Sri Lanka Banking Sector Roundup – H1 CY2025

NOVEMBER 2025

Glossary: Classification of Sri Lankan banks used in this document

Government Banks (3 banks)

BANK OF CEYLON
BOC
Bankers to the Nation

PEOPLE'S BANK

NSB
National Savings Bank

Large Private Banks (3 banks)

COMMERCIAL BANK

සම්පත් බැංකුව
சம்பத் வங்கி
Sampath Bank

HNB

Mid-sized Private Banks (4 banks)

NDB bank
Our Commitment. Your Success.

SEYLAN
BANK PLC
The bank with a heart

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.

H1CY25 results: Banking industry snapshot

Business	**Total Deposits** LKR 17,359.4 Bn 14% YoY	**Total Net Advances** LKR 9,904.9 Bn 11% YoY	**CASA Deposits** LKR 5,534.3 Bn 19% YoY	**Term Deposits** LKR 11,794.1 Bn 12% YoY
Profitability	**Total Income[1]** LKR 542.6 Bn 33% YoY	**Net Interest Income** LKR 433.6 Bn 32% YoY	**Non-Interest Income[1]** LKR 108.9 Bn 39% YoY	**PAT** LKR 158.6 Bn 81% YoY
Key Ratios	**ROA** 1.6% 59 bps YoY	**CASA Ratio** 31.9% 122 bps YoY	**Cost-Income** 35.0% 660 bps YoY	**NIM (%)** 4.3% 63 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 Q2 CY25, 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 81% YoY increase in net profit (Government banks +202%, Private banks +38%) driven by strong NII growth and a reduction in provisions
  - Growth in profits of private bank is majorly driven by decline in provisions
  - Pre-Provisioning Operating Profit (PPOP) of government banks surged 149% YoY, while private banks recorded 11% YoY growth
- **Operational efficiency:** Cost-to-Income Ratio (CIR) improved 660 bps to 35.0%, 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:** Credit growth of 11.2% YoY in H1CY25
  - CD ratio stood at 57.1%, down 154 bps YoY, reflecting cautious lending amid stable deposit inflows
- **Deposits:** Total deposits grew 14.2% YoY, led by strong CASA momentum
  - Industry CASA Ratio: 31.9%
  - YoY Growth – CASA: 18.7%, TD: 12.2%

NPA & Risk Mgmt.

- **Stage 3 Loans Ratio:**
  - Default risk eased across Large and Mid-Sized Private Banks, while Government Banks reported deterioration in Stage 3 loan ratios
- **Capital Adequacy:** All banks have CRAR >16%, demonstrating sustained resilience and improved risk absorption capacity

Digital & Payments

- **Digital Payments:**
  - Government digitalization: Sri Lanka launched a Super App integrating key state digital services and rolled out GovPay in the Southern Province, enabling secure, unified digital transactions across 53 institutions
  - Industry collaboration: Mastercard and LankaPay partnered to expand digital payment access through co-branded debit cards, AI-powered fraud detection, and low-cost QR payments, promoting financial inclusion
  - Adoption push: The Central Bank targets a 30% rise in daily digital transactions, from ~1.65 million to ~2.15 million, underscoring accelerating digital adoption nationwide.

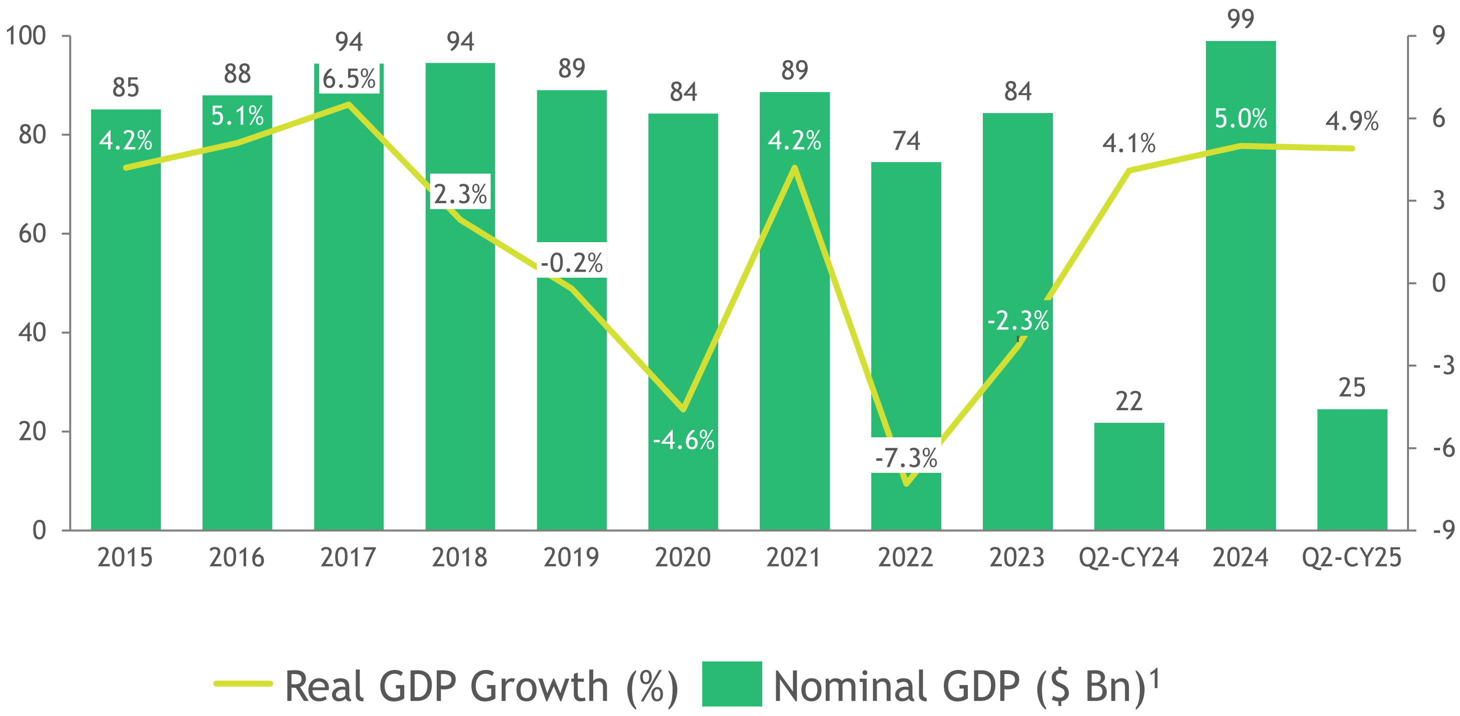
1. Common Electronic Fund Transfer Switch (CEFTS)

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

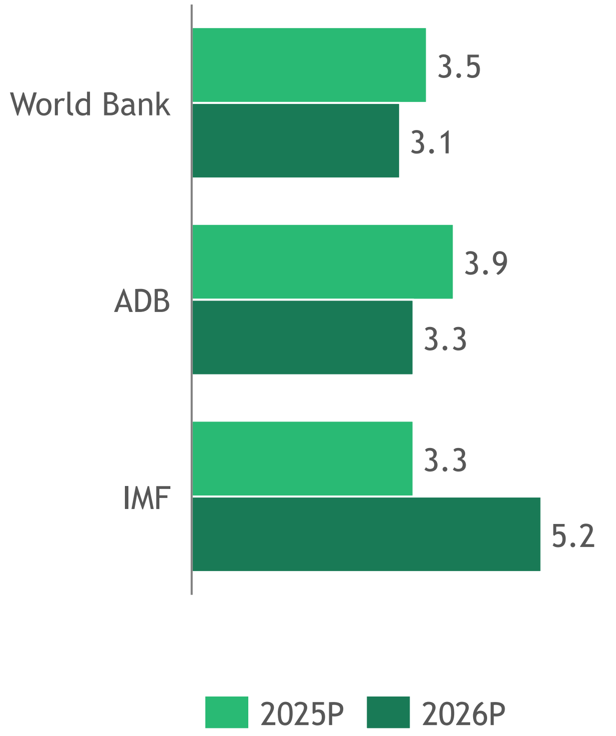
Banking sector overview

Sri Lanka's economy expanded by 4.9% YoY in Q2-2025; eighth continuous quarter of expansion

Gross Domestic Product (GDP)

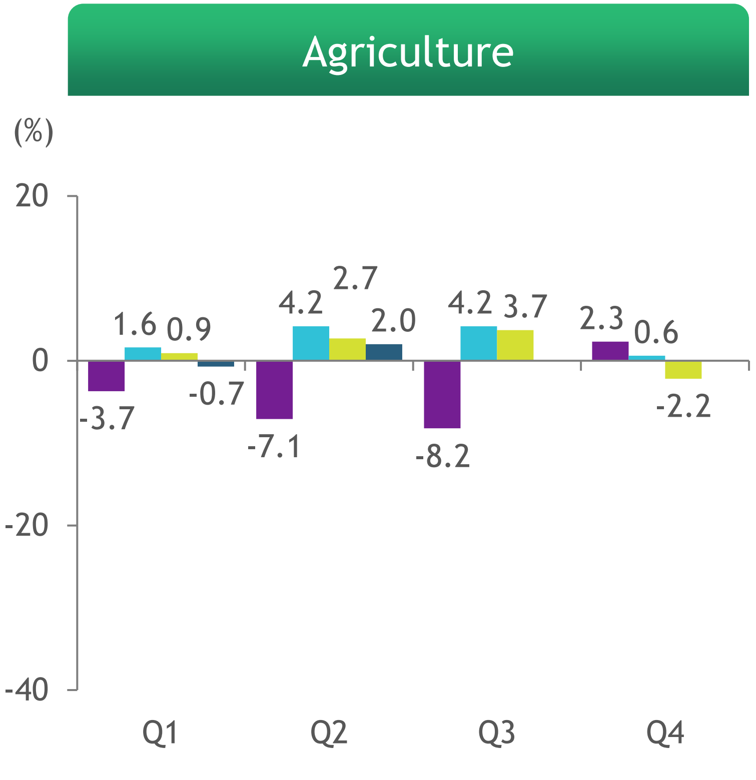


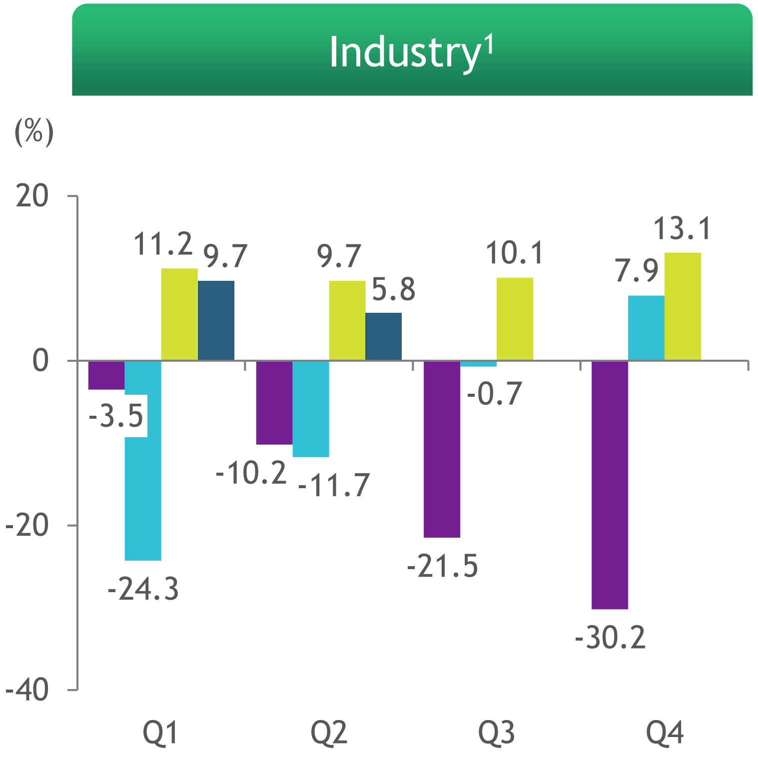
GDP growth forecast[2]

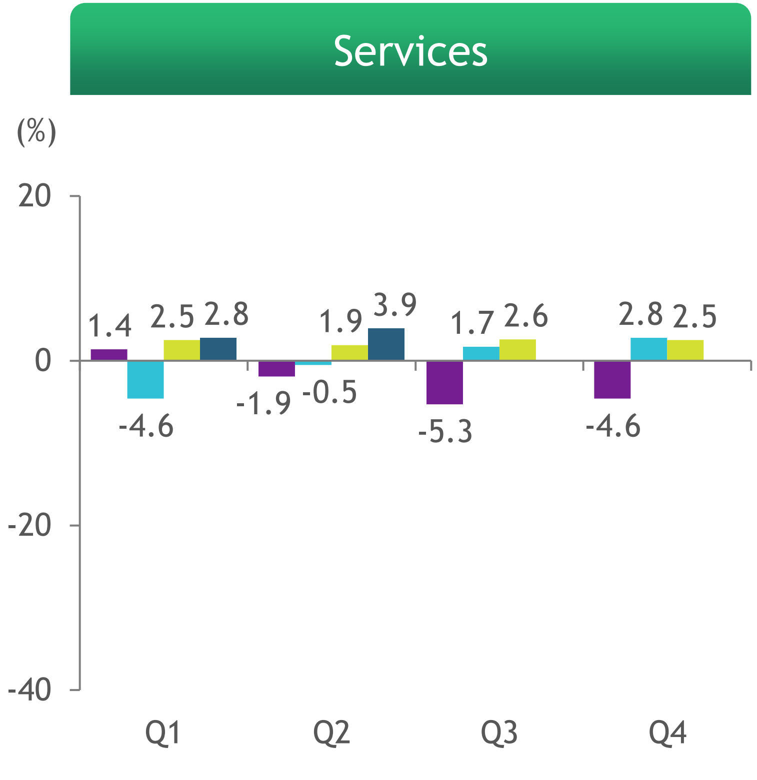


1. Nominal GDP in Billion USD 2: Forecast are likely to be revised further
Source: Central Bank of Sri Lanka; World Bank; BCG analysis

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







CY22 CY23 CY24 CY25

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

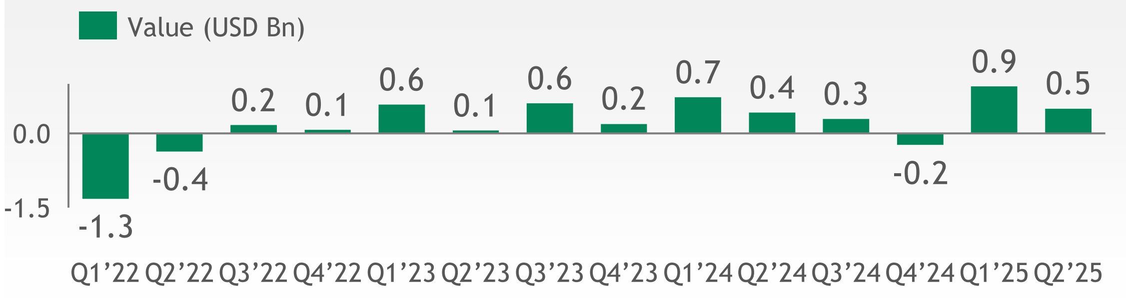
Note: Growth (%) for each quarter calculated over the same quarter of the previous year

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

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

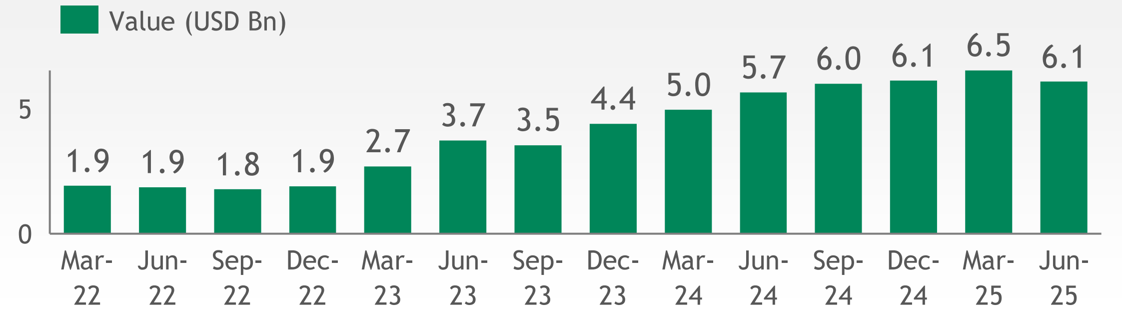
Current Account Balance

Current account widened on stronger services & secondary-income surge



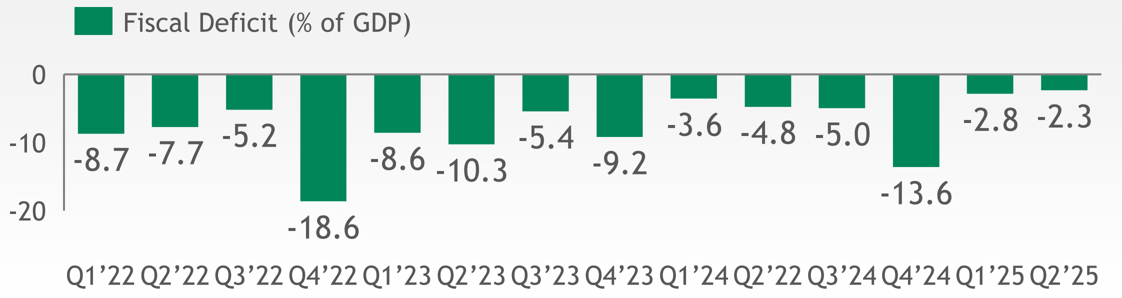
Forex Reserves

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



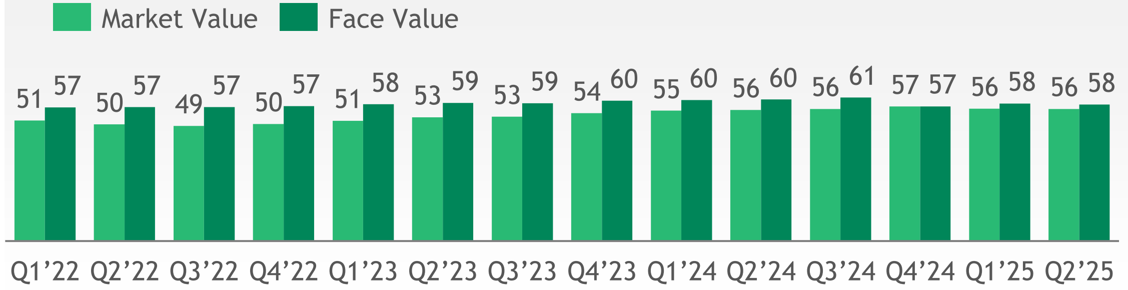
Overall Fiscal Surplus (+)/Deficit (-)

Fiscal deficit[1] as (% of GDP) declined in Q2-2025



Gross External Debt (USD Bn)

External debt remains moderate in Q2-2025

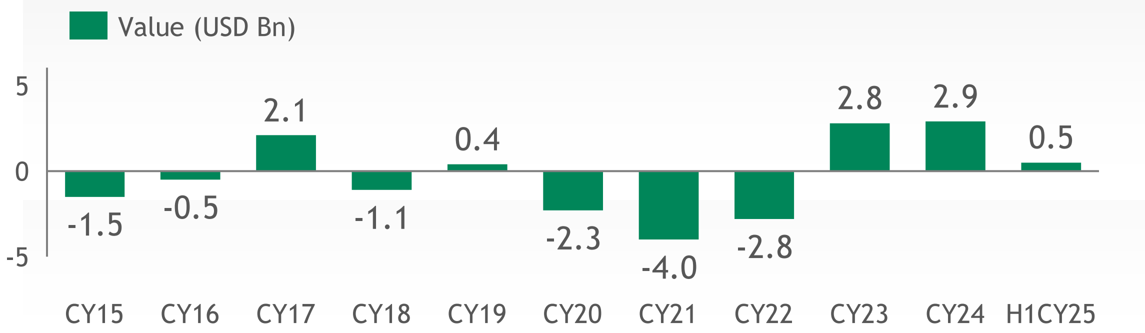


1. Fiscal Deficit is calculated a Overall Fiscal Surplus (+)/Deficit (-)/GDP at Current Market Price (Nominal GDP)

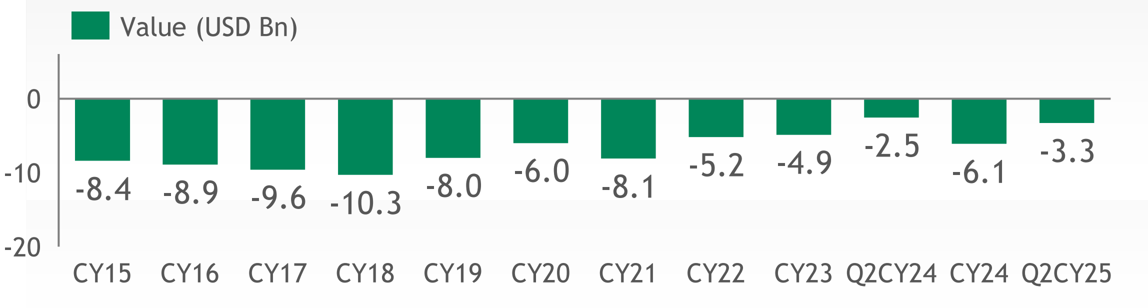
Source: Central Bank of Sri Lanka; Dept. of Sensus and Statistics; Press Search; BCG analysis

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

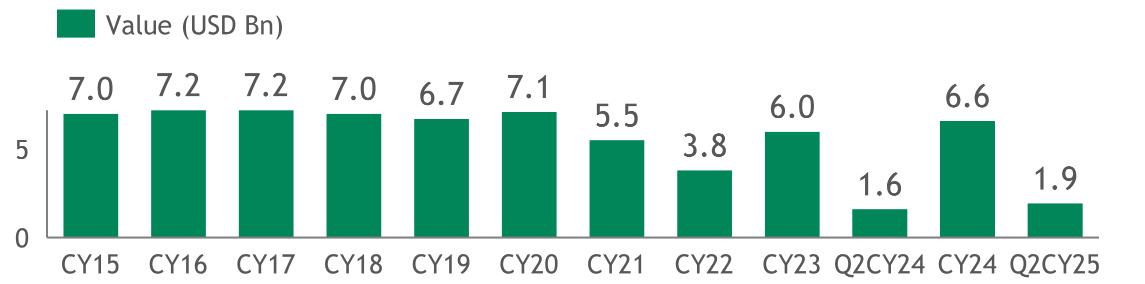
Balance of Payment
BOP peaked in CY24, softens to USD 0.5 Bn in H1CY25



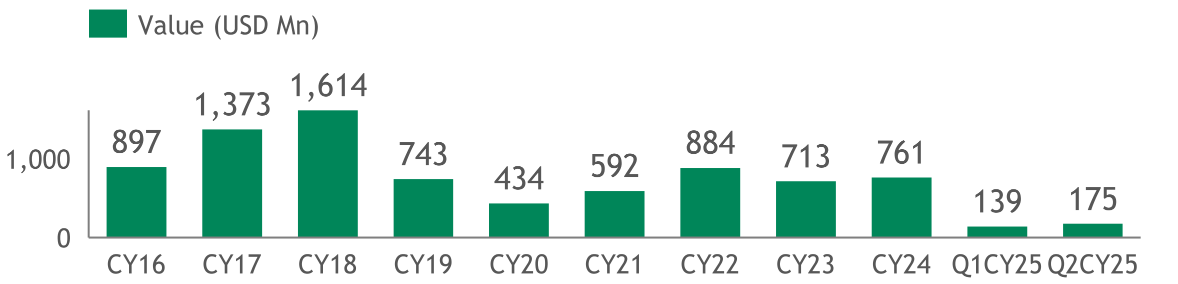
Trade Balance
Trade deficit narrows, signaling external sector stabilization



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

Credit growth recovering but remains below pre-pandemic levels

Deposits outpace lending, lowering CD ratios - mainly in government banks

Credit[1] and deposit growth rate (%)

CD Ratio[2]	CY17	CY18	CY19	CY20	CY21	CY22	CY23	H1CY24	CY24	H1CY25
Govt. Banks	75%	78%	74%	75%	75%	65%	56%	54%	49%	48%
Large Pvt	89%	91%	90%	77%	76%	66%	59%	59%	61%	63%
Mid-Sized Pvt	100%	98%	100%	90%	96%	85%	77%	76%	75%	80%
Industry	83%	86%	83%	78%	78%	68%	60%	59%	57%	57%

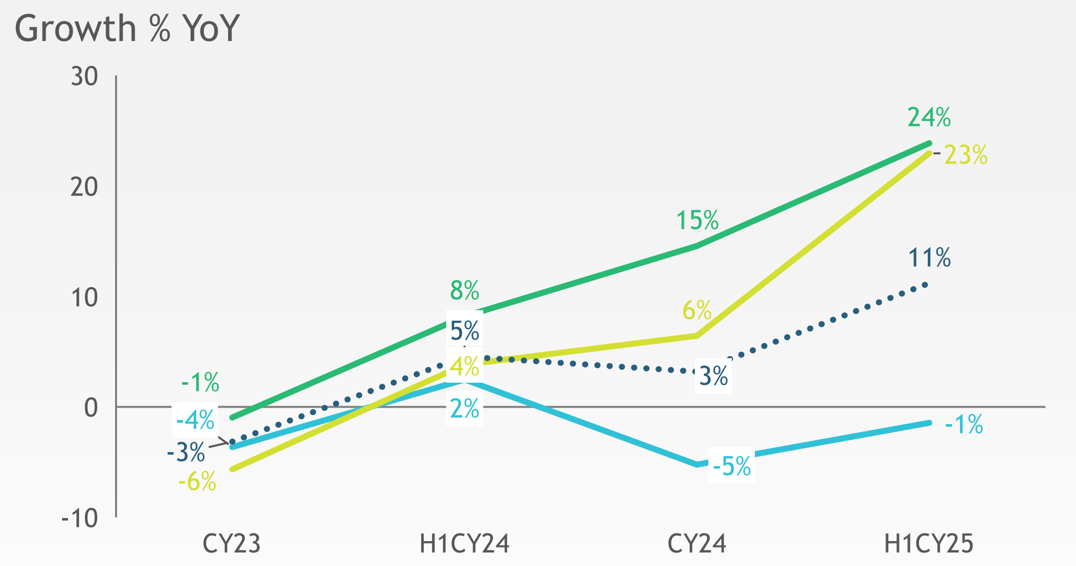
1. Credit includes loans and Advances

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

Private Banks lead credit and deposit growth, driving overall sector recovery

Mid and large private banks post double-digit growth, while gov. banks remain subdued

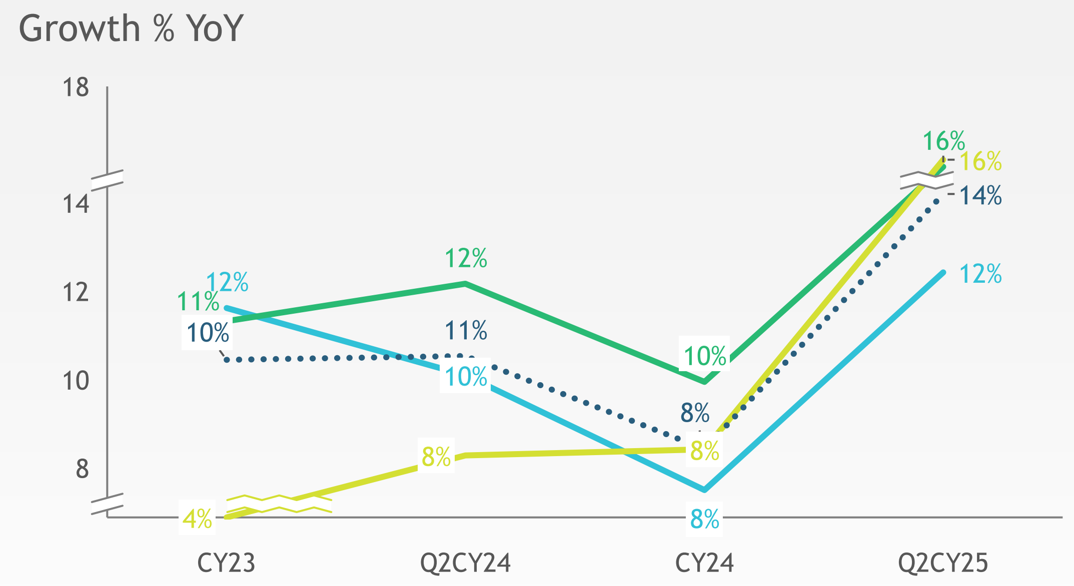
Credit growth (%) by bank category



Market share (%)

	CY23	H1CY24	CY24	H1CY25
Govt. Banks	51%	49%	46%	44%
Large Pvt	32%	33%	36%	37%
Mid-Sized Pvt	17%	17%	18%	19%

Total Deposits growth (%) by bank category



Market share (%)

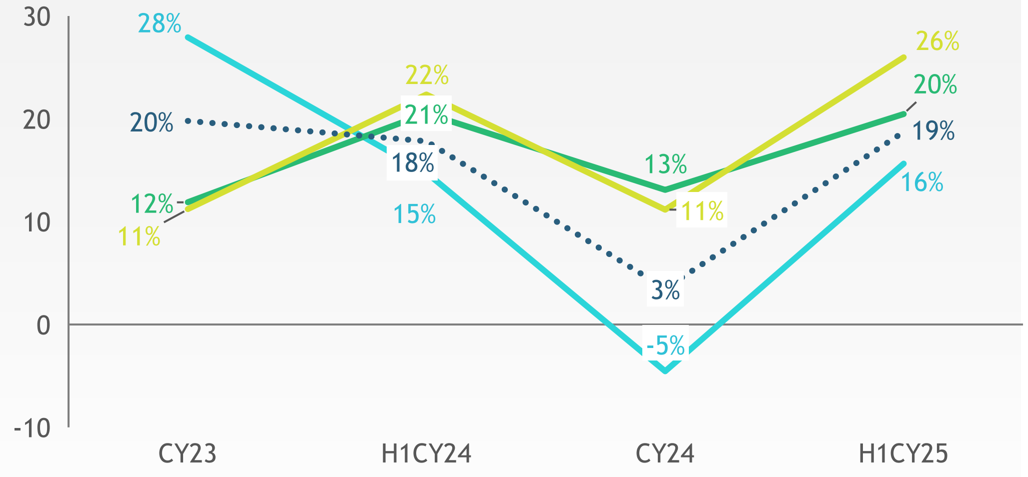
	CY23	Q2CY24	CY24	Q2CY25
Govt. Banks	54%	53%	53%	53%
Large Pvt	33%	33%	33%	34%
Mid-Sized Pvt	13%	13%	13%	14%

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

CASA growth rebounds while Term deposits continue to gain momentum

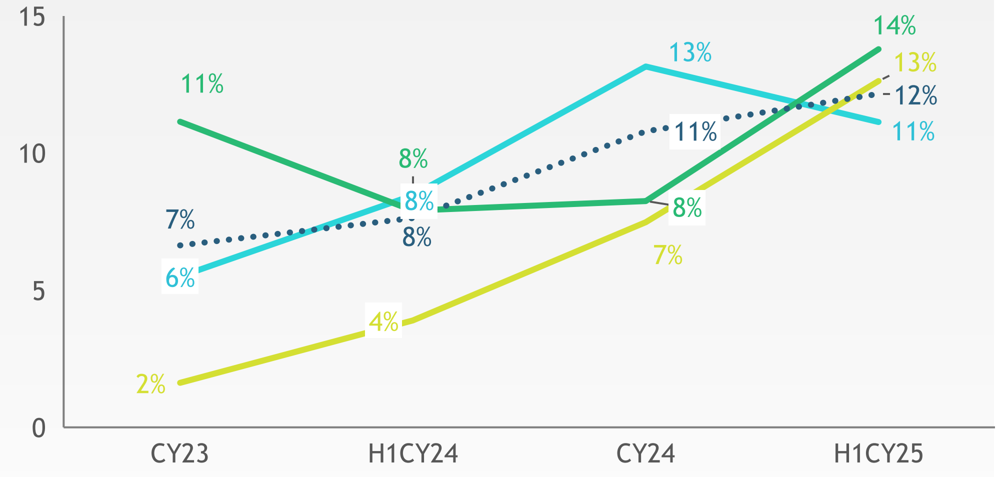
CASA growth YoY by bank category (%)



Market share (%)

	CY23	H1CY24	CY24	H1CY25
Govt. Banks	53%	49%	49%	48%
Large Pvt	36%	39%	39%	40%
Mid-Sized Pvt	11%	12%	12%	12%

Term Deposits growth YoY by bank category (%)



Market share (%)

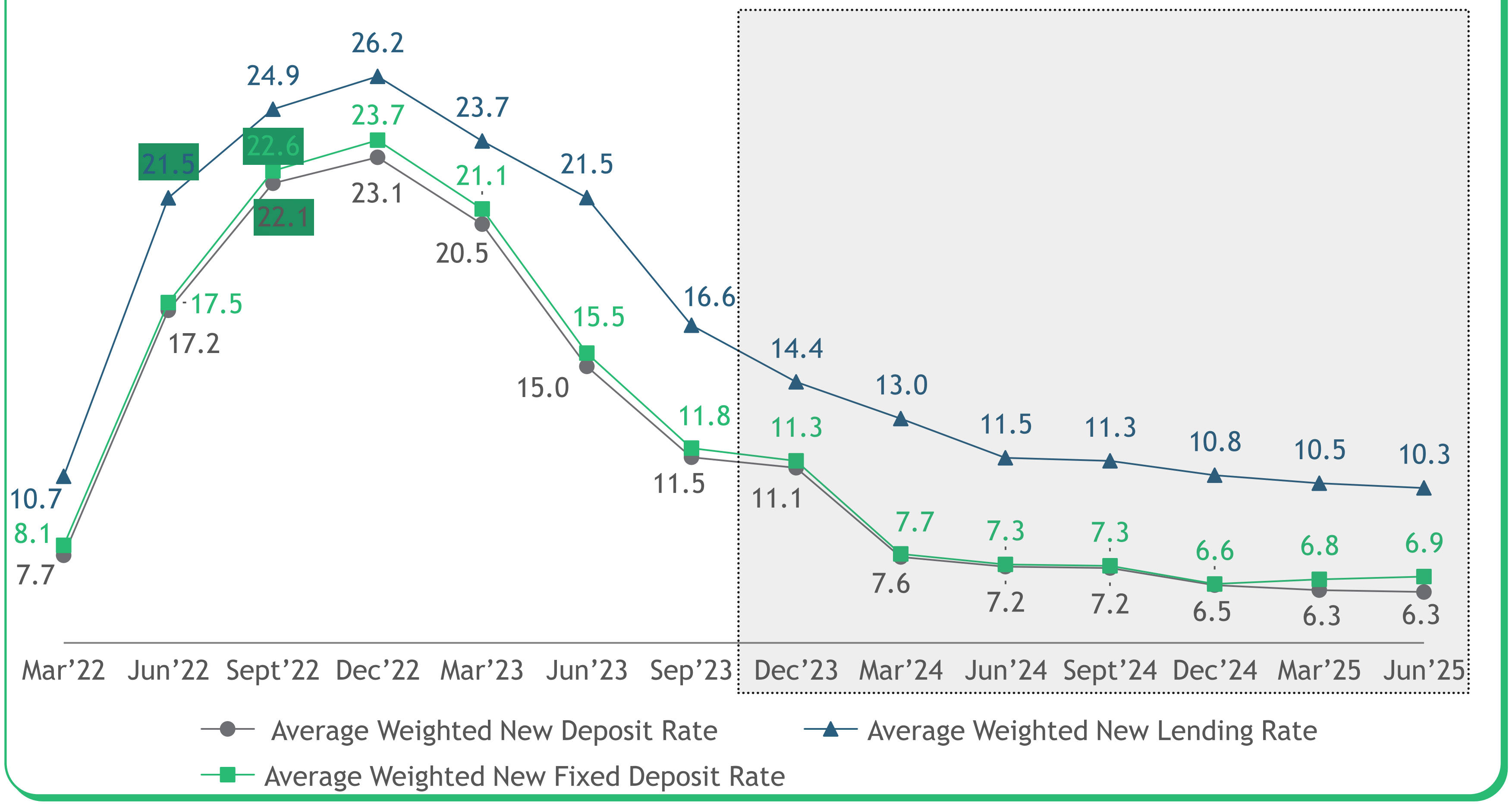
	CY23	H1CY24	CY24	H1CY25
Govt. Banks	54%	55%	55%	55%
Large Pvt	32%	31%	31%	31%
Mid-Sized Pvt	14%	14%	14%	14%

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

Improving financial conditions as lending and deposit rates stabilize

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 Jun-25 vs. Mar-25

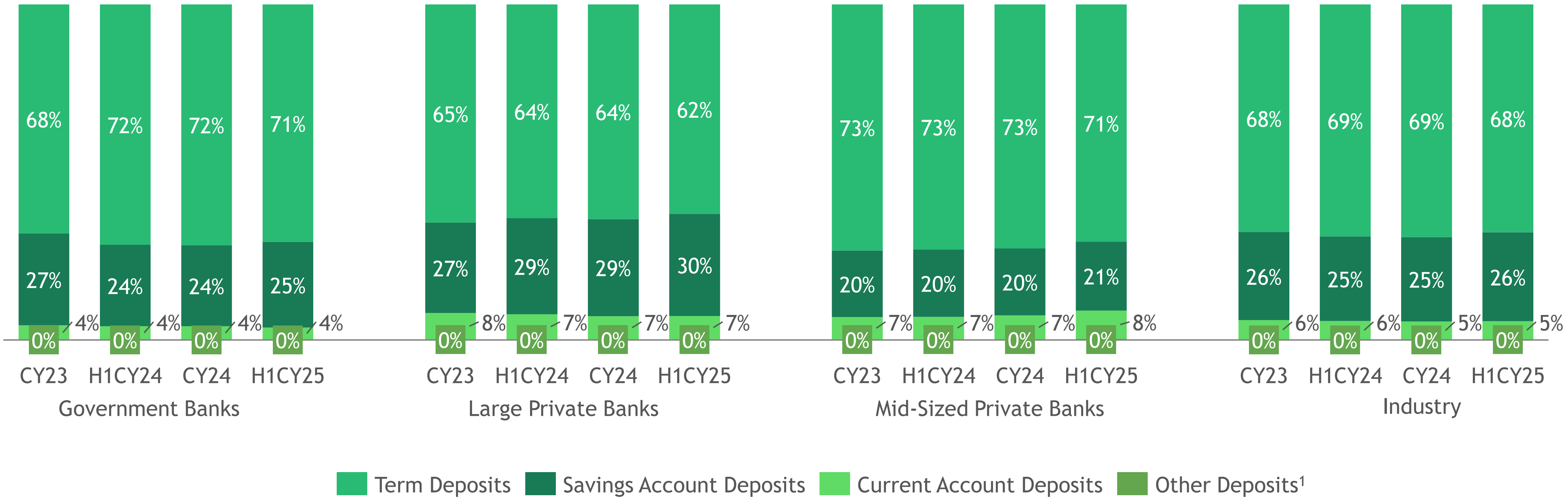
-7 bps Average Weighted New Deposit Rate (Industry)

10 bps Average Weighted New Fixed Deposit Rate (Industry)

-18 bps Average Weighted New Lending Rate (Industry)

Private Large banks particularly focus on aggressively growing CASA deposits to transform liability side balance sheet

Composition of Total Deposits (%)

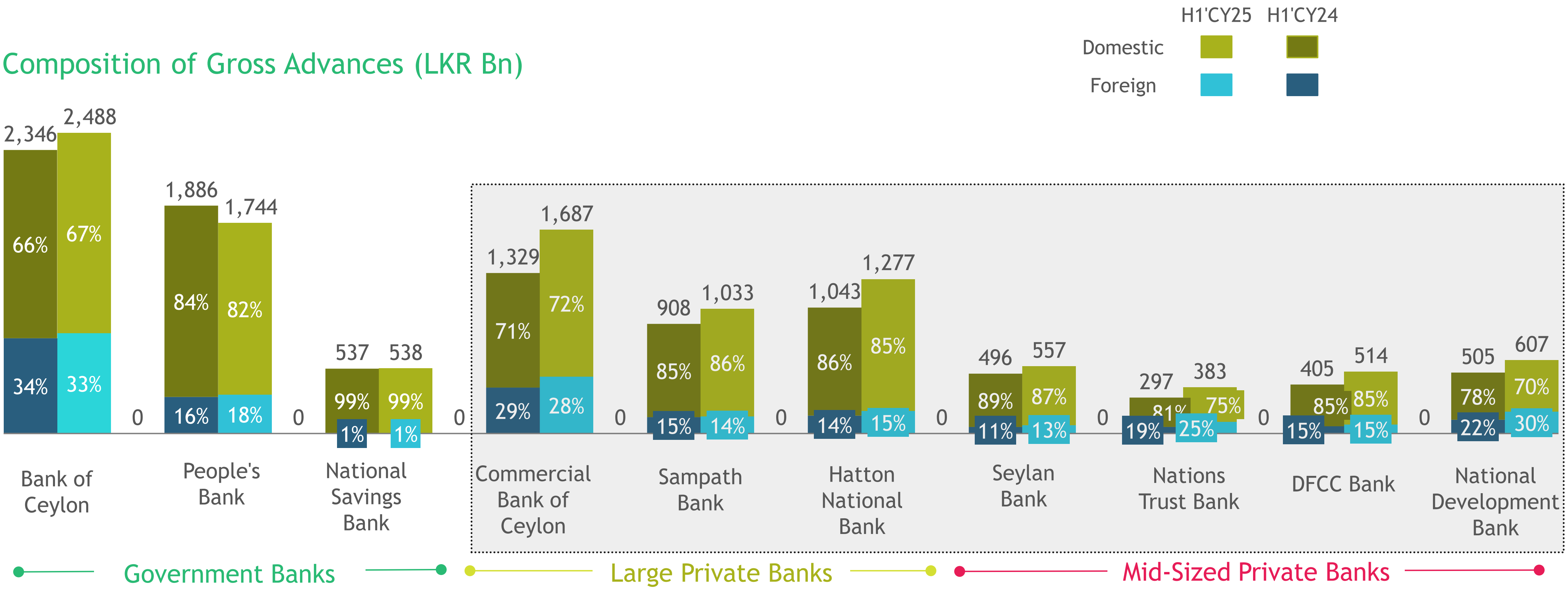


Note: 1. Other Deposits include Certificate of deposits, Call deposits, Margin deposits and other deposits; 2. Analysis has been made based on 3 Government Banks, 3 Large Private Banks and 4 Mid-Sized Private Bank
Source: Central Bank of Sri Lanka; Press Search; BCG analysis

Credit expansion remains primarily domestic, led by large private banks

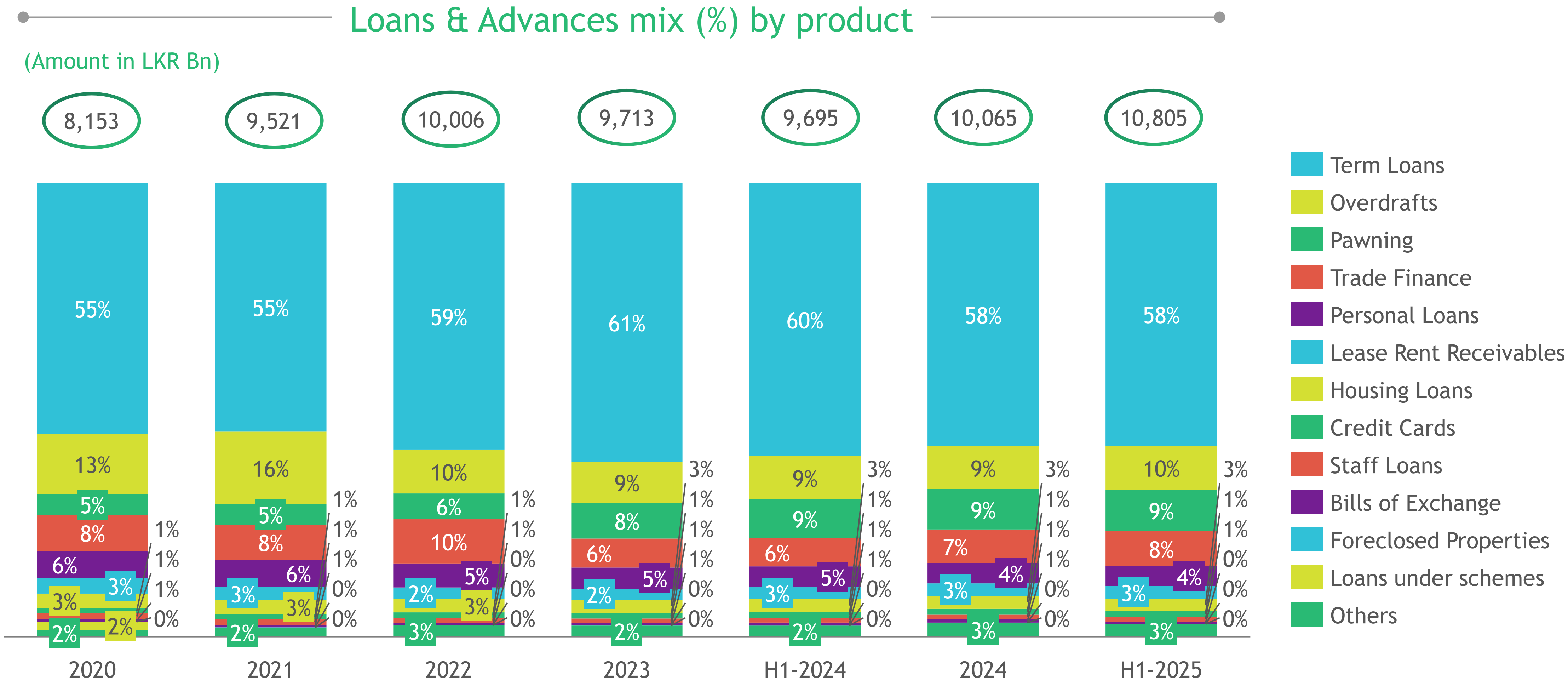
Domestic advances account for ~80% of total lending, with foreign exposure remains stable

Composition of Gross Advances (LKR Bn)



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

Loan portfolios remain Term-loan heavy, accounting for ~60% of total lending



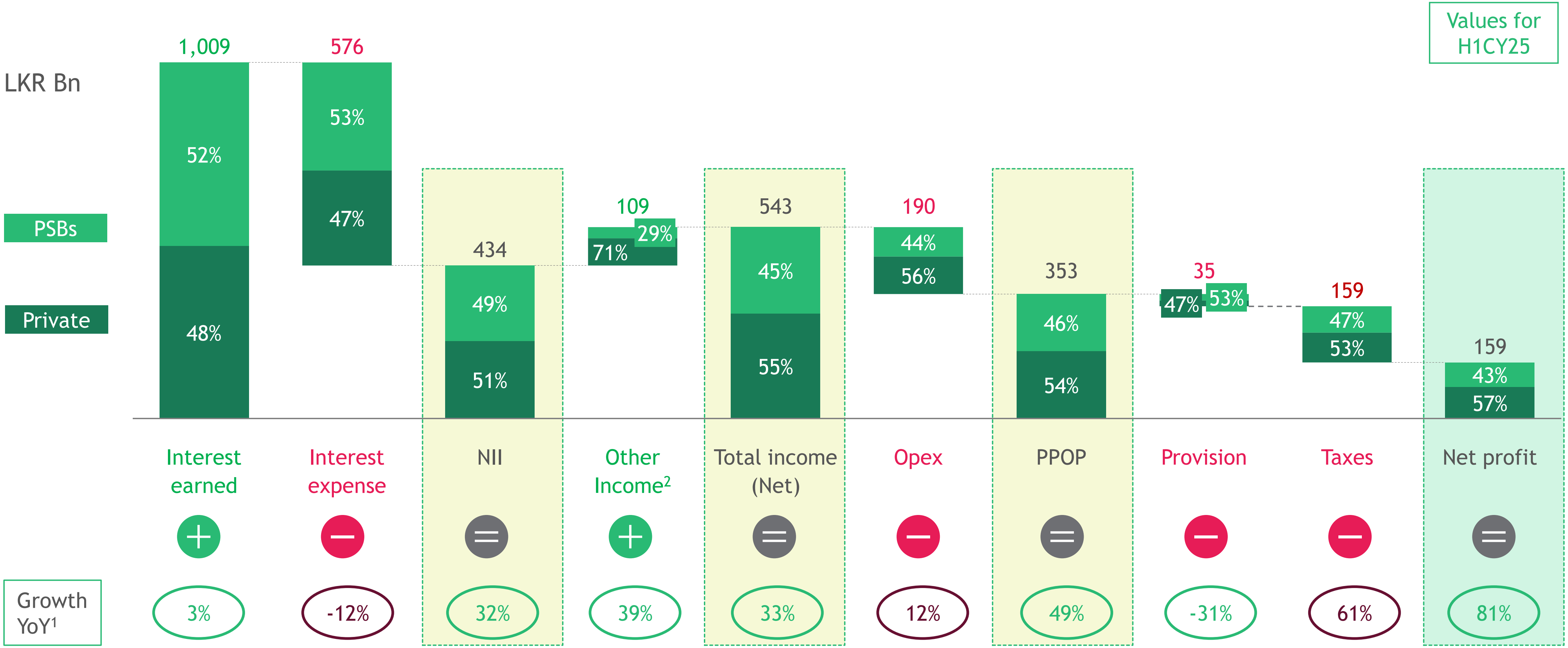
Note: Credit cost is coming out to be negative because of reversal in provisioning's in exceptional years;
Source: Central Bank of Sri Lanka; Press Search; BCG analysis

Banking sector overview

- 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

Robust profit growth driven by higher margins and lower provisions

Net profit up 81% YoY, despite higher taxes and operating costs



1. YoY growth over H1CY24 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

Industry RoA rebounds to 1.6%, driven by margin expansion & lower credit costs

RoA Tree		Govt. Banks		Large Private		Mid-Sized Private		Industry	
Particulars[1]	UoM	H1CY25	H1CY24	H1CY25	H1CY24	H1CY25	H1CY24	H1CY25	H1CY24
+ Net interest Margin	(%)	4.1%	2.5%	4.4%	4.7%	4.6%	5.1%	4.3%	3.6%
+ Fee + Other Income	(%)	0.6%	0.5%	1.5%	1.1%	1.6%	1.8%	1.1%	0.9%
− Operating expenses	(%)	1.6%	1.6%	2.0%	2.0%	2.4%	2.5%	1.9%	1.9%
= Pre-Provision Profit[2]	(%)	3.1%	1.4%	3.9%	3.8%	3.8%	4.3%	3.5%	2.6%
− Credit costs	(%)	0.4%	0.2%	0.2%	0.9%	0.6%	1.2%	0.3%	0.6%
− Tax	(%)	1.4%	0.7%	1.8%	1.5%	1.6%	1.6%	1.6%	1.1%
= Return on Assets	(%)	1.3%	0.5%	1.9%	1.5%	1.6%	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

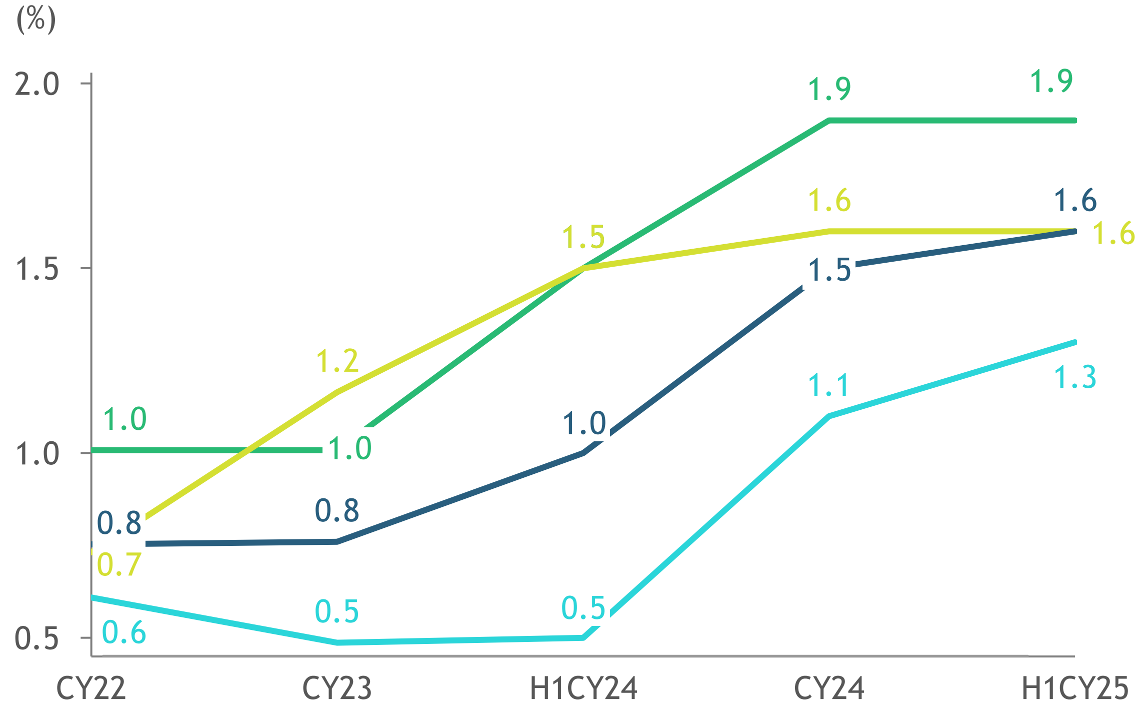
RoA tree | Several levers to enhance the RoA

Values for H1CY25	BOC	People's Bank	NSB	Commercial Bank	Sampath Bank	HNB	NDB bank	Seylan	DFCC Bank	Nations Trust Bank
RoE	22.8%	19.0%	27.6%	21.2%	17.7%	17.8%	10.7%	15.0%	12.3%	21.2%
RoA	1.4%	1.1%	1.6%	2.1%	1.6%	1.9%	1.0%	1.4%	1.5%	2.9%
NII	4.0%	4.0%	4.7%	4.6%	4.2%	4.2%	4.0%	4.5%	4.1%	6.3%
Interest Income	9.5%	10.3%	11.1%	9.8%	9.7%	9.4%	9.9%	9.9%	10.6%	11.3%
Interest Expense	5.5%	6.2%	6.4%	5.3%	5.5%	5.2%	5.9%	5.4%	6.5%	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%	1.0%	0.9%	0.8%	1.1%	0.9%	1.3%
Non-fee income	0.3%	0.2%	0.2%	0.7%	0.7%	0.4%	0.4%	0.3%	1.0%	0.8%
OpEx	1.3%	1.9%	1.9%	1.7%	2.3%	2.1%	2.1%	2.8%	2.2%	2.6%
Employee OpEx	0.8%	1.1%	1.3%	0.9%	1.1%	1.0%	1.1%	1.5%	0.9%	1.4%
Non-emp OpEx	0.5%	0.9%	0.6%	0.8%	1.3%	1.1%	1.0%	1.4%	1.3%	1.1%
PPOP	3.4%	2.8%	3.1%	4.5%	3.5%	3.4%	3.1%	3.0%	3.7%	5.9%
Provisioning	0.5%	0.6%	-0.4%	0.8%	0.1%	-0.5%	1.0%	0.1%	0.9%	0.2%
Total Tax	1.5%	1.1%	1.9%	1.6%	1.8%	1.9%	1.0%	1.5%	1.3%	2.8%
Leverage	16.3	18.0	16.8	10.2	11.2	9.1	10.9	10.9	8.3	7.4
CA Ratio (%)	5.1%	3.2%	NA	9.0%	4.9%	6.1%	12.8%	6.9%	4.2%	9.0%
SA Ratio (%)	24.1%	30.0%	20.6%	30.9%	30.7%	29.5%	17.4%	22.8%	21.9%	20.3%

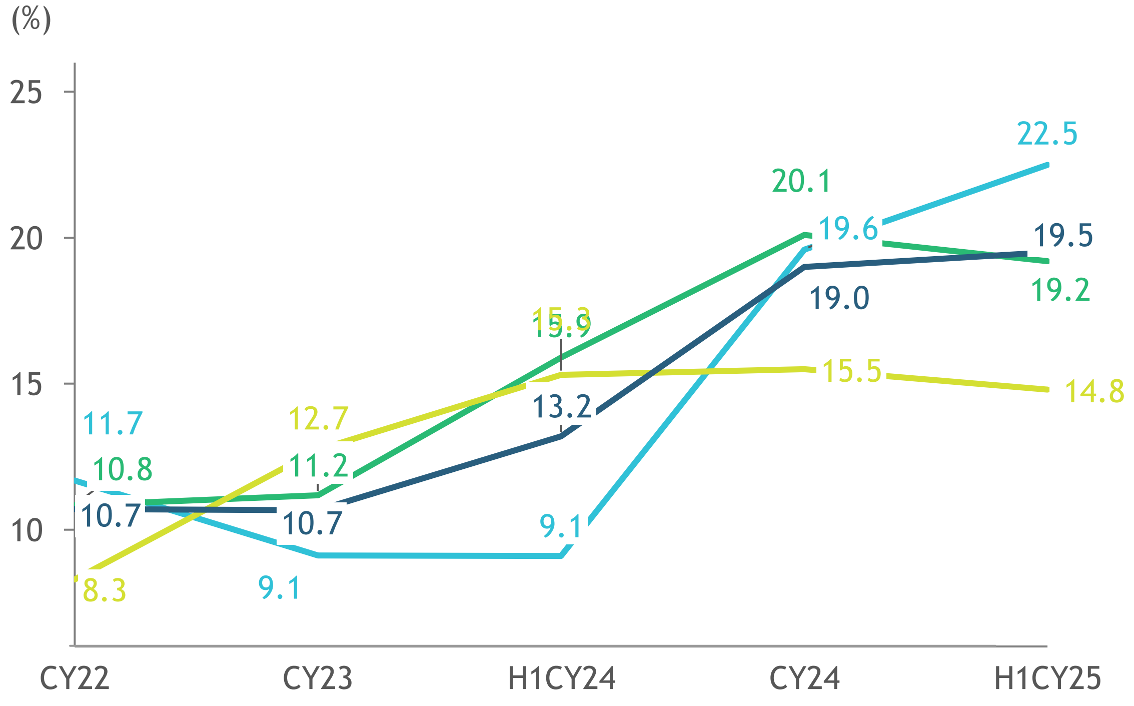
Note: Credit cost is coming out to be negative because of reversal in provisioning's in exceptional years
Source: Annual Reports, Quarterly Results; BCG Analysis

All bank groups achieve >1% ROA; ROE continue to improve

Return on Assets[1] by bank category



Return on Equity[2] by bank category



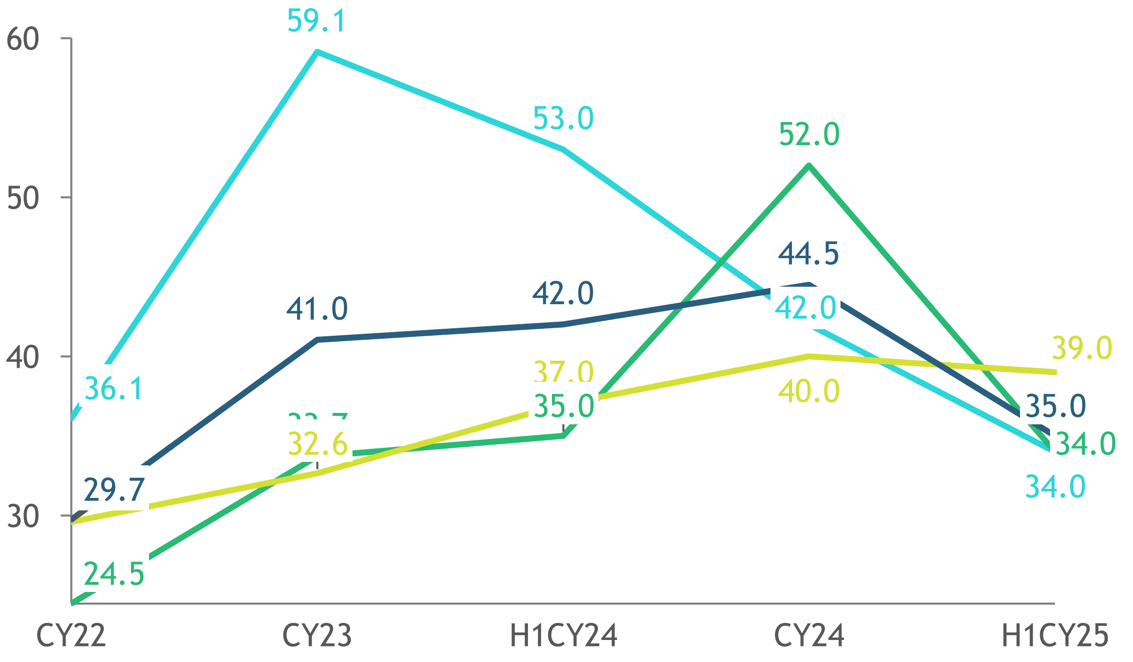
Govt. Banks | Large Pvt. Banks | Mid-Sized Pvt. Banks | Industry

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

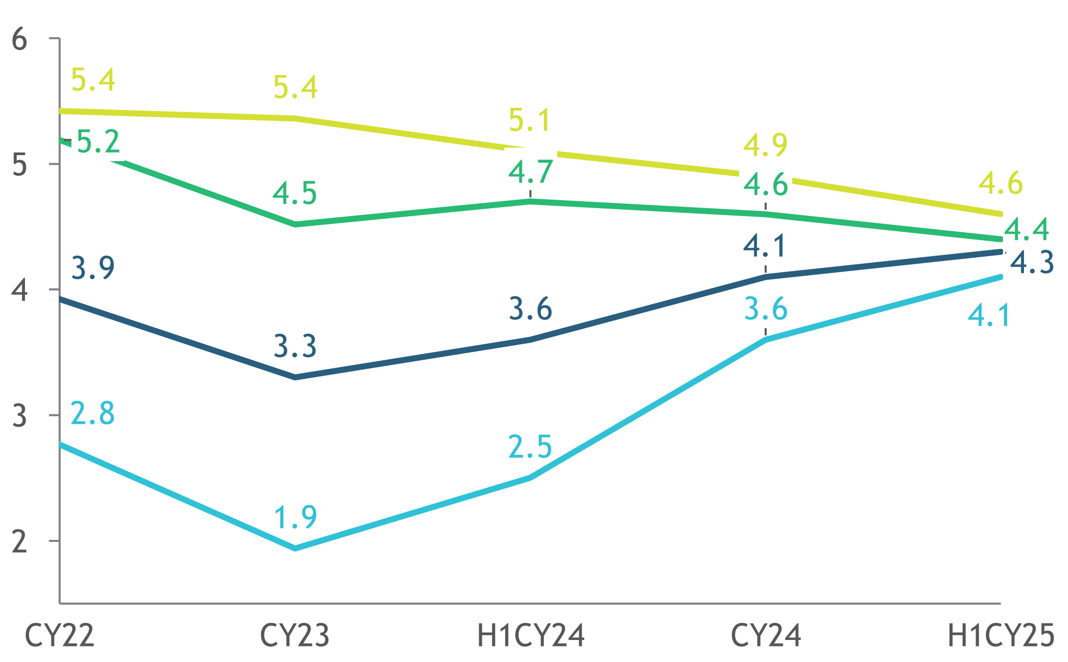
Operational efficiency improves as CIR falls and margins remain resilient

NIMs remain steady across segments, with Private banks continuing to lead despite a slight moderation

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



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

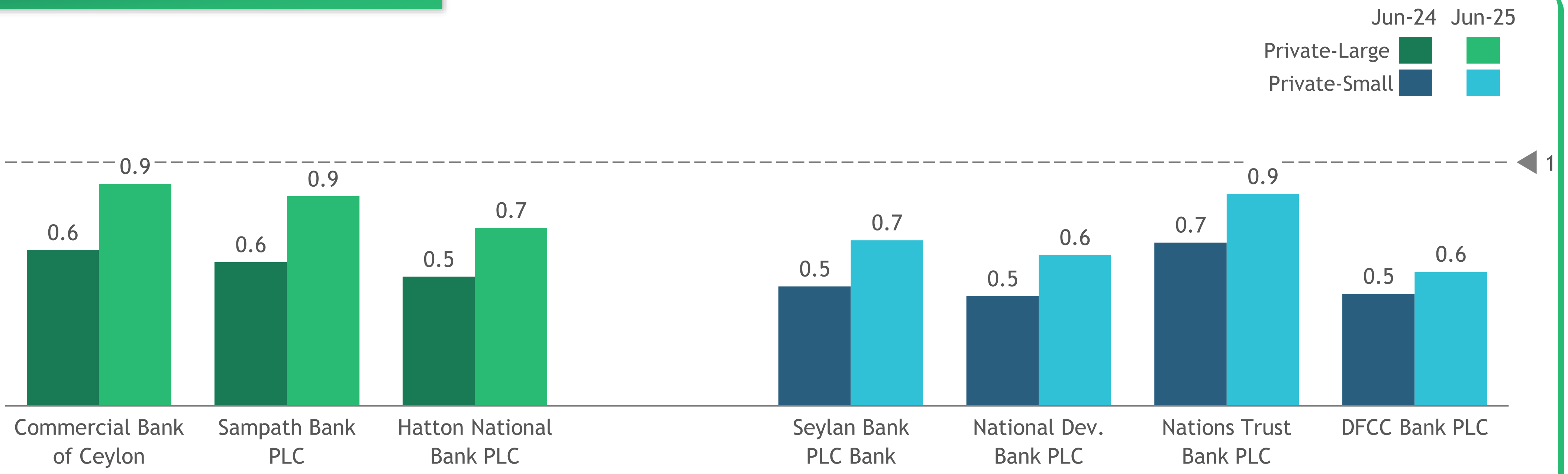


Govt. Banks — Large Pvt. Banks — Mid-Sized Pvt. Banks — Industry

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

P/B ratios rise to 0.7–0.9x as market caps more than double YoY, reflecting improved market confidence

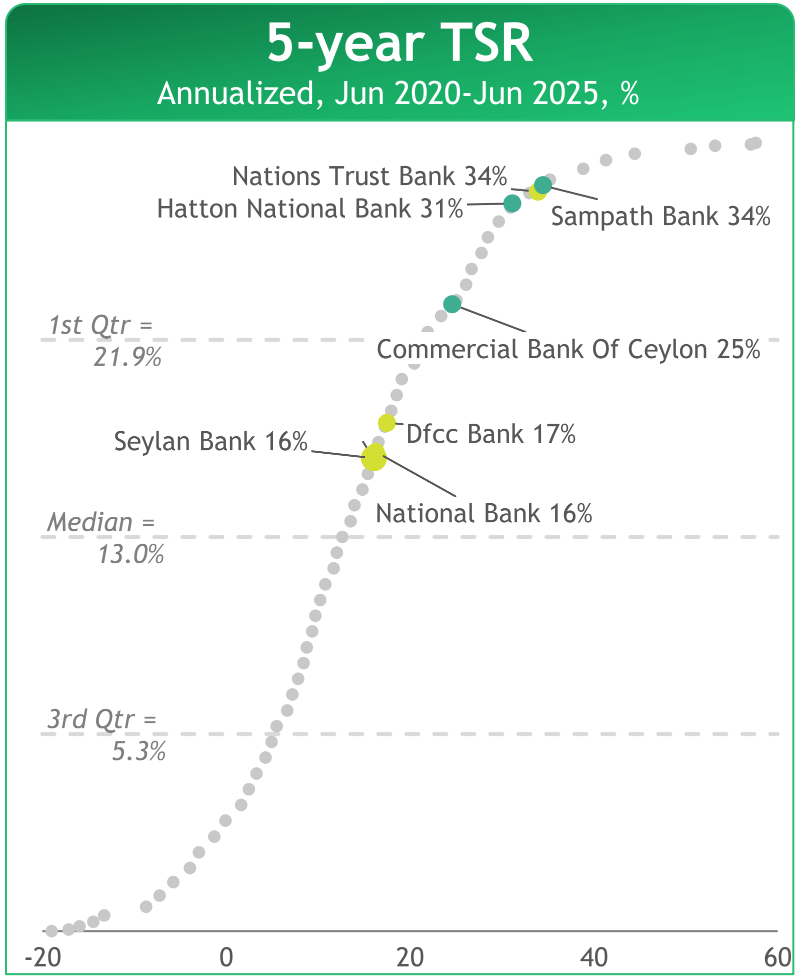
Price/Book for Private Banks

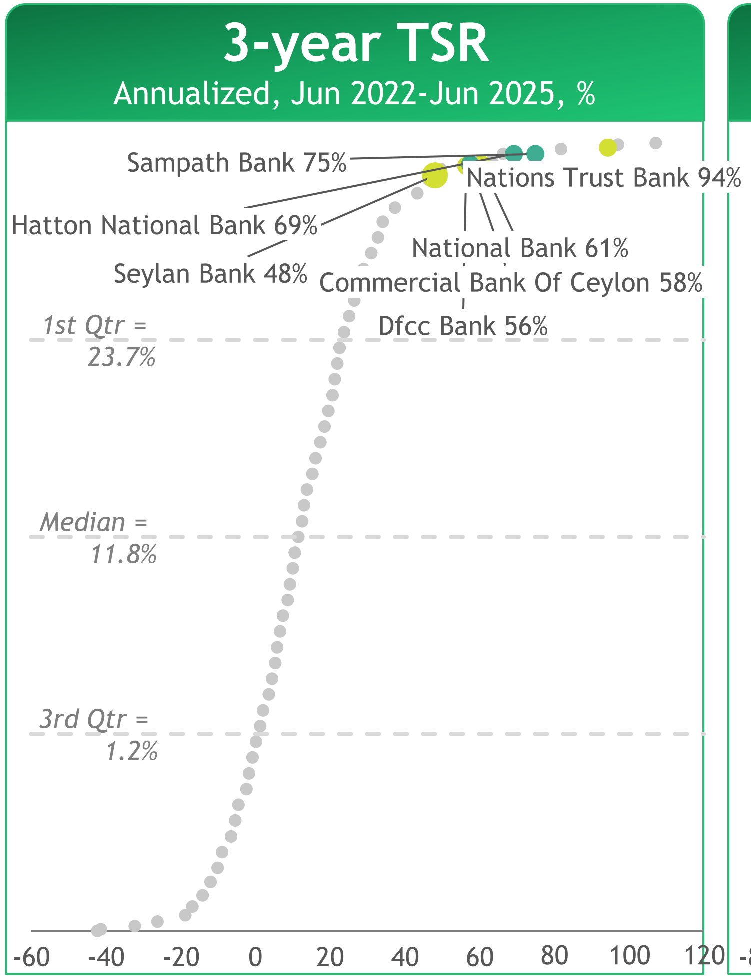


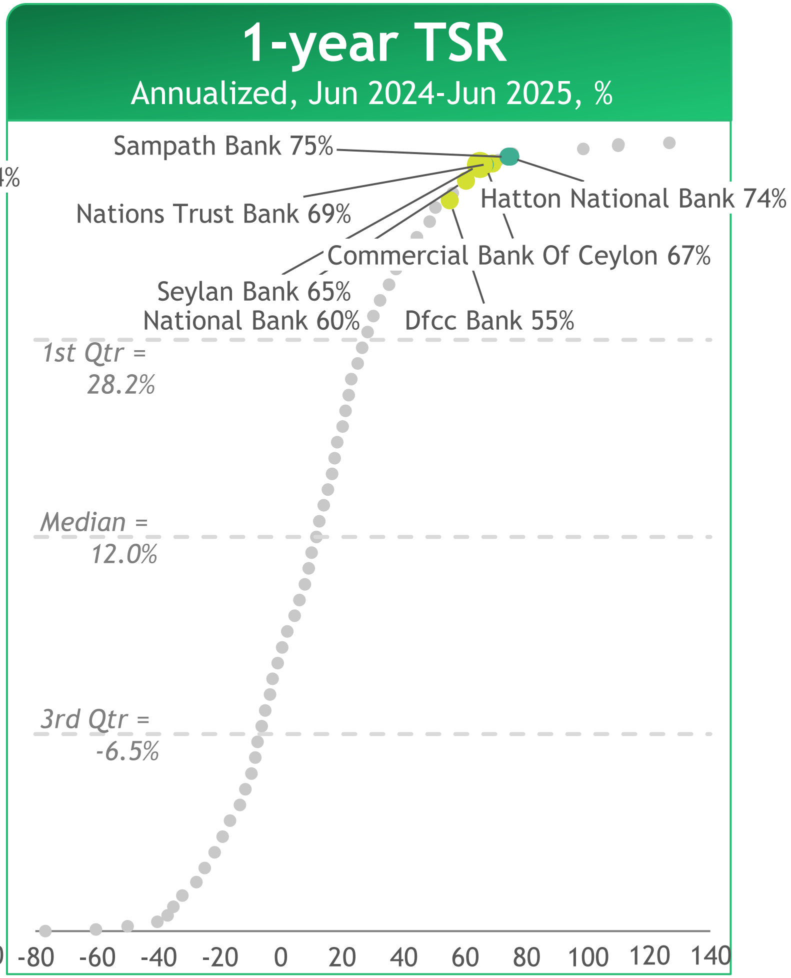
	Commercial Bank of Ceylon	Sampath Bank PLC	Hatton National Bank PLC	Seylan Bank PLC Bank	National Dev. Bank PLC	Nations Trust Bank PLC	DFCC Bank PLC
Market Cap[1] (LKR Billion)	279	168	208	53	60	82	67
Return since Jun '24 (%)[2]	126%	94%	111%	111%	110%	105%	121%

1. Pricing as of the filing date of the balance sheet period end date (i.e June 2025), 2.Return refer to YoY change in Market Cap
Source: Capital IQ, BCG Analysis

Both Large and Mid Sized Pvt. Banks have created significant value over last 3 & 1 yrs



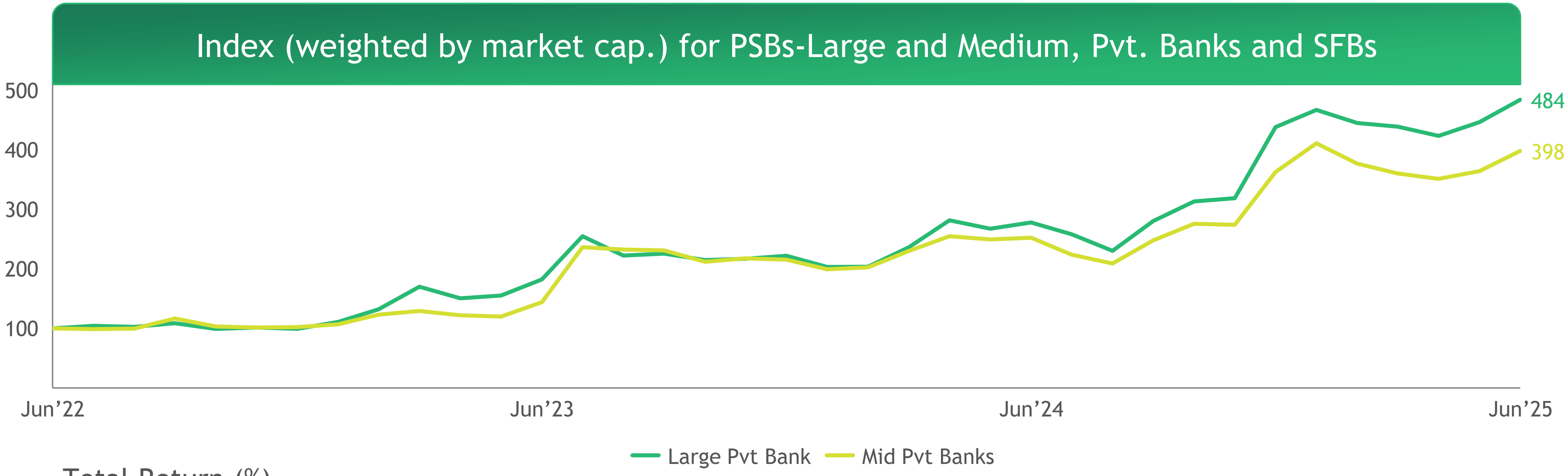




Large Pvt. Banks Mid Sized Pvt. Banks

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

Similar trend observed in bank category wise returns; Large Pvt. Banks outperformed in last 1 yr



Total Return (%)

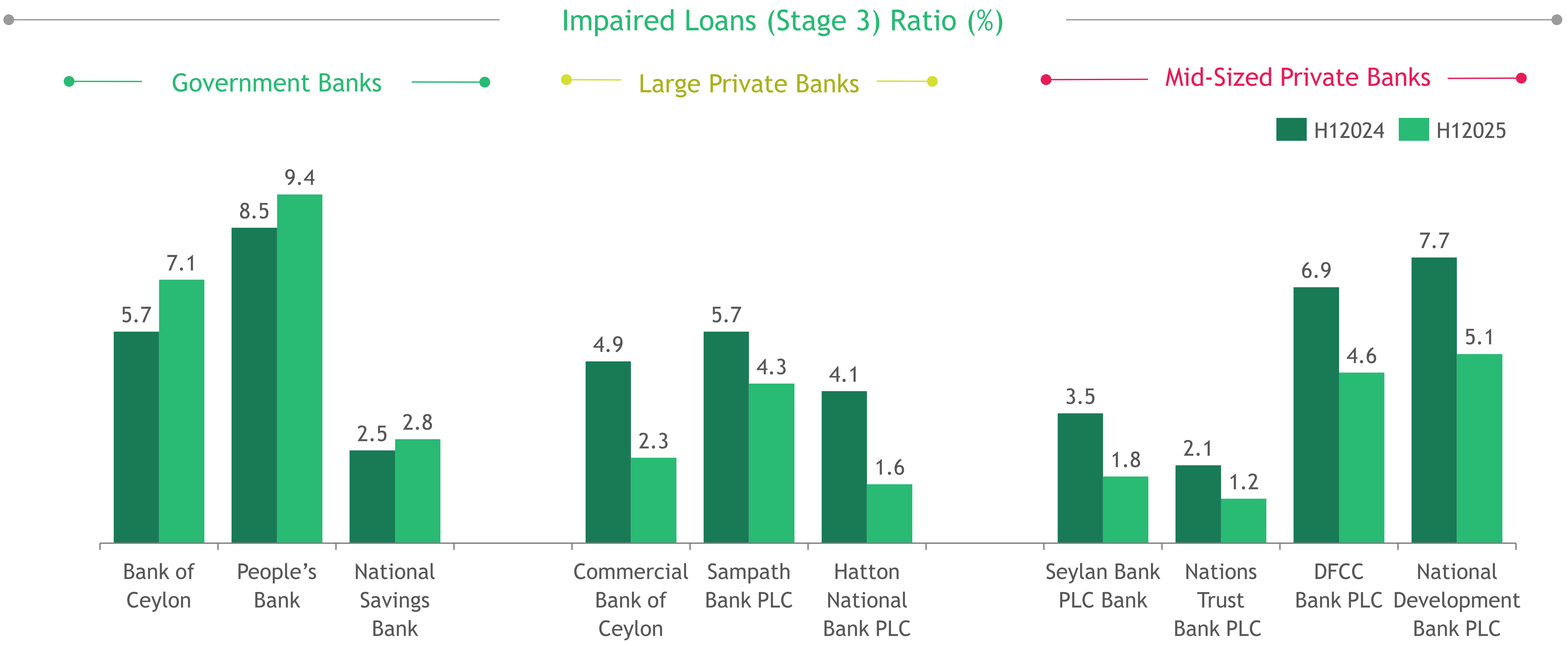
	Large Pvt. Banks	Mid Sized Pvt. Banks
3-Yr Return	384.4%	298.3%

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 June 2021 to June 2025 (Indexed to 100)
Source: Capital IQ; BCG ValueScience Center

Banking sector overview

Improvement in asset quality led by Private banks; Government banks continue to face pressure

Select Banks

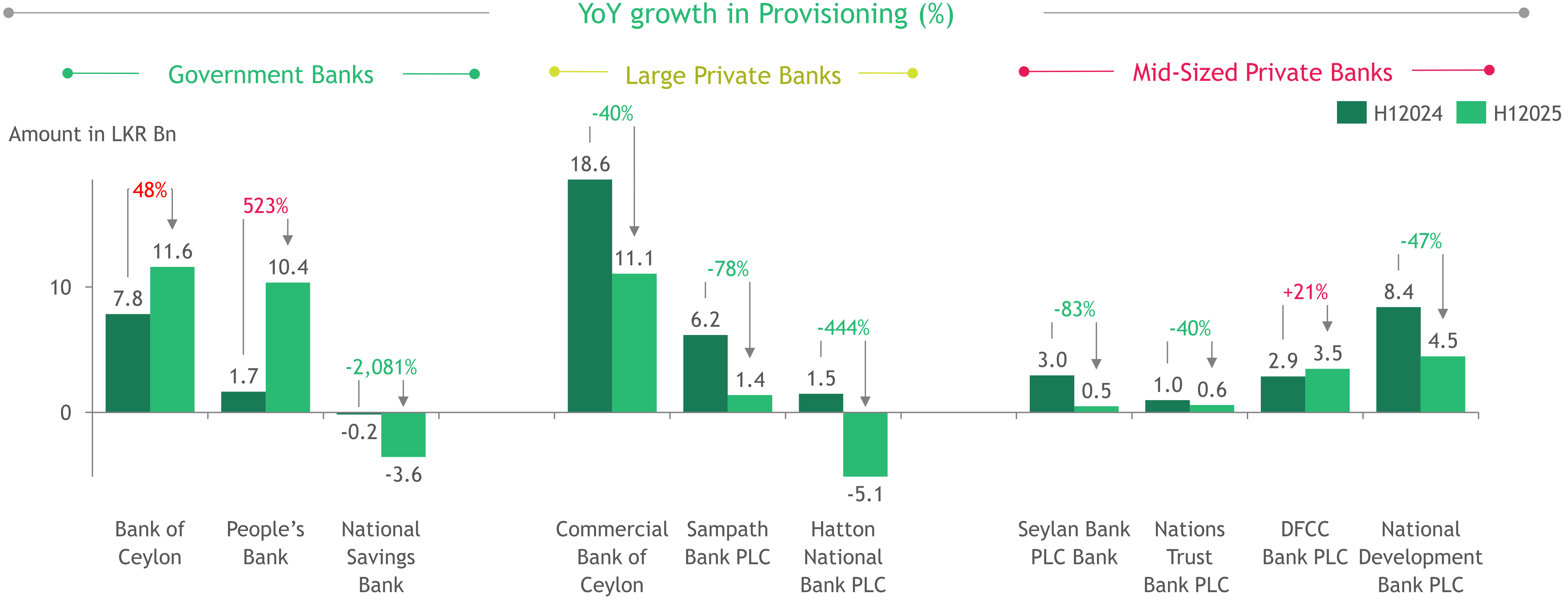


Source: Annual Report, BCG Analysis

Impairment provisioning declined YoY for most banks in H1CY25

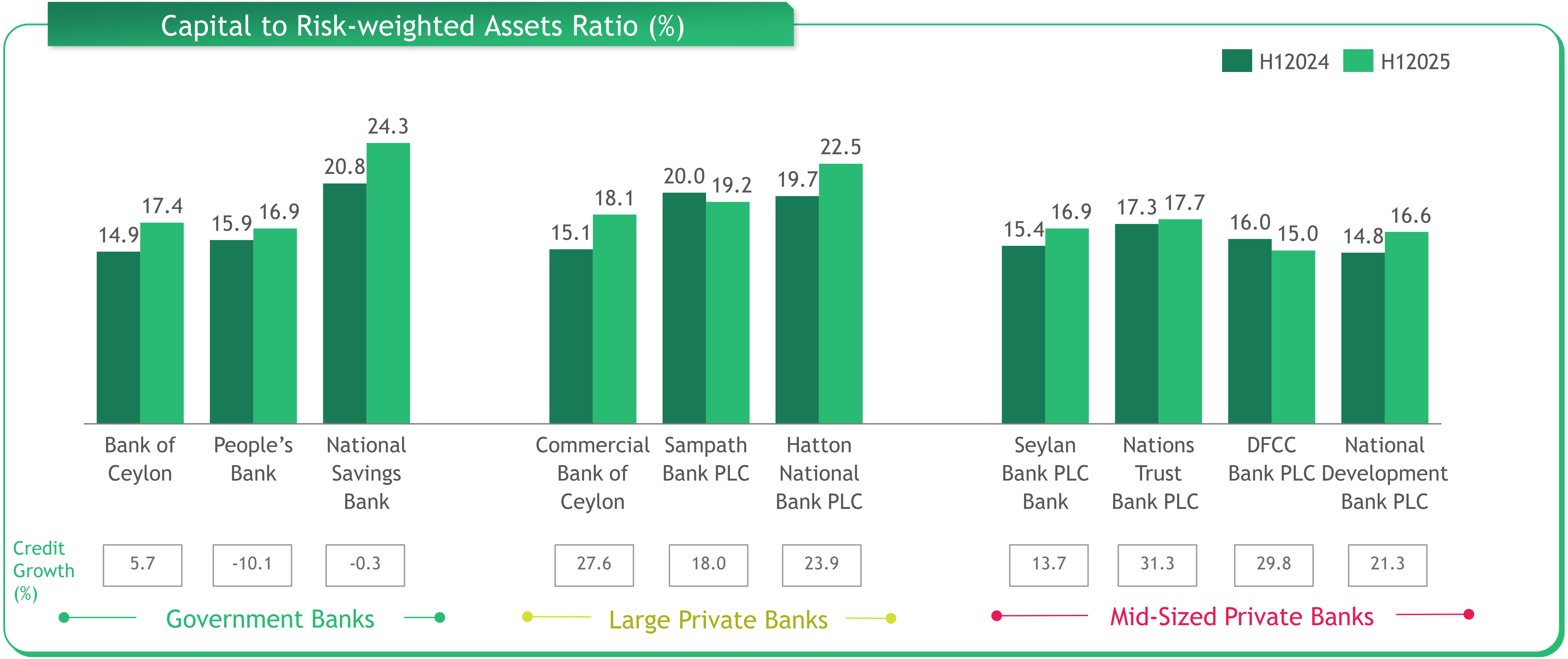
BOC and People's bank saw sharp increase of 48% & 523% respectively

Select Banks



Source: Annual Report, BCG Analysis

Capital buffers strengthen across banks, supported by improved profitability and moderate credit growth

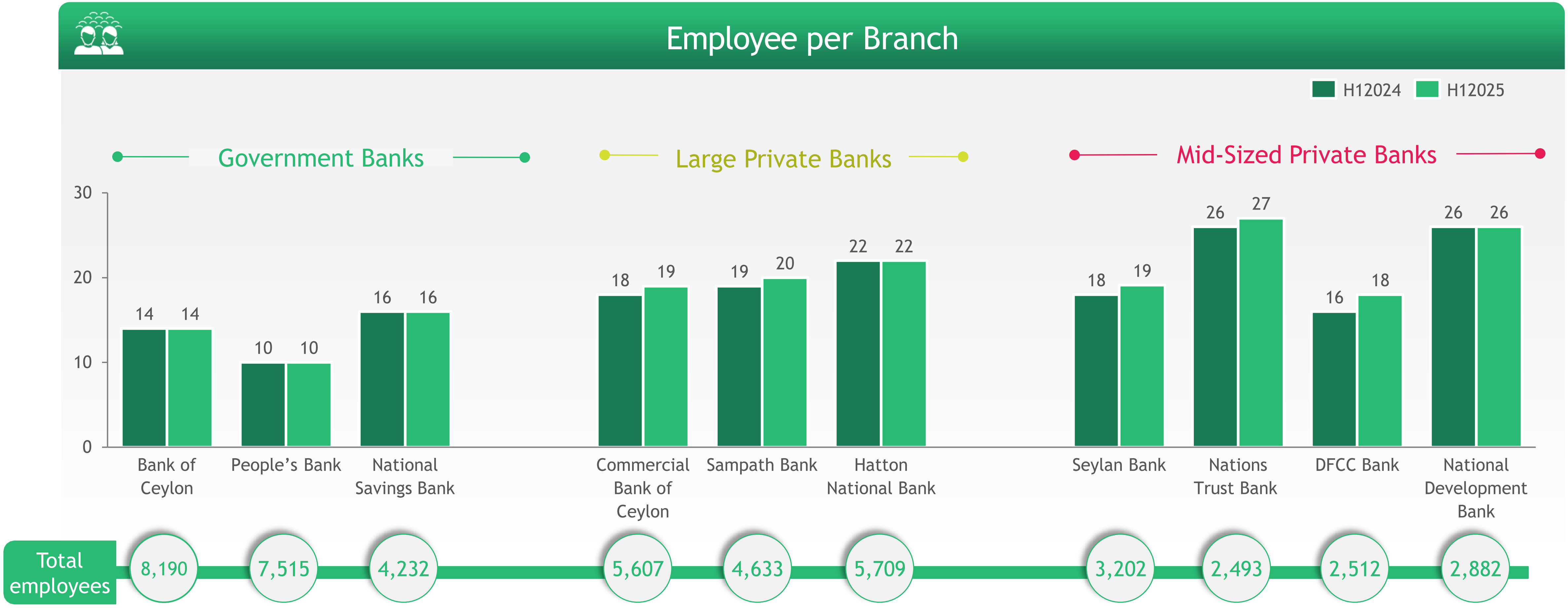


Source: Annual Report, Investor presentation, BCG Analysis

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

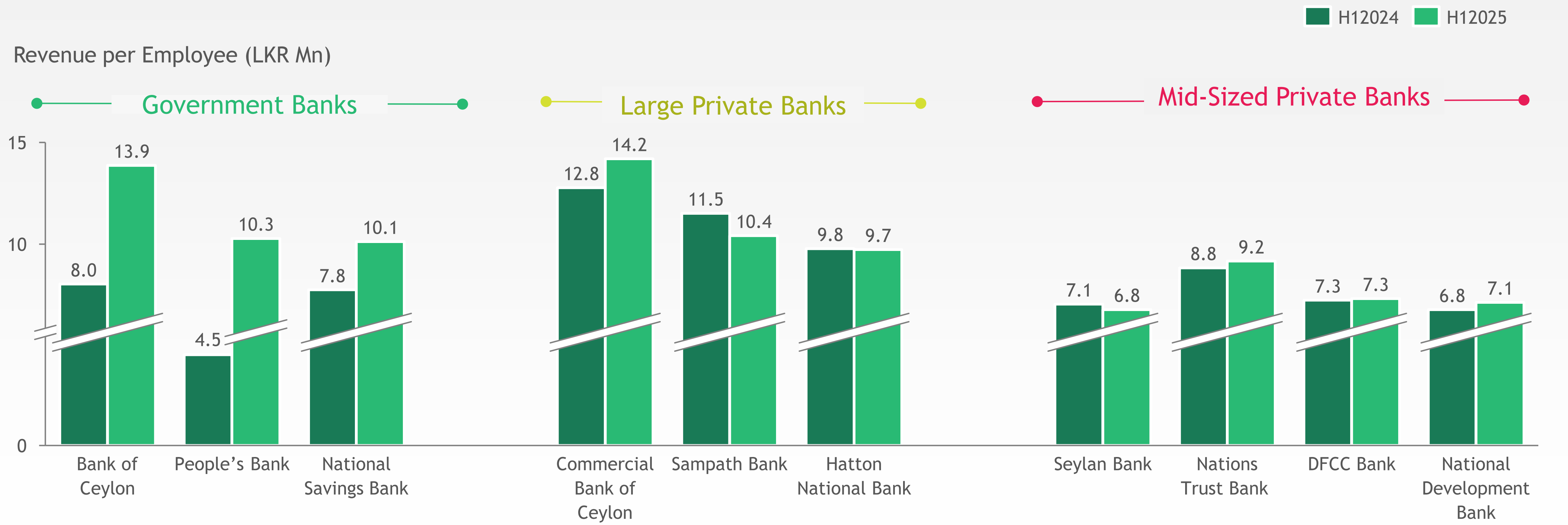
Banking sector workforce: Employees per branch across segments



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 across banks, driven by strong gains in state-owned lenders

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



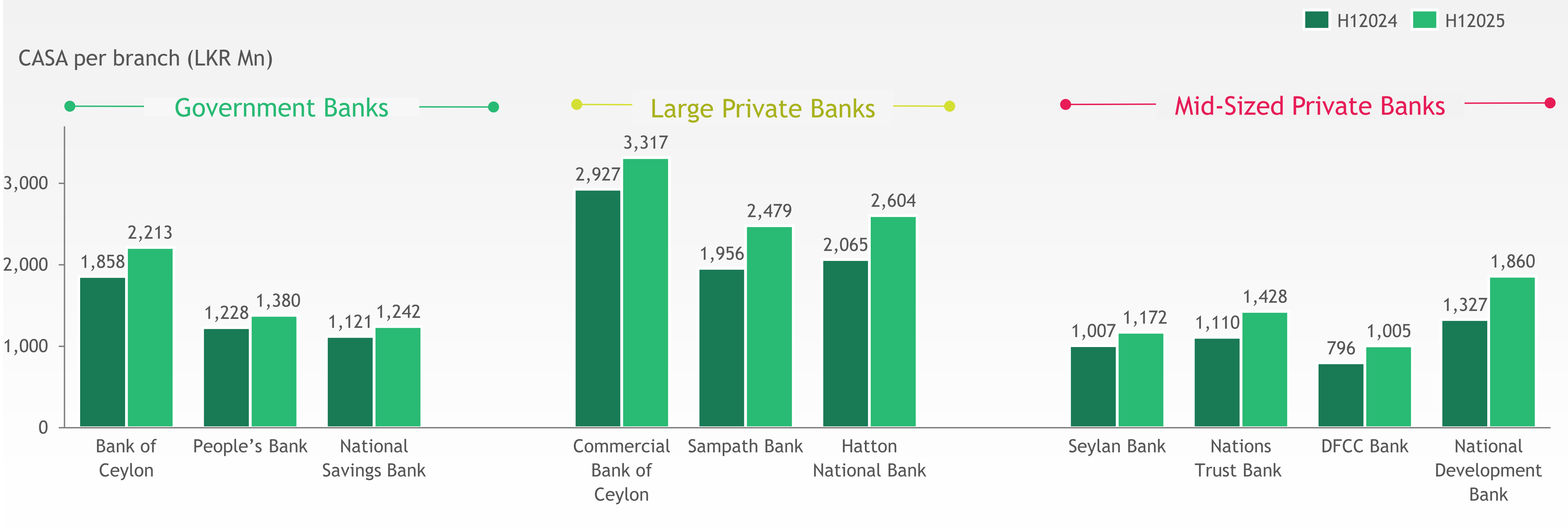
1. NII + Net fee and commission income is considered as Revenue

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

Rising CASA productivity underscores operational efficiency gains across the banking sector

Branch Productivity (CASA per branch)

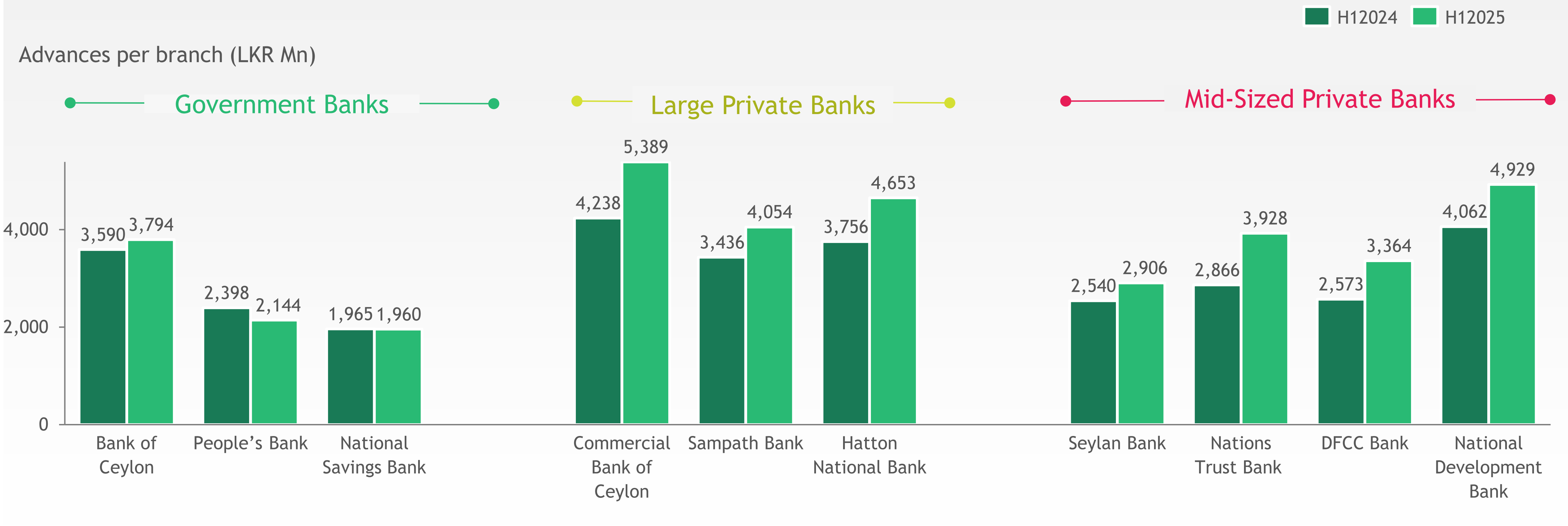


1. Analysis has been made based on 3 Government Banks, 3 Large Private Banks and 4 Mid-Sized Private Bank

Source: Annual reports, BCG analysis

Branch productivity strengthens further, supported by higher credit activity

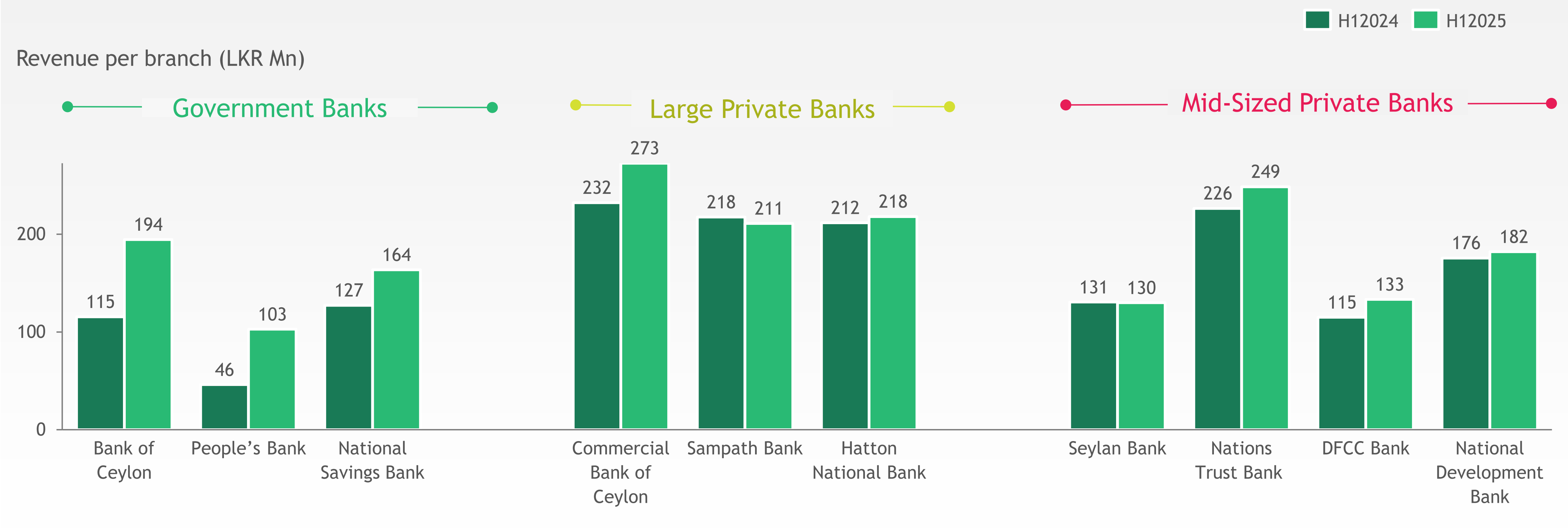
Branch Productivity (Advances per branch)



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

Higher branch revenue reflects improved business volumes

Branch Productivity (Revenue[1] per branch)



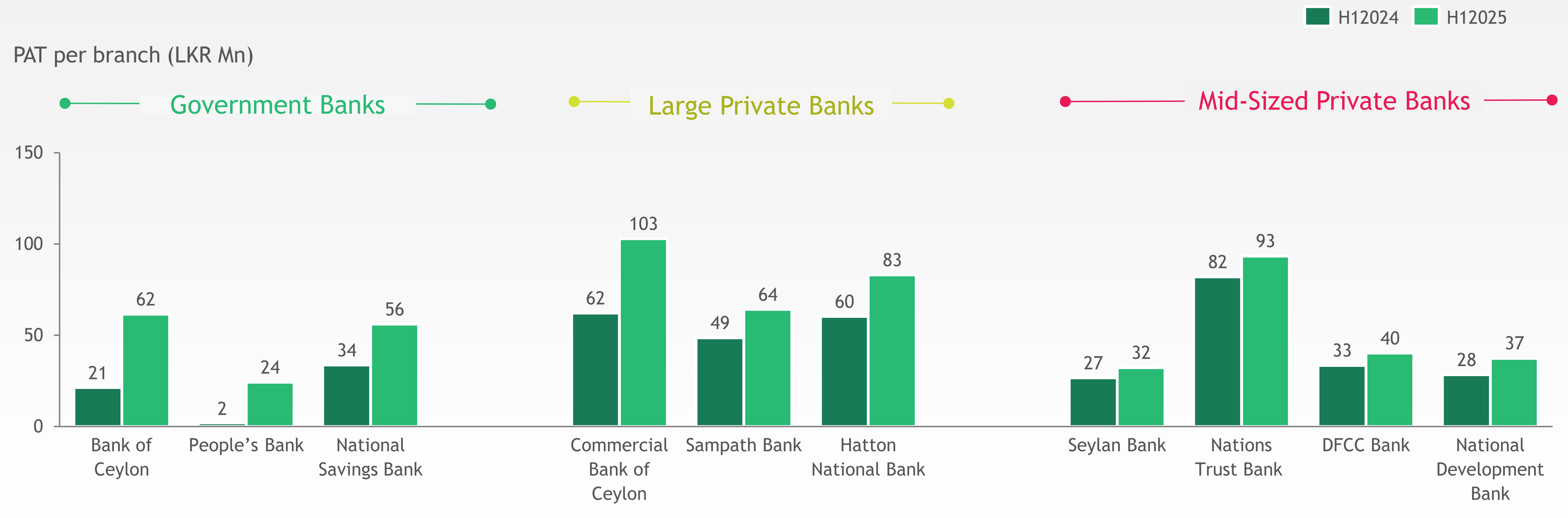
1. NII + Net fee and commission income is considered as Revenue

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

Digital Performance

Website traffic disparities	• Sampath Bank (521.9K visits), Commercial Bank (488.9K), and Bank of Ceylon (477.3K) lead in website traffic. • NDB Bank (89.6K visits) and Seylan Bank (164.9K) are at the lower end, reinforcing a wide traffic gap between the banks.
SEO & organic search as the primary traffic driver	• Organic search contributes over 36 to 67% of total traffic for most banks—Seylan (67%), Sampath (62%), and Nations Trust (36%) show strong SEO reliance. • Branded traffic dominates across banks, ranging from 69% (HNB) to 93% (DFCC, Sampath) – showing strong loyalty but limited reach among new users.
Low dependence on paid search & social media	• Paid Search accounts for ≤ 5% of traffic across all banks—signaling low investment in PPC campaigns. • Social media also contributes minimally (0–5%), indicating weak social engagement strategies.
Mobile-First banking strategy is strong, but engagement data is missing	• Highest Monthly App Downloads: People's Bank (1.94M), Commercial Bank (1.75M), HNB (1.19M). • Engagement Leaders (Avg. sessions/user): NDB Bank (41.7) and HNB Bank (29.9), despite low user base—suggesting niche but active users. • Top MAUs: Sampath Bank (676K) and DFCC (607K) demonstrate strong reach, with HNB (211K) and People's Bank (204K) also significant.
High dependency on branded search	• Organic Keywords leadership: BOC (20K), Sampath (19.1K), and Commercial Bank (17K) lead in organic keyword volume, dominating search visibility. • Low rankings in top positions: Across banks, only 2.3%-8.7% of keywords rank in the top 1–3 positions. This shows most banks have <10% of keywords in top 3 results, signaling substantial room to strengthen SEO ranking performance.

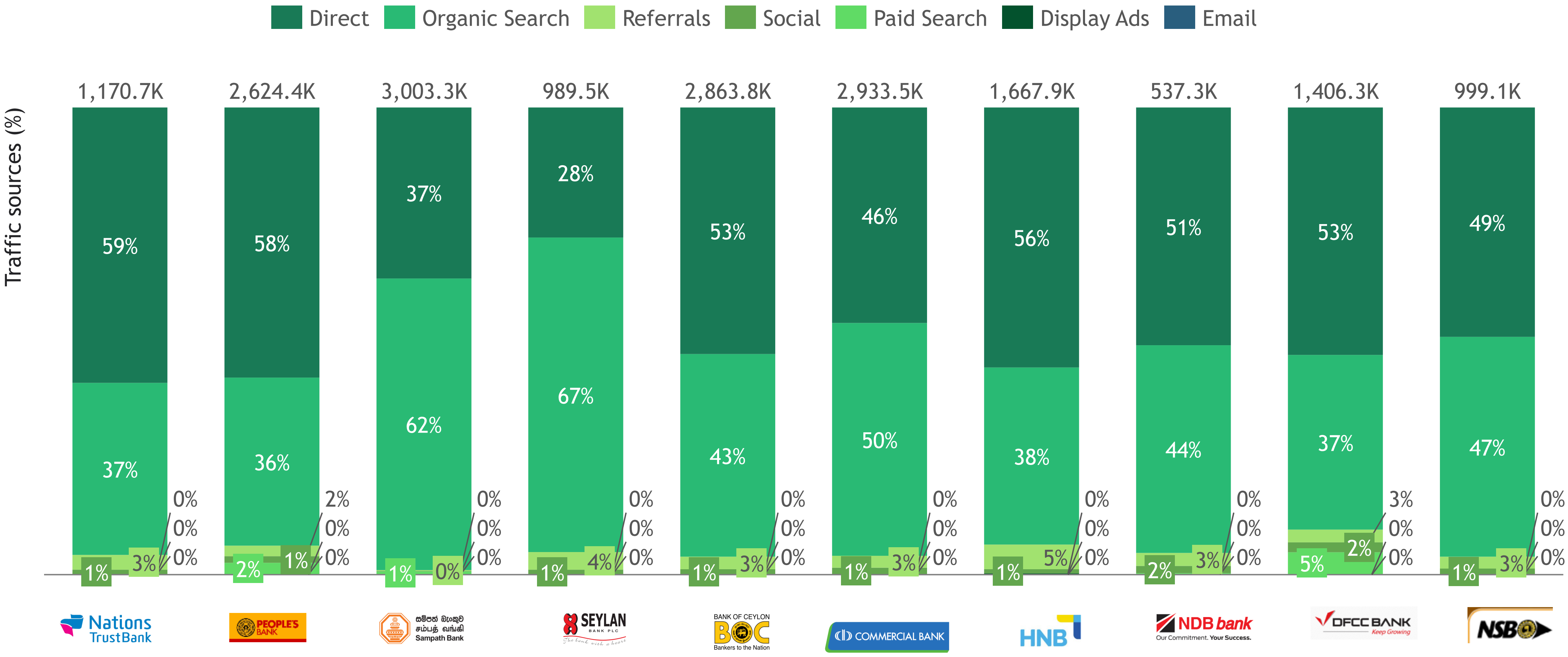
Source: Central bank of Sri Lanka, Press search

High Disparity in Website Traffic | Sampath, Commercial & BOC lead with ~1.5M+ Combined Monthly Visits

		Nations TrustBank	PEOPLE'S BANK	Sampath Bank	SEYLAN BANK PLC	BOC	COMMERCIAL BANK	HNB	NDB bank	DFCC BANK	NSB
Traffic metrics	Monthly Visits	195.12 K	437.40 K	521.99 K	164.92 K	477.30 K	488.91 K	277.97 K	89.55 K	234.87 K	166.52 K
	Monthly Unique Visitors	61.49 K	147.44 K	229.93 K	76.50 K	167.642	218.98 K	80.79 K	39.20 K	89.93 K	68.03 K
	Visits per Unique Visitor	3.17	2.97	2.27	2.16	2.85	2.23	3.44	2.28	2.61	2.45
User Behavior	Visit Duration (mm:ss)	05:05	04:35	01:53	01:37	04:48	01:40	03:55	02:58	04:51	03:04
	Pages per Visit	4.31	7.97	2.67	2.38	5.13	2.58	4.85	4.69	5.27	6.13
	Bounce Rate (%)	37.76	27.51	55.83	61.63	27.85	45.67	25.46	35.44	37.2	33.48

Source: Similarweb – Jan-Jun2025; worldwide

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



Source: Similarweb - Jan - Jun 2025

Organic Search Performance | High Branded Reliance with Limited Non-Branded Reach — <9% of Keywords in Top 3

	Nations TrustBank	People's Bank	Sampath Bank	Seylan	BOC	Commercial Bank	HNB	NDB bank	DFCC Bank	NSB
Authority Score	40	45	52	42	46	49	45	40	41	42
Organic Search Traffic (K)	95 K	311.8 K	1.4 M	160.7 K	645.5 K	691.1 K	481.9K	91.5 K	100.8 K	199.7 K
Organic Keywords (K)	3.3 K	12.2 K	19.1 K	9 k	20 K	17 K	1.7 K	3.7 K	9.3 K	6.3 K
Backlinks (K)	11.7 K	42.2 K	23.9 K	632.4 K	126.1 K	38.5 K	46.2 K	22.9 K	34.6 K	8.9 K
Referring Domains (#)	882	1.3 K	1.9 K	1.3 K	2 K	1.5 K	1.2 K	1 K	1.1 K	1.2 K
Branded Traffic (%)	84.4	72	93	77	72	79	69	93	78	87
Keywords Position 1-3 (% & No of KW)	5.9% (196)	4.7% (580)	3.6% (691)	2.8% (255)	4.9% (982)	5.5% (948)	8.7%(149)	5.3% (200)	2.3% (221)	5% (322)
Keywords Position 4-10 (% & No of KW)	11.9% (396)	9% (1.1K)	6%(1.1 K)	9.1%(838)	7.8% (1.5K)	8.6% (1.4K)	10.6% (181)	6.7% (250)	6.1% (572)	9% (580)

Source: Semrush, Domain Overview. June 2025; Sri Lanka

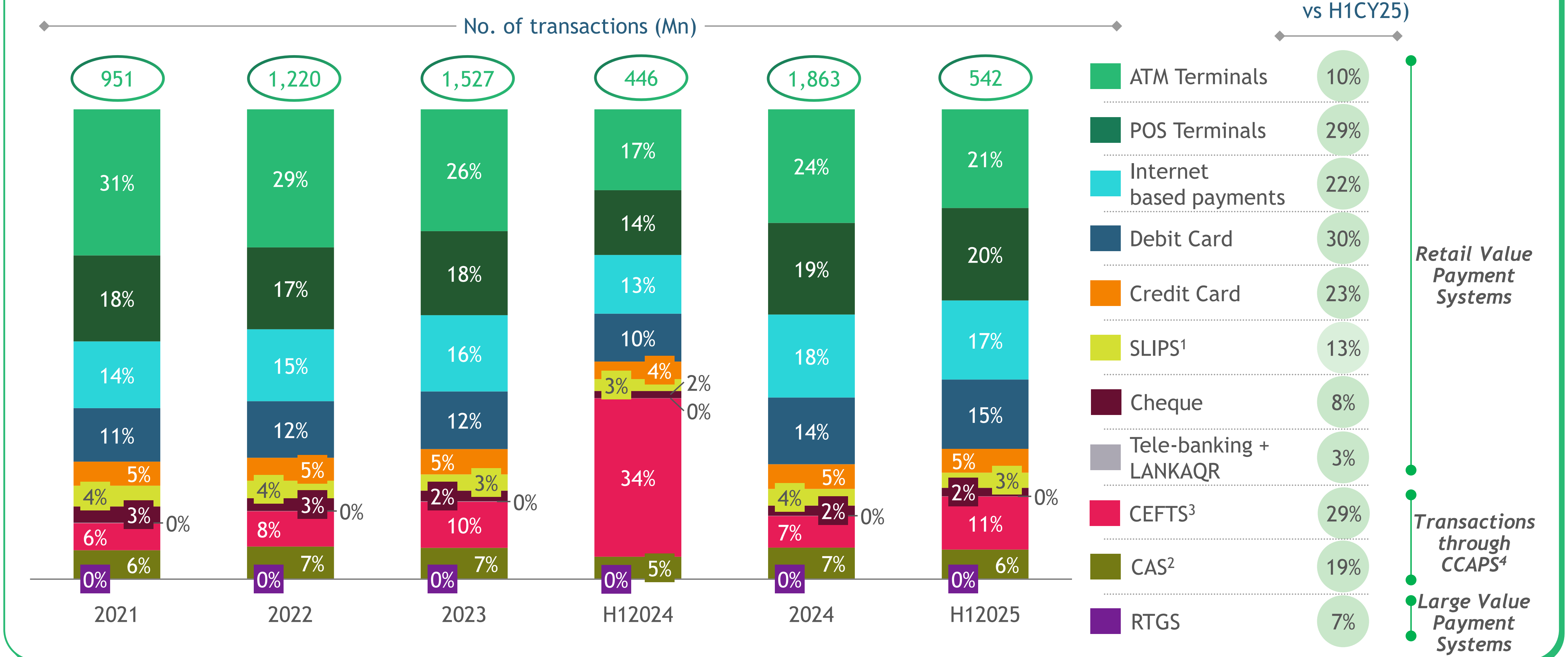
Mobile App Performance I People's, ComBank & HNB Lead in Downloads; Sampath & DFCC Dominate Active Users but Engagement Remains Uneven

	Acquisition		Engagement			
	Cumulative Downloads[1]	Monthly Downloads (in 000's)	Monthly Active Users (in 000's)	Daily Active Users(in 000's)	Monthly Open Rate	Monthly Avg Sessions / User[2]
Nations TrustBank	19	217	N/A	2.8	N/A	N/A
PEOPLE'S BANK	251	1944	204	27	8.47	14.9
Sampath Bank	191	635	676	26	42.08	26.4
SEYLAN BANK PLC	39	321	126	37	19.15	13.88
BANK OF CEYLON BOC	380	380	184	11	31.44	15.14
COMMERCIAL BANK	226	1749	128	25	3.75	25.92
HNB	159	1186	211	24	9.97	29.85
NDB bank	26	271	13	3	3.55	41.69
DFCC BANK	57	81	607	12	91.98	22.78
NSB	87	795	140	31	9.53	15.63

Source: Data.ai; Jan-Jun 2025, Sri Lanka 1. Downloads since the launch of each app, differs peers to peer 2. Average number of sessions per monthly active user

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

Split of Payment transaction (%) by volume



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 (e.g. 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: e.g. 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

Banking sector overview

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

Annual player performance

Select Banks

	Bank	Period	Advances[3] LKR Tn	Change	Deposits LKR Tn	Change	CASA Ratio (%)	Change	NIM[1] (%)	Change	CIR[2] (%)	Change	Stage 3 Loans Ratio(%)	Change	ROA[1] (%)	Change
Govt. Banks	Bank of Ceylon (BOC)	H1CY25	2.2	▲ 6%	4.4	▲ 16%	29%	▲ 88 bps	4.0%	▲ 140 bps	28%	▼ 1690 bps	7.1%	▲ 145 bps	1.4%	▲ 83 bps
		H1CY24	2.1		3.8		28%		2.6%		45%		5.7%		0.6%	
	People's Bank	H1CY25	1.6	▼ 10%	3.1	▲ 12%	33%	▲ 35 bps	4.0%	▲ 226 bps	41%	▼ 3846 bps	9.4%	▲ 88 bps	1.1%	▲ 96 bps
		H1CY24	1.8		2.8		33%		1.8%		80%		8.5%		0.1%	
	NSB National Savings Bank	H1CY25	0.5	▼ 0.3%	1.6	▲ 5%	21%	▲ 99 bps	4.7%	▲ 86 bps	38%	▼ 463 bps	2.8%	▲ 33 bps	1.6%	▲ 61 bps
		H1CY24	0.5		1.5		20%		3.8%		42%		2.5%		1.0%	
Large Pvt.	Commercial Bank	H1CY25	1.6	▲ 28%	2.4	▲ 14%	40%	▼ 4 bps	4.6%	▲ 21 bps	28%	▼ 403 bps	2.3%	▼ 260 bps	2.1%	▲ 67 bps
		H1CY24	1.2		2.1		40%		4.4%		32%		4.9%		1.4%	
	Sampath Bank	H1CY25	0.9	▲ 18%	1.6	▲ 19%	36%	▲ 216 bps	4.2%	▼ 101 bps	40%	▲ 240 bps	4.3%	▼ 144 bps	1.6%	▲ 19 bps
		H1CY24	0.8		1.3		33%		5.2%		37%		5.7%		1.4%	
	HNB	H1CY25	1.2	▲ 24%	1.9	▲ 17%	36%	▲ 259 bps	4.2%	▼ 50 bps	38%	▲ 186 bps	1.6%	▼ 250 bps	1.9%	▲ 37 bps
		H1CY24	1.0		1.6		33%		4.7%		36%		4.1%		1.6%	
Mid-Sized Pvt.	NDB bank	H1CY25	0.6	▲ 21%	0.7	▲ 12%	30%	▲ 596 bps	4.0%	▼ 31 bps	41%	▲ 629 bps	5.1%	▼ 261 bps	1.0%	▲ 16 bps
		H1CY24	0.5		0.6		24%		4.3%		35%		7.7%		0.8%	
	Seylan Bank PLC	H1CY25	0.5	▲ 14%	0.7	▲ 11%	30%	▲ 121 bps	4.5%	▼ 69 bps	49%	▲ 408 bps	1.8%	▼ 174 bps	1.4%	▲ 12 bps
		H1CY24	0.4		0.6		29%		5.2%		45%		3.5%		1.3%	
	DFCC Bank	H1CY25	0.5	▲ 30%	0.5	▲ 20%	26%	▲ 108 bps	4.1%	▼ 23 bps	38%	▼ 32 bps	4.6%	▼ 227 bps	1.5%	▲ 3 bps
		H1CY24	0.4		0.4		25%		4.3%		38%		6.9%		1.5%	
	Nations TrustBank	H1CY25	0.4	▲ 31%	0.4	▲ 27%	29%	▼ 101 bps	6.3%	▼ 74 bps	31%	▼ 22 bps	1.2%	▼ 90 bps	2.9%	▼ 22 bps
		H1CY24	0.3		0.4		30%		7.1%		31%		2.1%		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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