Valuations							
PER (x)	14.2x	13.1x	17.7x	13.5x	5.5x	5.3x	5.1x
PBV (x)	2.0x	1.6x	1.5x	1.2x	1.1x	1.0x	0.9x
DY (%)	3.9%	2.3%	3.4%	4.4%	9.3%	9.6%	9.9%
Adjusted NAVPS (LKR)	97.7	121.8	128.6	163.9	175.2	190.6	206.0
DPS (LKR)	7.5	4.5	6.5	8.5	17.9	18.6	19.2
Dividend Payout (%)	55.0%	30.4%	59.6%	59.4%	51.0%	51.0%	51.0%

COMMERCIAL BANK PLC [COMB.N0000]

Valuation Summary

Return	2025E	2026E
Target Price	210.0	225.0
Current Price	193.5	193.5
Capital Gain (LKR)	16.5	31.5
Dividends upto 31st Dec (LKR)	17.9	18.6
Capital Gain %	9%	16%
Dividend Yield %	9%	10%
Total Return %	18%	26%
Annualized Return %	91%	20%

Expected COMB.N Price	2025E	2026E
Justified PBV based target price	210.2	228.7
PER Valuation based target price	228.3	236.6
RI Valuation based target price	204.3	212.9
Average Target Price	214.3	226.0
Target Price after Rounding off	210.0	225.0

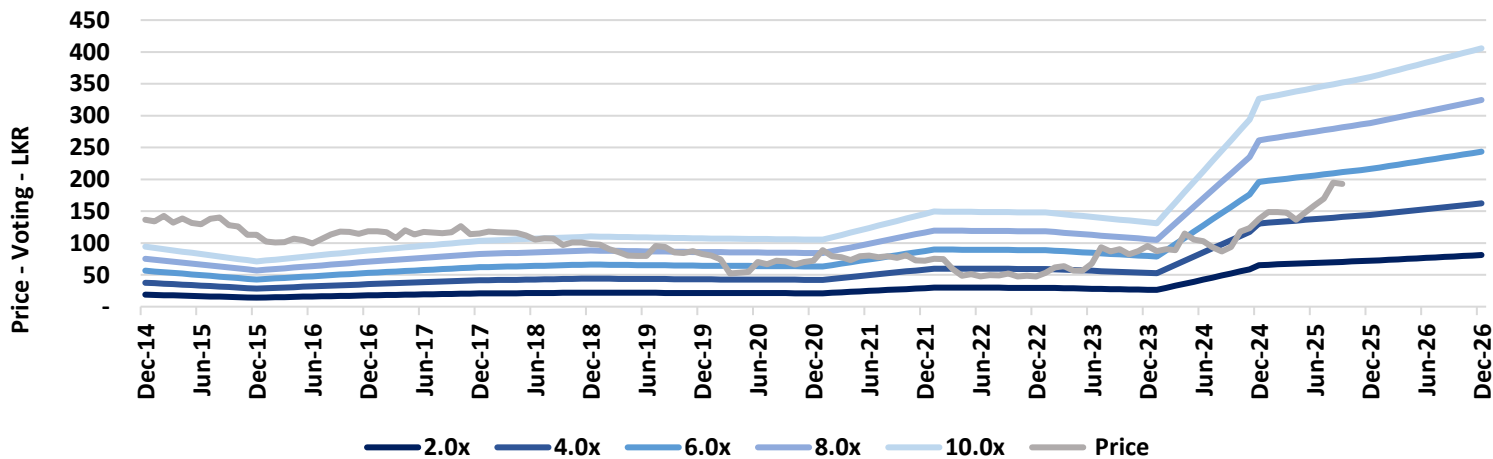


Residual Income Valuation

Residual Income based Valuation	2025E	2026E
PV of Residual Income	69,298	68,826
No. of Shares ('Mn)	1,715	1,826
RI per Share	40.4	37.7
Opening Book Value per Share	163.9	175.2
Value per Share	204.3	212.9

COE	2025E	2026E
Rf	9.0%	9.0%
Rm	17.0%	17.0%
Growth %	3.0%	3.0%
β	0.9	0.9
$Ke=Rf+\beta(Rm-Rf)$	16.4%	16.4%

PER Chart



Justified PBV Valuation

Justified PBV based Valuation	2025E	2026E
ROAE	20.7%	20.5%
Growth	3.0%	3.0%
COE	16.4%	16.4%
PBV	1.2	1.2
NAVPS	175.2	190.6
Target Price	210.2	228.7

PER Valuation

PER based Valuation	2025E	2026E
Earnings (LKR 'Mn)	60,244	66,472
No. of Shares ('Mn)	1,715	1,826
EPS	35.1	36.4
Expected PER	6.5x	6.5x
Price at 6.5x Earnings	228.3	236.6

COMMERCIAL BANK PLC [COMB.N0000]

Appendix I: Statement of Income and Expenses

Income Statement P/E 31st December	2021	2022	2023	2024	2025E	2026E	2027E
Gross Income	163,675	280,387	341,566	274,976	338,401	388,463	434,970
Interest Income	132,818	222,393	297,646	275,217	281,565	322,888	363,383
Less: Interest Expenses	66,402	137,728	211,231	157,082	146,400	175,438	205,706
Net Interest Income	66,416	84,665	86,415	118,135	135,165	147,450	157,677
Net Fee and Commission Income	12,242	20,169	22,387	23,646	30,715	32,003	34,883
Total Operating Income	93,598	136,637	122,070	107,059	177,546	195,793	210,481
Less: Impairment Charge/(Reversal) for Loans	25,140	71,924	38,895	(62,295)	18,301	21,613	18,067
Net Operating Income	68,458	64,712	83,175	169,354	159,246	174,180	192,415
Less : Operating Expense							
Personnel Expenses	16,799	19,788	22,810	27,907	26,563	27,986	31,071
Other Operating Expenses	12,859	16,494	21,480	23,931	26,243	28,965	32,252
Total Operating Expenses	29,658	36,282	44,290	51,838	52,806	56,951	63,322
Operating Profit before Value Added Tax (VAT)	38,801	28,430	38,885	117,515	106,440	117,229	129,092
Less: Value Added tax on Financial Services	5,845	3,921	4,961	19,707	18,620	20,330	22,423
Operating Profit after Value Added Tax (VAT)	32,955	24,509	33,924	97,809	87,819	96,899	106,669
Profit before Income Tax	32,957	24,505	33,927	97,808	87,819	96,898	106,669
Less: Income Tax Expense	8,667	106	12,027	42,122	26,346	29,070	32,001
Profit for the Year	24,290	24,399	21,900	55,686	61,473	67,829	74,668
Non-Controlling Interest	228	588	785	613	1,229	1,357	1,493
Profit Attributable to Equity Holders	24,062	23,812	21,115	55,073	60,244	66,472	73,175
Recurring Profit Attributable to Equity Holders	21,961	23,812	17,573	23,055	60,244	66,472	73,175
Adjusted EPS	13.6	14.8	10.9	14.3	35.1	36.4	37.6

Appendix III: Ratio Analysis

		2021	2022	2023	2024	2025E	2026E	2027E
Growth	Asset	12.6%	26.0%	6.2%	8.3%	7.9%	9.0%	9.1%
	Deposit	14.5%	34.3%	8.6%	7.4%	7.0%	7.7%	8.0%
	Net Loans	13.2%	12.2%	4.3%	17.9%	14.8%	11.6%	10.9%
Profitability	Return on Equity	14.8%	12.7%	9.8%	22.0%	20.7%	20.5%	19.5%
	Return on Average Assets	1.3%	1.1%	0.8%	2.0%	2.1%	2.1%	2.1%
	Net Interest Spread	3.7%	3.7%	3.2%	4.1%	4.3%	4.2%	4.1%
	Net Interest Margin	5.0%	6.0%	5.7%	6.6%	6.6%	6.5%	6.3%
Funding & Liquidity	Loan/ Deposits	69.9%	58.4%	56.1%	61.6%	66.1%	68.5%	70.3%
	Loan/ Assets	51.9%	46.2%	45.4%	49.4%	52.6%	53.8%	54.7%
	Deposit/ Liabilities	81.2%	86.5%	88.4%	89.0%	88.2%	87.9%	87.6%
	CASA	48.0%	39.0%	39.7%	38.3%	42.0%	40.0%	39.0%

Appendix II: Statement of Financial Position

Statement of Financial Position P/E 31st December	2021	2022	2023	2024	2025E	2026E	2027E
ASSETS							
Cash and Cash Equivalents	69,335	151,109	159,702	89,615	103,375	54,241	80,180
Balances with Central Banks	56,777	78,597	62,634	55,990	60,645	65,292	70,457
Placements with Banks	12,499	96,083	81,507	101,105	85,939	87,228	88,537
Derivative Financial Instruments	3,245	8,345	7,226	4,264	4,812	5,185	5,599
Other Financial Assets Held-For-Trading	23,436	24,873	29,450	91,677	86,363	93,056	100,500
Loans and Receivables to Other Customers	1,029,584	1,155,493	1,204,866	1,421,004	1,631,530	1,820,436	2,018,503
Financial Investments - Available-for-sale	335,954	118,652	287,733	303,218	333,113	372,223	344,572
Property, Plant & Equipment	24,745	27,447	28,997	30,670	32,277	33,510	34,370
Intangible Assets	2,273	4,113	4,289	4,758	4,387	3,969	3,501
Other Assets	27,083	40,811	37,736	29,917	37,013	39,881	43,072
Total assets	1,983,491	2,499,554	2,655,612	2,875,993	3,102,873	3,380,839	3,687,320
LIABILITIES							
Securities Sold Under Repurchase Agreements	151,425	97,726	111,187	112,461	130,522	145,635	161,480
Due to Other Customers	1,472,640	1,977,744	2,147,907	2,306,079	2,467,505	2,658,737	2,871,436
Subordinated Term Debts	38,303	61,401	36,483	57,708	48,946	54,613	60,555
Total liabilities	1,813,939	2,286,581	2,430,637	2,590,173	2,796,509	3,025,465	3,277,789
EQUITY							
Stated Capital	54,567	58,150	62,948	88,017	98,484	110,189	123,277
Statutory Reserves	10,590	12,080	13,587	16,470	19,543	22,935	26,668
Retained Earnings	9,891	6,790	9,943	17,534	34,131	52,445	72,606
Other Reserves	92,427	131,846	133,993	159,109	148,286	162,530	178,210
Total Equity to Equity Owners of the Bank	167,475	208,865	220,471	281,129	300,444	348,098	400,761
Non-Controlling Interest	2,078	4,107	4,504	4,690	5,919	7,276	8,769
Total Equity	169,553	212,973	224,974	285,819	306,364	355,374	409,531
	1,983,491	2,499,554	2,655,612	2,875,993	3,102,873	3,380,839	3,687,320
Adjusted NAVPS	97.7	121.8	128.6	163.9	175.2	190.6	206.0



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HATTON NATIONAL BANK PLC

MOMENTUM MEETS VALUATION CEILING

DOWNGRADE TO HOLD

Fair Value: 2025E - LKR 400.0 [+2%]

Total Return with DPS: 2025E - 7% [AER 30%]

2026E - LKR 425.0 [+8%]

2026E - 14% [AER 11%]

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LKR (Mn)	2Q2024	2Q2025	YoY	1H2024	1H2025	YoY
Earnings (LKR 'Mn)						
NII	27,252	26,301	-3%	52,586	54,212	+3%
Total Operating Income	37,745	40,448	+7%	70,350	81,900	+16%
Net Operating Income	36,930	45,097	+22%	67,901	86,743	+28%
Pre Tax Profit	15,766	19,416	+23%	27,008	36,483	+35%
Net Profit : Equity Holders	8,570	11,743	+37%	15,778	22,441	+42%
Balance Sheet (LKR 'Mn)						
Loans	1,084,138	1,338,919	+24%	1,084,138	1,338,919	+24%
Shareholder's Equity	227,540	276,695	+22%	227,540	276,695	+22%
Adjusted NAVPS	397.9	483.9	+22%	397.9	483.9	+22%

HNB earnings up by 37.0% YoY during 2Q2025

HNB reported a 37.0% YoY growth in earnings for 2Q2025, primarily driven by impairment reversals recorded during the period. However, core banking operations reflected some pressure, with NII declining by 3.5% YoY to LKR 26.3Bn, largely due to the prevailing low-interest rate environment compared to the same quarter in 2024. Despite a 23.5% YoY expansion in the loan book, interest income declined by 4.4% YoY, underscoring the impact of reduced lending rates. This was partially offset by a 5.1% YoY decline in interest expenses, supported by strategic efforts to enhance the CASA base. Nevertheless, the pressure on NII contributed to a contraction in NIMs, which declined to 4.20% in 2Q2025, compared to 4.70% in 2Q2024 and 4.48% in 1Q2025. Non-interest income showed strong growth, with Net Fee and Commission Income increasing by 20.0% YoY, driven by higher card transaction volumes and increased adoption of digital banking platforms.

Furthermore, other operating income, which primarily includes exchange income rose significantly to LKR 2.5Bn, reversing a loss of LKR 2.0Bn in the corresponding quarter of 2024. This was largely attributable to the depreciation of the LKR against the USD. In terms of asset quality, HNB recorded a net impairment reversal of LKR 4.6Mn, in contrast to an impairment charge of LKR 815.0Mn in 2Q2024, indicating an improvement in the Stage 3 loan portfolio. Accordingly, the Net Stage 3 ratio improved to 1.59%, compared to 1.82% in 1Q2025 and 4.09% in 2Q2024. Nevertheless, profitability was partially constrained by rising cost pressures. Operating expenses increased by 21.6% YoY, while tax-related expenses also rose, with VAT on financial services up 18.6% YoY and corporate income tax higher by 5.4% YoY. Overall, HNB delivered a resilient performance in 2Q2025, supported by improved asset quality and a more diversified income base, despite headwinds from a lower interest rate environment and elevated cost pressures.

Loan book expands as private credit gains momentum

Amid the prevailing low-interest rate environment, private sector credit growth accelerated to 17.9% YoY as of June 2025, up from 14.0% YoY in March 2025. Within this backdrop, HNB's gross loan portfolio recorded a robust 23.5% YoY increase, reaching LKR 1.3Tn as at 2Q2025. On an annual basis, domestic currency lending rose by 23.1%, largely driven by increased volumes in term loans. Foreign currency loans also expanded significantly, growing by 26.1% YoY, supported by the depreciation of the LKR against the USD during the quarter as well as higher term loan disbursements. The downward trajectory in interest rates, reflected in the decline of the Average Weighted Lending Rate (AWLR) to 11.56% at end-2Q2025 from 11.80% in 1Q2025, alongside broad-based economic recovery, is expected to continue supporting credit expansion in the near term, although a gradual moderation may occur over time.

HATTON NATIONAL BANK PLC [HNB.N0000]

On the funding front, HNB’s total deposits rose by 17.5% YoY to LKR 1.9Tn in 2Q2025. Consequently, the loan-to-deposit ratio increased to 70.1% in 2Q2025, compared to 63.9% in 1Q2025 and 66.7% in 2Q2024. The CASA ratio improved to 34.8%, up from 33.4% in 1Q2025 and 32.4% in 2Q2024, reflecting continued efforts to strengthen the Bank’s low-cost funding base.

Capital adequacy soars past regulatory hurdles

During the period, HNB continued to maintain strong capital buffers, with Tier I and Total Capital Adequacy Ratios at 18.42% and 22.46%, respectively, well above the regulatory minimum requirements of 9.5% and 13.5%. The Bank also sustained a strong liquidity position, evidenced by an all currency Liquidity Coverage Ratio of 271.54%, significantly exceeding the minimum regulatory threshold of 100%.

FV for 2026E revised upwards – Time to pause

Given the stronger-than-expected expansion in the loan book, we have upwardly revised our earnings forecast for 2025E to LKR 39.0Bn (previously LKR 36.4Bn). For 2026E, we project a more moderate earnings growth of 5.9%, with earnings expected to reach LKR 41.3Bn (previously LKR 38.7Bn). The upward revision in earnings projections has resulted in a corresponding adjustment to our fair value estimates. The fair value for HNB.N is now set at LKR 400.0 for 2025E and LKR 425.0 for 2026E, while the fair value for HNB.X has been revised to LKR 320.0 for 2025E and LKR 340.0 for 2026E. HNB’s fundamentals remain robust, underpinned by prudent asset quality management and a well-diversified income base. Nevertheless, given the significant appreciation in the share price in recent months, the stock currently presents limited upside potential relative to our 2026E fair value estimate of LKR 425.0. Accordingly, while the long-term outlook remains constructive, FCR recommends investors retain the stock and issues a **DOWNGRADE TO HOLD** from our previous BUY.

Estimate Revision

In LKR Mn	2025E-O	2025E-R	% Change	2026E-O	2026E-R	% Change
Earnings Estimate						
Net Interest Income	113,666	114,572	+1%	128,067	127,459	-0%
Total Operating Income	160,635	161,540	+1%	176,705	176,097	-0%
Net Operating Income	151,595	154,884	+2%	161,841	164,801	+2%
Pre Tax Profit	62,660	67,208	+7%	66,722	71,147	+7%
Net Profit : Equity Holders	36,375	39,015	+7%	38,733	41,302	+7%
Adjusted EPS	63.6	68.2	+7%	67.7	72.2	+7%
Net Profit Growth YoY	143%	161%		6%	6%	
Balance Sheet Estimate						
Loans & Advances	1,203,584	1,302,510	+8%	1,280,798	1,488,886	+16%
Shareholders' Equity	273,091	274,564	+1%	284,528	286,697	+1%
Adjusted NAVPS	487.9	490.5	+1%	508.3	512.2	+1%

Valuation Table

P/E 31st December	2021	2022	2023	2024	2025E	2026E	2027E
Estimates (LKR 'Mn)							
Net Interest Income	56,462	111,567	118,075	109,765	114,572	127,459	141,200
Total Operating Income	84,404	160,875	149,500	97,593	161,540	176,097	192,212
Net Profit: Equity Holders	19,025	15,329	22,771	43,539	39,015	41,302	44,007
Recurring Net Profit: Equity Holders	19,025	15,329	22,771	14,974	39,015	41,302	44,007
Adjusted EPS (LKR)	33.3	26.8	39.8	26.2	68.2	72.2	77.0
YoY Growth (%)	45%	-19%	49%	-34%	161%	6%	7%
Valuations							
PER (x)	11.8x	14.6x	9.9x	15.0x	5.7x	5.4x	5.1x
PBV (x)	1.2x	1.2x	1.0x	0.8x	0.8x	0.8x	0.7x
Dividend Yield (%)	2.3%	1.2%	2.0%	3.8%	4.9%	5.2%	5.5%
Adjusted NAVPS (LKR)	315.6	327.5	379.2	466.9	490.5	512.2	535.4
DPS (LKR)	9.0	4.8	8.0	15.0	19.1	20.2	21.5
Dividend Payout (%)	27.1%	17.8%	20.1%	57.3%	28.0%	28.0%	28.0%

HATTON NATIONAL BANK PLC [HNB.N0000]

Valuation Summary

Return	2025E	2026E
Target Price	400.0	425.0
Current Price	392.3	392.3
Capital Gain (LKR)	7.8	32.8
Dividends upto 31st Dec (LKR)	19.1	20.2
Capital Gain %	2%	8%
Dividend Yield %	5%	5%
Total Return %	7%	14%
Annualized Return %	30%	11%

Expected HNB.N Price	2025E	2026E
Justified PBV Based Target Price	416.9	435.4
Residual Income Valuation	376.0	404.3
PER Valuation Based Target Price	409.4	433.4
Average Target Price	400.8	424.4
Target Price After Rounding Off	400.0	425.0

Quarterly Earnings

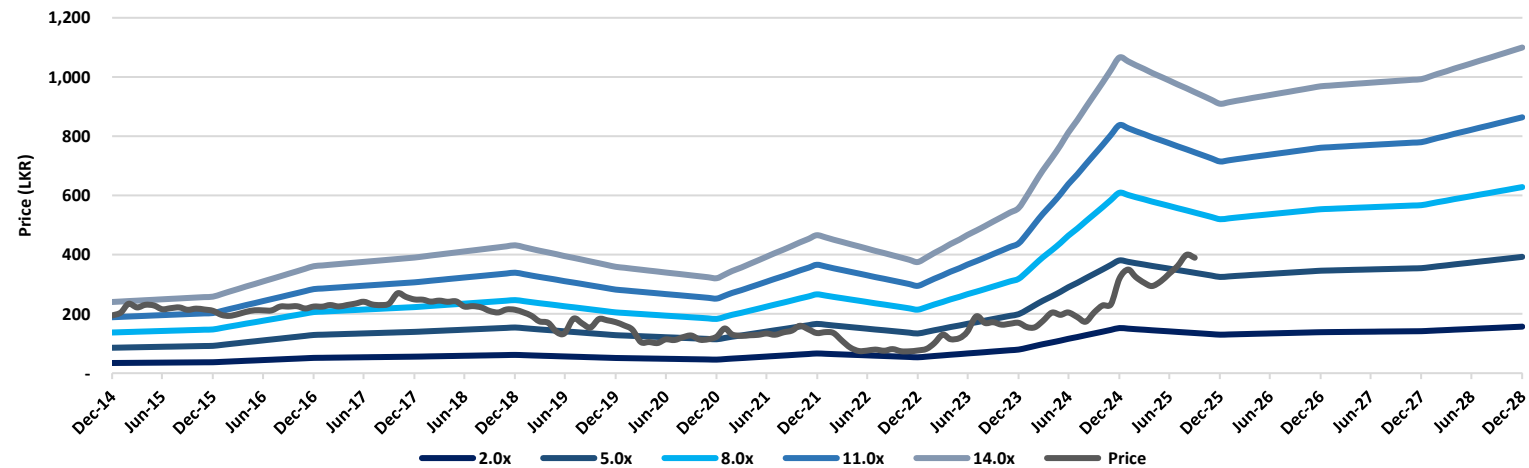


Residual Income Valuation

Residual Income Based Valuation	2025E	2026E
PV of Residual Income	-51,986	-49,299
No. of Shares ('Mn)	572	572
RI per Share	-90.9	-86.2
Opening Book Value per Share	466.9	490.5
Value per Share	376.0	404.3

COE	2025E	2026E
Rf	9.0%	9.0%
Rm	17.0%	17.0%
Growth %	3.0%	3.0%
β	1.30	1.30
Ke=Rf+β(Rm-Rf)	19.4%	19.4%

PER Chart



Justified PBV Valuation

Justified PBV Based Valuation	2025E	2026E
ROAE	14.6%	14.7%
Growth	3.0%	3.0%
COE	19.4%	19.4%
PBV	0.9	0.9
NAVPS	490.5	512.2
Value per Share	416.9	435.4

PER Valuation

PER Based Valuation	2025E	2026E
Earnings (LKR 'Mn)	39,015	41,302
No. of Shares ('Mn)	572	572
EPS	68.2	72.2
Expected PER	6.0x	6.0x
Value per Share	409.4	433.4

Source: CSE/First Capital Research

HATTON NATIONAL BANK PLC [HNB.N0000]

Appendix I: Statement of Income and Expenses

Income Statement P/E 31 December	2021	2022	2023	2024	2025E	2026E	2027E
Interest income	107,408	220,581	304,578	240,244	235,268	263,229	300,529
Interest expenses	50,945	109,015	186,504	130,479	120,696	135,770	159,329
Net interest income	56,462	111,567	118,075	109,765	114,572	127,459	141,200
Net fee and commission income	10,316	15,902	16,573	19,149	22,181	24,177	26,353
Net loss from trading	-384	4,826	-11,851	-3,966	2,278	1,645	1,518
Other operating income	17,813	28,558	26,393	-27,862	21,978	22,364	22,757
Total Operating income	84,404	160,875	149,500	97,593	161,540	176,097	192,212
Less: Impairment charge/(reversal) for loans	-19,534	-91,736	-42,524	77,406	-6,656	-11,295	-14,486
Net operating income	64,870	69,139	106,976	174,998	154,884	164,801	177,726
Personnel expenses	13,676	18,491	20,934	26,329	27,050	29,057	32,699
Other expenses	14,718	19,598	24,222	27,486	27,898	30,409	33,146
Total operating expenses	37,349	49,804	60,375	71,129	72,696	77,657	84,490
Operating profit before value added tax (VAT)	27,521	19,336	46,601	103,869	82,189	87,144	93,235
Value Added Tax (VAT) on Financial Services	4,760	5,248	10,523	21,148	16,386	17,430	18,890
Operating profit after value added tax (VAT)	22,761	14,088	36,077	82,722	65,803	69,714	74,345
Profit before income tax	23,054	14,420	37,218	84,099	67,208	71,147	75,807
Income Tax Expense	2,969	-1,328	13,612	39,260	26,986	28,568	30,439
Profit for the Year	20,084	15,748	23,606	44,840	40,222	42,579	45,368
Profit attributable to equity holders of the Bank	19,025	15,329	22,771	43,539	39,015	41,302	44,007
Recurring profit attributable to equity holders of the Bank	19,025	15,329	22,771	14,974	39,015	41,302	44,007
Adjusted EPS	33.3	26.8	39.8	26.2	68.2	72.2	77.0

Appendix III: Ratio Analysis

		2021	2022	2023	2024	2025E	2026E	2027E
Growth	Asset	6.0%	23.7%	13.8%	7.9%	11.9%	11.7%	11.9%
	Deposit	11.3%	30.4%	11.5%	8.8%	12.5%	12.5%	12.7%
	Net Loans	13.8%	11.3%	-2.6%	11.7%	18.0%	14.3%	12.0%
Profitability	Return on Equity	11.5%	8.5%	11.5%	18.4%	14.6%	14.7%	15.0%
	Return on Average Assets	1.3%	0.9%	1.2%	2.0%	1.7%	1.6%	1.5%
	Net Interest Spread	4.0%	7.4%	6.4%	5.0%	4.6%	4.6%	4.6%
	Net Interest Margin	4.4%	7.8%	6.9%	5.7%	5.3%	5.2%	5.2%
Funding & Liquidity	Loan/ Deposits	82.3%	70.3%	61.4%	63.1%	66.2%	67.2%	66.9%
	Loan/ Assets	62.7%	56.4%	48.3%	50.0%	52.7%	53.9%	54.0%
	Deposit/ Liabilities	87.1%	89.7%	88.1%	90.2%	90.0%	89.9%	89.8%
	CASA	40.0%	30.4%	29.4%	33.5%	45.0%	43.0%	43.0%

Appendix II: Statement of Financial Position

Balance Sheet (LKR Mn) As at 31st December	2021	2022	2023	2024	2025E	2026E	2027E
Assets							
Cash and Cash Equivalents	41,712	80,630	73,759	64,065	55,419	68,581	70,609
Balances with Central Bank of Sri Lanka	25,820	32,344	12,234	6,913	7,755	8,641	9,728
Placements with Banks	6,371	58,172	61,836	48,656	59,045	66,426	74,828
Reverse Repurchase Agreements	6,246	1,381	1,830	5,281	6,957	7,953	8,907
Financial Assets Measured at FVTPL	863	236	801	2,963	3,331	3,748	4,222
Financial Assets Measured at Amortised Cost - Loans & Advances	911,253	1,014,519	988,601	1,104,013	1,302,510	1,488,886	1,667,552
Financial investments - FVOCI	210,804	6,062	195,975	112,407	147,612	276,773	361,671
Financial Assets Measured at Amortised Cost - Debt & Other Instruments	171,931	479,787	584,131	770,021	787,267	730,682	773,227
Property, Plant and Equipment	49,724	49,616	50,165	55,468	58,092	60,714	63,335
Other Assets	15,047	30,573	33,415	24,538	27,593	31,042	34,968
Total assets	1,453,651	1,798,275	2,047,040	2,209,174	2,471,517	2,760,970	3,088,188
Liabilities							
Due to Banks	17,076	6,105	9,020	6,596	9,502	10,500	11,451
Due to Other Customers	1,107,066	1,443,179	1,609,154	1,750,259	1,968,167	2,214,187	2,494,282
Dividends Payable	1,014	1,039	991	994	3,277	3,469	3,697
Other Borrowings	25,556	33,386	25,032	19,742	24,543	28,055	31,421
Other Liabilities	14,597	18,042	20,696	21,549	22,436	22,997	23,572
Total Liabilities	1,270,383	1,608,188	1,827,484	1,939,424	2,187,357	2,463,400	2,776,255
Equity							
Stated Capital	37,364	38,679	40,955	42,858	49,741	57,026	64,789
Retained Earnings	43,644	50,247	68,252	91,385	94,513	95,979	97,616
Total Equity Attributable to Equity Holders of the Bank	176,668	183,292	212,240	261,361	274,564	286,697	299,700
Non-controlling Interests	6,599	6,795	7,317	8,389	9,595	10,873	12,234
Total Equity	183,267	190,087	219,557	269,749	284,160	297,570	311,934
Total Liabilities and Equity	1,453,651	1,798,275	2,047,040	2,209,174	2,471,517	2,760,970	3,088,188
Adjusted NAVPS	315.6	327.5	379.2	466.9	490.5	512.2	535.4



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சம்பத் வங்கி
SampathBank

SAMPATH BANK PLC

ஈஸிபன் டிஃனால
சம்பத் வங்கி
SampathBank

CLIMBING HIGHER ON THE PILLARS OF STABILITY AND GROWTH

MAINTAIN BUY

Fair Value: 2025E - LKR 165.0 [+13%]
Total Return with DPS: 2025E - 21% [AER 102%]

2026E - LKR 175.0 [+20%]
2026E - 28% [AER 22%]

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LKR (Mn)	2Q2024	2Q2025	YoY	6M2024	6M2025	YoY
Earnings (LKR 'Mn)						
NII	21,842	20,866	-4%	43,405	41,325	-5%
Total Operating Income	28,686	28,609	-0%	51,393	58,386	+14%
Net Operating Income	26,942	27,108	+1%	45,243	57,059	+26%
Profit Before Tax	12,810	11,637	-9%	19,715	25,958	+32%
Net Profit	8,074	6,703	-17%	11,867	15,627	+32%
Balance Sheet (LKR 'Mn)						
Loans	821,943	981,209	+19%	821,943	981,209	+19%
Shareholders' Equity	163,279	177,700	+9%	163,279	177,700	+9%
NAVPS	139.2	151.5	+9%	139.2	151.5	+9%

Non-fund income offsets trading performance drag

SAMP reported a net profit of LKR 6.7Bn in 2Q2025, down 17% YoY, as the sharp easing in market rates, with the AWPLR averaging 11.3% in Jun-25 versus 13.7% a year earlier, compressed asset yields and drove NIMs down to 4.24% from 5.18% in Jun-24. Net interest income fell 6% YoY, yet most operating trends unfolded broadly in line with FCR’s expectations. The key drag on quarterly performance stemmed from a contraction in net gains from trading, which, against last year’s elevated base, curtailed profitability and led to a deviation from our forecasts. Still, non-fund-based income proved a powerful offset, surging 122% YoY in 1H2025 to LKR 15.9Bn on the back of capital gains from timely portfolio rebalancing and a swing back to exchange gains. Net Fee Income advanced 19% YoY on higher transaction activity in 2Q2025, while impairment charges fell (-14% YoY), reflecting stronger macro undercurrents and improving credit quality.

Costs climbed 14% YoY with wage revisions, nudging the CIR higher, yet balance sheet momentum remained firm, with loans surpassing the LKR 1Tn threshold (+7% YTD) and deposits expanding 10% YTD, lifting CASA to 35.2%. Importantly, cumulative 1H2025 net profits reached LKR 15.6Bn (+32% YoY), in line with FCR’s forecasts, underscoring the resilience of the underlying fundamentals. On this basis, FCR reiterates its projections for recurring net profits of LKR 32.1Bn in 2025E (+36% YoY) and LKR 35.2Bn in 2026E (+10% YoY).

Loans hit LKR 1.0Tn supported by sustained lending momentum

SAMP’s loan book expanded further in 2Q2025, crossing the LKR 1.0Tn mark (Total Gross Loans: LKR 1.1Tn), in line with FCR’s forecasts for 2025E. Supported by this expansion, interest income stood at LKR 48.0Bn, having registered only a marginal downtick of 1%, despite a persistent downward adjustment in market lending rates throughout the quarter. It was the renewed demand in construction, housing, and trade, while leasing and pawning also gained traction that helped SAMP sustain the growth momentum of its loan book. Overdrafts and refinancing also picked up pace, signaling stronger working capital needs from businesses. The Bank’s historical tendency to expand lending aggressively during upcycles remains evident, with its portfolio well aligned to sectors now recovering. On the funding side, deposits grew 10% YTD to LKR 1.6Tn, supported largely by LKR inflows, while CASA improved to 35.2% from 34.4% in the previous quarter and 33.1% an year ago. easing pressure on funding costs. With rates anchored at trough levels and loan demand gathering pace, the March 2025 debenture issue has positioned SAMP to benefit from lower funding costs while bolstering capital buffers ahead of a further credit pickup.

SAMPATH BANK PLC [SAMP.N0000]

SAMP maintains proactive provisioning as impairments ease

SAMP recorded an impairment charge of LKR 1.5Bn in 2Q2025, reflecting a 14% YoY decline from LKR 1.7Bn in 2Q2024, helping to partially cushion the 17% YoY fall in PAT to LKR 6.7Bn. Of the 2Q2025 impairment, LKR 1.3Bn relates to net charges on loans and advances for 1H2025, while a net reversal of LKR 582.6Mn was recorded on credit-related commitments and contingencies, underscoring improving credit quality across the customer base. The reduction in provisioning is supported by stronger macroeconomic fundamentals and an interest rate environment conducive to enhanced repayment capacity. Asset quality trends remain positive, with the Bank's Stage 3 loans ratio falling to 4.26% as of Jun-25, from 4.69% at end-2024. SAMP continues to reinforce its proactive provisioning framework through prudent collective impairment buffers, while targeted support via its Business Revival Unit helps customers facing financial challenges. With these measures, impairment volatility is expected to remain contained, supporting a gradual normalization of asset quality and mitigating the risk of elevated provisioning weighing on earnings in the near to medium term.

Strong capital and liquidity buffers sustained in 2Q2025

Sampath Bank maintained capital and liquidity metrics well above regulatory minima through 2Q2025. As of Jun-25, the Bank reported Common Equity Tier 1 and Tier 1 Capital Ratios of 15.64% each, and a Total Capital Ratio of 19.16%, comfortably exceeding the minimum requirements, though slightly lower than the end-2024 levels of 16.75%, 16.75%, and 19.38%, respectively. The Bank also fully complied with the additional 1% capital buffer requirements following its designation as a Domestic Systemically Important Bank (D-SIB) in April 2025. Liquidity remained robust, with the All-Currency Liquidity Coverage Ratio at 312.11%, the Rupee LCR at 387.31%, and the Net Stable Funding Ratio at 198.59%.

FV for 2025E estimated at LKR 165.00 – MAINTAIN BUY

Notably, despite a lower-than-expected contribution from trading gains, the Bank's robust non-interest income, sustained loan growth, improved CASA, and contained impairment charges have underpinned underlying earnings, keeping performance broadly in line with forecasts. Consequently, FCR maintains SAMP's recurring net profits forecasts of LKR 32.1Bn for 2025E and LKR 35.2Bn for 2026E. Moreover, the target price for SAMP is also maintained at LKR 165.0 for 2025E and LKR 175.0 for 2026E from the current LKR 145.8 share price, implying 21% and 28% upside, respectively, and reinforcing a compelling buy recommendation. **MAINTAIN BUY.**

Estimate Revision

In LKR Mn	2025E - O	2025E - R	% Change	2026E - O	2026E - R	% Change
Earnings Estimate						
Net Interest Income	93,655	93,655	0%	102,835	102,835	0%
Total Operating Income	118,909	118,909	0%	130,941	130,941	0%
Net Operating Income	114,949	114,949	0%	123,560	123,560	0%
Profit Before Tax	53,418	53,418	0%	58,728	58,728	0%
Net Profit	32,051	32,051	0%	35,237	35,237	0%
Adjusted EPS	27.3	27.3		30.0	30.0	
Growth YoY	12%	12%		10%	10%	
Balance Sheet Estimate						
Loans & Advances	1,024,148	1,024,148	0%	1,130,309	1,130,309	0%
Shareholders' Equity	188,346	188,346	0%	198,530	198,530	0%
Adjusted NAVPS	160.6	160.6		169.3	169.3	

Valuation Table

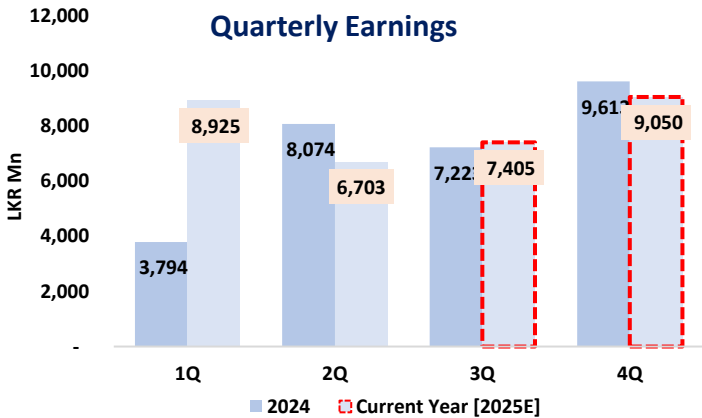
P/E 31 December	2020	2021	2022	2023	2024	2025E	2026E	2027E
Estimates (LKR 'Mn)								
Net Interest Income	36,827	45,518	76,042	75,443	84,662	93,655	102,835	111,574
Total Operating Income	50,066	64,399	114,768	95,463	94,089	118,909	130,941	142,574
Net Profit	8,443	13,856	14,061	17,924	28,703	32,051	35,237	39,062
Recurring Net Profits	8,443	13,056	14,061	15,404	23,523	32,051	35,237	39,062
Adjusted EPS (LKR)	7.2	11.1	12.0	13.1	20.1	27.3	30.0	33.3
YoY Growth (%)	-28%	55%	8%	10%	53%	36%	10%	11%
Valuations								
PER (x)	20.2x	13.1x	12.2x	11.1x	7.3x	5.3x	4.9x	4.4x
PBV (x)	1.5x	1.3x	1.3x	1.1x	1.0x	0.9x	0.9x	0.8x
DY (%)	1.8%	2.8%	3.1%	4.0%	6.4%	7.3%	8.1%	9.1%
Adjusted NAVPS	97.6	108.5	115.6	134.6	151.7	160.6	169.3	177.0
Adjusted DPS (LKR)	2.7	4.1	4.5	5.9	9.3	10.7	11.9	13.3
Dividend Payout	37.3%	37.3%	37.4%	44.5%	46.6%	39.0%	39.5%	39.8%

SAMPATH BANK PLC [SAMP.N0000]

Valuation Summary

Return	2025E	2026E
Target Price	165.0	175.0
Current Price	145.8	145.8
Capital Gain (LKR)	19.3	29.3
Dividends upto 31st Dec (LKR)	10.7	11.9
Capital Gain %	13%	20%
Dividend Yield %	7%	8%
Total Return %	21%	28%
Annualized Return %	102%	22%

Expected SAMP price	2025E	2026E
Justified PBV based target price	168.6	177.8
PER Valuation based target price	164.0	180.3
RI Valuation based target price	157.9	169.7
Average Target Price	163.5	175.9
Target Price after Rounding off	165.0	175.0

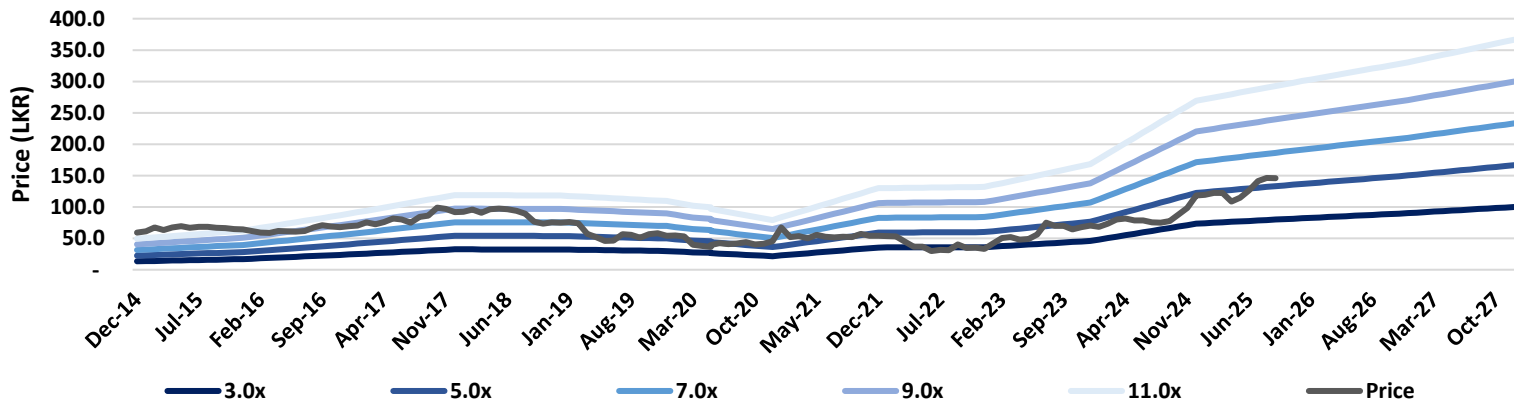


Residual Income Valuation

Residual Income based Valuation	2025E	2026E
PV of Residual Income	7,287	10,703
No. of Shares ('Mn)	1,173	1,173
RI per Share	6.2	9.1
Opening Book value per Share	151.7	160.6
Value per Share	157.9	169.7

COE	2025E	2026E
Rf	9%	9%
Rm	17%	17%
Growth %	3%	3%
β	1.15	1.15
$Ke=Rf+\beta(Rm-Rf)$	18.2%	18.2%

PER Chart



Source: CSE/First Capital Research

Justified PBV Valuation

Justified PBV based Valuation	2025E	2026E
ROAE	17.5%	18.2%
Growth	3.0%	3.0%
COE	18.2%	18.2%
PBV	1.1	1.1
NAVPS	160.6	169.3
Target Price	168.6	177.8

PER Valuation

PER based Valuation	2025E	2026E
Earnings (LKR 'Mn)	32,051	35,237
No. of Shares ('Mn)	1,173	1,173
EPS	27.3	30.0
Expected PER	6.0x	6.0x
Price at 6.0x Earnings	164.0	180.3

SAMPATH BANK PLC [SAMP.N0000]

Appendix I: Statement of Income and Expenses

Income Statement (LKR Mn)	2020	2021	2022	2023	2024	2025E	2026E	2027E
P/E 31st December								
Gross Income	109,183	113,075	206,002	236,504	208,273	246,597	271,236	294,619
Interest Income	94,647	92,428	164,776	212,459	192,359	215,486	236,759	257,944
Interest Expenses	57,820	46,910	88,734	137,016	107,697	121,831	133,924	146,370
Net Interest Income	36,827	45,518	76,042	75,443	84,662	93,655	102,835	111,574
Fee & Other Income	13,239	18,881	38,726	20,020	9,427	25,255	28,106	31,000
Total Operating Income	50,066	64,399	114,768	95,463	94,089	118,909	130,941	142,574
Impairment (Charges)/ Reversal	-13,201	-18,559	-62,908	-20,210	11,871	-3,961	-7,380	-8,143
Net Operating Income	36,866	45,840	51,860	75,253	105,960	114,949	123,560	134,431
Less : Operating expenses								
Staff Cost	11,227	10,916	13,879	15,826	20,434	21,231	21,974	22,853
Other Operating Expenses	10,354	11,803	16,010	19,140	22,369	22,790	23,929	25,843
Total Operating Expenses	21,582	22,719	29,888	34,966	42,802	44,020	45,903	48,696
Profit from operations	15,284	23,121	21,971	40,287	63,158	70,929	77,658	85,735
VAT on Financial Services & DRL	3,394	4,296	5,577	9,085	13,970	17,510	18,930	20,632
Profit Before Tax	11,890	18,825	16,395	31,202	49,188	53,418	58,728	65,103
Income Tax Expense	3,447	4,969	2,334	13,277	20,485	21,367	23,491	26,041
Profit for the Year	8,443	13,856	14,061	17,924	28,703	32,051	35,237	39,062
Minority Interest	0	0	0	0	0	0	0	0
Profit attributable to Equity Holders	8,443	13,856	14,061	17,924	28,703	32,051	35,237	39,062
EPS	7.2	11.8	12.0	15.3	24.5	27.3	30.0	33.3

Appendix III: Ratio Analysis

		2021	2022	2023	2024	2025E	2026E	2027E
Growth	Asset	8.1%	10.0%	16.1%	15.7%	8.8%	7.9%	8.1%
	Deposit	10.2%	12.2%	14.5%	16.5%	10.0%	8.5%	9.0%
	Net Loans	5.8%	5.6%	-6.3%	14.6%	13.5%	10.4%	8.1%
Profitability	Return on Equity	11.5%	10.7%	12.2%	17.1%	17.5%	18.2%	19.2%
	Return on Average Assets	1.2%	1.1%	1.2%	1.7%	1.7%	1.7%	1.7%
	Net Interest Spread	3.2%	4.8%	3.6%	3.9%	3.9%	4.0%	4.1%
	Net Interest Margin	3.8%	5.8%	5.1%	4.9%	4.9%	4.9%	5.0%
Funding & Liquidity	Loan/ Deposits	80.0%	75.3%	61.7%	60.6%	62.6%	63.7%	63.2%
	Loan/ Assets	64.0%	61.4%	49.6%	49.1%	51.2%	52.4%	52.4%
	Deposit/ Liabilities	89.1%	90.5%	89.3%	89.6%	90.3%	90.6%	91.1%
	CASA	44.9%	32.3%	33.0%	33.5%	35.0%	35.0%	32.0%

Appendix II: Statement of Financial Position

Balance Sheet (LKR Mn)	2020	2021	2022	2023	2024	2025E	2026E	2027E
As at 31st December								
Assets								
Cash and cash equivalents	29,219	23,028	79,345	79,530	46,501	48,013	53,490	82,810
Financial instruments	17,732	10,169	15,167	5,579	11,717	7,668	8,071	9,980
Loans to & Deposits with Banks	16,563	33,614	42,506	48,205	42,826	46,033	48,672	51,098
Loans and Receivables	752,438	795,804	839,977	787,356	901,950	1,024,148	1,130,309	1,222,083
Debt and other instruments	275,126	294,667	284,238	373,900	405,616	441,683	479,226	522,357
Property, plant & equipment	15,891	16,338	19,067	19,961	22,013	20,534	19,230	18,096
Other Assets	42,716	69,013	87,020	272,845	406,372	411,429	417,652	425,178
Total Assets	1,149,685	1,242,633	1,367,320	1,587,376	1,836,995	1,999,507	2,156,650	2,331,602
Liabilities								
Due to other customers	902,499	994,318	1,115,156	1,276,551	1,487,149	1,635,863	1,774,912	1,934,654
Due to banks	42,905	31,532	15,255	17,345	30,068	32,717	35,498	38,693
Debt issued and other borrowed funds	56,906	56,474	45,779	72,961	76,316	80,304	84,897	87,304
Current tax liabilities	4,793	8,376	19,186	16,689	15,312	14,547	14,547	14,547
Other liabilities	28,168	24,748	36,392	46,000	50,268	47,730	48,266	48,826
Total Liabilities	1,035,271	1,115,447	1,231,768	1,429,545	1,659,113	1,811,161	1,958,120	2,124,023
Shareholders' Funds								
Stated Capital	47,622	47,622	47,622	48,741	48,741	48,741	48,741	48,741
Reserves	58,891	65,696	74,364	92,378	108,011	114,308	119,030	122,142
Retained earnings	7,901	13,867	13,565	16,712	21,130	25,297	30,759	36,696
Shareholders' Funds	114,415	127,186	135,551	157,830	177,882	188,346	198,530	207,579
Minority Interest	0	0	0	0	0	0	0	0
	114,415	127,186	135,551	157,830	177,882	188,346	198,530	207,579
Total Liabilities & Shareholders' Funds	1,149,685	1,242,633	1,367,320	1,587,376	1,836,995	1,999,507	2,156,650	2,331,602
Adjusted NAVPS	97.6	108.5	115.6	134.6	151.7	160.6	169.3	177.0



First Capital
A Janashakti Group Company



NATIONAL DEVELOPMENT BANK PLC

STABLE CORE, SCALABLE GROWTH

MAINTAIN BUY

Fair Value: 2025E - LKR 170.0 [+20%]
Total Return with DPS: 2025E - 24% [AER 128%]

2026E - LKR 190.0 [+34%]
2026E - 39% [AER 30%]

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LKR (Mn)	2Q2024	2Q2025	YoY	1H2024	1H2025	YoY
Earnings (LKR 'Mn)						
Net Interest Income	8,495	8,578	+1.0%	16,644	17,078	+2.6%
Total Operating Income	13,508	11,971	-11.4%	24,188	23,598	-2.4%
Post Impairment Income	9,476	10,123	+6.8%	15,800	19,119	+21.0%
Pre Tax Profit	3,812	3,767	-1.2%	5,216	6,928	+32.8%
Net Profit	2,608	2,448	-6.2%	3,446	4,488	+30.2%
Balance Sheet (LKR 'Mn)						
Gross Loans	504,954	607,550	+20.3%	504,954	607,550	+20.3%
Shareholders' Equity	75,432	85,079	+12.8%	75,432	85,079	+12.8%
NAVPS	176.8	199.4	+12.8%	176.8	199.4	+12.8%

NDB earnings down by 6.2% YoY during 2Q2025

NDB posted a 6.2% YoY decline in earnings for 2Q2025, primarily reflecting pressure from reduced other operating income and elevated operating costs. While headline earnings weakened, core banking fundamentals remained resilient. NII edged up 1.0% YoY to LKR 8.6Bn, supported by a lower interest rate environment. Despite a 20.3% YoY expansion in the loan book, total interest income contracted 2.0%, highlighting rate-driven pressure on yields. A steeper 3.9% YoY drop in interest expenses partially mitigated the strain on NII. However, Net Interest Margins (NIMs) narrowed to 3.98%, down from 4.25% in 2Q2024, underscoring ongoing margin compression. Non-interest income was mixed, net fee and commission income rose 15.5% YoY, supported by broad-based business growth, while other income fell sharply to LKR 982.9Mn from LKR 2,927.0Mn, largely due lower gains from de-recognition of financial assets.

A notable improvement in asset quality was evident, as net impairment charges dropped to LKR 1.8Bn from LKR 4.0Bn in 2Q2024, driven by better outcomes in Stage 3 loans. However, elevated cost structures remained a drag on profitability, as operating expenses surged 15.1% YoY, driven by an increase in personnel expenses and higher investments in IT infrastructure. Taxation also added pressure, with VAT on financial services up 1.0% YoY and corporate tax increasing by 9.9% YoY.

Loan book expands as private credit gains momentum

Amid the sustained low-interest rate environment, private sector credit growth accelerated to 17.9% year-YoY as of June 2025, up from 14.0% YoY in March 2025. In this context, NDB’s gross loan portfolio posted a YoY growth of 20.3%, reaching LKR 607.5Bn in 2Q2025. On an annual basis, domestic currency lending, which accounted for 70.2% of the total portfolio, rose by 8.9% YoY, supported by continued demand for medium and short-term credit, alongside pawning and Islamic banking facilities. On the other hand, foreign currency lending expanded by 59.9% YoY, largely due to the depreciation of the LKR against the USD during the quarter. The easing interest rate trend, evidenced by the decline in the Average Weighted Lending Rate (AWLR) to 11.56% at end-2Q2025 from 11.80% in 1Q2025, combined with a broad-based economic recovery, is expected to drive further credit growth in the near term, albeit with the potential for a gradual moderation. On the funding side, NDB’s total deposits rose by 12.5% YoY to LKR 695.8Bn in 2Q2025, while the loan-to-deposit ratio increased to 80.1%, from 75.6% in 1Q2025 and 74.2% in 2Q2024. The CASA ratio improved to 30.2%, up from 25.7% in 1Q2025 and 24.2% in 2Q2024.

NATIONAL DEVELOPMENT BANK PLC [NDB.N0000]

Capital adequacy surpasses regulatory requirements

Denoting sound capital adequacy, Tier I and Total capital adequacy of the group stood at 12.79% and 16.95%, above the minimum requirements of 8.5% and 12.5% respectively.

FV for 2026E maintained at LKR 190.0 – MAINTAIN BUY

We maintain a positive outlook on NDB, supported by a favorable macroeconomic environment and a declining interest rate trend, both of which are expected to foster continued growth in the loan book. Additionally, the growth in trade finance and the rising adoption of digital transactions are anticipated to positively influence earnings, driven by higher fee-based income. The earnings for 1H2025 are also broadly in line with our previous projections. Consequently, we are reaffirming our fair value estimate for 2026E at LKR 190.0 and our 2025E fair value estimate at LKR 170.0. With strong fundamentals, a stable earnings trajectory, and an attractive valuation, NDB is well positioned for sustained long-term value creation, we **MAINTAIN BUY**.

Estimate Revision

In LKR Mn	2025E - O	2025E - R	% Change	2026E - O	2026E - R	% Change
Earnings Estimate						
Net Interest Income	28,055	28,055	0%	31,070	31,070	0%
Total Operating Income	44,920	44,920	0%	49,102	49,102	0%
Net Operating Income	37,108	37,108	0%	40,978	40,978	0%
Profit before Tax	12,506	12,506	0%	15,080	15,080	0%
Net Profit	8,667	8,667	0%	10,451	10,451	0%
Adjusted EPS	20.1	20.1	0%	23.3	23.3	0%
Balance Sheet Estimate						
Loans & Advances	505,963	505,963	0%	547,027	547,027	0%
Shareholders' Equity	89,863	89,863	0%	98,786	98,786	0%
Adjusted NAVPS	208.0	208.0		219.8	219.8	

Valuation Table

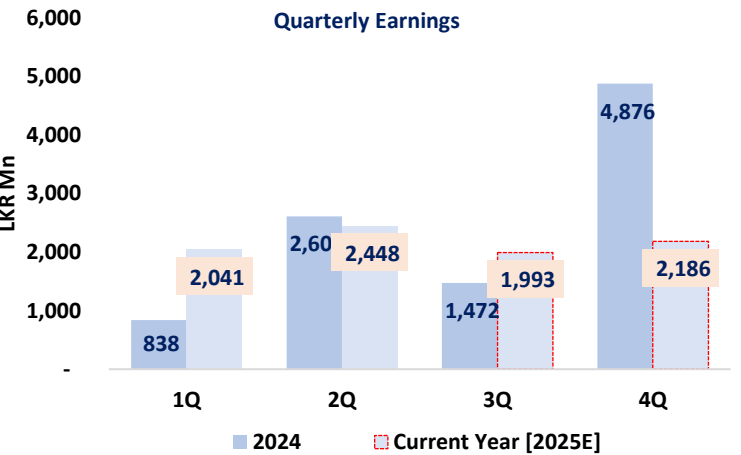
P/E 31 December	2021	2022	2023	2024	2025E	2026E	2027E
Estimates (LKR 'Mn)							
Net Interest Income	21,741	31,130	32,380	34,494	28,055	31,070	35,460
Total Operating Income	32,996	44,448	47,124	48,388	44,920	49,102	54,627
Net Profit	6,904	3,009	5,759	9,794	8,667	10,451	11,490
Adjusted Net Profit	6,904	3,009	5,759	2,810	8,667	10,451	11,490
Adjusted EPS (LKR)	16.2	7.1	13.5	6.8	20.1	23.3	24.6
Net Profit YoY Growth (%)	35%	-56%	91%	-51%	208%	21%	10%
Valuations							
PER (x)	8.8x	20.1x	10.5x	21.0x	7.1x	6.1x	5.8x
PBV (x)	1.0x	0.9x	0.8x	0.7x	0.7x	0.6x	0.6x
DY (%)	3.9%	1.8%	3.5%	3.5%	4.2%	4.9%	5.2%
Adjusted NAVPS	147.0	158.2	174.5	193.9	208.0	219.8	232.8
Adjusted DPS	5.5	2.5	5.0	5.0	6.0	7.0	7.4
Dividend Payout	34%	35%	37%	74%	30%	30%	30%

NATIONAL DEVELOPMENT BANK PLC [NDB.N0000]

Valuation Summary

Return	2025E	2026E
Target Price	170.0	190.0
Current Price	142.0	142.0
Capital Gain (LKR)	28.0	48.0
Dividends upto 31st Dec (LKR)	6.0	7.0
Capital Gain %	20%	34%
Dividend Yield %	4%	5%
Total Return %	24%	39%
Annualized Return %	128%	30%

Expected NDB price	2025E	2026E
Justified PBV based target price	176.8	186.8
Residual Income based Valuation	163.0	181.3
PER Valuation based target price	160.5	186.0
Average Target Price	166.7	184.7
Target Price after Rounding off	170.0	190.0

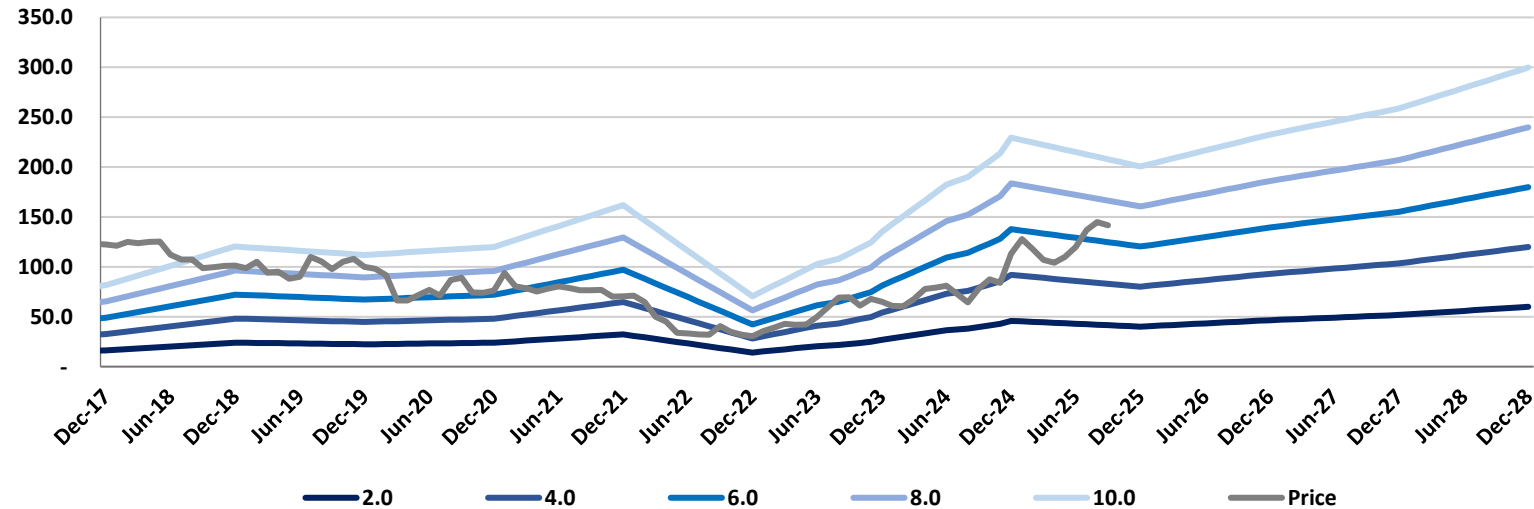


Residual Income Valuation

Residual Income based Valuation	2025E	2026E
PV of Residual Income	-13,354	-11,957
No. of Shares ('Mn)	432	449
RI per Share	-30.9	-26.6
Opening Book value per Share	193.9	208.0
Value per Share	163.0	181.3

COE	2025E	2026E
Rf	9.0%	9.0%
Rm	17.0%	17.0%
Growth %	3.0%	3.0%
β	0.7	0.7
$K_e = R_f + \beta(R_m - R_f)$	14.2%	14.2%

PER Chart



Justified PBV Valuation

Justified PBV based Valuation	2025E	2026E
ROAE	10.0%	11.1%
Growth	3.0%	3.0%
COE	14.2%	14.2%
PBV	0.9	0.9
NAVPS	208.0	219.8
Target Price	176.8	186.8

PER Valuation

PER based Valuation	2025E	2026E
Earnings (LKR 'Mn)	8,667	10,451
No. of Shares ('Mn)	432	449
EPS	20.1	23.3
Expected PER	8.0x	8.0x
Value per Share	160.5	186.0

Source: CSE/First Capital Research

NATIONAL DEVELOPMENT BANK PLC [NDB.N0000]

Appendix I: Statement of Income and Expenses

Statement of Profit or Loss (LKR Mn)	2021	2022	2023	2024	2025E	2026E	2027E
As at 31st December							
Gross Income	64,083	111,552	134,473	102,204	93,617	101,841	111,116
Interest Income	52,795	98,217	119,722	88,283	76,752	83,810	91,948
Interest Expenses	-31,053	-67,087	-87,342	-53,789	-48,697	-52,740	-56,488
Net Interest Income	21,741	31,130	32,380	34,494	28,055	31,070	35,460
Fee & Other Income	11,255	13,317	14,743	13,895	16,865	18,032	19,168
Total Operating Income	32,996	44,448	47,124	48,388	44,920	49,102	54,627
Loss on restructuring of SLSBs	0	0	0	-14,344	0	0	0
Impairment (Charges)/ Reversal	-10,253	-29,277	-21,137	10,055	-7,812	-8,124	-11,059
Net Operating Income	22,743	15,171	25,987	44,099	37,108	40,978	43,569
Less : Operating expenses							
Personal Expenses	-6,323	-6,277	-7,379	-9,909	-10,524	-10,696	-10,870
Depreciation and Amortization	-914	-926	-1,054	-1,168	-1,258	-1,319	-1,384
Other Operating Expenses	-4,278	-5,296	-6,649	-7,330	-7,765	-8,225	-8,711
Operating profit before value added tax	11,229	2,672	10,904	25,691	17,561	20,738	22,604
VAT on financial services	-2,015	-1,203	-2,750	-5,524	-5,055	-5,658	-6,025
Debt Repayment Levy	0	0	0	0	0	0	0
Operating profit after value added tax	9,214	1,469	8,154	20,167	12,506	15,080	16,578
Share of associate companies' profit	0	0	0	0	0	0	0
Profit Before Tax	9,214	1,469	8,154	20,167	12,506	15,080	16,578
Income Tax Expense	-2,151	1,607	-2,296	-10,275	-3,752	-4,524	-4,974
Profit for the Year	7,063	3,076	5,858	9,892	8,754	10,556	11,605
Minority Interest	158	67	99	98	87	105	115
Profit attributable to Equity Holders	6,904	3,009	5,759	9,794	8,667	10,451	11,490
Recurring Profit attributable to Equity Holders	6,904	3,009	5,759	2,810	8,667	10,451	11,490
Adjusted EPS	16.2	7.1	13.5	6.8	20.1	23.3	24.6

Appendix III: Ratio Analysis

		2021	2022	2023	2024	2025E	2026E	2027E
Growth	Asset	12.4%	18.1%	-6.2%	2.1%	6.7%	6.4%	6.9%
	Deposit	12.6%	21.9%	-8.4%	2.6%	6.0%	6.5%	7.0%
	Net Loans	18.5%	8.2%	-17.1%	1.8%	9.8%	8.1%	7.3%
Profitability	Return on Equity	12.5%	4.6%	8.1%	12.5%	10.0%	11.1%	11.1%
	Return on Average Assets	1.0%	0.4%	0.7%	1.2%	1.0%	1.2%	1.2%
	Net Interest Spread	3.2%	4.2%	4.2%	4.2%	3.2%	3.4%	3.5%
	Net Interest Margin	3.4%	4.9%	5.0%	5.4%	4.4%	4.4%	4.7%
Funding & Liquidity	Loan/ Deposits	91.5%	81.3%	73.6%	73.0%	75.6%	76.8%	77.0%
	Loan/ Assets	71.0%	65.1%	57.5%	57.3%	59.0%	60.0%	60.2%
	Deposit/ Liabilities	85.2%	87.2%	86.5%	87.7%	87.3%	87.8%	88.2%
	CASA	26.7%	21.1%	22.3%	24.7%	24.5%	24.0%	23.0%

Appendix II: Statement of Financial Position

Statement of Financial Position (LKR Mn)	2021	2022	2023	2024	2025E	2026E	2027E
As at 31st December							
ASSETS							
Cash and cash equivalents	13,765	35,728	28,581	18,682	33,110	26,185	25,749
Balances with Central Bank	16,403	18,188	7,040	8,053	8,125	8,634	9,217
Placements with banks	8,299	4,109	33,744	22,099	23,413	24,935	26,680
Derivative financial instruments	1,338	7,909	3,084	1,146	2,676	2,850	3,049
Financial assets recognised through profit or loss	4,784	20,789	26,040	9,905	20,068	21,373	22,869
Loans and advances to customers	504,374	545,920	452,740	460,781	505,963	547,027	586,829
Financial assets at amortised costs	54,263	135,048	125,672	166,356	153,858	163,858	175,328
Financial assets measured at Fair value through OCI	89,697	45,454	84,645	94,659	86,963	92,616	99,099
Other assets	5,671	7,038	5,564	7,518	6,689	7,124	7,623
Intangible assets	1,217	1,813	1,898	1,815	2,907	2,768	2,614
Deferred tax	3,443	9,049	9,718	4,217	4,849	5,577	6,413
Property, plant & equipment	3,735	3,908	3,817	4,071	4,205	4,357	4,526
Investment properties	2,528	2,879	3,112	3,108	3,170	3,233	3,298
Total assets	710,832	839,198	786,959	803,780	857,398	911,967	974,759
LIABILITIES							
Due to Banks	24,821	20,299	7,679	4,841	6,284	6,844	7,370
Derivative financial instruments	1,049	96	93	345	506	547	587
Due to customers	551,257	671,713	615,232	631,081	668,946	712,428	762,298
Debt securities issued and other borrowed funds	26,570	32,503	40,269	30,027	38,082	40,215	42,722
Tax liabilities	2,586	6,635	7,431	5,474	6,566	5,202	4,227
Other liabilities	11,123	9,183	8,608	11,712	9,613	10,394	11,150
Subordinated term debts	27,961	27,980	29,389	33,565	33,302	33,039	32,776
Deferred Tax	569	873	921	976	976	976	976
Retirement benefit obligations	830	1,019	1,439	1,557	1,713	1,884	2,072
Total liabilities	646,765	770,302	711,063	719,578	765,988	811,530	864,179
EQUITY ATTRIBUTABLE TO PARENT							
Stated capital	18,264	19,871	20,738	21,757	23,023	24,603	26,574
Statutory reserve fund	2,571	2,746	3,046	3,521	3,521	3,521	3,521
Investment Fund	-839	3,772	5,608	9,188	9,372	9,559	9,750
Retained Earnings	42,731	41,116	45,079	48,276	53,947	61,103	68,967
Equity attributable to parent	62,727	67,505	74,471	82,743	89,863	98,786	108,813
Non-controlling interests	1,339	1,391	1,425	1,460	1,546	1,651	1,766
Total Equity	64,067	68,896	75,896	84,202	91,410	100,437	110,580
Total liabilities and total equity	710,832	839,198	786,959	803,780	857,398	911,967	974,759
Adjusted NAVPS	147.0	158.2	174.5	193.9	208.0	219.8	232.8



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SEYLAN BANK PLC

BUILDING CREDIT QUALITY FOR SUSTAINED GROWTH

MAINTAIN BUY

Fair Value: 2025E - LKR 120.0 [+20%]
Total Return with DPS: 2025E - 23% [AER 121%]

2026E - LKR 150.0 [+50%]
2026E - 53% [AER 40%]

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LKR (Mn)	2Q2024	2Q2025	YoY	6M2024	6M2025	YoY
Earnings (LKR 'Mn)						
NII	9,314	9,269	-0.5%	18,785	17,951	-4%
Total Operating Income	11,590	11,967	+3%	23,419	23,220	-1%
Net Operating Income	10,190	11,738	+15%	20,463	22,729	+11%
Pre Tax Profit	3,599	4,315	+20%	7,371	8,467	+15%
Net Profit (equity share holders)	2,211	2,764	+25%	4,538	5,443	+20%
Balance Sheet (LKR 'Mn)						
Loans	434,413	494,035	+14%	434,413	494,035	+14%
Shareholders' Equity	66,401	77,542	+17%	66,401	77,542	+17%
NAVPS	104.5	122.0		104.5	122.0	

Bottom line surge by 25.0% YoY during 2Q2025

SEYB recorded a robust 25.0% YoY expansion in its bottom line for 2Q25. Consequently, the Bank's Net Profits surged to LKR 2.8Bn during the quarter, elevating its earnings for 1H25 to LKR 5.5Bn. This performance was achieved despite a marginal 1% contraction in NII, as prevailing market interest rates trended downward throughout the quarter. Nonetheless, this margin compression was partially offset by a 13.7% YoY expansion in loans during 2Q25. Furthermore, a principal driver of the enhanced profitability was the significant uptick in Net Fee and Commission Income. The resurgence of the real economy fueled growth in fee income from cards, remittances, trade finance, and other financial services, resulting in a notable 17.0% YoY increase in Net Fee and Commission Income in 2Q25. A further catalyst underpinning SEYB's impressive bottom line was the substantial decline in impairment charges. Impairment allocations contracted sharply by 83.6% YoY during the quarter, falling to LKR 229.2Mn from LKR 1.4Bn recorded in 2Q24.

Against this backdrop, FCR has revised SEYB's recurring earnings forecast for 2025E upwards to LKR 12.2Bn (from LKR 10.3Bn), implying a projected annual growth of 81%. The outlook for 2026E has similarly been upgraded to LKR 14.3Bn (from LKR 11.6Bn), reflecting an annual growth forecast of 18%.

SEYB leverages economic tailwinds to boost loan book

SEYB delivered a solid YoY loan book expansion of 13.7% during the quarter, which helped cushion the impact of margin compression caused by the decline in market interest rates. The Average Weighted Lending Rate fell to 11.6% in Jun-25 from 12.5% a year earlier, with the easing trend reinforced by the CBSL's 25bps policy rate cut in May-25. Lower borrowing costs spurred credit demand, while improved international trade activity, particularly following the resumption of restricted imports, further supported loan growth in 2Q25. SEYB appears to have strategically captured these tailwinds. FCR expects the macro-financial environment to remain favorable, with interest rates stabilizing through 2025E and into 2026E, alongside ongoing economic recovery. Against this backdrop, SEYB is forecast to post loan growth of 9% in 2025E and 11% in 2026E, supported by stronger private sector credit appetite and improved sentiment. The Bank also sustained a CASA ratio of 30% and bolstered its capital base with a successful LKR 15Bn Basel III-compliant Tier 2 Debenture issuance in July 2025. These developments are expected to limit volatility in NIM and NII, while reinforcing earnings visibility and supporting resilience through the current rate cycle.

SEYLAN BANK PLC [SEYB.N0000]

Proactive provisioning sharpens SEYB’s risk resilience

The Bank reported an impairment charge of LKR 491Mn for 1H 2025, reflecting a significant decline of 83.4% compared to LKR 2,956Mn in the same period of 2024. This notable reduction reflects an improving credit environment, alongside the Bank’s proactive approach to provisioning. Impairment allowances continue to be prudently assessed, taking into account shifts in both global and domestic macroeconomic conditions, evolving customer risk profiles, and the overall credit quality of the loan portfolio. As a result, asset quality metrics remain sound, with the Impaired Loan Ratio improving to 1.76% from 2.10% a year earlier. The Stage 3 Provision Cover stood at a robust 81.82% by end Jun-25, placing the Bank among the strongest in the industry in terms of loss absorption capacity.

Robust capital buffers reinforce Bank’s strong position

Key financial ratios and indicators remained sound in 2Q25, reflecting a strong capital position and prudent balance sheet management. The Bank’s capital adequacy ratios remained comfortably above regulatory thresholds, with both the Common Equity Tier 1 Capital Ratio and Total Tier 1 Capital Ratio at 13.14%, while the Total Capital Ratio stood at 16.85%. Further strengthening its capital buffers, the Bank successfully raised LKR 15Bn through a Basel III-compliant Tier 2 issuance comprising listed, rated, unsecured, subordinated, redeemable debentures with tenors of 5 and 10 years in July 2025. The issue was fully oversubscribed on the same day, underscoring investor confidence in the Bank’s capital strength and long-term credit profile.

FV revised to LKR 150.0 for SEYB.N and LKR 115.0 for SEYB.X in 2026E – MAINTAIN BUY

Driven by SEYB’s strong 25.0% YoY net profit growth in 2Q25 and upward earnings revisions (+81% for 2025E, +18% for 2026E), the bank’s outlook remains compelling. Robust fee income growth and improved asset quality position SEYB well to capitalize on favorable macro conditions and sustained credit demand. The revised 2026E fair value is LKR 150.0 for SEYB.N and LKR 115.0 for SEYB.X, reflecting significant upside driven by improving fundamentals and disciplined risk management. Thus, we continue to maintain our recommendation on SEYB at **MAINTAIN BUY**.

Estimate Revision

In LKR Mn	2025E - O	2025E - R	% Change	2026E - O	2026E - R	% Change
Earnings Estimate						
Net Interest Income	37,191	38,732	+4%	38,148	43,417	+14%
Total Operating Income	48,630	49,589	+2%	52,379	56,355	+8%
Net Operating Income	40,701	47,916	+18%	44,558	53,266	+20%
Pre Tax Profit	19,744	26,261	+33%	22,276	22,962	+3%
Net Profit	10,252	12,160	+19%	11,602	14,316	+23%
Adjusted EPS	16.7	19.1		18.9	22.5	
Growth YoY	11%	81%		13%	18%	
Balance Sheet Estimate						
Shareholders' Equity	78,657	81,142	+3%	90,259	91,879	+2%
Adjusted NAVPS	121.0	127.7		143.7	144.5	

Valuation Table

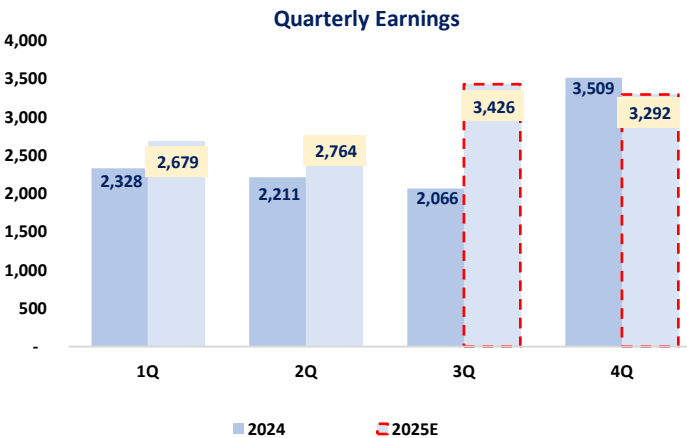
Y/E 31 December	2021	2022	2023	2024	2025E	2026E	2027E
Estimates (LKR 'Mn)							
Net Interest Income	23,904	40,887	40,452	37,090	38,732	43,417	50,028
Total Operating Income	31,729	51,379	49,845	44,132	49,589	56,355	63,203
Net Profit	4,653	4,574	6,321	10,113	12,160	14,316	17,062
Net Recurring Profits	4,653	4,574	6,321	6,710	12,160	14,316	17,062
Adjusted EPS (LKR)	7.3	7.2	9.9	10.6	19.1	22.5	26.8
YoY Growth (%)	53%	-2%	38%	6%	81%	18%	19%
Valuations							
PER (x)	14.1x	14.3x	10.4x	9.8x	5.4x	4.6x	3.8x
PBV (x)	1.0x	1.1x	1.0x	0.9x	0.8x	0.7x	0.6x
DPS (LKR)	3.0	2.0	3.0	3.5	3.0	3.0	3.5
Dividend Payout	21%	25%	29%	22%	25%	25%	25%
DY (%)	2.9%	1.9%	2.9%	3.9%	2.9%	2.9%	3.4%
NAVPS	101.1	97.3	101.4	114.2	127.7	144.5	164.7

SEYLAN BANK PLC [SEYB.N0000]

Valuation Summary

Return	2025E	2026E
Target Price	120.0	150.0
Current Price	99.9	99.9
Capital Gain (LKR)	20.1	50.1
Dividends upto 31st Dec (LKR)	3.0	3.0
Capital Gain %	20%	50%
Dividend Yield %	3%	3%
Total Return %	23%	53%
Annualized Return %	121%	40%

Expected SEYB price for	2025E	2026E
Justified PBV based target price	116.0	139.0
PER Valuation based target price	128.2	153.2
RI Valuation based target price	127.0	144.0
Average Target Price	123.7	145.4
Target Price after Rounding off	120.0	150.0

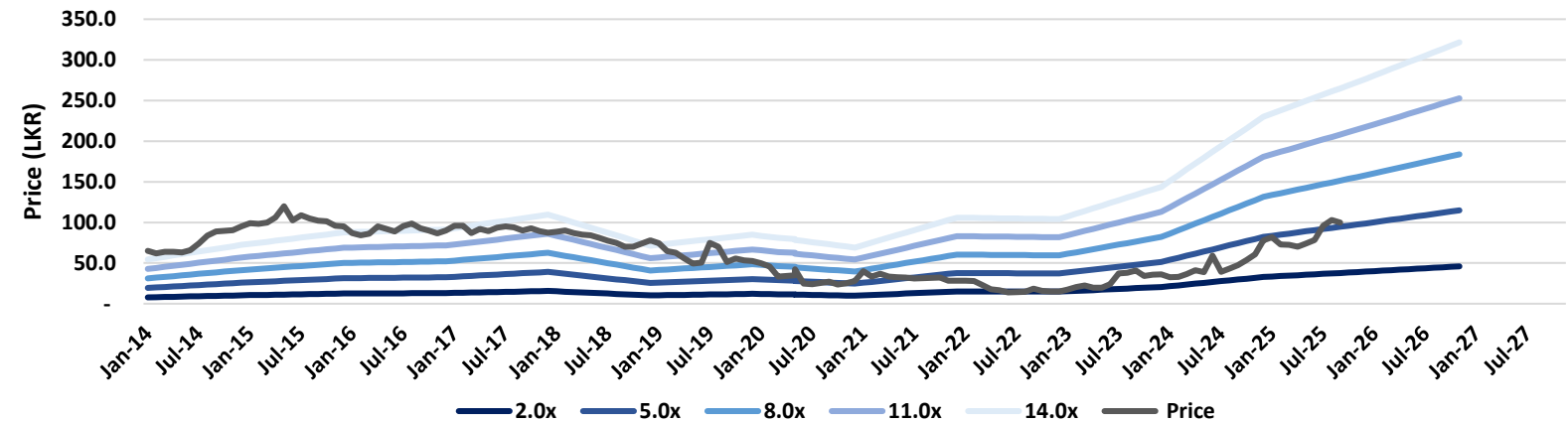


Residual Income Valuation

Expected SEYB price for	2025E	2026E
Justified PBV based target price	116.0	139.0
PER Valuation based target price	128.2	153.2
RI Valuation based target price	127.0	144.0
Average Target Price	123.7	145.4
Target Price after Rounding off	120.0	150.0

COE	2025E	2026E
Rf	9%	9%
Rm	17%	17%
Growth %	3%	3%
β	1.0	1.0
Ke=Rf+β(Rm-Rf)	17%	17%

PER Chart



Source: CSE/First Capital Research

Justified PBV Valuation

Justified PBV based Valuation	2025E	2026E
ROAE	15.8%	16.5%
Growth	3%	3%
COE	17%	17%
PBV	0.9	1.0
NAVPS	127.7	144.5
Target Price	116.0	139.0

PER Valuation

PER based Valuation	2025E	2026E
Earnings (LKR 'Mn)	12,160	14,316
No. of Shares ('Mn)	636	636
EPS	19.1	22.5
Expected PER	7x	7x
Price at 7.0x Earnings	128.2	153.2

Appendix I: Statement of Income and Expenses

Income Statement (LKR Mn)	2021	2022	2023	2024	2025E	2026E	2027E
P/E 31st December							
Interest Income	46,781	86,106	107,168	84,363	87,254	95,285	106,347
Less : Interest Expenses	22,877	45,219	66,717	47,273	48,522	51,867	56,319
Net Interest Income	23,904	40,887	40,452	37,090	38,732	43,417	50,028
Fee & Other Income	7,826	10,492	9,393	7,042	10,857	12,938	13,176
Total Operating Income	31,729	51,379	49,845	44,132	49,589	56,355	63,203
Impairment (Charges)/ Reversal	10,422	26,433	17,005	1,749	1,672	3,089	3,336
Net Operating Income	21,308	24,946	32,840	42,382	47,916	53,266	59,867
Less : Operating expenses							
Staff Cost	6,946	8,007	9,194	10,242	11,061	11,725	12,545
Depreciation of PPE	1,479	1,416	1,348	1,366	975	961	790
Other Operating Expenses	4,763	5,951	8,093	9,161	9,619	10,004	10,404
Total Operating Expenses	13,188	15,375	18,635	20,768	21,655	22,690	23,740
Operating Profit Before Taxes	8,119	9,571	14,205	21,614	26,261	30,576	36,127
VAT, NBT & DRL	1,935	2,774	3,935	5,379	6,718	7,614	8,761
Profit Before Tax	6,185	6,797	10,269	16,235	19,543	22,962	27,366
Income Tax Expense	1,449	2,219	3,869	6,082	7,322	8,603	10,252
Profit for the Year	4,736	4,578	6,401	10,153	12,222	14,360	17,114
Less : Non-Controlling Interest	83	3	80	39	61	43	51
Profit attributable to Equity Holders	4,653	4,574	6,321	10,113	12,160	14,316	17,062
EPS	7.6	7.4	9.9	15.9	19.1	22.5	26.8

Appendix III: Ratio Analysis

		2021	2022	2023	2024	2025E	2026E	2027E
Growth	Asset	9.0%	10.6%	6.7%	8.6%	7.4%	8.0%	9.0%
	Deposit	11.0%	12.0%	8.1%	9.3%	7.0%	7.5%	9.0%
	Net Loans	13.8%	5.3%	1.4%	9.0%	9.0%	11.0%	8.0%
Profitability	Return on Equity	8.9%	8.3%	10.7%	15.0%	15.8%	16.5%	17.4%
	Return on Average Assets	0.8%	0.7%	0.9%	1.4%	1.5%	1.6%	1.8%
	Net Interest Spread	4.1%	6.7%	6.3%	5.1%	4.7%	5.0%	5.2%
	Net Interest Margin	5.0%	8.4%	8.2%	7.1%	6.7%	6.8%	7.2%
Funding & Liquidity	Loan/ Deposits	90.4%	81.2%	74.0%	71.6%	80.6%	83.0%	82.3%
	Loan/ Assets	72.7%	66.0%	60.9%	59.3%	66.6%	68.3%	67.7%
	Deposit/ Liabilities	88.4%	88.9%	90.4%	91.6%	91.8%	91.9%	92.3%
	CASA	35.4%	23.8%	25.1%	25.1%	31.0%	33.0%	29.0%

Appendix II: Statement of Financial Position

Balance Sheet (LKR Mn)	2021	2022	2023	2024	2025E	2026E	2027E
As at 31st December							
Assets							
Cash and Cash Equivalents	16,079	40,255	48,322	17,384	48,026	30,766	52,779
Balances with Central Bank of Sri Lanka	8,726	16,784	7,028	8,719	27,407	29,462	28,546
Placements with Banks and Finance Companies	13,507	20,120	50,436	71,627	51,963	63,364	69,065
Loans and Advances to Customers	441,977	444,220	437,532	462,951	557,494	617,865	667,294
Financial Assets	107,322	123,616	144,913	192,931	128,037	137,640	141,918
Property, Plant and Equipment	7,064	6,463	6,627	7,923	7,528	7,152	6,952
Other Assets	13,416	21,378	23,135	18,531	17,002	18,420	19,679
Total Assets	608,090	672,835	717,993	780,067	837,457	904,722	986,286
Liabilities							
Due to Banks	24,722	13,065	12,129	8,143	8,618	9,125	9,587
Due to Customers	488,653	547,316	591,623	646,817	692,095	744,002	810,962
Other Borrowings	24,287	33,569	26,847	26,614	27,925	31,317	31,813
Tax Liabilities	2,194	7,434	2,720	1,980	2,167	2,230	2,296
Other Liabilities	12,947	13,985	20,977	22,838	23,066	23,297	23,530
Total Liabilities	552,803	615,369	654,295	706,391	753,870	809,971	878,187
Shareholders Funds							
Stated Capital	18,324	19,926	20,909	21,693	21,693	21,693	21,693
Statutory Reserve Fund	2,333	2,568	2,881	3,384	3,995	4,569	5,082
Retained Earnings	29,967	31,698	35,541	42,361	49,654	58,671	69,590
Other Reserves	3,334	2,010	3,051	5,167	5,800	6,945	8,310
Shareholders Funds	53,958	56,202	62,382	72,605	81,142	91,879	104,676
Minority Interest	1,329	1,264	1,316	1,071	2,444	1,264	1,316
	55,287	57,466	63,698	73,676	83,586	93,144	105,992
Total Liabilities & Shareholders' Funds	608,090	672,835	717,993	780,067	837,457	903,114	984,179
NAVPS	101.1	97.3	101.4	114.2	127.7	144.5	164.7



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NATIONS TRUST BANK PLC

NTB PERFORMANCE ON CUE, FAIR VALUE CAPPED

DOWNGRADE TO SELL

Fair Value: 2025E - LKR 300.0 [-3%]

2026E - LKR 330.0 [+7%]

Akna Tennakoon

Total Return with DPS: 2025E - -1% [AER -4%]

2026E - 9% [AER 7%]

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LKR (Mn)	2Q2024	2Q2025	YoY	6M2024	6M2025	YoY
Earnings (LKR 'Mn)						
NII	8,963	9,756	+9%	18,055	19,036	+5%
Total Operating Income	12,356	13,171	+7%	24,058	25,543	+6%
Net Operating Income	11,936	13,027	+9%	23,080	24,953	+8%
Profit Before Tax	6,546	7,363	+12%	12,457	13,670	+10%
Net Profit	4,250	4,708	+11%	8,026	8,793	+10%
Balance Sheet (LKR 'Mn)						
Loans	275,121	361,351	+31%	275,121	361,351	+31%
Shareholders' Equity	69,039	88,271	+28%	69,039	88,271	+28%
NAVPS	211.7	267.0	+26%	211.7	267.0	+26%

Earnings on par with forecasts, price at target

NTB reported an 11% YoY increase in Net Profit for 2Q25, with PAT rising to LKR 4.7Bn from LKR 4.2Bn in 2Q24, in line with FCR’s forecasted figure for the quarter. For the first half of 2025, earnings totaled LKR 8.8Bn, up 9% YoY, also broadly in line with our expectations. The Bank maintained solid Net Interest Income growth of 9% YoY in 2Q25, aided by faster deposit repricing and strong expansion in loans, which rose 26% YTD to LKR 361.4Bn. Net Fee and Commission Income also registered a modest 1% YoY uptick, while trading gains contributed positively compared to last year’s losses. Asset quality trends continued to improve, with the Stage 3 loan ratio easing to 1.24% in Jun-25 from 1.60% at end-2024, and impairment charges declining 66% YoY in the quarter. Operating expenses grew at a slower pace, helping reduce the cost-to-income ratio to 30.1% in 1H25 from 33.7% in 2024. Capitalization remains healthy with a CET1 ratio of 16.6%, comfortably above regulatory requirements. Operational performance remains resilient, and earnings have tracked forecasts, prompting NTB to reach its fair value. While FCR maintains its broad-based Net Profit forecast for 2025E which stands at LKR 20.0Bn, that of 2026E has been adjusted downwards to LKR 21.3Bn owing largely to one-time costs associated with the purchase of HSBC’s retail arm. However, FCR anticipates the gains from this transaction to propel NTB’s earnings across the period following the conclusion of the transaction (1H2026E) which would then produce noteworthy returns for the Bank.

Lending momentum intact driven by effective strategy

NTB’s loan book rose to LKR 361.4Bn in 2Q25 up by 31.3% YoY and 13.4% QoQ, despite the consistent downward adjustment of market lending rates. The Bank’s lending strategy continues to center on clearly defined segments across Consumer, Commercial, and Corporate Banking. In Consumer Banking, focused penetration in the affluent and mass affluent segments is complemented by growth in Credit Cards and leasing, with the latter set to benefit from the reopening of the vehicle import market. However, the contribution from the leasing segment is likely to have peaked, as the pent-up demand for vehicle imports appears to have eased. Within Commercial Banking, NTB sustains its focus on export-oriented businesses and manufacturers engaged in import substitution, while Corporate Banking remains positioned to support expansion across manufacturing and export value chains. This selective, strategically aligned lending approach has enabled NTB to capture the resurgence in credit demand, supported by stronger foreign currency liquidity and improving domestic economic activity. FCR also expects the amalgamation of HSBC’s retail arm to fuel NTB’s lending portfolio, strengthening its position further as a key player within the retail banking segment. Given this setting, FCR projects NTB’s loan growth to climb to an impressive 18.6% in 2026E (2025E: 7.2%) following the completion of the transaction in mid-2026.

Capital buffers and liquidity levels remain robust

NTB’s financial strength continues to be underpinned by a healthy capital base, with the CET1 ratio at 16.6% and the Total Capital Adequacy Ratio at 17.7% as of Jun-25, comfortably above the regulatory minimums of 7.0% and 12.5%, respectively. Liquidity levels also remain sound, with a Liquidity Coverage Ratio of 225% (all currency) and 407% (rupee), well in excess of the 100% regulatory threshold. These strong buffers provide NTB with ample capacity to support balance sheet growth and withstand potential macroeconomic volatility, while positioning the Bank to capitalize on emerging credit opportunities as domestic demand continues to strengthen. The full impact of NTB’s acquisition of HSBC’s retail arm, which is anticipated to be finalized by 1H2026, on its capital buffers and liquidity levels remains to be determined.

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Asset quality holds steady

NTB's Stage 3 Loans ratio improved further to 1.24% in 2Q25 from 1.60% at end-2024, reflecting continued progress in asset quality normalization. Provision coverage also strengthened, with Stage 3 impairment coverage rising to 62.1% in Jun-25 from 60.6% in Dec-24. Looking ahead, FCR expects impairment levels to stabilize within the pre-crisis benchmark range of 1–3% of gross loans, supported by the Bank's disciplined lending practices and its selective focus on resilient customer segments. NTB's consistent track record of superior asset quality reinforces confidence in its ability to sustain improvements through 2025E and into 2026E. The full impact of NTB's acquisition of HSBC's retail arm, which is anticipated to be finalized by 1H2026, on its asset quality and liquidity levels remains to be determined.

NTB to acquire HSBC Sri Lanka's retail banking arm for LKR 18.0Bn

On 24 Sep-2025, NTB signed a Sale and Purchase Agreement with HSBC Sri Lanka to acquire its retail banking business for LKR 18.0Bn. The Bank has confirmed that the transaction will be fully funded through internally generated resources. Subject to approval by the Central Bank of Sri Lanka, the deal is expected to conclude in the first half of 2026. Both NTB and HSBC remain optimistic that regulatory approval will be duly granted. This acquisition is set to add approximately 200,000 customers across deposits, loans, and credit cards. As of the end of 2024, HSBC's credit card portfolio was valued at LKR 22.1Bn, representing roughly 11% of its total loan book. While NTB may not retain the entirety of this customer base, the transaction will position the Bank as a dominant player within both the retail and corporate banking sectors. Significant benefits are anticipated, particularly through enhanced fee and commission income, which will strengthen NTB's presence in premium banking. Additionally, the transaction structure includes the transfer of HSBC staff to ensure a seamless customer experience.

FCR downgrades NTB.N to Sell, recommending investors realize gains

NTB posted an 11% YoY increase in 2Q25 Net Profit to LKR 4.7Bn, with 1H25 earnings of LKR 8.8Bn broadly in line with FCR forecasts. Performance was driven by strong loan growth, higher Net Interest Income, and continued improvement in asset quality, while operational efficiencies helped reduce the cost-to-income ratio to 30.1%. Capitalization and liquidity buffers remain solid. With fair value estimates steady at LKR 300.0 (2025E) and LKR 330.0 (2026E), NTB.N has reached its target price following faster-than-expected price appreciation. We downgrade the stock to Sell, recommending investors realize gains. **DOWNGRADE TO SELL.**

Estimate Revision

In LKR Mn	2025E - O	2025E - R	% Change	2026E - O	2026E - R	% Change
Earnings Estimate						
Net Interest Income	37,728	37,405	-1%	41,951	44,526	+6%
Total Operating Income	53,553	53,192	-1%	60,477	63,918	+6%
Net Operating Income	52,729	52,368	-1%	59,174	59,869	+1%
Profit Before Tax	28,921	28,625	-1%	33,836	29,987	-11%
Net Profit	20,245	20,037	-1%	24,024	21,291	-11%
Adjusted EPS	62.1	62.7		73.7	66.6	
Growth YoY	20%	38%		19%	6%	
Balance Sheet Estimate						
Shareholders' Equity	74,738	87,581	+17%	83,855	103,393	+23%
Adjusted NAVPS	229.1	268.7		257.1	317.2	

Valuation Table

P/E 31 December	2020	2021	2022	2023	2024	2025E	2026E	2027E
Estimates (LKR 'Mn)								
Net Interest Income	13,672	14,078	29,301	34,951	35,916	37,405	44,526	52,743
Total Operating Income	21,241	23,269	38,867	45,032	44,402	53,192	63,918	74,838
Net Profit	4,055	6,694	7,228	11,471	16,802	20,037	21,291	25,381
Net Recurring Profit	4,055	6,694	7,228	11,471	14,565	20,037	21,291	25,381
Adjusted EPS (LKR)	12.7	20.9	22.6	35.9	45.6	62.7	66.6	79.4
YoY Growth (%)	9%	65%	8%	59%	27%	38%	6%	19%
Valuations								
PER (x)	8.3x	5.0x	4.6x	8.6x	6.8x	4.9x	4.6x	3.9x
PBV (x)	1.0x	0.8x	0.7x	1.6x	1.3x	1.2x	1.0x	0.8x
DY (%)	2.2%	1.9%	3.1%	0.8%	1.6%	2.0%	2.1%	3.0%
Adjusted NAVPS	109.9	125.6	144.0	191.2	243.6	268.7	317.2	374.2
DPS (LKR)	2.30	2.00	3.29	2.50	4.90	6.15	6.53	9.34
Payout ratio	18.1%	9.6%	14.6%	7.0%	10.7%	9.8%	9.8%	11.8%

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Valuation Summary

Return	2025E	2026E
Target Price	300.0	330.0
Current Price	309.3	309.3
Capital Gain (LKR)	-9	21
Dividends upto 31st Dec (LKR)	6.1	6.5
Capital Gain %	-3%	7%
Dividend Yield %	2%	2%
Total Return %	-1%	9%
Annualized Return %	-4%	7%

Expected NTB.N price	2025E	2026E
Justified PBV based target price	309.0	333.0
PER Valuation based target price	307.3	339.6
RI Valuation based target price	291.3	315.6
Average Target Price	302.5	329.4
Target Price after Rounding off	300.0	330.0

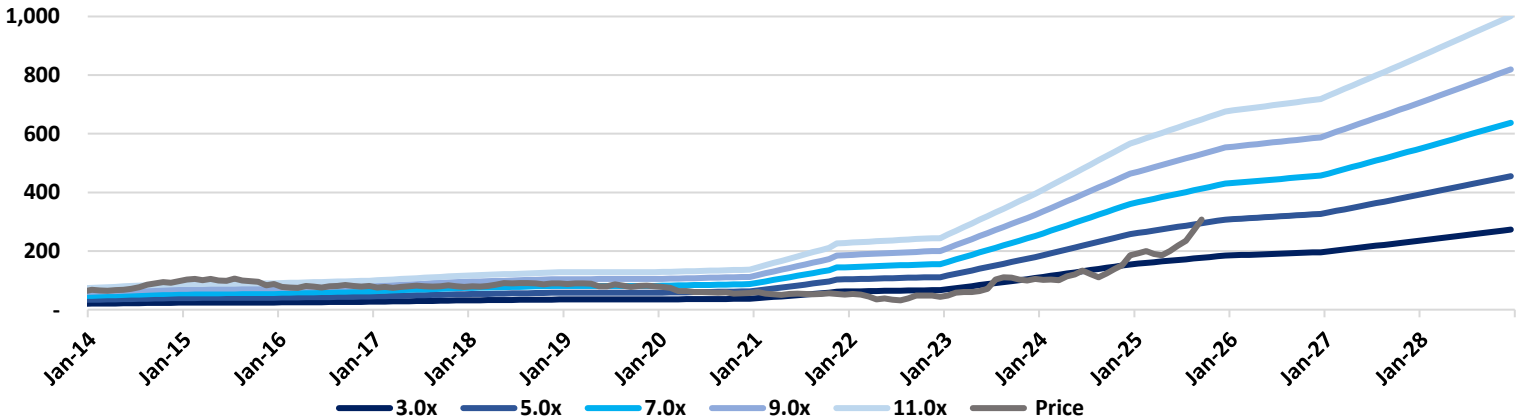


Residual Income Valuation

Residual Income based Valuation	2025E	2026E
PV of Residual Income	15,546.6	15,300.2
No. of Shares ('Mn)	326.0	326.0
RI per Share	47.7	46.9
Opening Book value per Share	243.6	268.7
Value per Share	291.3	315.6

COE	2025E	2026E
Rf	9%	9%
Rm	17%	17%
Growth %	3%	3%
β	1.2	1.2
Ke=Rf+β(Rm-Rf)	18.6%	18.6%

PER Chart



Source: CSE/First Capital Research

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Appendix I: Statement of Income and Expenses

Income Statement (LKR Mn)		2021	2022	2023	2024	2025E	2026E	2027E
P/E 31st December								
Interest Income		28,657	54,308	70,558	64,013	64,836	74,145	87,738
Interest Expense		(14,580)	(25,007)	(35,607)	(28,097)	(27,431)	(29,619)	(34,996)
Net Interest Income		14,078	29,301	34,951	35,916	37,405	44,526	52,743
Fees and Commission Income		6,670	7,738	8,335	9,502	11,782	13,829	15,539
Fees and Commission Expense		(529)	(944)	(1,234)	(1,436)	(1,767)	(2,489)	(2,797)
Net Fees and Commission Income		6,140	6,794	7,100	8,066	10,014	11,340	12,742
Net Trading Income		2,472	14,233	(1,267)	(1,712)	1,284	1,374	1,442
Other Operating Income		79	(11,490)	3,775	5,268	4,489	6,679	7,911
Total Operating Income		23,269	38,867	45,032	44,402	53,192	63,918	74,838
Impairment (Charge) / Reversal for Loans and Advances		(3,742)	(13,842)	(7,500)	3,196	(824)	(4,048)	(3,750)
Net Operating Income		19,527	25,025	37,532	47,599	52,368	59,869	71,089
Personnel Expenses		4,620	5,999	7,441	8,563	9,117	11,989	14,015
Depreciation of Property, Plant and Equipment		436	346	248	242	304	257	251
Amortization of Intangible Assets		339	279	329	331	427	1,129	1,764
Other Operating Expenses		3,333	4,547	5,663	5,447	5,610	7,293	8,387
Less: Total Operating Expenses		9,122	11,559	14,079	14,974	15,458	20,668	24,418
Operating Profit Before Value Added Tax (VAT)		10,405	13,466	23,453	32,624	36,910	39,201	46,671
Less: Value Added Tax (VAT) on Financial Services		1,985	3,021	5,145	6,888	8,285	9,214	10,923
Profit Before Income Tax		8,420	10,445	18,308	25,737	28,625	29,987	35,748
Less: Income Tax Expense		1,726	3,217	6,837	8,934	8,587	8,696	10,367
Profit for the Year		6,694	7,228	11,471	16,802	20,037	21,291	25,381
EPS		20.5	22.2	35.9	51.5	62.7	66.6	79.4

Appendix III: Ratio Analysis

		2021	2022	2023	2024	2025E	2026E	2027E
Growth	Asset	12.1%	8.4%	25.3%	5.7%	8.5%	19.2%	11.0%
	Deposit	11.4%	10.9%	17.0%	10.6%	8.0%	25.0%	11.0%
	Net Loans	17.6%	-2.5%	12.0%	6.1%	7.2%	18.6%	5.9%
Profitability	Return on Equity	17.8%	16.8%	21.4%	23.9%	24.0%	22.3%	22.5%
	Return on Average Assets	1.9%	1.8%	2.5%	3.2%	3.5%	3.3%	3.4%
	Net Interest Spread	3.7%	8.3%	8.5%	6.7%	6.5%	6.9%	6.8%
	Net Interest Margin	5.3%	9.9%	10.1%	9.1%	9.0%	9.3%	9.6%
Funding & Liquidity	Loan/ Deposits	92.5%	81.4%	77.9%	74.7%	74.2%	70.4%	67.1%
	Loan/ Assets	65.3%	58.7%	52.5%	52.7%	52.1%	51.8%	49.4%
	Deposit/ Liabilities	79.0%	80.6%	76.4%	82.5%	82.4%	86.2%	87.1%
	CASA	39.9%	31.6%	31.2%	31.1%	34.0%	34.0%	32.0%

Appendix II: Statement of Financial Position

Statement of Financial Position (LKR Mn)		2021	2022	2023	2024	2025E	2026E	2027E
As at 31st December								
Assets								
Cash and Cash Equivalents		13,428	58,748	40,180	20,814	46,888	17,138	12,201
Balances with Central Bank of Sri Lanka		6,915	6,074	2,684	1,183	1,662	1,947	2,161
Reverse Repurchase Agreements		3,001	1,502	1,502	2,389	2,401	2,449	2,498
Derivative Financial Instruments		473	103	4	224	616	731	774
Financial Assets - Held for Trading		6,151	3,734	10,934	17,195	16,617	25,957	31,694
Financial Assets - Available for Sale		67,521	30,350	79,923	107,015	103,857	129,787	172,876
Financial Assets - Held to Maturity		26,140	59,928	97,358	96,796	99,703	132,106	146,638
Other Financial Assets		-	-	3,144	863	907	952	1,000
Loans and Advances to Customers		247,986	241,910	270,945	287,363	308,134	365,426	386,934
Other Assets		2,047	3,400	3,378	4,966	4,622	5,481	4,643
Property, Plant and Equipment		3,299	3,495	3,500	4,084	3,736	3,393	3,057
Intangible Assets		1,506	1,286	1,354	1,409	1,332	18,603	17,239
Total Assets		379,819	411,842	516,134	545,586	591,883	705,520	783,420
Liabilities								
Due to Banks		2,016	3,989	49,682	27,403	13,702	6,851	5,481
Repurchase Agreements		35,305	33,533	6,631	19,529	32,677	33,331	33,997
Derivative Financial Instruments		166	39	659	372	409	450	486
Due to Customers		267,988	297,253	347,769	384,655	415,428	519,147	576,253
Debt Issued and Other Borrowed Funds		12,353	12,355	27,187	15,098	16,004	16,804	17,476
Current Tax Liabilities		2,461	5,243	5,667	4,640	6,870	5,218	6,220
Other Liabilities		9,675	12,629	16,163	12,941	13,459	13,997	14,557
Deferred Tax Liabilities		-	-	-	-	-	-	-
Total Liabilities		339,393	368,903	455,008	466,109	504,302	602,127	661,433
Equity Attributable to Equity Holders of the Parent								
Stated Capital		9,408	10,401	11,427	12,106	12,106	12,106	12,106
Statutory Reserve Fund		1,882	2,228	2,784	3,610	4,467	5,074	5,797
Retained Earnings		28,073	32,027	41,624	55,917	69,054	83,966	101,567
Other Reserves		796	1,384	5,292	7,844	1,954	2,247	2,517
Total Equity		40,159	46,041	61,126	79,477	87,581	103,393	121,987
Total Liabilities and Equity		379,552	414,944	516,135	545,586	591,883	705,520	783,420
NAVPS		125.6	144.0	191.2	243.6	268.7	317.2	374.2

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