



# FINANCIAL SOUNDNESS INDICATORS

Q4 of 2024



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இலங்கை மத்திய வங்கி  
CENTRAL BANK OF SRI LANKA

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The Financial Soundness Indicators – Q4 of 2024 focuses on data available by end December 2024, and the data for Q4 of 2024 are provisional. Data may include calculations made specifically for this publication.

Furthermore, the banking sector indicators are derived from financial statements that have been prepared based on SLFRS-9 from 01 January 2022 onwards.

# Banking Sector Assets

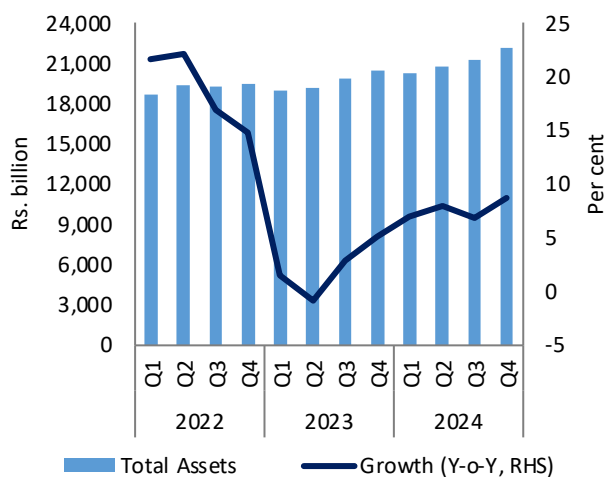
01

Banking sector assets recorded a y-o-y asset growth of 8.7 per cent at end Q4 of 2024, primarily driven by the increased investments. Increased loans and receivables also contributed to the asset growth.

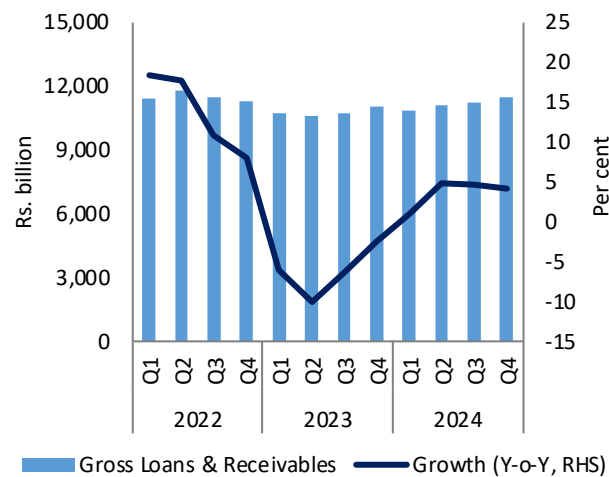
**Table 1** Banking Sector Assets (Rs. billion)

Indicators	2023 Q4	2024 Q4	% Change (Y-o-Y)
Total Assets	20,394.4	22,175.7	8.7
Gross Loans & Receivables	11,020.8	11,473.7	4.1
Investments	7,299.9	9,083.7	24.4

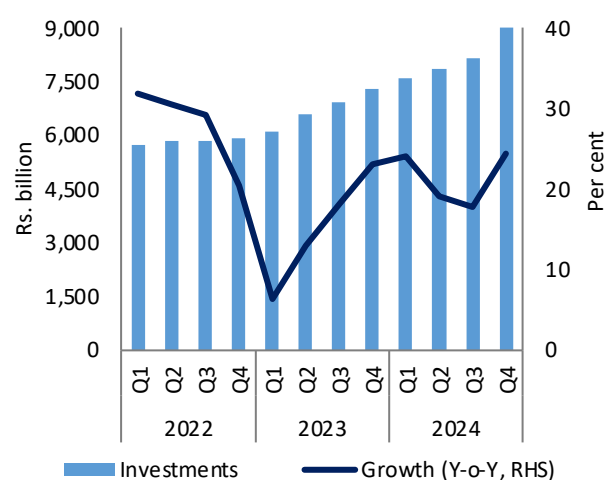
**Chart 1** Total Assets



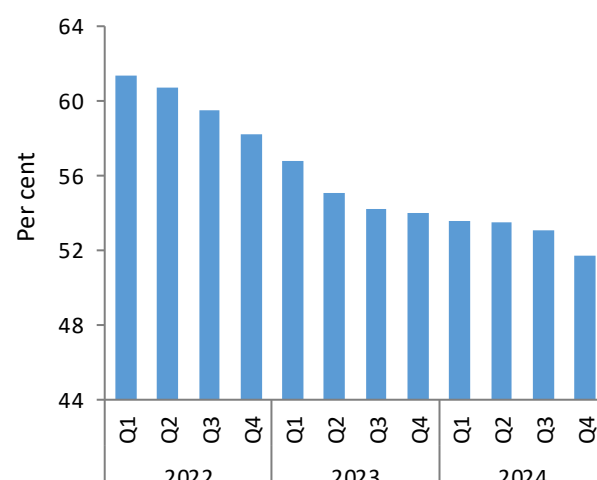
**Chart 2** Gross Loans & Receivables



**Chart 3** Investments



**Chart 4** Gross Loans to Total Assets



# Banking Sector Liabilities & Equity

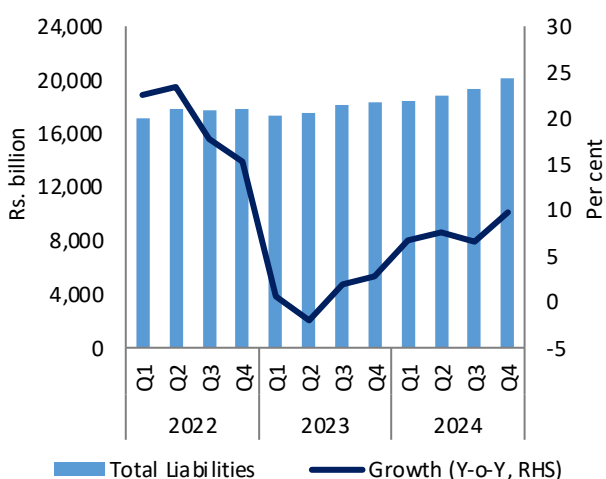
02

Liabilities of the banking sector grew by 9.8 per cent y-o-y at end Q4 of 2024, mainly due to the growth in deposits. Furthermore, equity capital and reserves recorded a growth of 15.7 per cent y-o-y at end Q4 of 2024.

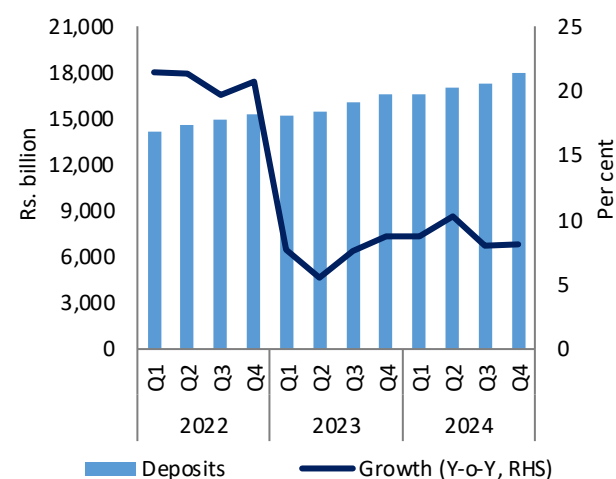
**Table 2** Liabilities & Equity (Rs. billion)

Indicators	2023 Q4	2024 Q4	% Change (Y-o-Y)
Total Liabilities	18,343.4	20,132.5	9.8
Deposits	16,630.5	17,969.4	8.1
Borrowings	1,397.4	1,280.0	(8.4)
Equity Capital & Reserves	1,765.5	2,043.2	15.7

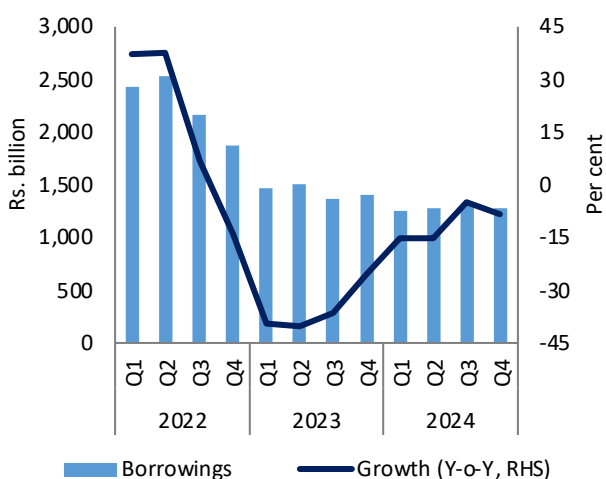
**Chart 5** Total Liabilities



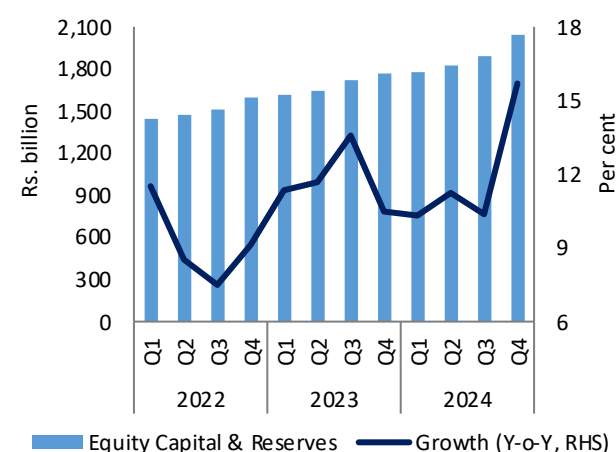
**Chart 6** Deposits



**Chart 7** Borrowings



**Chart 8** Equity Capital & Reserves



# Banking Sector Capital Adequacy

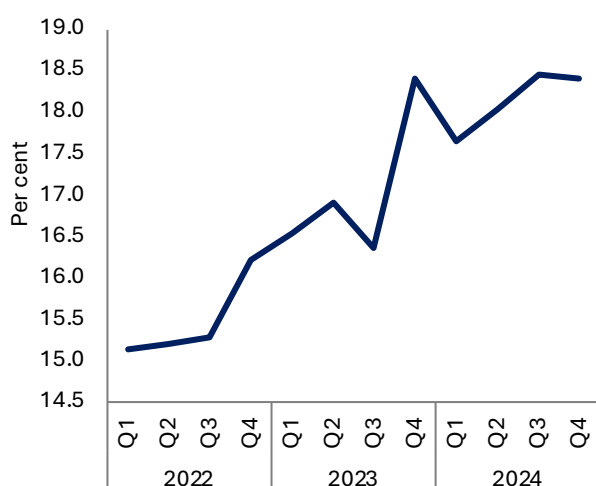
03

Regulatory Capital to Risk Weighted Assets of the banking sector remained unchanged compared to end 2023 and stood at 18.4 per cent at end Q4 of 2024.

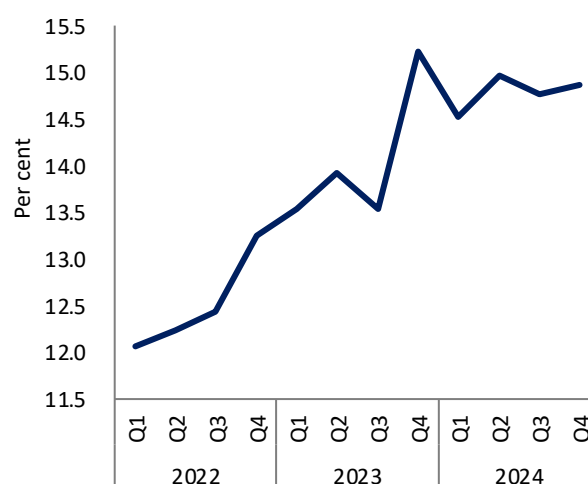
**Table 3** Regulatory Capital (Rs. billion)

Indicators	2023 Q4	2024 Q4	% Change (Y-o-Y)
Total Regulatory Capital	1,687.0	1,800.9	6.8
Tier-1 Capital	1,395.1	1,455.5	4.3
Risk Weighted Assets (RWA)	9,162.1	9,787.1	6.8
Leverage Exposure	20,903.1	22,778.4	9.0

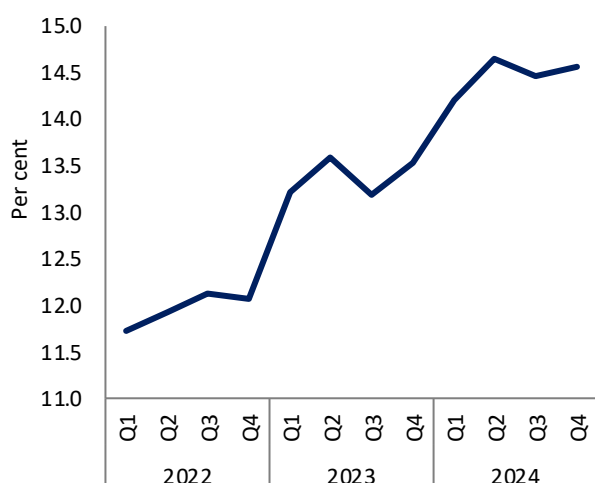
**Chart 9** Regulatory Capital to RWA



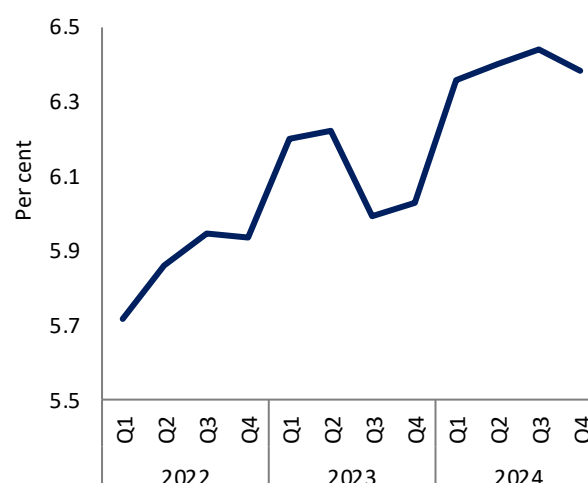
**Chart 10** Tier-1 Capital to RWA



**Chart 11** CET-1 Capital to RWA



**Chart 12** Leverage Ratio



# Banking Sector Asset Quality\*

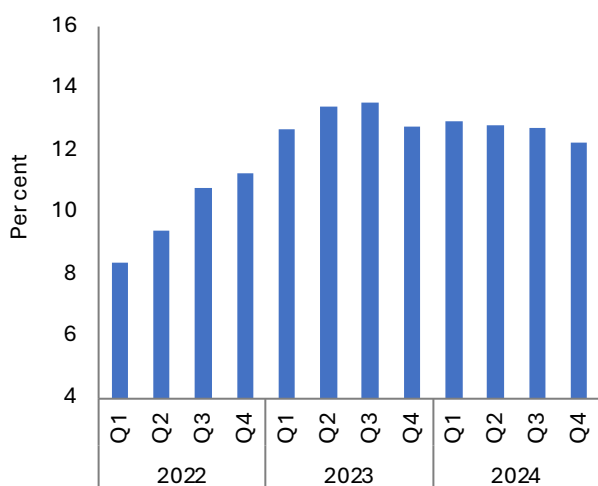
04

Non-Performing Loans to Total Loans<sup>(a)</sup> of the banking sector declined to 12.3 per cent at end Q4 of 2024 compared to 12.8 per cent at end Q4 of 2023, indicating a gradual decline in default risk of the banking sector.

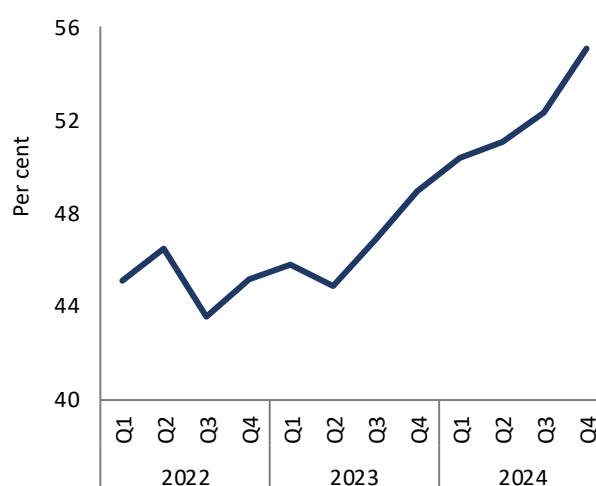
**Table 4** Asset Quality (Rs. billion)

Indicators	2023 Q4	2024 Q4	% Change (Y-o-Y)
Gross Non-Performing Loans (NPLs) <sup>(a)</sup>	1,409.1	1,411.4	0.2
Provision for Total Loans <sup>(a)</sup>	957.5	988.2	3.2
Provision for NPLs <sup>(a)</sup>	701.1	777.3	10.9
Gross NPLs to Total Loans <sup>(a)</sup> (%)	12.8	12.3	N/A

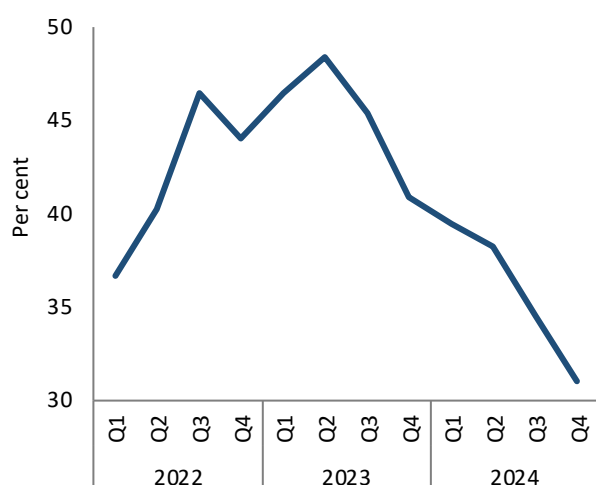
**Chart 13** NPLs to Total Loans



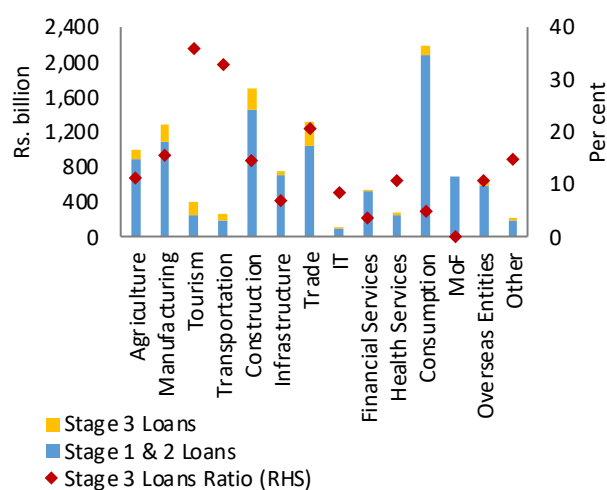
**Chart 14** Provision Coverage



**Chart 15** Net NPLs to Capital



**Chart 16** Loan Concentration by Economic Activity



(a) Including undrawn portion.

\* Non-Performing Loans and Provision Coverage would reflect Stage 3 Loans and Impairment Coverage, respectively.



# Banking Sector Earnings & Profitability

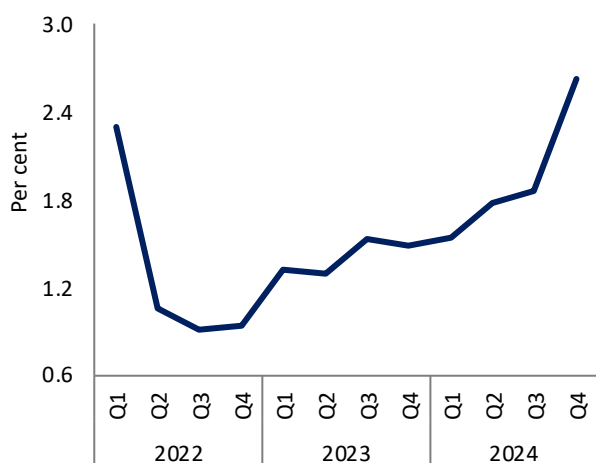
05

The banking sector reported a profit after tax of Rs. 321.5 billion during 2024, recording a significant increase of 66.9 per cent, y-o-y, mainly due to the reduction of provisions and increased net interest income.

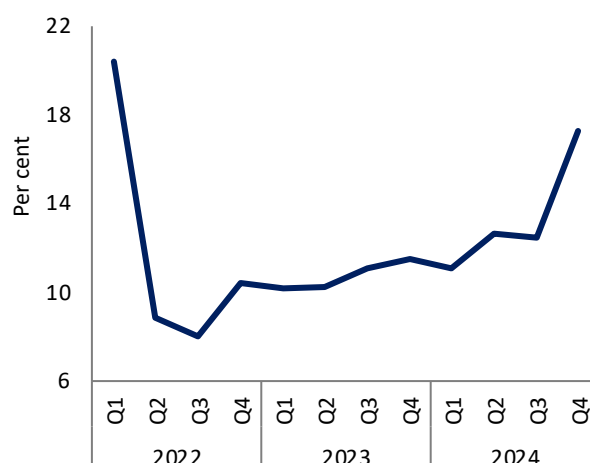
**Table 5** Earnings and Profitability (Rs. billion)

Indicators	2023 Q4	2024 Q4	% Change (Y-o-Y)
Net Interest Income	714.6	916.8	28.3
Gross Income <sup>(b)</sup>	922.0	1,047.9	13.7
Profit Before Corporate Tax	291.1	548.9	88.6
Profit After Corporate Tax	192.6	321.5	66.9

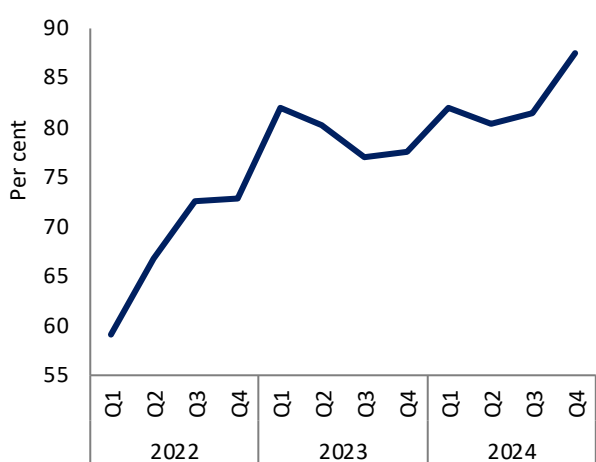
**Chart 17** Return on Assets (before tax)



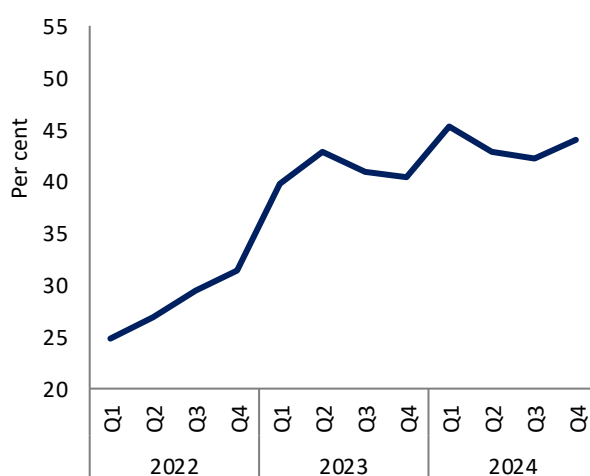
**Chart 18** Return on Equity (after tax)



**Chart 19** Net Interest Income to Gross Income



**Chart 20** Non-Interest Expense to Gross Income



(b)Gross income includes net interest income and non-interest income.

# Banking Sector Liquidity

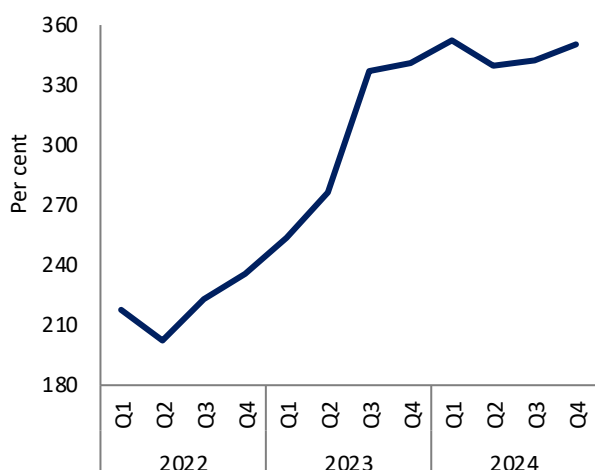
06

Liquidity of the banking sector in terms of Liquidity Coverage Ratios (LCR) – Rupee & All Currency, and Net Stable Funding Ratio (NSFR) improved at end Q4 of 2024 compared to end Q4 of 2023.

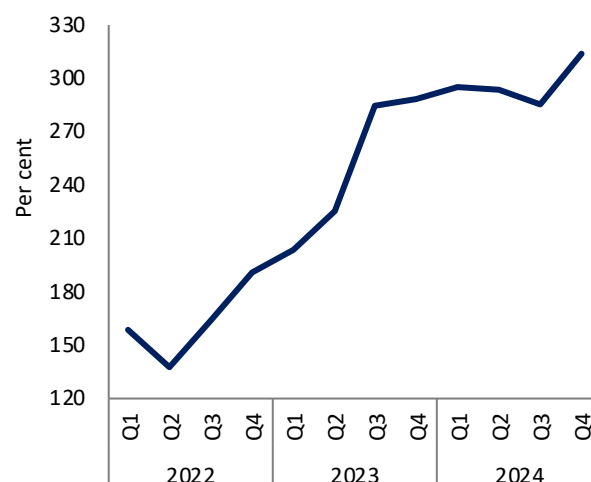
**Table 6** Liquidity (Per cent)

Indicators	2023 Q4	2024 Q4
Liquidity Coverage Ratio - Rupee	340.8	350.0
Liquidity Coverage Ratio - All Currency	288.4	314.0
Net Stable Funding Ratio	158.7	164.8

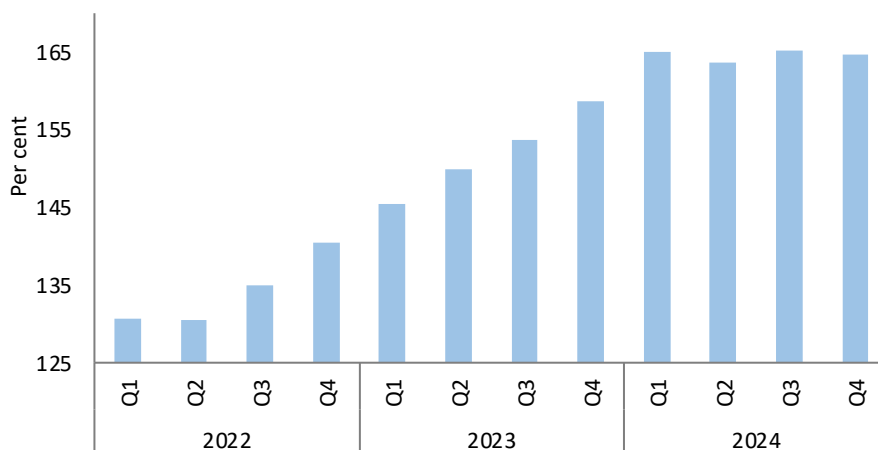
**Chart 21** Liquidity Coverage Ratio - Rupee



**Chart 22** Liquidity Coverage Ratio - All Currency



**Chart 23** Net Stable Funding Ratio





# Banking Sector Foreign Currency Operations

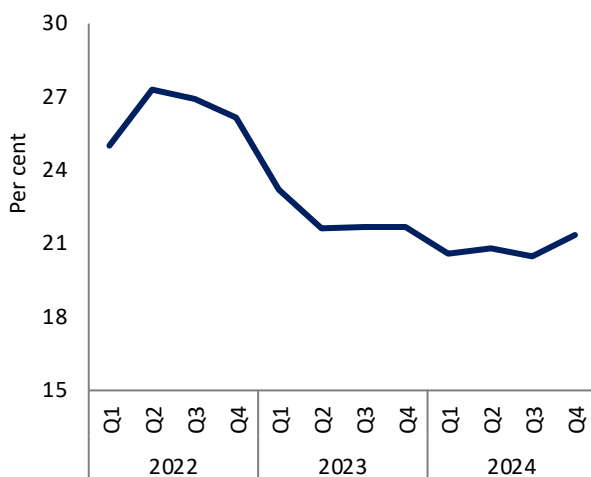
07

Foreign Currency (FCY) operations such as FCY loans and receivables, FCY investments, and FCY deposits recorded an increase, whereas FCY borrowings contracted at end Q4 of 2024 compared to Q4 of 2023.

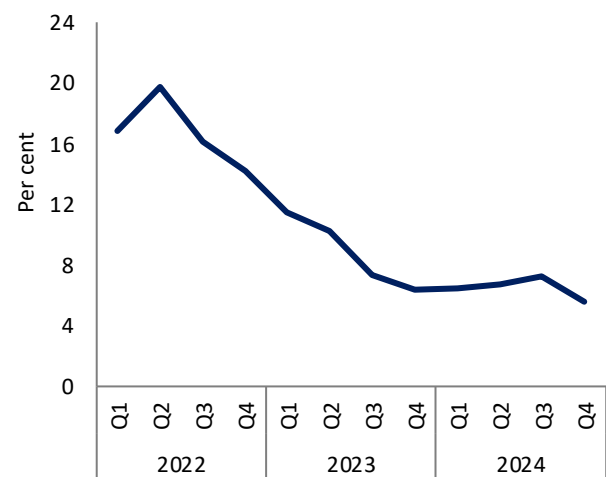
**Table 7** FCY Operations (USD million)

Indicators	2023 Q4	2024 Q4	% Change (Y-o-Y)
FCY Loans & Receivables	7,402.9	8,363.0	13.0
FCY Investments	1,449.8	1,746.1	20.4
FCY Borrowings	1,014.5	760.3	(25.1)
FCY Deposits	11,081.2	11,615.8	4.8

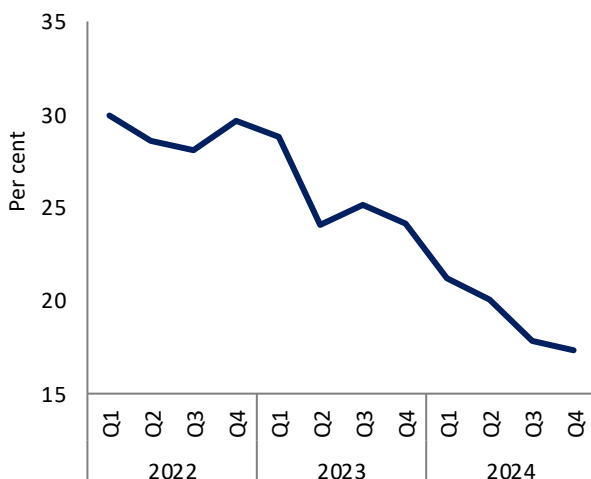
**Chart 24** FCY Loans to Total Loans



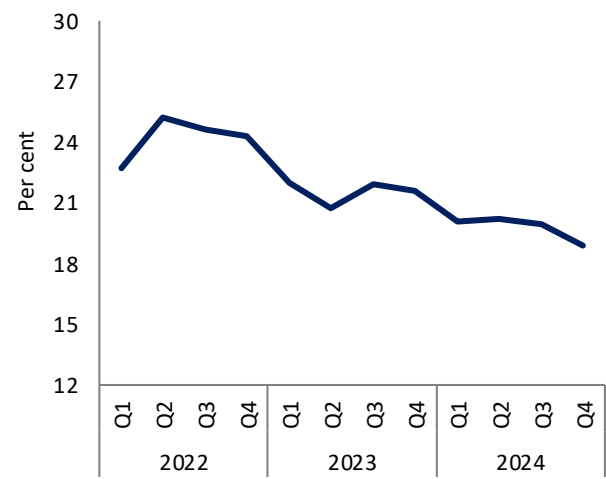
**Chart 25** FCY Investments to Total Investments



**Chart 26** FCY Borrowings to Total Borrowings



**Chart 27** FCY Deposits to Total Deposits



# Finance Companies (FCs) Sector Assets\*

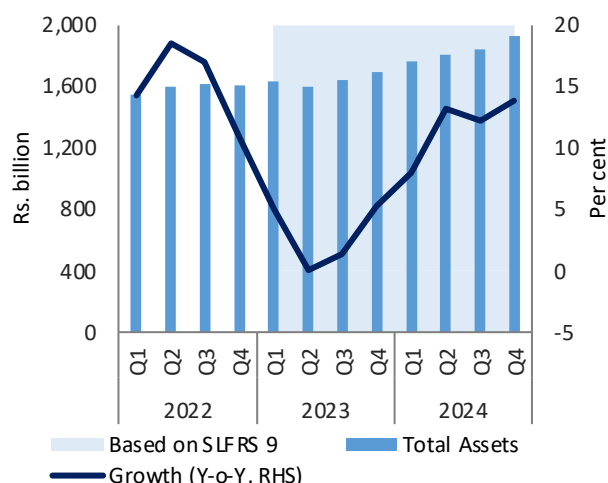
08

Total assets of the FCs sector grew by 13.9 per cent y-o-y at end Q4 of 2024, particularly due to the significant growth in loans and advances.

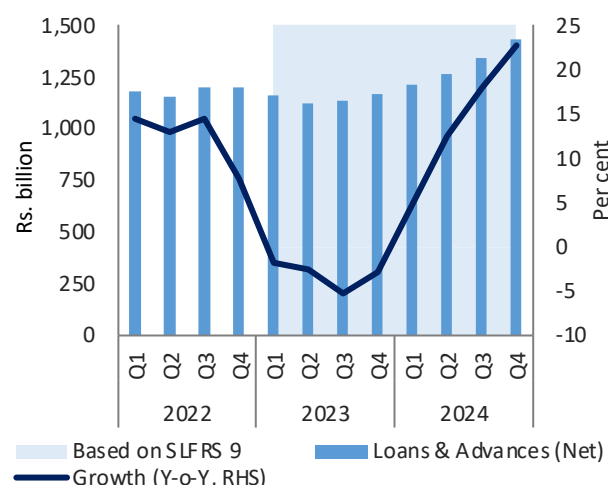
**Table 8** Assets (Rs. billion)

Indicators	2023 Q4	2024 Q4	% Change (Y-o-Y)
Total Assets	1,695.5	1,930.7	13.9
Loans & Advances (Net)	1,164.8	1,430.2	22.8
Investments	385.7	352.2	(8.7)

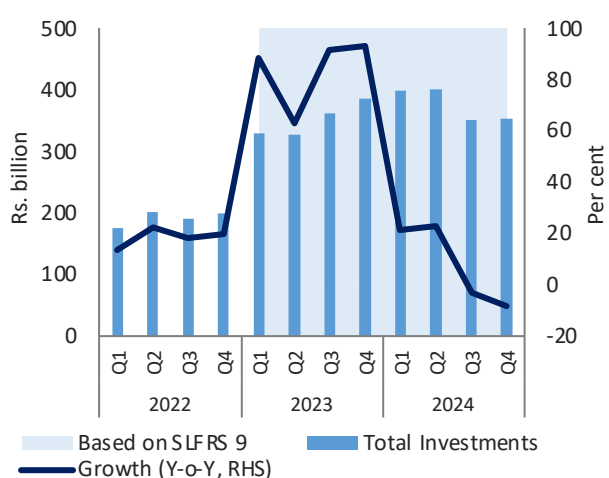
**Chart 28** Total Assets



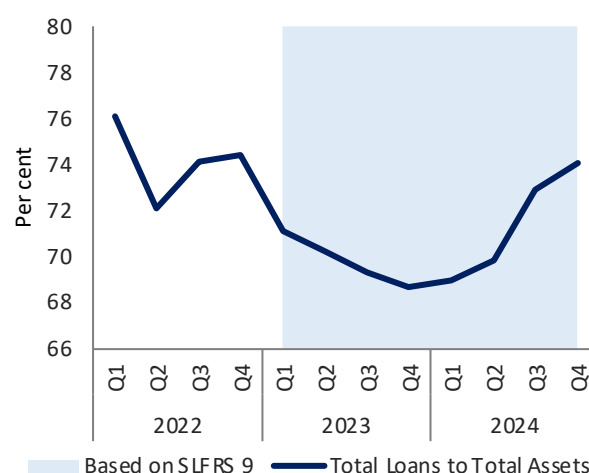
**Chart 29** Loans & Advances



**Chart 30** Investments



**Chart 31** Loans & Advances to Total Assets



\* FCs sector indicators to be interpreted by factoring that Financial Statements have been prepared based on SLFRS-9 from Q1 of 2023 onwards.

# FCs Sector Liabilities & Equity\*

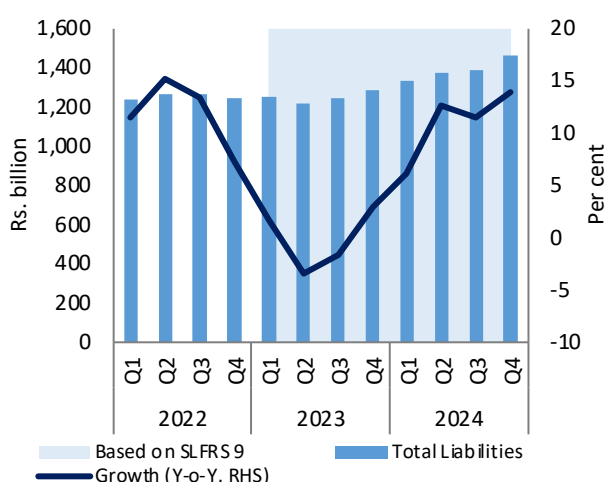
09

Total liabilities of the sector grew by 13.9 per cent y-o-y at end Q4 of 2024, mainly due to increased deposits. Furthermore, equity funds recorded a growth of 13.9 per cent y-o-y at end Q4 of 2024.

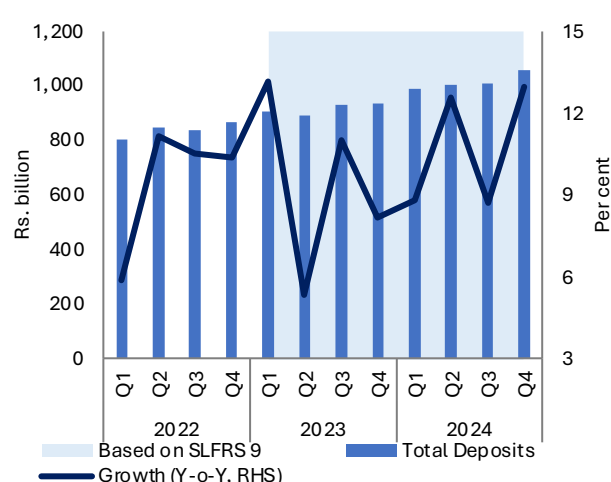
**Table 9** Liabilities & Equity (Rs. billion)

Indicators	2023 Q4	2024 Q4	% Change (Y-o-Y)
Total Liabilities	1,283.5	1,461.4	13.9
Deposits	935.1	1,056.4	13.0
Borrowings	264.8	305.4	15.3
Equity Fund	412.0	469.4	13.9

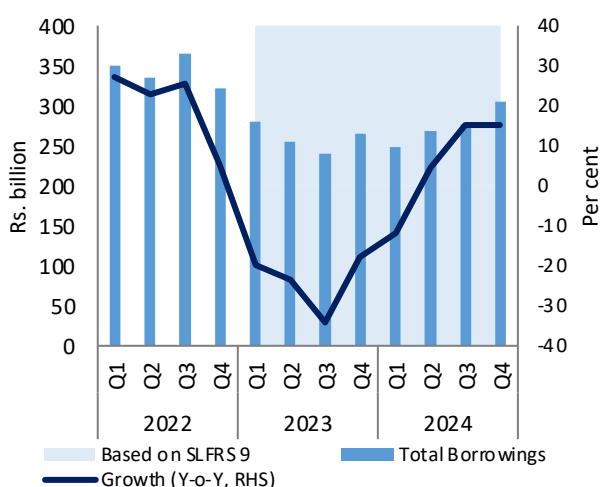
**Chart 32** Total Liabilities



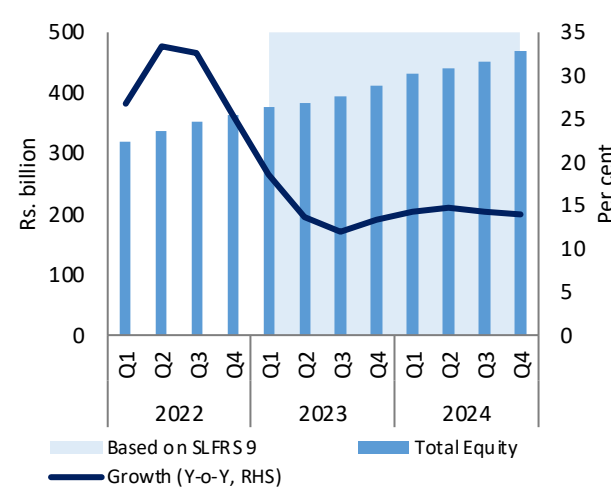
**Chart 33** Deposits



**Chart 34** Borrowings



**Chart 35** Equity



\* FCs sector indicators to be interpreted by factoring that Financial Statements have been prepared based on SLFRS-9 from Q1 of 2023 onwards.

# FCs Sector Capital Adequacy\*

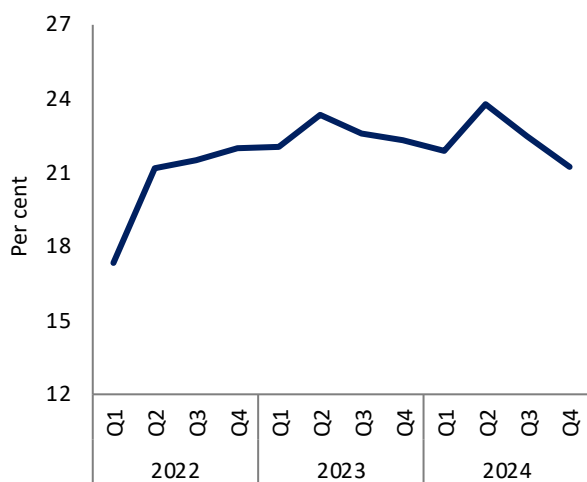
10

Total Regulatory Capital to Risk Weighted Assets Ratio of the FCs sector decreased slightly to 21.2 per cent at end Q4 of 2024 from 22.3 per cent at end Q4 of 2023. Total borrowings to equity increased to 0.7 times from 0.6 times during the same reference period.

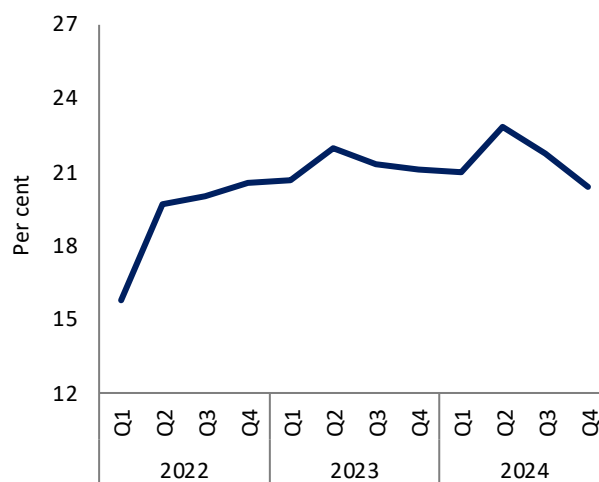
**Table 10** Regulatory Capital (Rs. billion)

Indicators	2023 Q4	2024 Q4	% Change (Y-o-Y)
Regulatory Capital	329.1	357.4	8.6
Tier 1 Capital (Eligible)	311.3	343.5	10.4
Risk Weighted Assets (RWA)	1,473.4	1,684.1	14.3

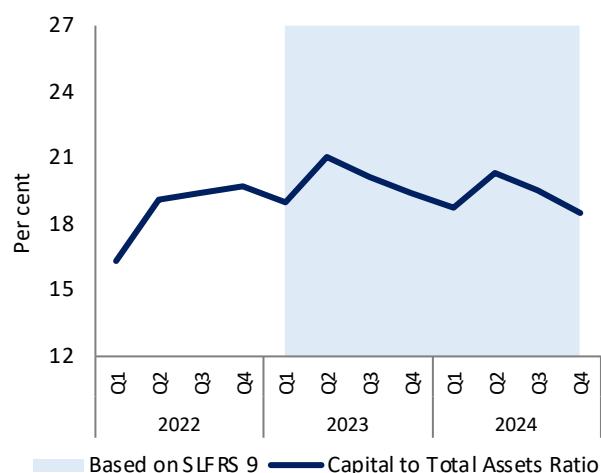
**Chart 36** Regulatory Capital to RWA



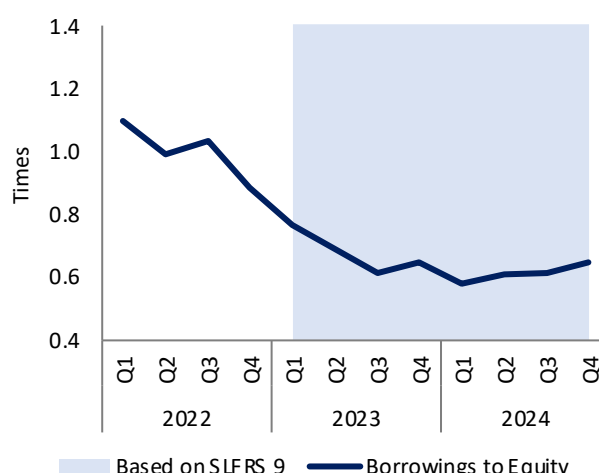
**Chart 37** Tier-1 Capital to RWA



**Chart 38** Regulatory Capital to Assets



**Chart 39** Borrowings to Equity



\* FCs sector indicators to be interpreted by factoring that Financial Statements have been prepared based on SLFRS-9 from Q1 of 2023 onwards.

# FCs Sector Asset Quality\*

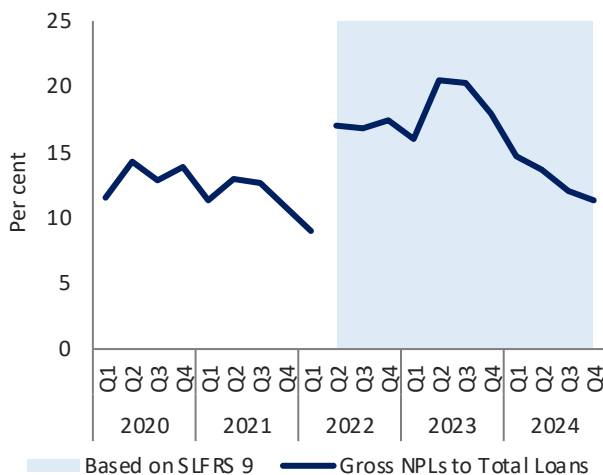
11

Gross Non-Performing Loans Ratio declined considerably to 11.3 per cent at end Q4 of 2024 compared to 18.0 per cent at end Q4 of 2023. Provision Coverage for Non-Performing Loans improved to 41.9 per cent at end Q4 of 2024 from 32.6 per cent at end Q4 of 2023.

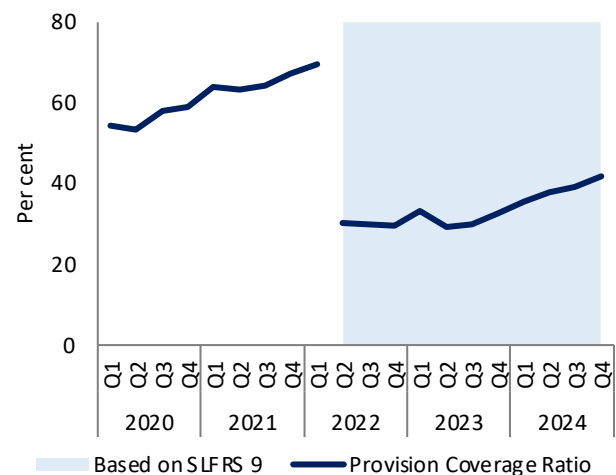
**Table 11** Asset Quality (Rs. billion)

Indicators	2023 Q4	2024 Q4	% Change (Y-o-Y)
Gross Non-Performing Loans	226.4	172.1	(24.0)
Provision for NPLs	73.8	72.2	(2.3)
Net NPLs	152.6	99.9	(34.5)
Gross NPLs to Total Loans (%)	18.0	11.3	N/A

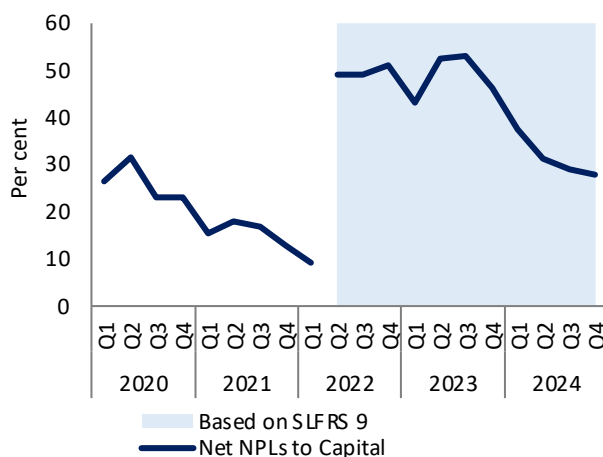
**Chart 40** Gross NPLs to Total Loans



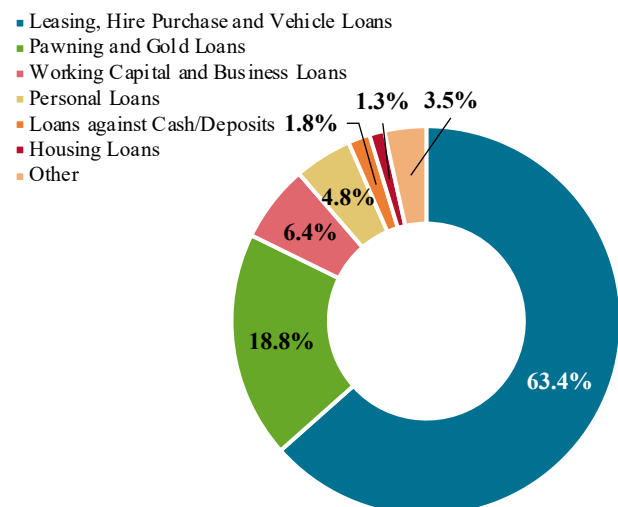
**Chart 41** Provision Coverage for NPLs



**Chart 42** Net NPLs to Capital



**Chart 43** Loan Concentration by Product at end Q4 of 2024



\* FCs sector adopted the Finance Business Act Direction No.01 of 2020 on Classification and Measurement of Credit Facilities, with effect from 01.04.2022

# FCs Sector Earnings & Profitability\*

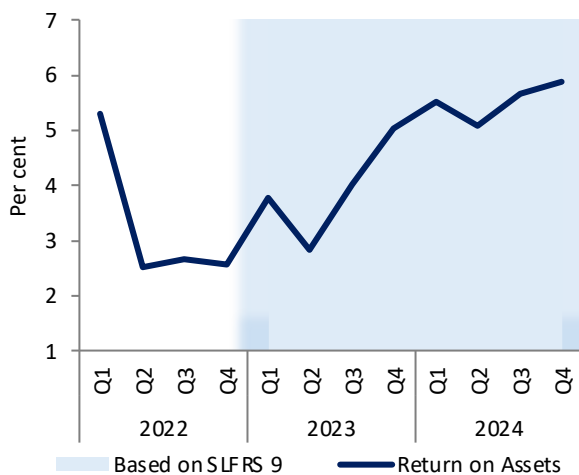
12

The FCs sector reported a profit after tax of Rs. 43.1 billion during first nine months of the financial year 2024/25, recording a growth of 23.6 per cent y-o-y. Accordingly, profitability indicators such as ROA and ROE improved during the period under consideration.

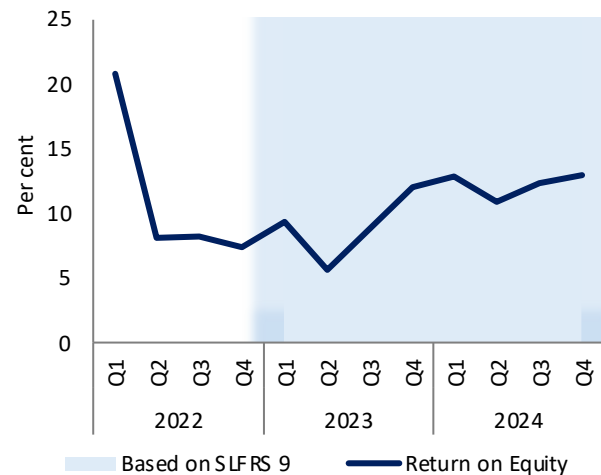
**Table 12** Earnings & Profitability (Rs. billion)

Indicators	2023 Q4	2024 Q4	% Change (Y-o-Y)
Net Interest Income	118.8	145.2	22.2
Gross Income <sup>(c)</sup>	144.1	170.1	18.1
Profit Before Tax	47.8	60.9	27.3
Profit After Tax	34.9	43.1	23.6

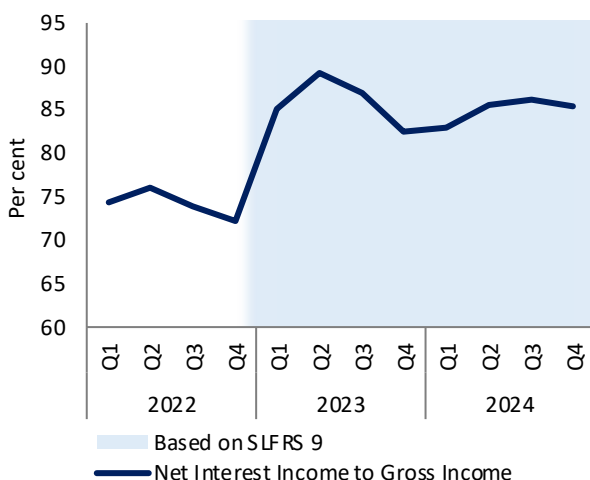
**Chart 44** Return on Assets (before tax)



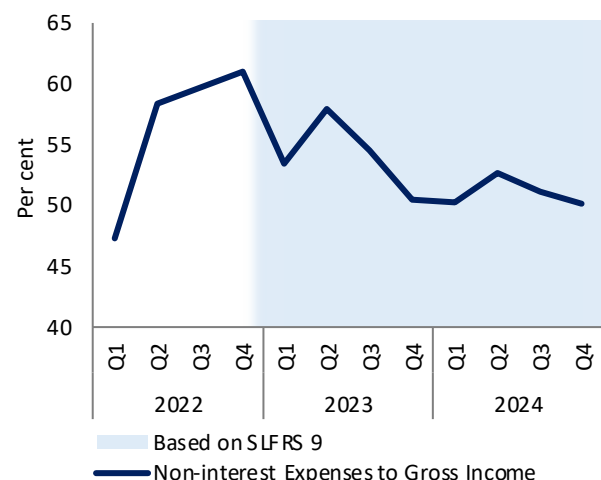
**Chart 45** Return on Equity (after tax)



**Chart 46** Net Interest Income to Gross Income



**Chart 47** Non-interest Expenses to Gross Income



\* FCs sector indicators to be interpreted by factoring that Financial Statements have been prepared based on SLFRS-9 from Q1 of 2023 onwards.

(c) Gross income includes net interest income and non-interest income.

# FCs Sector Liquidity\*

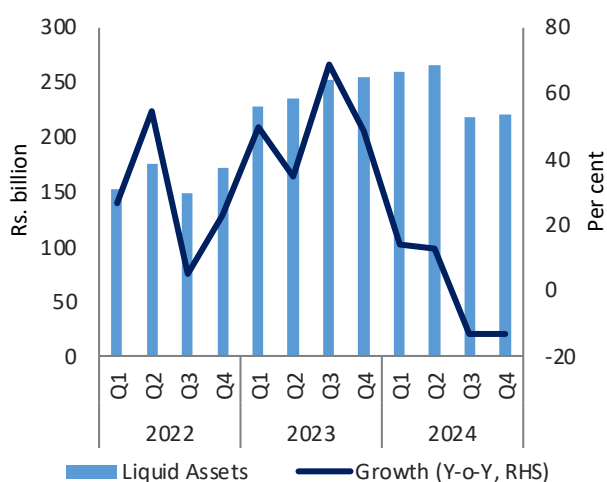
13

Although the sector maintained a liquidity buffer above the regulatory requirement, the Ratio of Liquid Assets to Total Assets decreased to 11.4 per cent by end Q4 of 2024 compared to 15.0 per cent reported a year ago.

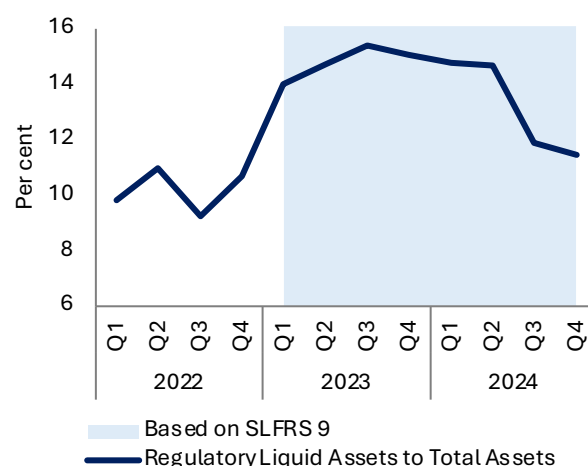
**Table 13** Liquidity (Per cent)

Indicators	2023 Q4	2024 Q4
Liquid Assets to Total Assets	15.0	11.4
Credit to Deposits Ratio	124.6	135.4
Liquid Assets to Deposits & Borrowings	21.2	16.2

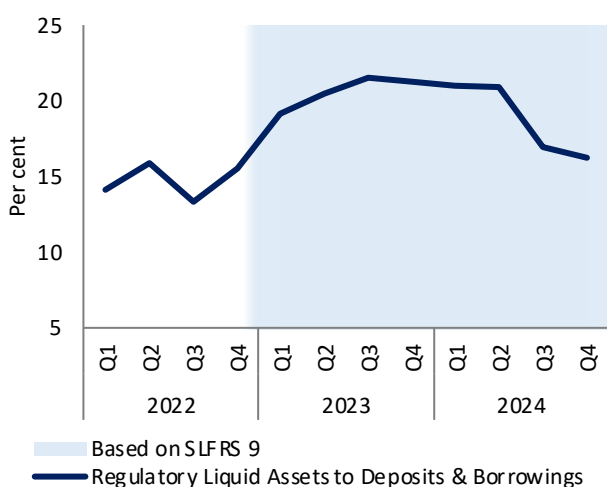
**Chart 48** Liquid Assets



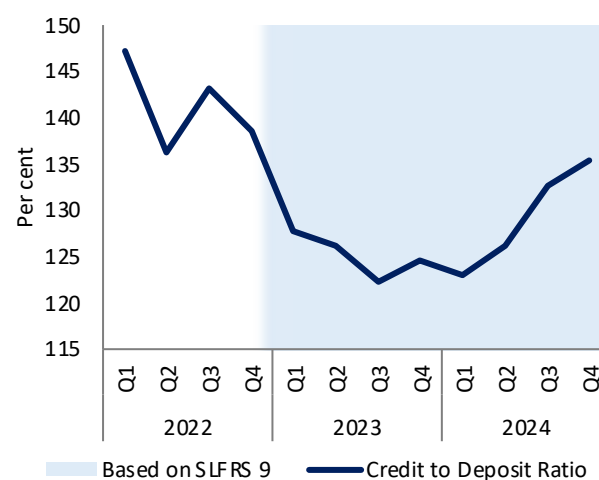
**Chart 49** Liquid Assets to Total Assets



**Chart 50** Liquid Assets to Deposits & Borrowings



**Chart 51** Credit to Deposits Ratio



\* FCs sector indicators to be interpreted by factoring that Financial Statements have been prepared based on SLFRS-9 from Q1 of 2023 onwards.