



# Sri Lanka Banking Sector Roundup -CY25

APRIL 2026

# Glossary: Classification of Sri Lankan banks used in this document

## Government Banks (3 banks)



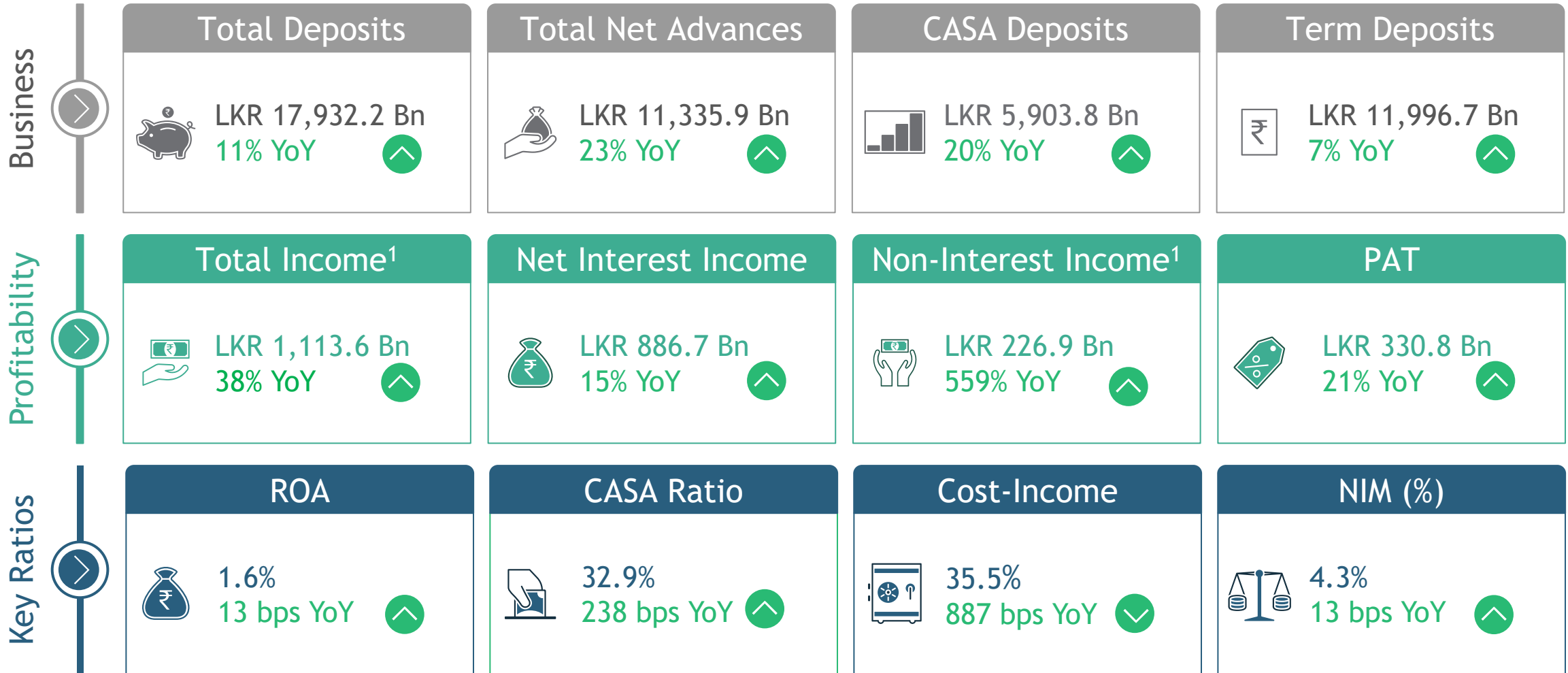
## Large Private Banks (3 banks)



## Mid-sized Private Banks (4 banks)



# CY25 results: Banking industry snapshot



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 normalized to 5.0% YoY in CY25, primarily driven by growth in services, supported by industrial activity and stabilizing financial conditions
  - GDP composition: Agriculture 8.4%, Industry 25.4%, Services 54.6%, and Taxes less Subsidies on Products 11.6%
- **Economic landscape:**
  - Agriculture expanded 1.4% YoY, industrial output grew 7.8%, and services increased 3.3% in CY25
  - Growth was led by manufacturing (6.2% YoY), construction (9.2% YoY), and mining & quarrying (16.9% YoY), highlighting continued industrial momentum



## Key Performance Indicators

- **Profitability:** The banking industry posted an 21% YoY increase in net profit (Government banks +36%, Private banks +12%) driven by margin expansion and strong non-interest income growth
  - Growth in non-interest income in CY25 is driven by a low base following one-off ISB (International Sovereign Bonds) related losses in CY24 linked to sovereign debt restructuring
  - Pre-Provisioning Operating Profit (PPOP) of government banks surged 48% YoY, while private banks recorded 72% YoY growth
- **Operational efficiency:** Cost-to-Income Ratio (CIR) improved 887 bps to 35.5%, reflecting stronger revenue growth and cost optimization across the sector

# Summary Snapshot (II/II)



## Business

- **Credit:** Robust credit growth of 23.5% YoY in CY25
  - CD ratio stood at 63.2%, up 640 bps YoY
- **Deposits:** Total deposits grew 11.0% YoY, led by strong growth in Other Deposits<sup>1</sup> (51% YoY)
  - Industry CASA Ratio: 32.9%
  - YoY Growth - CASA: 19.7%, TD: 7.1%



## NPA & Risk Mgmt.

- **Stage 3 Loans Ratio:**
  - Asset quality strengthened across Large and Mid-Sized Private Banks, while Government Banks remain elevated despite gradual improvement
- **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:**
  - Sampath Bank partnered with Apartner to digitize condominium payments in Sri Lanka, enabling real-time collections and supporting cashless urban living
  - HNB and Visa launched “HNB Accept” (tap-to-phone) in Sri Lanka, enabling micro and small merchants to accept digital payments via smartphones, expanding financial inclusion and digital commerce adoption
  - Seylan Bank enabled seamless integration with eChannelling in Sri Lanka through its open API platform, supporting real-time payments and automated reconciliation via LankaPay’s JustPay

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

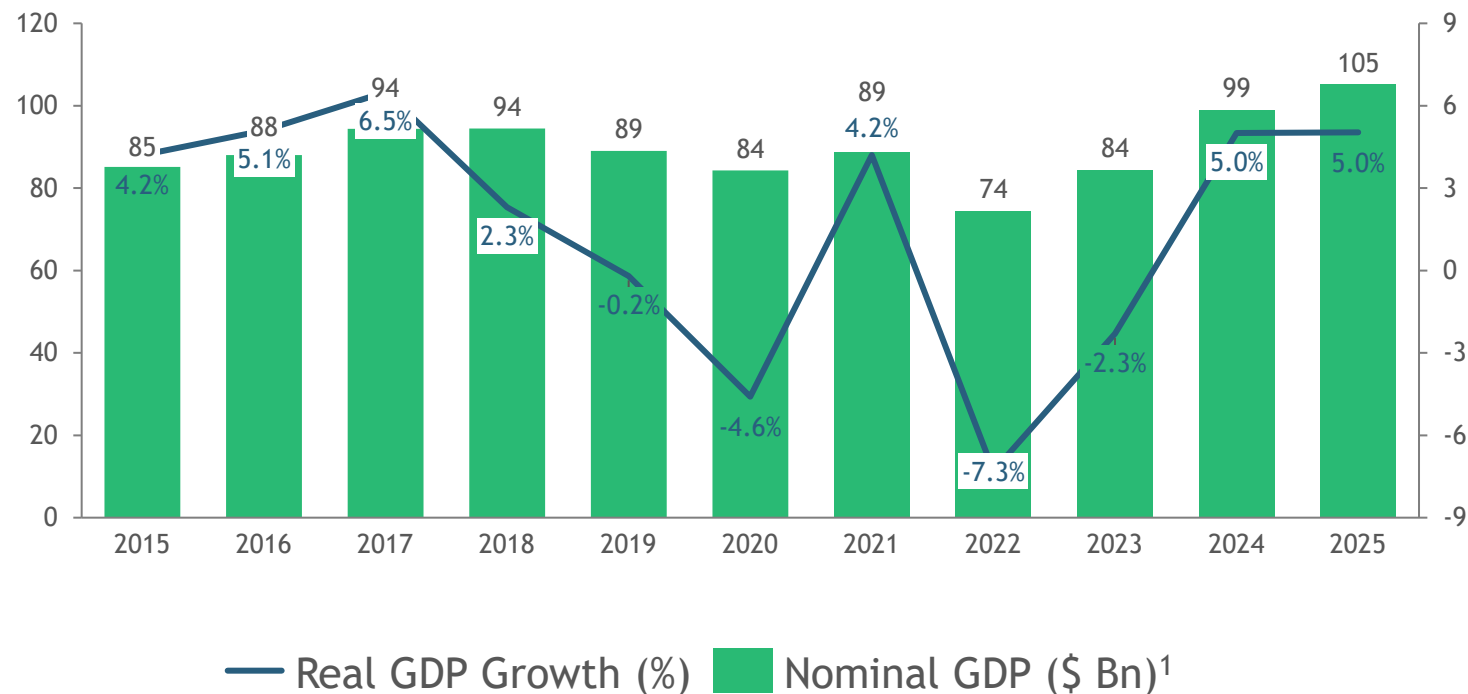


Individual Player Performance

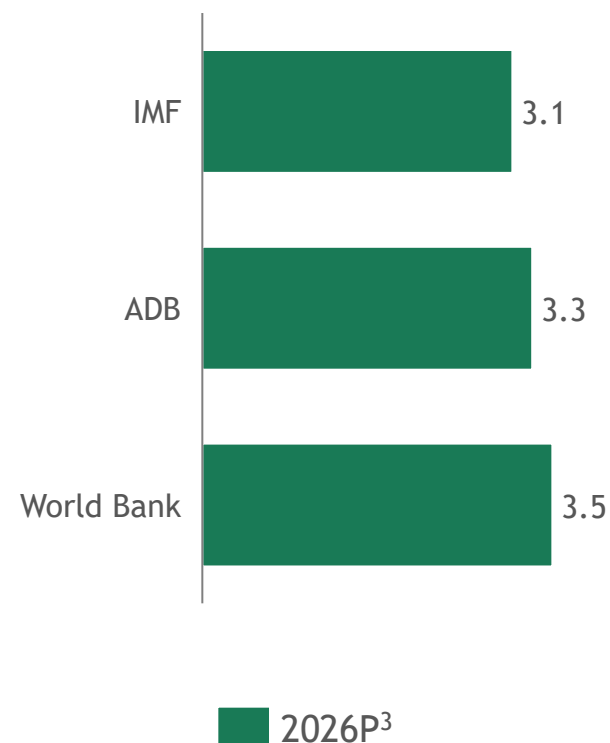


# Sri Lanka's GDP shows a strong recovery, with growth normalizing at 5.0% in CY25 post-crisis

## Gross Domestic Product (GDP)



## GDP growth forecast<sup>2</sup>



1. Nominal GDP in Billion USD 2: Forecast are likely to be revised further 3. IMF and ADB GDP growth forecasts released in Oct and World Bank forecasts released in January  
 Source: Central Bank of Sri Lanka, World Bank, BCG analysis



## Sectoral GDP Growth (%): Services remained resilient through Q4CY25, while agriculture and industry showed moderated YoY momentum



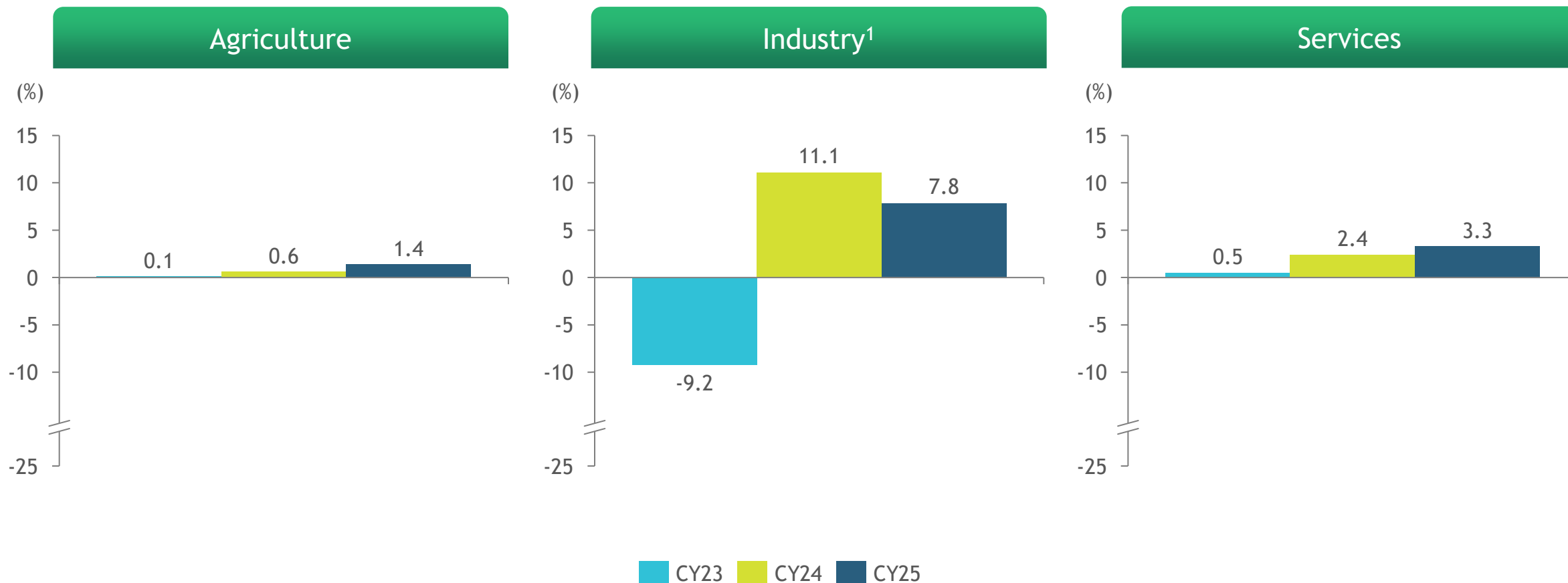
1. Industry includes Mining and quarrying; Manufacturing; Electricity, gas, steam and air conditioning supply; Water collection, treatment and supply; Sewerage, Waste collection, treatment and disposal activities; materials recovery

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

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



## Sectoral GDP Growth (%): Agriculture and service activities growth consistent in YoY, while industrial growth saw moderation in 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

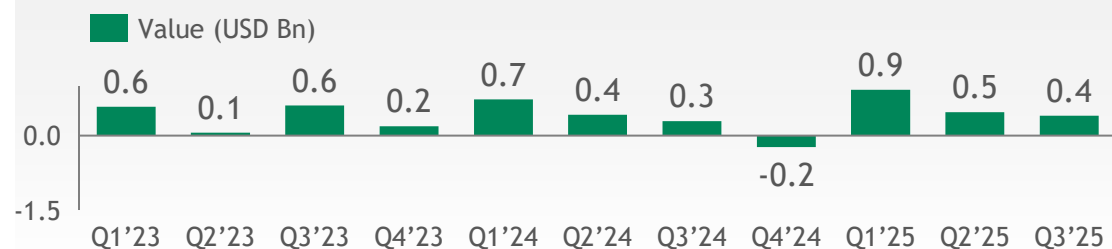
Source: Central Bank of Sri Lanka; Press Search; BCG analysis



# Macro Stability Strengthens | External buffers build as fiscal deficit narrows amid current account fluctuations

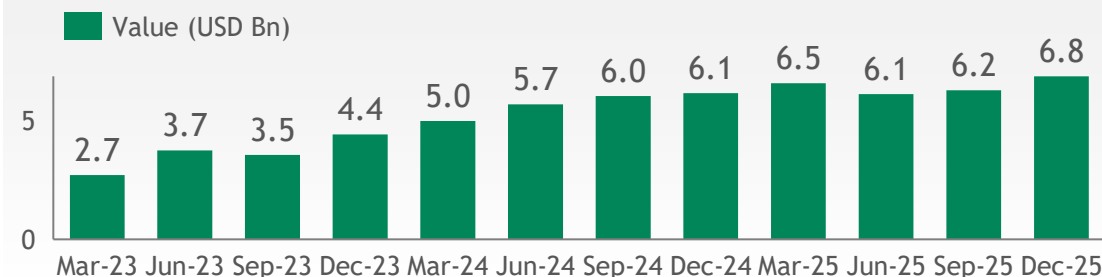
## Current Account Balance

Current account widened on stronger secondary-income surge, despite a widening goods deficit



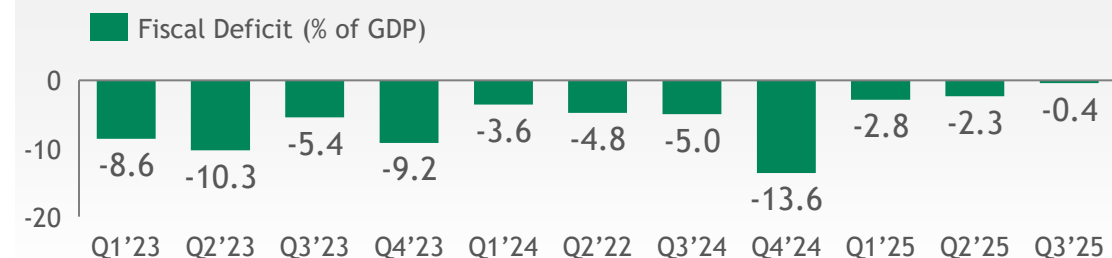
## Forex Reserves

Forex reserves strengthen, up 11.5% YoY



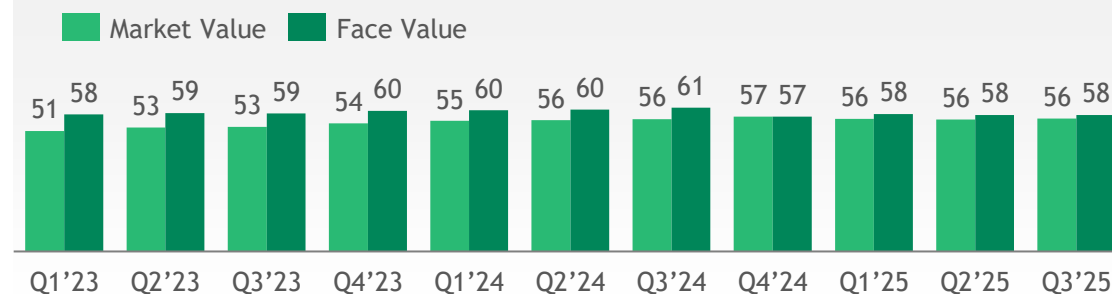
## Overall Fiscal Surplus (+)/Deficit (-)

Fiscal deficit<sup>1</sup> as (% of GDP) declined in Q3-CY25



## Gross External Debt (USD Bn)

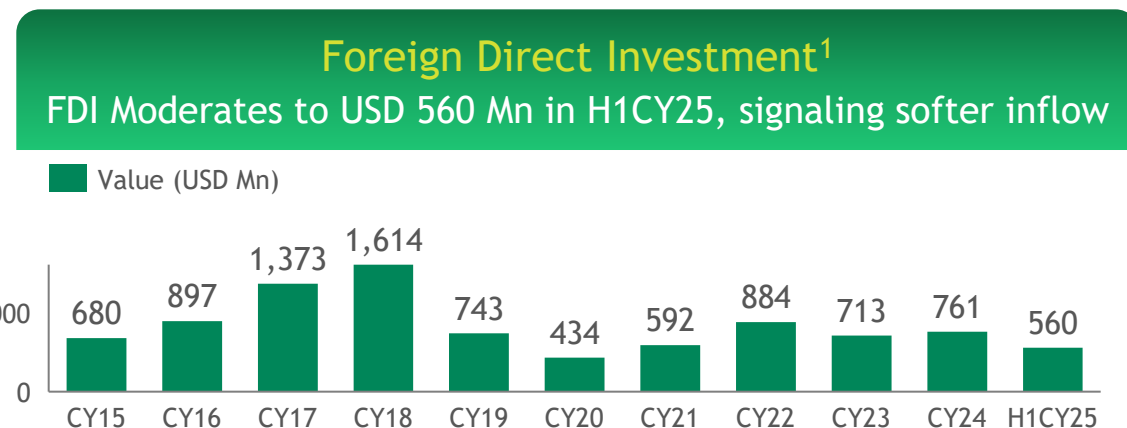
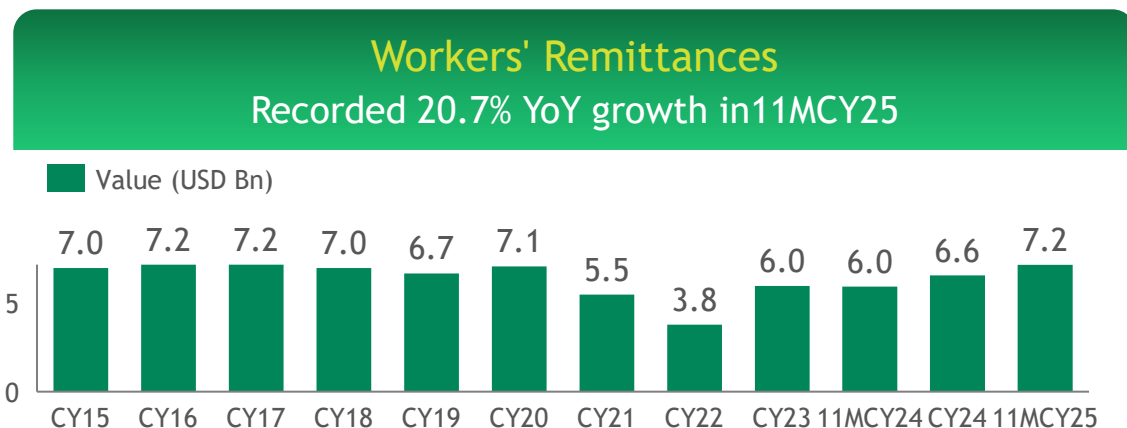
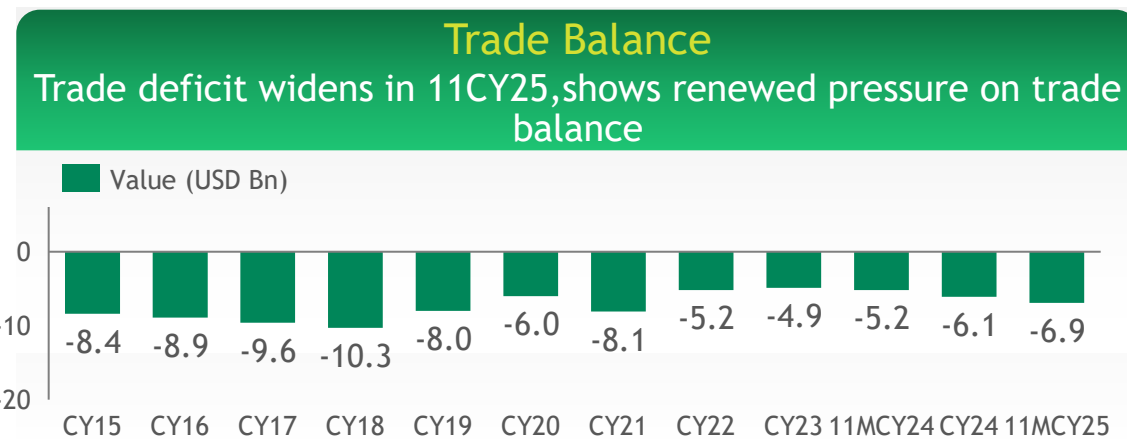
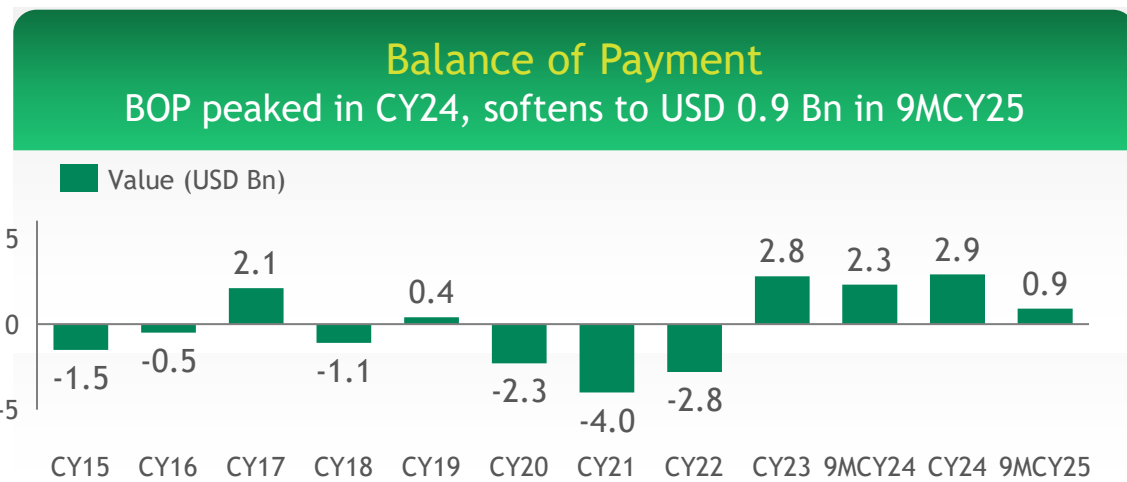
External debt remains moderate in Q3-CY25



1. Fiscal Deficit is calculated as 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



# External Position Softens | Wider trade deficit and moderating FDI offset by resilient remittances



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 quarter	
	Sept'25	Sept'24	YoY	Jun'25	QoQ
<b>Industry (Base: 2015=100)</b>					
IIP (Index)	96.5	92.9	4.7%	98.5	-2.0%
Food Products	103.8	92.6	12.1	100.3	3.5%
Manufacturing Textile	116.1	95.5	21.6	119.7	-3.0%
Non-Metallic Mineral Products	121.7	102.6	18.7	112.7	8.0%
Coke & Refined Petroleum	48.0	85.1	-43.6	109.3	-56.1%
<b>Trade &amp; Investment</b>					
Merchandise Exports (\$ Mn)	1,138	1,012	12.5%	1,142	-0.3%
Merchandise Imports (\$ Mn)	2,049	1,646	24.5%	1,682	21.8%
Services Inflow (\$ Mn)	503.1	498.3	1.0%	508.4	-1.0%
Services Outflow (\$ Mn)	322.4	305.4	5.6%	264.1	22.1%
<b>Inflation<sup>5</sup> (Base: 2021=100)</b>					
Columbo Consumer Price Index	193.7	190.9	1.5%	194.5	-0.4%
National Consumer Price Index	207.4	203.1	2.1%	208.7	-0.6%
CCPI Food Inflation	240.1	233.3	2.9%	249.3	-3.7%
CCPI Non-Food Inflation	177.1	175.8	0.7%	175.0	1.2%

	Latest Month	Vs. Last year		Vs. Last quarter	
	Sept'25	Sept'24	YoY	Jun'25	QoQ
<b>Producer Price Index (Base: 2018 Q4=100)</b>					
PPI (Index)	235.9	238.7	-1.2%	238.4	-1.2%
Agriculture	236.9	252.0	-6.0%	271.3	-12.7%
Manufacturing	239.6	240.9	-0.5%	239.0	0.3%
Electricity, Gas, Steam & Air Conditioning Supply	157.3	157.8	-0.3%	133.9	8.9%
<b>Financial Flows</b>					
CSE Inflows <sup>3</sup> (\$ Mn)	34.2	4.8	616.0%	12.6	170.7%
CSE Outflows <sup>4</sup> (\$ Mn)	49.7	6.9	621.3%	19.3	157.1%
CSE Net Flows (\$ Mn)	-15.5	-1.9	703.5%	-6.7	131.4%
G.Sec Market Net Flows (\$ Mn)	37.8	-4.9	871.4%	8.4	350.0%
<b>PMI and Tourism</b>					
Manufacturing PMI (Index)	55.4	54.1	2.4%	51.9	6.7%
Services PMI (Index) <sup>1</sup>	58.7	53.4	9.9%	61.9	-5.2%
Construction PMI (Index) <sup>2</sup>	67.6	48.6	39.1%	58.6	15.4%
Earnings from Tourism (\$ Mn)	182.9	181.0	1.0%	169.5	7.9%

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



Macro Indicators



Business: Advances & Deposits



Key Performance Indicators - Banking Sector



NPA & Risk Management



Branch Efficiency and Employee Productivity



Digital in Banking



Key Regulatory Measures



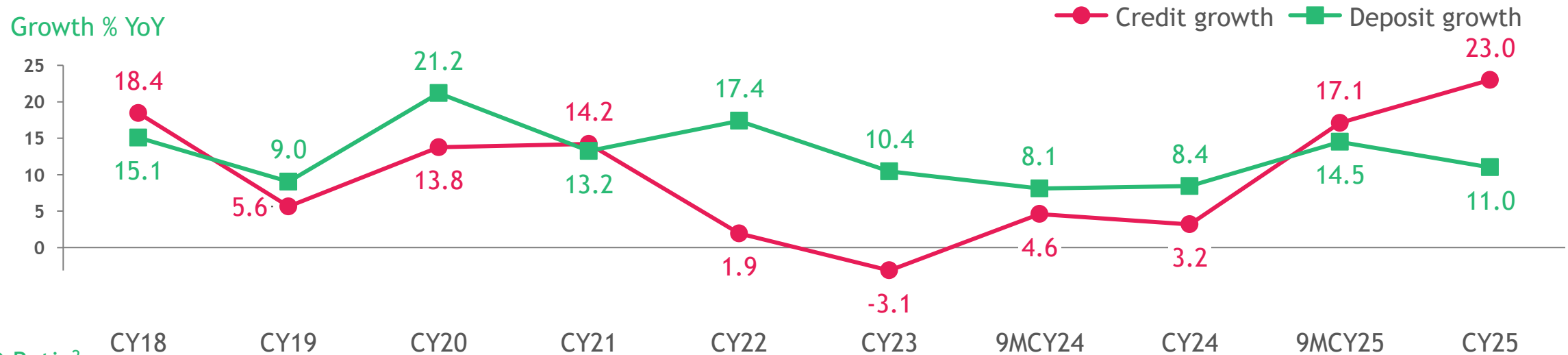
Individual Player Performance



# System shifts to credit-led recovery as credit outpaces deposits in CY25

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

## Credit<sup>1</sup> and deposit growth rate (%)



## CD Ratio<sup>2</sup>

	CY18	CY19	CY20	CY21	CY22	CY23	9MCY24	CY24	9MCY25	CY25
Govt. Banks	78%	74%	75%	75%	65%	56%	52%	49%	47%	51%
Large Pvt	91%	90%	77%	76%	66%	59%	60%	61%	69%	72%
Mid-Sized Pvt	98%	100%	90%	96%	85%	77%	78%	75%	84%	85%
Industry	86%	83%	78%	78%	68%	60%	58%	57%	60%	63%

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

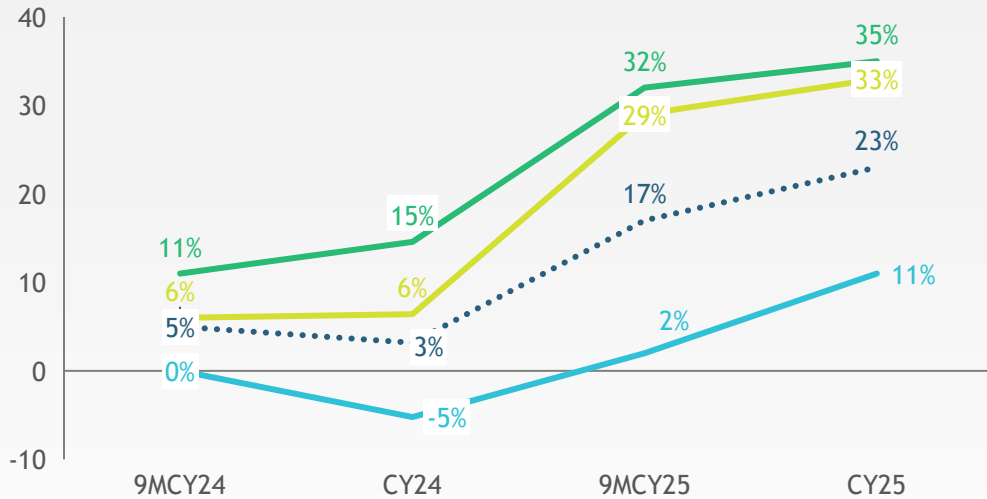


# Industry growth re-accelerates led by Private Banks

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

### Credit growth (%) by bank category

Growth % YoY

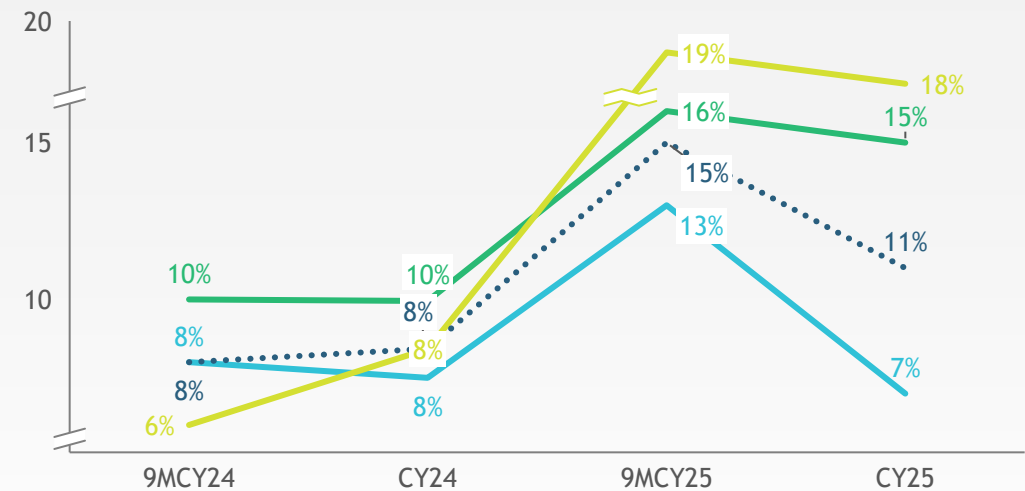


Market share (%)

Govt. Banks	48%	46%	42%	42%
Large Pvt	34%	36%	39%	39%
Mid-Sized Pvt	17%	18%	19%	19%

### Total Deposits growth (%) by bank category

Growth % YoY



Market share (%)

Govt. Banks	54%	53%	53%	51%
Large Pvt	33%	33%	34%	35%
Mid-Sized Pvt	13%	13%	14%	14%

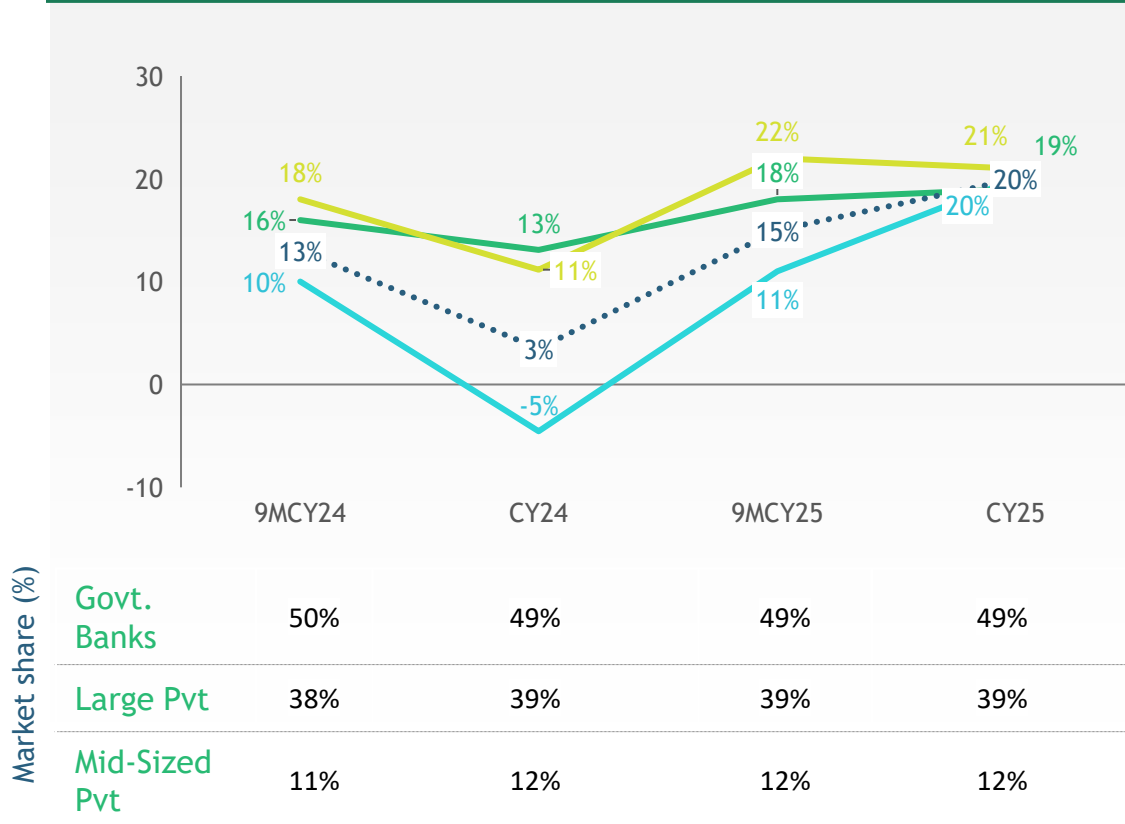
— Govt. Banks — Large Pvt. Banks — Mid-Sized Pvt. Banks •• Industry

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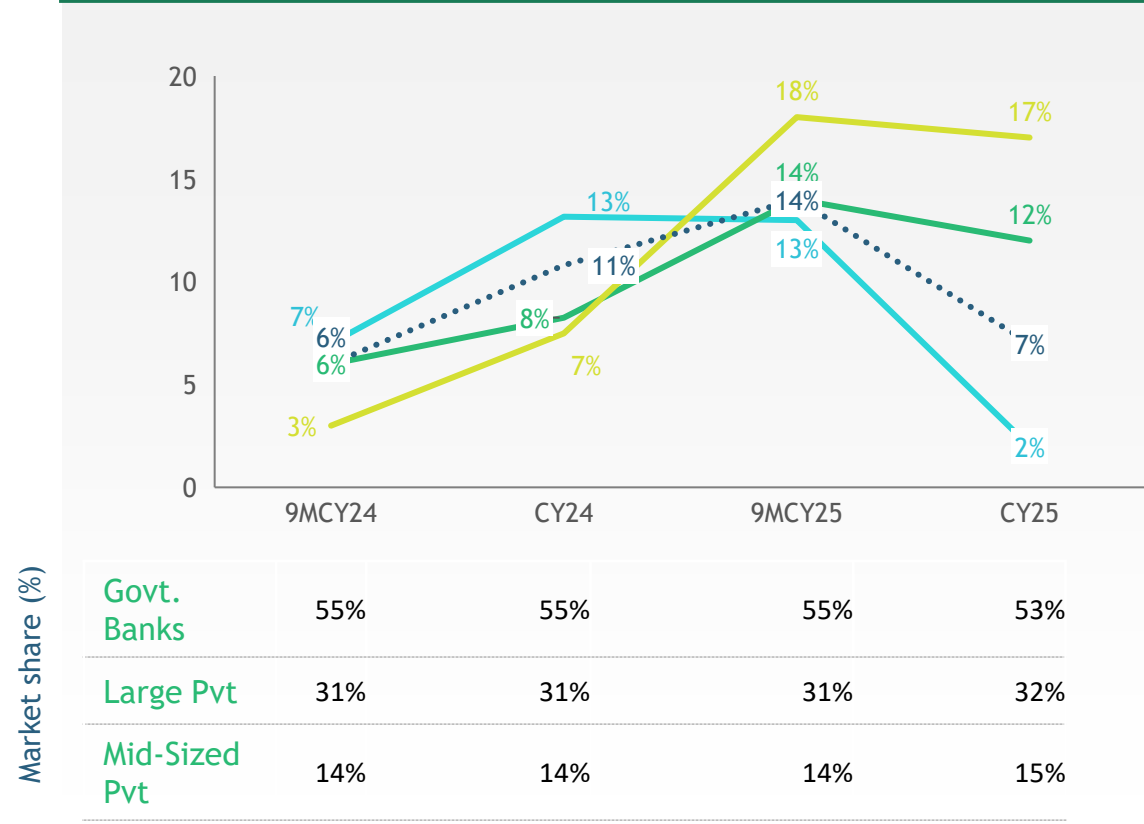


# CASA rebounds sector-wide, while term deposit growth shifts toward private banks

### CASA growth YoY by bank category (%)



### Term Deposits growth YoY by bank category (%)



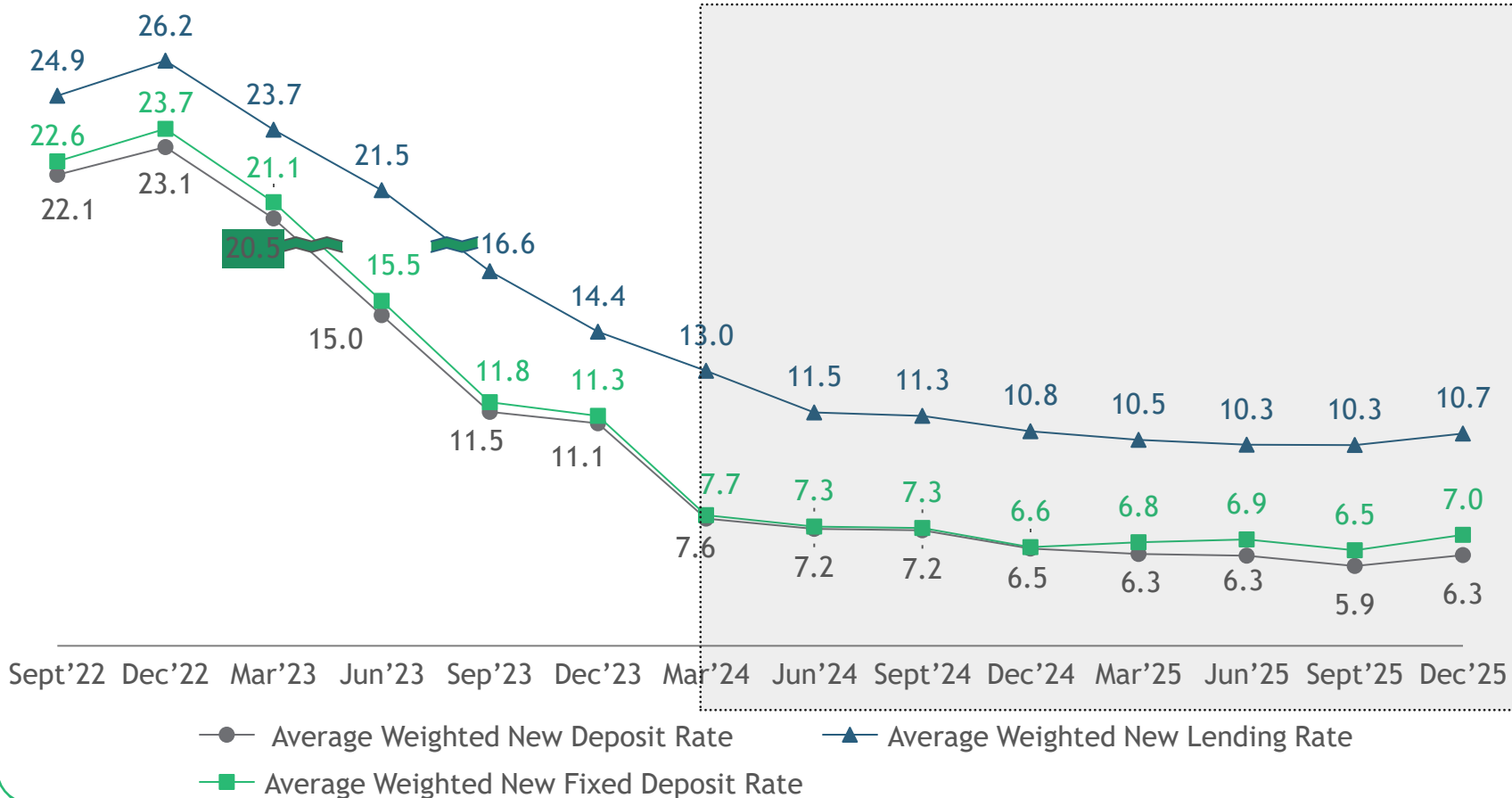
— Govt. Banks — Large Pvt. Banks — Mid-Sized Pvt. Banks •• Industry

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 (%)



## Change in key rates in Dec-25 vs. Dec-24

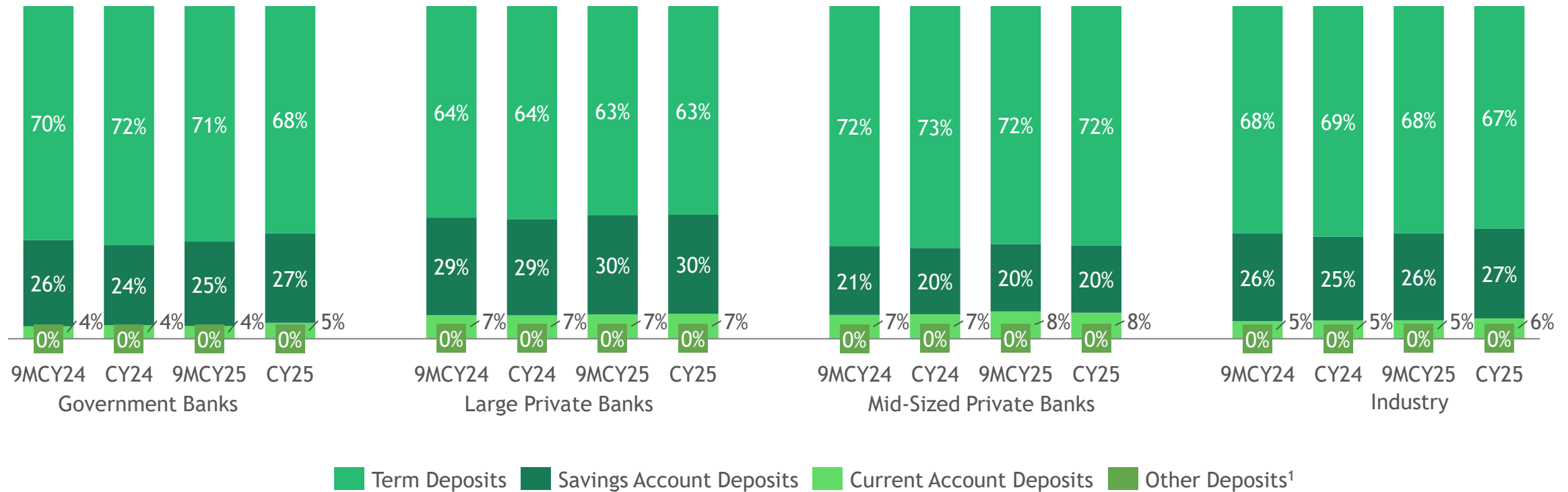
- 23 bps Average Weighted New Deposit Rate (Industry)
- 45 bps Average Weighted New Fixed Deposit Rate (Industry)
- 8 bps Average Weighted New Lending Rate (Industry)

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



# Deposit mix remains skewed toward Term deposits, with modest improvement in CASA across banks

Composition of Total Deposits (%)



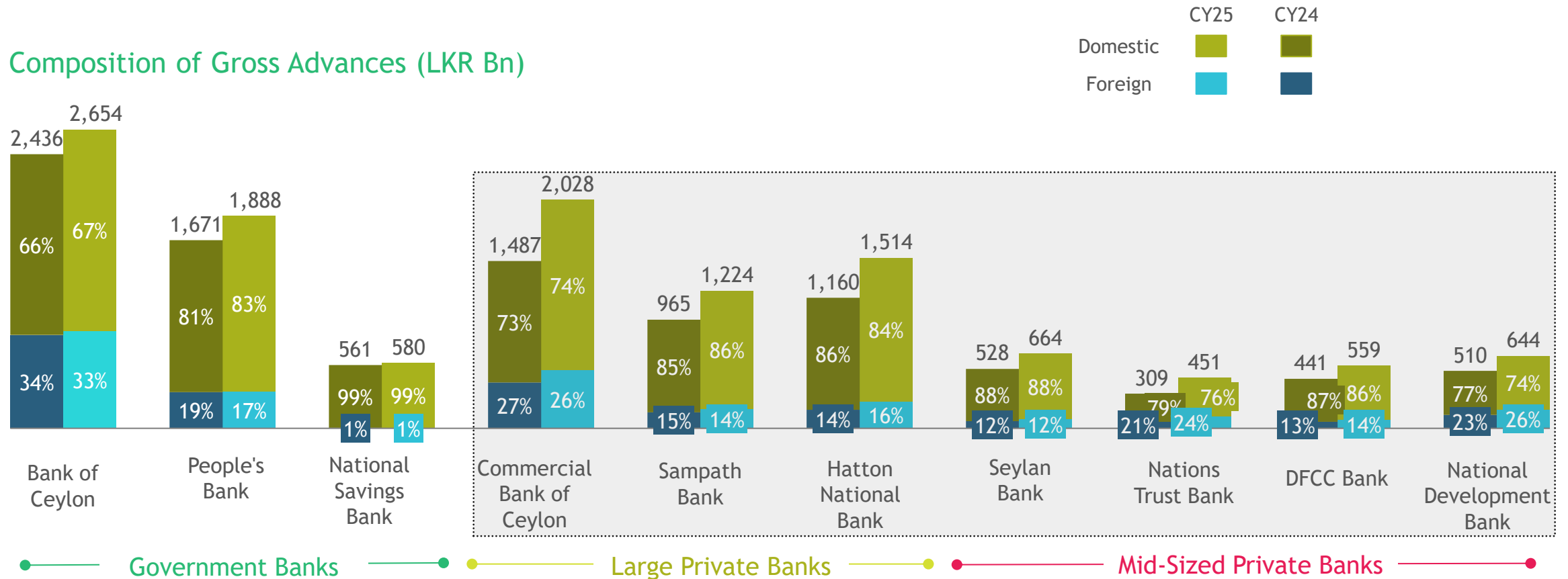
Note: 1. Other Deposits include Certificate of deposits, Call deposits, Margin deposits and other deposits; 2. Analysis has been made based on 3 Government Banks, 3 Large Private Banks and 4 Mid-Sized Private Bank

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



# Domestic advances account for 79% of total lending, with foreign exposure broadly stable

Composition of Gross Advances (LKR Bn)

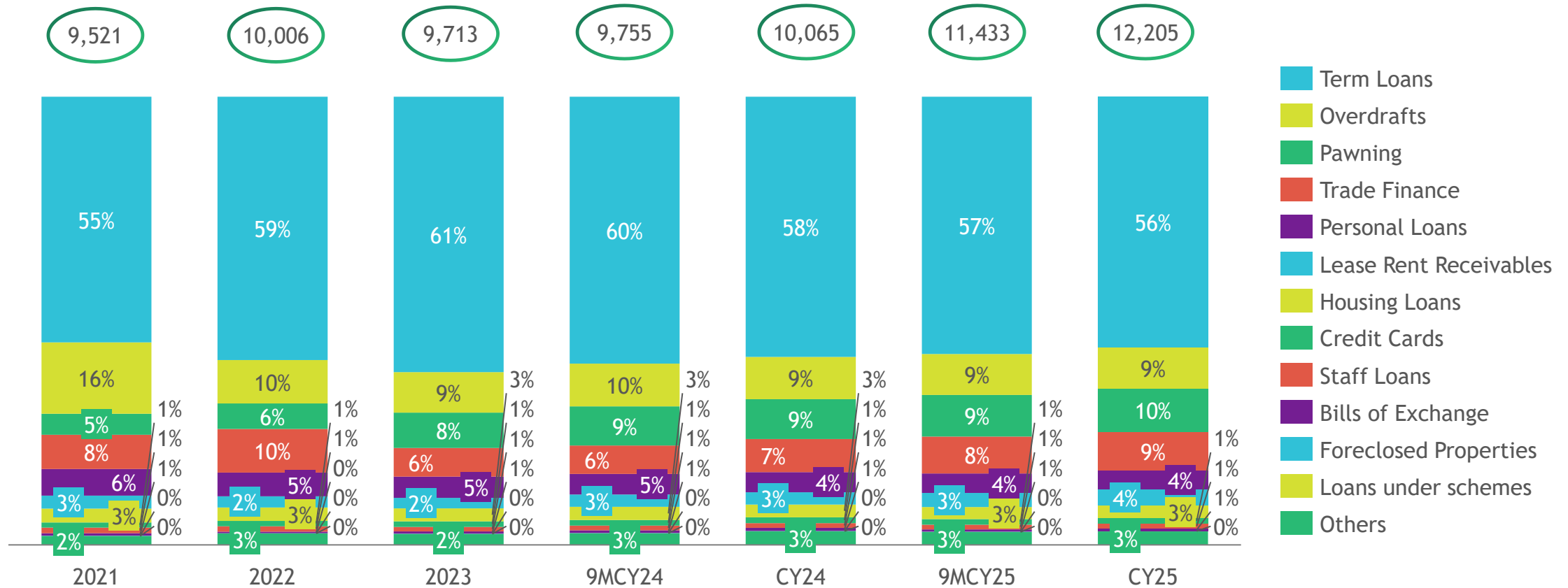




# Loan portfolios remain Term-loan heavy, accounting for 56% of total lending

Loans & Advances mix (%) by product

(Amount in LKR Bn)



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



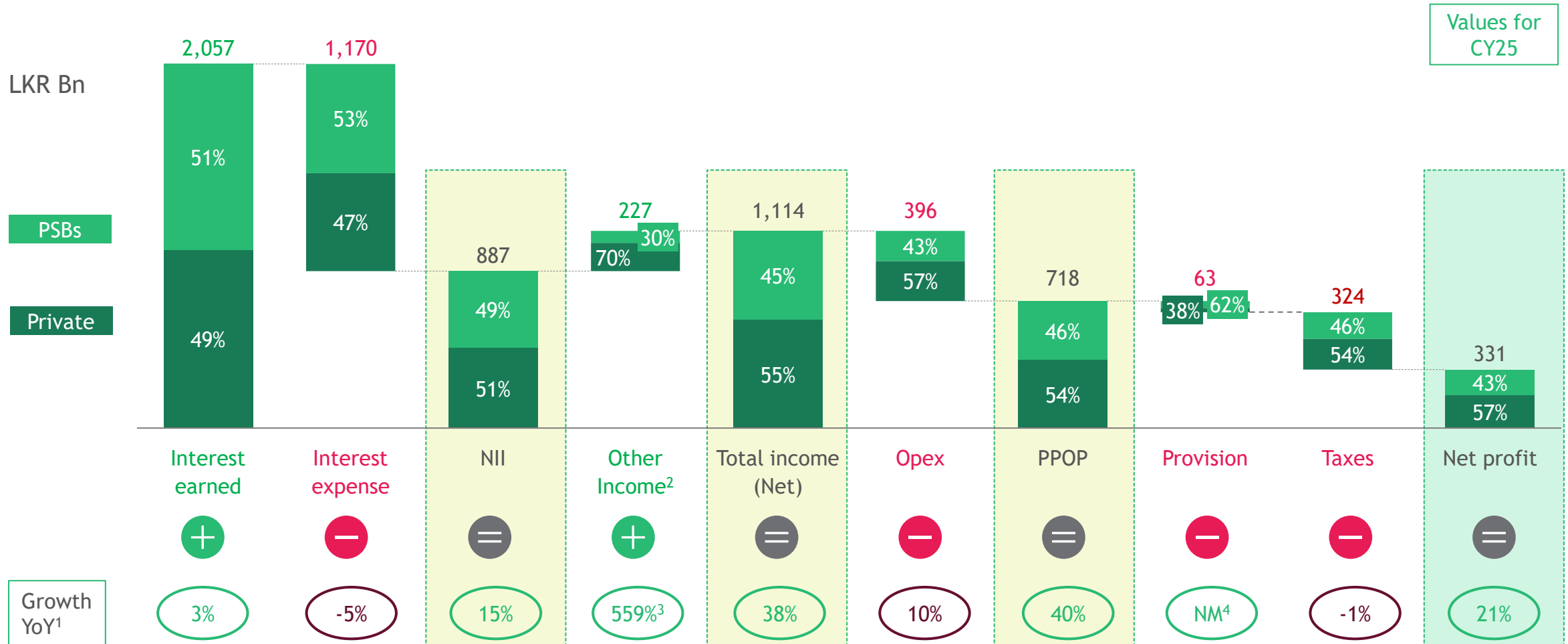
Key Regulatory Measures



Individual Player Performance



# Banking profitability up 21% YoY driven by NII and other income growth, partly offset by cost growth and normalization of provisions



1. YoY growth over CY24 2. Other income includes Net fee and commission income and other operating income 3. Strong growth in CY25 is largely driven by a low base effect, as most Sri Lankan banks, particularly Commercial Bank of Ceylon and Hatton National Bank reported losses in CY24 due to a one-off, macro-driven accounting impact related to sovereign debt restructuring 4. Provision growth not meaningful due to negative CY24 base  
 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 improves to 1.6%, driven by margin expansion and higher non-interest income, despite elevated credit costs

RoA Tree		Govt. Banks		Large Private		Mid-Sized Private		Industry	
Particulars <sup>1</sup>	UoM	CY25	CY24	CY25	CY24	CY25	CY24	CY25	CY24
Net interest Margin	(%)	4.1%	3.6%	4.3%	4.6%	4.6%	4.9%	4.3%	4.1%
Fee + Other Income	(%)	0.6%	0.4%	1.6%	-0.6%	1.5%	1.3%	1.1%	0.2%
Operating expenses	(%)	1.6%	1.7%	2.1%	2.1%	2.4%	2.5%	1.9%	1.9%
Pre-Provision Profit <sup>2</sup>	(%)	3.2%	2.3%	3.8%	1.9%	3.7%	3.8%	3.5%	2.4%
Credit costs	(%)	0.4%	-0.04%	0.2%	-2.4%	0.4%	0.3%	0.3%	-0.8%
Tax	(%)	1.4%	1.3%	1.7%	2.4%	1.6%	1.9%	1.6%	1.7%
Return on Assets	(%)	1.4%	1.1%	1.9%	1.9%	1.7%	1.6%	1.6%	1.5%

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

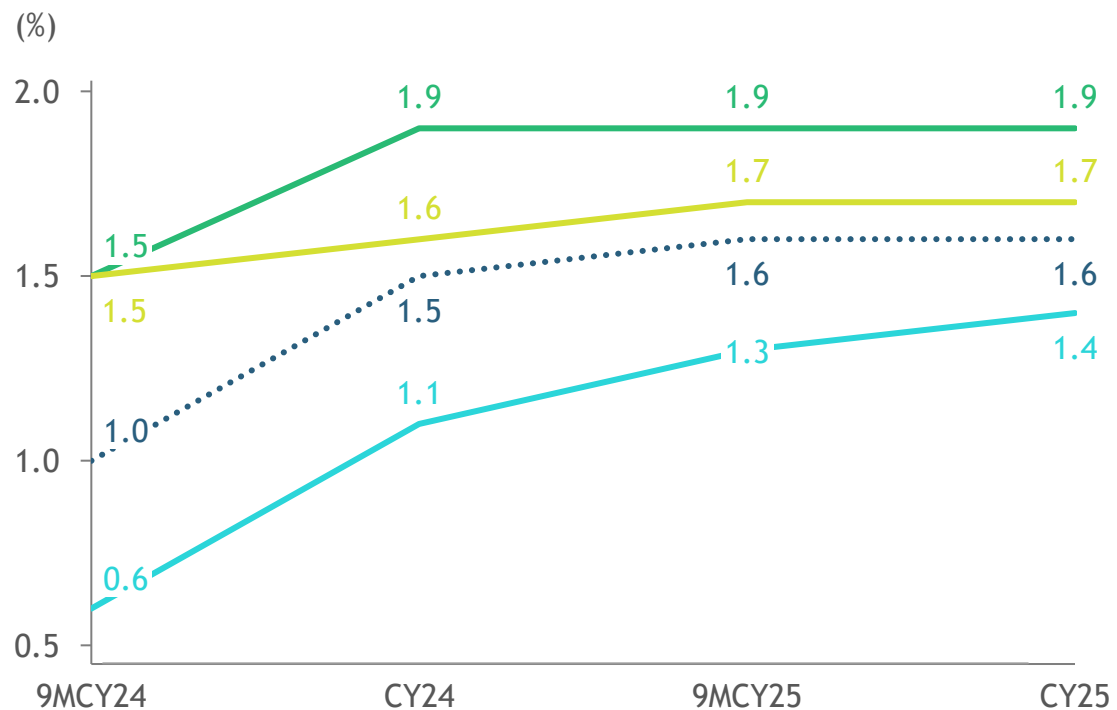
Values for CY25											
RoE		22.7%	20.1%	25.1%	19.5%	17.5%	18.1%	13.5%	15.9%	16.7%	22.1%
→ RoA		1.5%	1.1%	1.5%	1.9%	1.6%	2.0%	1.3%	1.4%	2.1%	3.0%
→ NII		4.0%	4.1%	4.7%	4.5%	4.1%	4.3%	4.0%	4.5%	4.0%	6.2%
→ Interest Income		9.5%	10.2%	11.0%	9.7%	9.6%	9.4%	10.0%	9.7%	10.4%	11.3%
→ Interest Expense		5.5%	6.1%	6.3%	5.2%	5.5%	5.2%	6.0%	5.2%	6.5%	5.1%
→ Other Income		0.8%	0.7%	0.3%	1.6%	1.7%	1.4%	1.3%	1.2%	1.7%	2.1%
→ Fee Income		0.4%	0.5%	0.1%	0.9%	1.1%	1.0%	0.9%	1.0%	0.9%	1.4%
→ Non-fee income		0.3%	0.2%	0.1%	0.7%	0.6%	0.4%	0.4%	0.2%	0.7%	0.7%
→ OpEx		1.4%	1.9%	1.7%	1.8%	2.5%	2.2%	2.2%	2.5%	2.4%	2.7%
→ Employee OpEx		0.9%	1.1%	1.1%	1.0%	1.1%	1.0%	1.1%	1.3%	1.0%	1.5%
→ Non-emp OpEx		0.5%	0.8%	0.6%	0.9%	1.4%	1.1%	1.1%	1.2%	1.4%	1.2%
→ PPOP		3.3%	2.8%	3.3%	4.3%	3.3%	3.6%	3.2%	3.1%	3.2%	5.6%
→ Provisioning		0.4%	0.5%	0.1%	0.7%	0.0%	-0.4%	0.7%	0.1%	0.6%	0.0%
→ Total Tax		1.5%	1.2%	1.7%	1.6%	1.8%	1.9%	1.2%	1.6%	1.2%	2.6%
→ Leverage		16.2	17.6	16.4	10.1	11.0	9.0	10.6	11.4	8.3	7.4
CA Ratio (%)		6.9%	3.8%	NA	9.5%	5.2%	6.1%	10.5%	7.3%	3.7%	8.3%
SA Ratio (%)		26.2%	30.7%	21.0	30.2%	29.9%	29.1%	16.3%	22.6%	20.5%	21.8%

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

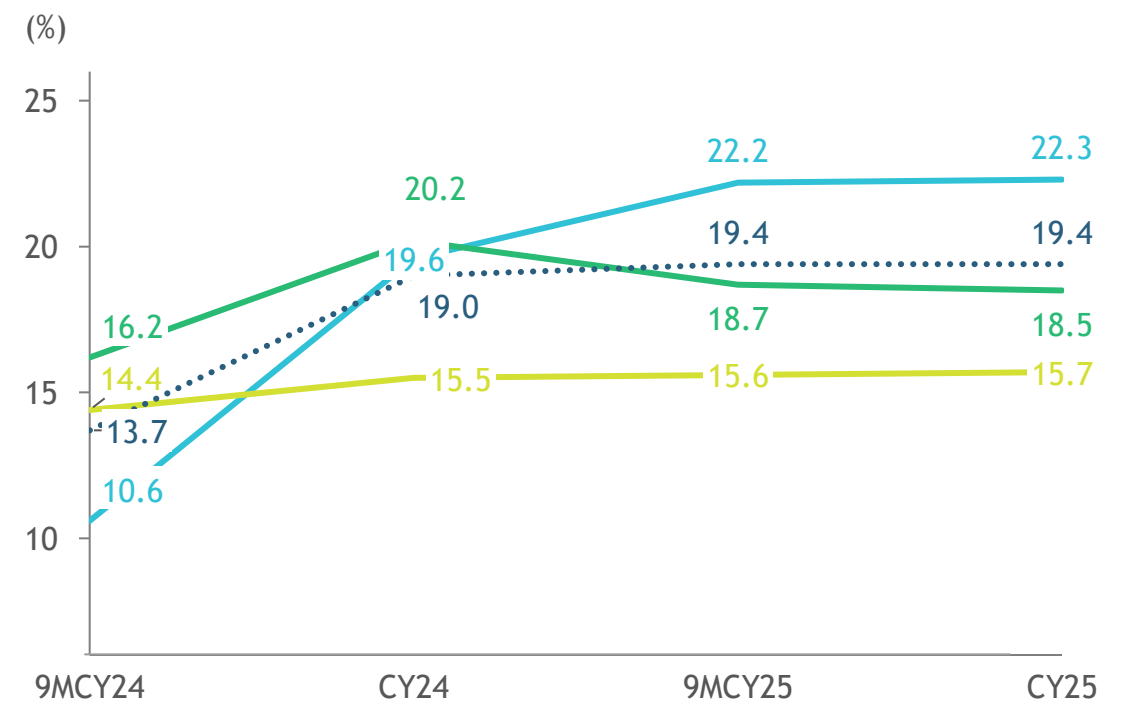


# Profitability improves, with Govt. Banks showing the fastest catch-up in RoA and RoE

## Return on Assets<sup>1</sup> by bank category



## Return on Equity<sup>2</sup> 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

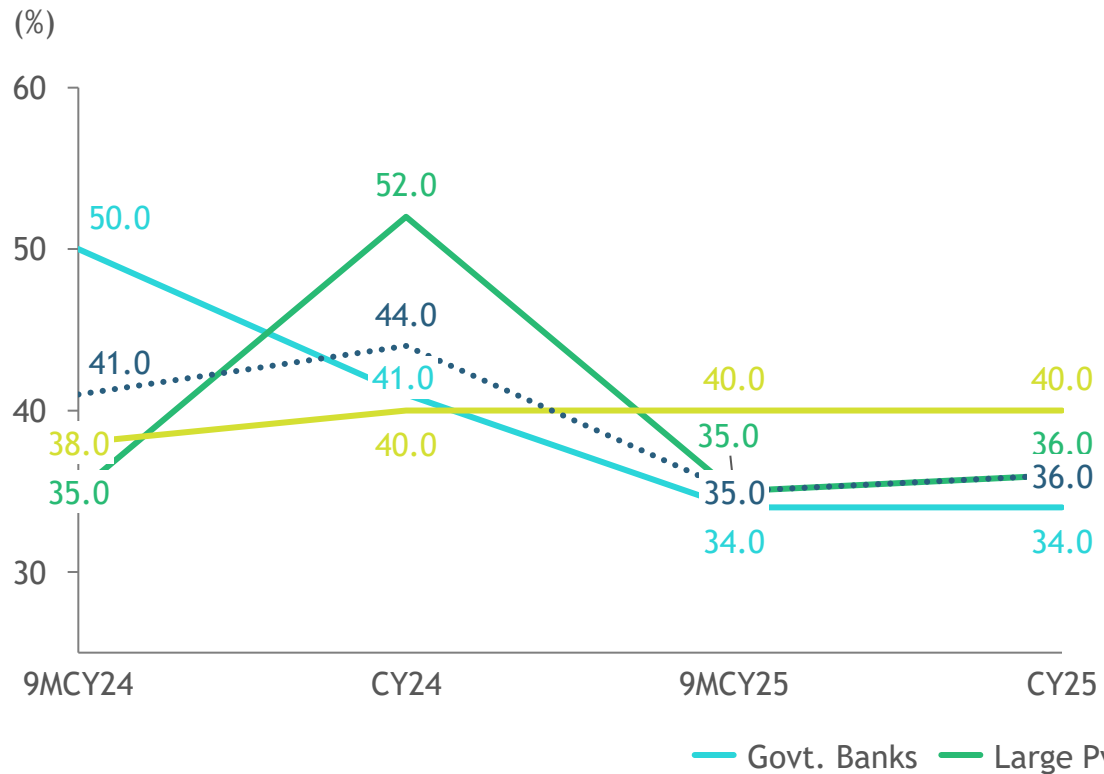
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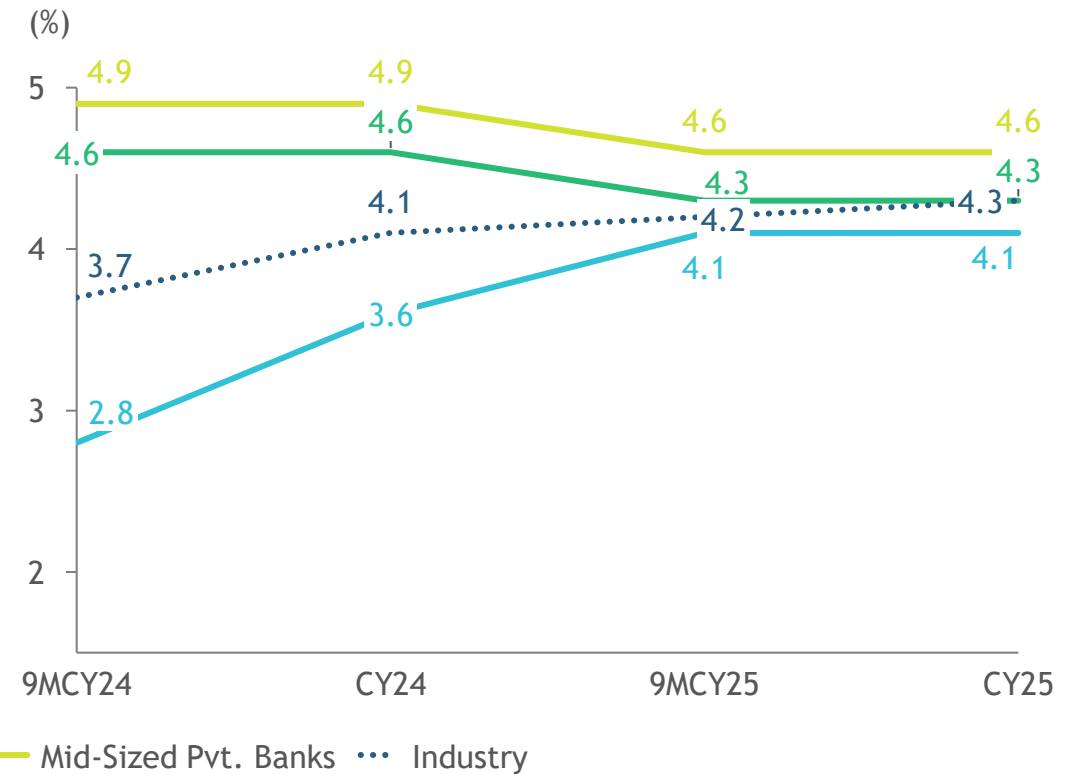


# Industry CIR strengthening largely supported by strong NIM expansion in Govt. Banks

## Cost to Income Ratio<sup>1</sup> by bank category (%)



## Net Interest Margin<sup>2</sup> by bank category (%)



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

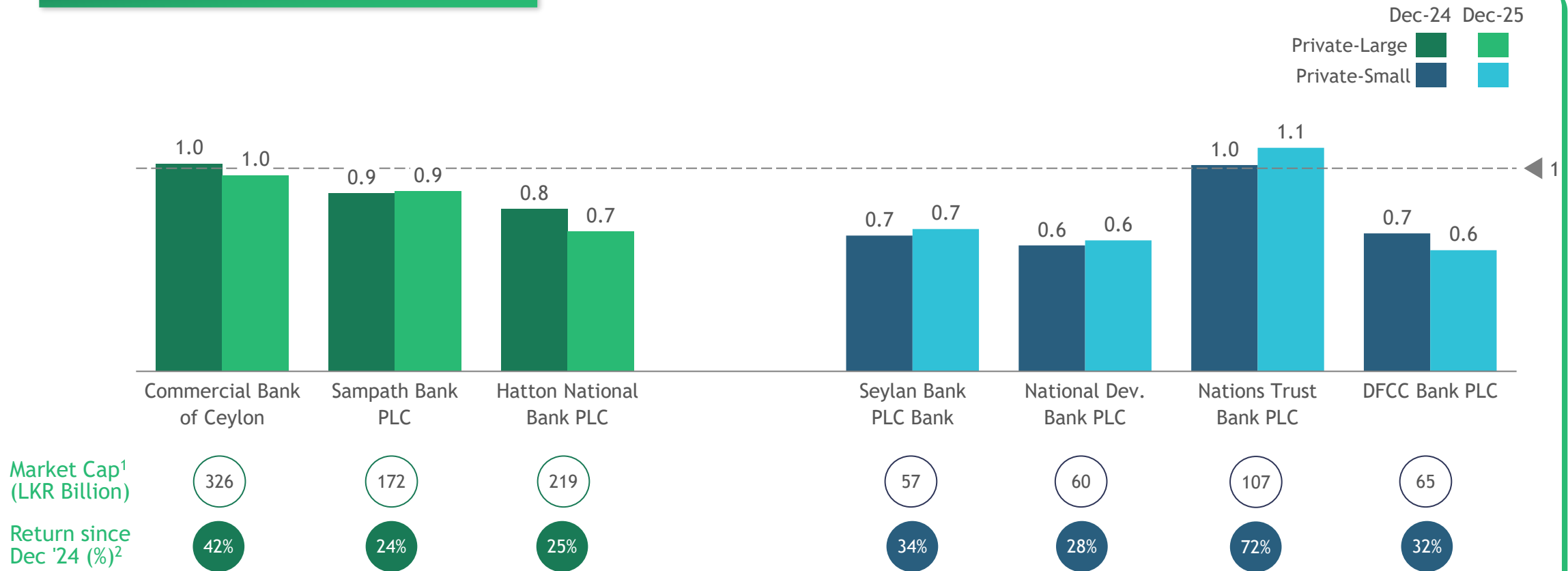
Note: Analysis has been made based on 3 Government Banks, 3 Large Private Banks and 4 Mid-Sized Private Bank

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

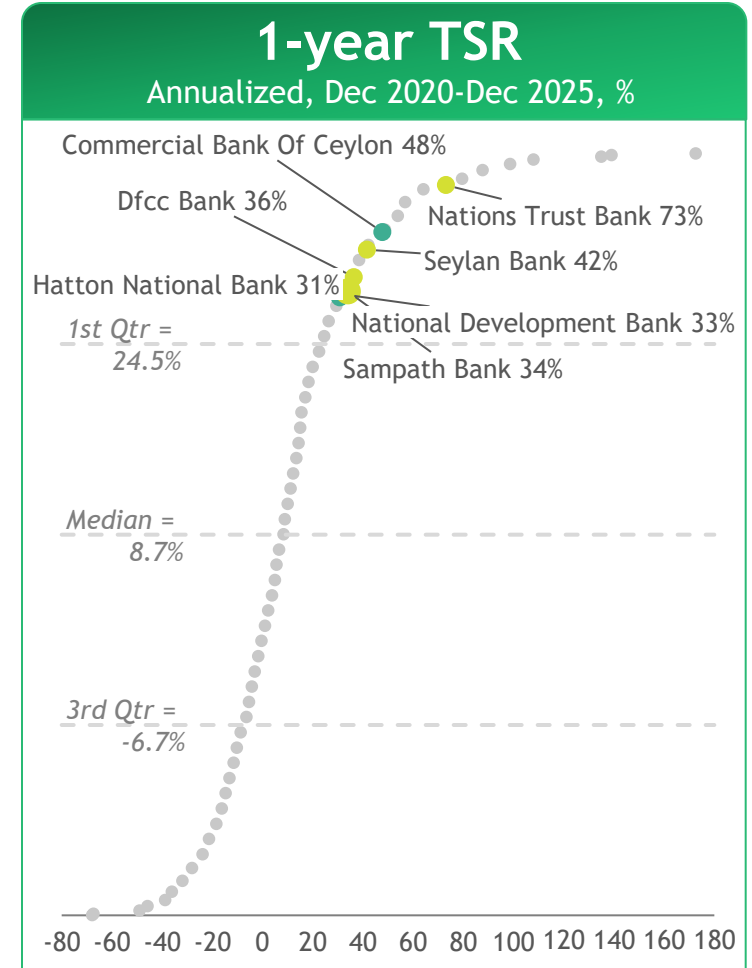
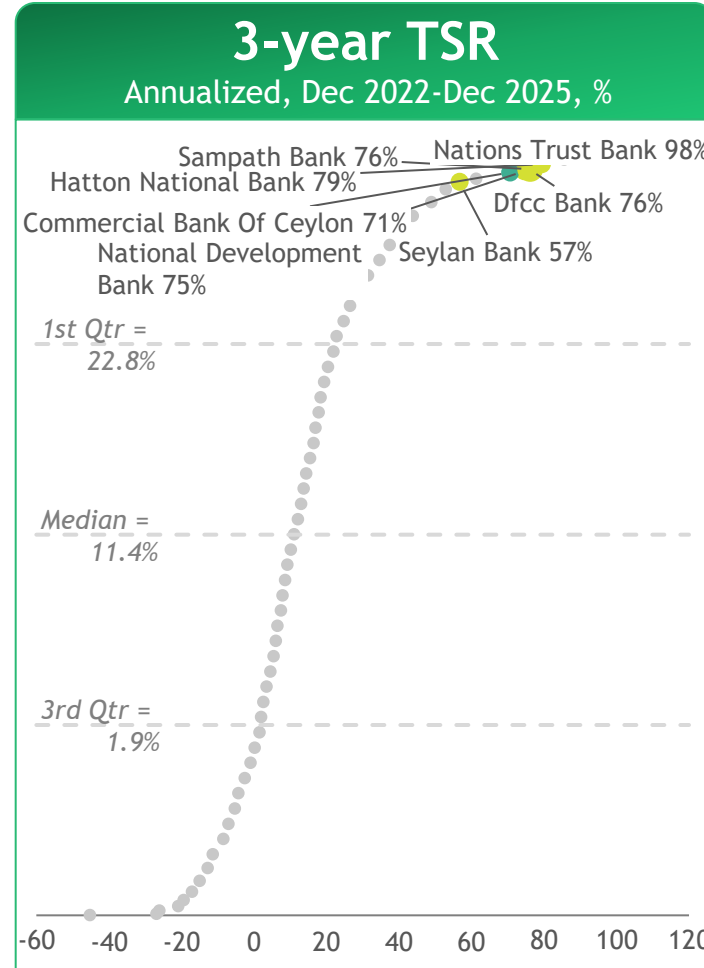
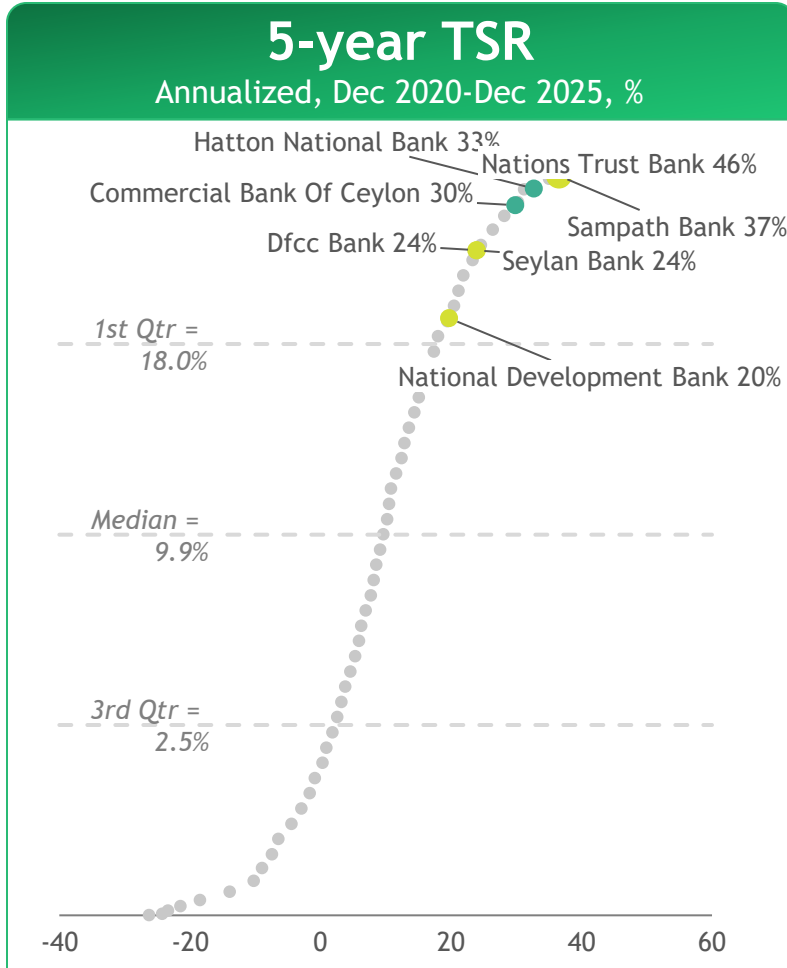
## Price/Book for Private Banks



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



# Mid-sized private banks show consistent TSR performance, with large private banks delivering top-end returns

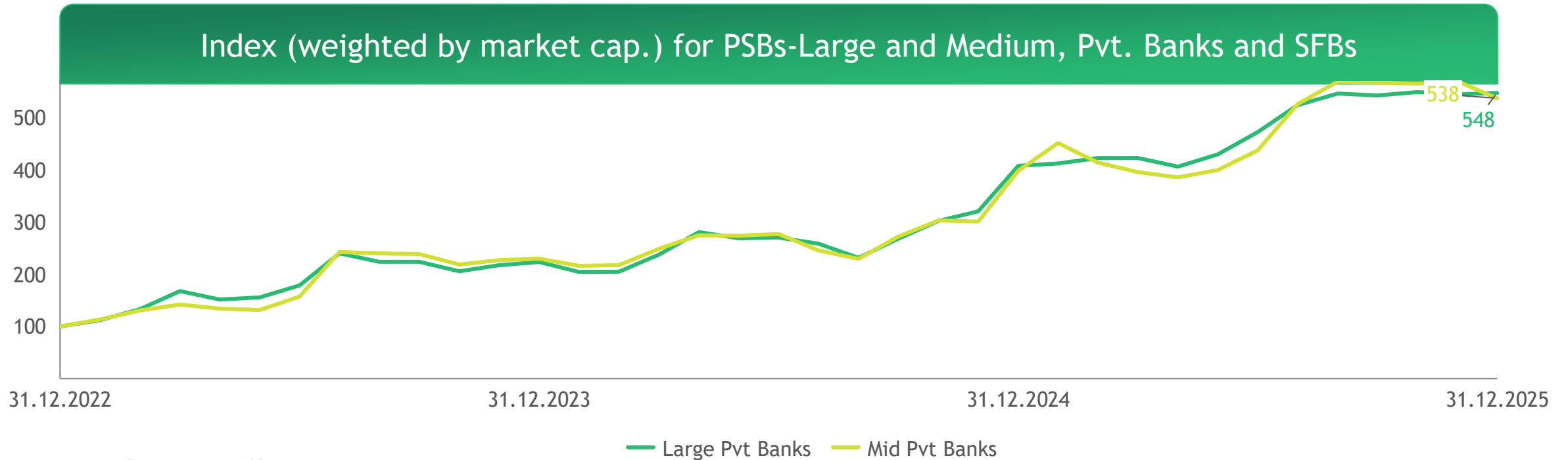


● Large Pvt. Banks ● Mid Sized Pvt. Banks

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



# Post-2024 upswing led initially by mid-sized banks, with momentum narrowing over time



Total Return (%)

	Large Pvt. Banks	Mid Sized Pvt. Banks
3-Yr Return	447.7%	437.5%

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 January 2023 to January 2026 (Indexed to 100)  
 Source: Capital IQ; BCG ValueScience Center

# 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

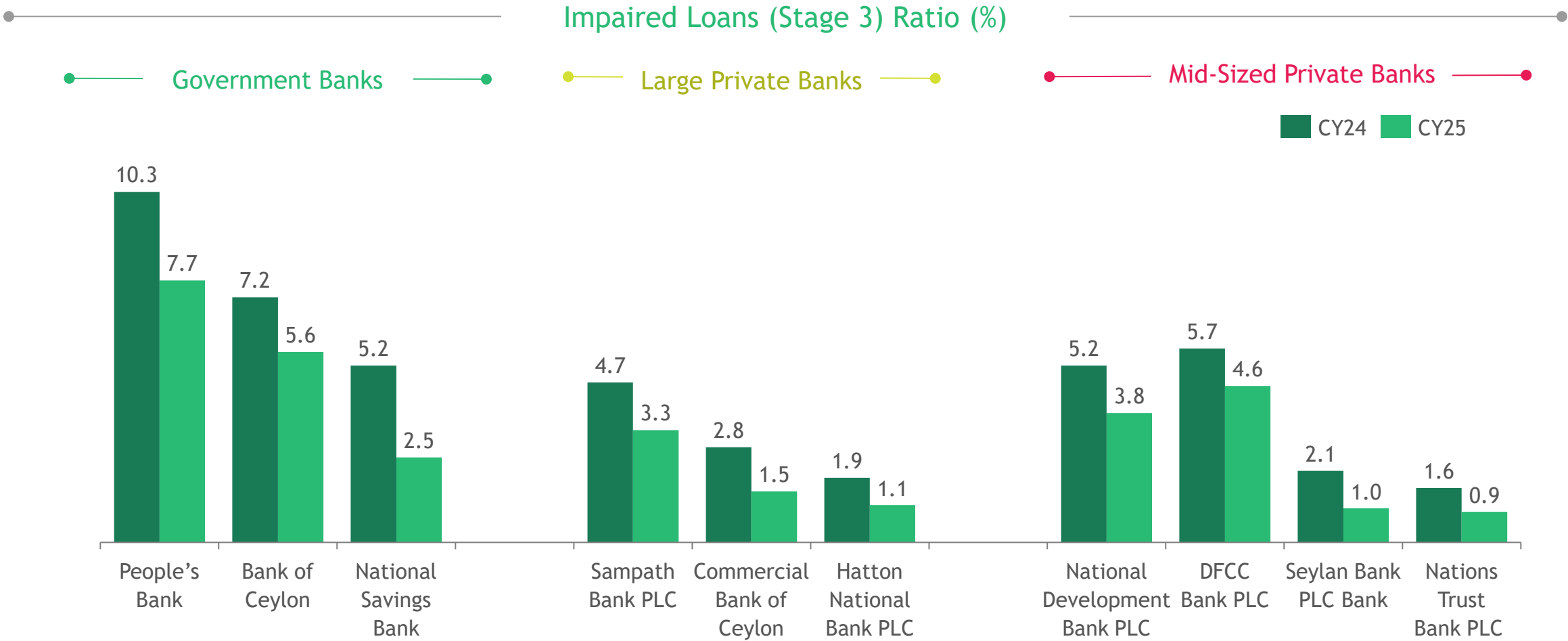


Individual Player Performance



# Private banks maintain lower impairment levels, with government banks remaining elevated despite improvement

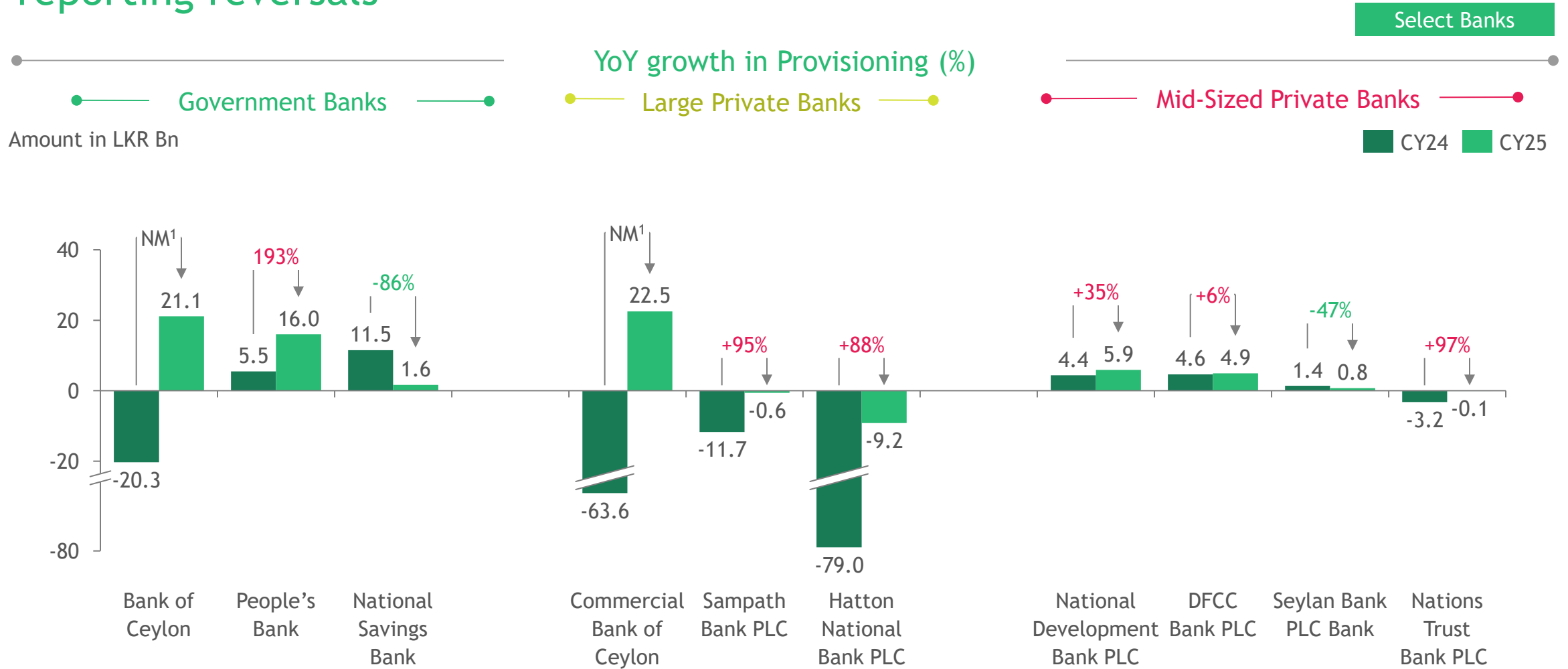
Select Banks



Source: Financial Statements, CBSL, BCG Analysis



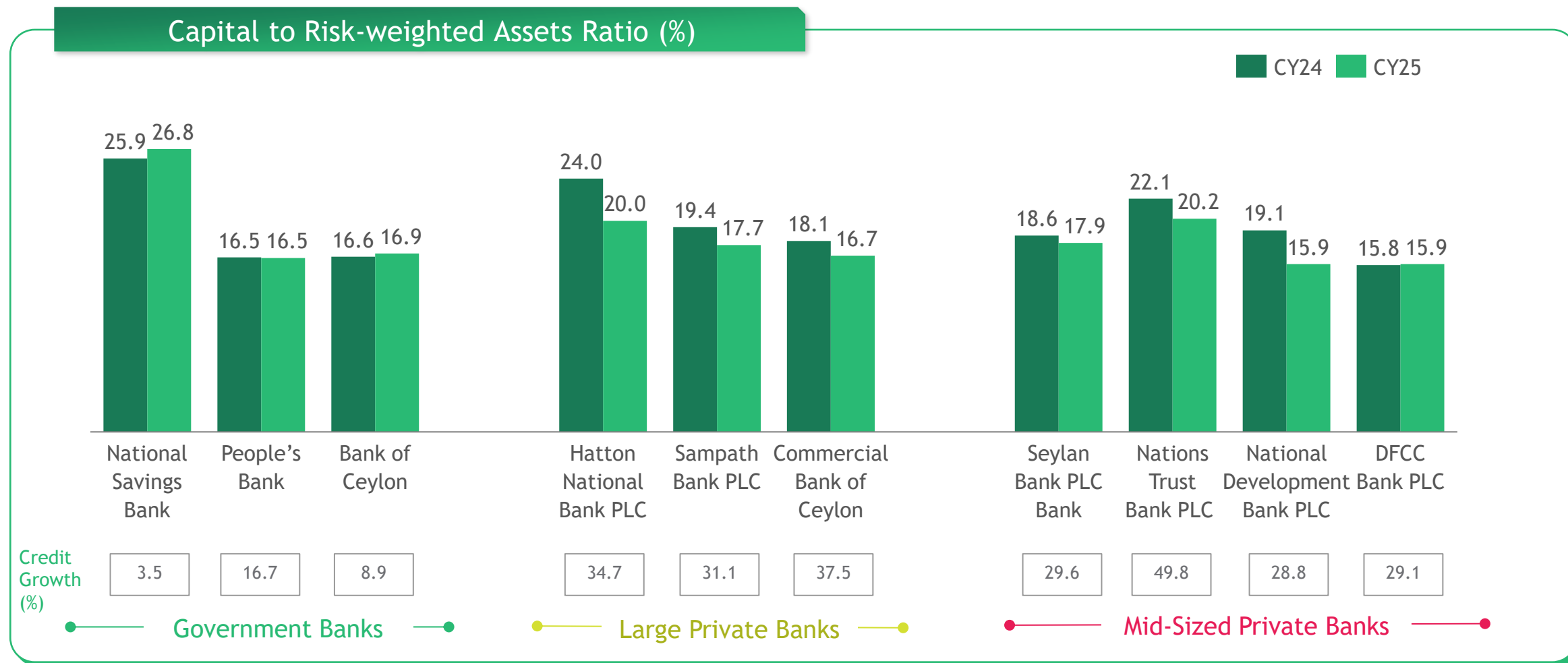
# Provisioning has normalized post releases in CY24, with some banks still reporting reversals



1. Provision growth not meaningful due to negative CY24 base  
 Source: Annual Report, BCG Analysis



# Capital adequacy remains strong across all bank segments, supporting continued credit growth



# Banking sector overview



Macro Indicators



Business: Advances & Deposits



Key Performance Indicators - Banking Sector



NPA & Risk Management



Branch Efficiency and Employee Productivity



Digital in Banking



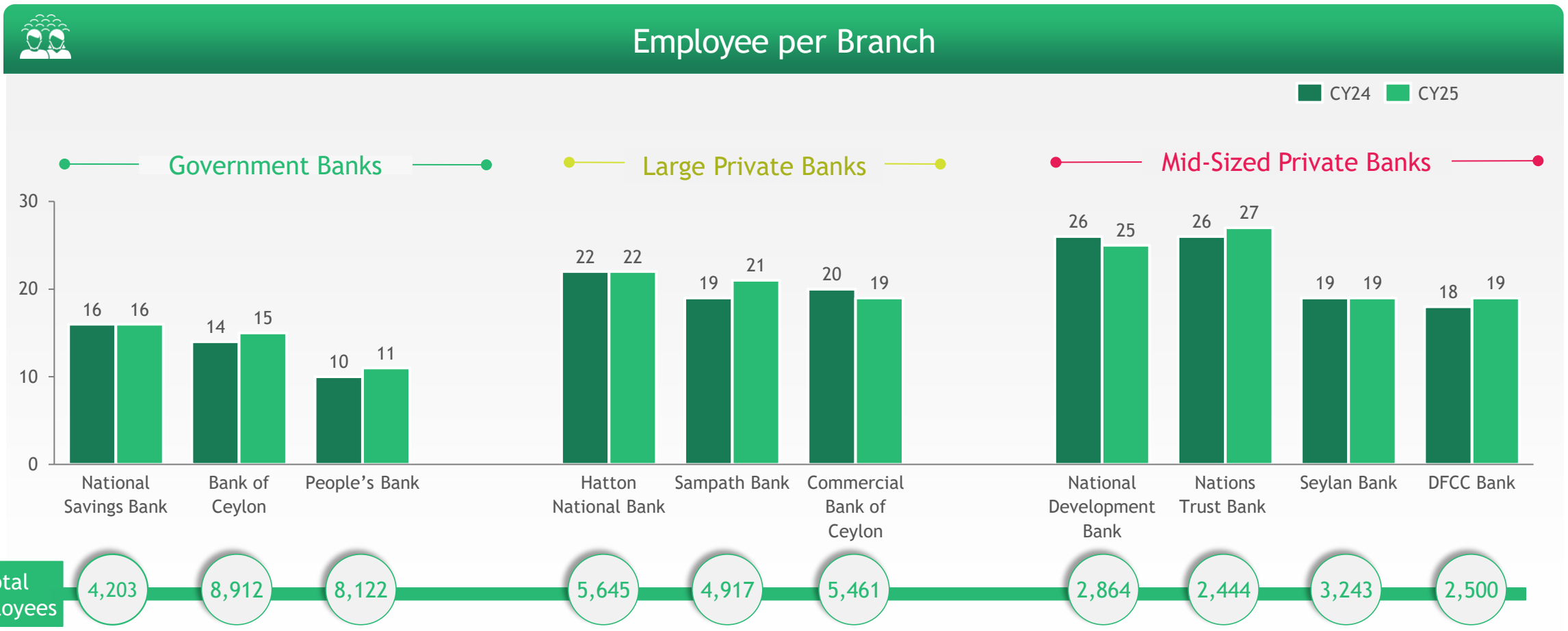
Key Regulatory Measures



Individual Player Performance



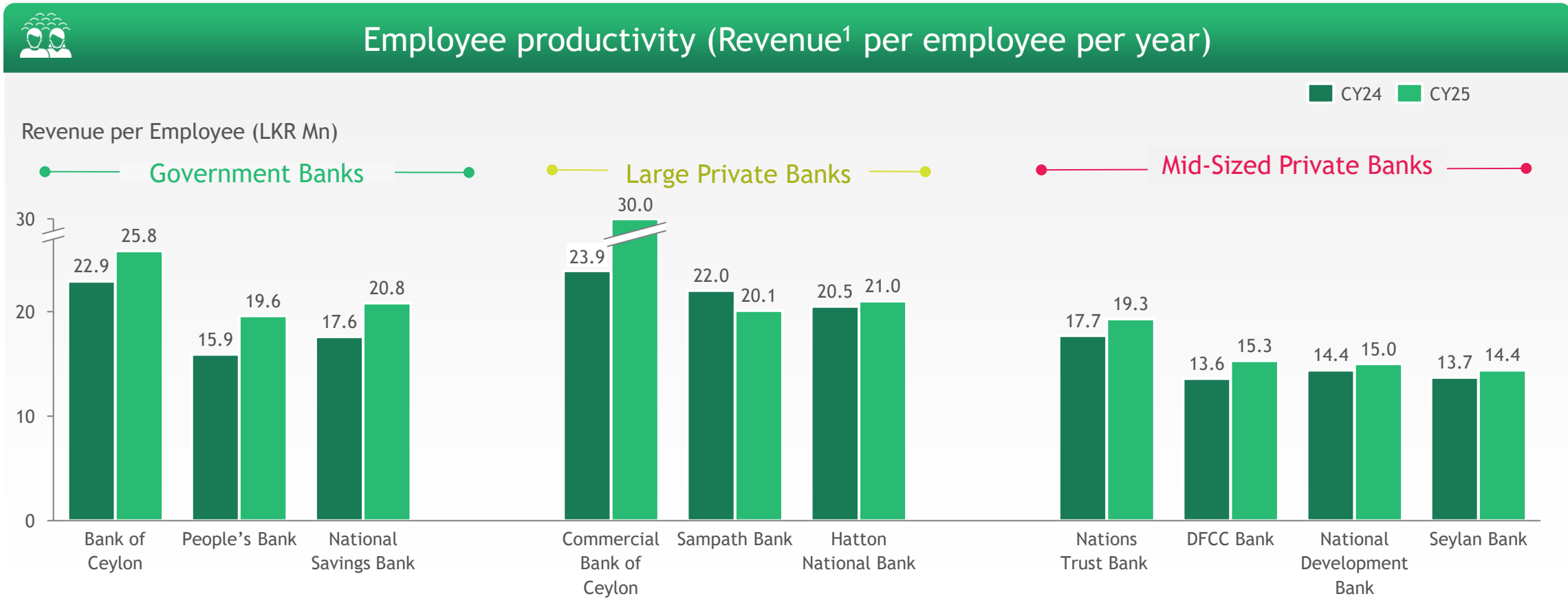
# Banking sector workforce: Employees per branch across segments



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



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

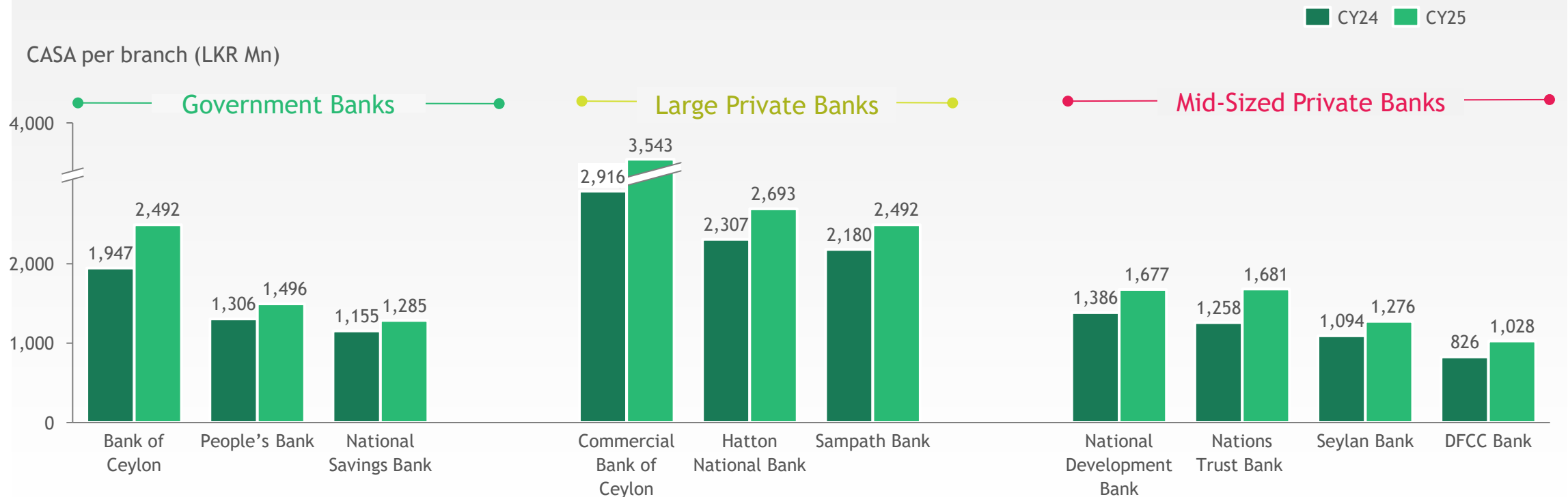
Source: Annual reports, BCG analysis



# CASA productivity rises sector-wide, led by strong gains in mid-sized and large private banks



## Branch Productivity (CASA per branch)



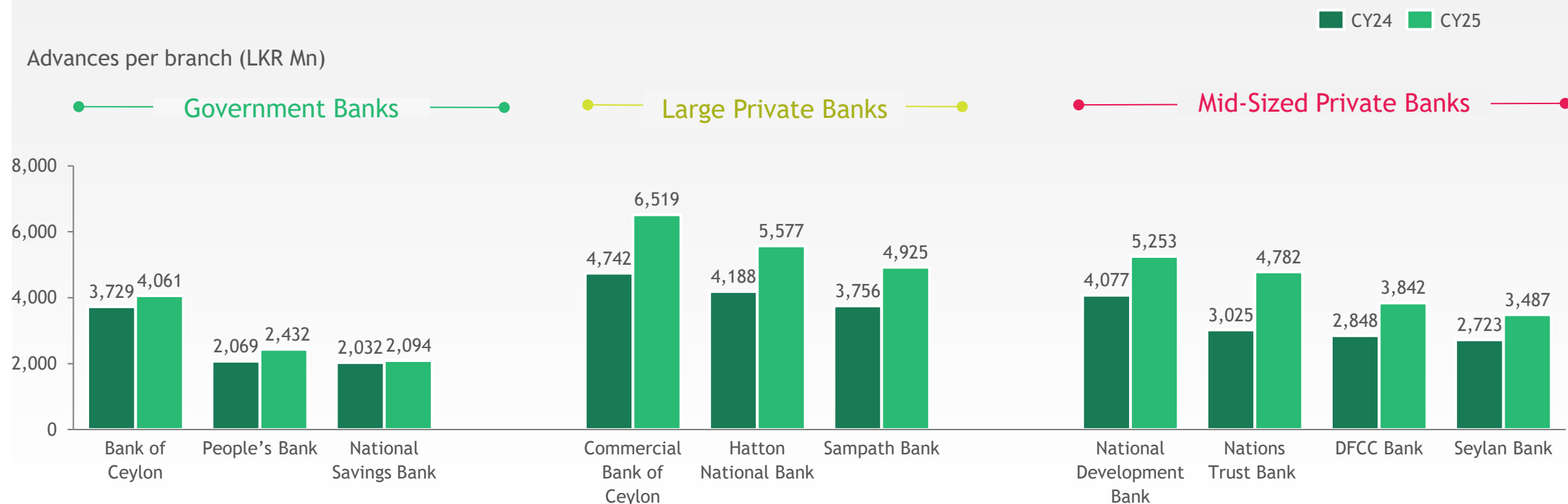
1. Analysis has been made based on 3 Government Banks, 3 Large Private Banks and 4 Mid-Sized Private Bank  
Source: Annual reports, BCG analysis



# Branch productivity improves significantly, driven by robust advances growth in private-sector banks



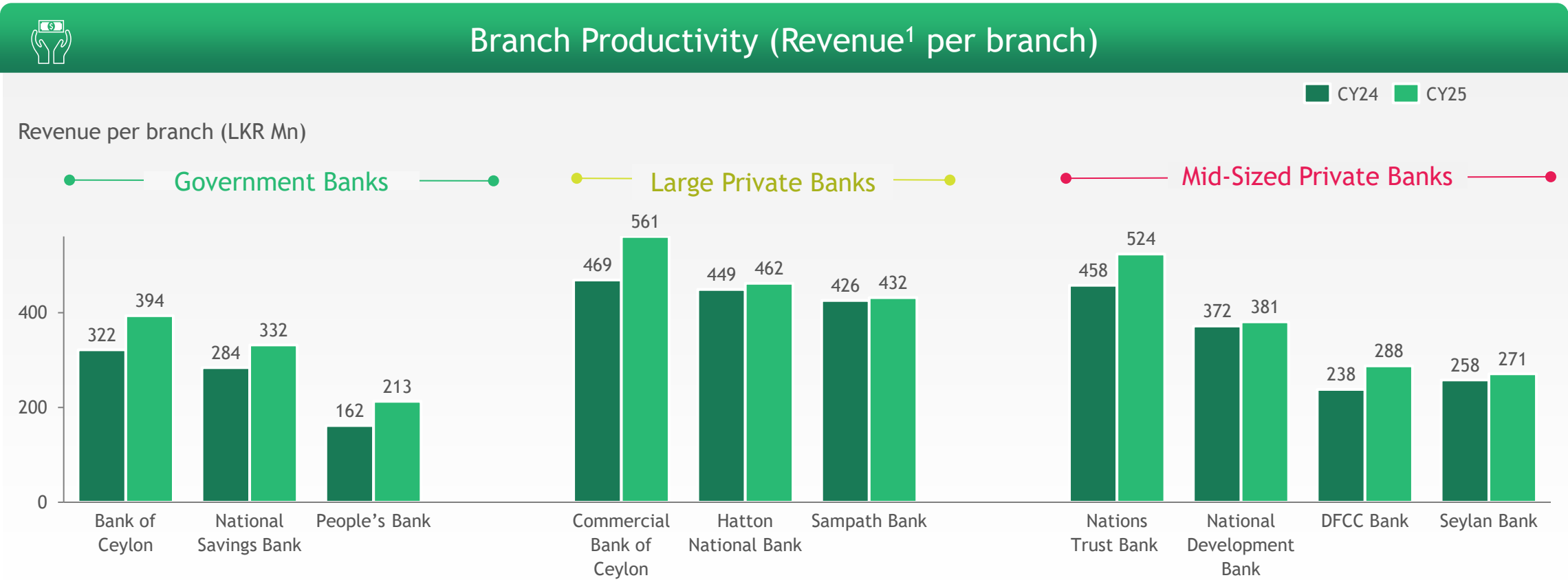
## Branch Productivity (Advances per branch)



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 across the sector, underpinned by stronger revenues and cost efficiency



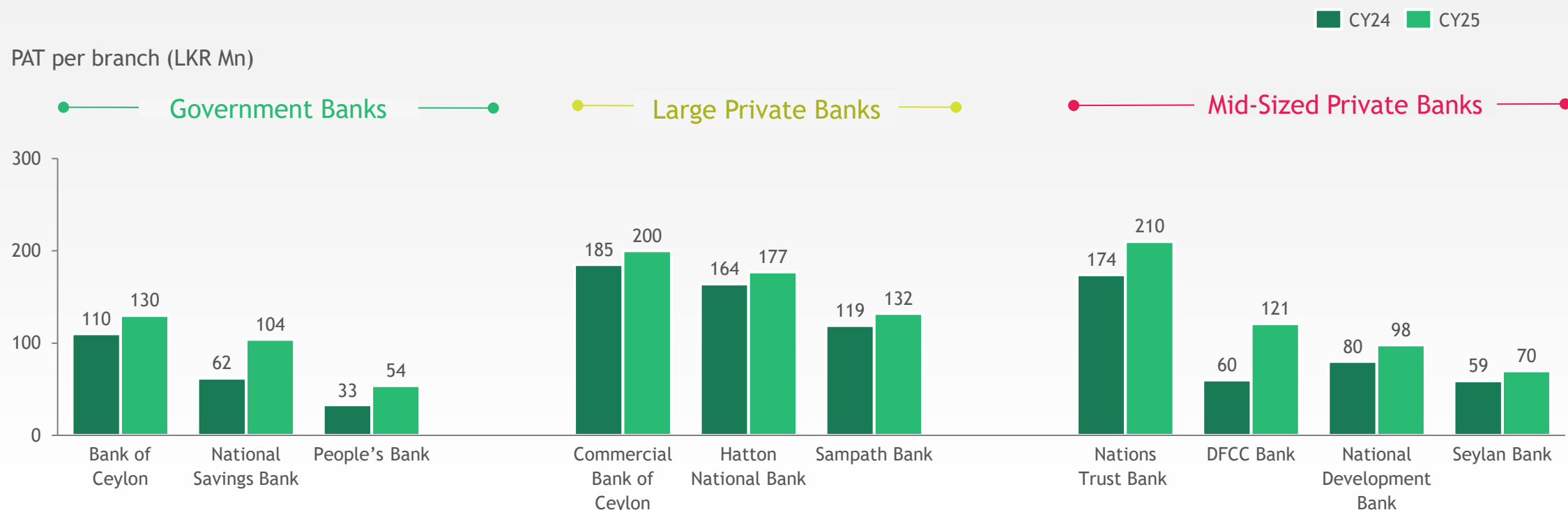
1. NII + Net fee and commission income is considered as Revenue  
 Note: Analysis has been made based on 3 Government Banks, 3 Large Private Banks and 4 Mid-Sized Private Banks  
 Source: Annual reports, BCG analysis



# 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



Key Performance Indicators - Banking Sector



NPA & Risk Management



Valuation, Branch Efficiency and Employee Productivity



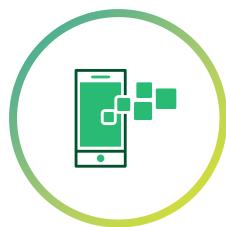
Digital in Banking



Key Regulatory Measures



Individual Player Performance



# Digital Performance



## Website traffic disparities

- Sampath Bank (552.6K), BOC (506.1K), and Commercial Bank (485.9K) lead in website traffic, while HNB (93.0K) and NDB Bank (106.8K) significantly under-index, showing a ~6x traffic gap between leaders and lower-performing banks.



## SEO & organic search as the primary traffic driver

- Organic search contributes ~36% to 69% of total traffic across banks, with Seylan (69%), Sampath (60%), and Commercial Bank (53%) showing the strongest reliance on SEO for acquisition, while People's Bank is lowest at ~36%.



## 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 (58K) and BOC (37K) lead in monthly app downloads, while BOC (1,231K MAU; 207K DAU) stands out on active scale; however, retention varies significantly, with HNB (16% Day-7; 12% Day-30) showing the strongest user stickiness.













## High dependency on organic search

- Commercial Bank and BOC lead in keyword coverage with 21.9K and 19.9K organic keywords respectively, while Nations Trust (3.3K) and NSB (5.5K) trail, limiting visibility across high-intent queries
- Commercial Bank (1,052) and BOC (1,039) also lead on top-3 ranked keywords, while Seylan's unusually high backlinks (382.9K) translate into comparatively lower traffic (152.8K), suggesting weaker conversion of link equity into search visibility.



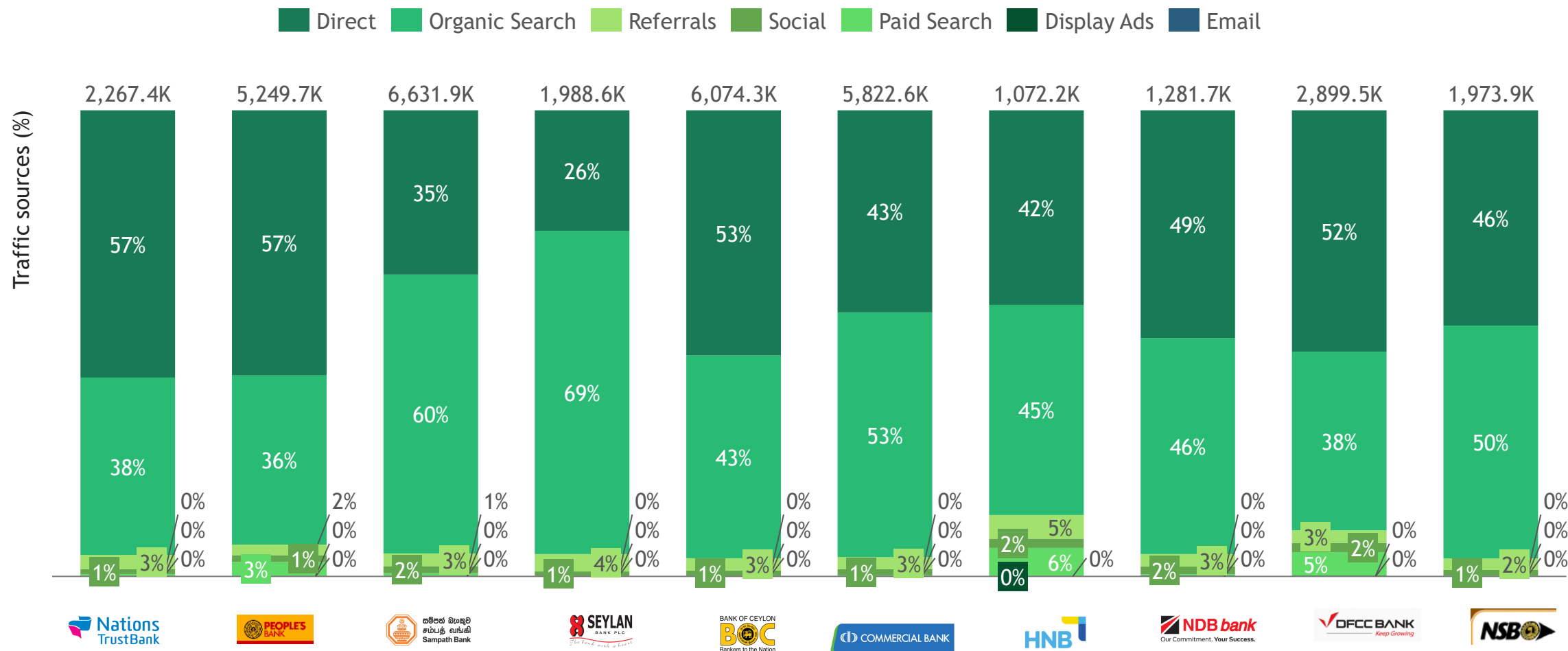
# High Disparity in Website Traffic | Hatton National Bank and BOC lead in scale, while HNB and NDB significantly under-index on digital traffic

										
<b>Traffic metrics</b>										
Monthly Visits	188.9K	437.4K	552.6K	165.7K	506.1K	485.9K	93K	106.8K	241.8K	164.4K
Monthly Unique Visitors	61.1K	151.1K	237K	78.8K	177K	223.8K	49.8K	46.3K	94.8K	67.3K
Visits per Unique Visitor	3.09	2.89	2.33	2.10	2.86	2.17	1.87	2.31	2.55	2.44
<b>User Behavior</b>										
Visit Duration (mm:ss)	04:36	04:27	01:44	01:25	04:41	01:34	01:33	02:27	04:48	02:56
Pages per Visit	4.67	7.82	2.59	2.49	4.90	2.49	2.59	4.24	4.93	5.40
Bounce Rate (%)	35.39%	27.06%	54.58%	61.42%	27.71%	46.30%	51.85%	35.83%	35.44%	37.27%

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













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















# Organic Search Performance | Commercial Bank leads in organic visibility, driven by high traffic and keyword authority

										
Authority Score	39	44	46	41	46	48	46	40	39	42
Organic Search Traffic (K)	98.7K	394.4K	472.1K	152.8K	782.3K	815.9K	568.2K	98.2K	106.3K	180.1K
Organic Keywords (K)	3.3K	15.1K	19.1K	8.8K	19.9K	21.9K	10.1K	5.8K	9.5K	5.5K
Backlinks (K)	12K	88.2K	37.2K	382.9K	59.7K	265.5K	62.6K	16.3K	41.8K	9.8K
Referring Domains (#)	988	2.5K	3K	2.7K	3.2K	2.7K	2.9K	1.1K	1.2K	1.9K
Keywords Position 1-3 (% & No of KW)	5%(183)	4%(596)	4%(705)	3%(223)	5%(1039)	5%(1052)	5%(544)	4%(215)	3%(260)	5%(303)
Keywords Position 4-10 (% & No of KW)	12%(415)	11%(1697)	7%(1405)	10%(904)	9%(1833)	8%(1716)	9%(857)	6%(354)	7%(644)	9%(506)

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



# Mobile App Performance | BOC and People's Bank Lead in App Acquisition, While HNB Stands Out in Retention

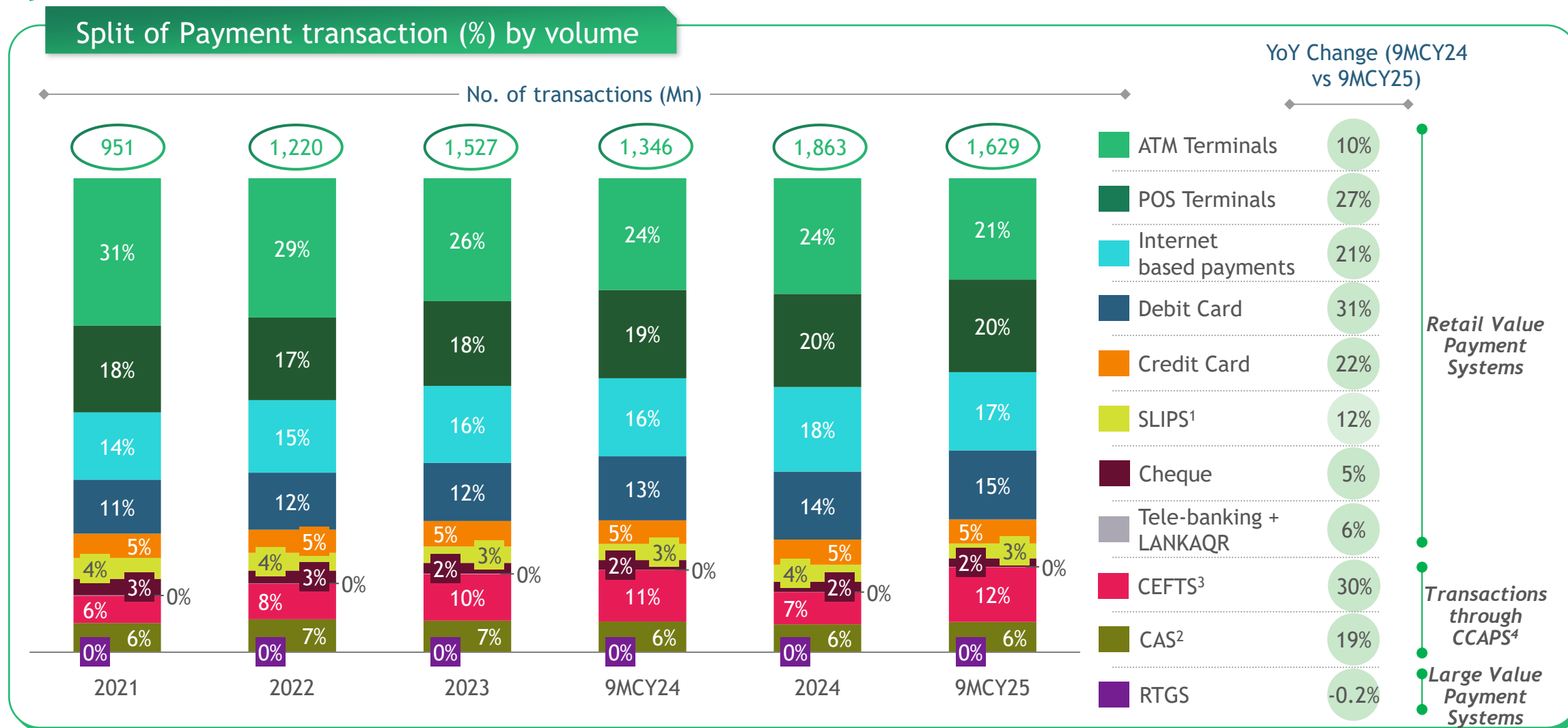
	Acquisition			Retention	
	Monthly Downloads	Monthly Active Users	Daily Active Users	Day 7 Retention	Day 30 Retention
 Nations Trust Bank	9K	110K	10K	11%	6%
 PEOPLES BANK	58K	767K	150K	11%	8%
 සමුච්ච මහලංකා சம்பத் வங்கி Sampath Bank	38K	379K	94K	11%	9%
 SEYLAN BANK P.L.C. <i>The bank with a heart</i>	8K	90K	15K	10%	6%
 BANK OF CEYLON BOC Bankers to the Nation	37K	1231K	207K	8%	5%
 COMMERCIAL BANK	24K	92K	6K	6%	2%
 HNB	34K	589K	169K	16%	12%
 NDB bank <i>Our Commitment. Your Success.</i>	6K	68K	11K	13%	7%
 DFCC BANK <i>Keep Growing</i>	10K	74K	16K	-	-
 NSB	18K	254K	45K	11%	5%

Source: Sensor Tower; Jan- Dec 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



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



# 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



# 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



# 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.



# Key Recent Regulatory Measures



## Monetary Policy Stance and Inflation Outlook

- Maintains the **Overnight Policy Rate (OPR)** at 7.75% in response to evolving domestic and global economic conditions.
- Headline inflation continued to accelerate but **is projected to gradually converge towards the 5% target by H2CY26**, with medium-term expectations remaining anchored.
- Highlights **continued private sector credit expansion across banks and stable external reserves**, with readiness to implement further policy measures if required.



## Annual License Fee Requirements for Licensed Bank

- Requires Licensed Commercial Banks and Licensed Specialized Banks to pay the annual license fee for 2026 based on total assets as at CY25.
- Applies a **tiered fee structure proportionate to banks' asset size**, reinforcing supervisory cost allocation aligned to systemic footprint.
- Sets a **defined compliance timeline for remittance** for banks to ensure continuity of licensing and regulatory oversight.



## Relief Measures for Individuals and Businesses Affected by Disasters

- Licensed banks are required to provide **temporary debt relief, including suspension of capital and/or interest for 3-6 months**, to affected borrowers upon request.
- Enables banks to extend **new lending under capped interest terms and structured grace periods**, supporting recovery while maintaining prudent risk parameters.
- Introduces **enhanced supervisory reporting and transparency requirements for banks**, including periodic reporting of relief granted and rejected cases.

# 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](#)

	Period	Advances <sup>3</sup> LKR Tn	Deposits LKR Tn	CASA Ratio (%)	NIM <sup>1</sup> (%)	CIR <sup>2</sup> (%)	Stage 3 Loans Ratio(%)	ROA <sup>1</sup> (%)	
Govt. Banks	 BANK OF CEYLON Bankers to the Nation	CY25	2.4 ▲ 9%	4.4 ▲ 4%	33.2% ▲ 615 bps	4.0% ▲ 39 bps	29.6% ▼ 728 bps	5.6% ▼ 158 bps	1.5% ▲ 8 bps
	CY24	2.2	4.2	27.0%	3.6%	36.9%	7.2%	1.4%	
	 PEOPLES BANK	CY25	1.8 ▲ 17%	3.2 ▲ 13%	34.6% ▲ 21 bps	4.1% ▲ 68 bps	40.0% ▼ 1024 bps	7.7% ▼ 260 bps	1.1% ▲ 36 bps
	CY24	1.6	2.9	34.4%	3.4%	50.3%	10.3%	0.8%	
	 NSB National Savings Bank	CY25	0.6 ▲ 3%	1.6 ▲ 3%	21.0% ▲ 157 bps	4.7% ▲ 51 bps	34.0% ▼ 407 bps	2.5% ▼ 265 bps	1.5% ▲ 59 bps
	CY24	0.5	1.6	19.4%	4.2%	38.1%	5.2%	0.9%	
Large Pvt.	 COMMERCIAL BANK	CY25	1.9 ▲ 37%	2.6 ▲ 17%	39.7% ▲ 159 bps	4.5% ▲ 24 bps	29.7% ▼ 1941 bps	1.5% ▼ 122 bps	1.9% ▼ 8 bps
	CY24	1.4	2.2	38.1%	4.3%	49.1%	2.8%	2.0%	
	 සමපත් බැංකුව சம்பத் வங்கி Sampath Bank	CY25	1.1 ▲ 31%	1.6 ▲ 12%	35.1% ▲ 79 bps	4.1% ▼ 68 bps	42.7% ▼ 224 bps	3.3% ▼ 138 bps	1.6% ▼ 4 bps
	CY24	0.9	1.5	34.3%	4.8%	45.0%	4.7%	1.6%	
	 HNB	CY25	1.4 ▲ 35%	2.0 ▲ 14%	35.3% ▲ 112 bps	4.3% ▼ 51 bps	37.8% ▼ 2823 bps	1.1% ▼ 79 bps	2.0% ▼ 4 bps
	CY24	1.1	1.7	34.2%	4.8%	66.0%	1.9%	2.1%	
Mid-Sized Pvt.	 NDB bank Our Commitment. Your Success.	CY25	0.6 ▲ 29%	0.7 ▲ 12%	26.8% ▲ 200 bps	4.0% ▼ 30 bps	41.0% ▲ 413 bps	3.8% ▼ 143 bps	1.3% ▲ 13 bps
	CY24	0.5	0.6	24.8%	4.3%	36.9%	5.2%	1.1%	
	 SEYLAN BANK PLC The bank with a heart	CY25	0.6 ▲ 30%	0.7 ▲ 13%	29.9% ▲ 118 bps	4.5% ▼ 40 bps	44.5% ▼ 183 bps	1.0% ▼ 107 bps	1.4% ▲ 8 bps
	CY24	0.5	0.6	28.8%	4.9%	46.4%	2.1%	1.3%	
	 DFCC BANK Keep Growing	CY25	0.5 ▲ 29%	0.6 ▲ 21%	24.2% ▼ 49 bps	4.0% ▼ 22 bps	42.7% ▲ 0 bps	4.6% ▼ 110 bps	2.1% ▲ 81 bps
	CY24	0.4	0.5	24.7%	4.2%	42.7%	5.7%	1.2%	
	 Nations Trust Bank	CY25	0.4 ▲ 50%	0.5 ▲ 31%	30.1% ▼ 96 bps	6.2% ▼ 54 bps	32.9% ▼ 109 bps	0.9% ▼ 69 bps	3.0% ▼ 8 bps
	CY24	0.3	0.4	31.1%	6.7%	34.0%	1.6%	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

# Authors & Contributors



Ruchin Goyal

Managing Director and  
Senior Partner  
[Goyal.Ruchin@bcg.com](mailto:Goyal.Ruchin@bcg.com)



Abhinav Bansal

Managing Director  
and Senior Partner  
[Bansal.Abhinav@bcg.com](mailto:Bansal.Abhinav@bcg.com)



Anshuman  
Upadhyaya

Managing Director  
and Partner  
[Upadhyaya.Anshuman@bcg.com](mailto:Upadhyaya.Anshuman@bcg.com)



Himanshi Aneja

Analyst, BCG Vantage  
[Aneja.Himanshi@bcg.com](mailto:Aneja.Himanshi@bcg.com)



Pooja Kaphalia

Analyst, BCG Vantage  
[Kaphalia.Pooja@bcg.com](mailto:Kaphalia.Pooja@bcg.com)

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