Sri Lanka Banking Sector Roundup – 9MCY25

DECEMBER 2025

Glossary: Classification of Sri Lankan banks used in this document

Government Banks (3 banks)	Large Private Banks (3 banks)	Mid-sized Private Banks (4 banks)
BANK OF CEYLON BOC Bankers to the Nation	COMMERCIAL BANK	NDB bank Our Commitment. Your Success.
PEOPLE'S BANK	සම්පත් බැංකුව சம்பத் வங்கி Sampath Bank	SEYLAN BANK PLC The bank with a heart
NSB National Savings Bank	HNB	DFCC BANK Keep Growing
		Nations TrustBank

Note: Sri Lanka has 12 Licensed Commercial Banks and 6 Licensed Specialized Banks (includes public and private banks; excluding the foreign banks).
The 10 banks benchmarked collectively account for approximately 95% of the total banking industry by size.

9MCY25 results: Banking industry snapshot

Business

Total Deposits	Total Net Advances	CASA Deposits	Term Deposits
LKR 17,757.4 Bn	LKR 10,586.1 Bn	LKR 5,599.1 Bn	LKR 12,122.8 Bn
15% YoY	17% YoY	15% YoY	14% YoY

Profitability

Total Income[1]	Net Interest Income	Non-Interest Income[1]	PAT
LKR 819.2 Bn	LKR 651.4 Bn	LKR 167.8 Bn	LKR 242.4 Bn
31% YoY	27% YoY	47% YoY	73% YoY

Key Ratios

ROA	CASA Ratio	Cost-Income	NIM (%)
1.6%	31.5%	35.5%	4.2%
54 bps YoY	1 bps YoY	578 bps YoY	47 bps YoY

1. Calculated as Net Total income and Net Non-Interest Income

Analysis has been made based on 3 Government Banks, 3 Large Private Banks and 4 Mid-Sized Private Banks

Source: Financial Results, Investor Presentation; BCG analysis

Summary Snapshot (I/II)

Macro Trends

- **Economic growth:** Sri Lanka's real GDP grew 4.9% YoY in Q2CY25, supported by stronger industrial activity and stable financial conditions
  - GDP composition: Agriculture 8.4%, Industry 28.1%, Services 56.7%, and Taxes less Subsidies on Products 6.8%
- **Economic landscape:**
  - Agriculture expanded 2.0% YoY, industrial output grew 5.8%, and services increased 3.9%
  - Growth was led by manufacturing (3.7% YoY), construction (8.5% YoY), and mining & quarrying (16.6% YoY), highlighting continued industrial momentum

Key Performance Indicators

- **Profitability:** The banking industry posted an 73% YoY increase in net profit (Government banks +159%, Private banks +39%) driven by margin expansion and decline in provisions
  - Growth in profits of private bank is majorly driven by reversal of impairment charges while Government banks saw strong NII growth (63% YoY)
  - Pre-Provisioning Operating Profit (PPOP) of government banks surged 110% YoY, while private banks recorded 14% YoY growth
- **Operational efficiency:** Cost-to-Income Ratio (CIR) improved 578 bps to 35.5%, reflecting stronger revenue growth and cost optimization across the sector

Analysis has been made based on 3 Government Banks, 3 Large Private Banks and 4 Mid-Sized Private Bank

Summary Snapshot (II/II)

Business

- **Credit:** Robust credit growth of 17.1% YoY in 9MCY25
  - CD ratio stood at 59.6%, up 129 bps YoY, driven by prudent lending and consistent deposit inflows
- **Deposits:** Total deposits grew 14.5% YoY, led by strong growth in Other Deposists[1] (67% YoY)
  - Industry CASA Ratio: 31.5%
  - YoY Growth – CASA: 14.6%, TD: 14.4%

NPA & Risk Mgmt.

- **Stage 3 Loans Ratio:**
  - Asset quality strengthened across Large and Mid-Sized Private Banks, while most Government Banks reported a marginal ease from elevated levels
- **Capital Adequacy:** All banks report healthy capital buffers well above regulatory norms, reinforcing financial strength and supporting profitability, resilience, and risk-absorption capacity

Digital & Payments

- **Digital Payments:**
  - Commercial Bank of Ceylon has become the first Sri Lankan bank to enable Google Pay for Visa cards, leveraging Google Wallet and Visa's tokenization for secure, tap-and-pay digital transactions
  - Commercial Bank is also deploying an enterprise-grade omni-channel POS network across Abans' 400+ outlets, enabling all major card and QR payments and advancing Sri Lanka's cashless retail ecosystem
  - Visa and HNB have globally debuted "Visa Accept" in Sri Lanka, enabling micro-businesses to accept digital payments instantly via mobile phones and driving financial inclusion and cashless adoption

1. Other Deposits consists of Certificate of deposits, Margin deposits, Call deposits etc.

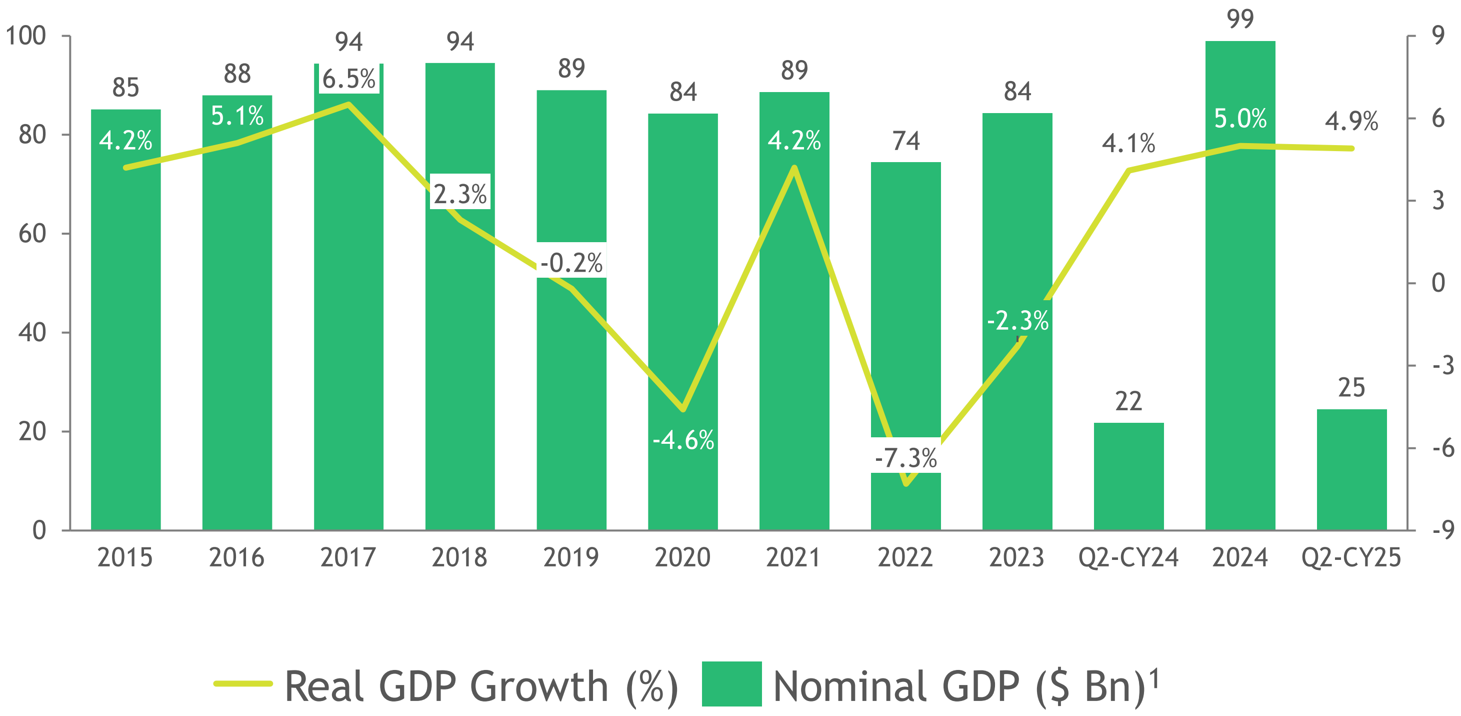
Analysis has been made based on 3 Government Banks, 3 Large Private Banks and 4 Mid-Sized Private Bank

Banking sector overview

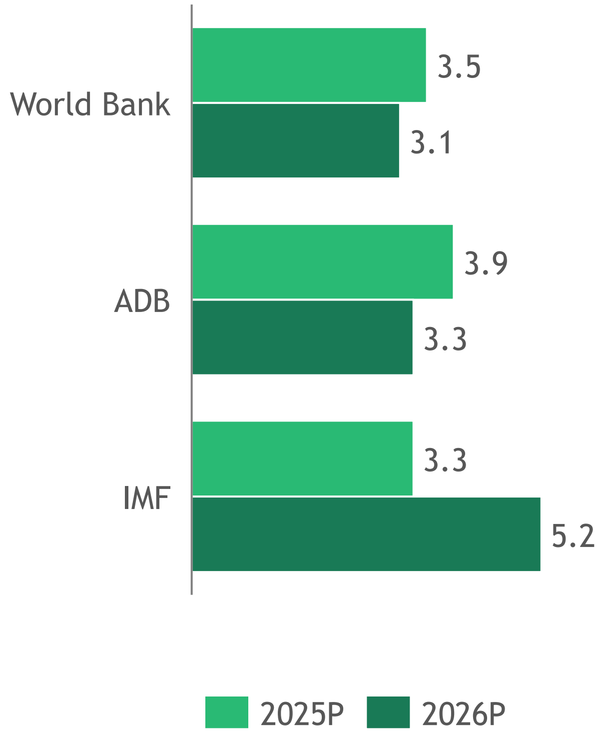
- Macro Indicators
- Business: Advances & Deposits
- Key Performance Indicators – Banking Sector
- NPA & Risk Management
- Branch Efficiency and Employee Productivity
- Digital in Banking
- Key Regulatory Measures
- Individual Player Performance

Sri Lanka's economy expanded by 4.9% YoY in Q2CY25; eighth continuous quarter of expansion

Gross Domestic Product (GDP)



GDP growth forecast[2]



1. Nominal GDP in Billion USD 2: Forecast are likely to be revised further
Source: Central Bank of Sri Lanka; World Bank; BCG analysis

Sectoral GDP Growth (%): Agricultural, Industrial & Services activities all reported increases; taxes less subsidies spiked 13.5% on higher vehicle inflows

1. Industry includes Mining and quarrying; Manufacturing; Electricity, gas, steam and air conditioning supply; Water collection, treatment and supply; Sewerage, Waste collection, treatment and disposal activities; materials recovery

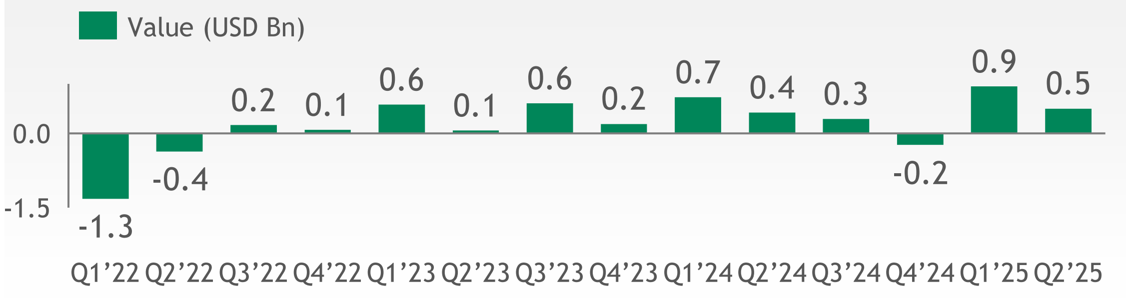
Note: Growth (%) for each quarter calculated over the same quarter of the previous year

Source: Central Bank of Sri Lanka; Press Search; BCG analysis

Mixed Macroeconomic Signals| Reserves strengthen as external pressures ease, but Fiscal risks persist

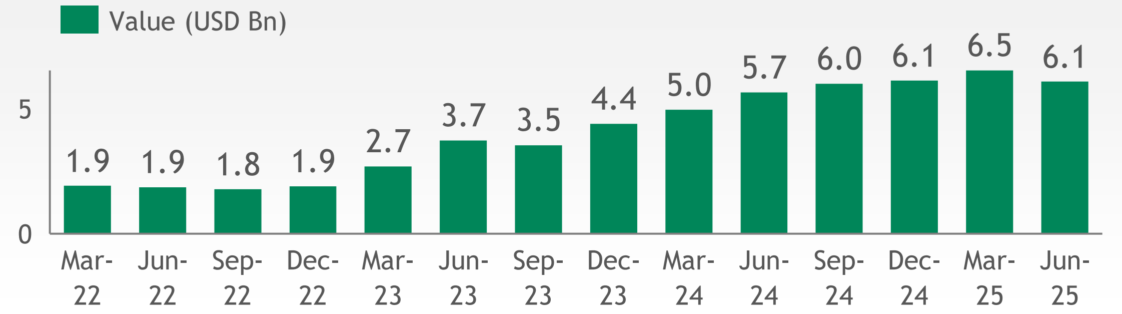
Current Account Balance

Current account widened on stronger services & secondary-income surge



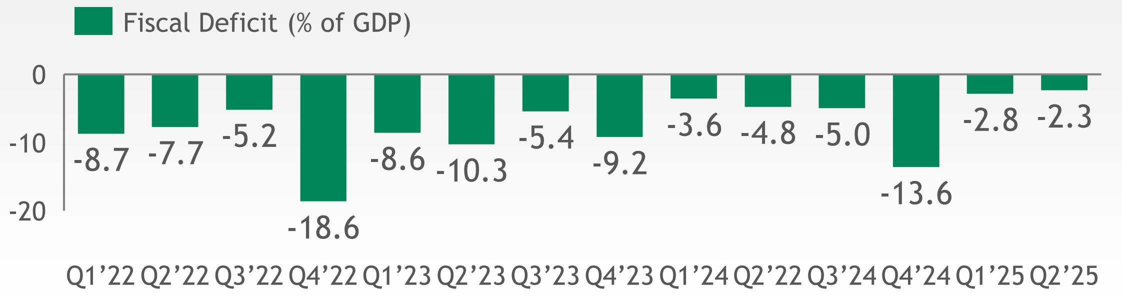
Forex Reserves

Forex reserves strengthen, up 7.5% YoY (since Jun'24)



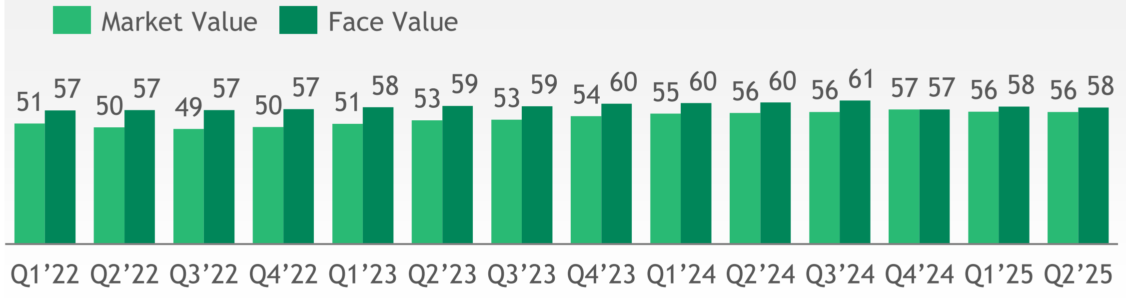
Overall Fiscal Surplus (+)/Deficit (-)

Fiscal deficit[1] as (% of GDP) declined in Q2-CY25



Gross External Debt (USD Bn)

External debt remains moderate in Q2-CY25

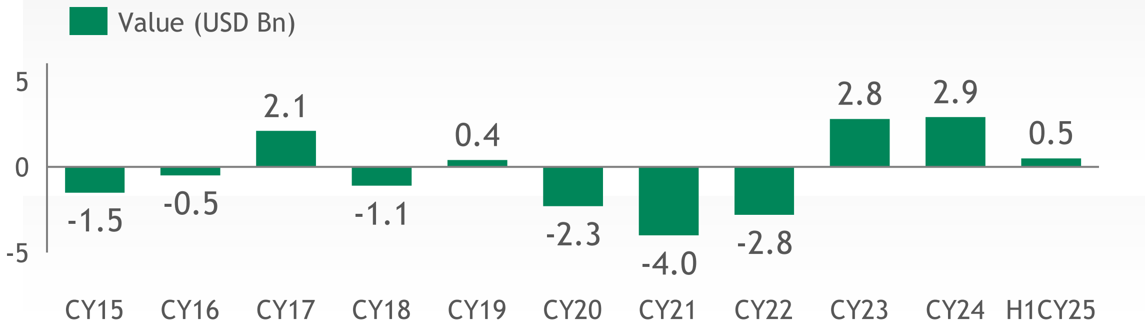


1. Fiscal Deficit is calculated a Overall Fiscal Surplus (+)/Deficit (-)/GDP at Current Market Price (Nominal GDP)

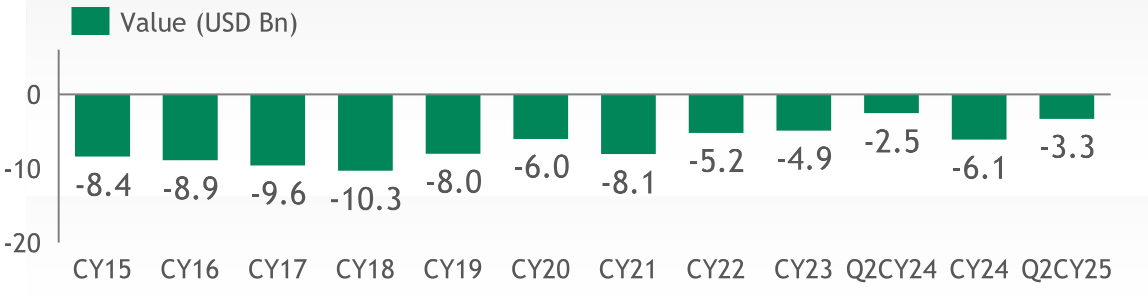
Source: Central Bank of Sri Lanka; Dept. of Sensus and Statistics; Press Search; BCG analysis

Strong External Sector| External sector strengthens amid rising remittances and FDI

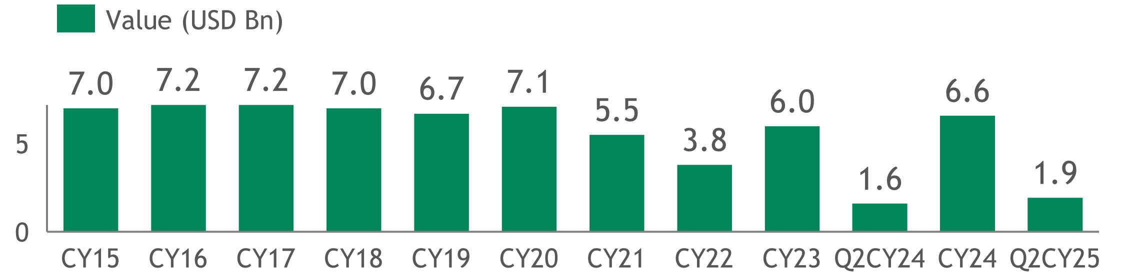
Balance of Payment
BOP peaked in CY24, softens to USD 0.5 Bn in H1CY25



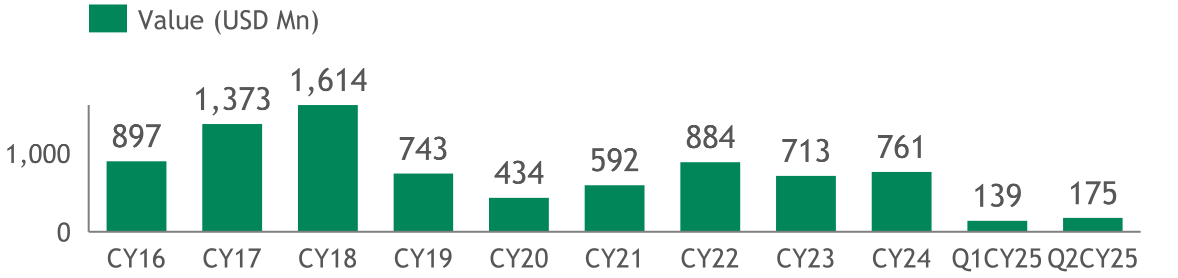
Trade Balance
Trade deficit narrows, signaling external sector stabilization



Workers' Remittances
Recorded 19.6% YoY growth in Q2CY25



Foreign Direct Investment[1]
FDI strengthen, up 25.9% QoQ in Q2CY25



1. FDI excluding foreign loans to the direct investment enterprises
Source: Central Bank of Sri Lanka; Dept. of Sensus and Statistics; Press Search; BCG analysis

Economic landscape & Market dynamics| Momentum builds in trade and financial flows, though industrial activity remains uneven

	Latest Month	Vs. Last year		Vs. Last month	
	Jun'25	Jun'24	YoY	Mar'25	QoQ
Industry (Base: 2015=100)					
IIP (Index)	98.5	92.7	6.3%	103.9	-5.2%
Food Products	100.3	103.0	-2.6%	113.4	-11.6%
Manufacturing Textile	119.7	122.4	-2.2%	97.3	23.0%
Non-Metallic Mineral Products	112.7	93.8	20.1%	107.8	4.5%
Coke & Refined Petroleum	109.3	80.7	35.4%	116.9	-6.5%
Trade & Investment					
Merchandize Exports ($ Mn)	1,142	1,077	6.0%	1,242	-8.1%
Merchandize Imports ($ Mn)	1,682	1,447	16.2%	1,637	2.7%
Services Inflow ($ Mn)	508.4	436.2	16.6%	665	-23.5%
Services Outflow ($ Mn)	264.1	229.1	15.3%	272	-2.9%
Inflation[5] (Base: 2021=100)					
Columbo Consumer Price Index	194.5	195.6	-0.6%	191.6	1.5%
National Consumer Price Index	208.7	208.1	0.3%	206.0	1.3%
CCPI Food Inflation	249.3	237.8	4.8%	239.2	4.2%
CCPI Non-Food Inflation	175.0	182.1	-3.9%	174.6	0.2%

	Latest Month	Vs. Last year		Vs. Last month	
	Jun'25	Jun'24	YoY	Mar'25	QoQ
Producer Price Index (Base: 2018 Q4=100)					
PPI (Index)	238.4	238.0	0.2%	237.5	0.4%
Agriculture	271.3	251.1	8.0%	291.1	-6.8%
Manufacturing	239.0	238.1	0.4%	235.1	1.7%
Electricity, Gas, Steam & Air Conditioning Supply	133.9	198.1	-32.4%	135.1	-0.9%
Financial Flows					
CSE Inflows[3] ($ Mn)	12.6	8.7	44.8%	7.6	65.8%
CSE Outflows[4] ($ Mn)	19.3	11.7	65.0%	13.3	45.1%
CSE Net Flows ($ Mn)	-6.7	-2.9	-131.0%	-5.7	-17.5%
G.Sec Market Net Flows ($ Mn)	8.4	-38.7	121.7%	49.2	-82.9%
PMI and Tourism					
Manufacturing PMI (Index)	51.9	56.6	-8.3%	63.9	-18.8%
Services PMI (Index)[1]	61.9	63.5	-2.5%	69.8	-11.3%
Construction PMI (Index)[2]	58.6	59.5	-1.5%	54.3	7.9%
Earnings from Tourism ($ Mn)	169.5	151.1	12.2%	354	-52.1%

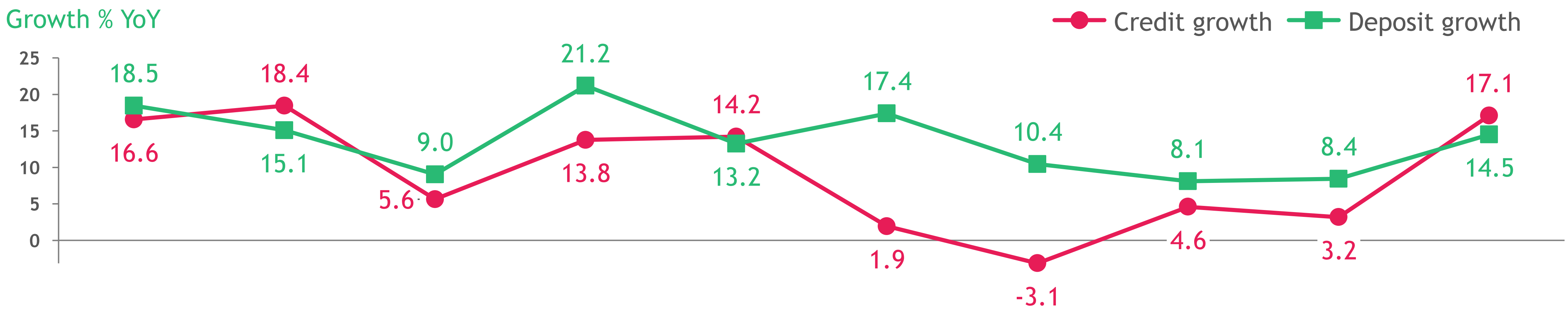
1. Business Activity Index 2. Total Activity Index 3. Columbo Exchange Secondary Market Inflows 4. Columbo Exchange Secondary Market Outflows 5. Headline Inflation
Note: YoY change is Monthly % change (YoY Basis), QoQ change is Monthly % change (QoQ Basis)
Source: Central Bank of Sri Lanka; Dept. of Sensus and Statistics; Press Search; BCG analysis

Banking sector overview

System shifts from deposit-led growth to a credit-led recovery in 9MCY25

Private banks lead the credit upswing supported by the low-interest-rate environment

Credit[1] and deposit growth rate (%)



CD Ratio[2]	CY17	CY18	CY19	CY20	CY21	CY22	CY23	9MCY24	CY24	9MCY25
Govt. Banks	75%	78%	74%	75%	75%	65%	56%	52%	49%	47%
Large Pvt	89%	91%	90%	77%	76%	66%	59%	60%	61%	69%
Mid-Sized Pvt	100%	98%	100%	90%	96%	85%	77%	78%	75%	84%
Industry	83%	86%	83%	78%	78%	68%	60%	58%	57%	60%

1. Credit includes loans and Advances

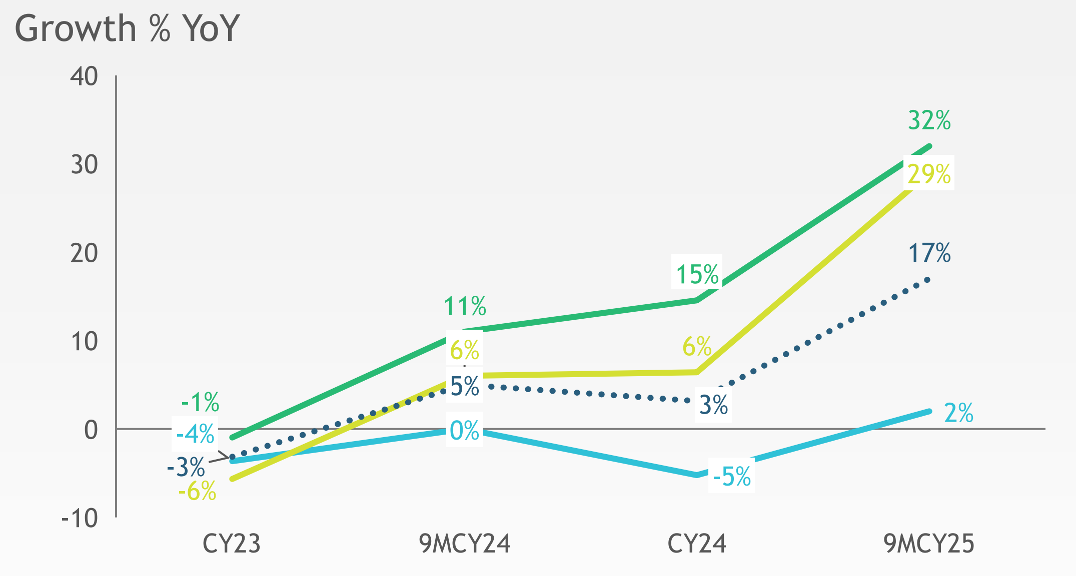
Source: Central Bank of Sri Lanka; Press Search; BCG analysis

Analysis has been made based on 3 Government Banks, 3 Large Private Banks and 4 Mid-Sized Private Bank

Industry growth re-accelerates led by Private Banks

Mid and large Private Banks outpace Government Banks and gain market share

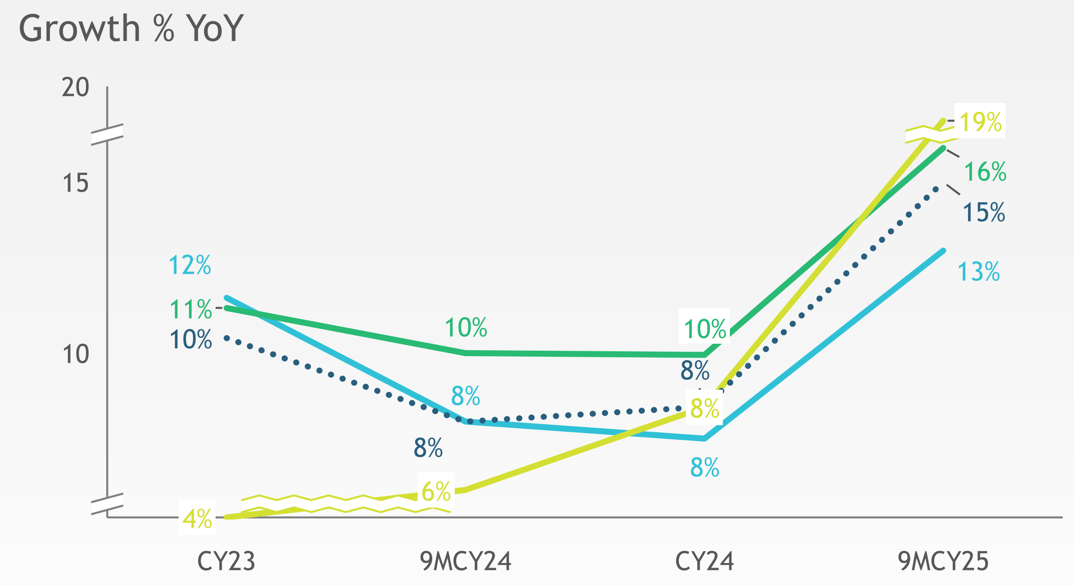
Credit growth (%) by bank category



Market share (%)

	CY23	9MCY24	CY24	9MCY25
Govt. Banks	51%	48%	46%	42%
Large Pvt	32%	34%	36%	39%
Mid-Sized Pvt	17%	17%	18%	19%

Total Deposits growth (%) by bank category



Market share (%)

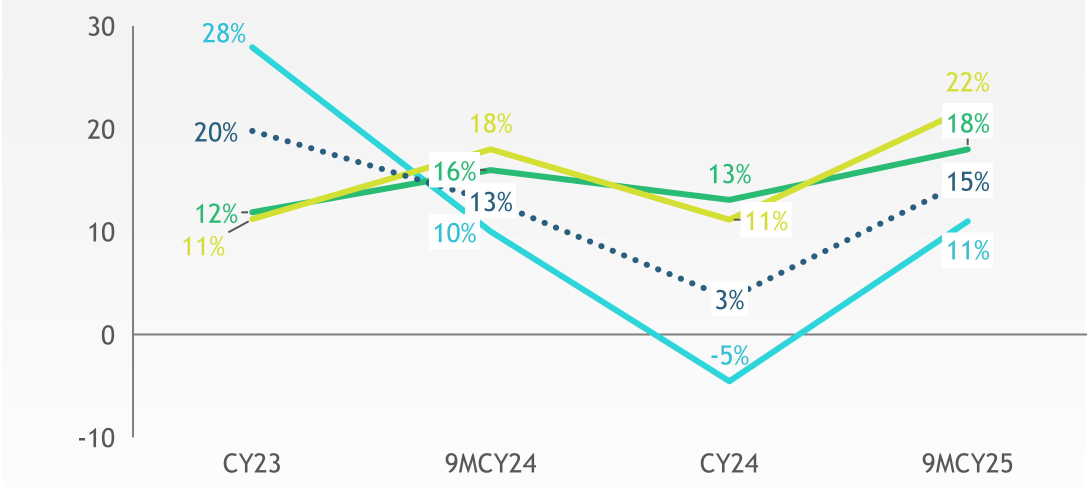
	CY23	9MCY24	CY24	9MCY25
Govt. Banks	54%	54%	53%	53%
Large Pvt	33%	33%	33%	34%
Mid-Sized Pvt	13%	13%	13%	14%

Govt. Banks | Large Pvt. Banks | Mid-Sized Pvt. Banks | Industry

Analysis has been made based on 3 Government Banks, 3 Large Private Banks and 4 Mid-Sized Private Bank
Source: Central Bank of Sri Lanka; Press Search; BCG analysis

Private Banks gain momentum in both CASA and Term deposits, while Government Banks show volatile low-cost deposit trends

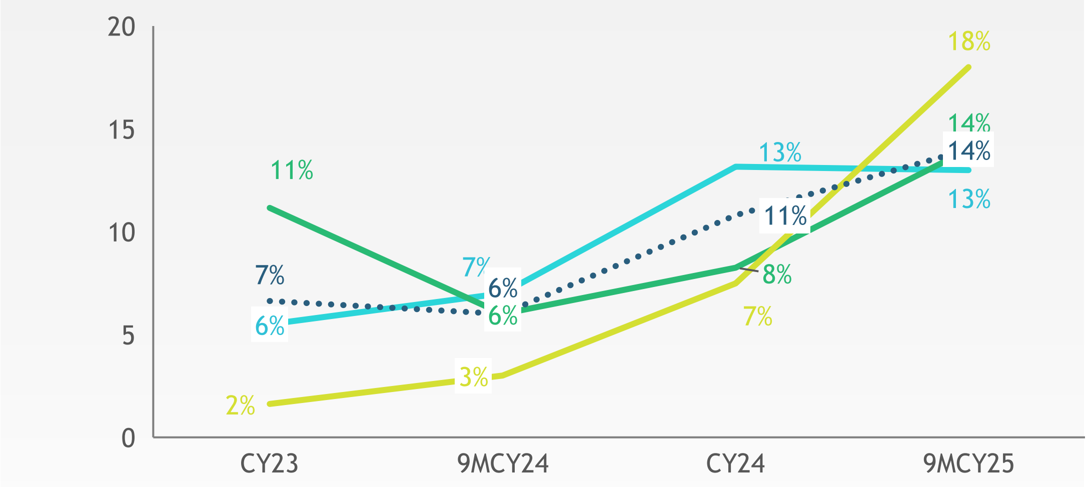
CASA growth YoY by bank category (%)



Market share (%)

	CY23	9MCY24	CY24	9MCY25
Govt. Banks	53%	50%	49%	49%
Large Pvt	36%	38%	39%	39%
Mid-Sized Pvt	11%	11%	12%	12%

Term Deposits growth YoY by bank category (%)



Market share (%)

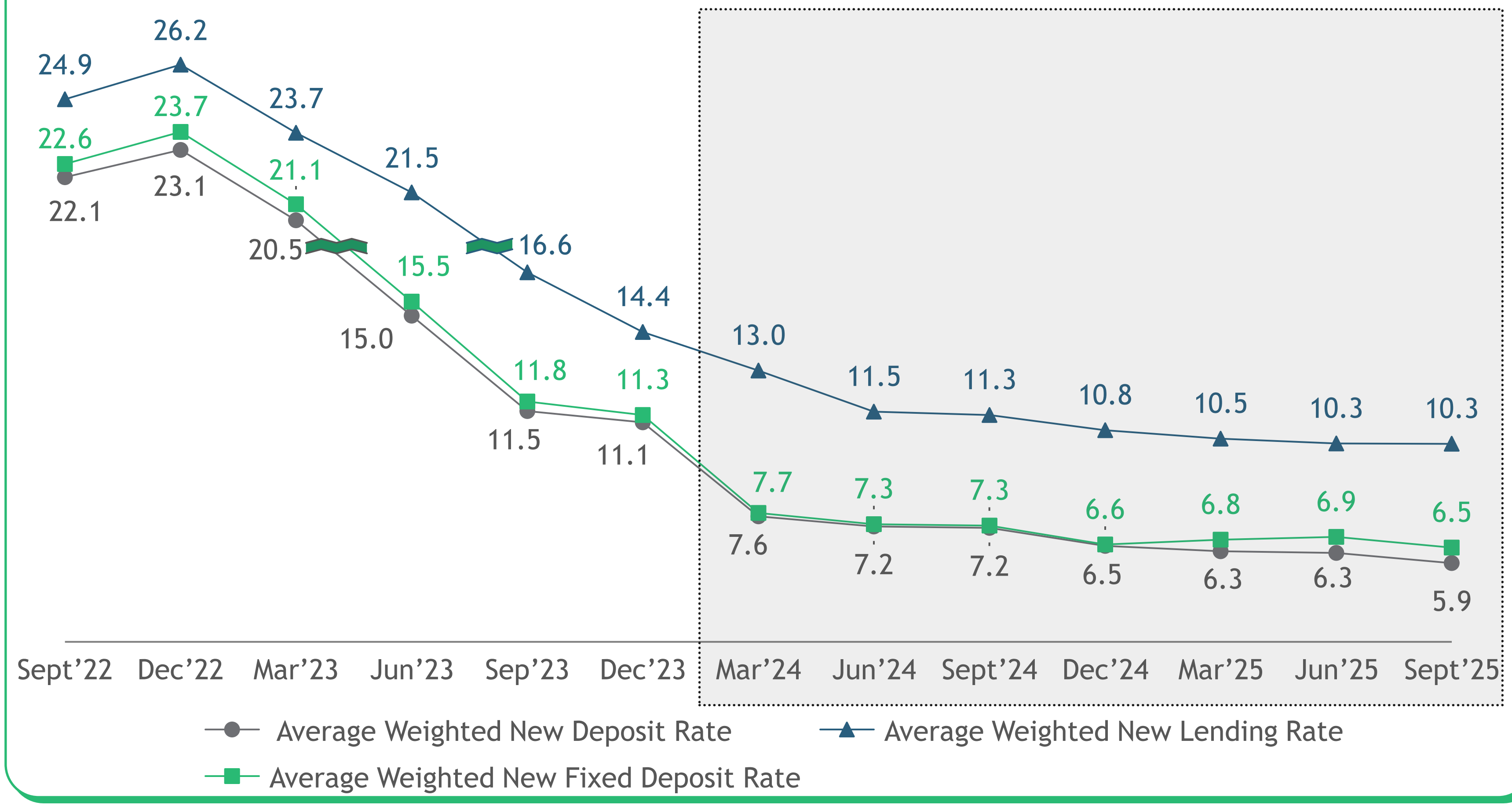
	CY23	9MCY24	CY24	9MCY25
Govt. Banks	54%	55%	55%	55%
Large Pvt	32%	31%	31%	31%
Mid-Sized Pvt	14%	14%	14%	14%

Govt. Banks Large Pvt. Banks Mid-Sized Pvt. Banks Industry

Analysis has been made based on 3 Government Banks, 3 Large Private Banks and 4 Mid-Sized Private Bank
Source: Central Bank of Sri Lanka; Press Search; BCG analysis

Deposit rates are falling faster than lending rates, keeping the spread wider despite overall easing

Lending and Deposit rate (%)



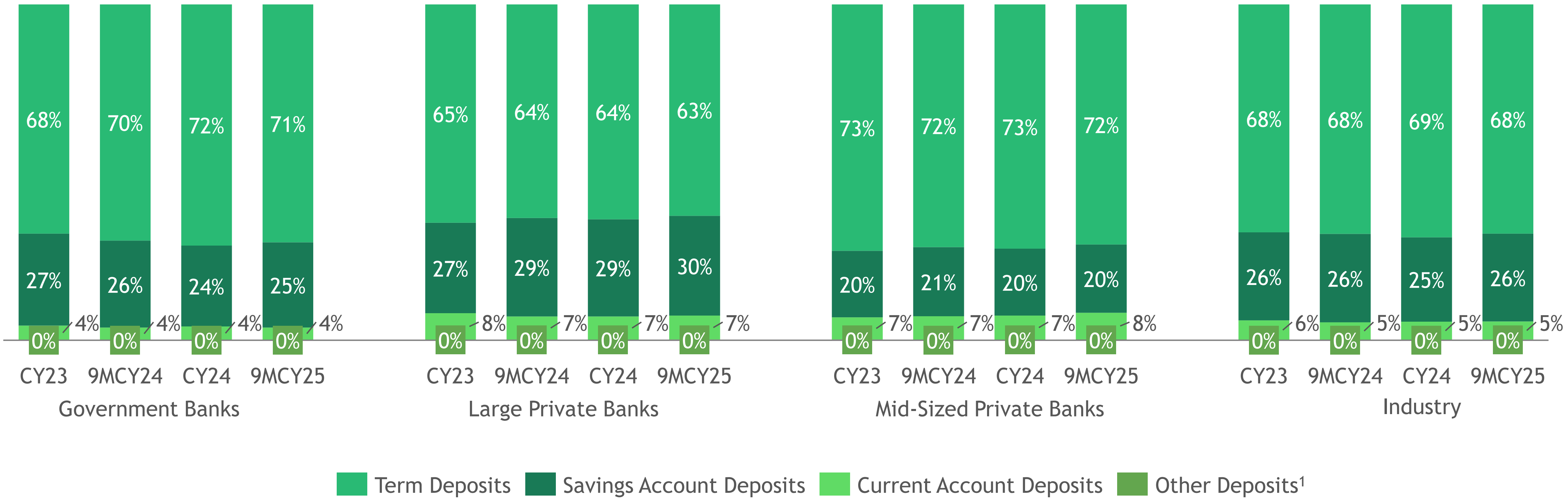
Note: Average Weighted New Lending, Deposit & Fixed Deposit Rates, based on interest rates pertaining to all new interest-bearing rupee deposits mobilised by LCBs during a particular month
Source: CBSL

Change in key rates in Sept-25 vs. Sept-24

- **-129 bps** Average Weighted New Deposit Rate (Industry)
- **81 bps** Average Weighted New Fixed Deposit Rate (Industry)
- **-106 bps** Average Weighted New Lending Rate (Industry)

Deposit mix remains TD-heavy, however Private large banks show some CASA improvement

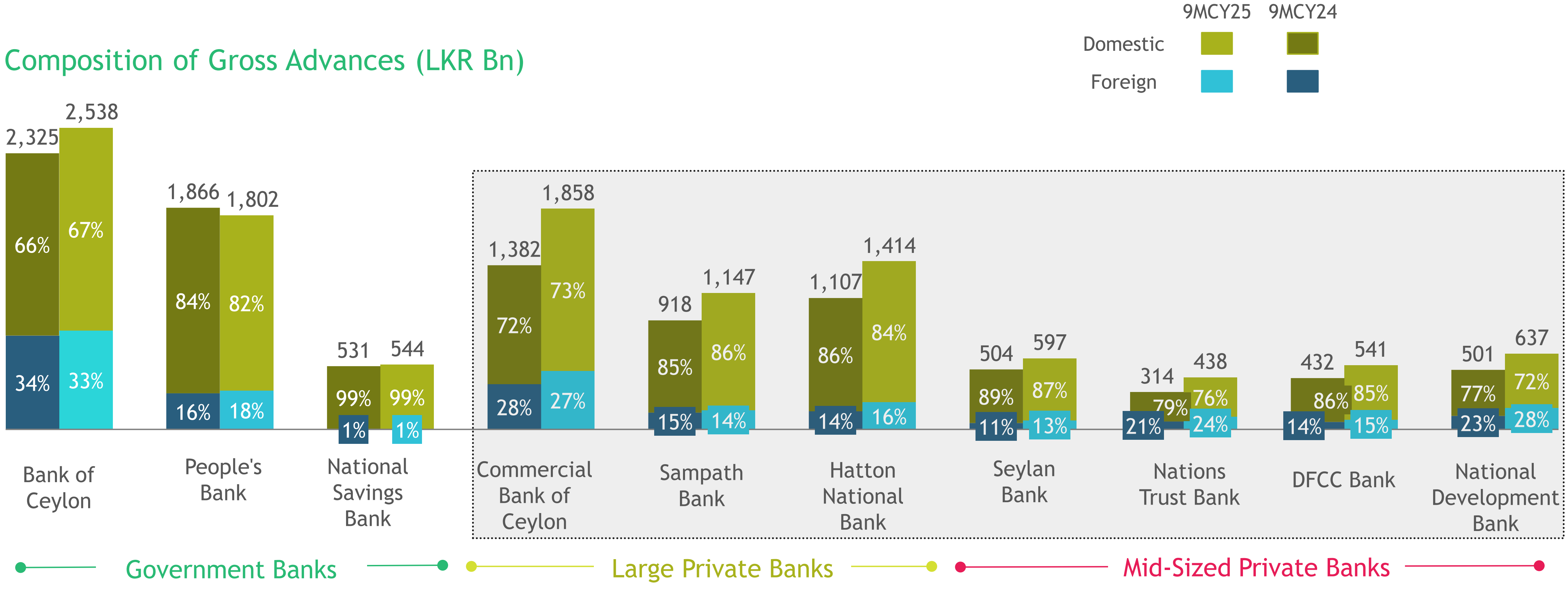
Composition of Total Deposits (%)



Note: 1. Other Deposits include Certificate of deposits, Call deposits, Margin deposits and other deposits; 2. Analysis has been made based on 3 Government Banks, 3 Large Private Banks and 4 Mid-Sized Private Bank
Source: Central Bank of Sri Lanka; Press Search; BCG analysis

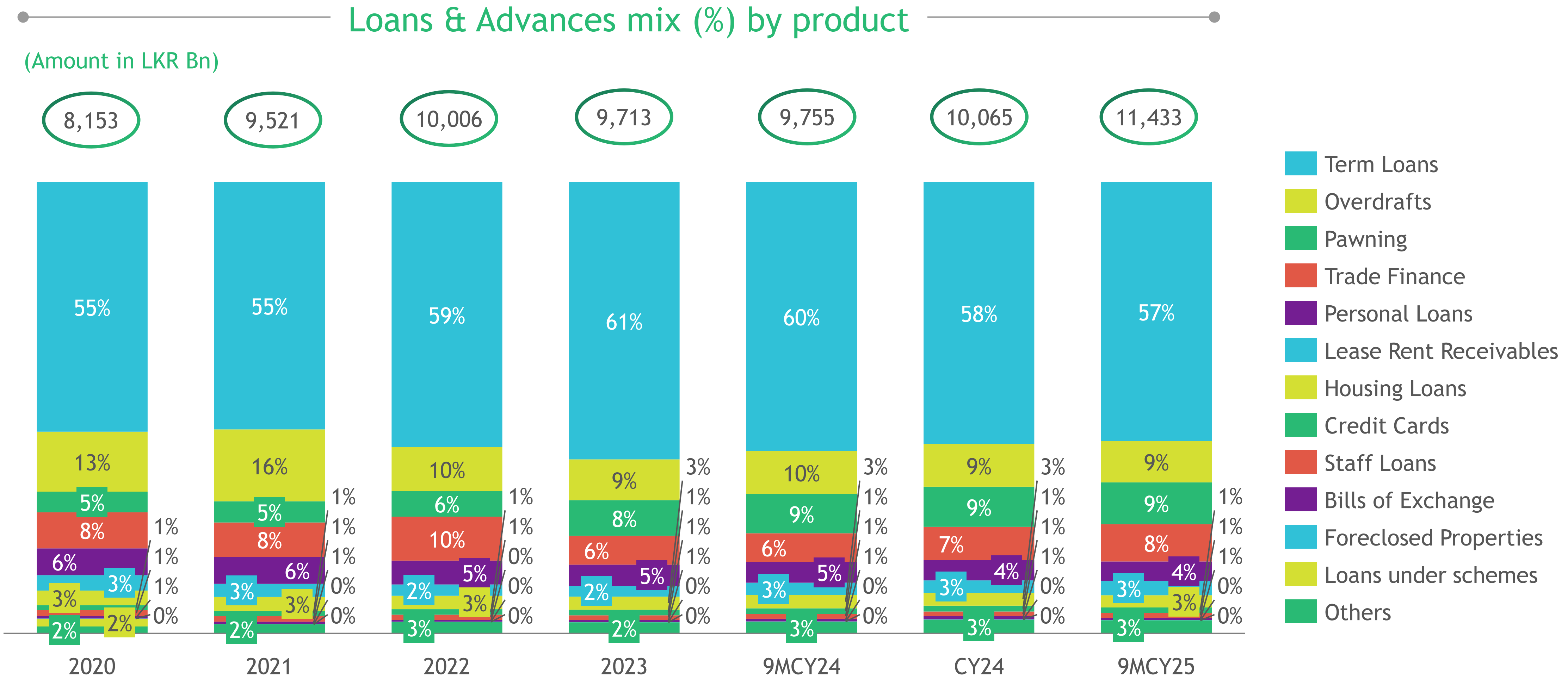
Domestic advances account for 78% of total lending, with a slight uptick in foreign exposure

Composition of Gross Advances (LKR Bn)



Source: Central Bank of Sri Lanka; Press Search; BCG analysis

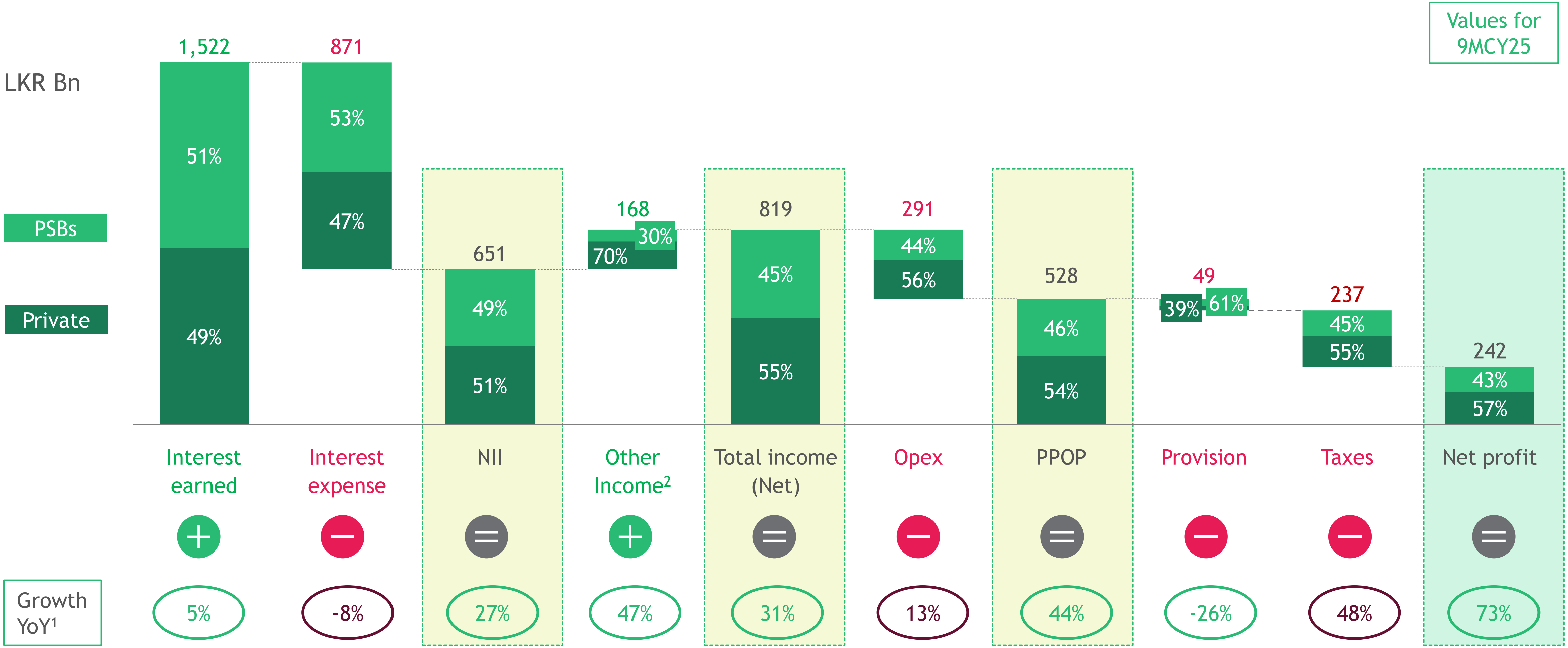
Loan portfolios remain Term-loan heavy, accounting for 57% of total lending



Note: Credit cost is coming out to be negative because of reversal in provisioning's in exceptional years;
Source: Central Bank of Sri Lanka; Press Search; BCG analysis

Banking sector overview

Banking profitability up by 73% YoY driven by higher margins and lower provisions



1. YoY growth over 9MCY24 2. Other income includes Net fee and commission income and other operating income
Analysis has been made based on 3 Government Banks, 3 Large Private Banks and 4 Mid-Sized Private Bank
Source: Financial Results, Investor Presentation, Press release; BCG analysis

RoA uplift driven by strong margin expansion and decline in credit costs; Industry Now at 1.6%

RoA Tree

Particulars[1]	UoM	Govt. Banks 9MCY25	Govt. Banks 9MCY24	Large Private 9MCY25	Large Private 9MCY24	Mid-Sized Private 9MCY25	Mid-Sized Private 9MCY24	Industry 9MCY25	Industry 9MCY24
+ Net interest Margin	(%)	4.1%	2.8%	4.3%	4.6%	4.6%	4.9%	4.2%	3.7%
+ Fee + Other Income	(%)	0.6%	0.5%	1.5%	1.1%	1.6%	1.6%	1.1%	0.8%
− Operating expenses	(%)	1.6%	1.6%	2.0%	2.0%	2.4%	2.5%	1.9%	1.9%
= Pre-Provision Profit[2]	(%)	3.1%	1.6%	3.8%	3.7%	3.7%	4.0%	3.4%	2.7%
− Credit costs	(%)	0.4%	0.3%	0.2%	0.6%	0.5%	1.0%	0.3%	0.5%
− Tax	(%)	1.4%	0.8%	1.8%	1.6%	1.5%	1.5%	1.5%	1.2%
= Return on Assets	(%)	1.3%	0.6%	1.9%	1.5%	1.7%	1.5%	1.6%	1.0%

1. All the above #s are as a % of Opening and closing average assets for the quarter 2. Figures may not tally due to rounding off differences;
Analysis has been made based on 3 Government Banks, 3 Large Private Banks and 4 Mid-Sized Private Bank
Source: Financial Statements; BCG analysis

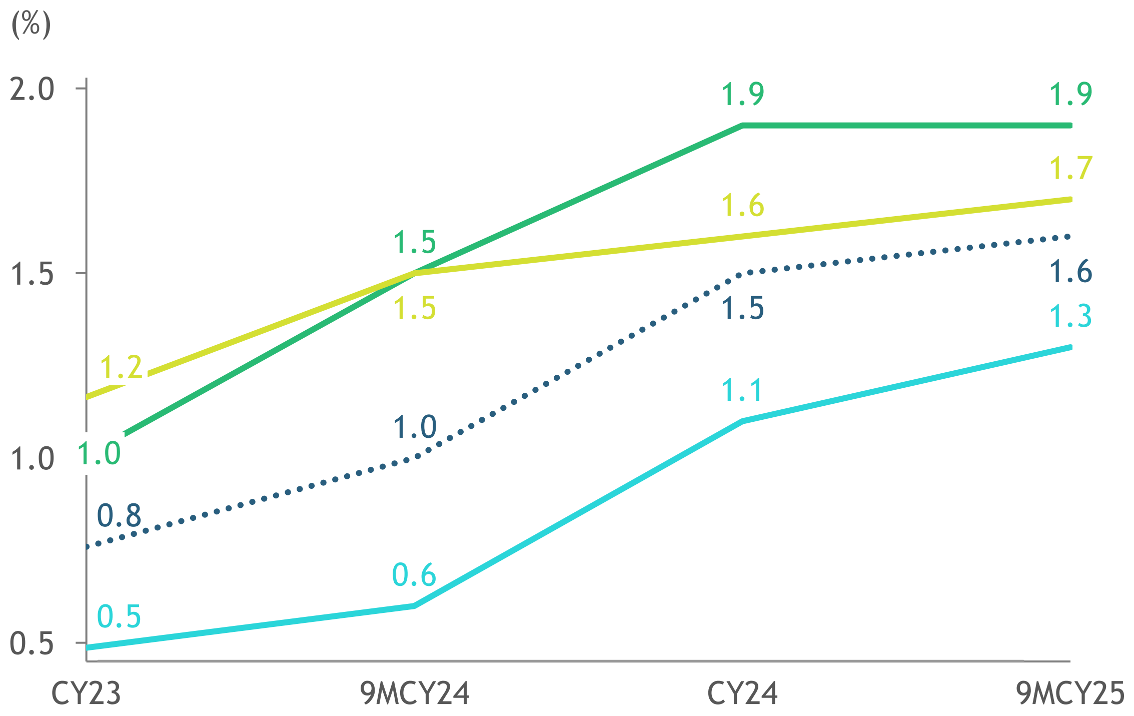
RoA tree | Several levers to enhance the RoA

Values for 9MCY25	BOC	People's Bank	NSB	Commercial Bank	Sampath Bank	HNB	NDB bank	Seylan	DFCC Bank	Nations Trust Bank
RoE	22.8%	19.5%	25.2%	21.0%	16.9%	17.1%	12.5%	14.9%	18.9%	23.3%
RoA	1.4%	1.1%	1.5%	2.1%	1.5%	1.9%	1.2%	1.4%	2.3%	3.2%
NII	3.9%	4.0%	4.7%	4.5%	4.1%	4.2%	4.1%	4.4%	3.9%	6.2%
Interest Income	9.3%	10.2%	11.0%	9.7%	9.6%	9.3%	10.1%	9.8%	10.3%	11.2%
Interest Expense	5.4%	6.2%	6.3%	5.2%	5.5%	5.1%	6.0%	5.4%	6.3%	5.0%
Other Income	0.7%	0.7%	0.3%	1.6%	1.7%	1.3%	1.3%	1.3%	1.8%	2.1%
Fee Income	0.4%	0.5%	0.1%	0.9%	1.1%	1.0%	0.9%	1.1%	0.9%	1.3%
Non-fee income	0.3%	0.2%	0.1%	0.7%	0.6%	0.4%	0.4%	0.2%	0.9%	0.7%
OpEx	1.3%	1.9%	1.9%	1.7%	2.4%	2.1%	2.2%	2.8%	2.3%	2.6%
Employee OpEx	0.8%	1.1%	1.3%	0.9%	1.1%	1.0%	1.2%	1.4%	1.0%	1.5%
Non-emp OpEx	0.5%	0.9%	0.6%	0.8%	1.3%	1.1%	1.0%	1.4%	1.3%	1.1%
PPOP	3.3%	2.8%	3.0%	4.4%	3.4%	3.4%	3.2%	2.9%	3.5%	5.7%
Provisioning	0.5%	0.6%	-0.2%	0.6%	0.1%	-0.4%	0.9%	0.1%	0.7%	-0.1%
Total Tax	1.4%	1.1%	1.7%	1.7%	1.7%	1.9%	1.1%	1.5%	1.3%	2.6%
Leverage	16.2	17.6	16.8	10.1	11.0	9.0	10.6	11.0	8.3	7.4
CA Ratio (%)	5.2%	3.1%	NA	9.5%	5.0%	5.6%	12.6%	6.5%	3.4%	8.5%
SA Ratio (%)	23.5%	30.3%	20.7%	30.4%	29.9%	28.7%	16.1%	22.3%	21.7%	22.1%

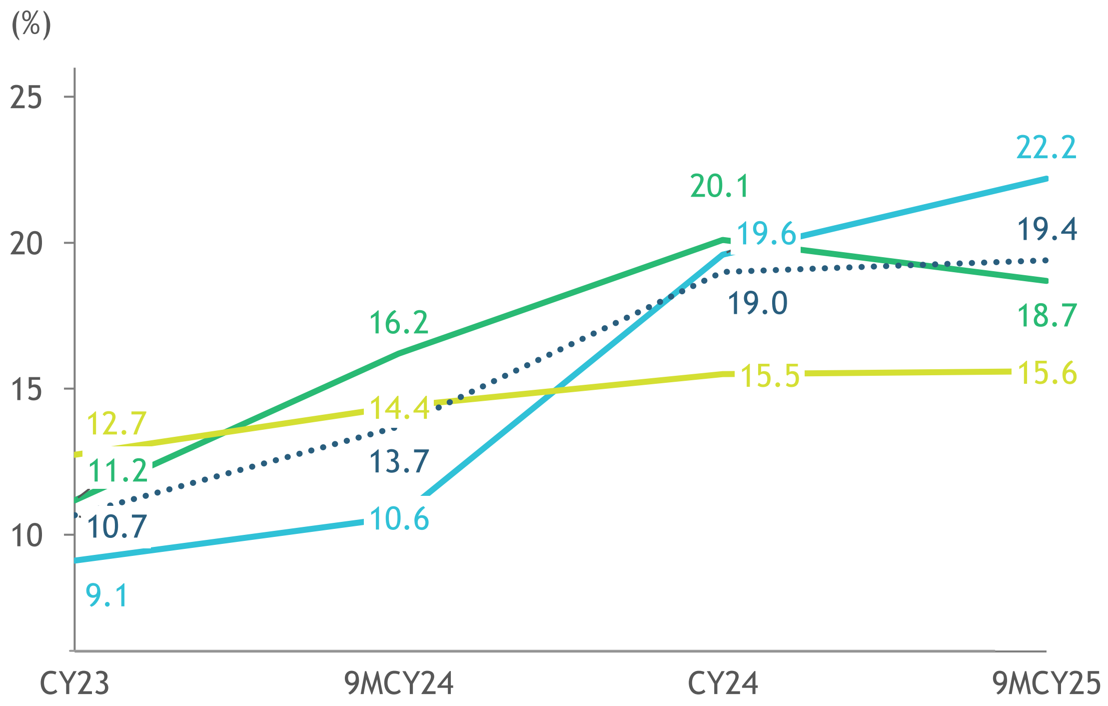
Note: Credit cost is coming out to be negative because of reversal in provisioning's in exceptional years
Source: Annual Reports, Quarterly Results; BCG Analysis

Profitability rebounds across all the segments, with Govt. Banks showing the fastest catch-up in RoA and RoE

Return on Assets[1] by bank category



Return on Equity[2] by bank category

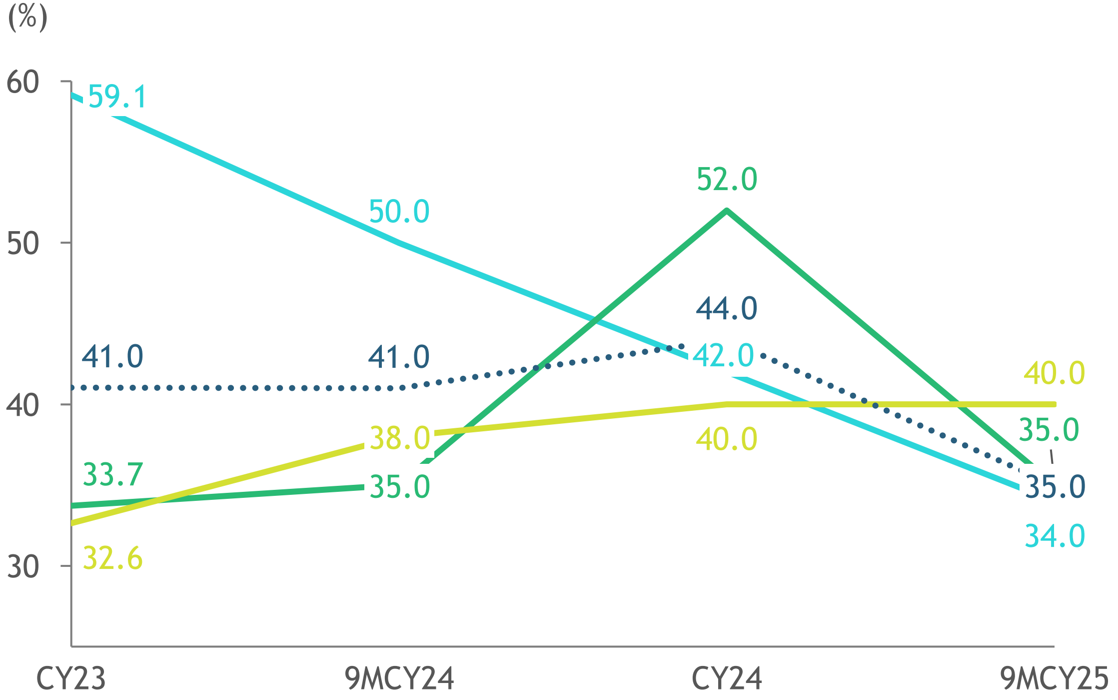


Govt. Banks · Large Pvt. Banks · Mid-Sized Pvt. Banks · Industry

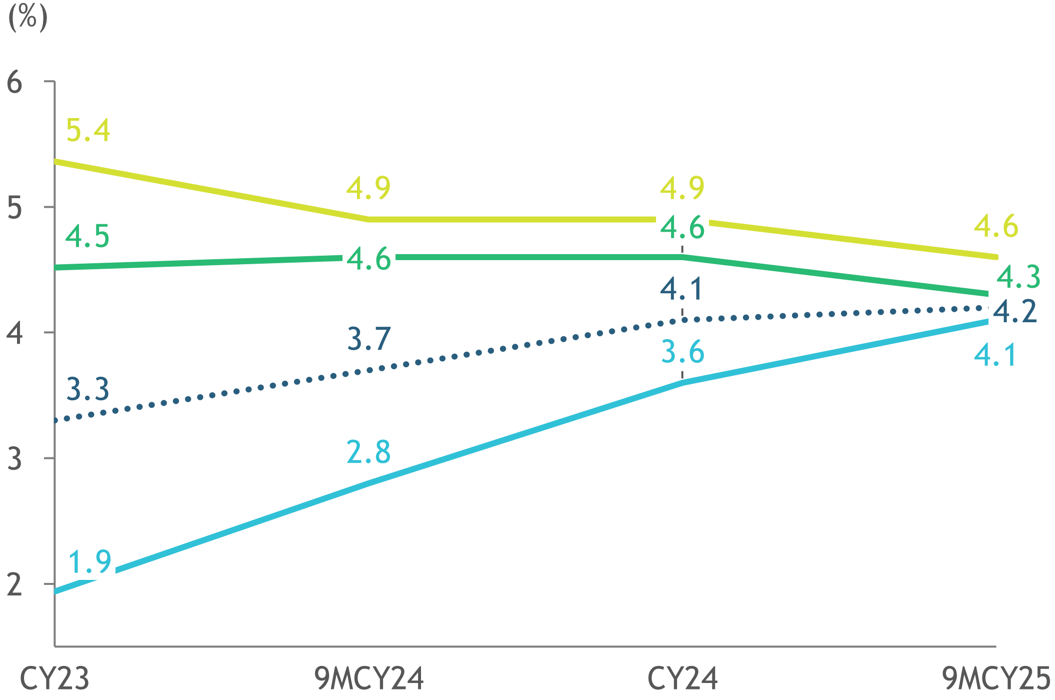
1. Return on Assets is calculated as net profit/average opening and closing assets for the period or quarter 2. Return on Equity is calculated as net profit/average average opening and closing shareholders' fund for the period or quarter
Note: Analysis has been made based on 3 Government Banks, 3 Large Private Banks and 4 Mid-Sized Private Bank
Source: Annual Reports; Press Search; BCG analysis

Industry CIR strengthening largely due to strong NIM expansion in Govt. Banks

Cost to Income Ratio[1] by bank category (%)



Net Interest Margin[2] by bank category (%)

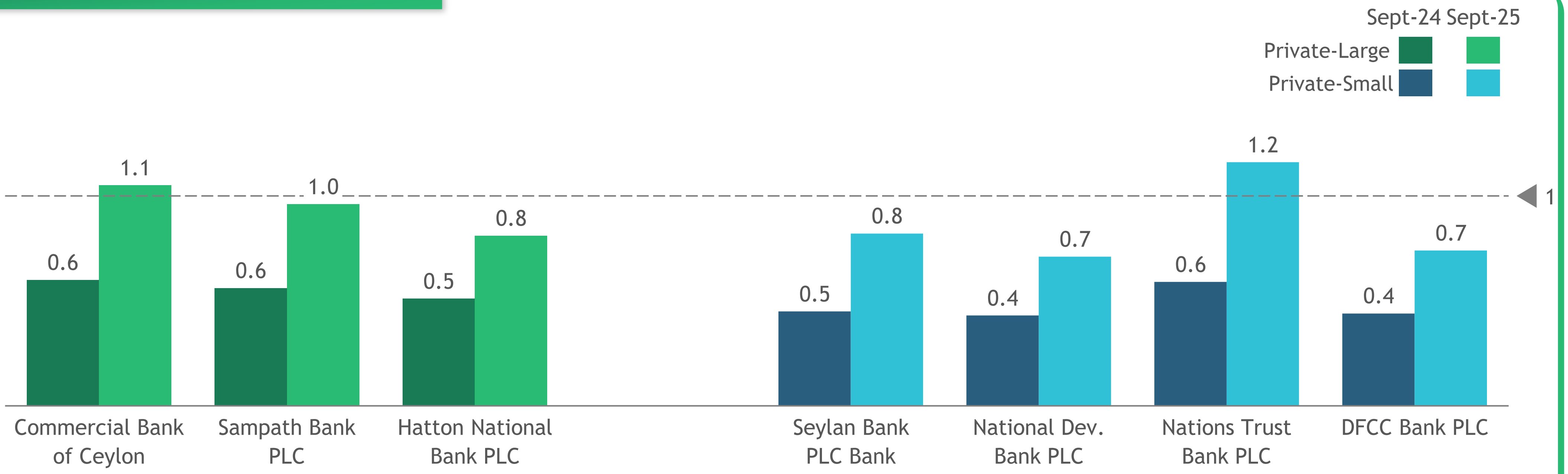


Govt. Banks · Large Pvt. Banks · Mid-Sized Pvt. Banks · Industry

1. Cost to Income is calculated as Operation expense/(net interest income + other income) 2. NIM is calculated as (Interest Income - Interest Expense)/Average of opening and closing Assets for the quarter or period
Note: Analysis has been made based on 3 Government Banks, 3 Large Private Banks and 4 Mid-Sized Private Bank
Source: Annual Reports; Press Search; BCG analysis

Mid-sized private banks trade at higher multiples, surpassing large private banks in both P/B and market cap growth

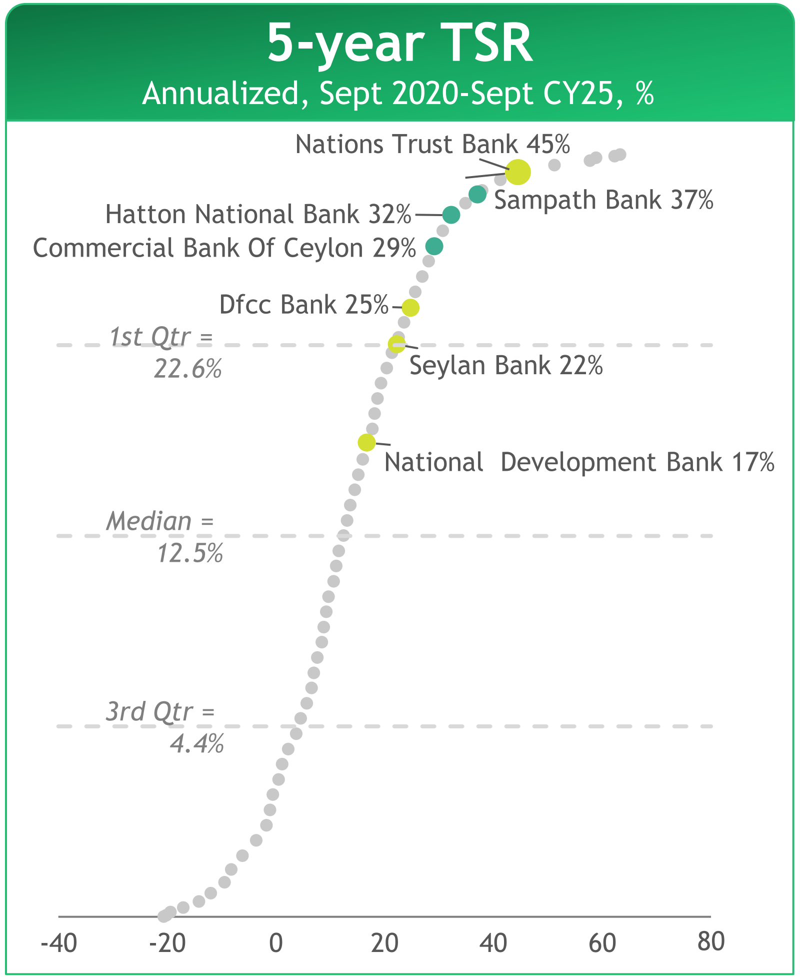
Price/Book for Private Banks

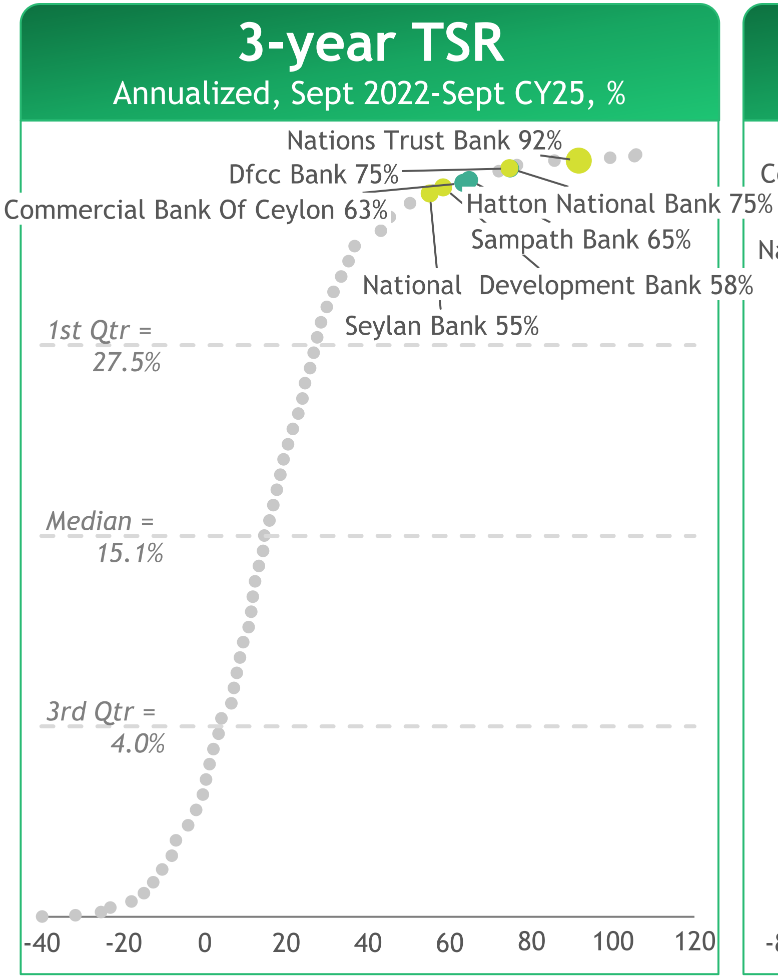


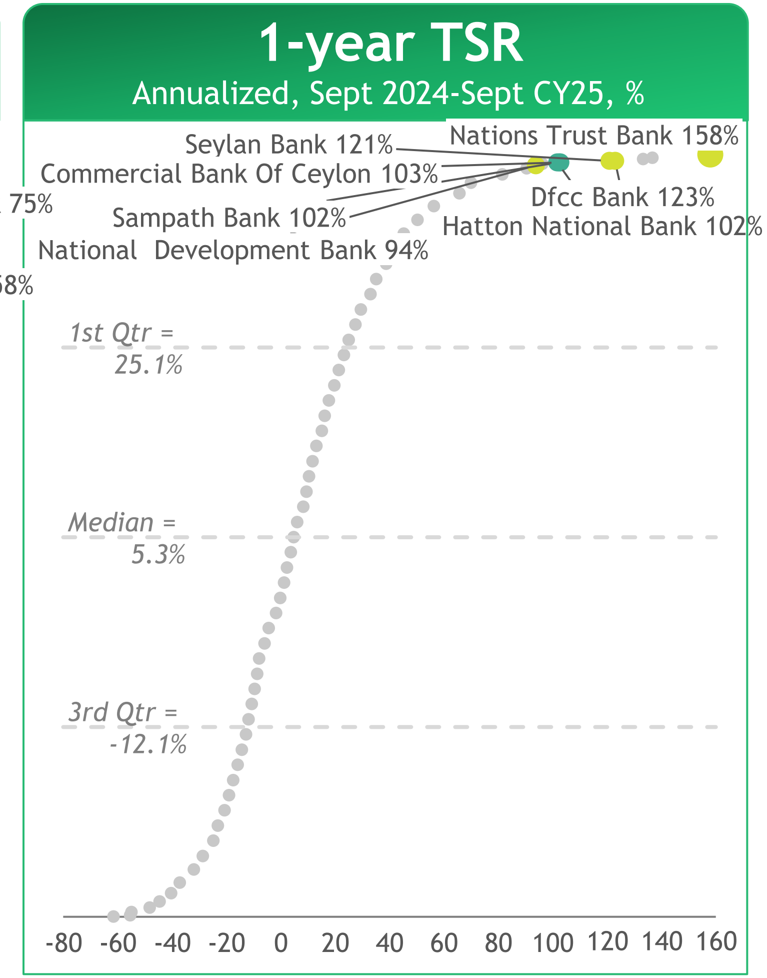
	Commercial Bank of Ceylon	Sampath Bank PLC	Hatton National Bank PLC	Seylan Bank PLC Bank	National Dev. Bank PLC	Nations Trust Bank PLC	DFCC Bank PLC
Market Cap[1] (LKR Billion)	352	182	234	61	60	104	74
Return since Sept '24 (%)[2]	86%	68%	82%	100%	64%	119%	101%

1. Pricing as of the filing date of the balance sheet period end date (i.e September CY25), 2.Return refer to YoY change in Market Cap
Source: Capital IQ, BCG Analysis

Mid-sized private banks have created significant value in the last 1–3 Years, outpacing large private banks



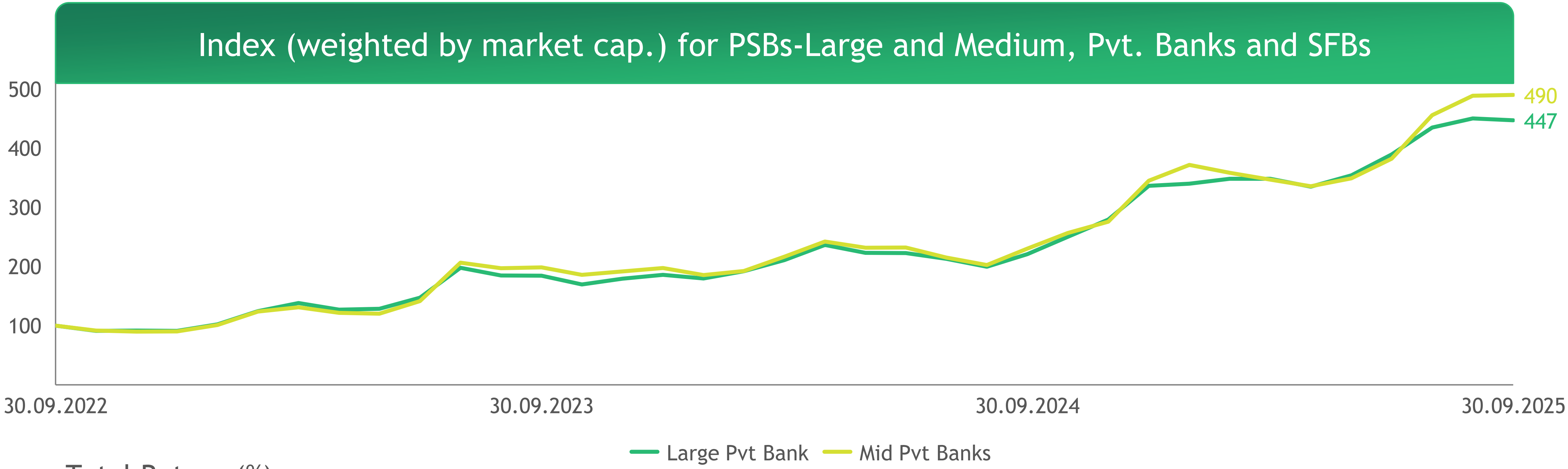




Large Pvt. Banks   Mid Sized Pvt. Banks

Note: Background Curve: S&P 500 Large Cap, Based on data ending in September. TSRs use company reporting currency.
Source: S&P Capital IQ; BCG ValueScience® Center

Sharp post-2024 upswing, driven by stronger momentum in mid-sized private banks



Total Return (%)

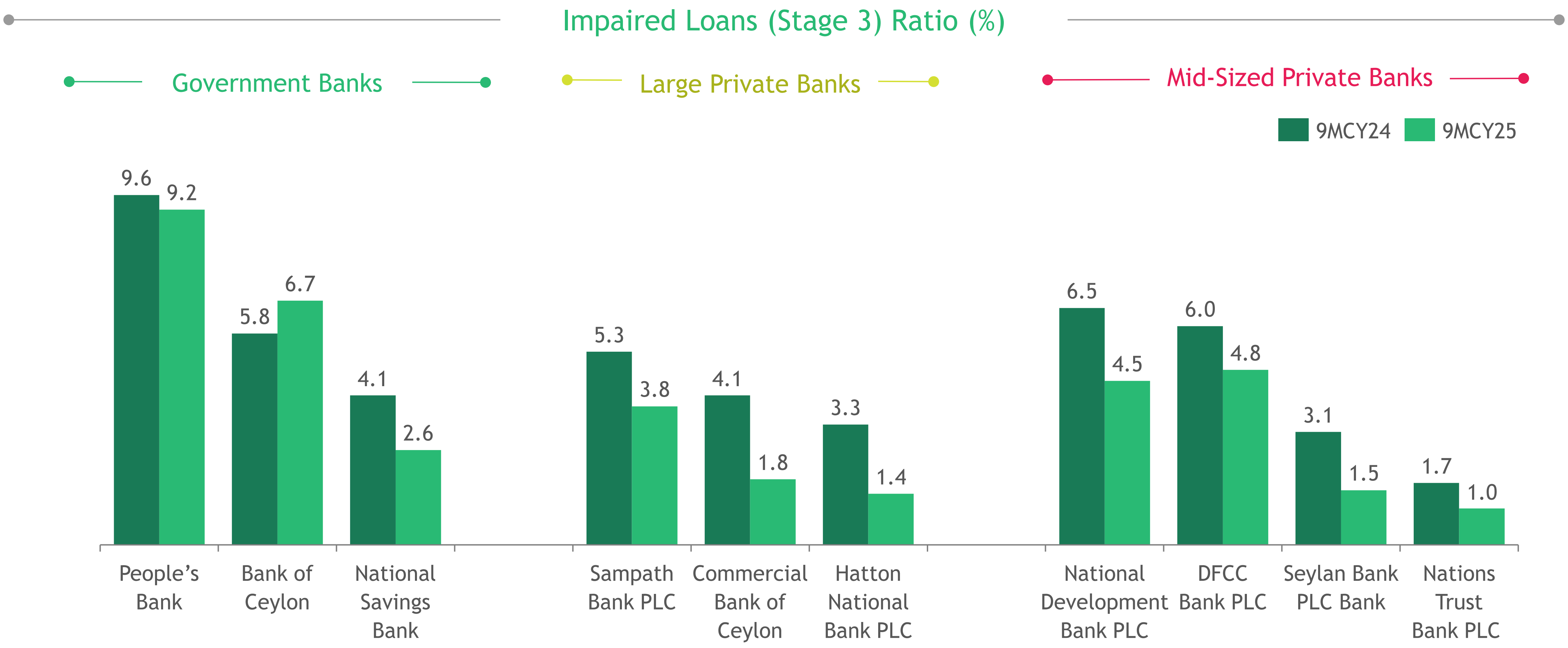
	Large Pvt. Banks	Mid Sized Pvt. Banks
3-Yr Return	347.5%	390.3%

Note: Large Private Bank index includes 3 Private-Banks and Mid Sized Private Banks includes 4 Private-Banks; Index weighted as per market capitalization of banks Index period from September 2022 to September CY25 (Indexed to 100)
Source: Capital IQ; BCG ValueScience Center

Banking sector overview

Private Banks lead a broad-based improvement in asset quality, while Govt. Banks improve from elevated levels

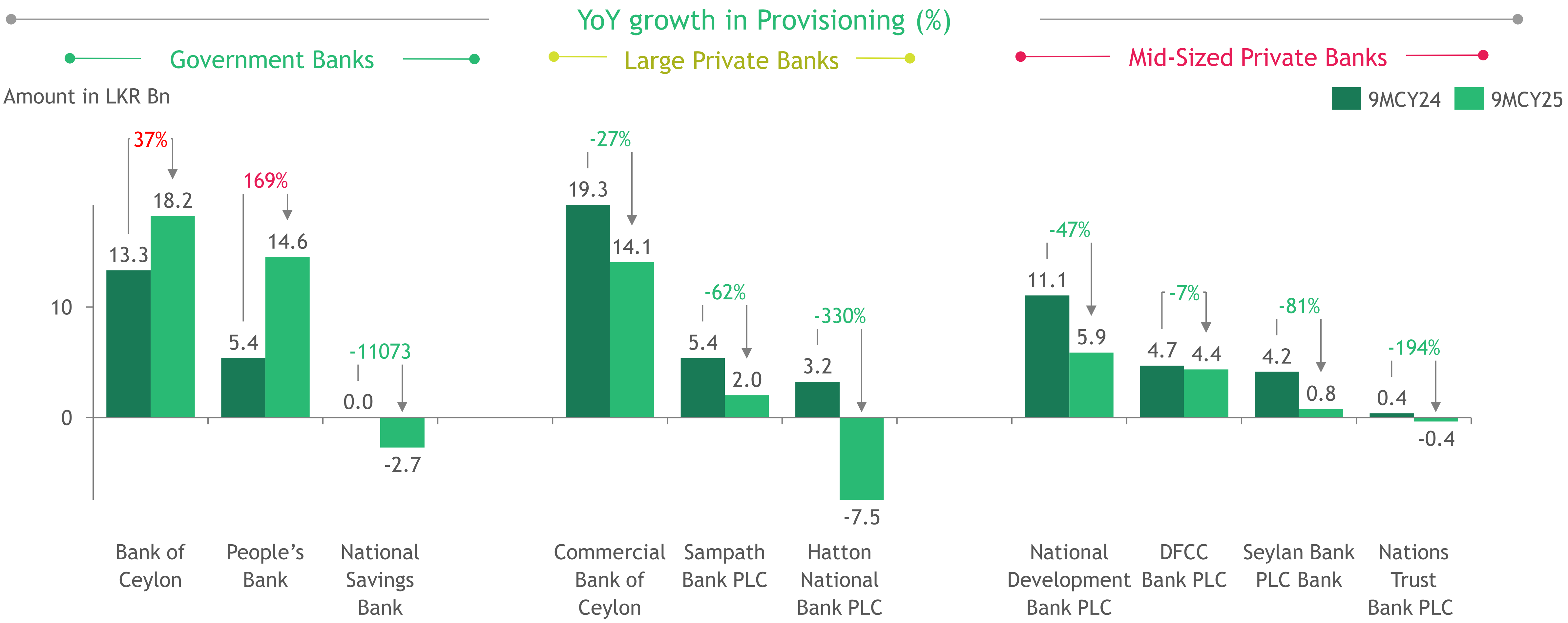
Select Banks



Source: Financial Statements, CBSL, BCG Analysis

Private Banks drive a steep reduction in provisions; while elevated stress keeps provisioning high for most Govt. banks

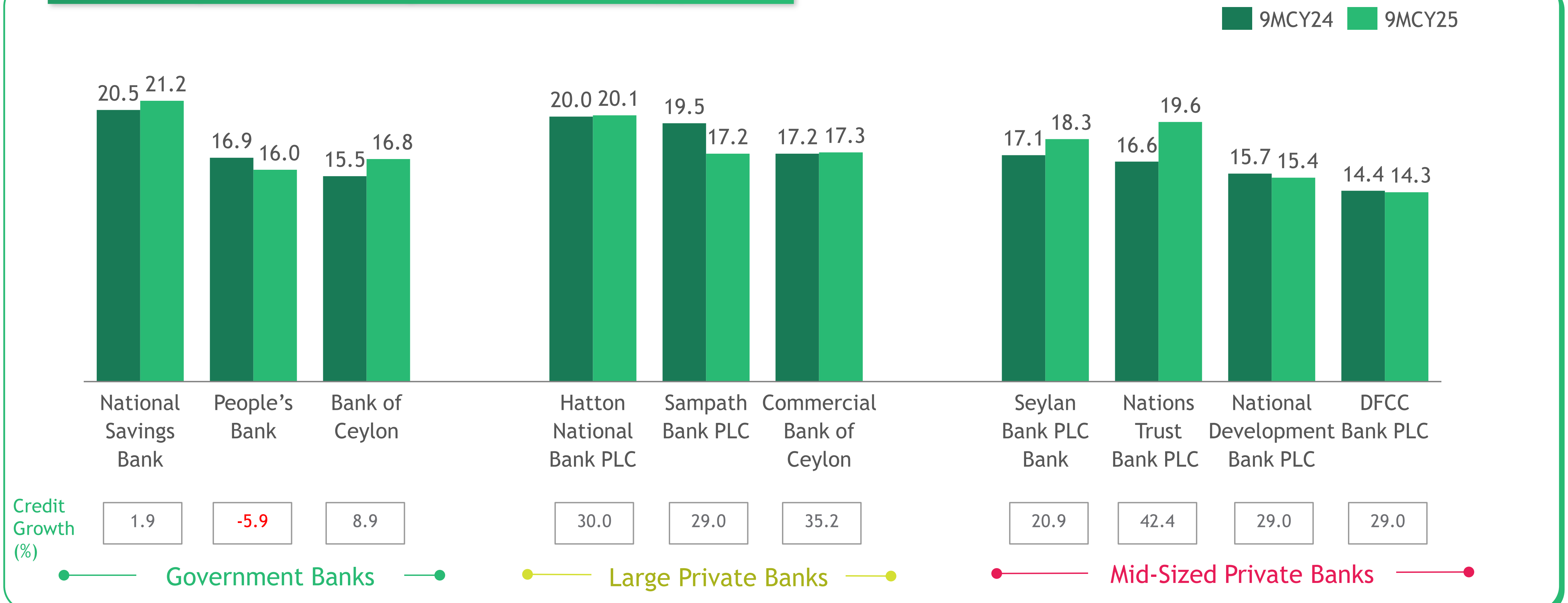
Select Banks



Source: Annual Report, BCG Analysis

Capital adequacy remains strong across all bank segments, enabling Private Banks to drive sector credit expansion

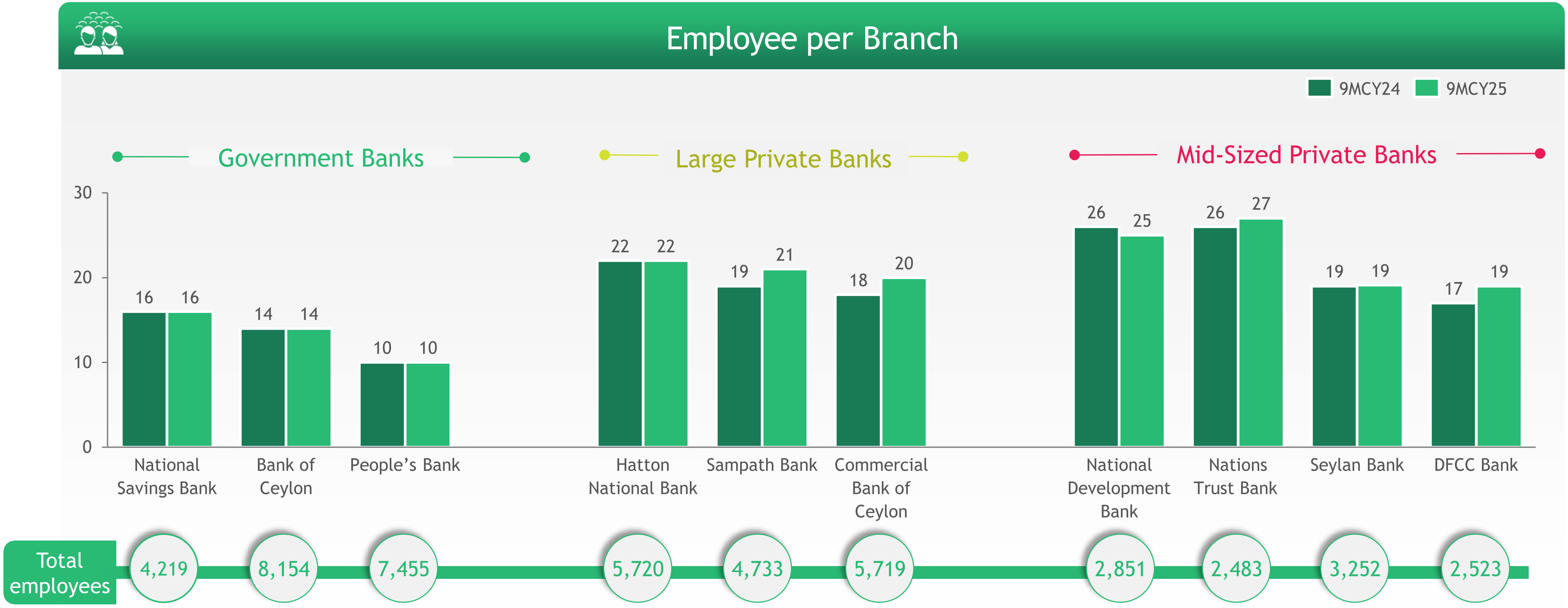
Capital to Risk-weighted Assets Ratio (%)



Banking sector overview

- Macro Indicators
- Business: Advances & Deposits
- Key Performance Indicators – Banking Sector
- NPA & Risk Management
- **Branch Efficiency and Employee Productivity**
- Digital in Banking
- Key Regulatory Measures
- Individual Player Performance

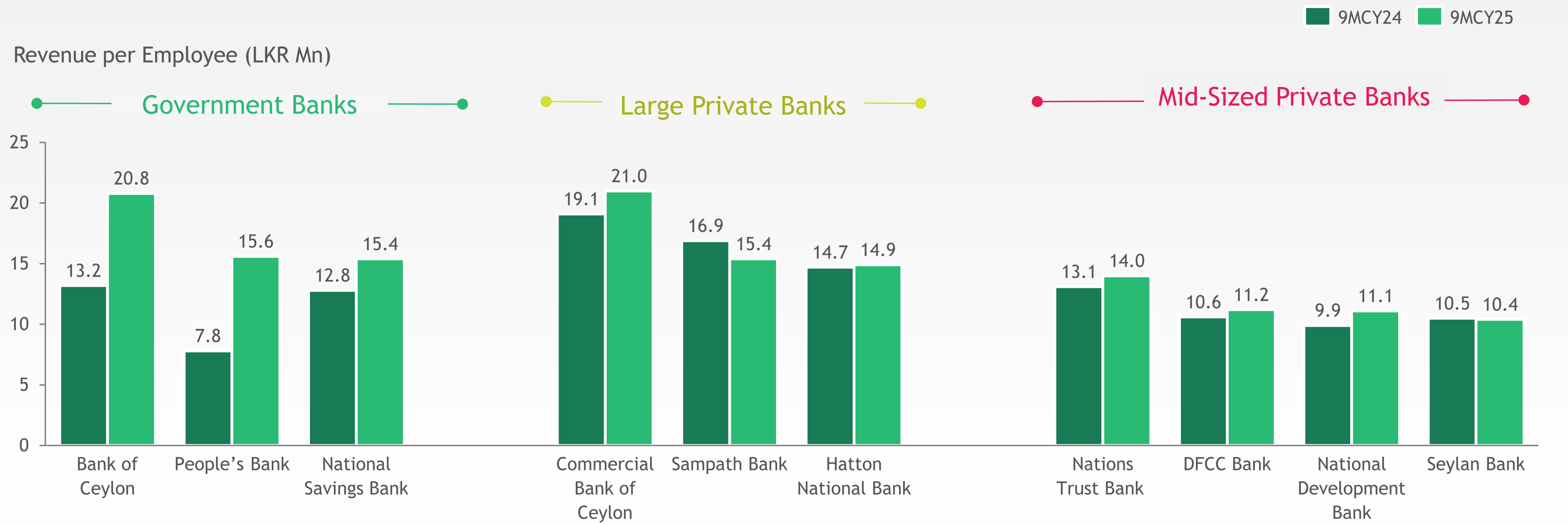
Banking sector workforce: Employees per branch across segments



1. Analysis has been made based on 3 Government Banks, 3 Large Private Banks and 4 Mid-Sized Private Bank. 2. Only permanent employees considered for analysis;
Source: Annual reports, BCG analysis

Employee productivity improves, led by strong gains in government banks

Employee productivity (Revenue[1] per employee per year)



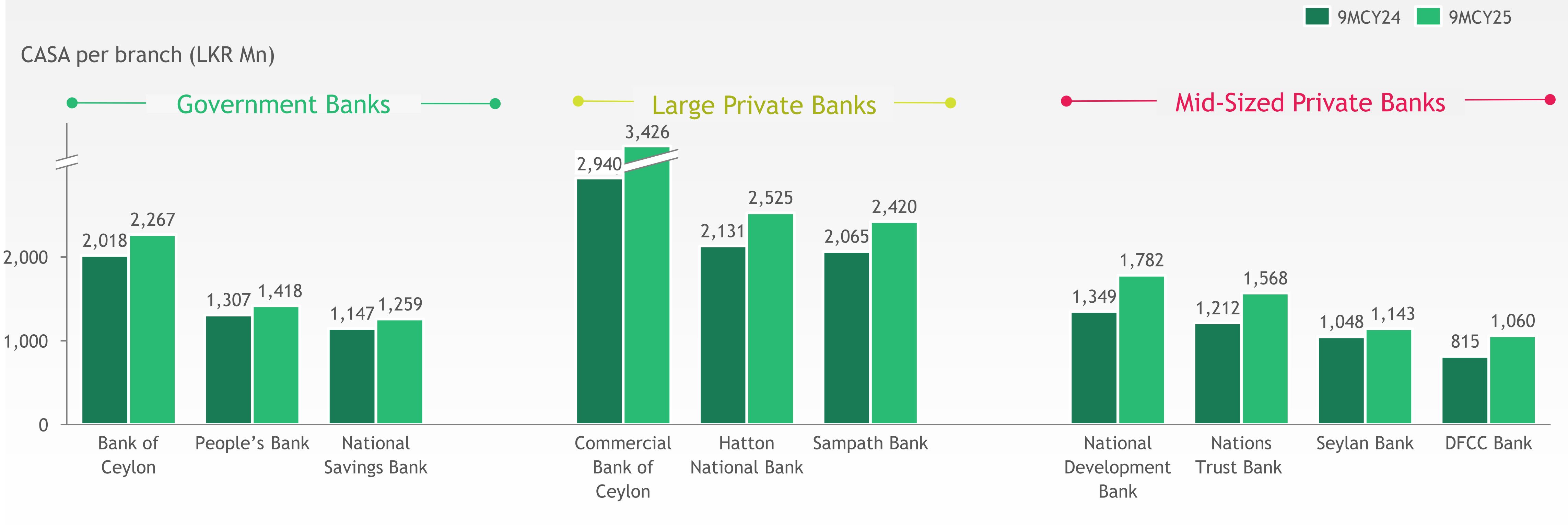
1. NII + Net fee and commission income is considered as Revenue

Note: Analysis has been made based on 3 Government Banks, 3 Large Private Banks and 4 Mid-Sized Private Bank; Only permanent employees considered for analysis

Source: Annual reports, BCG analysis

CASA productivity rises across the banking sector, led by strong gains in mid-sized and large private banks

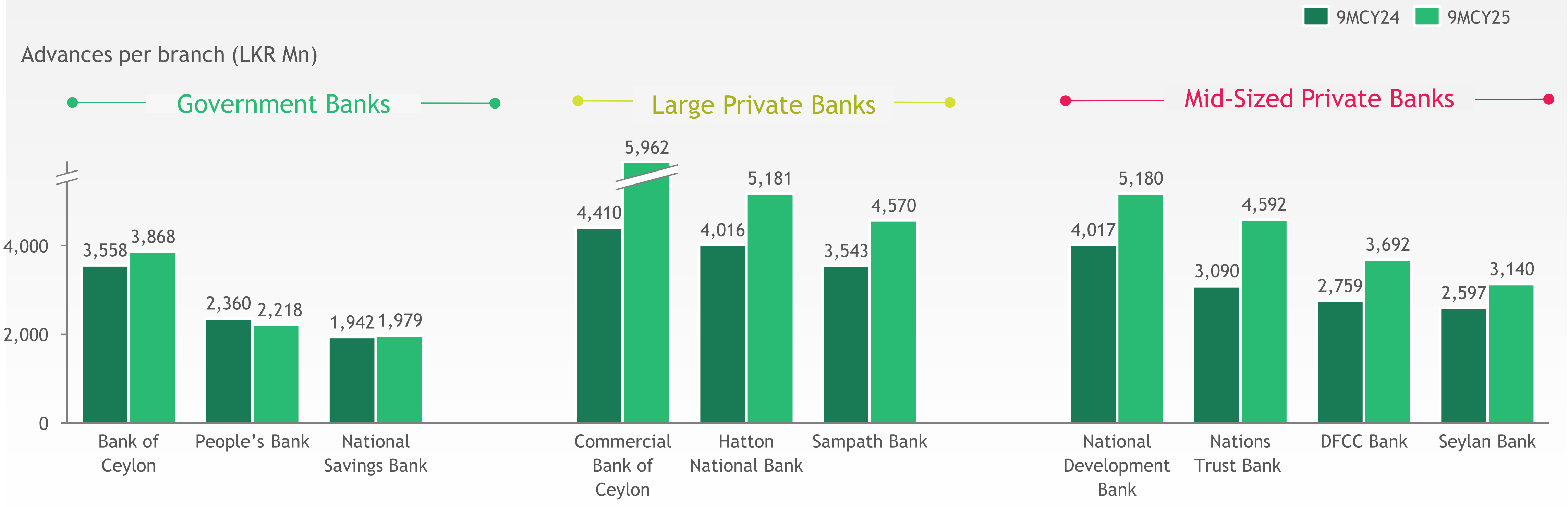
Branch Productivity (CASA per branch)



1. Analysis has been made based on 3 Government Banks, 3 Large Private Banks and 4 Mid-Sized Private Bank
Source: Annual reports, BCG analysis

Branch productivity strengthens, driven by robust advances growth in private-sector banks

Branch Productivity (Advances per branch)

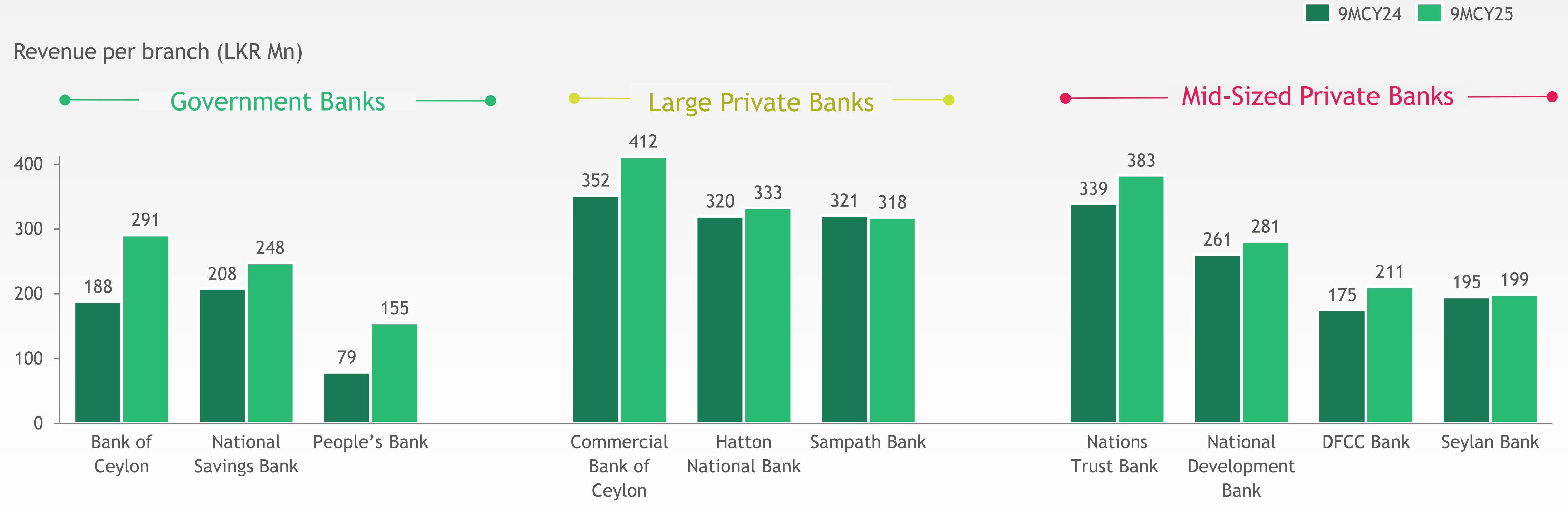


1. Analysis has been made based on 3 Government Banks, 3 Large Private Banks and 4 Mid-Sized Private Bank

Source: Annual reports, BCG analysis

Revenue per branch increases sector wide, underpinned by stronger revenues and cost efficiency

Branch Productivity (Revenue[1] per branch)



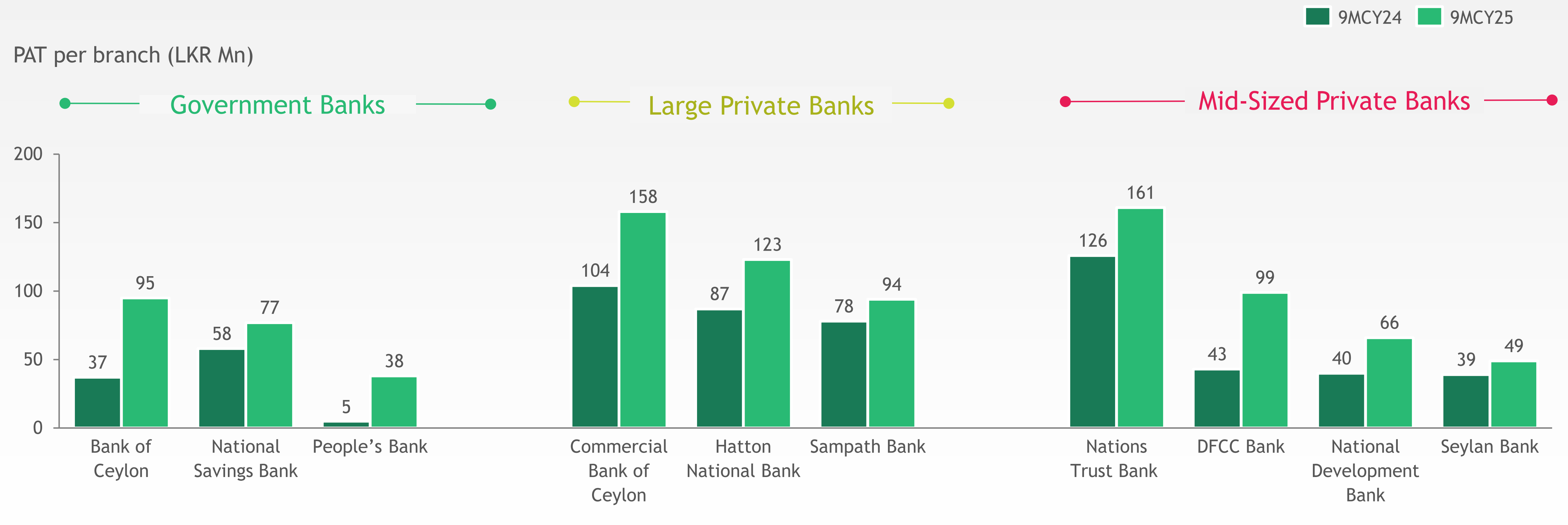
1. NII + Net fee and commission income is considered as Revenue

Note: Analysis has been made based on 3 Government Banks, 3 Large Private Banks and 4 Mid-Sized Private Banks

Source: Annual reports, BCG analysis

Improved profitability per branch reflects stronger revenue growth and cost discipline

Branch Productivity (PAT per branch)



1. Analysis has been made based on 3 Government Banks, 3 Large Private Banks and 4 Mid-Sized Private Bank
Source: Annual reports, BCG analysis

Banking sector overview

- Macro Indicators
- Business: Advances & Deposits
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- **Digital in Banking**
- Key Regulatory Measures
- Individual Player Performance

Digital Performance

Website traffic disparities	• Sampath Bank (557.6K), BOC (495.4K), and Commercial Bank (490.4K) lead in website traffic, while NDB Bank (96.3K) and Seylan Bank (167.7K) remain significantly lower, reinforcing a wide traffic gap across banks.
SEO & organic search as the primary traffic driver	• Organic search contributes 36%–69% of total traffic across banks, with Seylan (69%), Sampath (60%), and Nations Trust (38%) showing strong reliance on SEO to drive acquisition.
Low dependence on paid search & social media	• Paid search remains negligible (0–5%) and social media contributes minimally (0–5%), indicating low investment in paid campaigns and limited traction from social channels.
Mobile-First banking strategy – Acquisition v/s Retention	• People's Bank (445K) and BOC (399K) lead in monthly app downloads, while HNB (309K) and Sampath (356K) also show strong acquisition. However, retention varies significantly, with HNB (18% Day-7; 15% Day-30) and Sampath (14% Day-7; 13% Day-30) standing out with the strongest user stickiness
High dependency on branded search	• BOC, Sampath, and Commercial Bank lead in keyword coverage with 18K+ organic keywords each, while NDB and NSB lag significantly, limiting their visibility across high-intent search queries. • Commercial Bank, BOC, and HNB lead in top 3 keyword positions, while DFCC ranks the weakest.

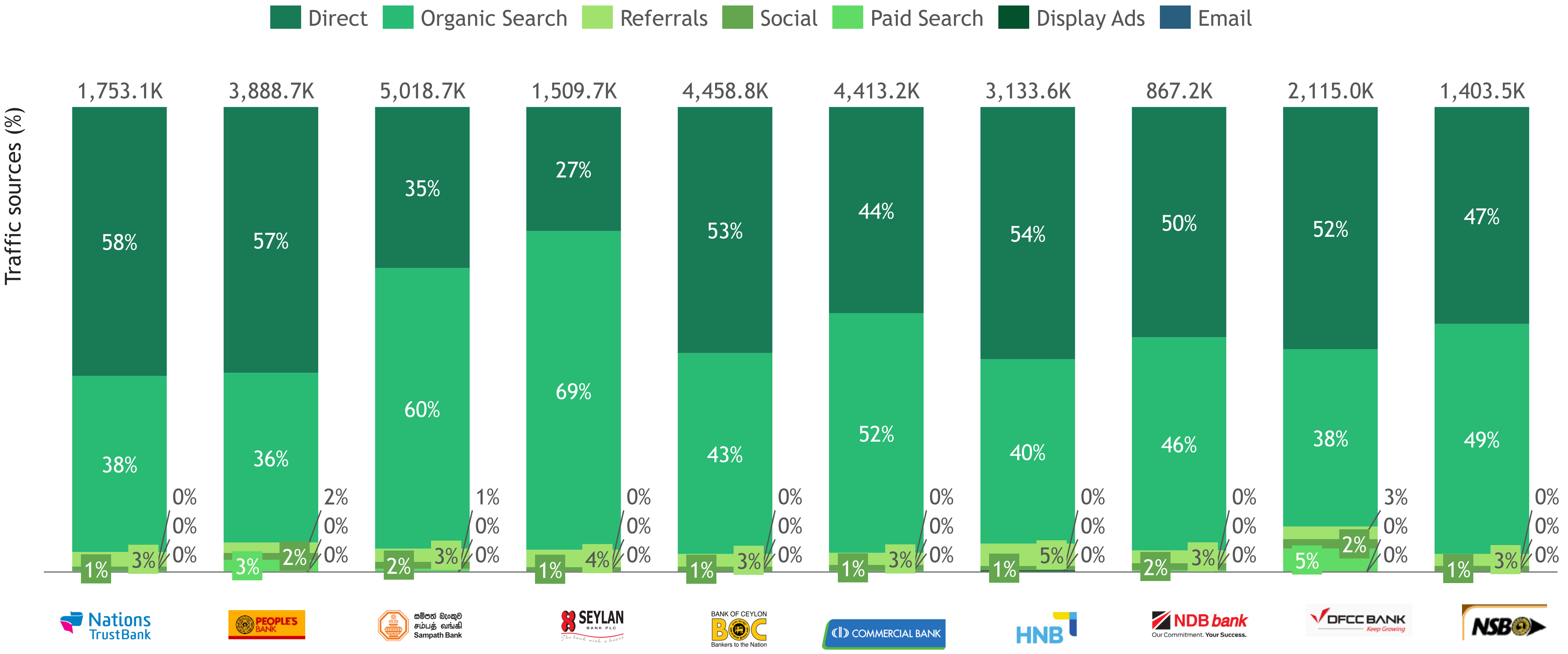
Source: Central bank of Sri Lanka, Press search

High Disparity in Website Traffic | Sampath and BOC Lead in Website Traffic, While Engagement Strongly Varies Across Banks

		Nations TrustBank	People's Bank	Sampath Bank	Seylan Bank PLC	BOC	Commercial Bank	HNB	NDB bank	DFCC Bank	NSB
Traffic metrics	Monthly Visits	194.79K	432.07K	557.63K	167.74K	495.42K	490.35K	348.18K	96.35K	235.32K	155.94K
	Monthly Unique Visitors	61.88K	146.95K	237.02K	78.25K	171.49K	223.00K	103.94K	42.20K	92.28K	64.26K
	Visits per Unique Visitor	3.15	2.94	2.35	2.14	2.89	2.2	3.35	2.28	2.55	2.43
User Behavior	Visit Duration (mm:ss)	04:56	04:38	01:44	01:25	04:48	01:38	04:26	02:42	04:41	02:55
	Pages per Visit	4.65	7.97	2.65	2.49	4.97	2.54	4.98	4.29	4.94	5.6
	Bounce Rate (%)	35.8%	27.06%	55.3%	61.98%	27.57%	45.4%	22.87%	36.11%	36.7%	34.04%

Source: Similarweb – Jan-Sep CY25; Numbers reflect averages for the time period

Digital Traffic Mix | Banks Rely Heavily on Organic Search and Direct; Minimal Paid & Social Contribution



Source: Similarweb - Jan - Sep CY25

Organic Search Performance | Commercial Bank and BOC Lead in Organic Search Traffic

	Nations TrustBank	People's Bank	Sampath Bank	Seylan	BOC	Commercial Bank	HNB	NDB bank	DFCC Bank	NSB
Authority Score	39	44	47	41	46	49	46	37	38	42
Organic Search Traffic (K)	92.5K	301.9K	522.4K	148.6K	663.5K	705.8K	562.1K	96.6K	100.3K	199.1K
Organic Keywords (K)	3.2K	12.3K	18.6K	8.5K	18.8K	18.5K	8.5K	4.5K	9.6K	6.1K
Backlinks (K)	11.9K	62.7K	42.7K	456.8K	121.1K	161.3K	68.9K	22.5K	42.2K	9.5K
Referring Domains (#)	886	2.6K	3.1K	2.7K	3.2K	2.8K	2.8K	1K	1.1K	1.8K
Keywords Position 1-3 (% & No of KW)	6%(191)	5%(570)	4%(704)	3%(240)	5%(970)	6%(1044)	5%(445)	5%(214)	2%(215)	5%(318)
Keywords Position 4-10 (% & No of KW)	13%(421)	9%(1121)	6%(1197)	10%(814)	8%(1584)	8%(1558)	6%(496)	6%(280)	6%(573)	9%(543)

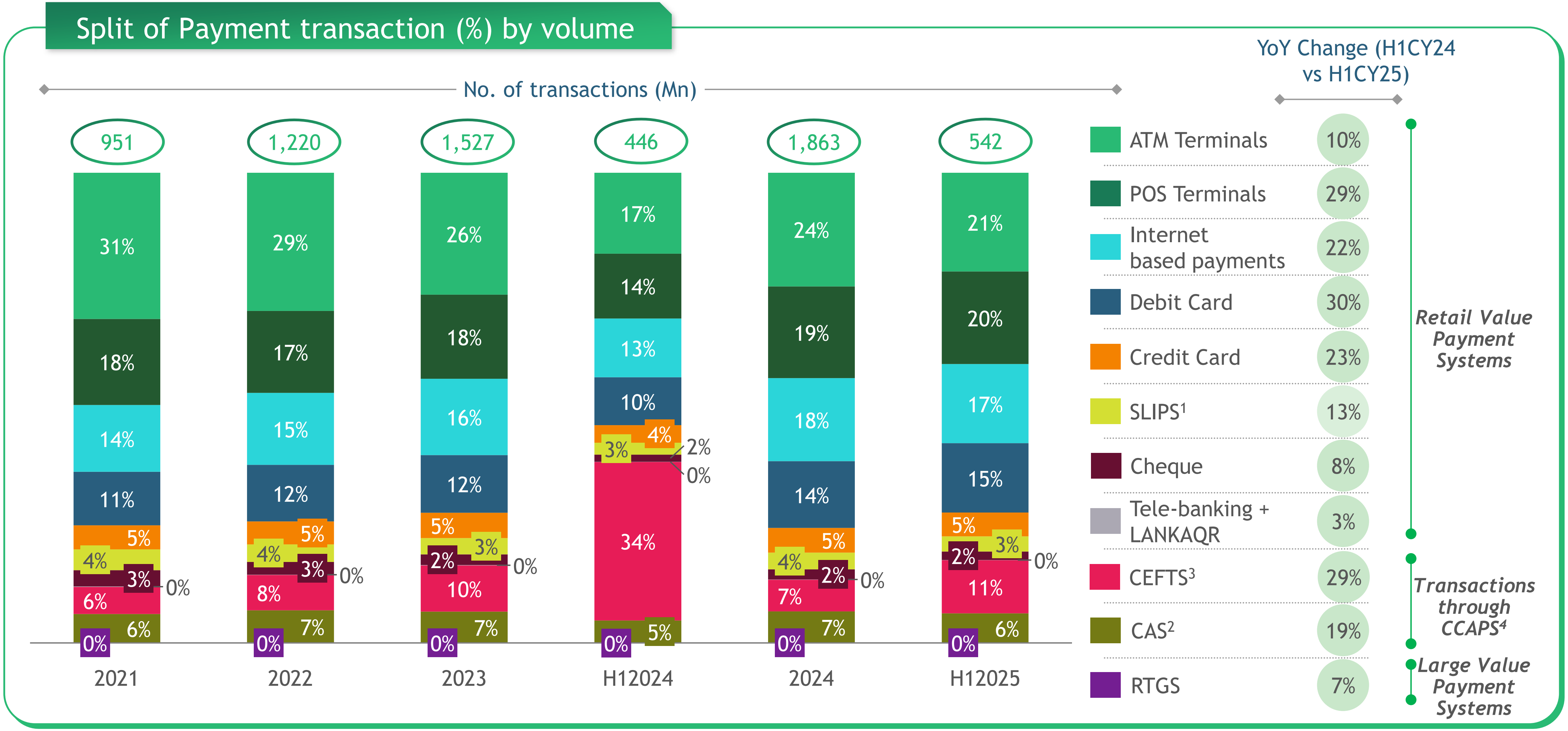
Source: Semrush, Domain Overview. Sep CY25; Sri Lanka

Mobile App Performance I BOC and People's Bank Lead in App Acquisition, While HNB and Sampath Stand Out in Retention

	Acquisition			*Retention*	
	Monthly Downloads	*Monthly Active Users*	*Daily Active Users*	*Day 7 Retention*	*Day 30 Retention*
Nations TrustBank	39K	47K	10K	17%	12%
PEOPLE'S BANK	445K	907K	150K	8%	4%
සම්පත් බැංකුව சம்பத் வங்கி Sampath Bank	356K	341K	94K	14%	13%
SEYLAN BANK PLC	76K	84K	14K	12%	9%
BANK OF CEYLON BOC Bankers to the Nation	399K	1274K	216K	10%	6%
COMMERCIAL BANK	208K	84K	5K	6%	1%
HNB	309K	566K	165K	18%	15%
NDB bank Our Commitment. Your Success.	53K	66K	11K	11%	5%
DFCC BANK Keep Growing	97K	70K	15K	8%	5%
NSB	170K	254K	44K	14%	6%

Source: Sensor Tower; Jan- Sep CY25, Sri Lanka.
Definition- 1)Monthly/Daily Active users include new users plus returning users, whereas downloads reflect only new installers within the selected time period. 2)Day-7 Retention: % of new users who return seven days after install. 3)Day-30 Retention: % of new users who return thirty days after install.

Digital payments (Internet banking) gaining market share of total payments systems



1. SLIPS- Sri Lanka Interbank Payment System ; 2. CAS- Common ATM Switch; 3. CEFTS- Common Electronic Fund Transfer Switch; 4. CCAPS- Common Card and Payment Switch
Source: Central Bank of Sri Lanka; Press Search; BCG analysis

Banking sector overview

Key Recent Regulatory Measures

Reporting IT and Cybersecurity Incidents	• Licensed banks are required to report the IT and cybersecurity incidents and online & digital scams to the Director, Bank supervision department.
	  • Immediate reporting: Within 2 hours of detection of the incident
	  • Detailed reporting: Within 14 days of detection of the incident
	  • Quarterly reporting: Within 15 days following the end of each quarter

Domestic Systemically Important Banks (D-SIBs)	• Banks are assessed based on factors such as size, interconnectedness, substitutability, and complexity to determine their systemic importance • Designated D-SIBs are mandated to maintain higher capital buffers, including CET1 • The directive outlines intensified supervisory expectations for D-SIBs, including rigorous risk management practices and contingency planning capital
Corporate Governance framework for Licensed Banks	• Corporate Governance – Addendum adds a new rule to the 2024 Corporate Governance Directions: directors representing shareholders who obtained voting shares in contravention of the Act must abstain from participating/voting in appointing independent directors
Relief Measures to Assist the affected SMEs	• Licensed banks must create Banking Relief Units to implement, monitor, and report on SME relief measures. Business Revival Units (BRUs) formed under earlier circulars will continue to support broader restructuring and revival of distressed SME accounts • Relief Banking Unit, may reschedule eligible loans up to 10 years case-by-case, and must have a transparent grievance mechanism on auction valuations

Source: Central bank of Sri Lanka, Press search

Key Recent Regulatory Measures

Approved Securities for Accommodation granted to Related Parties of Licensed Banks

- The changes tighten or clarify the list and conditions of "approved securities", making collateral requirements more robust to reduce conflict of interest and preferential treatment risk
- Sets limits on such accommodations (caps according to Tier-1 capital or fixed rupee ceilings) that trigger requirement for approved securities if exceeded
- Banks now need to review related-party accommodations and ensure compliance with the updated approved securities framework

Loan to Value (LTV) Ratios for Credit Facilities Granted in Respect of Motor Vehicles

- Introduces/updates maximum LTV caps on vehicle financing across banks, finance companies, and leasing: 60% for motor cars/SUVs/vans, 50% for three-wheelers, 80% for (some) commercial vehicles
- Removes or aligns favorable terms for electric vehicles (EVs) with conventional vehicles; takes away very high LTV caps that may have existed for EVs
- Goal is macroprudential: reduce credit risk, prevent over-leveraging, harmonize practice across licensed financial institutions

Strengthening Sri Lanka's Financial System with Integrity: Measures Based on AML / CFT Framework

- Emphasizes improving customer due diligence, regulatory & supervisory capacity, legal frameworks, and transparency to close gaps in AML/CFT compliance
- Addresses emerging risks: technology-enabled financial products, rapid fintech adoption, cross-border transactions; calls for better risk assessment and oversight in those areas
- Promotes stronger coordination among regulatory, law-enforcement and financial institutions; also boosting awareness among customers & public about financial integrity and compliance obligations

Source: Central bank of Sri Lanka, Press search

Key Recent Regulatory Measures

Recovery Plan Requirements for Licensed Banks (RCPs)	• Licensed banks are required to prepare a Recovery Plan (RCP) under Sections 9 and 10 of the BSPA, outlining actions to be taken if their financial position deteriorates. • Each bank's RCP should be prepared based on its nature, scale, structure, complexity, and interconnectedness, and identify all group entities and their interdependencies. • Banks must submit the CY25 RCP, approved by the Board or RO/HO by 31 January 2026, and thereafter provide annual certification and a three-yearly review.
Financial Stability Review CY25 (FSR CY25)	• Released the Financial Stability Review CY25 as required under Section 70(1) of the CBSL Act, presenting its statutory assessment of financial system stability. • Reviews risks, vulnerabilities, and developments in the financial system and outlines policy measures taken by CBSL and other regulatory authorities.
Amendments to Mobile Banking Unit Guidelines (MBUs)	• Prior approval from CBSL is required for LCBs to conduct activities permitted under paragraph 4, except for those specifically identified as not requiring approval. • Listed MBU activities including loan/credit card applications, promotions, customer onboarding, and advisory services are permitted only when they do not involve cash transactions. • Other MBU activities require submission of application BSD-MBU-01 to CBSL 10 working days in advance, accompanied by a cover letter signed by the CEO, COO, or relevant Deputy General Manager.

Source: Central bank of Sri Lanka, Press search

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Annual player performance

Select Banks

Segment	Bank	Period	Advances[3] LKR Tn		Deposits LKR Tn		CASA Ratio (%)		NIM[1] (%)		CIR[2] (%)		Stage 3 Loans Ratio(%)		ROA[1] (%)	
Govt. Banks	BANK OF CEYLON BOC Bankers to the Nation	9MCY25	2.3	▲ 9%	4.6	▲ 16%	28.8%	▼ 91 bps	3.9%	▲ 108 bps	28.6%	▼ 1488 bps	6.7%	▲ 89 bps	1.4%	▲ 78 bps
		9MCY24	2.1		4.0		29.7%		2.8%		43.5%		5.8%		0.6%	
	PEOPLE'S BANK	9MCY25	1.7	▼ 6%	3.2	▲ 12%	33.5%	▼ 93 bps	4.0%	▲ 193 bps	40.8%	▼ 2977 bps	9.2%	▼ 49 bps	1.1%	▲ 95 bps
		9MCY24	1.8		2.8		34.4%		2.1%		70.6%		9.6%		0.2%	
	NSB National Savings Bank	9MCY25	0.5	▲ 2%	1.6	▲ 6%	20.7%	▲ 75 bps	4.7%	▲ 51 bps	38.8%	▼ 103 bps	2.6%	▼ 142 bps	1.5%	▲ 30 bps
		9MCY24	0.5		1.5		20.0%		4.2%		39.8%		4.1%		1.2%	
Large Pvt.	COMMERCIAL BANK	9MCY25	1.7	▲ 35%	2.5	▲ 16%	39.9%	▲ 32 bps	4.5%	▲ 15 bps	27.9%	▼ 354 bps	1.8%	▼ 229 bps	2.1%	▲ 54 bps
		9MCY24	1.3		2.2		39.6%		4.4%		31.5%		4.1%		1.5%	
	සම්පත් බැංකුව சம்பத் வங்கி Sampath Bank	9MCY25	1.0	▲ 29%	1.6	▲ 15%	34.9%	▲ 66 bps	4.1%	▼ 92 bps	41.3%	▲ 241 bps	3.8%	▼ 150 bps	1.5%	▲ 6 bps
		9MCY24	0.8		1.4		34.3%		5.0%		38.9%		5.3%		1.5%	
	HNB	9MCY25	1.3	▲ 30%	1.9	▲ 16%	34.4%	▲ 97 bps	4.2%	▼ 47 bps	38.9%	▲ 151 bps	1.4%	▼ 196 bps	1.9%	▲ 39 bps
		9MCY24	1.0		1.6		33.4%		4.6%		37.4%		3.3%		1.5%	
Mid-Sized Pvt.	NDB bank Our Commitment. Your Success.	9MCY25	0.6	▲ 29%	0.7	▲ 15%	28.7%	▲ 372 bps	4.1%	▼ 15 bps	40.4%	▲ 331 bps	4.5%	▼ 200 bps	1.2%	▲ 39 bps
		9MCY24	0.5		0.6		24.9%		4.2%		37.1%		6.5%		0.8%	
	SEYLAN BANK PLC The bank with a heart	9MCY25	0.5	▲ 21%	0.7	▲ 13%	28.8%	▼ 100 bps	4.4%	▼ 59 bps	48.8%	▲ 304 bps	1.5%	▼ 157 bps	1.4%	▲ 15 bps
		9MCY24	0.4		0.6		29.8%		5.0%		465.7		3.1%		1.2%	
	DFCC BANK Keep Growing	9MCY25	0.5	▲ 29%	0.6	▲ 29%	25.0%	▼ 71 bps	3.9%	▼ 26 bps	39.9%	▲ 24 bps	4.8%	▼ 119 bps	2.3%	▲ 106 bps
		9MCY24	0.4		0.4		25.7%		4.2%		39.6%		6.0%		1.2%	
	Nations TrustBank	9MCY25	0.4	▲ 42%	0.5	▲ 25%	30.6%	▼ 31 bps	6.2%	▼ 66 bps	31.1%	▼ 7 bps	1.0%	▼ 71 bps	3.2%	▲ 7 bps
		9MCY24	0.3		0.4		30.9%		6.8%		31.1%		1.7%		3.1%	

xxx Change vs. last year

1. RoA and NIM are calculated as % of average opening and closing assets 2. CIR is calculated as Opex by Total Income (NII + Other Income+ Net Fee & Commission Income) 3. Financial assets at amortized cost, Loans and advances to customers
Source: Financial Statements; BCG analysis

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