



FINANCIAL SOUNDNESS INDICATORS

Q4 of 2025



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இலங்கை மத்திய வங்கி
CENTRAL BANK OF SRI LANKA

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The Financial Soundness Indicators – Q4 of 2025 focus on data ending December 2025. Moreover, the data for Q4 of 2025 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.

Similarly, the FCs sector indicators are derived from financial statements that have been prepared based on SLFRS-9 from Q1 of 2023 onwards.

Banking Sector Assets

Banking sector assets recorded a growth of 12.5% y-o-y at end 2025, primarily driven by the increased loans and receivables. Accordingly, credit growth of the sector significantly accelerated to 21.4% y-o-y at end 2025.

Table 1 Banking Sector Assets (Rs. billion)

Indicators	2024 Q4	2025 Q4	% Change (Y-o-Y)
Total Assets	22,146.8	24,922.2	12.5
Gross Loans & Receivables	11,476.7	13,933.3	21.4
Investments (Net)	9,089.8	9,369.6	3.1

Chart 1 Total Assets

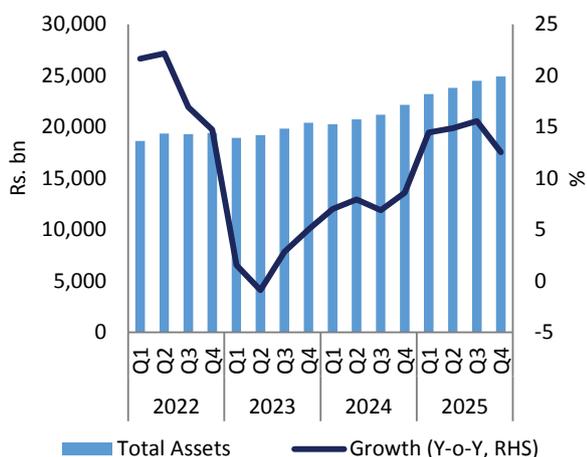


Chart 2 Loans & Receivables

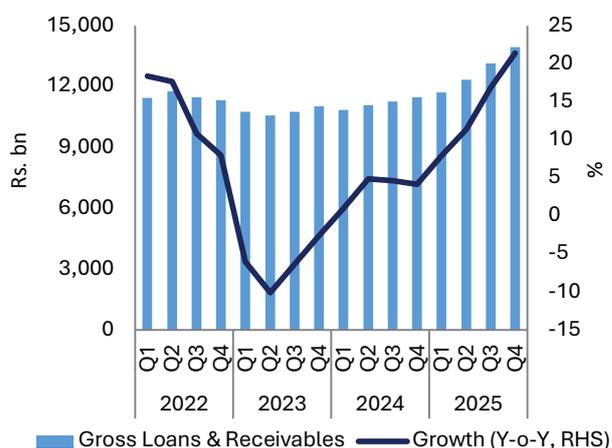


Chart 3 Investments

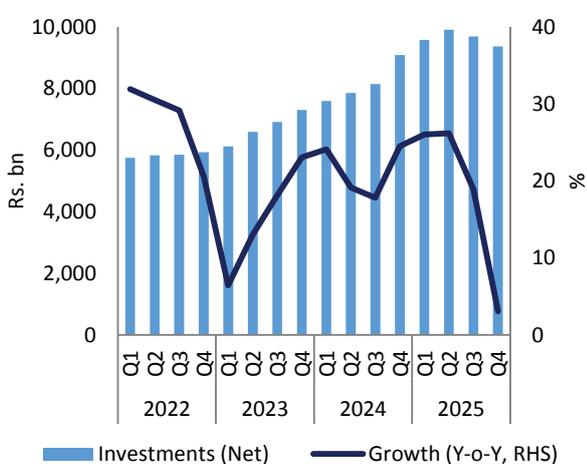
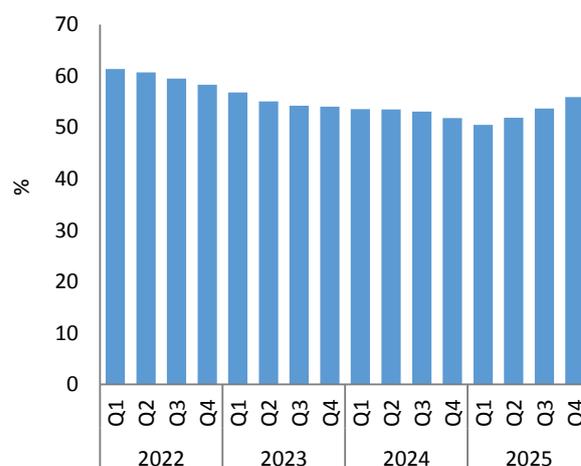


Chart 4 Gross Loans to Total Assets



Banking Sector Liabilities & Equity

02

Total liabilities (excluding equity) of the sector grew by 12.2% y-o-y at end 2025, mainly due to increased deposits. Furthermore, growth of borrowings notably accelerated to 29.8% y-o-y at end 2025.

Table 2 Liabilities & Equity (Rs. billion)

Indicators	2024 Q4	2025 Q4	% Change (Y-o-Y)
Total Liabilities	20,092.7	22,547.9	12.2
Deposits	17,969.3	19,927.4	10.9
Borrowings	1,292.9	1,678.2	29.8
Equity Capital & Reserves	2,054.1	2,374.3	15.6

Chart 5 Total Liabilities

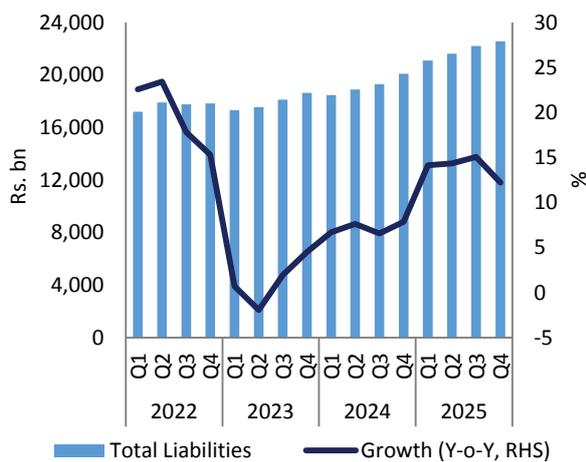


Chart 6 Deposits

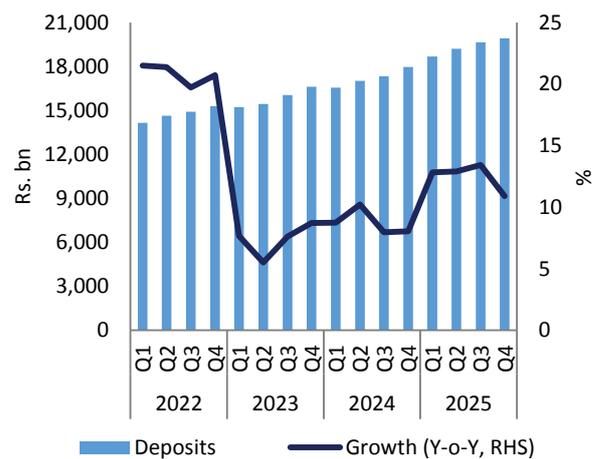


Chart 7 Borrowings

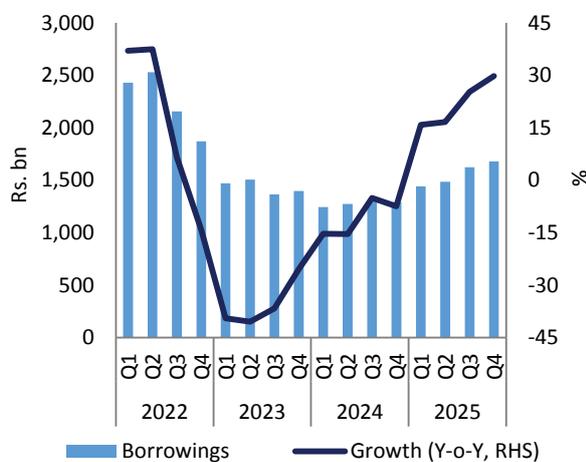
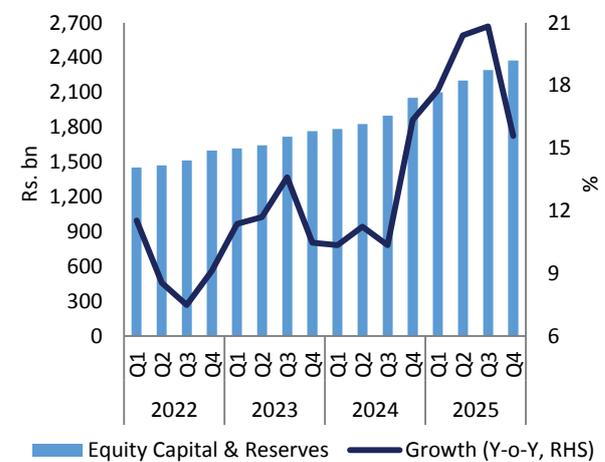


Chart 8 Equity Capital & Reserves



Banking Sector Capital Adequacy

03

Regulatory Capital to Risk Weighted Assets (RWA) of the banking sector declined to 17.9% at end 2025 compared to 20.3% at end 2024, mainly due to higher growth in RWA driven by the credit expansion.

Table 3 Regulatory Capital (Rs. billion)

Indicators	2024 Q4	2025 Q4	% Change (Y-o-Y)
Total Regulatory Capital	1,989.2	2,104.3	5.8
Tier-1 Capital	1,643.5	1,717.0	4.5
Risk Weighted Assets (RWA)	9,809.4	11,751.2	19.8
Leverage Exposure	22,743.6	26,008.6	14.4

Chart 9 Total Regulatory Capital

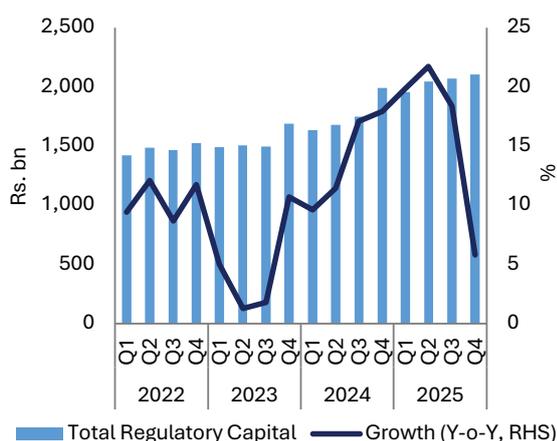


Chart 10 Total Regulatory Capital to RWA

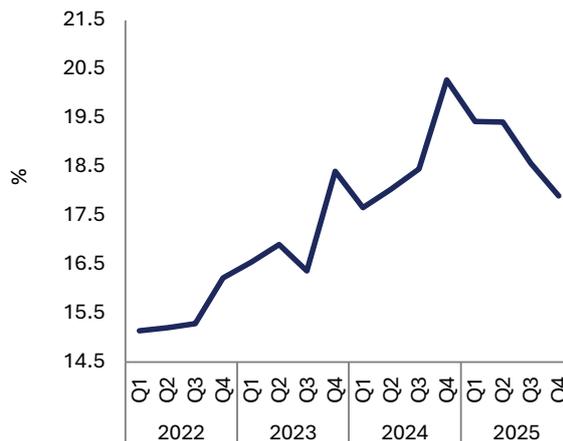


Chart 11 Tier-1 Capital to RWA

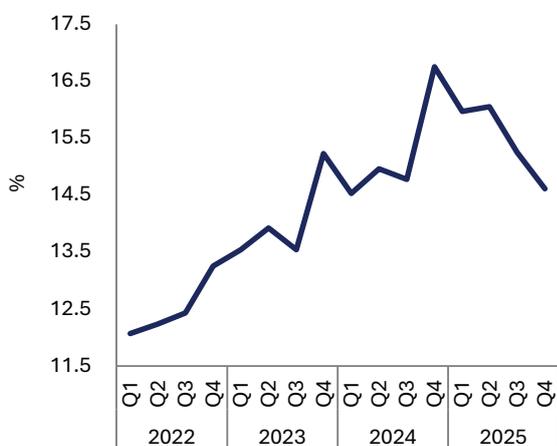
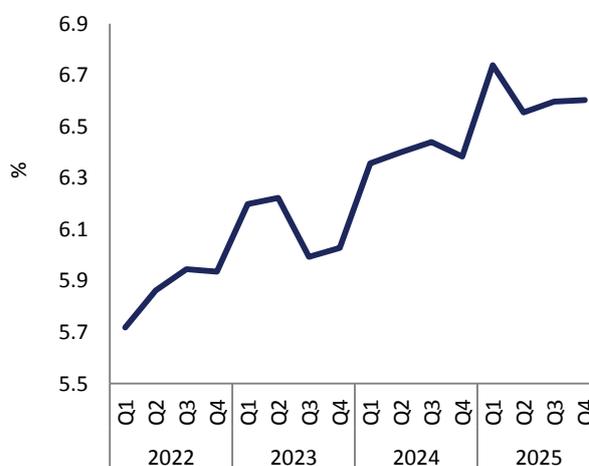


Chart 12 Leverage Ratio



Banking Sector Asset Quality*

04

Stage 3 Loans to Total Loans^(a) of the banking sector declined to 9.7% at end 2025 compared to 12.3% at end 2024, amid the significant credit expansion.

Indicators	2024 Q4	2025 Q4	% Change (Y-o-Y)
Stage 3 Loans	1,457.0	1,352.4	-7.2
Impairment for Total Loans	998.9	1,023.8	2.5
Impairment for Stage 3 Loans ^(a)	763.6	789.1	3.3
Stage 3 Loans to Total Loans ^(a) (%)	12.3	9.7	N/A

Chart 13 Stage 3 Loans to Total Loans

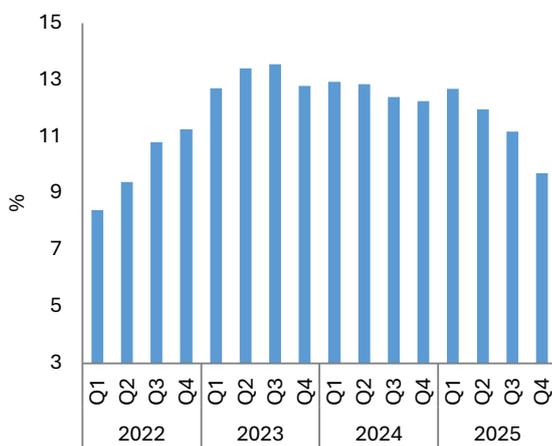


Chart 14 Impairment Coverage for Stage 3 Loans

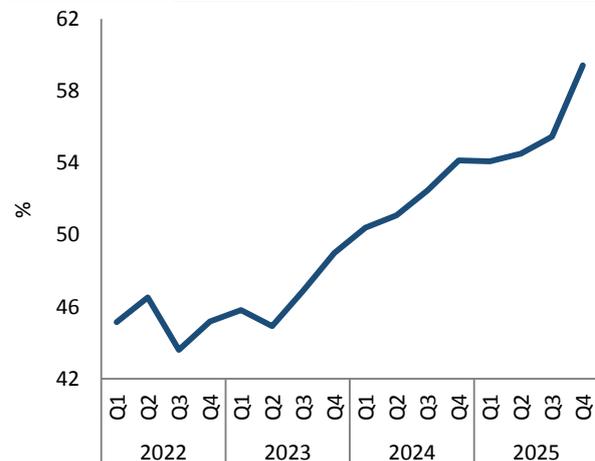


Chart 15 Net Stage 3 Loans^(b) to Capital

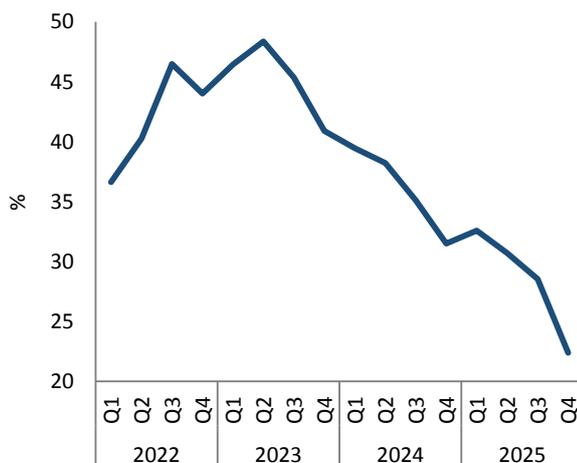
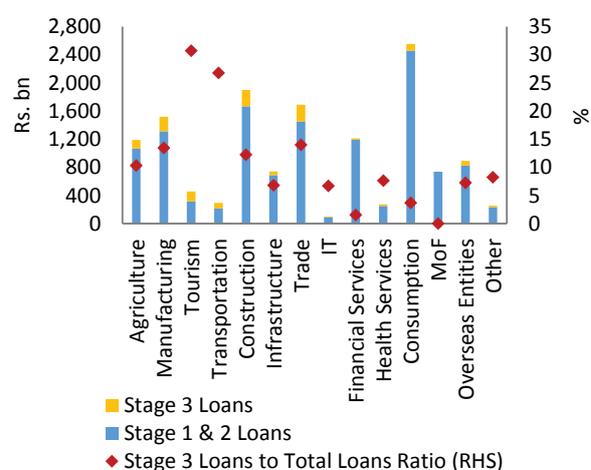


Chart 16 Loan Concentration by Economic Activity at end Q4 of 2025



(a) Including undrawn portion of credit facilities.

(b) Net of stage 3 impairment and including undrawn portion of credit facilities.

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

Banking Sector Exposure to Real Estate Sector

05

Banking sector loans to the real estate sector increased by 11.4% y-o-y at end 2025, while stage 3 loans pertaining to the real estate sector contracted by 6.2% y-o-y during the same period.

Table 5 Loans to Real Estate (RE) Sector (Rs. billion)

Indicators	2024 Q4	2025 Q4	% Change (Y-o-Y)
Loans to RE Sector	1,704.4	1,898.6	11.4
Stage 3 Loans of RE Sector	248.0	232.6	-6.2
Stage 3 Loans Ratio of RE Sector	14.6	12.3	N/A

Chart 17 Loans to RE Sector

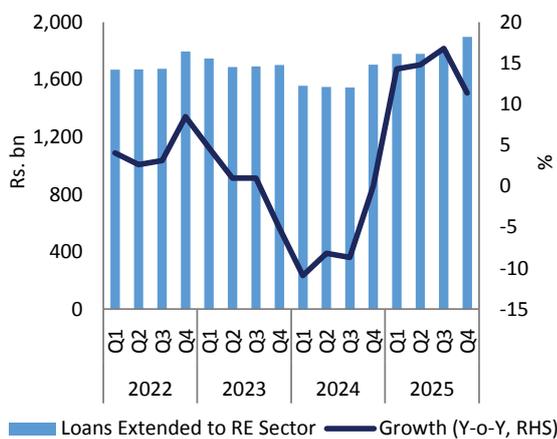


Chart 18 RE Sector Loans to Total Loans

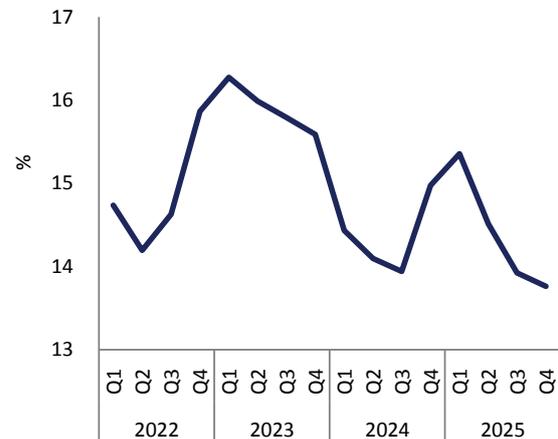


Chart 19 Stage 3 Loans of RE Sector

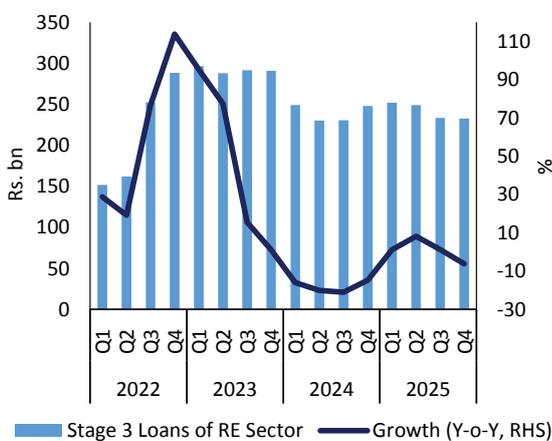
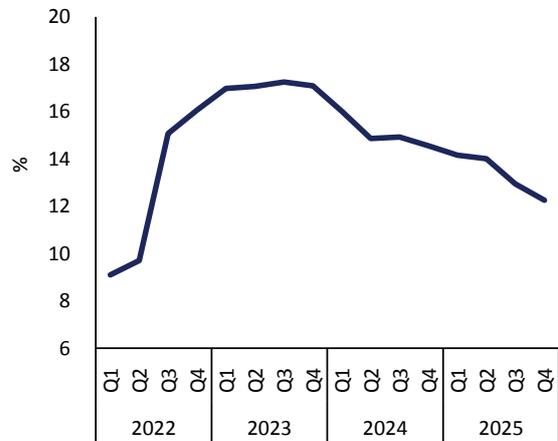


Chart 20 Stage 3 Loans Ratio of RE Sector



Banking Sector Earnings & Profitability

06

The banking sector reported a profit after tax of Rs. 368.8 bn during the year 2025, recording an increase of 13.7% y-o-y.

Table 6 Earnings and Profitability (Rs. billion)

Indicators	For Year 2024	For Year 2025	% Change (Y-o-Y)
Net Interest Income	909.6	1,022.5	12.4
Gross Income ^(c)	980.7	1,297.5	32.3
Profit Before Tax	542.0	583.2	7.6
Profit After Tax	324.2	368.8	13.7

Chart 21 Return on Assets

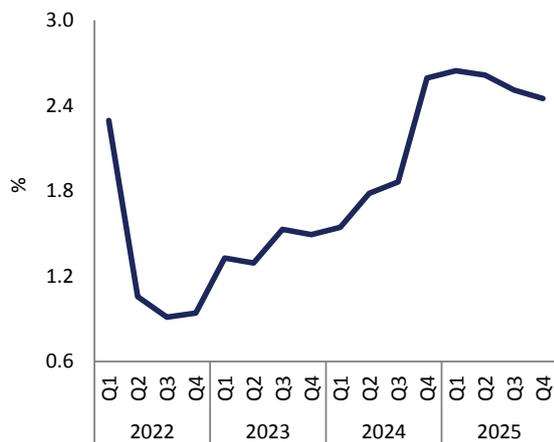


Chart 22 Return on Equity

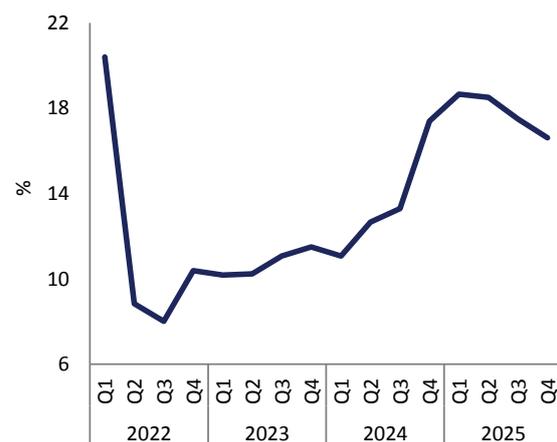


Chart 23 Net Interest Income to Gross Income

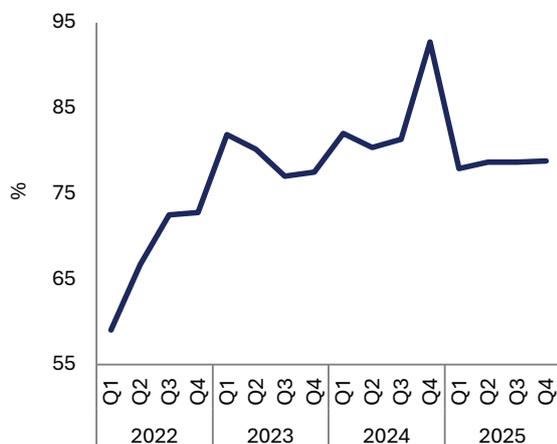
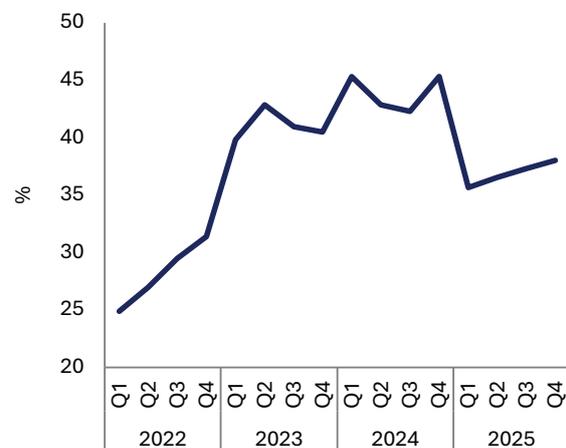


Chart 24 Non-Interest Expense to Gross Income



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

Banking Sector Liquidity

07

Reflecting the considerable credit expansion, liquidity of the banking sector in terms of Liquidity Coverage Ratios and Net Stable Funding Ratio declined at end 2025 compared to a year ago.

Table 7 Liquidity (%)

Indicators	2024 Q4	2025 Q4
Liquidity Coverage Ratio - Rupee	349.9	283.3
Liquidity Coverage Ratio - All Currency	313.8	249.7
Net Stable Funding Ratio	164.8	154.1

Chart 25 Liquidity Coverage Ratio - Rupee

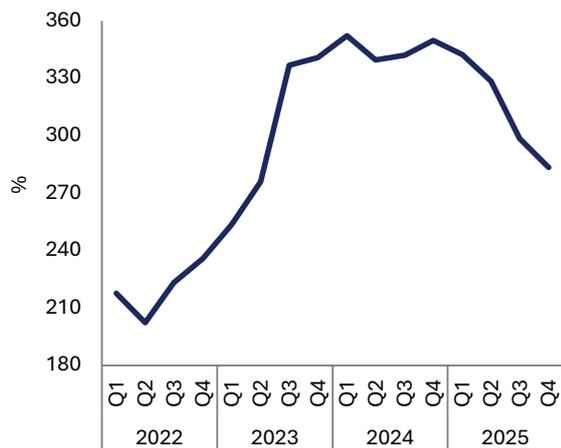


Chart 26 Liquidity Coverage Ratio - All Currency

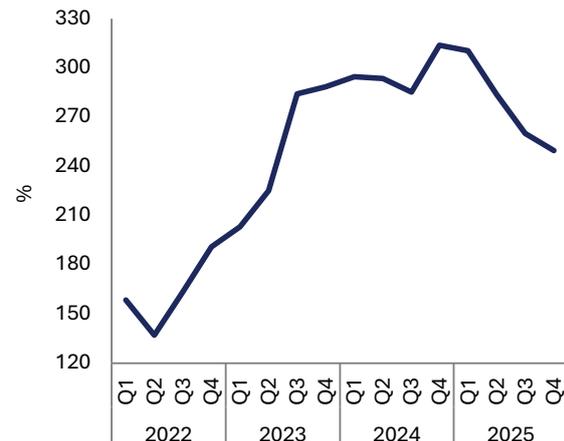
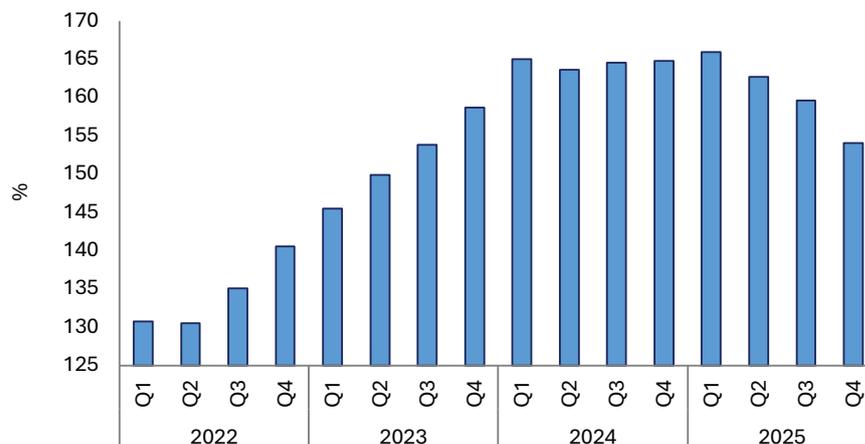


Chart 27 Net Stable Funding Ratio



Banking Sector Foreign Currency Operations

08

Foreign Currency (FCY) operations such as FCY loans and receivables, FCY investments, and FCY deposits of the banking sector increased, whereas FCY borrowings slightly contracted on a y-o-y basis at end 2025.

Table 8 Foreign Currency (FCY) Operations (USD million)

Indicators	2024 Q4	2025 Q4	% Change (Y-o-Y)
FCY Loans & Receivables	8,369.8	9,101.4	8.7
FCY Investments	1,757.0	1,916.1	9.1
FCY Borrowings	803.4	781.5	-2.7
FCY Deposits	11,615.8	12,481.5	7.5

Chart 28 FCY Loans to Total Loans

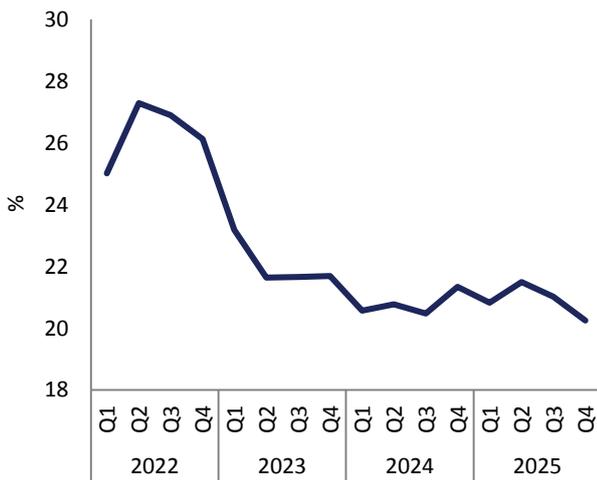


Chart 29 FCY Investments to Total Investments

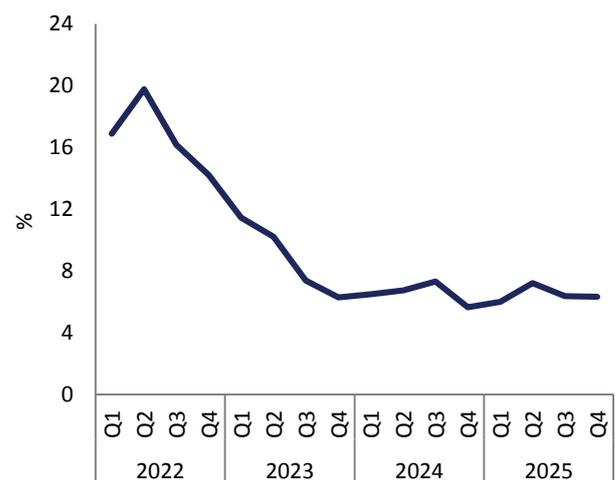


Chart 30 FCY Borrowings to Total Borrowings

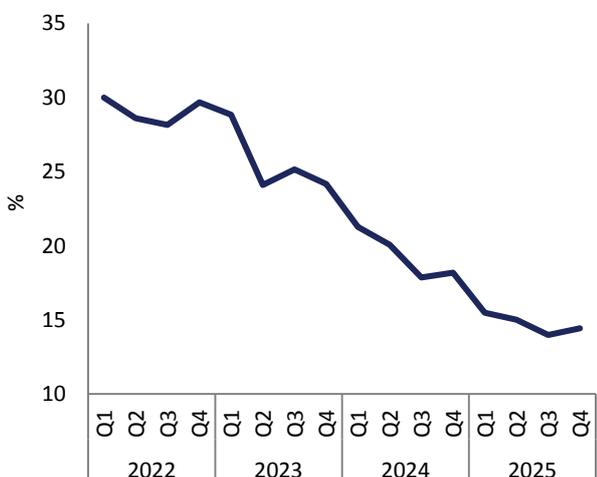
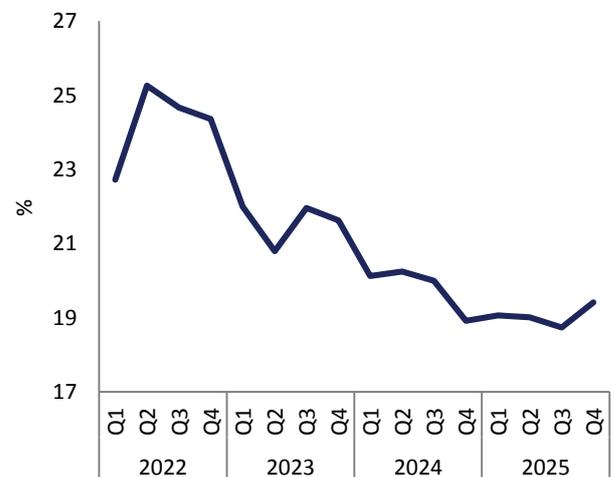


Chart 31 FCY Deposits to Total Deposits



Finance Companies (FCs) Sector Assets

09

Total assets of the FCs sector grew by 44.0% y-o-y at end 2025, mainly due to increased loans and advances.

Indicators	2024 Q4	2025 Q4	% Change (Y-o-Y)
Total Assets	1,928.4	2,776.7	44.0
Loans & Advances (Net)	1,428.3	2,227.9	56.0
Investments	352.2	375.0	6.5

Chart 32 Total Assets

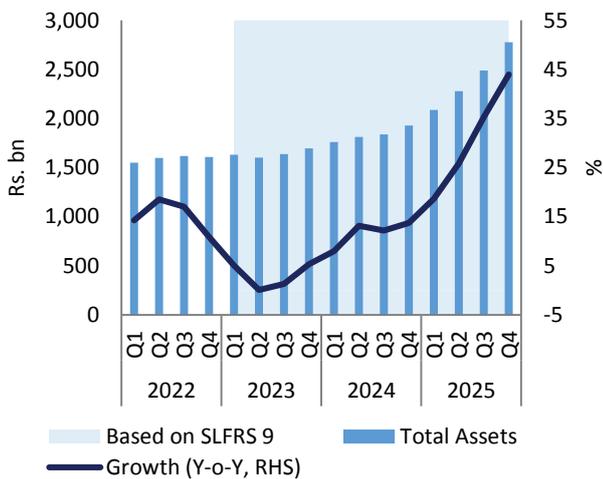


Chart 33 Loans & Advances

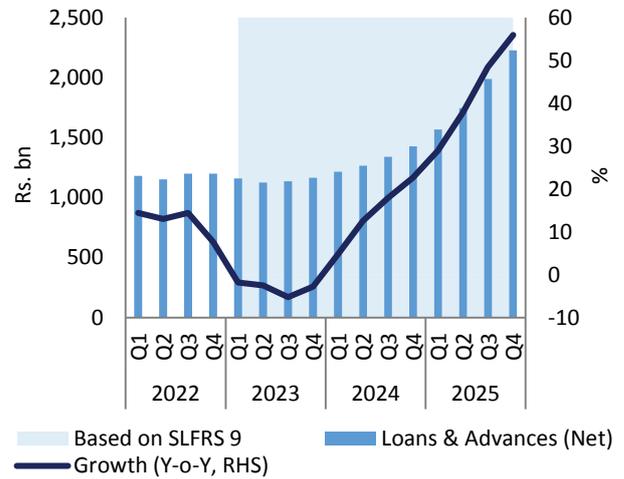


Chart 34 Investments

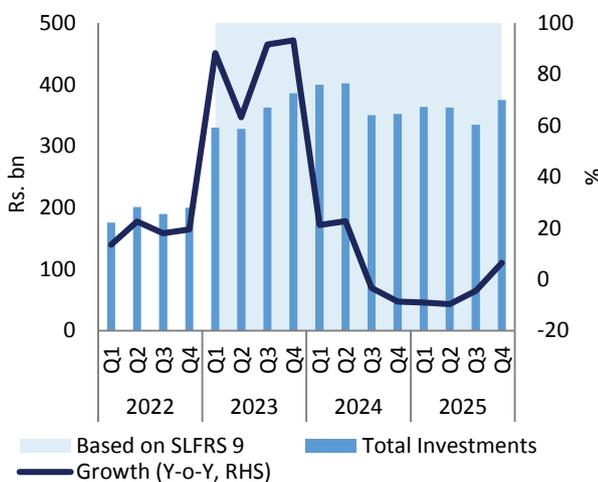
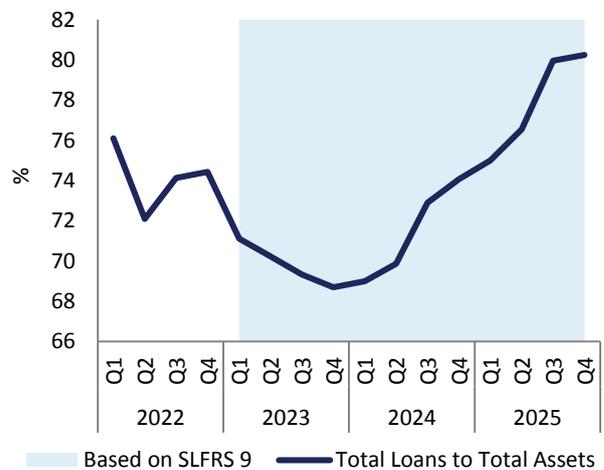


Chart 35 Loans & Advances to Total Assets



FCs Sector Liabilities & Equity

10

Total liabilities (excluding equity) of the sector increased by 53.8% y-o-y at end 2025, mainly due to increased borrowings. Furthermore, equity funds grew by 13.4% y-o-y at end 2025.

Table 10 Liabilities & Equity (Rs. billion)

Indicators	2024 Q4	2025 Q4	% Change (Y-o-Y)
Total Liabilities (Excluding Equity)	1,460.2	2,245.8	53.8
Deposits	1,056.4	1,265.2	19.8
Borrowings	305.4	849.3	178.1
Equity Capital & Reserves	468.2	531.0	13.4

Chart 36 Total Liabilities

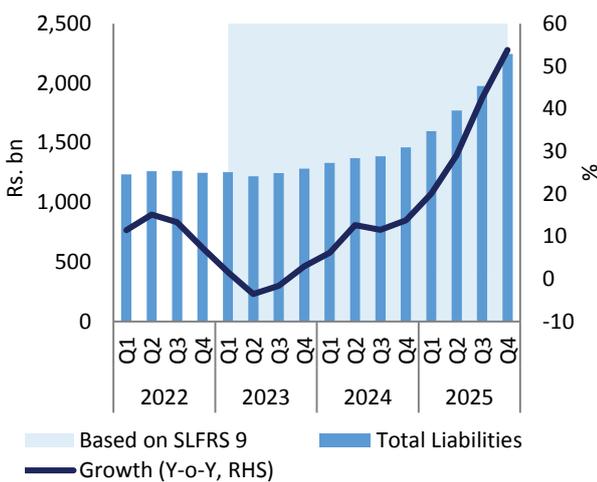


Chart 37 Deposits

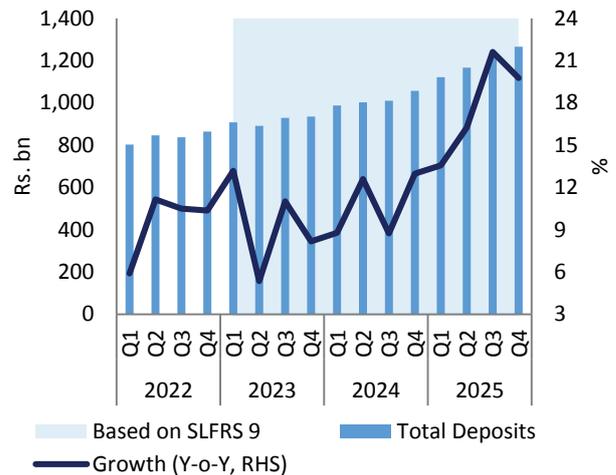


Chart 38 Borrowings

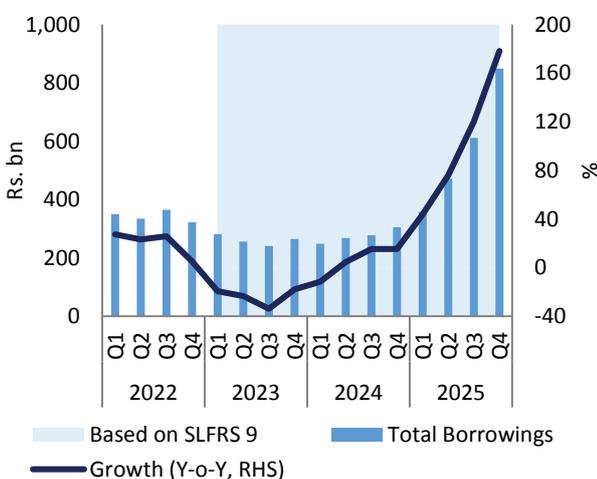
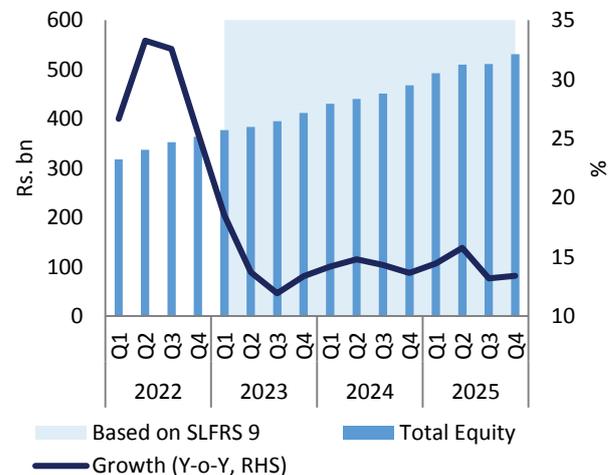


Chart 39 Equity Capital & Reserves



FCs Sector Capital Adequacy

11

Total regulatory capital to risk weighted assets of the FCs sector decreased to 18.7% at end 2025 from 21.3% at end 2024. Total borrowings to equity increased to 1.6 times from 0.7 times during the same reference period.

Table 11 Regulatory Capital (Rs. billion)

Indicators	2024 Q4	2025 Q4	% Change (Y-o-Y)
Regulatory Capital	358.3	442.4	23.4
Tier 1 Capital (Eligible)	344.5	411.1	19.3
Risk Weighted Assets (RWA)	1,680.3	2,369.4	41.0

Chart 40 Regulatory Capital to RWA

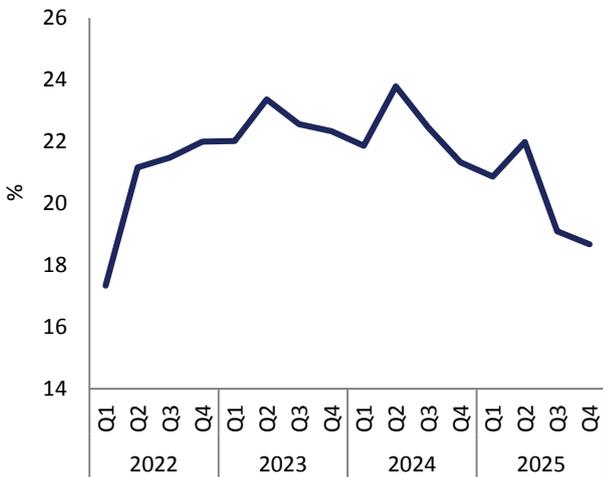


Chart 41 Tier-1 Capital to RWA

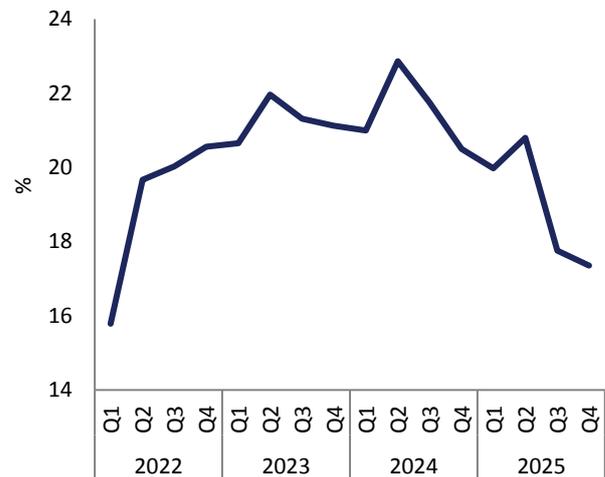


Chart 42 Regulatory Capital to Assets

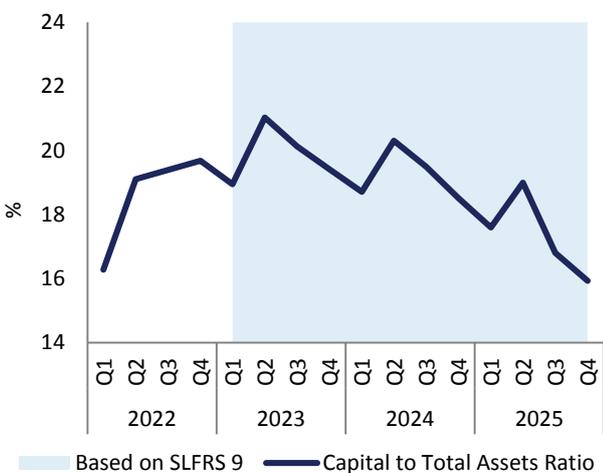
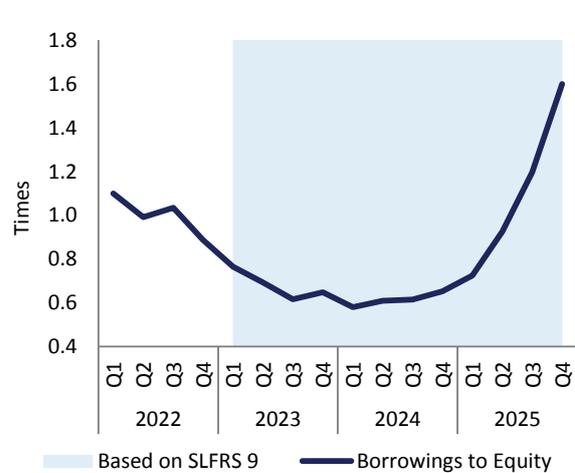


Chart 43 Borrowings to Equity



FCs Sector Asset Quality*

12

Gross stage 3 loans ratio improved considerably to 6.1% at end 2025 compared to 11.5% at end 2024. Impairment for stage 3 loans also improved to 47.8% at end 2025 from 43.4% at end 2024.

Table 12 Asset Quality (Rs. billion)

Indicators	2024 Q4	2025 Q4	% Change (Y-o-Y)
Gross Stage 3 Loans	175.9	141.8	-19.4
Impairment for Stage 3 Loans	76.4	67.8	-11.3
Net Stage 3 Loans	99.5	74.0	-25.6
Gross Stage 3 Loans Ratio (%)	11.5	6.1	N/A

Chart 44 Gross Stage 3 Loans to Total Loans

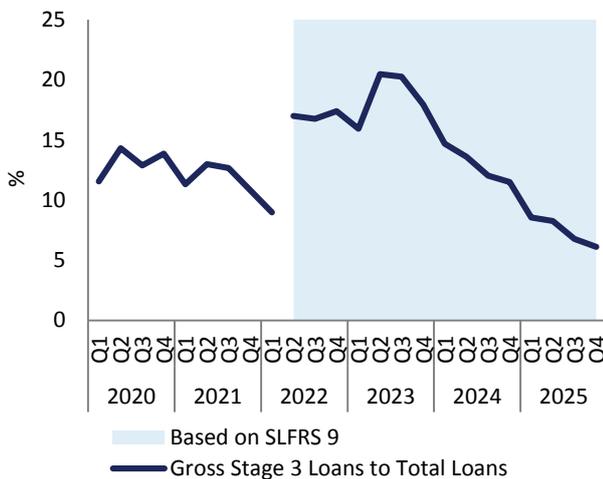


Chart 45 Impairment Coverage for Stage 3 Loans

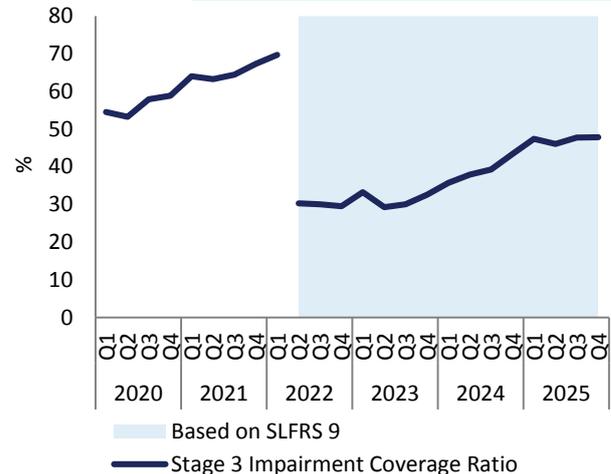


Chart 46 Net Stage 3 Loans to Capital

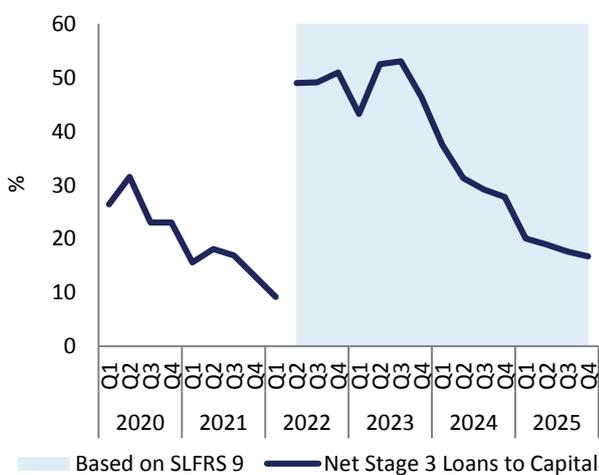
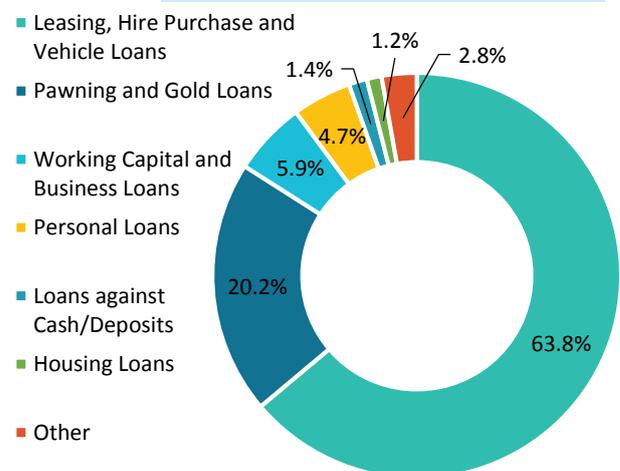


Chart 47 Gross Loan Concentration by Product at end Q4 of 2025



* FCs sector adopted the Finance Business Act Direction No. 01 of 2020 on the Classification and Measurement of Credit Facilities with effect from 01.04.2022. Stage 3 Loans and Impairment Coverage would reflect Non-performing Loans and Provision Coverage, respectively.

FCs Sector Earnings & Profitability

13

The FCs sector reported a profit after tax of Rs. 61.5 billion during the first nine months of the financial year (FY) 2025/26, recording a significant growth of 45.0% y-o-y.

Table 13 Earnings & Profitability (Rs. billion)

Indicators	First 9 Months of FY 2024/25	First 9 Months of FY 2025/26	% Change (Y-o-Y)
Net Interest Income	147.3	185.1	25.7
Gross Income ^(d)	172.2	216.6	25.8
Profit Before Tax	59.8	83.9	40.3
Profit After Tax	42.4	61.5	45.0

Chart 48 Return on Assets

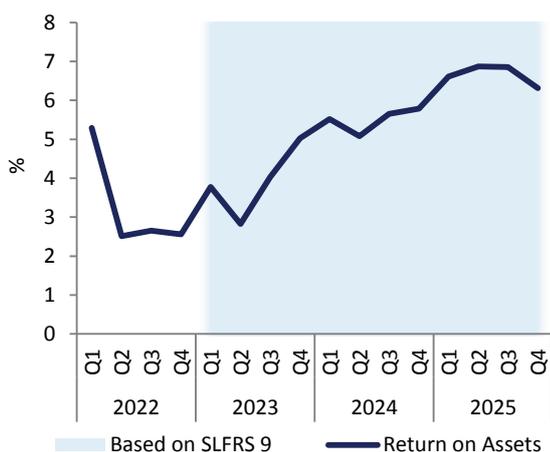


Chart 49 Return on Equity

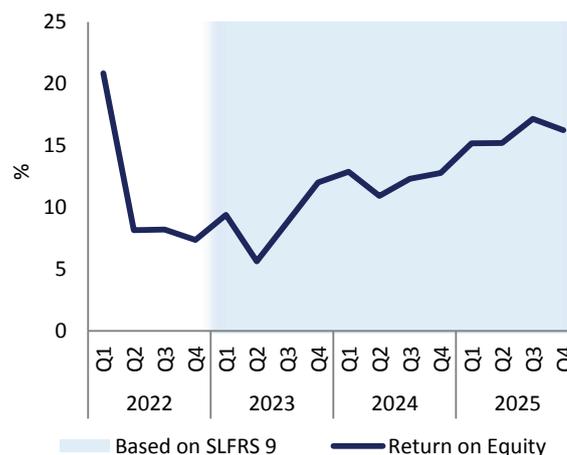


Chart 50 Net Interest Income to Gross Income

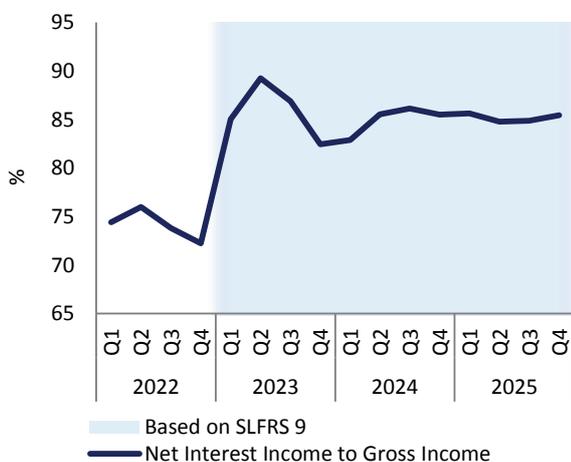
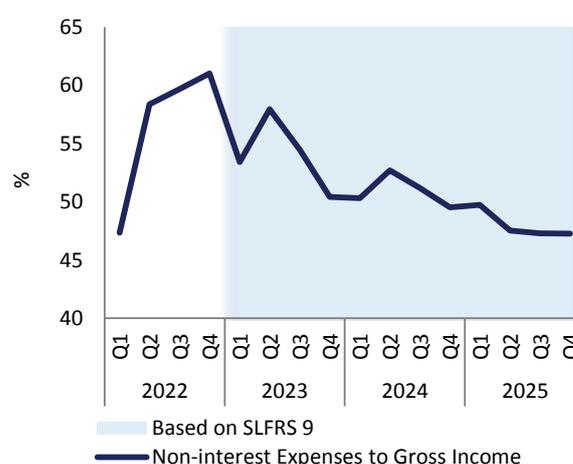


Chart 51 Non-interest Expenses to Gross Income



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

FCs Sector Liquidity

14

The FCs sector maintained a liquidity buffer above the minimum regulatory requirement. However, the ratio of liquid assets to total assets decreased to 8.2% at end 2025, compared to 11.5% reported a year ago.

Table 14 Liquidity (%)

Indicators	2024 Q4	2025 Q4
Liquid Assets to Total Assets	11.5	8.2
Credit to Deposits Ratio	144.7	183.6
Liquid Assets to Deposits & Borrowings	16.2	10.7

Chart 52 Liquid Assets

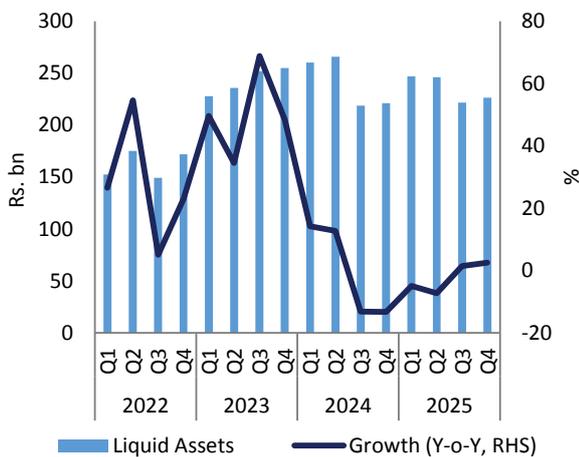


Chart 53 Liquid Assets to Total Assets Ratio

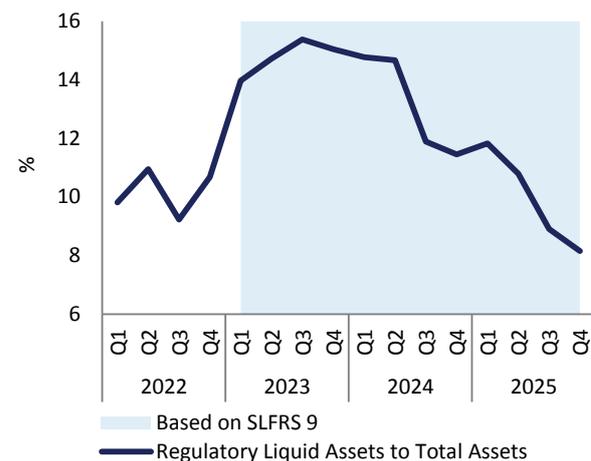


Chart 54 Liquid Assets to Deposits & Borrowings

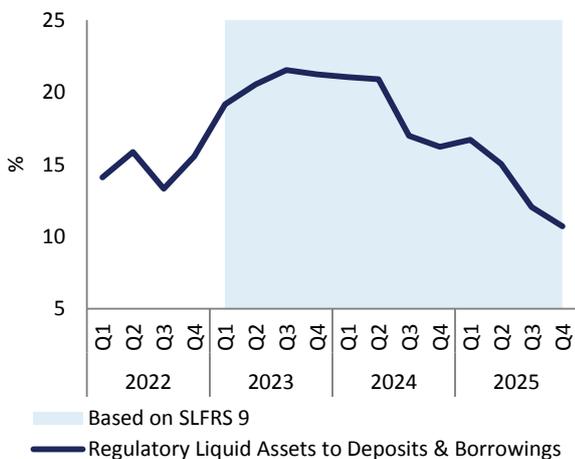


Chart 55 Credit to Deposits Ratio

