



First Capital
A Janashakti Group Company

EQUITY | SRI LANKA | BANKS

EARNINGS UPDATE | 05 Dec 2025

SAMPATH BANK PLC [SAMP.N0000]

MAINTAIN BUY

“POWERED BY FUNDAMENTALS, GEARED FOR GROWTH”

Fair Value: 2025E - LKR 165.00 [+20%]

2026E - LKR 175.00 [+28%]

Total Return with DPS: 2025E – 28% [AER 3025%]

2026E - 36% [AER 33%]

SAMP delivered Net Profit of LKR 7.5Bn for 3Q2025 (+4.1% YoY), bringing cumulative earnings for 9M2025 to LKR 23.0Bn and placing the Bank on track to meet FCR’s full-year forecast. NII moderated 3.2% YoY to LKR 20.1Bn as market rates continued to ease, though the impact was offset by strong balance sheet expansion, with the loan book rising to LKR 1.1Tn (+30.2% YoY and +12.8% QoQ) following broad-based growth across trade finance, leasing and term loans, alongside a modest lift in foreign currency lending. Net Fee and commission income strengthened materially, climbing 42.6% YoY to LKR 6.2Bn, supported by increased card usage, trade activity and digital transactions, while trading income also improved. Impairment charges amounted to LKR 633.8Mn versus last year’s reversal linked to ISB restructuring, and operating expenses increased 17.3% YoY to LKR 12.7Bn due to staff growth and sustained technology investments. Deposits expanded to LKR 1.6Tn (+15.3% YoY), and an improved CASA of 34.5% helped contain funding costs, limiting the impact of lower rates on NIMs, which eased to 4.09% from 5.01% a year earlier. Asset quality improved, with Stage 3 loans falling to 3.77% and coverage rising to 60.25%. Capital and liquidity buffers remained robust despite the newly applied 1% D-SIB surcharge, with CET1 and Tier 1 at 14.06% and Total Capital at 17.21%, supported by a strong Liquidity Coverage Ratio of 249.01%. CR has made minor adjustments to account for situational discrepancies, resulting in a revision of 2025E net income to LKR 31.2Bn from the previously estimated LKR 32.1Bn. However, the core fundamentals and assumptions underlying our outlook on SAMP remain unchanged, and therefore both the target price and the overall investment narrative are maintained. Consequently, FCR maintains SAMP’s fair value for 2025E at LKR 165.0 and that of 2026E at LKR 175.0 denoting a total return of 28% and 36% respectively. **MAINTAIN BUY.**

LKR (Mn)	3Q2024	3Q2025	YoY	9M2024	9M2025	YoY
Earnings (LKR 'Mn)						
NII	20,771	20,099	-3%	64,177	61,424	-4%
Total Operating Income	25,668	28,919	+13%	77,061	87,306	+13%
Net Operating Income	26,497	28,286	+7%	71,739	85,345	+19%
Profit Before Tax	12,206	12,074	-1%	31,921	38,033	+19%
Net Profit	7,223	7,521	+4%	19,090	23,149	+21%
Balance Sheet (LKR 'Mn)						
Loans	850,509	1,106,975	+30%	850,509	1,106,975	+30%
Shareholders' Equity	167,982	184,308	+10%	167,982	184,308	+10%
NAVPS	143.2	157.2	+10%	143.2	157.2	+10%

SAMP extends its earnings resilience into 3Q2025

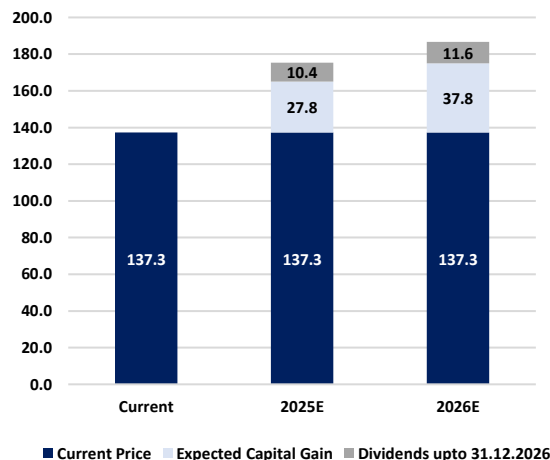
Net earnings for 3Q2025 reached LKR 7.5Bn (+4.1% YoY), lifting cumulative profits for the first nine months of 2025 to LKR 23.0Bn. FCR holds the underlying fundamentals behind its 2025E and 2026E forecasts for net earnings unchanged, having conducted minor tweaks in an effort to account for context-specific deviations. Net interest income moderated to LKR 20.1Bn (-3.2% YoY) as market rates continued to adjust downward, though the impact was tempered by a substantial expansion of the loan book to LKR 1.1Tn (+30.2% YoY), consistent with our projections. Net Fee and Commission Income emerged as a key catalyst that reinforced the bottom line, having risen to LKR 6.2Bn (+42.6% YoY), propelled by heightened activity in cards, trade and electronic banking services, while trading income also strengthened during the quarter. Impairment charges totalled LKR 633.8Mn, contrasting with the prior year’s reversal linked to the ISB restructuring. Operating expenses increased to LKR 12.7Bn (+17.3% YoY), reflecting both staff expansion and sustained investments in technology. Overall, the strength of income generation supported earnings, resulting in net profits of LKR 7.5Bn for the quarter.

Loan book stays anchored above the LKR 1.0Tn threshold

SAMP’s gross loans reached LKR 1.1Tn in 3Q2025 (+30.2% YoY), remaining above the LKR 1.0Tn threshold after surpassing it last quarter. Growth was anchored by international trade related lending, leasing facilities and general term loans, while the foreign currency loan portfolio also recorded a modest YoY expansion, partly reflecting the depreciation of the LKR. The deposit base rose to LKR 1.6Tn (+15.3% YoY), and interest expenses were contained as the CASA ratio improved to 34.5% in Sep-25 from 33.9% a year earlier. These dynamics in turn helped limit the decline in Net Interest Income. The softening rate environment was similarly reflected in the Bank’s Net Interest Margin, which moderated to 4.09% in Sep-25 from 5.01% a year prior.

Sound provisioning reinforces portfolio strength

Impairment charges for 3Q2025 were LKR 633.8Mn, versus a reversal last year linked to the ISB restructuring. A recent portfolio review, covering ISL and collective exposures, showed improved credit quality, supported by stronger borrower repayment capacity and a favorable macroeconomic environment. Maintaining a prudent approach, the Bank kept robust provisioning, with Stage 3 loans falling to 3.77% from 5.27% and coverage rising to 60.25% from 57.92%, ensuring adequate credit risk protection.

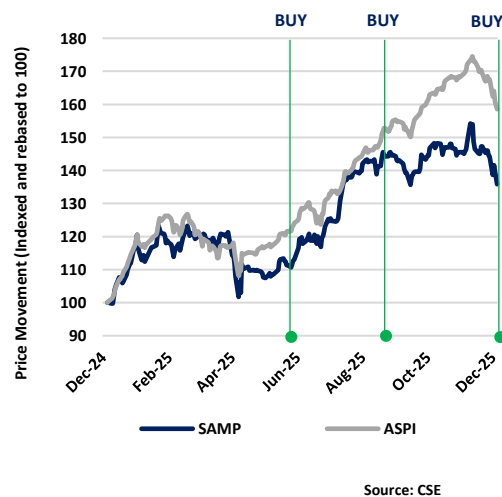


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Price Movement of SAMP vs ASPI and past recommendations



Minimum Return for BUY:

Buy Below for 2026E [AER of 14.0% with DPS]: LKR 157.8
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.



Robust capital and liquidity support ongoing growth

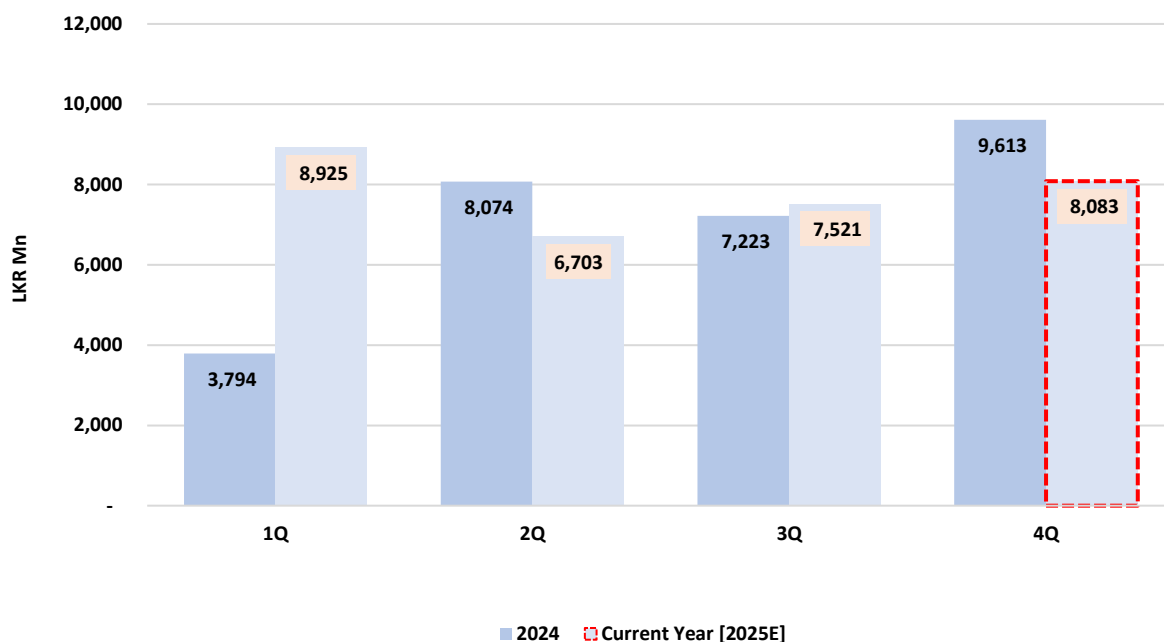
Capital adequacy remained comfortably above regulatory minimums in 3Q2025, with the Bank’s Common Equity Tier 1 (CET1), Tier 1, and Total Capital ratios at 14.06%, 14.06%, and 17.21%, respectively. Following its designation as a Domestic Systemically Important Bank (D-SIB) by the Central Bank of Sri Lanka, effective 17 April 2025, the Bank became subject to an additional 1% capital buffer across all tiers. Despite this enhanced requirement, Sampath Bank maintained capital well above prescribed thresholds. Liquidity also remained strong, with the liquidity coverage ratio at 249.01%, comfortably exceeding the regulatory minimum of 100%.

FV for 2025E estimated at LKR 165.00 – MAINTAIN BUY

Notably, despite the moderation in NII stemming from the softening rate environment, SAMP’s strengthened fee and commission income, resilient trading performance, expanding loan book and improving CASA have collectively supported core profitability, keeping underlying earnings broadly on track with expectations for the year. SAMP’s target prices of LKR 165.0 for 2025E and LKR 175.0 for 2026E are reiterated against the current share price of LKR 137.25, implying upside potential of 28% and 36%, respectively, and underscoring the continuation of 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	96,461	+3%	102,835	113,119	+10%
Total Operating Income	118,909	121,856	+2%	130,941	141,739	+8%
Net Operating Income	114,949	113,263	-1%	123,560	122,222	-1%
Profit Before Tax	53,418	52,053	-3%	58,728	57,644	-2%
Net Profit	32,051	31,232	-3%	35,237	34,586	-2%
Adjusted EPS	27.3	26.6		30.0	29.5	
Growth YoY	12%	9%		10%	11%	
Balance Sheet Estimate						
Loans & Advances	1,024,148	1,216,321	+19%	1,130,309	1,290,060	+14%
Shareholders' Equity	188,346	192,140	+2%	198,530	207,293	+4%
Adjusted NAVPS	160.6	163.8		169.3	176.8	
Ratio Estimate						
ROE (%)	17.5%	16.9%		18.2%	17.3%	
PER (x)	5.3	5.2		4.9	4.7	
PBV (x)	0.9	0.8		0.9	0.8	



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	96,461	113,119	132,966
Total Operating Income	50,066	64,399	114,768	95,463	94,089	121,856	141,739	165,037
Net Profit	8,443	13,856	14,061	17,924	28,703	31,232	34,586	42,280
Recurring Net Profits	8,443	13,056	14,061	15,404	23,523	31,232	34,586	42,280
Adjusted EPS (LKR)	7.2	11.1	12.0	13.1	20.1	26.6	29.5	36.1
YoY Growth (%)	-28%	55%	8%	10%	53%	33%	11%	22%
Valuations								
PER (x)	19.1x	12.3x	11.4x	10.4x	6.8x	5.2x	4.7x	3.8x
PBV (x)	1.4x	1.3x	1.2x	1.0x	0.9x	0.8x	0.8x	0.7x
DY (%)	2.0%	3.0%	3.3%	4.3%	6.8%	7.6%	8.5%	10.5%
Adjusted NAVPS	97.6	108.5	115.6	134.6	151.7	163.8	176.8	189.2
Adjusted DPS (LKR)	2.7	4.1	4.5	5.9	9.3	10.4	11.6	14.3
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%	10.8%	7.2%	8.6%
	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%	34.9%	6.1%	5.3%
Profitability	Return on Equity	11.5%	10.7%	12.2%	17.1%	16.9%	17.3%	19.7%
	Return on Average Assets	1.2%	1.1%	1.2%	1.7%	1.6%	1.6%	1.9%
	Net Interest Spread	3.2%	4.8%	3.6%	3.9%	4.1%	4.4%	4.9%
	Net Interest Margin	3.8%	5.8%	5.1%	4.9%	5.0%	5.4%	5.8%
Funding & Liquidity	Loan/ Deposits	80.0%	75.3%	61.7%	60.6%	74.4%	72.7%	70.2%
	Loan/ Assets	64.0%	61.4%	49.6%	49.1%	59.8%	59.1%	57.3%
	Deposit/ Liabilities	89.1%	90.5%	89.3%	89.6%	88.7%	89.8%	90.0%
	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	163.8	176.8
PER Valuation based target price	159.8	177.0
RI Valuation based target price	166.6	177.2
Average Target Price	163.4	177.0
Target Price after Rounding off	165.0	175.0

Return	2025E	2026E
Target Price	165.0	175.0
Current Price	137.3	137.3
Capital Gain (LKR)	27.8	37.8
Dividends upto 31st Dec (LKR)	10.4	11.6
Capital Gain %	20%	28%
Dividend Yield %	8%	8%
Total Return %	28%	36%
Annualized Return %	3025%	33%

Residual Income Valuation

Residual Income based Valuation	2025E	2026E
PV of Residual Income	17,496	15,720
No. of Shares ('Mn)	1,173	1,173
RI per Share	14.9	13.4
Opening Book value per Share	151.7	163.8
Value per Share	166.6	177.2

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	16.9%	17.3%
Growth	3.0%	3.0%
COE	18.2%	18.2%
PBV	1.0	1.0
NAVPS	163.8	176.8
Target Price	163.8	176.8

PER Valuation

PER based Valuation	2025E	2026E
Earnings (LKR 'Mn)	31,232	34,586
No. of Shares ('Mn)	1,173	1,173
EPS	26.6	29.5
Expected PER	6.0x	6.0x
Price at 6.0x Earnings	159.8	177.0

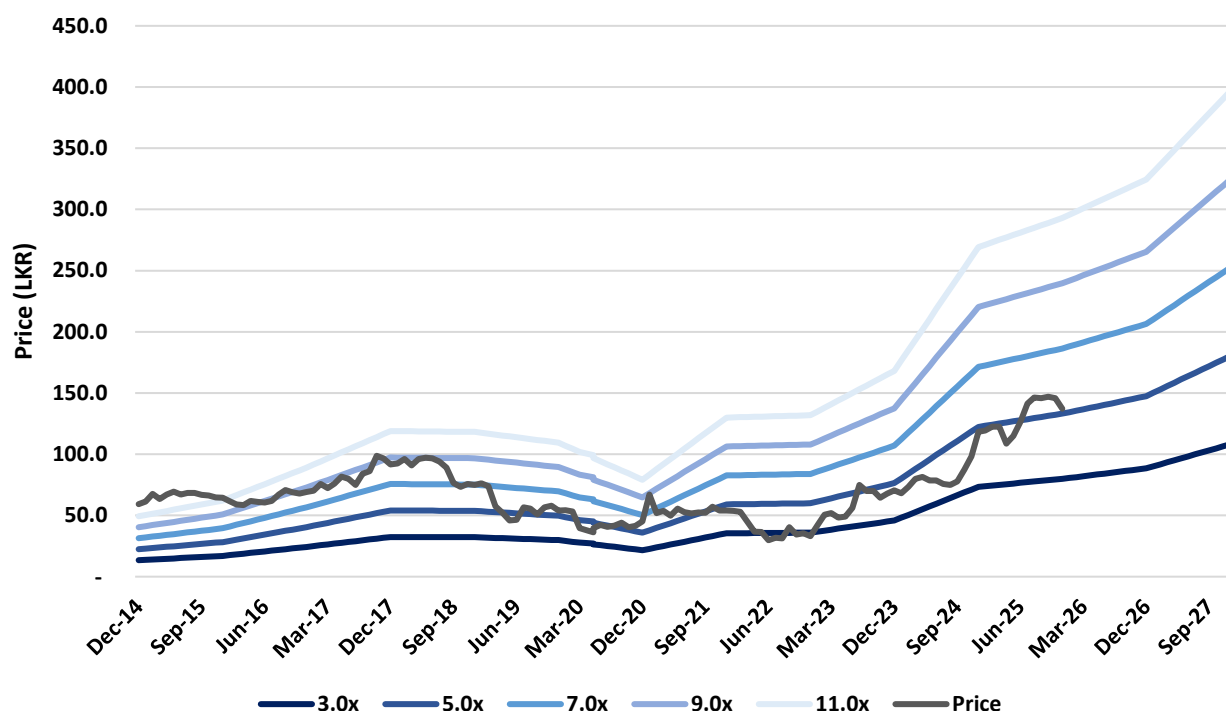
Recommendation Criteria

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	245,830	283,861	318,546
Interest Income	94,647	92,428	164,776	212,459	192,359	214,579	248,870	280,803
Interest Expenses	57,820	46,910	88,734	137,016	107,697	118,118	135,751	147,836
Net Interest Income	36,827	45,518	76,042	75,443	84,662	96,461	113,119	132,966
Fee & Other Income	13,239	18,881	38,726	20,020	9,427	25,395	28,620	32,070
Total Operating Income	50,066	64,399	114,768	95,463	94,089	121,856	141,739	165,037
Impairment (Charges)/ Reversal	-13,201	-18,559	-62,908	-20,210	11,871	-8,593	-19,517	-23,984
Net Operating Income	36,866	45,840	51,860	75,253	105,960	113,263	122,222	141,053
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	69,243	76,320	92,357
VAT on Financial Services & DRL	3,394	4,296	5,577	9,085	13,970	17,190	18,676	21,890
Profit Before Tax	11,890	18,825	16,395	31,202	49,188	52,053	57,644	70,467
Income Tax Expense	3,447	4,969	2,334	13,277	20,485	20,821	23,058	28,187
Profit for the Year	8,443	13,856	14,061	17,924	28,703	31,232	34,586	42,280
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	31,232	34,586	42,280
EPS	7.2	11.1	12.0	13.1	20.1	26.6	29.5	36.1



Appendix II: Statement of Financial Position

Balance Sheet (LKR Mn) As at 31st December	2020	2021	2022	2023	2024	2025E	2026E	2027E
Assets								
Cash and cash equivalents	29,219	23,028	79,345	79,530	46,501	38,291	66,339	121,123
Financial instruments	17,732	10,169	15,167	5,579	11,717	8,493	8,710	10,663
Loans to & Deposits with Banks	16,563	33,614	42,506	48,205	42,826	46,033	48,672	61,372
Loans and Receivables	752,438	795,804	839,977	787,356	901,950	1,216,321	1,290,060	1,358,732
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	264,316	270,539	278,065
Total Assets	1,149,685	1,242,633	1,367,320	1,587,376	1,836,995	2,035,671	2,182,775	2,370,408
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	49,076	35,498	38,693
Debt issued and other borrowed funds	56,906	56,474	45,779	72,961	76,316	96,316	102,230	109,584
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	48,296	51,068
Total Liabilities	1,035,271	1,115,447	1,231,768	1,429,545	1,659,113	1,843,531	1,975,483	2,148,546
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	118,208	128,000	136,143
Retained earnings	7,901	13,867	13,565	16,712	21,130	25,190	30,551	36,978
Shareholders' Funds	114,415	127,186	135,551	157,830	177,882	192,140	207,293	221,862
Minority Interest	0	0	0	0	0	0	0	0
	114,415	127,186	135,551	157,830	177,882	192,140	207,293	221,862
Total Liabilities & Shareholders' Funds	1,149,685	1,242,633	1,367,320	1,587,376	1,836,995	2,035,671	2,182,775	2,370,408
Adjusted NAVPS	97.6	108.5	115.6	134.6	151.7	163.8	176.8	189.2



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