Sampath Bank records robust half-year results with Profit After Tax of 16.6 billion rupees

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Sampath Bank delivered a strong financial performance for the six months ended

June 30, 2026, reporting Total Operating Income of 63.3 billion rupees, an increase of 17 percent compared to the corresponding period last year. The Bank's performance was driven by sustained growth across its core revenue streams, with Net Interest Income increasing by 11 percent and Net Fee and Commission Income rising by 26 percent.

The Bank's earnings performance was moderated by a higher impairment charge of five billion rupees, representing a year-on-year increase of 324 percent. This was primarily attributable to collective impairment arising from the continued expansion of the loan portfolio and the Bank's prudent provisioning strategy in response to ongoing geopolitical uncertainties and the evolving macroeconomic environment. Consequently, Net Operating Income recorded a more moderate growth of 10 percent over the corresponding period of the previous year. Despite higher operating expenses associated with business expansion and continued strategic investments in technology, distribution and human capital, the Bank reported a Profit After Tax of 16.6 billion rupees, reflecting a robust year-on-year increase of 13 percent. The Sampath Group reported a Profit Before Tax of 26.6 billion rupees and a Profit After Tax of 17.9 billion rupees for the six months ended June 30, 2026.

The Bank also recorded a strong quarter-on-quarter improvement in profitability, with Profit After Tax increasing by 69 percent compared to the preceding quarter. Total Operating Income increased by 22 percent, while impairment charges declined by 89 percent. The reduction in impairment was primarily attributable to an impairment reversal exceeding three billion rupees following the successful recovery of long-outstanding loans during the quarter.

During the first half of 2026, Sampath Bank reported Total Interest Income of 97.8 billion rupees, representing a nine percent increase year-on-year, mainly supported by the expansion of its lending portfolio and improved asset yields. Interest expenses increased by eight percent to 55.1 billion rupees, reflecting the expansion of the deposit base and additional borrowings undertaken to support accelerated credit growth.

As growth in interest income outpaced the increase in funding costs, Net Interest Income increased by 11 percent to 42.8 billion rupees. Consequently, the Bank's Net Interest Margin improved to 4.21 percent from 4.11 percent reported in 2025, supported by improved yields on the advances portfolio, strong loan growth and favourable movements in market interest rates.

Non-fund-based income increased by 30 percent to 20.5 billion rupees. Net Fee and Commission Income rose by 26 percent to 12.2 billion rupees, supported by higher transaction volumes and the expansion of the lending portfolio. Total Exchange Income increased significantly by 198 percent to 7.2 billion rupees, primarily due to the depreciation of the Sri Lankan rupee against the US dollar by 26.12 rupees during the period and higher foreign exchange transaction volumes. Capital gains from Treasury bills and bonds moderated to one billion rupees from 3.5 billion rupees in the corresponding period of 2025.

The Bank recognized a total impairment charge of five billion rupees during the first half, compared with 1.2 billion rupees a year earlier. Impairment on loans and advances increased to 5.3 billion rupees from 1.4 billion rupees, largely reflecting higher collective provisions associated with the Bank’s strong loan portfolio growth. The Bank also maintained additional management overlays to address geopolitical uncertainties and reviewed higher-risk exposures as part of its proactive credit risk management strategy. Recoveries from written-off customers increased to 572 million rupees from 216 million rupees in the corresponding period of 2025. Operating expenses increased by 21 percent year-on-year, driven by workforce expansion, annual salary revisions, higher costs associated with increased business volumes and continued investments in technology and digital capabilities. Cost-to-Income Ratio increased to 41.7 percent from 40 percent in the corresponding period of 2025.

Sampath Bank continued its growth momentum, expanding its asset base by eight percent from year-end 2025 to 2.13 trillion rupees as at June 30, 2026. Gross Loans increased by 226 billion rupees to 1,449 billion rupees, representing growth of 18 percent. This comprised a 197 billion rupee increase in Sri Lankan rupee-denominated loans and a 29 billion rupee increase in foreign currency lending. Despite accelerated lending growth, asset quality remained resilient, with the Stage 3 portfolio declining by 10.8 billion rupees. The Stage 2 portfolio increased by 36.8 billion rupees, primarily reflecting the Bank’s proactive credit risk assessment and prudent reclassification of selected exposures amid prevailing geopolitical uncertainties.

The Bank’s funding base also strengthened, with total liabilities increasing by eight percent from year-end 2025 to 1.95 trillion rupees. Customer deposits increased by 118 billion rupees to 1.76 trillion rupees, supported by a 99 billion rupee increase in Sri Lankan rupee-denominated deposits and a 19 billion rupee rise in foreign currency deposits. Return on Average Shareholders’ Equity improved to 18.91

percent from 17.93 percent at the end of 2025, while Return on Average Assets before tax stood at 2.40 percent.

Sampath Bank maintained a strong capital position, with its Common Equity Tier 1, Tier 1 and Total Capital ratios standing at 13.21 percent, 13.21 percent and 15.62 percent, respectively, remaining above regulatory requirements. In July 2026, the Bank further strengthened its capital position through the successful issuance of a 10 billion rupee Basel III-compliant Green Bond, which was oversubscribed.

Liquidity also remained robust, with the All-Currency Liquidity Coverage Ratio at 185.04 percent and the Net Stable Funding Ratio at 157.38 percent as at June 30, 2026, comfortably above the regulatory minimum of 100 percent. These results reflect Sampath Bank’s continued focus on disciplined growth, prudent risk management, financial resilience and sustainable long-term value creation.