



First Capital
A Janashakthi Group Company

EQUITY | SRI LANKA | BANKS

EARNINGS UPDATE | 26 Sep 2025

SAMPATH BANK PLC [SAMP.N0000]

MAINTAIN BUY

“CLIMBING HIGHER ON THE Pillars OF STABILITY AND GROWTH”

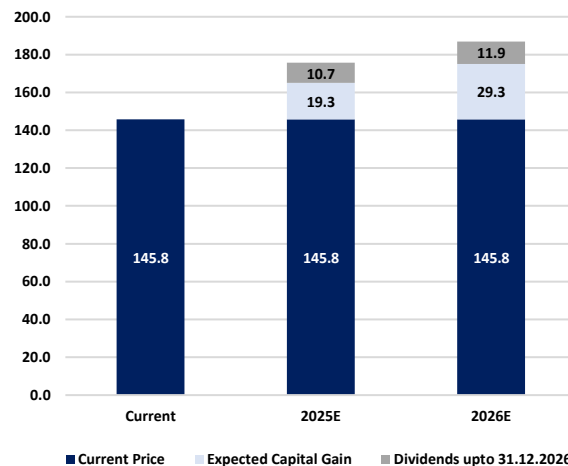
Fair Value: 2025E - LKR 165.00 [+13%]

2026E - LKR 175.00 [+20%]

Total Return with DPS: 2025E – 21% [AER 102%]

2026E - 28% [AER 22%]

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 nearly 5% 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.**



FIRST CAPITAL RESEARCH

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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%

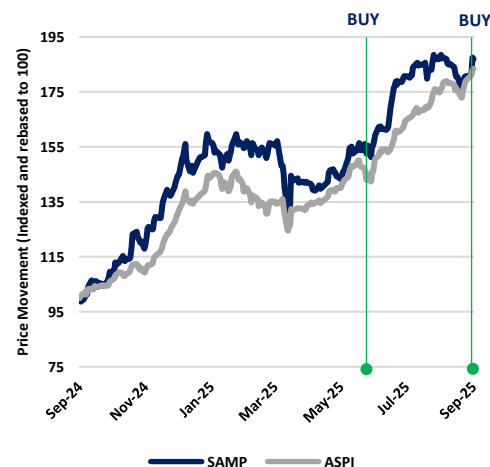
Non-fund income offsets trading performance drag

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 4% 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.

Price Movement of SAMP vs ASPI and past recommendations



Source: CSE

Minimum Return for BUY:

Buy Below for 2026E [AER of 14.0% with DPS]: LKR 153.2
SAMP categorized as 'Grade A' counter.

Disclosure on Shareholding:

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



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.

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

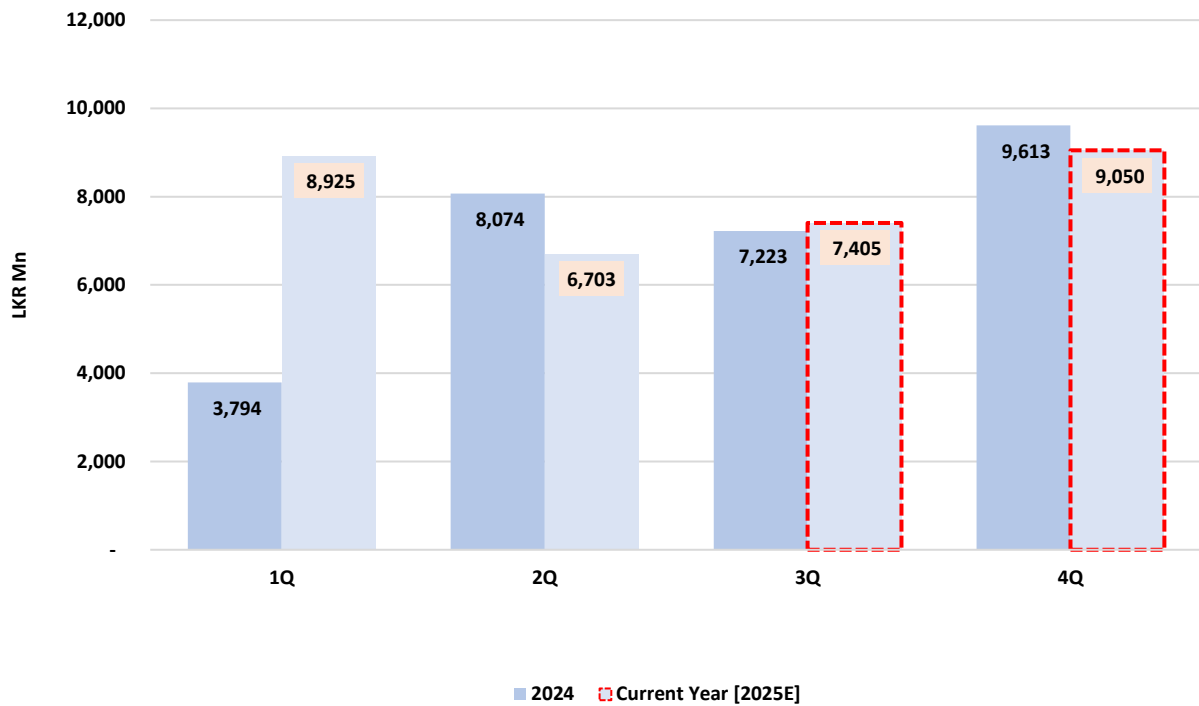
Sampath Bank maintained capital and liquidity metrics well above regulatory minima through 2Q2025. As of Jun-25, the Bank reported Common Equity Tier 1 and Tier 1 Capital Ratios of 15.64% each, and a Total Capital Ratio of 19.16%, comfortably exceeding the minimum requirements, though slightly lower 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.



Quarterly Earnings



Note: 4Q2024 earnings include the impact of impairment reversals on ISB holdings.

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	
Ratio Estimate						
ROE (%)	17.5%	17.5%		18.2%	18.2%	
PER (x)	5.3	5.3		4.9	4.9	
PBV (x)	0.9	0.9		0.9	0.9	



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%

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

Ratio Analysis

		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%



Valuation Summary

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

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%

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
$K_e = R_f + \beta(R_m - R_f)$	18.2%	18.2%

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

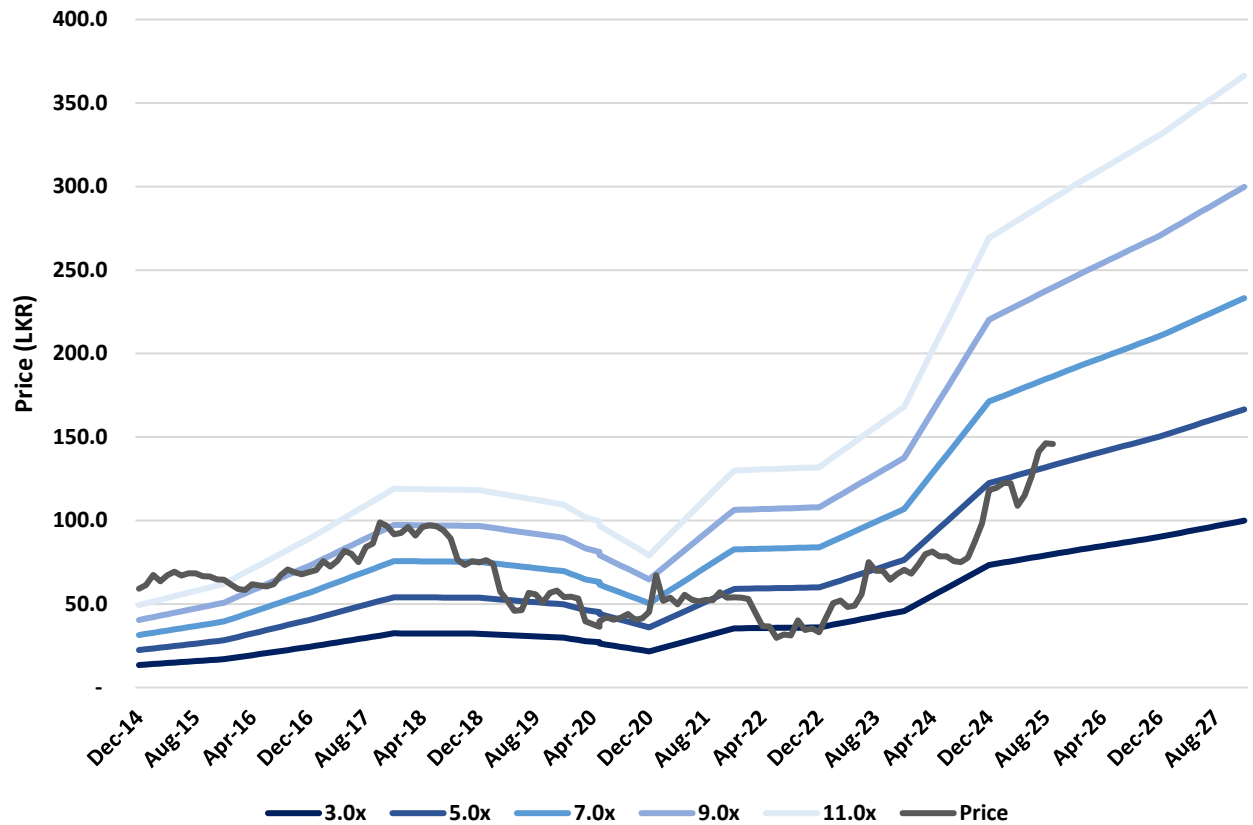
Recommendation Criteria

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%



PER Chart



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 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



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