rising with strengths

Central Finance Company PLC | Annual Report 2025 / 26

For over 68 years, Central Finance Company PLC has stood tall, much like the resilient bamboo rooted deeply in trust and rising with purpose. This is our second Integrated Annual Report, embodying the essence of the bamboo as a symbol of integrity, adaptability, and sustainable growth.

Much like the bamboo's unwavering integrity and ability to bend without breaking, Central Finance blends enduring governance with the agility to adapt to changing landscapes. Its legacy of trust stems from a firm foundation of ethical practices, strengthened by loyal customers and longstanding employees.

A bamboo has great patience underground before its towering rise, Central Finance invests in sustainable growth and digital innovation ensuring responsible progress. As bamboo symbolises versatility, Central Finance embraces opportunities, delivering reliable services while fostering customer confidence.

This is a story of trust, rooted in heritage, growing with resilience, and rising toward a sustainable future, always ready to weather challenges and seize new heights.

rising with strengths

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OUR CORPORATE CULTURE

OUR VISION

Central Finance shall be the first choice for progressive customers in delivering innovative financial solutions.

OUR MISSION

To be the leader in our industry, conducting business with responsibility, using our expertise in helping customers grow and prosper whilst creating lasting value for our shareholders.

CORPORATE VALUES

Customer Centered We aim to build long term relationships with our customers, We believe in providing consistently high standards of service and integrity

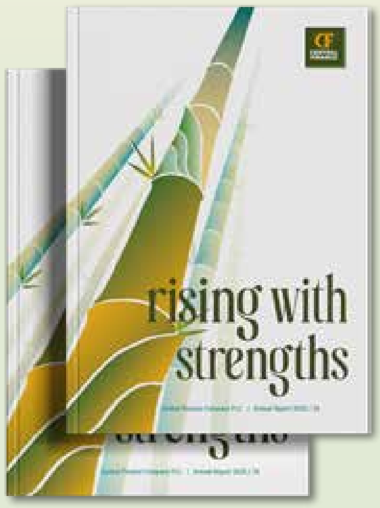
Unyielding Integrity We have a hard earned reputation of integrity and reliability which we shall safeguard at all times. Therefore trust, confidence, prudence and fairness in dealing with our customers, members of the public will be absolute and will form an integral part of our business philosophy

Superior Service We believe in providing fast, quality service that earn customer satisfaction which results in customer retention

Exceptional Performance We set ambitious goals, yet we understand accountability to achieve these goals. We are committed to perform exceptionally well on behalf of our stakeholders

Our People are Our Company The ability and commitment of our people are central to the success of the Company. Therefore, we help them enhance their skills, recognise and reward accomplishment, treat them with fairness and consideration. In return we expect every individual to take responsibility for his/her actions

ABOUT THE REPORT



CONTINUING OUR INTEGRATED REPORTING JOURNEY

In this, the second Integrated Annual Report published by Central Finance Company PLC (CF), the Company seeks to demonstrate an ongoing commitment to high standards of corporate reporting in line with globally recognised benchmarking and reporting frameworks.

Through this Report, CF aims to provide stakeholders with a clear and comprehensive view of its performance, strategic direction, and contribution to economic and social development during the year under review.

Previous Annual Reports published by CF for the past several years, including the most recent past report for FY 2024/25, have been made available for viewing and download on the corporate website - https://cf.lk/investor-information/

SCOPE AND BOUNDARY

The information presented in this Report relates to the twelve-month period from 01st April 2025 to 31st March 2026, which corresponds with the Company's annual financial reporting cycle.

The preparation of this Integrated Annual Report has been guided by the principle of materiality, ensuring that the nature and extent of disclosures remain focused on matters that are most significant to CF's ability to create, preserve, and sustain value over the short, medium, and long term.

Accordingly, the Report provides a comprehensive overview of the Company's financial and non-financial performance during the year under review alongside the key risks and opportunities influencing the Company's strategy and operational priorities within the prevailing operating landscape, while highlighting the governance, risk management, and sustainability practices adopted by CF to strengthen resilience and support long-term value creation. The Report also reflects CF's efforts to integrate environmental, social, and governance considerations into its strategy and operations to ensure long-term growth is achieved in a responsible and balanced manner.

REPORTING FRAMEWORKS	
Financial Reporting	Sri Lanka Accounting Standards issued by the CA Sri Lanka (M)
	Companies Act No. 07 of 2007 (M)
	Finance Business Act. No. 42 of 2011 (M)
	Finance Leasing Act No. 56 of 2000 (M)
Governance, Compliance and Risk Reporting	The Code of Best Practice for Corporate Governance (2023), jointly issued by the Securities and Exchange Commission of Sri Lanka and the CA Sri Lanka (M)
	Finance Business Act Direction No 05 of 2021 - Corporate Governance (M)
	Listing rules of the Colombo Stock Exchange (M)
Sustainability Reporting	International Integrated Reporting Council's (IIRC) Integrated Reporting <IR> Framework six types of capital model (V)
	SLFRS S1 and S2 Sustainability and Climate Related Financial Disclosures (M)
(M) – Mandatory (V) - Voluntary	

ASSURANCE

We have adopted a combined assurance approach to ensure the integrity of the information presented in this Integrated Report. Internally, the report content has been reviewed by the Board Audit Committee before seeking final approval by the Board. Our external auditors, KPMG Chartered Accountants, have provided an opinion on the Company's Financial statements and related notes and disclosures published in this Report. (Please refer to the Independent Audit Report on page 188)

FORWARD-LOOKING STATEMENTS

Certain sections of this Integrated Annual Report contain statements relating to future expectations, projections, strategic priorities, and anticipated business developments of Central Finance Company PLC. These forward-looking statements are based on current assessments, management assumptions, industry trends, and the prevailing economic and regulatory environment at the time of reporting.

Such statements inherently involve a degree of uncertainty and are subject to a range of external and internal factors, including macroeconomic conditions, interest rate movements, regulatory developments, market volatility, customer behaviour, geopolitical events, climate-related disruptions, and other unforeseen circumstances, which could result in actual

EXTERNAL ENVIRONMENT | RISKS | OPPORTUNITIES | GOVERNANCE

CLARITY | COMPARABILITY | ACCURACY | TIMELINESS

FINANCIAL AND STATUTORY REPORTING BOUNDARY
01st April 2025 to 31st March 2026

CENTRAL FINANCE COMPANY PLC
Core Business: Licensed Financed Company authorised to provide financial services
Markets Served: Sri Lanka

STAKEHOLDERS	STRATEGIC PILLARS	TYPES OF CAPITAL
SHAREHOLDERS	BUSINESS GROWTH	FINANCIAL CAPITAL
CUSTOMERS	DIGITALISATION	MANUFACTURED CAPITAL
EMPLOYEES	OPERATIONAL EFFICIENCY	INTELLECTUAL CAPITAL
REGULATORS	SUSTAINABILITY - ENVIRONMENTAL, SOCIAL AND GOVERNANCE	HUMAN CAPITAL
SUPPLIERS	PEOPLE	SOCIAL AND RELATIONSHIP CAPITAL
COMMUNITY		NATURAL CAPITAL

VERIFIABILITY | CONCISENESS | CONNECTIVITY | BALANCE

BUSINESS MODEL | STRATEGY AND RESOURCE ALLOCATION | PERFORMANCE | FUTURE OUTLOOK

performance differing materially from the expectations reflected in these statements.

As such, readers are encouraged to consider these statements within the context of the broader operating environment and the dynamic nature of the financial services industry.

BOARD RESPONSIBILITY STATEMENT

The Board of Directors of Central Finance Company PLC acknowledges its responsibility for ensuring the integrity of this integrated report. In the Board's opinion, this Report addresses all the issues that are material to the Company's ability to create value. The Board is satisfied that the report provides a fair and accurate representation of the Company's financial and non-financial performance for the year ended 31st March 2026. The report is approved by the Board on 26th May 2026 and is signed on its behalf by:

A.R. Fernando
Chairman

A.K. Gunaratne
Managing Director

KEY IMPROVEMENTS CAPTURED IN THE FY 2025/26 ANNUAL REPORT

Comprehensive disclosures were incorporated to align with the requirements of SLFRS S1 and SLFRS S2, enabling enhanced transparency on sustainability-related risks and opportunities, governance practices, strategy, risk management processes, and climate-related impacts relevant to the Company's long-term value creation.

FEEDBACK

CF considers stakeholder feedback as an important part of its efforts to continuously evolve its reporting procedures. Accordingly, stakeholders are kindly requested to direct their feedback to;

Company Secretary
Central Finance Company PLC
270, Vauxhall Street, Colombo 02.
Tel: 0112 315 065

FINANCIAL HIGHLIGHTS

	Group		Company	
	2025/26	**2024/25**	**2025/26**	**2024/25**
	Rs.Mn.	Rs.Mn.	Rs.Mn.	Rs.Mn.
Financial performance				
Income	**29,876**	26,695	**22,859**	20,703
Profit before income tax	**14,211**	13,872	**9,079**	9,164
Income tax	**3,615**	3,654	**3,039**	3,182
Profit after income tax	**10,596**	10,218	**6,040**	5,982
Net profit attributable to equity holders of the parent	**10,250**	9,924	**6,040**	5,982
Gross dividends	**-**	-	**1,478**	1,478
Financial position				
Total assets	**168,654**	130,153	**139,929**	105,011
Loans, lease and hire purchase receivables	**104,824**	66,131	**104,822**	66,124
Deposits	**48,812**	41,676	**49,900**	42,122
Funds attributable to equity holders of the parent	**85,309**	77,216	**59,605**	55,205
Non-controlling interest	**2,770**	2,509	**-**	-
Information per ordinary share				
Earnings Rs.	**45.09**	43.65	**26.57**	26.31
Dividends Rs.	**-**	-	**6.50**	6.50
Market value Rs.	**228.00**	194.25	**228.00**	194.25
Net assets value per share Rs.	**375.23**	339.63	**262.17**	242.82
Ratios				
Return on average assets (ROA) – after tax (%)			**4.93**	5.81
Return on average shareholders' funds (ROE) – after tax (%)			**10.52**	11.34
Gross non-performing loan ratio (%)			**1.65**	2.76
Dividend cover (times)			**4.09**	4.05
Dividend pay out (%)			**24.47**	24.70
Shareholders' funds to deposits			**119.45**	131.06
Core capital ratio % (Tier I)			**35.95**	47.05
Total capital ratio % (Tier II)			**34.29**	44.79

35.95 %
CORE CAPITAL RATIO (TIER I)

24.47 %
DIVIDEND PAYOUT

1,911
EMPLOYEES

34.29 %
TOTAL CAPITAL RATIO (TIER II)

110
BRANCHES

NON-FINANCIAL HIGHLIGHTS

Macro dimension		Indicator	Measurement	Group 2025/26	Group 2024/25	Company 2025/26	Company 2024/25	Capital
Economic well-being	**Economic value creation**	Economic value created	Rs. Mn	26,551	25,152	20,950	19,988	FC
		Economic value distributed to						
		Depositors and lenders	Rs. Mn	5,014	4,712	5,095	4,758	SC
		Employees	Rs. Mn	4,326	3,732	3,834	3,299	SC/HC
		Government	Rs. Mn	5,771	5,793	5,194	5,320	SC
		Shareholders and non controlling interest	Rs. Mn	1,823	1,772	1,478	1,478	SC
		Retained for expansion and growth	Rs. Mn	9,617	9,143	5,350	5,133	FC
		Market capitalisation	Rs. Mn	51,837	44,164	51,837	44,164	FC
Social and Relationship Capital and Natural Capital	**Social and environmental value creation**	Investment in community development programmes and environment related projects	Rs. Mn	42	17	30	15	NC/SC
		Paper recycled	Kg	18,619	12,299	18,619	12,299	NC
		Trees saved from paper recycling	Number	317	209	317	209	NC
		Contributions made to healthcare initiatives to improve commiunity health	Rs. Mn	21	6	21	6	SC
		Number of children benefited from educational support programmes	Number	150	178	150	178	SC
Manufactured Capital	**Infrastructure development and business sophistication**	Total branches/ total outlets	Number	110	103	110	103	MC
		Branches outside Western province	Number	73	70	73	70	MC
		Branches Relocated	Number	6	6	6	6	MC
		Investment in software	Rs. Mn	21	52	21	51	MC
Human Capital	**Employee well-being**	Total workforce	Number	2,459	2,314	1,911	1,792	HC
		Employees hired	Number	806	746	658	564	HC
		Training programs carried out	Number	190	130	89	77	HC
		Investment in training and development	Rs. Mn	50	33	45	31	HC
		Staff remuneration and benefit	Rs. Mn	4,326	3,732	3,834	3,299	HC
		Employees completed 10 years of service	Number	762	794	628	656	HC
		Females as a % of total employees	%	31%	29%	31%	29%	HC
Intellectual Capital	**Market recognition**	Credit rating (Fitch Rating)	Rating			A (lka) Outlook Stable	A (lka) Outlook Stable	IC
		Brand ranking (Business Today top 40)	Ranking			24 (2024/25)	25 (2023/24)	IC
		Brand ranking, LMD	Ranking			57 (2024/25)	59 (2023/24)	IC
		Total number of financial transactions initiated through digital channels during the year (CF Click and Centrix)	Number			555,061	529,147	IC
		Total customer base - Credit	Number			68,165	60,386	IC
		Total customer base - Deposits	Number			173,153	166,495	IC
		Marketing & promotion cost	Rs. Mn	212	132	134	74	IC

FC - Financial Capital, MC - Manufactured Capital, IC - Intellectual Capital, SC - Social and Relationship Capital, HC - Human Capital, NC - Natural Capital

SOCIO ECONOMIC IMPACT

ECONOMIC VALUE CREATION

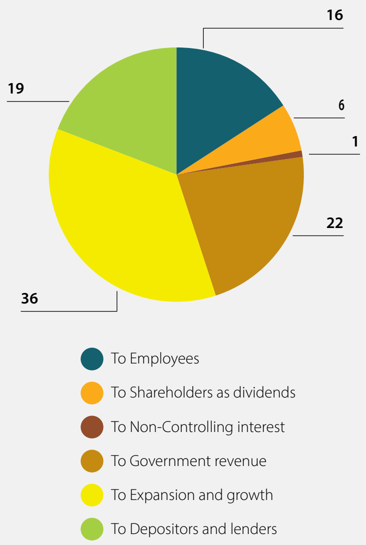
As one of Sri Lanka's most resilient non-banking financial institutions, Central Finance Company PLC (CF) continues to support economic progress while expanding financial access across the country. Guided by disciplined strategy execution, strong risk governance, solid liquidity and capital buffers, and ongoing digital transformation, the Company remains well positioned for sustainable value creation. In 2025/26, targeted portfolio growth, improved asset quality, stringent cost discipline, and prudent treasury management further strengthened CF's financial stability and economic contribution. Through long-standing relationships with government, customers, suppliers, and partners, CF remains committed to fostering financial resilience and delivering lasting value to all stakeholders.

	Group				*Company*			
For the year ended 31st March	*2026*		*2025*		*2026*		*2025*	
	Rs.'000	%	Rs.'000	%	Rs.'000	%	Rs.'000	%
Value Added								
Operating income earned by providing financial services	**27,945,767**		24,523,293		**20,251,369**		18,300,582	
Cost of material and services purchased	**(8,511,315)**		(7,109,316)		**(2,878,539)**		(2,618,163)	
Value added by financial services	**19,434,452**		17,413,977		**17,372,830**		15,682,419	
Net income from financial instruments at FVTPL	**507,930**		609,367		**473,016**		520,228	
Other Income	**1,421,817**		1,562,341		**2,134,526**		1,882,143	
Impairment reversal on loans and other credit losses	**968,899**		1,901,575		**970,083**		1,902,961	
Share of profit of equity accounted investees, net of tax	**4,217,857**		3,664,776		**-**		-	
	26,550,955		25,152,036		**20,950,455**		19,987,751	
Value Allocated								
To employees								
Remuneration and other benefits	**4,325,950**	**16.29**	3,731,556	14.84	**3,833,657**	**18.30**	3,298,815	16.50
To providers of capital								
Dividends to shareholders	**1,477,804**	**5.57**	1,477,804	5.88	**1,477,804**	**7.05**	1,477,804	7.39
Non-controlling interest	**345,247**	**1.30**	294,260	1.17	**-**	**-**	-	-
To government Revenue								
Income tax	**3,615,245**	**13.62**	3,654,104	14.53	**3,038,582**	**14.50**	3,181,538	15.92
VAT on financial services and SSCL	**2,155,799**	**8.12**	2,138,531	8.50	**2,155,799**	**10.29**	2,138,531	10.70
To expansion and growth								
Retained income	**8,772,571**	**33.04**	8,446,171	33.58	**4,562,328**	**21.78**	4,504,367	22.54
Depreciation and amortisation	**844,269**	**3.18**	697,150	2.77	**787,333**	**3.76**	628,567	3.14
To Lenders of capital as interest	**5,014,070**	**18.88**	4,712,460	18.74	**5,094,952**	**24.32**	4,758,129	23.81
	26,550,955	**100.00**	25,152,036	100.00	**20,950,455**	**100.00**	19,987,751	100.00

Consolidated sources and utilisation of income

For the year ended 31st March	Group				Company			
	2026		2025		2026		2025	
	Rs.'000	%	Rs.'000	%	Rs.'000	%	Rs.'000	%
Sources of income								
Interest and operating income	**27,945,767**	**81.97**	24,523,293	80.78	**20,251,369**	**88.59**	18,300,582	88.40
Net income from financial instruments at FVTPL	**507,930**	**1.49**	609,367	2.01	**473,016**	**2.07**	520,228	2.51
Other income	**1,421,817**	**4.17**	1,562,341	5.15	**2,134,526**	**9.34**	1,882,143	9.09
Share of profit of equity accounted investees, net of tax	**4,217,857**	**12.37**	3,664,776	12.07	**-**	**-**	-	-
	34,093,371	**100.00**	30,359,777	100.00	**22,858,911**	**100.00**	20,702,953	100.00
Utilisation of income								
Interest expenses	**5,014,070**	**14.71**	4,712,460	15.52	**5,094,952**	**22.29**	4,758,129	22.98
Remuneration and other benefits to employees	**4,325,950**	**12.69**	3,731,556	12.29	**3,833,657**	**16.77**	3,298,815	15.93
Other operating expenses including cost of sales impairment reversal on loans and other credit losses and depreciation and amortisation	**8,386,685**	**24.60**	5,904,891	19.45	**2,695,789**	**11.79**	1,343,769	6.49
Taxation	**5,771,044**	**16.93**	5,792,635	19.08	**5,194,381**	**22.72**	5,320,069	25.70
Dividends to shareholders	**1,477,804**	**4.33**	1,477,804	4.87	**1,477,804**	**6.46**	1,477,804	7.14
Retained income	**8,772,571**	**25.73**	8,446,171	27.82	**4,562,328**	**19.97**	4,504,367	21.76
Non-controlling interest	**345,247**	**1.01**	294,260	0.97	**-**	**-**	-	-
	34,093,371	**100.00**	30,359,777	100.00	**22,858,911**	**100.00**	20,702,953	100.00

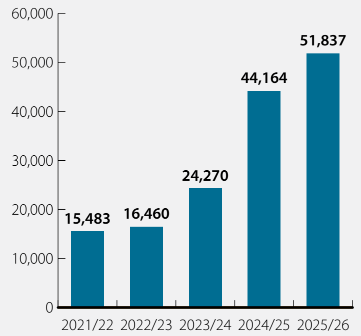
Economic value distribution 2025/26 (%)



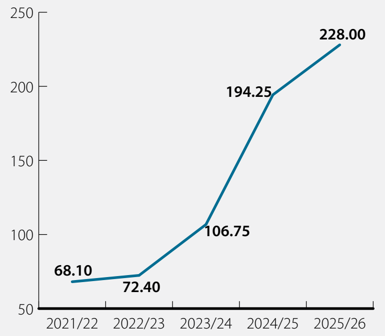
Consistent with prior years, CF, as a responsible corporate citizen, contributed 22% of the economic value generated during the year as taxes to the Government, while retaining 36% to support business growth and expansion.

Reflecting continued public confidence in the CF Group, the Company recorded the highest market capitalisation in its 68-year history, closing the year with a share price of Rs. 228.00 as at 31 March 2026

Market capitalization (Rs. Mn)



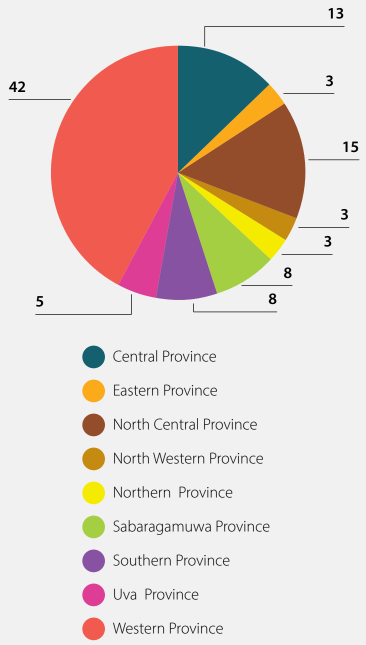
Share price (Rs.)



FINANCIAL INCLUSIVITY

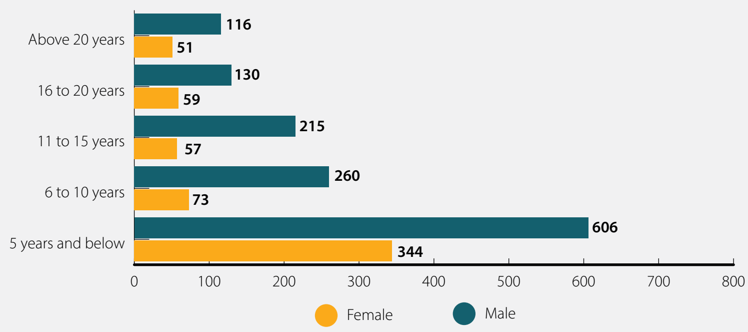
CF views financial inclusion as a core pillar of its socio-economic mandate, empowering individuals, corporates, and MSMEs to strengthen livelihoods and economic potential. This commitment is enabled through an extensive branch footprint, a dedicated workforce, and increasingly digital-first service delivery. Demonstrating its commitment to inclusivity and nationwide access, CF has significantly expanded its presence beyond the Western Province, with approximately two-thirds of its branch network operating across other provinces of Sri Lanka. In line with this geographic diversification, 64% of the Company's lending portfolio is now extended to customers outside the Western Province.

2025/26
Credit volume distribution as (%)



The Company provides employment opportunities to a total of 1,911 employees across its island-wide branch network. Female employees represent 31% of the overall workforce across all staff categories. Employee tenure reflects strong organisational loyalty, with 9% of staff having completed over 20 years of service and a further 10% serving between 16 and 20 years. CF continues to invest in strengthening its human capital through ongoing training and development initiatives.

Employees by gender and service period (No.)



ENVIRONMENTAL PROTECTION AND COMMUNITY DEVELOPMENT

At CF, environmental and social sustainability remain a core priority. Details of activities undertaken in relation to economic value creation, environmental preservation and community development are set out in the respective capital reports.

Balance, Strength and Flexibility

Bamboo is known for its unique combination of strength and flexibility. True leadership balances strength with flexibility, standing firm on principles while adapting gracefully to change. This harmony ensures resilience in an ever-evolving world.

"A leader's ability to stand strong yet bend when necessary is not just a skill, it's an art."

- Priya Kartik, inspired by the Taoist Bamboo Principle -

CHAIRMAN'S STATEMENT

"What gives me the greatest sense of satisfaction is not merely the progress we achieved during the year, but the manner in which that growth was pursued. Even amidst accelerating market momentum, CF remained unwavering in its focus on portfolio quality, disciplined underwriting, responsible financing, and sustainable value creation. This is clearly reflected in our strong performance, with the credit portfolio expanding by 54% to reach Rs. 107 Bn as at 31st March 2026, compared to Rs. 69 Bn in the previous year."

It is my pleasure to present to you the Integrated Annual Report and Financial Statements of Central Finance Company PLC (CF) for the year ended 31st March 2026. It has been a momentous year - one which stands as a testament to the strong foundations upon which CF has built its reputation as a trusted financial institution in Sri Lanka.

What gives me the greatest sense of satisfaction is not merely the progress we achieved during the year, but the manner in which that growth was pursued. Even amidst accelerating market momentum, CF remained unwavering in its focus on portfolio quality, disciplined underwriting, responsible financing, and sustainable value creation. This is clearly reflected in our strong performance, with the credit portfolio expanding by 54% to reach Rs. 107 Bn as at 31st March 2026, compared to Rs. 69 Bn in the previous year.

Total income also recorded a healthy increase of 10% year on year, to reach Rs. 22.86 Bn, while profit after tax of Rs. 6.04 Bn underscores CF's ability to preserve earnings quality.

It should also be noted that this growth was achieved without compromising the integrity of our asset base. Non-performing loans, in absolute terms, were contained at Rs. 1.77 Bn despite the significant expansion of the portfolio, underscoring the effectiveness of our disciplined credit underwriting and proactive risk management framework.

KEY ECONOMIC DEVELOPMENTS

It was indeed a great relief to witness Sri Lanka's economy making steady and meaningful progress in 2025 to build firmly on the stabilisation momentum established in the previous year. What unfolded during the year was clearly not just a cyclical recovery but a more deep-seated phase of consolidation, where macroeconomic stability began to translate into tangible improvements in business confidence, household sentiment, and overall economic activity.

Sri Lanka recorded real GDP growth of around 5.0% in 2025, marking the second consecutive year of sustained growth, in turn signalling a more durable recovery path rather than a short-lived rebound. Performance was underpinned by broad-based growth across all major sectors of the economy. The industry sector grew by around 7.8% and continued to anchor overall economic activity, while the services sector recorded steady expansion of around 3.3%. The Agriculture sector also demonstrated improved resilience, with growth of around 1.4%. The resumption of vehicle imports after an extended period of restriction, which helped to restore critical linkages between several interconnected value chains, also served as a key catalyst for renewed economic activity.

Meanwhile, inflation dynamics during 2025 reflected a significant easing compared to the volatility experienced in preceding years. Inflation remained stable at low single-digit levels throughout the year, supported by improved supply conditions, tighter monetary discipline in earlier periods, and more stable exchange rate dynamics. This moderation in inflation had a direct and positive impact on real incomes, helping to restore household purchasing power while also improving cost visibility and planning certainty for businesses.

The exchange rate remained largely stable throughout 2025, supported by improved export earnings, remittance inflows, and tourism receipts.

NBFI SECTOR PERFORMANCE OVERVIEW

Bolstered by renewed credit demand, stronger borrower confidence, and a more supportive interest rate environment amidst improving macroeconomic conditions, the Non-Bank Financial Institution (NBFI) sector recorded a strong performance in 2025. Credit expansion across the sector accelerated significantly compared to the previous year, which was clearly evident in the growth of the sector's asset base, which expanded strongly in the current year, driven by higher demand across leasing, vehicle financing, and gold-backed lending segments.

From a funding perspective, public deposits remained the primary source of funding for the sector. Overall, deposit mobilisation recorded healthy growth, reflecting improved market sentiment and greater confidence in financial institutions amid a more stable macroeconomic environment. At the same time, borrowings increased at a notably faster pace, driven by the need to support accelerated credit expansion and meet rising demand across key lending segments.

A major highlight of 2025 was the notable improvement in asset quality across the NBFI sector. Gross and net NPL ratios declined compared to the previous year, on the back of enhanced repayment capacity among borrowers due to strengthening macroeconomic conditions.

At the same time, the sector maintained a broadly stable capital and liquidity position. Liquidity across the sector remained well above minimum regulatory requirements throughout 2025, with total regulatory liquid assets standing at Rs. 226.4 Bn against the minimum stipulated requirement of Rs. 152.0 Bn, resulting in a liquidity surplus of Rs. 74.3 Bn.

In parallel, the sector capital base increased by Rs. 84.0 Bn to reach Rs. 442.4 Bn by the end of 2025, reflecting strong growth of 23.4%, underscoring the structural soundness of the NBFI sector.

CONSOLIDATING CORE FUNDAMENTALS

CF's strategic direction during the year was strongly anchored in its core fundamentals. While we were naturally encouraged by the renewed momentum in the market and the emergence of stronger credit demand, we remained equally focused on ensuring that growth was pursued in a manner consistent with long-term sustainability, prudent risk management, and our broader responsibility to support national economic priorities.

We consciously directed our efforts towards financing productive segments of the economy, with a particular emphasis on supporting the recovery and expansion of the SME sector, which has long been identified as the backbone of the Sri Lankan economy. Underpinned by this strong conviction, our goal was to ensure lending activities remained impactful in terms of their contribution to the real economy.

As lending momentum gathered pace, we also transitioned from an initial reliance on internal reserves to diversify our funding profile, which was part of a deliberate effort to carefully manage the trade-off between cost of funds and safeguarding funding stability. Moreover, tightening liquidity conditions and upward pressure on interest rates towards the latter part of 2025 further underscored the importance of maintaining a robust and diversified funding base. In this context, CF further strengthened its deposit franchise with a greater emphasis on longer-tenor instruments, while also selectively utilising bank borrowings and term funding to consolidate the funding base.

Liquidity remained strong throughout the year, with CF reporting liquid assets of Rs. 8.06 Bn as at 31st March 2026 against the statutory minimum requirement of Rs. 5.05 Bn, a healthy buffer that reflects CF's continued discipline in liquidity management and its commitment to maintaining adequate safeguards against market volatility.

At the same time, CF's capital position remained exceptionally strong, well above both industry averages and statutory minimum requirements. As at 31st March 2026, the Tier I capital ratio stood at 35.95%, while the Tier II capital ratio stood at 34.29%, significantly exceeding the statutory minimum requirements of 10% and 14%, respectively.

We also revisited our impairment models to ensure our provisioning approach remained prudent and reflective of current and future realities. A comprehensive assessment was carried out using forward-looking stress testing and post-model adjustments designed to capture a range of potential downside scenarios. We also remained mindful of emerging global uncertainties, particularly geopolitical tensions associated with developments in the Middle East, which were explicitly incorporated into our macroeconomic assumptions and Expected Credit Loss assessments as at 31st March 2026. Following the assessment, an impairment reversal of Rs. 970 Mn was effected in the year, primarily reflecting the macro-economic progress, disciplined management of our credit portfolio and the sustained improvement in asset quality.

BRAND ARCHITECTURE REVAMP

One of the most meaningful milestones during the year was the successful transformation of CF's brand architecture. CF's identity has been linked to its iconic logo, which has come to symbolise stability, trust, and reliability in the financial services landscape. While this legacy has been a source of strength, it has also, over time, contributed to a perception of CF as a brand primarily associated with more mature customer segments.

Recognising the need to remain relevant to a new generation of customers, we undertook a deliberate and thoughtful brand relaunch in the current year. We introduced a refreshed logo that retains the iconic CF initials, while reimagining its form through a more contemporary and dynamic design language that better reflects flexibility, adaptability, and forward momentum in a rapidly changing market environment. I must reiterate that the initiative was designed not as a departure from our heritage, but rather a careful evolution of it.

The logo relaunch was supported by a broader, multi-channel brand-building initiative aimed at strengthening visibility and deepening engagement across diverse customer segments, culminating in the expansion of CF's presence in the Northern and Eastern regions, which signals our efforts to ensure CF's value proposition is truly national in reach and impact.

I am confident that the brand transformation will serve as a strong platform for CF to pivot into the next phase of growth in the coming years.

GOVERNANCE STEWARDSHIP

CF continues to benefit from the guidance of a highly experienced Board comprising ten Directors, including a majority of Non-Executive Directors and four Independent Directors, thereby reinforcing objective oversight, balanced judgement, and independent decision-making.

Drawing on its diverse professional expertise, the Board remained closely focused on ensuring that CF pursued balanced and responsible growth amidst the evolving operating environment, while continuing to uphold strong governance standards, prudent risk discipline, and long-term sustainability.

A key area of focus during the year was the strengthening of CF's operational risk management architecture in line with the Operational Risk Management Direction No. 4 of 2024, with effect from 1st January 2026. Working closely with the Board Integrated Risk Management Committee (BIRMC) and the Board Audit Committee (BAC), the Board institutionalised a comprehensive Operational Risk Management Policy and Framework comprising comprehensive internal controls to enable operational teams to act within the Company's defined risk appetite, and ensure compliance with all applicable regulatory and legal requirements.

Several targeted initiatives were also implemented to strengthen operational resilience and reinforce proactive risk oversight. These included the introduction of the Risk and Control Self-Assessments (RCSAs) across departments to identify potential control gaps and process inefficiencies, expanding operational risk indicators to strengthen monitoring capabilities and defining roles and responsibilities to reinforce the three lines of defence mechanism. Meanwhile, against the backdrop of increasing fraud, cybersecurity, and financial crime risks within the broader financial services industry, the Board reiterated fraud risk oversight as a key governance priority, with greater focus placed on strengthening internal controls and monitoring frequency.

WAY FORWARD

The outlook for the Sri Lankan economy in 2026 and beyond remains encouraging, supported by improving macroeconomic stability, strengthening investor confidence, expanding tourism activity, and the gradual revival of domestic private sector investment. If sustained prudently, these developments have the potential to create a more stable and growth-oriented economic environment capable of supporting long-term business expansion and broader economic transformation.

At the same time, it is important to be mindful that the external operating environment continues to carry a high degree of uncertainty. Geopolitical developments, energy market volatility, and global supply chain disruptions continue to pose potential risks to domestic economic stability.

In response to these emerging risks, the Central Bank of Sri Lanka introduced a series of macroprudential measures aimed at safeguarding financial system stability and reinforcing prudent lending practices across the financial services sector. Most notably, tightening of the maximum Loan-to-Value (LTV) ratios applicable to motor vehicle financing facilities, is expected to moderate credit expansion within the vehicle financing segment in the short term. In parallel, the CBSL also adopted tighter monetary policy measures during May 2026, aimed at stabilising inflation expectations, containing currency pressures, and preserving overall macroeconomic stability.

CF's strategic priorities will continue to centre on disciplined growth, prudent capital deployment, strong liquidity management, and selective expansion into sectors and customer segments that demonstrate stronger long-term fundamentals. As we move forward, our priorities will be continuous improvement and disciplined execution to position CF for steady, consistent, and sustainable progress, regardless of varying economic cycles.

APPRECIATIONS

Before I conclude, I would like to express my sincere appreciation to our employees, who remain the backbone of CF's service-driven operating model. Their commitment, resilience, and professionalism continue to define the quality of service we deliver and the trust we are able to sustain across our operations.

I also extend my heartfelt gratitude to our customers and depositors for their continued trust and loyalty, and to our shareholders for their unwavering confidence in the Company's direction and long-term strategy. A special word of thanks to the Governor of the Central Bank of Sri Lanka and the officials of the Department of Supervision of Non-Bank Financial Institutions for their support.

My sincere thanks are also due to my colleagues on the Board for their guidance, insight, and steadfast stewardship throughout the year, which has been instrumental in navigating a dynamic operating environment.

The Board joins me in expressing the firm commitment to extend CF's reach to bring shared prosperity to an increasing number of Sri Lankans in the years ahead.

A.R. Fernando
Chairman

Colombo,
26th May 2026

MANAGING DIRECTOR'S REVIEW

"After many years, CF found itself operating within a distinctly more positive and stable economic environment in 2025, a significant change from the recent past where the business confidence levels were impacted due to the high level of uncertainty. The gradual restoration of macroeconomic stability, coupled with renewed business confidence and stronger policy consistency, created a far more conducive backdrop for corporates to recommence expansion plans, pursue investment opportunities, and rebuild operational momentum with greater confidence and visibility. Likewise, the progressive relaxation of vehicle imports restrictions also opened up opportunities for credit expansion, particularly across the leasing and vehicle financing segments, creating renewed momentum within the broader financial services sector."

I believe the year under review created the backdrop for CF to demonstrate its philosophy of balancing growth ambition with prudent risk discipline. In an environment that evolved rapidly and presented both significant opportunities and new complexities, CF remained firmly anchored to the principles that have guided the Company for decades, namely resilience, responsibility, sound judgement, and long-term sustainability.

MACROECONOMIC ROUNDUP

The year 2025 marked a turning point for the Sri Lankan economy as the country moved towards macroeconomic stabilisation following several years of severe economic disruption. Improved policy consistency, easing inflationary pressures, enhanced exchange rate stability, and the gradual restoration of business confidence collectively created a more conducive environment for the resumption of economic activity by both businesses and households.

Supported by broad-based improvements across key sectors of the economy, Sri Lanka's Gross Domestic Product (GDP) recorded a notable recovery in 2025 compared to the contractionary conditions experienced in preceding years. The industry sector benefited from the gradual revival in manufacturing activity, increased construction-related demand, and improved energy availability, while the Services sector demonstrated strong momentum driven by growth in financial services, trade, transportation, tourism, and telecommunications. The agriculture sector also recorded a gradual improvement, supported by more favourable weather conditions and the easing of supply-side constraints that had persisted in prior years.

Inflationary pressures moderated significantly during 2025 compared to the elevated levels witnessed in previous years, further boosting household purchasing power and also contributing meaningfully towards rebuilding confidence across the broader economy.

In support of the ongoing recovery momentum, the Central Bank of Sri Lanka maintained a more accommodative monetary policy stance during the year. Accordingly, the Overnight Policy Rate (OPR) was relaxed further through a 0.25 percentage point reduction implemented in May 2025, bringing the policy rate down to 7.75%. The lower interest rate environment contributed towards improving credit affordability, stimulating borrowing activity, and strengthening debt servicing capacity across the financial system.

Another notable development during the year was the Government's decision to fully relax vehicle import restrictions with effect from February 2025. The reopening of the vehicle import market after a five-year hiatus had a multiplier effect across the economy, which helped to revitalise sectors linked to automobile financing, leasing, transportation, insurance, spare parts, and related services. Meanwhile, for the financial sector, particularly the Non-Bank Financial Institution (NBFI) sector, the reopening created renewed lending opportunities and stimulated demand for vehicle-backed financing products, which had remained subdued during the import restriction period.

Benefiting from these favourable macroeconomic conditions, the NBFI sector recorded strong expansion during 2025. Lower interest rates and confidence in the Country's economic recovery stimulated demand for financing facilities across the sector, while the reopening of vehicle imports further accelerated financing demand, particularly within leasing and vehicle loan segments.

Strong growth in lending activity translated into a substantial expansion of the sector's asset base, which recorded year-on-year growth of 44% in 2025 compared to 13.7% growth in 2024. Sector credit expansion was driven by the loans and advances portfolio, which grew by 56% year-on-year during the year, more than double the 22.6% growth recorded in 2024. Finance leases and vehicle loans remained the largest component of the lending portfolio, accounting for 64.1% of total loans and advances, followed by gold loans representing 20.9% of the portfolio.

Stronger cash flow generation across businesses and households amidst improving economic conditions contributed towards a marked improvement in borrower repayment capacity, resulting in a significant strengthening of asset quality across the NBFI sector. The gross stage 3 loans ratio declined to 6.1% by the end of 2025 from 11.5% at the end of 2024, while the net stage 3 loans ratio improved to 3.2% compared to 6.5% in the previous year. The impairment coverage ratio for stage 3 loans also strengthened to 47.8% by the end of 2025 from 43.4% in 2024, reflecting improved recovery trends alongside stronger provisioning buffers maintained across the sector.

The combined impact of accelerated credit growth, improving asset quality, and stronger operating conditions culminated in a significant improvement in sector profitability. Profit After Tax (PAT) of the NBFI sector increased by 49.9% to Rs. 88.5 Bn in 2025 from Rs. 59.0 Bn in the previous year. Key profitability indicators also strengthened, with Return on Assets (ROA) increasing to 6.7% and Return on Equity (ROE) improving to 17.5%, compared to 6.0% and 13.3%, respectively, in 2024. Meanwhile, the cost-to-income ratio improved to 46.3% in 2025 from 51.1% in the previous year, supported by stronger income generation and easing cost pressures amidst moderating inflationary conditions.

DISCIPLINED STRATEGIC SCALING

After many years, CF found itself operating within a distinctly more positive and stable economic environment in 2025, a significant change from the recent past, where the business confidence levels were impacted due to the high level of uncertainty. The gradual restoration of macroeconomic stability, coupled with renewed business confidence and stronger policy consistency, created a far more conducive backdrop for corporates to recommence expansion plans, pursue investment opportunities, and rebuild operational momentum with greater confidence and visibility. Likewise, the progressive relaxation of vehicle imports restrictions also opened up substantial opportunities for credit expansion, particularly across the leasing and vehicle financing segments, creating renewed momentum within the broader financial services sector.

As a Company with long-standing expertise in vehicle-backed financing, CF was well-positioned to capitalise on these rapidly evolving market dynamics. Nonetheless, our approach to growth during the year is best described as disciplined strategic scaling. While we were eager to leverage the market momentum, we consciously directed our efforts towards supporting productive economic activity in line with broader national priorities, particularly to accelerate the SME sector recovery. Accordingly, financing was deliberately channelled to prioritise income-generation, rather than purely consumption-oriented personal financing. Throughout the year, we remained firmly committed to pursuing sustainable portfolio expansion, specifically by enabling businesses to scale and improve cash flow generation, thereby building a solid risk-adjusted portfolio capable of generating consistent returns across economic cycles.

To drive our strategic scaling approach, we invested in expanding our branch network to strengthen market visibility across the country, particularly to reinforce CF's presence in the Western, Southern, Northern and North Western Provinces. Simultaneously, we recalibrated selected product offerings and financing solutions to better align with evolving customer requirements, emerging market opportunities, and the Company's broader strategic priorities. Considerable emphasis was also placed on building front-line capacity with the first half of the year dedicated to recruitment, training, and capability development to ensure teams were equipped with the technical expertise, market insight, and customer engagement skills required to effectively support our growth objectives. These investments began to translate into stronger operational momentum during the second half of the year, as productivity improved and market penetration deepened.

We pursued an equally disciplined approach in managing asset quality with the aim of building a resilient, well-balanced, and sustainable portfolio capable of withstanding varying economic cycles and evolving market conditions. To that end, significant emphasis was placed on strengthening credit evaluation standards, risk assessment frameworks, underwriting disciplines, and portfolio monitoring capabilities to ensure business expansion remained firmly aligned with the Company's long-standing commitment to prudent risk management and portfolio stability. Further, we invested heavily in strengthening our internal digital capabilities to support risk management and portfolio oversight. Leveraging advanced analytics, we focused on embedding credit scoring methodologies and technology-driven monitoring tools to proactively manage exposures and respond to emerging portfolio risks with greater precision and speed. I am pleased to see that by the close of the financial year, these initiatives had positioned CF amongst the top performers in the NBFI sector in terms of credit quality and portfolio resilience.

PERFORMANCE OF BUSINESS SEGMENTS

CREDIT & LENDING

CF's credit and lending segment rebounded strongly in FY 2025/26. Apart from the temporary disruption caused by Cyclone Ditwah in November 2025, a visible acceleration in lending activity was noted throughout the year, supported by internal initiatives aimed at enhancing frontline capacity and embedding technology-driven systems to improve operational efficiency across the credit value chain.

Product innovation remained a key enabler in amplifying CF's credit strategy. The introduction of Liya Abhimani, a dedicated financing solution for women-led entrepreneurs, has emerged as a strong catalyst in deepening market penetration within this segment, underscoring CF's commitment to promoting inclusive and sustainable SME sector development. Similarly, our targeted micro-leasing solutions specifically designed for electric mobility stand as an industry-leading initiative that positions CF at the forefront of the local sustainable financing space.

Towards the latter part of the year, we once again recalibrated our lending approach to adopt a more cautious and selective credit stance in response to heightened geopolitical tensions and associated risks on global supply chains and energy market volatility. We revisited our lending approach to prioritise customers demonstrating strong resilience, stable cash flows and strong repayment capacity, while exposures to import-dependent and fuel-sensitive sectors were managed more conservatively through strengthened collateral valuation frameworks, tighter LTV controls, and risk-based pricing mechanisms.

Asset quality management remained a top priority. Lending parameters, including Loan-to-Value (LTV) ratios, were managed in line with regulatory expectations, particularly following the revision of LTV limits for new vehicles. A structured, score-based pricing model was introduced through the CRM platform, supported by a risk based pricing policy to ensure consistency and risk alignment across the portfolio. In addition, stress testing and early-warning systems were further strengthened, incorporating scenarios linked to fuel price volatility and short-term operational disruptions arising from external shocks.

In parallel, we continued to maintain a strong emphasis on proactive customer engagement, with timely monitoring and selective restructuring measures implemented where required to support customers facing temporary financial stress. This disciplined and balanced approach enabled the Company to protect portfolio quality while continuing to deliver sustainable credit growth throughout the year.

DEPOSITS

As always, deposit mobilisation activities were closely aligned with CF's broader credit expansion strategy. Our deposit mobilisation strategy was linked to liquidity requirements and long-term funding sustainability, with greater emphasis placed on mobilising long-tenor funding options to further strengthen the stability of the funding base. Targeted engagement with institutional investors and fund managers, supported by CF's positioning as a stable and reliable financial partner, enabled the Company to successfully deepen its deposit franchise and further consolidate its funding profile.

While attracting and retaining highly rate-sensitive depositors remained challenging in a competitive, rate-driven environment, we leveraged CF's strong franchise, trusted reputation, and relationship-led service model to reinforce customer loyalty culminating in a solid retention ratio of 91% for retail deposits in the year under review.

RECOVERIES

At the outset of the year, we set ourselves a clear and uncompromising internal objective to ensure there would be no deterioration in asset quality in absolute terms, notwithstanding planned loan growth. In essence, our ambition was not merely to grow the portfolio, but to do so with no material increase in non-performing exposures, impairments or NPLs, even as the balance sheet expanded. This was a deliberate strategic stance, rooted in our belief that sustainable growth is only meaningful when underpinned by disciplined credit outcomes.

Even as we continued to pursue loan growth, we enhanced post-credit verification processes to ensure the integrity and completeness of customer information. High-risk segments were subject to structured monthly reviews, allowing us to closely track portfolio behaviour and identify early indicators of stress.

While we did experience a short-term spike in arrears immediately following Cyclone Ditwah, the impact was effectively managed within a relatively short period thanks to our conscious efforts to reach out individually to our customer base to assess impact levels and provide tailored support including restructuring of repayment plans, targeted concessions on overdue interest where appropriate, and facilitation of insurance settlements to restore customer cash flows and enable the swift resumption of business activity. It is also very encouraging to note that only a limited number of accounts required formal rescheduling, as the majority of customers demonstrated strong recovery capacity and resumed repayments earlier than expected, an outcome seen across the broader industry trend, which I believe points to the improving debt-servicing culture and strengthening repayment discipline within the economy.

OPERATING LEASES

The operating lease segment recorded strong and meaningful expansion during the current year, as CF leveraged its long-standing expertise in structured vehicle solutions to capitalise on the renewed momentum in the market.

A significant portion of this growth was driven by large corporate clients with substantial fleet requirements, who utilised the removal of import restrictions to undertake fleet renewal and optimisation initiatives after a prolonged period of limited vehicle availability.

The strong traction achieved during the year reflects both the effectiveness of our product positioning and the growing relevance of operating leases as a strategic component of enterprise mobility management in the current market environment.

FINANCIAL PERFORMANCE

CF delivered a robust financial performance during the financial year 2025/26, reflecting both the strength of its strategic direction and the disciplined execution of its growth agenda amidst an improving macroeconomic environment.

CF recorded Total Income of Rs. 22.8 Bn for the current year, a strong 10% expansion from Rs. 20.7 Bn in the previous year, driven largely by growth in Interest Income. Buttressed by strong performance across the lending portfolio alongside well-aligned pricing strategies, CF recorded Interest Income of Rs. 18.5 Bn, compared to Rs. 16.8 Bn in the prior year.

Meanwhile, in line with our deliberate strategic pivot towards lending-led growth, interest income from investments in government securities, fixed deposits, and corporate debt instruments declined significantly to Rs. 1.6 Bn in 2025/26 from Rs. 3 Bn in the previous year, in tandem with our conscious reallocation of surplus liquidity to support credit portfolio expansion.

Total operating expenses for the year amounted to Rs. 7.5 Bn, an increase of 14.6% over the previous year, primarily driven by expenses associated with branch and cadre expansion, and inflation-linked cost pressures, particularly in utilities and operational overheads. CF's cost-to-income ratio increased to 42.64% as against 41.44% in the previous year.

Impairment reversal amounted to Rs. 970 Mn, underscoring the effectiveness of our credit quality management approaches. Consequently, CF's gross NPL ratio improved markedly to 1.65% from 2.76% in the previous year. I am also particularly pleased to report that, even in the midst of rapid portfolio expansion and the temporary disruption caused by Cyclone Ditwah, we succeeded in maintaining impairments and NPLs at broadly stable absolute levels compared to the previous year, with certain segments even registering reductions in non-performing exposures. Moreover, of our total credit portfolio as at 31st March 2026, 83% was classified as Stage -1 (< 30 DPD Category). These outcomes are clear affirmations of the strength and resilience of our credit culture and recovery oversight framework.

CF recorded profit after tax of Rs. 6.04 Bn on account of sustained credit expansion despite pressure on net interest margin and higher operating cost.

CONSOLIDATED FINANCIAL RESULTS

The consolidated financial results of CF Group reported Rs. 10.6 Bn profit after tax on account of strong performance by our Associate company Nations Trust Bank PLC and Subsidiary, Central Industries PLC (CIL). The salient feature of performance of our Associate and key Subsidiaries as below.

NATIONS TRUST BANK PLC

Nations Trust Bank PLC (NTB Group) reported a profit after tax of Rs. 19.26 Bn for the year ended 31 December 2025, representing a 15% increase compared to 2024. This performance was underpinned by prudent margin management, growth in net fee and commission income, improved asset quality, and higher other operating income.

Asset quality improved significantly during the year, with the Stage 3 loan ratio declining to 0.9% from 1.6% in 2024, supported by effective data-driven credit risk management practices. Reflecting this improvement, the Group recorded an impairment reversal of Rs.106 Mn, while the Stage 3 impairment cover ratio strengthened to 66.7% from 60.6% in the previous year.

The Group's total assets grew by 28%, surpassing Rs. 700 Bn by end-2025, while loans and advances expanded by 50%, driven by strong credit demand. NTB Group maintained a strong liquidity position, with a Liquidity Coverage Ratio of 203.4%, well above regulatory requirements, ensuring its ability to meet obligations while supporting growth.

The Group's robust capital position was reflected in a Capital Adequacy Ratio (Tier I) of 19.06%, comfortably above minimum thresholds, providing a solid buffer for future expansion. Earnings per share increased to Rs. 57.76 from Rs. 50.39 in 2024, supported by improved profitability.

Further strengthening its strategic positioning, the NTB Group entered into a binding agreement with HSBC Sri Lanka to acquire its retail banking business. This landmark transaction is supported to the NTB Group's growth across key segments.

CENTRAL INDUSTRIES PLC

During the financial year , Central Industries PLC achieved its highest-ever revenue, reaching Rs. 6.6 Bn, compared to Rs. 5.3 Bn recorded in the previous year. This growth was primarily driven by increased sales volumes of PVC and PE pipes, supported by a gradual recovery in the retail segment and a rise in small-scale construction. In addition, heightened demand for HDPE pipes from the Water Board, particularly for water supply projects, contributed significantly to the Company's revenue expansion.

For the year under review, the Company reported a profit after tax of Rs. 650 Mn, a growth of 19% over the prior year. Despite the significant increase in operating costs from expansion, the Company successfully maintained a stable gross profit margin of 20%, reflecting disciplined cost management and operational efficiency.

CF INSURANCE BROKERS (PVT) LIMITED

CF Insurance Brokers (Pvt) Limited (CFIB) reported a profit after tax of Rs. 444.8 Mn for the year under review, reflecting a growth of 18% compared to the previous year. This performance was largely driven by a 45% increase in insurance broking commission income, the Company's primary revenue stream supported by the credit expansion of Central Finance Company PLC.

Interest income from debt securities increased to Rs. 302 Mn from Rs. 235 Mn in the prior year, underpinned by the strategic expansion and optimization of the investment portfolio returns.

However, fair value gains from unit trust investments and equity portfolios declined by Rs. 29.6 Mn and Rs. 38.6 Mn, respectively, compared to the previous year, primarily due to adverse market movements in the equity market during the latter part of 2025.

ACCELERATING DIGITAL INTEGRATION

Fuelled by our belief that technology is fundamental to strengthening decision-making, improving risk management, and driving scalable, sustainable growth, we continued to systematically accelerate digital integration to streamline processes, enhance data-driven insights, and support seamless, end-to-end service delivery across our operations.

In the current year, we focused on embedding digital capabilities to strengthen the credit ecosystem, with particular emphasis on strengthening credit evaluation and increasing the rigour of portfolio monitoring and recovery management efforts. A key area of progress was the enhanced use of analytics and credit scoring models to support more informed and risk-sensitive lending decisions. We also strengthened our data infrastructure and reporting capabilities to enable more real-time visibility of portfolio performance, risk indicators, and customer behaviour patterns.

In parallel, workflow automation initiatives were further expanded to reduce manual intervention and improve turnaround times across key operational processes. Notably, the vehicle valuation process was streamlined through the adoption of digital tools to enable faster processing and improved consistency in outcomes. In addition, the payment process for vehicle suppliers was further expedited, reducing procurement delays and enabling customers to gain faster access to leased assets.

ENHANCING CUSTOMER JOURNEYS

We made steady and meaningful progress during the year in enhancing our customer experience framework with work commencing on the development of a dedicated customer feedback call centre system, which will enable us to directly engage with customers to capture real-time feedback, monitor satisfaction levels, and identify areas for service enhancement.

In parallel, we continued to promote customer digital adoption among our customers, and I am pleased to note that these efforts have resulted in increased adoption of our flagship digital platforms, Centrix Digital Wallet and the CF Click mobile application. Digital transaction volumes also recorded steady growth throughout the year, reflecting growing customer confidence in our digital ecosystem.

PEOPLE DEVELOPMENT

Our efforts to build a high-performing, agile, and future-ready workforce gained significant traction this past year against the backdrop of CF's expanding business objectives. To meet the growing operational requirements of our expansion strategy, we initiated the Academy programme to expedite frontline recruitments. The initiative, which has thus far proven highly successful, is expected to play an increasingly important role in building a stronger and more scalable talent pipeline to support CF's long-term growth ambitions.

We also streamlined our performance management architecture through the implementation of a Balanced Scorecard mechanism for all grades aimed at enhancing the objectivity, consistency, and integrity of employee evaluations. Greater emphasis was also placed on succession planning and leadership continuity with a series of specialised leadership development programmes tailored for different employee segments, thereby supporting the development of future leadership capability across multiple levels of the organisation.

Our "people" philosophy was tested during the disruptions caused by Cyclone Ditwah, and I believe it was during this difficult period that the true character of CF came most visibly to life. Beyond business continuity and operational priorities, our immediate concern was the safety, well-being, and emotional strength of our people, many of whom were personally affected by the disaster.

We took steps to personally engage with impacted employees across our branch network to understand the challenges they and their families were facing, including the loss of loved ones, damage to homes, displacement, and severe personal hardship. These were not merely formal interventions, but deeply human conversations carried out with empathy, compassion, and genuine concern. Based on these engagements, we extended timely financial assistance, relocation support, and other practical measures to help affected employees regain stability and rebuild their lives during an immensely challenging time.

What moved me most during this period was the extraordinary sense of solidarity demonstrated across the organisation. Teams came together to support one another with remarkable compassion and resilience, reaffirming that CF is far more than a workplace, it is a close-knit community built on care, trust, and mutual support. It is this deeply embedded culture of empathy and togetherness that continues to make me immensely proud of the institution we have built together over the years.

SUSTAINABILITY HIGHLIGHTS

It is indeed encouraging to witness how sustainability is increasingly evolving beyond a reporting obligation to become a meaningful platform for organisations to drive stronger long-term outcomes. At CF, we continued to deepen our commitment towards sustainability during the year, through the steps taken during the year to strengthen alignment with the evolving requirements of SLFRS S1 and SLFRS S2.

In line with these requirements, we commenced a more structured measurement of Scope 1 emissions relating to direct emissions from sources owned or controlled by the Company. Simultaneously, we also began measuring Scope 2 emissions associated with purchased electricity consumed across its operational network.

OUTLOOK AND PROSPECTS

Looking ahead, I remain cautiously optimistic about Sri Lanka's economic trajectory and the opportunities that will continue to emerge from the country's gradual stabilisation and recovery process. The momentum witnessed during the year under review has clearly demonstrated the economy's underlying resilience and its capacity to progressively rebuild confidence, investment activity, and broader business sentiment. The continued revival of tourism, improving agricultural activities, and strengthening domestic economic circulation are already contributing towards a more active and connected economic environment, generating multiplier effects across multiple sectors of the economy.

That said, I am acutely aware that the external operating environment continues to carry a degree of uncertainty, particularly amidst evolving geopolitical developments, global supply chain vulnerabilities, and energy market volatility. Any prolonged disruptions to key sectors such as tourism or agriculture could have broader spillover implications across businesses and household cash flows within the economy. While current indicators do not point towards any immediate material deterioration, I believe it is imperative to remain vigilant, agile, and forward-looking in managing emerging risks.

Against this backdrop, CF will continue to further strengthen its risk management practices, portfolio oversight, and asset-liability management frameworks to ensure that the Company remains resilient under varying operating conditions. Our approach will continue to emphasise disciplined growth, prudent capital deployment, and selective expansion into sectors and customer segments that demonstrate stronger operating fundamentals and long-term sustainability.

I also see significant opportunity in leveraging digital technology and advanced analytics to deepen customer understanding, strengthen profiling capabilities, and enhance engagement with higher-value customer segments. Over time, these capabilities will increasingly define our ability to identify the right opportunities, strengthen portfolio resilience, and deliver more personalised, value-adding financial solutions that support both customer growth and long-term business sustainability.

It is indeed encouraging to see that many of the strategic initiatives introduced during the year have already begun to demonstrate tangible results. In particular, the success of our customer engagement and proactive NPL management strategies has reinforced our confidence in adopting these approaches as a more permanent and integrated component of our long-term operating model. I expect these initiatives to generate further positive outcomes in the years ahead through stronger portfolio performance, improved customer retention, and enhanced recovery effectiveness.

Going forward, I remain hopeful that greater stability will continue to prevail both globally and domestically, allowing Sri Lanka to build meaningfully upon the early recovery momentum established during the past year. CF, for its part, will work to constantly evolve by strengthening capabilities and refining strategies to raise the standards by which we measure our success.

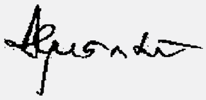
APPRECIATIONS

I take this opportunity to extend my sincere appreciation to my fellow members of the Board for their guidance, insight, and steadfast commitment to good governance, which continues to provide a strong foundation for CF's long-term progress.

I also wish to place on record my deepest gratitude to our management team and all CF employees for their commitment and professionalism. The progress achieved during the year is ultimately a reflection of their collective dedication and belief in the future of CF.

I would also like to acknowledge and thank the officials of the Central Bank of Sri Lanka and the Department of Supervision of Non-Bank Financial Institutions for their excellent support in helping the Company and the wider industry maintain stability. My appreciation further extends to our External Auditor, KPMG, for their valuable input and the timely, diligent completion of the audit process.

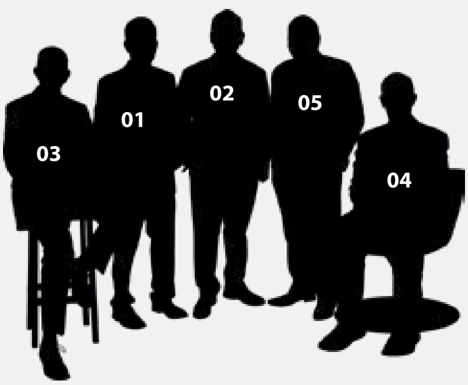
I further extend my sincere thanks to our customers, depositors, suppliers, business partners, and shareholders for the continued trust and confidence they place in CF. Your enduring support has remained integral to our strength and stability over the years and continues to inspire us to move forward with greater purpose and responsibility.



A.K. Gunaratne
Managing Director/Chief Executive Officer

Colombo,
26th May 2026

BOARD OF DIRECTORS



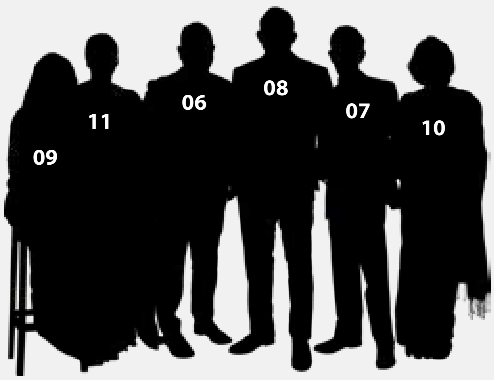
01. ARJUN RISHYA FERNANDO
Non-Independent Non-Executive Director/Chairman

02. ARJUNA KAPILA GUNARATNE
Executive Director - Managing Director/Chief Executive Officer

03. DHAMMIKA PRASANNA DE SILVA
Executive Director - Deputy Managing Director/Deputy Chief Executive Officer

04. ERANJITH HARINDRA WIJENAIKE
Non-Independent Non-Executive Director

05. CHANDIKA KUSHAN HETTIARACHCHI
Executive Director



06. KUDA BANDA HERATH
Independent Non-Executive Director

07. MANJULA HIRANYA DE SILVA
Independent Non-Executive Director / Senior Director

08. MAHEN SENANI DE SARAM
Non-Independent Non-Executive Director

09. SUBHASHINI HARSHI MUNASINGHE
Independent Non-Executive Director

10. DR. NISHA KANTHIMATHIE ARUNATILAKE
Independent Non-Executive Director

11. AVISHKA GURUSINGHE
Company Secretary

BOARD OF DIRECTORS

ARJUN RISHYA FERNANDO

Non-Independent Non-Executive Director/ Chairman

Arjun Rishya Fernando was appointed as the Chairman of the Board of Directors of Central Finance Company PLC with effect from 1st May 2025, and he has been a member of the Board since 16th August 2017. Arjun Fernando possesses over 42 years of experience in banking and financial services, both locally and overseas at senior positions, including directorships at large banking institutions.

He holds a B.Sc. in Engineering from Southern Illinois University, USA and a M.Sc. in Management from Clemson University, USA. He is also an Associate of the Institute of Financial Studies (Chartered Institute of Bankers), U.K.

He currently serves as a Director of Nations Trust Bank PLC, NDB Capital Holdings Limited, NDB Securities (Private) Limited, NDB Zephyr Partners Lanka (Private) Limited and Durdans Medical & Surgical Hospital (Private) Limited. He has served as the Chief Executive Officer of DFCC Bank PLC, Chairman of DFCC Consulting (Private) Limited, Lanka Industrial Estate Limited, Synapsys Limited, Acuity Partners (Private) Limited and a director of Acuity Stockbrokers (Private) Limited. He has also served as Chairman of the Association of Development Financing Institutions in Asia and the Pacific (ADFIAP) and the World Federation of Development Finance Institutions and as the DFCC Bank's Nominee Director on the Boards of Credit Information Bureau of Sri Lanka and the Sri Lanka Banks' Association.

ARJUNA KAPILA GUNARATNE

Executive Director - Managing Director/Chief Executive Officer

Arjuna Kapila Gunaratne was appointed as the Managing Director / Chief Executive Officer of Central Finance Company PLC with effect from 01st July 2024 and has served as the Deputy Managing Director / Deputy CEO since 01st July 2020 and as Executive Director since 20th February 2002.

Arjuna Gunaratne is a Fellow of the Institute of Chartered Accountants of Sri Lanka and the Chartered Institute of Management Accountants of the UK. He is also a Chartered Global Management Accountant (CGMA). He functioned as a Director of Nations Trust Bank PLC from May 2005 to October 2012, the Chairman of the Bank from November 2012 to April 2014 and as a Non-Executive Director of Tea Smallholder Factories PLC until 18th June 2025. He serves as a Non-Executive Director of Central Industries PLC and several other unquoted companies within the Group. He is a Council Member in the Finance Houses Association of Sri Lanka and presently serves as the Chairman, and also serves as a Board member of the Credit Information Bureau of Sri Lanka.

DHAMMIKA PRASANNA DE SILVA

Executive Director - Deputy Managing Director/Deputy Chief Executive Officer

Prasanna de Silva was appointed as the Deputy Managing Director of Central Finance Company PLC with effect from 01st July 2024, and he served as Chief Operating Officer since 1st July 2020 and as an Executive Director since 01st July 2011. He oversees the functions of credit, recoveries, branches, vehicle hire, vehicle sales and corporate social responsibility of the Company.

He served as the Chairman of the Leasing Association of Sri Lanka from 2007 to 2009 and a Director of Nations Trust Bank PLC. He is a Fellow of the Chartered Institute of Management Accountants - UK and has completed all examinations of the Chartered Financial Analyst (CFA) programme.

ERANJITH HARINDRA WIJENAIKE

Non-Independent Non-Executive Director

Eranjith Harindra Wijenaike was appointed as a Non-Independent Non-Executive Director to the Board of Directors of Central Finance Company PLC with effect from 01st July 2024. He was the Managing Director/Chief Executive Officer till 30th June 2024 from 1st April 1996 and has served on the Board since 01st April 1983.

Eranjith Wijenaike also serves as Non-Executive Chairman of Equity Two PLC, Equity One Limited and Director of Dehigama Hotels Company Limited. He served as a founder Director of Nations Trust Bank PLC and as the Deputy Chairman of the Bank.

He holds a Bachelor's Degree in Commerce and a Postgraduate Diploma in Banking and Financial Management.

CHANDIKA KUSHAN HETTIARACHCHI

Executive Director

Chandika Kushan Hettiarachchi is the Director Marketing of Central Finance Company PLC and has been a member of the Board since 17th July 2018. He joined Central Finance in November 2000 as Manager (Credit) and held several senior managerial positions prior to his appointment as an Executive Director.

He is an Associate Member of the Chartered Institute of Management Accountants of UK (ACMA), Chartered Global Management Accountant (CGMA) and holds a Master of Business Administration Degree from the University of Wales, UK.

Chandika Hettiarachchi counts over 28 years of experience in the Non-Banking Financial Services sector, which includes over 25 years at Central Finance Company PLC. He has carried out many assignments as a consultant to numerous International Development Agencies, including the International Finance Corporation (IFC). He serves as the Chairman of Allied Properties Ltd. and Waldock Mackenzie Ltd, a Non-Executive Director of Nations Trust Bank PLC, CF Insurance Brokers (Pvt), Ltd, CF Growth Fund Ltd, and Central Transport & Travels Ltd. He is also the Chairman of the Leasing Association of Sri Lanka and serves as a Board member of the Credit Information Bureau of Sri Lanka.

KUDA BANDA HERATH

Independent Non-Executive Director

Kuda Banda Herath has been a member of the Board of Central Finance Company PLC since 16th February 2019. He holds a Bachelor's degree in applied chemistry from the University of Kingston, London. He currently serves as an Independent Non-Executive Director of First Capital Holdings PLC and a Director of Bavarian Barn Restaurant (Private) Limited, Photocinex (Private) Limited and Energy Management Systems (Private) Limited.

He served as the Executive Director of A. Baur & Co. (Private) Limited for a period of 8 years, during which period he was instrumental in establishing a consumer vertical for the company. He joined Sunshine Holdings (Private) Limited in April 2020 as the Chief Operating Officer of their Consumer business, primarily to expand their consumer footprint via mergers & acquisitions. After a successful acquisition and a post-merger integration initiative, he moved out of Sunshine Holdings in June 2022.

Kuda Herath possesses over 30 years of experience in the fast-moving consumer goods industry, having held middle management positions in the areas of sales and marketing at Nestle Lanka PLC previously.

As a member of the Environmental Cell of the Ceylon Chamber of Commerce from 1996 to 2001, he was part of both Governmental and Non-governmental initiatives in assessing and formalising plans to minimise adverse impacts to the environment from the industry.

MANJULA HIRANYA DE SILVA

Independent Non-Executive Director / Senior Director

Manjula Hiranya de Silva has been a member of the Board of Central Finance Company PLC since 01st July 2020 and was appointed as the Senior Director with effect from 01st May 2025.

Manjula de Silva holds a BA Hons (First Class) degree in Economics from the University of Colombo and an MBA from London Business School, UK. He is also an FCMA (UK) and a CGMA. Further, he has pursued executive education at INSEAD Business School, France and Harvard Business School, USA.

He currently serves as a Director of the Gamani Corea Foundation and an Independent Director on the Board of the Asian Reinsurance Corporation based in Bangkok. He served as the Secretary General and CEO of the Ceylon Chamber of Commerce from 2020 to 2023. Prior to that, he served as Chairman of the state-owned National Insurance Trust Fund (NITF) from 2015 to 2019. He also served as a Commission Member of the Securities and Exchange Commission (SEC) of Sri Lanka during 2018 – 19, a Consultant to the Ministry of Public Enterprise Development during 2017 – 18 and a Commission Member of the Tertiary and Vocational Education Commission (TVEC) during 2021 – 25. Prior to 2015, he was the Managing Director of HNB Assurance PLC for 9 years and its CEO for 2 more years. He has also held leadership positions as General Manager, Eagle NDB Fund Management Company Ltd (currently NDB Wealth Management), General Manager – Corporate Lines and Human Resources, Eagle Insurance Co. Ltd (currently AIA Insurance) and Director General, Public Enterprises Reform Commission (PERC).

He also served as the Chairman of CIMA (Chartered Institute of Management Accountants) Sri Lanka Board in 2016 and was subsequently appointed to its Regional Board for the MESANA (Middle East, South Asia and North Africa) Region. He was a Committee Member of the Ceylon Chamber of Commerce for a long period of time and served as the Chairman of its Steering Committee on Insurance. He chairs the Public Sector Reform Committee of the Chamber at present. He is a Past President of both the Insurance Association of Sri Lanka (IASL) and the Unit Trust Association of Sri Lanka (UTASL).

MAHEN SENANI DE SARAM

Non-Independent Non-Executive Director (Independent Non-Executive Director until 8th April 2026 and re-designated as Non-Independent Non-Executive Director with effect from 9th April 2026)

Mahen De Saram is an experienced professional with over 30 years of extensive experience in the corporate sector, both locally and internationally. He commenced his professional career at Messrs. Ernst & Young Chartered Accountants in Sri Lanka prior to joining the multinational British American Tobacco (BAT) Group of Companies. During his extensive career with BAT, he held a range of senior finance leadership roles across numerous BAT Group entities in Sri Lanka, Vietnam, Papua New Guinea, and Australia, where he played a pivotal role in developing and driving strategic objectives, delivering commercial value, ensuring fit for purpose governance and the adoption of transformative practices as the Group undertook a comprehensive change of its operating model.

Mahen De Saram currently serves as the Group Finance Director of the CBL Group of Companies. He is also a member of the Board of Directors of Lion Brewery PLC and Ceylon Beverage Holdings PLC. Prior to joining the CBL Group, he served as Group Chief Financial Officer of an Australian-based group of companies engaged in construction, property development, and property management headquartered in Sydney.

He is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka (ICASL), a member of the Chartered Institute of Management Accountants (CIMA), UK, and a member of CPA Australia. He also holds a Master of Business Administration from the Postgraduate Institute of Management (PIM), University of Sri Jayewardenepura.

SUBHASHINI HARSHI MUNASINGHE

Independent Non-Executive Director

Ms Subhashini Harshi Munasinghe was appointed to the Board of Directors of Central Finance Company PLC on 01st May 2025. She is a finance professional with over 20 years of experience that includes more than 10 years within leadership roles, setting strategic direction, monitoring risk, leading financial reporting compliance and managing overall operations.

Ms Subhashini Munasinghe currently serves as an Independent Non-Executive Director on the Board of Directors of Bogawanthalawa Tea Estates PLC, where she functions as the Chairperson of the Board Audit Committee and the Related Party Transactions Review Committee and Bogawantalawa Tea Ceylon (Private) Limited. She was also a Council Member, advising on risk management and internal controls at the University of Kelaniya until February 2025. She had previously been the Chief Executive Officer of the Sri Lanka Institute of Directors and a Director within the Audit and Assurance practice at Pricewaterhouse Coopers, Sri Lanka. Her experience includes working at Deloitte's London Office in the UK for almost 5 years.

Ms Subhashini Munasinghe is an Associate Member of the Institute of Chartered Accountants of England and Wales (ICAEW) as well as the Institute of Chartered Accountants of Sri Lanka (ICASL), and she holds a BSc (Hons) in Economics and Accounting from the University of Bristol in the UK.

BOARD OF DIRECTORS

DR. NISHA KANTHIMATHIE ARUNATILAKE

Independent Non-Executive Director

Dr. Nisha Arunatilake was appointed to the Board of Directors of Central Finance Company PLC on 01st June 2025. She is a qualified economist with over 20 years of experience performing policy-related economic research in the areas of public finance, education, health, employment and labour markets, both locally and internationally. Dr. Arunatilake is proficient in report writing, project/program evaluation, management, implementation, and design and is also experienced in serving on policy committees.

Dr. Arunatilake is presently the Director of Research at the Institute of Policy Studies of Sri Lanka. She further serves on the Board of Trustees of the Dialog Foundation, a Research Fellow at the Partnership for Economic Policy, a Research Associate at CEQ Institute, Tulane University, New Orleans, USA and a Research Associate at KIVU International, Oxford, UK.

Dr. Arunatilake holds a Ph.D. in Economics from Duke University, Durham, North Carolina.

CORPORATE MANAGEMENT

C.S. HETTIARACHCHI
Attorney-at-Law, LLB (University of Colombo)
MBA (PIM - University of Sri Jayawardenapura)
Director - Legal (Non-Board)

K.O.V.S.M.S. WIJESINGHE
FCA (Sri Lanka), FCMA (UK)
Chief Strategy Officer

A.K. KALUHENDIWELA
MBA - (University of Wolverhampton - UK)
General Manager - Branches

R.E.S. GEORGE
Chartered MCIPM (CIPM), MBA (ICFAI University - Dehradun - India), Diploma in Banking and Finance (IBSL)
General Manager - Human Resources

MS. W.M.T.W. WEERASINGHE
ACA (Sri Lanka), BSc Accounting (University of Sri Jayewardenepura)
General Manager - Finance/Chief Financial Officer

L.L.D. PRASANGA
BSc Agricultural Technology & Management (University of Peradeniya), MBA (University of Wolverhampton - UK)
General Manager - Recoveries

M.S. HABARAKADA
BSc Physical Science (University of Peradeniya), PgD in IT (University of Moratuwa)
General Manager - Information Technology

MS. P.M. LIYANAGE
ACA (Sri Lanka), BSc - Finance (University of Sri Jayewardenepura)
Deputy General Manager - Internal Audit

M. M. A. JAYASINGHE
BSc Eng (Moratuwa), PDBF (Colombo), Commonwealth Executive MBA (Open University SL)
Senior Assistant General Manager – Credit

C. A. C. AMBROSE
Assistant General Manager – Deposits

MS. A.R.L. GURUSINGHE
Attorney-at- Law, LLB- (University of Portsmouth, UK)
Company Secretary

T.R. TILLEKERATNE
MBA (Open University of Sri Lanka), BSc - Corporate Finance (Northern Kentucky University, USA)
Head of Compliance

MS. S.L.P. FERNANDO
MBA (PIM - University of Sri Jayewardenepura), BSc - Business Administration (University of Sri Jayewardenepura), FCA (Sri Lanka), ACMA & CGMA (UK)
Chief Risk Officer

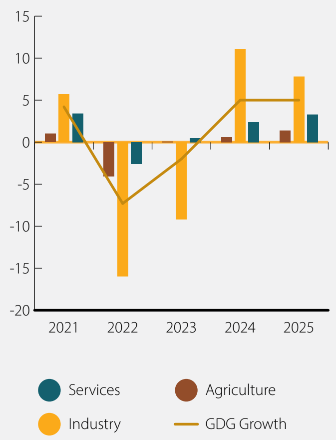
R. JAYASINGHE
MSc in Information Technology (Specialising in Cyber Security) - SLIIT, Postgraduate Diploma in Information Technology (Specialising in Cyber Security) - SLIIT, BSc (Hons) in Management Information Systems - University College Dublin - Ireland, ISO/IEC 27001:2022 Lead Auditor - Bureau Veritas
Chief Information Security Officer

OPERATING ENVIRONMENT

SRI LANKA'S ECONOMIC PERFORMANCE IN 2025

Sri Lanka's economy remained resilient in 2025 amidst continued macroeconomic stabilisation and policy reforms. Domestic economic activity remained robust, supported by greater policy consistency, progress under the IMF Extended Fund Facility programme and the completion of debt restructuring arrangements, which further reinforced investor confidence and macroeconomic stability. In parallel, the low-interest rate environment throughout the year, coupled with the removal of restrictions on vehicle imports after a prolonged five-year period, helped to fuel credit appetite in the market. Underpinned by these favourable developments, Sri Lanka recorded GDP growth of 5% in 2025.

Annual Real GDP Growth Rates (%)



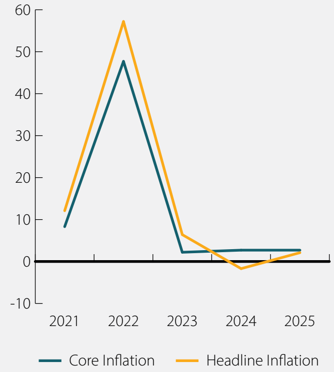
Measures of Consumer Price Inflation
Central Bank of Sri Lanka

INFLATION TRENDS

Inflation remained subdued throughout most of 2025 following the sharp easing of consumer price pressures witnessed in previous years. Deflationary conditions seen in the early part of 2025 normalised and returned to positive territory in August 2025, followed by a notable acceleration towards the end of 2025 owing to increases in food prices and supply disruptions following Cyclone Ditwah in November 2025.

Accordingly, year-on-year headline inflation measured by the Colombo Consumer Price Index increased to 2.1% by the end of 2025 from negative 1.7% at the end of 2024.

Movements in Headline and Core Inflation (CCPI, 2021=100, y-o-y) (%)



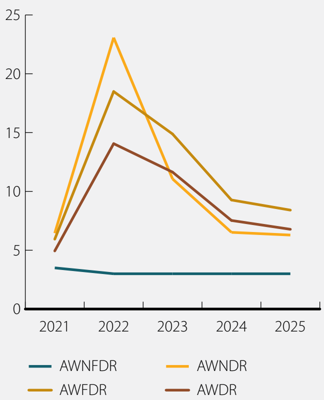
Measures of Consumer Price Inflation
Central Bank of Sri Lanka

INTEREST RATES

Market interest rates declined overall in 2025, amidst an accommodative monetary policy stance of the Central Bank of Sri Lanka, alongside well-anchored inflation expectations and improving investor sentiment, which also contributed to the easing of market interest rates.

Monetary policy, which had already been eased significantly between June 2023 and 2024, was relaxed further in 2025 through a 0.25 percentage point reduction in the Overnight Policy Rate. In line with this adjustment, the Average Weighted Call Money Rate declined and remained broadly aligned with the Overnight Policy Rate until mid July 2025. However, towards the latter part of the year, temporary liquidity asymmetries within the domestic money market resulted in a modest increase in short-term interest rates.

Movements of Selected Market Interest Rates (%)



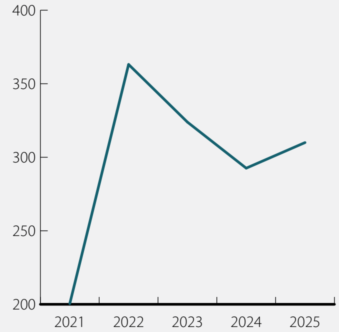
Measures of Consumer Price Inflation
Central Bank of Sri Lanka

EXCHANGE RATE DEVELOPMENTS

Following two consecutive years of appreciation, the Sri Lankan Rupee recorded a modest depreciation against the United States Dollar in 2025. The LKR, which stood at Rs. 292.58 against the USD at the end of December 2024, depreciated to Rs. 309.99 by the end of December 2025, reflecting a depreciation of 5.6%.

The LKR depreciation in the current year was driven largely by higher merchandise imports, particularly following the full relaxation of vehicle import restrictions, which contributed to a notable increase in foreign exchange outflows. Despite these pressures, inflows from tourism earnings, workers' remittances, export earnings and financial account inflows supported foreign exchange liquidity within the domestic market.

Daily Exchange Rate Movements (LKR Per USD)



Measures of Consumer Price Inflation
Central Bank of Sri Lanka

BALANCE OF TRADE

Sri Lanka's external sector recorded further gains in 2025, with the current account registering a surplus for the third consecutive year despite a notable widening of the merchandise trade deficit, which was the result of import expenditure outpacing the export earnings, on the back of higher demand for vehicle imports.

Merchandise imports increased by 14.0% to USD 21.5 Bn in 2025, driven primarily by higher expenditure on motor vehicle imports following the full relaxation of vehicle import restrictions. Expenditure on motor vehicle imports alone amounted to approximately USD 2.0 Bn. Meanwhile, merchandise exports increased by 6.3% to USD 13.6 Bn, which, although a historical high, was nevertheless significantly lower than import outflows.

As a result, the merchandise trade deficit widened to USD 7.9 Bn in 2025 from USD 6.1 Bn in the previous year.

OUTLOOK FOR THE SRI LANKAN ECONOMY IN 2026

Sri Lanka's economic outlook for 2026 remains positive amidst improved macroeconomic stability, continued policy reforms and the strengthening of economic buffers across sectors. Progress achieved through fiscal consolidation measures, reserve accumulation, debt restructuring and the continued implementation of the International Monetary Fund Extended Fund Facility programme is expected to reinforce investor confidence and overall economic resilience.

Domestic economic activity is expected to remain robust, supported by accommodative monetary conditions and reconstruction-related activity following Cyclone Ditwah. Inflation, which remained subdued in 2025, is expected to gradually move towards the Central Bank's target level due mainly to higher global energy and transport-related costs and their spillover effects on domestic prices.

Nevertheless, the outlook remains subject to downside risks arising from geopolitical tensions, global trade disruptions and climate-related risks. Escalating tensions in the Middle East, rising energy and shipping costs, supply chain disruptions and increased volatility in global financial markets may affect inflation, tourism, trade flows, remittances, exchange rates, interest rates and investor sentiment. In this context, maintaining policy consistency, reinforcing macroeconomic buffers and advancing structural reforms will remain critical to strengthening economic resilience and supporting sustainable long-term growth.

NBFI SECTOR PERFORMANCE

The NBFI sector maintained strong growth momentum in 2025 amidst significant credit expansion and improving operating conditions. Liquidity and capital buffers remained above regulatory minimum requirements, while asset quality and profitability improved across the sector.

NBFI Sector Update

Context		Key Indicators (NBFI Sector)	Key Indicators (CF)
Asset Growth	The asset base expanded significantly in 2025, increasing by 44% year on year compared to 13.7% growth in the previous year. Strong growth in the loans and advances portfolio, which represented 80.2% of total sector assets by the end of 2025, was the primary driver of this expansion. Loans and advances increased by 56% year on year in 2025, surpassing the growth of 22.6% reported in 2024. Finance leases and vehicle loans remained the largest component of the lending portfolio, accounting for 64.1% of total loans and advances, followed by gold loans representing 20.9% of the portfolio. Finance leases and vehicle loans increased by 56.3% year on year, while gold loans increased by 64.1% compared to the previous year.	➤ Total asset-base – Rs. 2,777 Bn ➤ Total asset growth - 44%	➤ Total asset-base – Rs. 140 Bn ➤ Total asset growth - 33%
Liabilities and Funding Mix	Public deposits remained the primary source of funding for the sector, accounting for 45.6% of total funding, followed by borrowings at 30.6%. Sector-wide deposits recorded strong growth of 19.8% year-on-year by end-2025, compared to 13.0% growth at end-2024. Meanwhile, borrowings increased significantly during the year, recording a sharp year-on-year growth of 178.1% by the end of 2025, largely driven by increased funding requirements to support the sector's expanding credit portfolio.	➤ Funding mix ➤ Public Deposit – 45.6% ➤ Borrowings – 30.6 %	➤ Funding mix ➤ Public Deposit – 36% ➤ Borrowings – 15%
Asset Quality/ Non-Performing Loans (NPL)	Asset quality indicators improved significantly in 2025 amidst the gradual recovery in borrower repayment capacity alongside improving operating conditions across the sector. The gross stage 3 loans ratio declined to 6.1% by the end of 2025 from 11.5% at the end of 2024, while the net stage 3 loans ratio improved to 3.2% compared to 6.5% in the previous year. The impairment coverage ratio for stage 3 loans also strengthened to 47.8% by the end of 2025 from 43.4% in 2024.	➤ The gross stage 3 loans ratio 6.1% ➤ The impairment coverage ratio (Stage 3) – 47.8%	➤ The gross non-performing loans ratio 1.65% ➤ The impairment coverage ratio (Stage 3) – 67.15%

NBFI Sector Update			
Context		**Key Indicators (NBFI Sector)**	**Key Indicators (CF)**
Profitability	The NBFI sector reported strong profitability in 2025 owing to the combined impact of higher asset growth, improved net interest income and reversals in impairment provisions. Consequently, sector Profit After Tax increased by 49.9% to Rs. 88.5 Bn in 2025 compared to Rs. 59.0 Bn in the previous year. Key profitability indicators also strengthened, with Return on Assets increasing to 6.7% and Return on Equity increasing to 17.5% compared to 6.0% and 13.3%, respectively, in 2024. The cost-to-income ratio moved to 46.3% in 2025 from 51.1% in the previous year, reflecting improved operating performance amidst the continued recovery in economic activity.	➤ ROA – 6.7% ➤ ROE – 17.5% ➤ Cost-to-income ratio – 46.3%	➤ ROA – 4.93% ➤ ROE – 10.52% ➤ Cost-to-income ratio – 42.64%
Liquidity	Liquidity across the sector remained well above minimum regulatory requirements throughout 2025. Total regulatory liquid assets stood at Rs. 226.4 Bn by the end of 2025 against the minimum stipulated requirement of Rs. 152.0 Bn, denoting a liquidity surplus of Rs. 74.3 Bn.		➤ Liquid Assets Rs. 8 Bn against the minimum requirement of Rs. 5 Bn
Capital Adequacy	The NBFI sector remained well capitalised in 2025, with the capital base increasing by Rs. 84.0 Bn to reach Rs. 442.4 Bn by the end of the year, reflecting growth of 23.4%. Meanwhile, higher lending activity increased risk-weighted assets, resulting in lower capital adequacy ratios. The Tier 1 Capital Adequacy Ratio and Total Capital Adequacy Ratio stood at 17.3% and 18.7%, respectively, by the end of 2025, compared to 20.5% and 21.3%, respectively, at the end of 2024.	➤ Tier 1 Capital Adequacy Ratio - 17.3% ➤ Total Capital Adequacy Ratio- 18.7%	➤ Tier 1 Capital Adequacy Ratio - 35.95% ➤ Total Capital Adequacy Ratio- 34.29%

NBFI SECTOR OUTLOOK FOR 2026

The outlook for the NBFI sector in 2026 remains favourable amidst improving macroeconomic conditions, accommodative monetary conditions and continued credit demand. Lending activity is expected to remain supported by demand for finance leases, vehicle loans and other secured lending products, although credit expansion is expected to moderate compared to the strong growth witnessed in 2025.

Asset quality is also forecast to remain favourable amidst improving borrower repayment capacity and stronger operating conditions.

However, the sector remains exposed to downside risks arising from heightened global uncertainties, geopolitical tensions, inflationary pressures and climate-related disruptions, which may affect investment activity, borrower repayment capacity and overall business confidence. In this context, maintaining prudent risk management practices, adequate liquidity and capital buffers, and continued regulatory oversight will remain important to sustaining sector stability in the period ahead.

STAKEHOLDER ENGAGEMENT

At CF, stakeholder engagement serves as a critical mechanism for understanding the expectations, concerns, and evolving needs of stakeholders who influence, or are influenced by, the Company's operations and long-term success. CF adopts a structured, multi-channel approach to engaging with stakeholders and capturing a wide range of stakeholder perspectives.

STAKEHOLDER ENGAGEMENT MODEL

Identify the stakeholders	Segment Stakeholder Categories into sub-categories	Prioritise Stakeholder sub-categories	Define Levels of Engagement	Review Channels for Engagement	Design The Engagement Model	Identify Relevant Issues	Identify Risks and Opportunities	Design Action Plan	Monitor and Report
Defined by Board of Directors	Based on daily management criteria	According to Impact and Influence on value creation	Information, consultation, Interaction or collaboration	Evaluate existing channels and create new ones	The best suited to each stakeholder sub-categories	For both CF and the stakeholder sub-categories	That helps create value for CF and Its stakeholders	Initiatives in relation to the engagement model and relevant issues	To analyse outcomes and report on performance
Stakeholder Map			Engagement Model			List of Relevant Issues, Risks and Opportunities		Action Plan	Performance Management

SHAREHOLDERS	Importance to CF High		Strength of the Relationship Strong
Method and Frequency of Engagement	**Stakeholder Concerns and Expectations**	**Identified Material Topics**	**CF's Response**
➤ Annual General Meeting ➤ Annual Report ➤ Extraordinary General Meetings (as needed) ➤ Interim financial statements (quarterly) ➤ CSE announcements (as needed) ➤ Press conferences / press releases (as needed) ➤ Corporate website (continuous and ongoing) ➤ Social media platforms (continuous and ongoing)	➤ Financial stability and Capital position ➤ Gearing exposure ➤ Risk management practices, corporate governance frameworks ➤ Stable returns and consistent dividend payout ➤ Share price ➤ Transparency and accountability ➤ Ethical business practices ➤ Disclosure and access to information	➤ Financial stability and growth ➤ Trust and transparency ➤ Brand visibility and market reach ➤ Business process transformation/data analytics / operational excellence ➤ Cybersecurity and customer data protection ➤ Environmental advocacy	Deliver strong financial performance, manage risk prudently, and operate with the highest standards of ethical governance. Prioritise transparent, timely and consistent communication.
Value Created and Delivered in FY 2025/26		**Further Information**	**SDG's**
➤ Dividend Payout Ratio - 24.47% (2024/25 - 24.70%) ➤ Company NAVPS - Rs. 262.17 (2024/25 - Rs. 242.82) ➤ Earnings per Share (EPS) Group - Rs. 45.09 (2024/25 - Rs. 43.65) ➤ Dividend per Share (DPS) - Rs. 6.50 (2024/25 - Rs. 6.50)		Financial Capital Intellectual Capital	8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 10 REDUCED INEQUALITIES

STAKEHOLDER ENGAGEMENT

CUSTOMERS	**Importance to CF** Critical		**Strength of the Relationship** Strong
Method and Frequency of Engagement	**Stakeholder Concerns and Expectations**	**Identified Material Topics**	**CF's Response**
➤ Marketing teams / branch managers / relationship managers/ regional managers (continuous and ongoing) ➤ Call centre (continuous and ongoing) ➤ Promotional activities (continuous and ongoing) ➤ Press conferences / press releases (as needed) ➤ Corporate website (continuous and ongoing) ➤ Social media platforms (continuous and ongoing) ➤ Customer surveys (as needed) ➤ Complaint handling framework (as needed) ➤ Customer visits (continuous and ongoing)	➤ Access to flexible, affordable and customised financing solutions ➤ Island-wide reach ➤ Brand credibility ➤ Quick turnaround times ➤ Superior customer service ➤ Digital convenience and security ➤ Financial literacy ➤ Data privacy	➤ Financial stability and growth ➤ Brand visibility and market reach ➤ Customer experience ➤ Digital transformation ➤ Trust & transparency ➤ Cybersecurity and customer data protection ➤ Financial inclusion ➤ Environmental advocacy ➤ Business process transformation/data analytics / operational excellence	Provide financial solutions that are accessible, relevant, and tailored to their unique circumstances. Continuously invest in technology and customer care training to ensure every interaction is efficient, respectful, and value-driven. Aim to deliver convenience, transparency, security and excellence in service.
Value Created and Delivered in FY 2025/26		**Further Information**	**SDG's**
➤ Rs. 6.5 Bn digital transaction volumes (Rs. 6.2 Bn - 2024/25) ➤ 91% Deposit retention ratio (85 % - 2024/25) ➤ 54% Repeat Business ratio (Credit) (57 % - 2024/25)		Social and Relationship Capital Manufactured Capital Intellectual Capital	8 Decent Work and Economic Growth 9 Industry, Innovation and Infrastructure 10 Reduced Inequalities 12 Responsible Consumption and Production 16 Peace, Justice and Strong Institutions

EMPLOYEES	**Importance to CF** Critical		**Strength of the Relationship** Strong
Method and Frequency of Engagement	**Stakeholder Concerns and Expectations**	**Identified Material Topics**	**CF's Response**
➤ Sales briefings / team meetings (continuous and ongoing) ➤ Management meetings (as scheduled) ➤ Performance appraisals (annual) ➤ Internal communications (continuous and ongoing) ➤ Intranet (continuous and ongoing) ➤ Training activities (continuous and ongoing) ➤ Award ceremonies (as scheduled) ➤ Other employee engagement events (as scheduled)	➤ Equal opportunity and non-discriminatory employment ➤ Competitive remuneration and benefits ➤ Access to competency training and skill development ➤ Career development opportunities ➤ Rewards and recognition ➤ Safety and well-being	➤ Financial stability and growth ➤ Brand visibility and market reach ➤ Digital transformation ➤ Business process transformation/data analytics / operational excellence employee engagement and development safety and wellbeing	Aim to create a supportive, inclusive, and empowering work environment where our people can thrive both personally and professionally. Offer fair and competitive remuneration, continuous learning and career development opportunities. Prioritise employee well-being through a strong focus on health, safety, and work-life balance. Foster a culture of respect, collaboration, and recognition to build a motivated and high-performing workforce aligned with CF's long-term vision.

EMPLOYEES		
Value Created and Delivered in FY 2025/26	**Further Information**	**SDG's**
➤ Comprehensive compensation benefits - Rs 3.8 Bn (Rs. 3.3 Bn - 2024/25) ➤ 429 employees promoted (308 - 2024/25) ➤ 20,965 hours of training (4,192 - 2024/25) ➤ Retention of key talent	Human Capital	4 Quality Education, 5 Gender Equality, 8 Decent Work and Economic Growth, 10 Reduced Inequalities

REGULATORS	**Importance to CF** High	**Strength of the Relationship** Strong	
Method and Frequency of Engagement	**Stakeholder Concerns and Expectations**	**Identified Material Topics**	**CF's Response**
➤ Directives and circulars (continuous and ongoing) ➤ CBSL inspections (as mandated) ➤ Interim financials (quarterly) ➤ Annual report (annual) ➤ CSE / SEC filings (as mandated) ➤ Other regulatory submissions (as mandated) ➤ Other meetings (as mandated)	➤ Compliance with the Corporate governance rules issued by the CSE and CBSL ➤ Regulatory compliance and mandatory return filings ➤ AML / CFT compliance ➤ Ethical and transparent business practices ➤ Timely payment of applicable taxes ➤ Customer data protection	➤ Financial stability and growth ➤ Brand visibility and market reach ➤ Digital transformation ➤ Trust & transparency ➤ Cybersecurity and customer data protection ➤ Financial inclusion ➤ Environmental advocacy	Zero-tolerance approach to non-compliance with regulatory requirements. Prioritise transparent reporting and timely compliance with all mandatory requirements. Regular compliance audits are conducted to verify the efficacy of our internal control and reporting frameworks in achieving compliance objectives. Engage proactively with all regulatory bodies to understand evolving regulations and achieve early adoption of new developments.
Value Created and Delivered in FY 2025/26		**Further Information**	**SDG's**
➤ Rs. 5.1 Bn paid as taxes (Rs. 5.3 Bn - 2024/25) ➤ 100% regulatory compliance ➤ Investment in IT for data protection		Intellectual Capital	1 No Poverty, 8 Decent Work and Economic Growth, 9 Industry, Innovation and Infrastructure, 10 Reduced Inequalities, 12 Responsible Consumption and Production, 16 Peace, Justice and Strong Institutions

SUPPLIERS	**Importance to CF** High	**Strength of the Relationship** Healthy	
Method and Frequency of Engagement	**Stakeholder Concerns and Expectations**	**Identified Material Topics**	**CF's Response**
➤ Supplier selection process (as needed) ➤ Meetings (as needed)	➤ Credit terms ➤ Timely payments ➤ Future growth opportunities	➤ Financial stability and growth ➤ Trust and transparency ➤ Business process transformation/data analytics / operational excellence	Purpose-driven approach to supplier management by aligning procurement practices with the Company's strategic objectives. Identifying key supplier needs that support CF's operational goals, ensuring long-term sustainability, and fostering mutually beneficial partnerships.

SUPPLIERS		
Value Created and Delivered in FY 2025/26	**Further Information**	**SDG's**
➤ Timely payments to suppliers ➤ Foster healthy and trustworthy partnerships with suppliers ➤ Continuous formation of new supplier relationships	Social and Relationship Capital	

COMMUNITY	**Importance to CF** High		**Strength of the Relationship** Healthy
Method and Frequency of Engagement	**Stakeholder Concerns and Expectations**	**Identified Material Topics**	**CF's Response**
➤ Press conferences / press releases (as needed) ➤ Corporate website (ongoing) ➤ Social media platforms (ongoing) ➤ Annual report ➤ Csr initiatives (as needed)	➤ Opportunities to access financial assistance to minimise inequalities caused by the economic crisis ➤ Continued support for vulnerable communities ➤ Expectation of high standards of conduct and business ethics in all community activities	➤ Financial inclusion ➤ Environmental advocacy	Contribute to inclusive socioeconomic development by promoting MSME sector growth through CF's core lending business. Investment in CSR projects in the areas of education, health, environmental conservation, and disaster relief aims to reduce social inequalities.

Value Created and Delivered in FY 2025/26	**Further Information**	**SDG's**
➤ Rs. 77 Bn Lending to the MSME sector (Rs. 45 Bn - 2024/25) ➤ Rs. 30 Mn Investment in CSR projects benefiting community members (Rs. 15 Mn - 2024/25)	Social and Relationship Capital	

MATERIAL TOPICS

Material topics represent the Economic, Environmental, Social, and Governance (EESG) matters that have the most significant influence on CF's ability to create sustainable value over the short, medium, and long term. As a financial institution, these topics reflect the areas that are most relevant to the Company's strategic priorities, stakeholder expectations, operational resilience, regulatory responsibilities, and long-term sustainability.

Accordingly, the Materiality Determination Process is undertaken as an annual exercise to understand the issues that have the greatest impact on business performance, risk management, customer trust, and stakeholder value creation, thereby enabling the Company to better align its strategy, resource allocation, governance practices, and sustainability initiatives with emerging industry trends, regulatory developments, and evolving stakeholder expectations.

Identifying	Prioritising	Integration	Review and Update
Assess the industry context, regulatory requirements and stakeholder feedback to identify the potential material topics	**Use the Materiality Matrix to prioritise selected Material Topics based on the impact to CF vs. significance to stakeholders**	**Integrate Material Topics into the CF'S Strategy**	**Assess actual performance against strategy to review the relevance of Material Topics and update as needed**

ECONOMIC

1. Financial stability and growth
2. Brand visibility and market reach

ENVIRONMENTAL

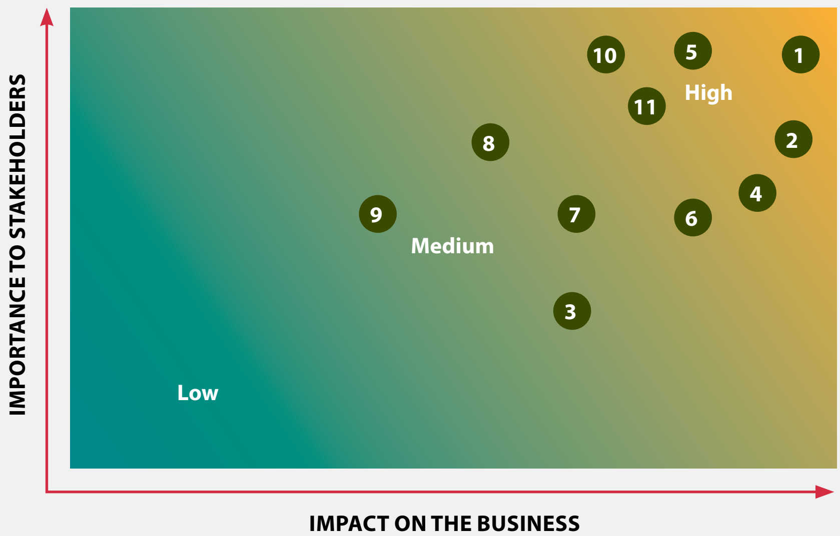
3. Environmental advocacy

SOCIAL

4. Business process transformation/data analytics/operational excellence
5. Customer experience
6. Digital transformation
7. Employee engagement and development
8. Safety and wellbeing
9. Financial inclusion

GOVERNANCE

10. Trust and transparency
11. Cybersecurity and customer data protection



MATERIAL TOPICS

Material Topic		Topic Boundary	Management Approach	Strategy Integration: Business Growth	Digitalisation	Operational efficiency	Sustainability - Environmental, Social and Governance	People	Resource Allocation through types of capital
1	Financial stability and growth	Financial performance and investment strategy	Prudent financial management, strategic investments, and a strong capital base, coupled with the emphasis on safeguarding liquidity through ongoing cash flow monitoring and forecasting, enable the Company to meet its obligations and support operational and strategic priorities without disruption. Optimising resource allocation and streamlining internal processes to reduce costs and improve margins will also be key priorities.	√		√	√	√	FC MC HC S&RC
2	Brand visibility and market reach	External market presence, partnerships, and customer segments	Targeted marketing, sponsorships, and digital outreach to enhance CF's brand recognition and reinforce trust among customers and stakeholders, alongside ongoing investments to expand CF's presence across regions and customer segments through branch network growth, digital channels, product diversification, and partnerships to strengthen our market reach.	√	√	√			FC MC IC S&RC
3	Customer experience	External customers and service delivery touchpoints	Focus on delivering responsive, personalised, and reliable service through well-trained staff, customer feedback loops, and continuous improvement in our offerings.	√	√	√			FC MC IC S&RC
4	Digital transformation	Internal systems, technology partners, and service delivery	Ongoing digitisation agenda focused on automation, system upgrades, and customer-facing platforms to improve service delivery, data insights, and operational agility.	√	√	√	√	√	FC MC IC HC S&RC
5	Trust & transparency	All internal and external stakeholders across the value chain	Transparent communication with stakeholders, supported by robust corporate governance, ethical practices, and timely disclosures to build lasting trust.	√	√	√	√	√	MC IC S&RC
6	Business process transformation/ data analytics / operational excellence	Organisation-wide internal systems and processes	Leveraging digital technologies, automation, and advanced analytics to streamline core processes, improve turnaround times, and drive continuous improvement of operational performance.	√	√	√	√	√	MC IC HC S&RC NC

Material Topic		Topic Boundary	Management Approach	Strategy Integration: Business Growth	Digitalisation	Operational efficiency	Sustainability - Environmental, Social and Governance	People	Resource Allocation through types of capital
7	Cybersecurity and customer data protection	Internal systems comprising all digital platforms, IT infrastructure, data storage systems, as well as external customer touchpoints	End-to-end cybersecurity and data protection through robust policies, advanced technologies, and continuous monitoring, strict oversight, and ongoing employee training reinforce data integrity, regulatory compliance, and customer trust.	√	√	√	√		MC
8	Employee engagement and development	Employees and talent development mechanisms	Promote strong employee-management relationships through transparent communication, fair treatment, accessible grievance mechanisms, and ongoing engagement initiatives, while supporting employee growth through structured career development, mentorship, and targeted training programs that build future leadership capacity.			√		√	HC
9	Safety and wellbeing	Employees, contractors, and the working environment	Ensure a safe and healthy work environment through comprehensive health and safety policies, employee assistance programs, and awareness initiatives.			√		√	HC
10	Financial inclusion	Customers and underserved market segments	Develop and implement accessible financial products and outreach programmes to serve underserved and rural communities, helping to bring more people into the formal financial system.	√			√		FC MC S&RC
11	Environmental advocacy	Employees, communities, and other external stakeholders	Integrate environmental considerations into our operations and community programs, supporting awareness, conservation efforts, and responsible business practices.			√	√		NC

BUSINESS MODEL

INPUTS

FINANCIAL CAPITAL

- Shareholder funds - **Rs. 55 Bn**
- Deposits - **Rs. 42 Bn**

MANUFACTURED CAPITAL

- **103** Branches
- PPE - **Rs. 11.5 Bn**
- Digital channels (ATMs/ CDMs/ CF Click/ Centrix)
- IT Infrastructure
- Business continuity framework
- Information security systems

INTELLECTUAL CAPITAL

- Brand credentials
- Ethics and integrity
- Knowledge base

SOCIAL AND RELATIONSHIP CAPITAL

- Product responsibility
- Service excellence
- Marketing and communications
- Feedback and complaints
- Data privacy
- Supply chain management
- Economic empowerment of communities
- CSR Activities
- Customer engagement

HUMAN CAPITAL

- **1,792** Employees
- Governance, compliance and best practices
- Planned recruitment
- Induction and orientation
- Industry competitive remuneration and benefits
- Performance management
- Training and development
- Leadership development
- Safety and wellbeing
- Communication and engagement

NATURAL CAPITAL

- Energy management
- Waste management
- Emission monitoring
- Water stewardship
- Special projects

VALUE TRANSFORMATION

Mission | Vision | Corporate Values

Strategy

Corporate Governance Framework

Risk Management Framework

ESG Focus

External Environment

OUTPUTS FOR CF

- **Rs. 6 Bn** Profit After Tax
- **54%** year-on-year credit portfolio growth
- **91%** term deposit renewal ratio
- **Rs. 6.5 Bn** in digital transaction volumes
- Fitch Rating 'A(lka)'
- Strong community ties

STAKEHOLDER OUTCOMES

SHAREHOLDERS

- ROE - **10.52%** (11.34% - 2024/25)
- Dividend payout - **24.47%** (24.70% - 2024/25)
- Consistent improvement in share price **Rs. 228.00** (Rs. 194.25 - 31st March 2025)
- Dividend per share **Rs. 6.50** (Rs. 6.50 - 2024/25)

CUSTOMERS

- Guarantee of best-in-class service for all customer segments
- Ethical and transparent dealings
- Island-wide reach - **110** Branches
- **24x7x365** day access via digital platforms

EMPLOYEES

- Monetary benefits distributed - **Rs. 3.8 Bn** (Rs. 3.3 Bn - 2024/25)
- **658** job opportunities created through recruitments (564 - 2024/25)
- **31%** females as a % of total employees (29% - 2024/25)
- **20,965** skill training hours (4,192 - 2024/25)

SUPPLIERS

- Consistent growth prospects for suppliers
- Timely payments made to suppliers

REGULATOR

- Transparent reporting and regulatory compliance

COMMUNITY AND ENVIRONMENT

- Amount spent on CSR Projects **Rs. 30 Mn** (Rs. 15 Mn - 2024/25)
- Ongoing initiatives to minimise environment impact
- Use of renewable energy sources

STRATEGY AND RESOURCE ALLOCATION

CF's strategy development process is undertaken under the direct stewardship of the Board of Directors, ensuring alignment with the Company's long-term vision, stakeholder expectations, and evolving market dynamics. The annual strategic planning process is both comprehensive and forward-looking and takes into account a wide range of internal and external factors encompassing macroeconomic trends, regulatory developments, competitive positioning, stakeholder interests, emerging technologies, risk assessments, customer needs, and ESG considerations. The process is further strengthen by ongoing performance reviews, environmental scans, and scenario analysis conducted as part of the routine risk management processes.

Findings from this process have been distilled into five strategic pillars that form the foundation of CF's corporate strategy: Business Growth, Digitalisation, Operational Efficiency, Sustainability (Environmental, Social and Governance – ESG), and People. These pillars serve as the guiding architecture for all strategic decision-making and resource allocation, ensuring the optimal deployment of both financial and non-financial resources.

CF adopts an iterative approach to identify key priorities under each pillar on a rolling basis to ensure strategic focus areas are not only well-defined at the outset of the year but also actively recalibrated to enhance the Company's ability to anticipate change, respond pro-actively to emerging opportunities and risks, and maintain strategic alignment across all levels of the business.

<table>
<tr><th colspan="4">Pillar 1 – Business Growth</th></tr>
<tr><td>Associated Risks</td><td colspan="3">Credit Risk | Market Risk</td></tr>
<tr><th colspan="3">Key Priorities for 2025/26</th><th>Resource Allocation through types of capital</th></tr>
<tr><td>Disciplined credit expansion to support asset growth</td><td colspan="2">➤ Strengthen market access by opening 07 new branches
➤ 06 branches relocated to improve accessibility
➤ Expansion of front-line teams to strengthen lending capacity and improve market penetration
➤ Real time monitoring of business performance
➤ Launch of new products, including Liya Abhimani, a targeted financing solution designed to support and empower women-led enterprises and CF e-leasing to finance electric vehicles
➤ Brand logo relaunch to improve market visibility</td><td rowspan="3">FC
IC
MC
HC
S&RC</td></tr>
<tr><td>Credit quality management</td><td colspan="2">➤ Adoption of a more cautious and selective lending approach focused on stable cash flow customer segments
➤ Real time monitoring of NPLs
➤ Implementation of risk-based pricing mechanisms to better align returns with credit risk profiles
➤ Predictive analytic to plan recovery follow-up
➤ More conservative exposure management for import-dependent and fuel-sensitive sectors</td></tr>
<tr><td>Expanding the funding mix in line with the credit growth strategy</td><td colspan="2">➤ Leveraged long-standing reputation and highly personalised relationship-driven service model to strengthen customer loyalty, in order to reduce depositor attrition
➤ Mobilise longer-tenure fixed deposits</td></tr>
<tr><td>Outcomes for 2025/26</td><td colspan="3">➤ 65% year-on-year increase in new credit-granting volumes
➤ 54% year-on-year growth in the loan portfolio
➤ 1.65% Gross NPL Ratio (2.76% - FY 2024/25)
➤ 91% average deposit retention rate (85% - 2024/25)</td></tr>
<tr><td rowspan="2">Goals and targets for the future</td><th>Short - Medium Term</th><th colspan="2">Long Term</th></tr>
<tr><td>Open new branches in strategically selected locations to expand the Company's footprint</td><td colspan="2">Maintain a balanced approach to lending by selectively targeting high-potential segments while maintaining a strong emphasis on portfolio quality</td></tr>
</table>

<table>
<tr><th colspan="3">Pillar 2 – Digitalisation</th></tr>
<tr><td>Associated Risks</td><td colspan="2">Operational Risk | IT & Cyber Security Risk</td></tr>
<tr><th colspan="2">Key Priorities for 2025/26</th><th>Resource Allocation through types of capital</th></tr>
<tr><td>Enhance customer experience</td><td>➤ Rollout of the fully integrated savings platform offering seamless connectivity between the CF Click mobile app, the Centrix digital wallet, debit card services, CEFT and SLIPS systems
➤ Leverage the Customer Relationship Management (CRM) system to reduce turnaround times
➤ Promote customer digital adoption through CF Click and Centrix
➤ Introduced SMS-based surveys to measure satisfaction among repeat customers</td><td rowspan="4">MC

S&RC</td></tr>
<tr><td>Workflow automation</td><td>➤ Introduction of the automated document management system for handling critical security documents
➤ Streamlining the vehicle valuation process</td></tr>
<tr><td>Information security risk management</td><td>➤ Improvements to network architecture, threat monitoring, third-party risk oversight and incident detection capabilities</td></tr>
<tr><td>Outcomes for 2025/26</td><td>➤ 555,061 no. of digital transactions (529,147 - FY 2024/25)
➤ Rs. 6.5 Bn digital transaction value (Rs. 6.2 Bn - FY 2024/25)</td></tr>
<tr><td rowspan="3">Goals and targets for the future</td><th>Short - Medium Term</th><th>Long Term</th></tr>
<tr><td>Ensure information security and Personal Data Protection Act (PDPA) compliance</td><td>Implement Zero Trust-aligned security architecture and predictive threat intelligence capability</td></tr>
<tr><td>Optimise security access implementation and strengthen access governance controls</td><td>Integrate the complete digital customer lifecycle within Centrix to enable end-to-end digital service delivery</td></tr>
</table>

<table>
<tr><th colspan="3">Pillar 3 – Operational Efficiency</th></tr>
<tr><td>Associated Risks</td><td colspan="2">Operational Risk | IT & Cyber Security Risk</td></tr>
<tr><th colspan="2">Key Priorities for 2025/26</th><th>Resource Allocation through types of capital</th></tr>
<tr><td>Improve operational processes to reduce costs and increase productivity</td><td>➤ Established an independent unit to strengthen end-to-end complaint monitoring</td><td rowspan="4">MC

S&RC</td></tr>
<tr><td>Enhance operational scalability without sacrificing service quality</td><td>➤ Established a cross-functional committee to oversee customer experience transformation
➤ Streamlined the payment process relating to vehicle suppliers</td></tr>
<tr><td>Enhancing recovery architecture</td><td>➤ Post-credit investigations to verify the accuracy and completeness of client documentation and records.
➤ Review of facilities within high-risk on a monthly basis to assess performance trends and detect any early signs of deterioration.
➤ Introduction of an early warning mechanism to proactively identify high-risk customers</td></tr>
<tr><td>Outcomes for 2025/26</td><td>➤ 42.64% Cost-to-income ratio despite the margin pressure (41.44% - 2024/25)</td></tr>
</table>

Pillar 3 – Operational Efficiency		
Goals and targets for the future	**Short - Medium Term**	**Long Term**
	Implement the customer feedback call centre system to strengthen customer engagement, enable timely identification of concerns and improve service responsiveness	Establish a centralised vendor management and review framework to strengthen supplier oversight, performance monitoring and long-term partnerships
		Improve collection effectiveness using data-driven collection scoring models and advanced predictive analytics to enable earlier identification of potential delinquencies

Pillar 4 – Sustainability - Environmental, Social and Governance		
Associated Risks	Operational Risk | ESG Risk	
Key Priorities for 2025/26		**Resource Allocation through types of capital**
Aligning with national priorities	➤ Finalisation of an exclusion list for lending activities to restrict financing to sectors posing significant environmental risks	NC S&RC
Promoting financial inclusion	➤ Conducted financial literacy programmes from small and medium sector entrepreneurs in partnership with the IFC	
Measuring and monitoring environmental impact	➤ Initiation of Scope 1 and Scope 2 emissions measurement	
Driving resource efficiency	➤ Increase the level of digitisation and process automation to accelerate the transition to paperless operations	
Strengthening sustainability awareness	➤ Strength sustainability knowledge across the organization through structured trainings	
Outcomes for 2025/26	➤ 306 MWh electricity generation from rooftop solar panels (260 MWh - FY 2024/25) ➤ 18,619 Kg of paper waste recycled (12,299 Kg - FY 2024/25)	
Goals and targets for the future	**Short - Medium Term**	**Long Term**
	Establish an Environmental and Social Management System (ESMS).	Complete measurement and disclosure of Scope 3 emissions by 2027/28 as part of the Company's phased approach to strengthening emissions management practices

Pillar 5 – People		
Associated Risks	Operational Risk | ESG Risk	
Key Priorities for 2025/26		**Resource Allocation through types of capital**
Strengthening recruitment processes	➤ Successfully utilised the CF Academy initiated in 2024 programme to expedite front-line recruitments ➤ The onboarding process was revamped in the current year, with induction sessions conducted on a monthly basis to accommodate the large volume of new recruits	HC
Embedding the performance-driven culture	➤ Implemented the Balanced Scorecard mechanism to enhance objectivity and integrity of performance evaluations in all grades	
Employee capacity building	➤ Training programmes across the branch network, city office and head office, focusing on operational efficiency and service quality. ➤ Mandatory learning programmes through the e-learning platform, covering key areas such as company policies, regulatory requirements and operational procedures	
Supporting career mobility	➤ Strengthened succession planning through the introduction of specialised leadership development programmes for various employee segments ➤ Leadership Development Programme on People Management and Effective Delegation ➤ Leadership Development Programme for Potential Branch Managers and Branch Executives ➤ Branch Executive Leadership Programme	
Employee wellbeing	➤ Employee Support During Cyclone Ditwah ➤ Encourage employee engegment in sport and softskills development activities ➤ Engaged the services of a qualified medical professional to provide guidance to staff on maintaining physical and emotional well-being	
Outcomes for 2025/26	➤ 658 new recruits (564 - FY 2024/25) ➤ 429 employees promoted (308 - FY 2024/25) ➤ 11 average training hours per employee	
Goals and Targets for the Future	**Short - Medium Term**	**Long Term**
	Strengthen succession planning to establish second-line leadership	Introduce a new e-learning system and progressively transition the majority of training programmes to digital platforms.

REVIEW OF OPERATIONS

CREDIT AND LENDING

OBJECTIVE	Ensure financial inclusivity while meeting diverse customer credit needs
PRODUCTS	Leasing, Hire purchase, Term loans, Dealer loans, Auto loans, Sub loans, Working Capital loans, Loans against fixed deposits and Consumer loans
IMPACT TO CF	Core business activities serve as the main revenue streams

KEY STRATEGY	KEY STRENGTHS	RISKS
Offering a wide range of products to address customers' credit requirements, supported by prudent credit risk management practices	Conservative credit exposures	Credit Risk
	Credit quality	Credit Concentration Risk
	Strong customer engagement and repeat business	Market Risk (Interest Rate Risk)
	Comprehensive credit evaluation and credit scoring models	
	Data-driven credit decision-making	
	Prudent lending practices and robust internal controls	

OPERATING ENVIRONMENT - KEY HIGHLIGHTS FOR 2025/26

Robust demand for vehicle financing was driven by the removal of the five-year vehicle import ban in early 2025, alongside the low interest rate environment.

Cyclone Ditwah created localised economic disruptions, particularly in the Central and North-Western provinces, increasing the risk of credit stress and requiring targeted loan restructuring for affected clients.

Post-cyclone rebuilding activities created fresh demand for financing heavy machinery, construction vehicles, and specialised equipment, as both public and private sector entities undertook infrastructure rehabilitation.

CF'S STRATEGIC IMPERATIVES

EXPAND LENDING

Having curtailed lending activities amidst recessionary conditions in previous years, CF expanded lending operations in the current year amidst the reopening of the vehicle market and low interest rate environment. Focusing in particular on growing leasing and auto loans, network partnerships with vehicle agents and dealers were further strengthened with the aim of expanding CF's product reach. At the same time, CF's product portfolio was further broadened with the introduction of hire purchase financing in mid-2025. Additionally, following the salary revisions granted to State sector employees, a targeted campaign was launched to finance small vehicles.

Meanwhile, experiencing yield pressure owing to the low interest rate environment alongside intensifying competition, the Company gradually pivoted towards micro-lending in the second half of the financial year. Leveraging its historically strong positioning in this space, CF focused specifically on lending for three-wheelers and motorcycles, both segments that over the years have proven to deliver strong returns.

Notably, while Cyclone Ditwah in November 2025 had a short-term impact on demand in the immediate aftermath, activity recovered swiftly thereafter, which allowed the Company to maintain strong momentum throughout the remainder of the year.

Internally, several measures were implemented to support credit expansion. Frontline teams were expanded with the aim of enhancing its capacity to capitalise on lending opportunities, while internal process architecture was transformed with the use of technology systems that offer real-time visibility across key operational activities to facilitate faster decision-making.

Credit strategies were tightened towards the latter part of the year amidst heightened global geopolitical tensions following the Middle East conflict which elevated risks relating to energy market volatility and supply-chain disruptions. Against this backdrop, CF adopted a cautious credit strategy targeting customer segments with stable cash flows, strong repayment capacity, and lower exposure to global supply-chain vulnerabilities. In line with this approach, lending to salaried individuals and essential service providers continued while exposures to import-dependent and fuel-price sensitive sectors were assessed more conservatively with more priority assigned to short-tenor and asset-backed lending supported by rule-based revisions to collateral valuation practices, internal LTV buffers and risk-based pricing mechanisms.

ENHANCING CUSTOMER EXPERIENCE

Hand in hand with its aggressive lending strategy, CF also intensified its focus on enhancing customer experience. To that end, strategic investments were made to strengthen CF's physical presence through the establishment of new branches across several regions, particularly in high population density areas where demand for financial services remains strong.

Efforts to increase digital technology adoption to enhance customer experience also gathered momentum with a number of initiatives rolled out during the year, key among them the Customer Relationship Management (CRM) system to reduce turnaround times. Another notable initiative was the launch of the CF valuation system to fast-track the asset valuation processes.

Further operational improvements included streamlining supplier payment processes, thereby reducing processing delays and enhancing overall transaction efficiency.

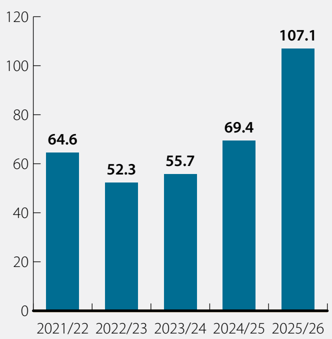
CREDIT QUALITY MANAGEMENT

As always, the focus on asset quality management remained a top priority in the current year as well. Lending parameters, including Loan-to-Value (LTV) ratios, were carefully calibrated in line with regulatory guidelines, with strategic adjustments made to accommodate the revised 50% LTV ratio for new vehicles. In addition, a new score-based pricing system was implemented via the CRM platform, where pricing decisions are determined by the credit score assigned to the borrower. A formal pricing policy was also introduced to standardise this approach across the lending portfolio.

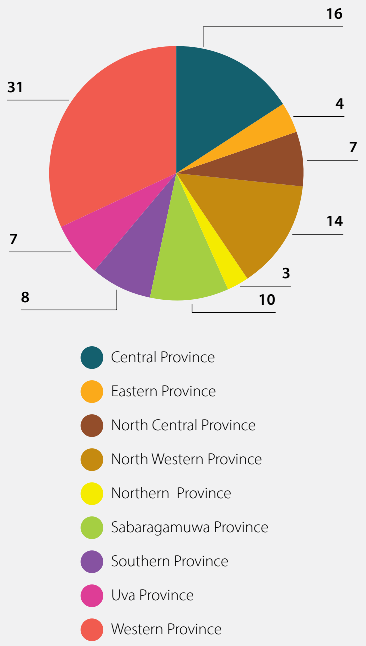
Meanwhile, considering the cascading impact of geopolitical disruptions in the later part of the financial year, internal risk management mechanisms, including stress testing and early-warning frameworks, were further strengthened with the introduction of scenarios linked to fuel price volatility and short-term business disruptions.

As always, CF continued to maintain strong customer engagement as an integral component of its credit quality management approach, with proactive monitoring and selective short-term restructuring solutions granted where warranted, to address temporary stress faced by customers, thereby preserving asset quality.

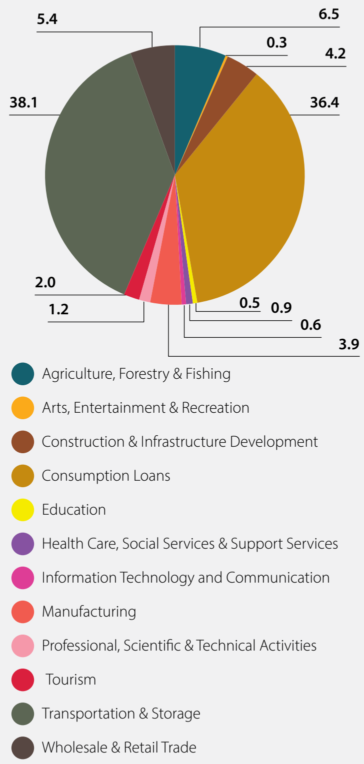
Credit portfolio growth (Rs. Bn)



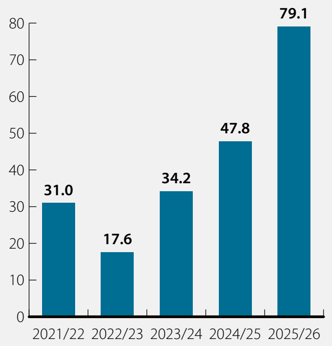
Customer base distribution (Province-wise) (%)



Credit portfolio - sector distribution (%)



New granting volumes (Rs. Bn)



OUTLOOK AND PROSPECTS

Looking ahead, the demand for credit is likely to be influenced by several factors. The potential reintroduction of temporary vehicle import restrictions by the government, aimed at protecting foreign reserves, could create a sudden "supply shock" in the core leasing pipeline, affecting new business volumes.

Furthermore, interest rate volatility also remains a key consideration. However, the tighter monetary policy measures introduced in May 2026, could lead to a softening of credit demand, particularly within the more interest-sensitive segments.

Against this backdrop, CF will adopt a balanced approach to lending by selectively targeting high-potential segments while maintaining a strong emphasis on portfolio quality.

At the same time, CF will be watchful of global developments and their impact on the Sri Lankan economy. Although at present, any direct exposure to the Country remains limited, potential secondary effects such as fuel price increases, import delays and inflationary pressures could serve as potential stress triggers for businesses and individuals across the Country. Consequently, CF will focus on a prudent and highly disciplined approach to credit expansion in order to sustain portfolio resilience and support long-term value creation.

On the operational front, the Company will continue to leverage technology, including AI and mobile applications, to enhance efficiency and streamline processes to deliver seamless customer experiences.

RECOVERIES

OBJECTIVE	To enhance portfolio quality by ensuring efficient recovery of overdue and non-performing exposures through systematic monitoring of delinquency, early intervention in arrears, effective resolution strategies, and legal enforcement where necessary, while safeguarding customer relationships and ensuring full compliance with regulatory and ethical standards.
IMPACT TO CF	Cashflow management to support liquidity and profitability

KEY STRATEGY	KEY STRENGTHS	RISKS
Data-driven and customer-centric recovery approach that balances risk management with proactive engagement	Skilled and Experienced Team	Credit Risk
	Technology-Driven Operations	Liquidity Risk
	Strong Legal and Regulatory Framework	
	Diversified Collection Channels	
	Customer Engagement and Support	

OPERATING ENVIRONMENT - KEY HIGHLIGHTS FOR 2025/26

The gradual recovery in economic activity, coupled with rising disposable incomes on the back of easing inflationary conditions, helped to improve cash flow positions of individuals and businesses, thereby strengthening their debt servicing capacity.

Cyclone Ditwah in November 2025 disrupted key sectors such as tourism and agriculture, constraining cash flows and weakening the repayment capacity of affected customers.

CF'S STRATEGIC IMPERATIVES

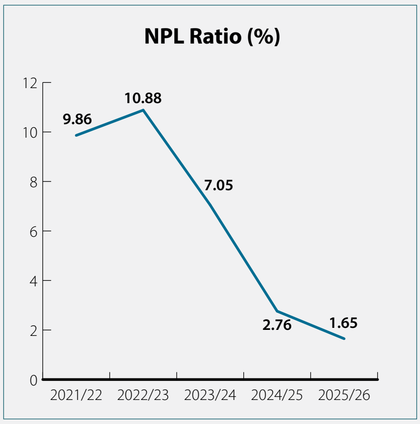
MANAGING RECOVERIES POST-DITWAH

Witnessing the disruptions caused by Cyclone Ditwah to business activity and cash flows within sectors such as tourism and agriculture, CF moved quickly to assist customers in managing immediate challenges.

Proactive engagement formed the cornerstone of this effort, with the Company reaching out to its entire customer base and conducting individual assessments to understand the scale of the impact. Based on these evaluations, tailored, solution-oriented measures were implemented, including relief options and concessions in line with relevant CBSL guidelines.

STRENGTHENING INTERNAL MONITORING SYSTEMS

Internal monitoring frameworks continued to be further enhanced in the current year as part of ongoing efforts to strengthen credit risk management. Post-credit investigations continued to be carried out on selected facilities to verify the accuracy and completeness of client documentation and records. In parallel, facilities within high-risk sectors were reviewed on a monthly basis to assess performance trends and detect any early signs of deterioration.



To further strengthen oversight, an early warning mechanism was introduced to proactively identify high-risk customers. This was supported by enhanced reporting dashboards that highlight past-due accounts, enabling timely recovery actions and helping to mitigate potential credit quality deterioration. Meanwhile, accounts flagged as potentially doubtful were subjected to more stringent monitoring, with key insights used to inform future lending decisions.

OUTLOOK AND PROSPECTS

The recovery outlook remains cautious, particularly considering disruptions to economic activity owing to the evolving Middle East conflict, which could potentially impact key inflows such as remittances, tourism, and trade, thereby exerting pressure on customer cash flows and repayment capacity. Against this backdrop, CF will prioritise early-stage delinquencies, particularly within the 30–60 days past due segment, supported by proactive customer engagement and tailored resolution strategies aimed at supporting customers to regularise their cashflows.

Improving collection effectiveness remains another major priority, with special emphasis on reducing default ratios. To that end, centralised recovery operations will be further strengthened using data and technology, including data-driven collection scoring models and advanced predictive analytics to enable earlier identification of potential delinquencies. Plans are also underway to leverage data driven insights to focus on sector-specific recoveries. Complementing these efforts, the legal recovery framework is set to be further strengthened.

DEPOSITS AND SAVINGS

OBJECTIVE	To build a stable and sustainable deposit base that supports the Company's operations ,driven by a continued focus on building customer trust and confidence.
PRODUCTS	Saving - CF Savings, CF Lama Saving Account, CF Excel Saving Account, CF Super Savings, CF Senior Citizens Account
	Fixed - CF Term, CF Ultra, CF Senior Citizen, CF Excel, CF Optima
IMPACT TO CF	Primary source of funding for business operations

KEY STRATEGY	KEY STRENGTHS	RISKS
Being a trusted financial service provider by enhancing customer engagement, building customer loyalty and maintaining healthy relationships via easy and convenient access, digital platforms and competitive pricing.	Customer confidence	Market Risk (Interest Rate Risk)
	Superior service	Liquidity Risk
	Digital platforms	
	Easy access to funds with more than 3,500+ ATMs located island-wide in partnership with Lanka Pay	

OPERATING ENVIRONMENT - KEY HIGHLIGHTS FOR 2025/26

Reducing appeal of deposit products owing to declining interest rates, resulted in lower demand as customers sought higher-yield alternatives or delayed long-term deposit commitments.

Demand for higher returns from rate sensitive depositors is influencing many NBFIs to offer rates close to the maximum ceilings set by the Central Bank, leading to stiff competition within the NBFI sector.

CF'S STRATEGIC IMPERATIVES

CONSOLIDATING THE FIXED DEPOSIT BASE

With attracting and retaining highly rate-sensitive depositors proving to be a key challenge amid rate-driven competitive pressures, CF adopted a disciplined pricing strategy in line with liquidity requirements and risk management objectives.

Rather than competing solely on price, the Company leveraged its long-standing reputation and highly personalised relationship-driven service model to strengthen customer loyalty, thereby reducing depositor attrition. The strategy yielded good results as evidenced by the strong 91% deposit retention ratio recorded in the current year.

In parallel, the Company moved aggressively to mobilise higher-value fixed deposits. Capitalising on its position as a stable and trusted financial partner, targeted strategies to tap into fund managers and institutional investors proved effective, enabling CF to further consolidate its deposit base.

DRIVING SAVINGS GROWTH

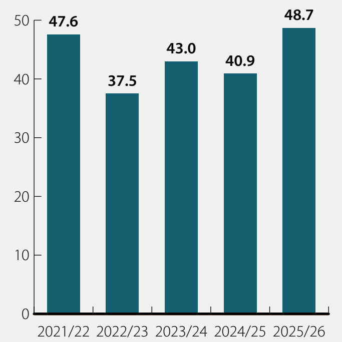
Savings growth continued to be a key priority in supporting efforts to optimise funding costs. Given the low interest rate environment, the strategy for the year focused on cross-selling to promote the full range of savings products, mainly among CF's extensive customer base. In parallel, a series of targeted campaigns to drive usage of convenient digital tools such as CF Click and Centrix, as well as debit card facilities, also made a notable contribution towards retaning savings balances in the current year.

ENHANCING CUSTOMER EXPERIENCE

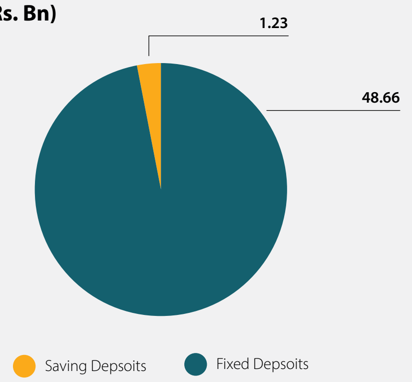
Ongoing efforts to enhance the customer experience saw the rollout of the fully integrated savings platform offering seamless connectivity between the CF Click mobile app, the Centrix digital wallet, debit card services, CEFT and SLIPS systems. The advanced, feature-rich platform was rolled out across CF's entire branch network, resulting in faster service delivery, improved reliability, and greater convenience for customers.

DEPOSITS PERFORMANCE HIGHLIGHTS FOR FY 2025/26

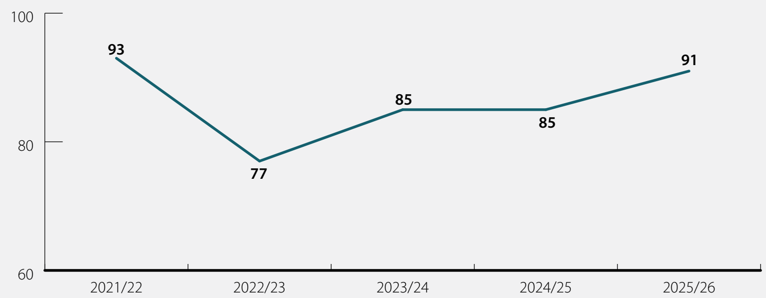
Total fixed deposit portfolio (Rs. Bn)



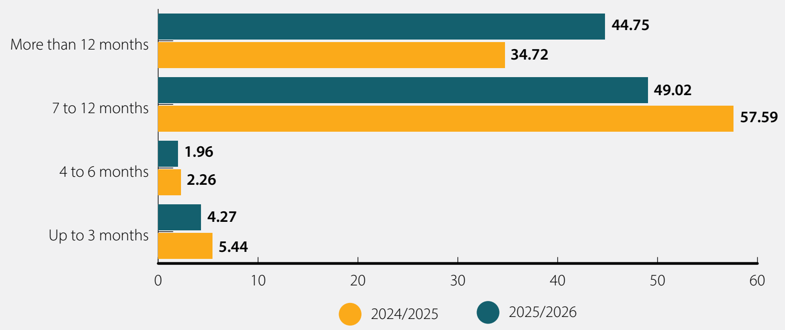
Deposit mix 2024/2025 (Rs. Bn)



Fixed deposit renewal ratio (%)



Tenure-wise fixed deposits mix (%)



OUTLOOK AND PROSPECTS

Looking ahead, while the Sri Lankan economy continues to demonstrate encouraging signs of stability and recovery, the broader financial services sector is likely to operate within a more cautious monetary and regulatory landscape amidst persistent external uncertainties. In particular, the Central Bank of Sri Lanka's decision to implement tighter monetary policy measures during May 2026 indicates an upward trajectory for interest rates in the short to medium term.

CF will continue to maintain a moderate and competitive pricing strategy coupled with the focus on relationship building as the basis of customer retention. These efforts will be further complemented by target-driven initiatives to accelerate deposit mobilisation through new customer acquisition across the brand network. Equally importantly, greater digital adoption would remain a strategic imperative in driving growth, especially in the savings domain.

OPERATING LEASE

OBJECTIVE	Provide customised, cost-effective transport solutions to support top corporate clients in improving business mobility and operational efficiency while prioritising customer satisfaction, proactive customer engagement, and the highest standards of safety and reliability.
PRODUCTS	Tailored operating lease services, including selecting the best vehicles, handling maintenance, and managing fleets delivered through a digital platform.
IMPACT TO CF	Supporting revenue diversification and corporate interaction

KEY STRATEGY	KEY STRENGTHS	RISKS
Customer-Focused Fleet Management and Market Expansion	Industry Expertise and Strong Reputation	Credit Risk
	Market Leadership and Competitive Edge	Liquidity Risk
	Wide Service Network	
	Complete Fleet Management Solutions	
	Strong Client Relationships and Retention	
	Operational Excellence and Cost Savings	
	Nationwide Reach and Fast Response	

OPERATING ENVIRONMENT - KEY HIGHLIGHTS FOR 2025/26

Lifting of restrictions on vehicle imports, coupled with greater exchange rate stability and low interest rates, reduced costs, and created a conducive environment for corporates to seek fleet upgrades.

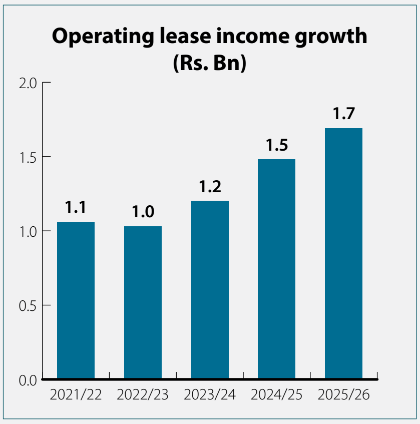
CF'S STRATEGIC IMPERATIVES

STRENGTHENING THE VALUE PROPOSITION

Driven by strong demand for vehicle upgrades, particularly from the corporate sector, CF's Operating Lease unit undertook a strategic expansion of its fleet by investing in new vehicle models, aimed at broadening the range of options available to customers.

At the same time, the unit leveraged its proven capability to offer tailored operating lease solutions to tap into new and emerging customer segments across both the State and private sectors. Enhancing the overall value proposition remained a key priority, with more focused efforts directed towards service quality improvements, including warranty and safety standards. As part of the overall approach, franchise garage networks were also further strengthened to improve service reliability.

OPERATING LEASE - PERFORMANCE HIGHLIGHTS FY 2025/26



OUTLOOK AND PROSPECTS

With the growing uncertainties in the macroeconomic environment likely to impact the demand for vehicle hire solutions in the coming year, the main priority for CF's Operating Lease unit will be to strengthen customer relationships in order to safeguard market share through a digital platform.

In parallel, CF aims to grow its presence by securing more corporate and government contracts, while optimising procurement processes and supply chain efficiencies to maintain strict margin control. Over the longer term, the introduction of electric vehicles and entry into new markets will support the unit's sustainability agenda and position it for continued competitiveness and growth.

Management Approach

During the year, Central Finance Company PLC (CF) strengthened its financial capital management framework by focusing on capital adequacy, risk-adjusted returns, liquidity discipline, and strong governance to support sustainable growth and financial resilience in a dynamic environment. Capital deployment was aligned with long-term value creation, balancing growth with capital preservation and liquidity. Enhanced stress testing and scenario analysis were performed to support forward-looking financial planning and risk mitigation.

MATERIAL MATTERS

Financial Stability and Growth	Brand Visibility and Market Reach	Digital Transformation
Customer Experience	Financial Inclusion	

SWOT ANALYSIS

STRENGTHS

- Prudent capital management to optimise resources and protect shareholder value.
- Robust credit risk practices support stable credit growth.
- Strong liquidity position supports short-term obligations and operational resilience.
- Diversified long-term funding strengthens the overall funding profile.

WEAKNESSES

- Exposure to interest rate volatility may increase finance costs and affect profitability.
- Fixed financial commitments, such as short-term debt repayments, can reduce financial flexibility.

OPPORTUNITIES

- Access to alternative financing options to support long-term growth initiatives and a relatively stable interest rate regime
- Increased credit demand in leasing, personal finance and SME financing with the reopening of vehicle imports and growth in tourism & SME sectors
- Economic stability strengthens the repayment capacity of the borrowers and working capital efficiency.

THREATS

- Macro-economic uncertainty, driven by heightened external risks, including ongoing geopolitical tensions - particularly in the Middle East - may constrain access to affordable funding and strain financial reserves and market liquidity.
- Rising inflation and interest rates can increase funding costs and exert pressure on margins.

VALUE TRANSFORMATION

ACTIONABLE INITIATIVES FOR FY 2025/26

- **The loan portfolio recorded a robust growth of 54%, driven by an assertive yet targeted credit expansion approach.**
- **Asset quality improved, with the gross non-performing loan (NPL) ratio declining to 1.65%, reflecting robust lending practices supported by strong credit monitoring and proactive recovery measures.**
- **Funding credit expansion through an optimal funding mix more towards long-term with bank borrowings, securitisations, and customer deposits.**
- **Liquidity maintained at healthy levels, reinforcing regulatory compliance and overall financial resilience.**
- **Effective monitoring of asset and liability maturity profile and re-pricing strategies for long-tenor to optimise the benefits from the low-interest rate regime.**

IMPACTS ON OTHER TYPES OF CAPITAL

	Investment in infrastructural development improve convince for employees and customers forster operational efficiency - MC
	Better visibility enhances brand positioning - IC
	Promoting greater financial inclusion helps to foster customer trust and loyalty - S&RC

STAKEHOLDER OUTCOMES

- **Rs. 6.50 - Dividend per share**
- **24.47% - total dividend payout**
- **Rs. 45.09 - EPS (Group)**
- **Rs. 262.17 - NAVPS (Company)**
- **7.97 % - year-on-year increase in equity**
- **10.52% - ROE**

SDGS

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

17 PARTNERSHIPS FOR THE GOALS

FINANCIAL CAPITAL

The Company continued to maintain a disciplined approach to credit portfolio management, focusing on asset quality, prudent credit practices, and robust risk controls. At the same time, the Company also pursued market expansion driven by reopening of vehicle imports and robust credit growth supported by optimal funding mix. Digital initiatives and operational efficiency improvements continued contributing to better NIM management and delivering consistent long-term shareholder value.

FINANCIAL PERFORMANCE

HORIZONTAL ANALYSIS OF THE INCOME STATEMENT

For the year	2025/2026		2024/2025		2023/2024		2022/2023		2021/2022	
	Rs.'000	%	Rs.'000	%	Rs.'000	%	Rs.'000	%	Rs.'000	%
Income	22,858,911	10	20,702,953	(5)	21,796,256	11	19,571,547	12	17,500,569	(10)
Interest income	18,560,704	10	16,817,482	(12)	19,039,764	9	17,511,736	24	14,163,102	(14)
Less: interest expenses	5,094,952	7	4,758,129	(26)	6,452,630	32	4,876,421	28	3,819,396	(38)
Net interest income	13,465,752	12	12,059,353	(4)	12,587,134	(0)	12,635,315	22	10,343,706	(0)
Other operating income	4,298,206	11	3,885,471	41	2,756,492	34	2,059,811	(38)	3,337,467	17
Total operating income	17,763,959	11	15,944,824	4	15,343,626	4	14,695,126	7	13,681,173	4
Impairment charge/(reversal)	(970,083)	(49)	(1,902,961)	(1,270)	162,647	(77)	696,644	155	273,087	(92)
Less: total operating expenses	7,574,189	15	6,608,480	15	5,745,545	17	4,926,276	6	4,640,811	14
Less: tax on financial services	2,081,138	0	2,075,596	10	1,879,274	12	1,679,690	29	1,298,900	50
Profit before tax	9,078,715	(1)	9,163,709	21	7,556,160	2	7,392,516	(1)	7,468,375	49
Less: income tax expense	3,038,582	(4)	3,181,538	15	2,765,727	14	2,427,449	15	2,112,956	140
Profit for the year	6,040,133	1	5,982,171	25	4,790,433	(4)	4,965,067	(7)	5,355,419	29

The horizontal analysis of the Company's income statement shows that CF has stabilised and improved its financial performance over the past five years. The recorded profit after tax of Rs. 6 Bn in 2025/26 was supported by prudent credit risk management strategies that prioritised sustainable long-term performance. The Company pursued new business opportunities aligned with its core credit operations, thereby strengthening its primary revenue streams. The economic recovery and low-interest rate regime in early 2025 led to higher credit demand for vehicle financing, personal finance and the SME sector. The operating lease portfolio also represented a notable growth as many Corporates renewed fleets with the reopening of vehicle imports. As a result, total operating income increased to Rs. 17.7 Bn in 2025/26, reflecting a 30% expansion from 2021/22. Significant improvements in credit quality were recorded amidst stabilising economic conditions in Sri Lanka, despite the temporary set-back post Ditwah Cyclone and enabled an impairment provisions reversal of Rs. 970 Mn in 2025/26. However, operating expenses increased over the period, largely due to sales force development and related cost for credit expansion and service fee increases following the minimum salary increase in compliance with the National Minimum Wage (Amendment) Act.

VERTICAL ANALYSIS OF THE INCOME STATEMENT

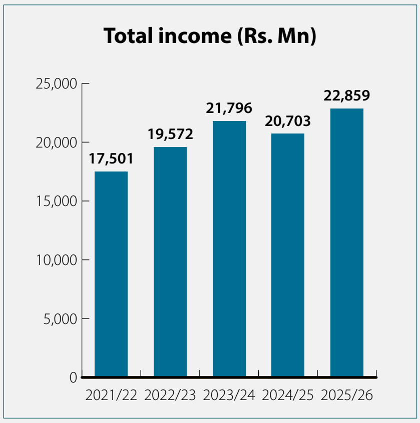
For the year	2025/2026		2024/2025		2023/2024		2022/2023		2021/2022	
	Rs.'000	%	Rs.'000	%	Rs.'000	%	Rs.'000	%	Rs.'000	%
Income	22,858,911	100	20,702,953	100	21,796,256	100	19,571,547	100	17,500,569	100
Interest income	18,560,704	81	16,817,482	81	19,039,764	87	17,511,736	89	14,163,102	81
Less: interest expenses	5,094,952	22	4,758,129	23	6,452,630	30	4,876,421	25	3,819,396	22
Net interest income	13,465,752	59	12,059,353	58	12,587,134	58	12,635,315	65	10,343,706	59
Other operating income	4,298,206	19	3,885,471	19	2,756,492	13	2,059,811	11	3,337,467	19
Total operating income	17,763,959	78	15,944,824	77	15,343,626	70	14,695,126	75	13,681,173	78
Impairment charge/(reversal)	(970,083)	(4)	(1,902,961)	(9)	162,647	1	696,644	4	273,087	2
Less: total operating expenses	7,574,189	33	6,608,480	32	5,745,545	26	4,926,276	25	4,640,811	27
Less: tax on financial services	2,081,138	9	2,075,596	10	1,879,274	9	1,679,690	9	1,298,900	7
Profit before tax	9,078,715	40	9,163,709	44	7,556,160	35	7,392,516	38	7,468,375	43
Less: income tax expense	3,038,582	13	3,181,538	15	2,765,727	13	2,427,449	12	2,112,956	12
Profit for the year	6,040,133	26	5,982,171	29	4,790,433	22	4,965,067	25	5,355,419	31

A review of CF's income statement using vertical analysis illustrates the composition of its income and expenses over the past five years. Interest income continues to be the principal source of revenue, contributing between 81% and 89% to the Company's top line. Net Interest Income accounted for 59%–65% of total income, despite significant volatility in interest rates over the period, driven by market liquidity. Other operating income has also played a notable role, accounting for 11% to 19% of total income during the period. Interest expenses ranged from 22% to 30%, reflecting the cost of funding of the Company. Meanwhile, taxes on financial services and corporate income tax represented a considerable portion of total expenses, highlighting the Company's growing contribution to government revenue. The impairment reported reversals in year

2025/26 and 2024/25 in light of improved macro-economic conditions and improved credit monitoring, resulting in a significant reduction in NPLs despite the regulatory stringent classification of NPLs at 90 DPD and on clearance of entire arrears. Despite these challenges, CF has sustained strong profitability, maintaining a range of 26% to 31% throughout the period.

INCOME

During the financial year 2025/26, CF recorded total income of Rs. 22.8 Bn, reflecting an increase of 10% from Rs. 20.7 Bn in the previous year. The growth was primarily driven by strong performance in the lending portfolio amid increased credit demand on restoration of macro-economic stability and effective pricing strategies on the credit portfolio.



INTEREST INCOME

Interest income remained the Company's principal revenue source, increasing to Rs. 18.6 Bn from Rs. 16.8 Bn in the previous year, with vehicle financing being the largest contributor. In line with the Company's credit expansion strategy, surplus liquidity, the funds previously invested in government securities, were redirected towards lending activities aimed at capitalising on the growing demand for credit. In addition, the Company strengthened its funding base through long-term external borrowings to support strategic credit growth with an optimal funding mix.

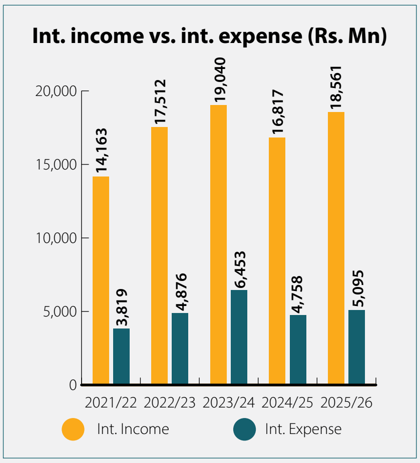
As a result, interest income from core lending operations rose to Rs. 16.9 Bn compared to Rs. 13.8 Bn, representing a 23% increase, supported by higher credit business volumes and steady growth in the credit portfolio.

Conversely, interest income from investments in government securities, fixed deposits, and corporate debt instruments declined significantly to Rs. 1.58 Bn, compared to Rs. 3.03 Bn in the prior year. This decline reflects the strategic reallocation of excess funds from investments to support lending growth and maximise returns from core business activities.

INTEREST EXPENSE

To support the expansion of the credit portfolio, the Company increased its customer deposits and external borrowings more towards a longer term to bring in funding mix stability. Consequently, the interest expense for the year increased from Rs. 4.7 Bn to Rs. 5.1 Bn. The Company raised a total of Rs. 21.8 Bn during the year, comprising Rs. 18.3 Bn from licensed commercial banks and Rs. 3.5 Bn through securitisation placements at competitively negotiated rates. The interest cost on borrowings amounted to Rs. 676 Mn for the year.

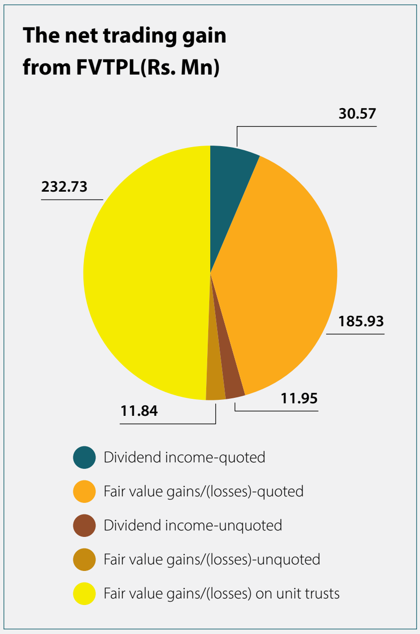
Despite the higher borrowing levels, CF effectively managed its funding costs through competitive re-pricing of the deposit book in line with market trends, which in turn resulted in a progressive reduction in high-interest-bearing time deposits.



The combined impact of strong growth in interest income and effective funding cost management resulted in an increase in net interest income to Rs. 13.5 Bn, compared to Rs. 12.0 Bn in 2024/25, representing a notable 11.7% year-on-year growth.

NET TRADING GAIN FROM THE FAIR VALUE THROUGH PROFIT OR LOSS PORTFOLIO

Net trading gains from the fair value through profit or loss (FVTPL) portfolio declined by 9%, decreasing to Rs. 473 Mn from Rs. 520 Mn in the previous year. This reduction was mainly attributable to adverse equity market movements experienced during the latter part of the financial year, driven by heightened geopolitical tensions arising from the Middle East conflict.



OTHER INCOME

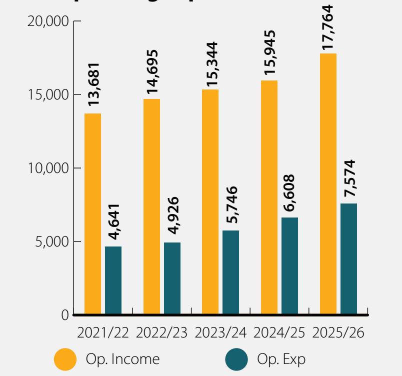
Other operating income demonstrated steady growth during the year. Income from the vehicle hiring business increased by 14% to Rs. 1.69 Bn, reflecting the continued expansion of this operating lease business segment as Corporates renewed their fleets.

Overall, other income rose by Rs. 252 Mn, representing a 13.4% increase compared to the previous year. This growth was primarily driven by service charges earned from core lending operations, together with gains realised from the disposal of equity shares in the associate company, Tea Smallholder Factories PLC.

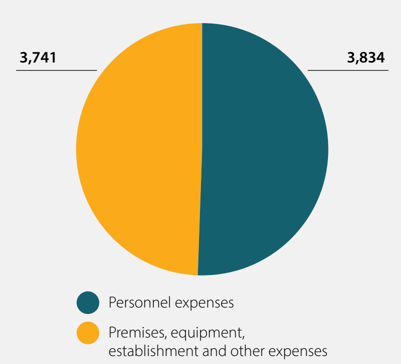
OPERATING EXPENSES

The Company's total operating expenses for the year amounted to Rs. 7.5 Bn, up 14.6% from Rs. 6.6 Bn reported in 2024/25, driven by a 16% increase in personnel expenses, due to expansion of the sales force through recruitments, salary increments and other staff-related costs, including performance-based incentives. Additionally, other expenses increased by 13%, contributing to the overall cost escalation. Despite this increase, the Company remained committed to maintaining relatively lower operating expenses by implementing cost-efficiency measures, closely monitoring key cost drivers, streamlining business processes, and enhancing employee productivity to ensure sustainable financial performance.

Operating income and operating expenses (Rs. Mn)



Composition of operational expenses (%)



COST TO INCOME

The Company's cost-to-income ratio increased to 42.64% from 41.44% in the previous year, as operating expense growth of 14.6% outpaced the 11.4% rise in operating income. The increased operating expenses were mainly driven by the increase in minimum salary and related service fees and additional costs incurred in implementing strategic initiatives to support business expansion and long-term growth.

IMPAIRMENT

Asset quality strengthened significantly during the year, with the gross NPL ratio improving from 2.76% in the previous year to 1.65% in 2025/26, reflecting the success of proactive recovery initiatives and disciplined credit risk management, including asset-backed lending, prudent exposure thresholds, and enhanced data-driven credit monitoring. These measures resulted in a reversal of impairment allowances amounting to Rs. 970 Mn despite the 54% growth in the credit portfolio. The improvement was further supported by favourable macroeconomic trends, particularly in exchange rates, interest rates, inflation, and GDP growth, as well as the reassessment of assumptions on stress testing scenarios for management overlays in line with the enhanced credit quality and macroeconomic stability evidenced in the year 2025/26.

PROFIT BEFORE AND AFTER TAXES

CF recorded a profit before tax of Rs. 9.1 Bn for the year, which is slightly lower than the previous financial year due to margin pressure on account of significant volatility of market interest rates and an increase in operating costs incurred for business expansion. However, profit after tax improved to Rs. 6.04 Bn from Rs. 5.98 Bn in 2024/25.

HORIZONTAL ANALYSIS OF THE STATEMENT OF FINANCIAL POSITION

For the year ended 31 March	*2026*		*2025*		*2024*		*2023*		*2022*	
	Rs.'000	%	Rs.'000	%	Rs.'000	%	Rs.'000	%	Rs.'000	%
Assets										
Cash and cash equivalents including placements	864,463	(1)	874,621	16	755,076	43	528,494	(24)	697,234	(25)
Financial assets measured at fair value - FVTPL	1,904,352	30	1,466,670	(52)	3,029,889	702	377,996	(61)	968,093	(93)
Net investment in leases, hire purchase and loans and advances	104,822,033	59	66,123,663	32	50,147,952	8	46,327,686	(21)	58,629,427	(9)
Other interest earning assets	13,668,876	(35)	20,999,120	(36)	32,690,206	10	29,742,452	14	26,135,162	204
Investment in subsidiaries	384,872	(6)	407,979	-	407,979	7	381,614	14	333,614	9
Investment in equity accounted investees	1,846,380	1	1,834,063	6	1,731,672	5	1,654,509	8	1,538,020	6
Property, plant and equipment, investment property, rightof-use assets and intangible assets	15,377,678	21	12,739,871	12	11,405,815	6	10,730,959	(1)	10,806,083	(2)
Other assets	1,060,829	88	565,173	(2)	578,174	22	472,512	(49)	932,726	112
Total assets	139,929,483	33	105,011,160	4	100,746,763	12	90,216,222	(10)	100,040,359	(2)
Liabilities										
Due to banks	21,257,388	4,596	452,705	9	414,157	97	209,506	(31)	303,767	(88)
Due to depositors	49,899,646	18	42,122,280	(5)	44,200,604	15	38,532,558	(21)	49,024,182	(7)
Other liabilities	9,166,997	27	7,230,733	24	5,813,390	5	5,551,478	(11)	6,246,229	(4)
Total liabilities	80,324,031	61	49,805,718	(1)	50,428,151	14	44,293,542	(20)	55,574,178	(10)
Equity										
Stated capital	2,230,286	-	2,230,286	-	2,230,286	-	2,230,286	-	2,230,286	14
Reserves	57,375,166	8	52,975,156	10	48,088,326	10	43,692,394	3	42,235,895	11
Total equity	59,605,452	8	55,205,442	10	50,318,612	10	45,922,680	3	44,466,181	11
Total liabilities and equity	139,929,483	33	105,011,160	4	100,746,763	12	90,216,222	(10)	100,040,359	(2)

The horizontal analysis of the Statement of Financial Position demonstrates CF's sustained financial strength, reflected in the consistent expansion of its asset and equity base over the past five years. Although growth moderated in certain periods due to prudent strategic decisions taken amid macroeconomic uncertainty, total assets and equity increased by 33% year-on-year as at 31 March 2026. Compared to the position as at 31 March 2022, assets and equity recorded a growth of 39.8% % and 34.1%, respectively. This expansion was primarily driven by steady growth in the credit portfolio, highlighting the Company's strong core operations. While maintaining a conservative funding approach historically, CF increased borrowings and deposits during the year to support credit growth. The Company's capital position strengthened further, enhancing its capacity for future expansion.

VERTICAL ANALYSIS OF THE STATEMENT OF FINANCIAL POSITION

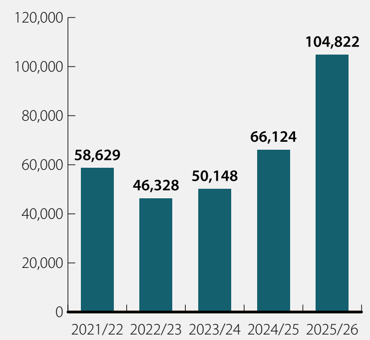
For the year ended 31 March	2026		2025		2024		2023		2022	
	Rs.'000	%	Rs.'000	%	Rs.'000	%	Rs.'000	%	Rs.'000	%
Assets										
Cash and cash equivalents including placements	864,463	1	874,621	1	755,076	1	528,494	1	697,234	1
Financial assets measured at fair value - FVTPL	1,904,352	1	1,466,670	1	3,029,889	3	377,996	0	968,093	1
Net investment in leases, hire purchase and loans and advances	104,822,033	75	66,123,663	63	50,147,952	50	46,327,686	51	58,629,427	59
Other interest earning assets	13,668,876	10	20,999,120	20	32,690,206	32	29,742,452	33	26,135,162	26
Investment in subsidiaries	384,872	0	407,979	0	407,979	0	381,614	0	333,614	0
Investment in equity accounted investees	1,846,380	1	1,834,063	2	1,731,672	2	1,654,509	2	1,538,020	2
Property, plant and equipment, investment property, rightof-use assets and intangible assets	15,377,678	11	12,739,871	12	11,405,815	11	10,730,959	12	10,806,083	11
Other assets	1,060,829	1	565,173	1	578,174	1	472,512	1	932,726	1
Total assets	139,929,483	100	105,011,160	100	100,746,763	100	90,216,222	100	100,040,359	100
Liabilities										
Due to banks	21,257,388	15	452,705	0	414,157	0	209,506	0	303,767	0
Due to depositors	49,899,646	36	42,122,280	40	44,200,604	44	38,532,558	43	49,024,182	49
Other liabilities	9,166,997	7	7,230,733	7	5,813,390	6	5,551,478	6	6,246,229	6
Total liabilities	80,324,031	57	49,805,718	47	50,428,151	50	44,293,542	49	55,574,178	56
Equity										
Stated capital	2,230,286	2	2,230,286	2	2,230,286	2	2,230,286	2	2,230,286	2
Reserves	57,375,166	41	52,975,156	50	48,088,326	48	43,692,394	48	42,235,895	42
Total equity	59,605,452	43	55,205,442	53	50,318,612	50	45,922,680	51	44,466,181	44
Total liabilities and equity	139,929,483	100	105,011,160	100	100,746,763	100	90,216,222	100	100,040,359	100

The vertical analysis of the Statement of Financial Position highlights the Company's stable and well-balanced asset and funding structure over the past five years. Interest-earning assets, primarily comprising the credit portfolio, consistently represented between 82% and 85% of total assets, underscoring CF's strong focus on its core lending operations. On the funding side, customer deposits contributed an average of 42% of the total funding mix, while equity accounted for approximately 48% over the same period. During the year under review, the funding composition evolved with the selective use of external borrowings to support credit expansion, in turn reducing the customer deposit contribution to 36% while increasing external borrowings to 15%. Total equity strengthened to Rs. 59.6 Bn in 2025/26, reinforcing the Company's capacity for sustainable growth and long-term value creation.

LOAN BOOK

CF's loan portfolio comprises a diversified mix of leasing, hire purchase, term loans, business loans, auto loans, sub-loans, and loans secured against fixed deposits. During the financial year under review, the gross loan book expanded significantly by 54%, a substantial acceleration compared to the 32% growth recorded in the previous year. Total net advances increased to Rs. 104.8 Bn as at 31 March 2026, up from Rs. 66.1 Bn at the close of the prior year. Growth was primarily driven by the continued expansion of the leasing, auto loan and hire purchase segment with the increased credit demand. Growth was further supported by initiatives aimed at strengthening repeat business, targeted customer acquisition, and enhanced working capital financing for corporate and SME segments.

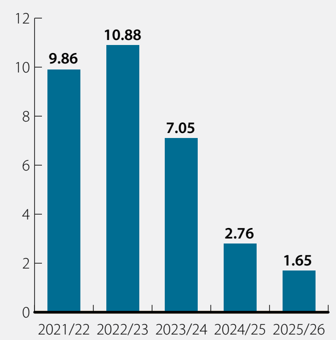
Net investment in leases, hire purchase and loans and advances (Rs.Mn)



ASSET QUALITY AND IMPAIRMENT

As at 31 March 2026, CF's asset quality improved significantly, with the gross non-performing loan (NPL) ratio declining to 1.65%, compared to 2.76% at the end of the previous financial year, in testament to the effectiveness of CF's credit risk management practices, enhanced data-driven credit monitoring, and favourable macroeconomic developments. During the year, the Company recorded a reversal of impairment allowances amounting to Rs. 970 Mn, lower than the Rs. 1.9 Bn reversal recognised in 2024/25. The reassessment of stress-testing assumptions led to a partial release of management overlays, supported by the strengthened credit quality of the portfolio.

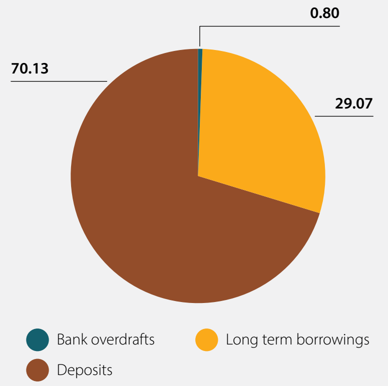
NPL Ratio (%)



FUNDING MIX

The Company's funding structure comprises customer deposits, bank borrowings, and overdraft facilities, with deposits remaining the primary source of funding. During the year, customer deposits accounted for 70% of the total funding mix, compared to 99% in the previous year, reflecting a deliberate diversification of funding sources. As at 31 March 2026, the deposit base increased to Rs. 49 Bn from Rs. 42.1 Bn a year earlier, in tandem with deposit mobilisation activities undertaken to support the credit expansion strategy. Loan term borrowings contributed 29% of the funding mix, representing a significant increase over the previous year to facilitate lending growth. Looking ahead, CF aims to further strengthen its funding base through continued deposit mobilisation and selective utilisation of long-term borrowings to support sustained credit expansion.

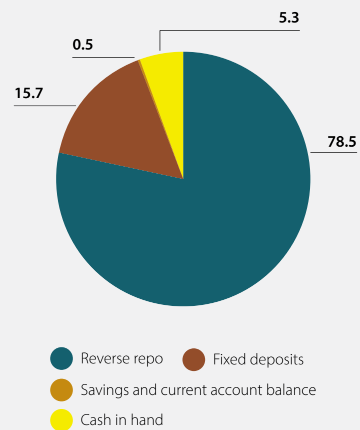
Funding mix (%)



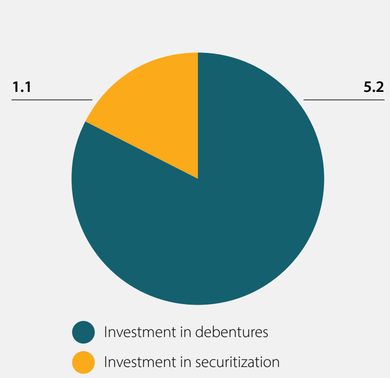
LIQUIDITY

CF maintained a strong liquidity position throughout the year, supported by a diversified pool of liquid assets, including reverse repurchase agreements, fixed deposits, savings and current account balances, and cash holdings. As at 31 March 2026, regulatory liquid assets amounted to Rs. 8.06 Bn, comfortably exceeding the minimum regulatory requirement of Rs. 5.05 Bn. In addition, the Company held Rs. 6.2 Bn in short-term and long-term investments, comprising securitisation exposures and corporate debentures, classified as excess investments. Rising credit demand during the year led the Company to optimise liquidity by reducing surplus holdings and reallocating funds from government and debt securities to the lending portfolio. CF remains committed to disciplined liquidity management to support business growth while maintaining financial stability. The Company maintains a minimum of Rs. 2 Bn of approved undrawn funding lines and approved funding lines with LCBs, which are not drawn, and which amounted to Rs. 7.32 Bn as at 31st March 2026.

Liquid assets composition (%)



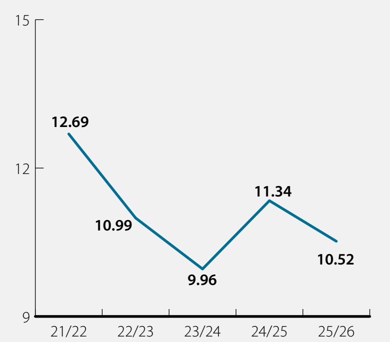
Excess investments (Rs. Bn)



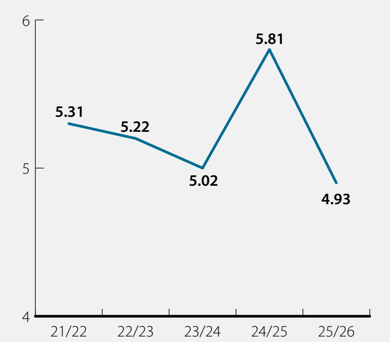
RETURN ON EQUITY (ROE) AND RETURN ON ASSETS (ROA)

As a result of its sustained focus on maximising shareholder value and the disciplined management of operational and risk frameworks, CF recorded a return on equity of 10.52% and a return on assets of 4.93% as at 31 March 2026. The ROE and ROA had been impacted due to margin pressure and increased operating costs on business expansion.

ROE (%)



ROA (%)

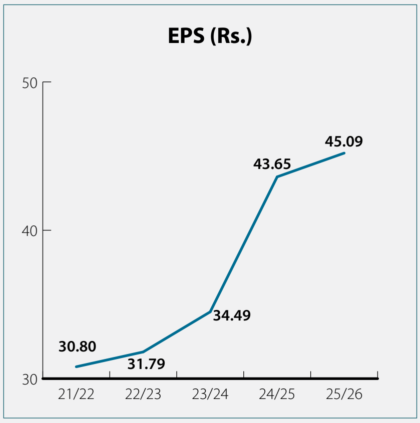


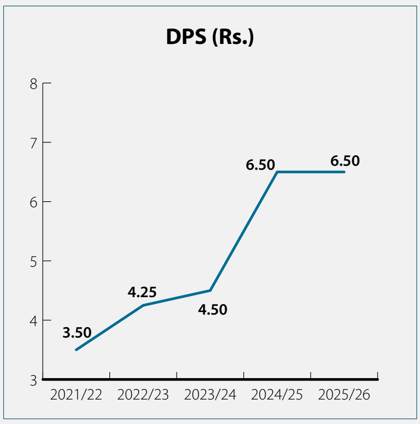
SHAREHOLDERS FUNDS

During the financial year under review, both the Group's and the Company's shareholders' funds recorded healthy growth, increasing by 10.5% and 7.97% respectively, driven by strong profitability generated by the Company, its subsidiaries, and associate entity. Consequently, total equity rose to Rs. 85.3 Bn at the Group level and Rs. 59.6 Bn at the Company level, compared to Rs. 77.2 Bn and Rs. 55.2 Bn, respectively, in the previous year.

As at 31 March 2026, the Company's shareholder base comprised 6,411 public shareholders. CF's shares remained actively traded on the Colombo Stock Exchange throughout the year, with market prices ranging between a high of Rs. 319.75 and a low of Rs. 167.00.

The Company's Net Asset Value per share increased to Rs. 262.17 from Rs. 242.82 in the prior year, while Group earnings per share improved to Rs. 45.09 from Rs. 43.65 Reflecting its commitment to delivering shareholder returns, the Company declared an interim dividend of Rs. 2.75 per share and proposed a final dividend of Rs. 3.75 per share, subject to shareholder approval. CF continues to follow prudent, Board-approved capital and dividend policies aligned with sustainable growth objectives.

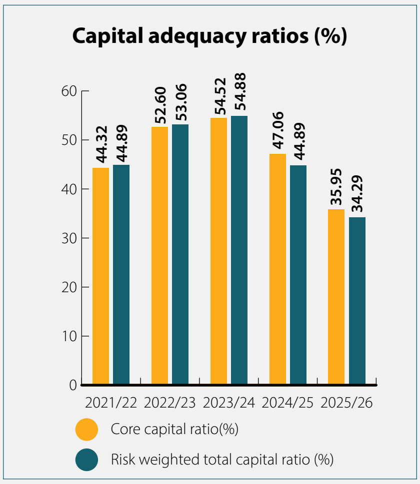




CAPITAL ADEQUACY

CF maintained its strong capital position throughout the year, reaffirming its status as a well-capitalised financial institution.

In terms of capital adequacy, CF consistently remained well above both the regulatory minimum requirements and the industry average. As of 31 March 2026, the Company's Core Capital Ratio stood at 35.95%, while the Risk-Weighted Total Capital Ratio was 34.29%, significantly exceeding the regulatory requirements of 10% and 14%, respectively.



Roadmap for the Future	
Short Term (1 year)	**Medium to Long Term (2-3 years)**
➤ **Maintain Capital Adequacy at 30%**	➤ **Maintain Capital Adequacy at 25%**
➤ **Achieve a 30% credit portfolio growth**	➤ **Achieve a 30% credit portfolio growth**
➤ **Achieve a 15% income growth**	➤ **Achieve a 20% income growth**
➤ **Reach Rs. 180 Bn total assets base**	➤ **Reach Rs. 230 Bn total assets base**

OVERVIEW

Management Approach

Central Finance Company PLC (CF) develops its Manufactured Capital in a planned and disciplined manner to ensure investments in physical and digital assets are consistent with current business requirements as well as long-term strategic objectives. The main aim is to ensure customers can access the Company's service through its island-wide branch network and the suite of digital channels supported by infrastructure and technology investments to ensure secure, reliable and uninterrupted service delivery.

MATERIAL MATTERS

Financial Stability and Growth	Customer Experience	Cybersecurity and Customer Data Protection
Trust and Transparency	Digital Transformation	Financial Inclusion
Brand Visibility and Market Reach	Business Process Transformation/ Data Analytics/ Operational Excellence	

SWOT ANALYSIS

STRENGTHS

- Island-wide branch network supporting customer accessibility
- Established digital platforms supported by centralised IT infrastructure
- Defined governance, security and business continuity frameworks
- Integrated infrastructure supporting stable and reliable operations

WEAKNESSES

- Dependence on physical infrastructure and branch network
- Rising cost of fixed assets and capital expenditure
- Increasing complexity of IT and digital systems
- Continuous need for system upgrades to maintain performance and reliability

OPPORTUNITIES

- Growing demand for financial services across Sri Lanka
- Increasing customer preference for faster and more convenient services
- Expansion of digital channels to enhance accessibility
- Greater system integration and automation to improve efficiency

THREATS

- Increasing cybersecurity risks and regulatory expectations
- External disruptions affecting branch operations
- Rising infrastructure, maintenance and compliance costs

VALUE TRANSFORMATION

ACTIONABLE INITIATIVES FOR FY 2025/26

- **07 new branches opened**
- **06 branches relocated to improve accessibility, efficiency and risk management**
- **Strengthening of IT systems and monitoring capability**

IMPACTS ON OTHER TYPES OF CAPITAL

	Driving revenue growth and reducing cost-to-serve - FC
	Better visibility enhances brand positioning - IC
	Promoting greater financial inclusion helps to foster customer trust and loyalty - S&RC

STAKEHOLDER OUTCOMES

- **Improved island-wide access to financial services for diverse customers across Sri Lanka, driving financial inclusion and increased economic participation, translating into regional development**
- **Seamless 24x7x365-day access through digital channels, enabling customers to manage finances anytime, anywhere**
- **Reliable and efficient service delivery supported by digitised back-end operations, resulting in faster processing times and improved customer satisfaction**

SDGS

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

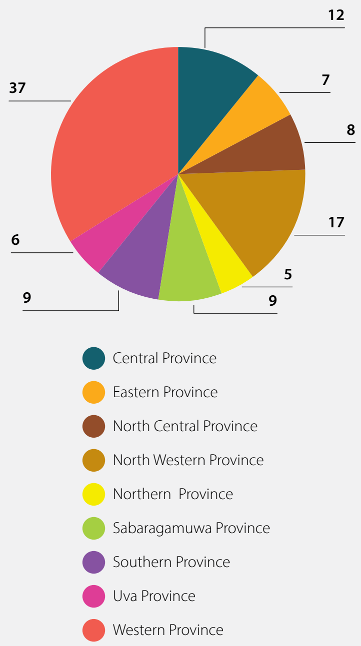
BRANCH NETWORK

CF's physical footprint, comprising 110 branches across the island, forms a key component of the Company's Manufactured Capital. Given that the branch network remains the main channel in delivering CF's value proposition to customers, decisions regarding branch investments are undertaken in strict alignment with the Company's strategic objectives, with due consideration of the challenges and opportunities arising from the immediate operating environment.

Branch development and infrastructure improvements are managed through a formal review process carried out by the Branch Administration Department together with Regional Management, where branch performance, customer accessibility, infrastructure condition and business potential are periodically evaluated to determine the need for expansion, relocation or refurbishment.

All branch locations are maintained in compliance with applicable statutory and regulatory requirements to ensure safe and uninterrupted operations.

Number of Branches (No.)



NEW BRANCHES

Branch	Province
Dehiwala	Western Province
Moratuwa	Western Province
Hikkaduwa	Southern Province
Kandana	Western Province
Kochchikade	Western Province
Pannala	North Western Province
Nelliady	Northern Province


Nelliady Branch Opening


Dehiwala Branch Opening


Kochchikade Branch Opening


Hikkaduwa Branch Opening

BRANCH RELOCATIONS

Branch	Province
Kaduwela	Western Province
Mathugama	Western Province
Welimada	Uva Province
Dambulla	Central Province
Tambuttegama	North Central Province
Wariyapola	North Western Province

To ensure the safety of customers, employees, and third parties visiting its branches, the Company has implemented a comprehensive security and monitoring system. This includes a centrally monitored 24-hour CCTV surveillance mechanism to oversee branch operations in real time. Additionally, on-site security personnel, sourced from outsourced security providers, are deployed to enhance protection for customers, employees, and infrastructure. Each branch is also equipped with fire safety measures, including fire extinguishers, fire hydrant systems and smoke detectors. Furthermore, the Company conducts regular awareness programs to educate staff on evacuation procedures and basic firefighting techniques, ensuring preparedness in case of emergencies.

In the year under review, branch infrastructure was further enhanced with the entire network converted to provide wireless connections to improve access across the network.

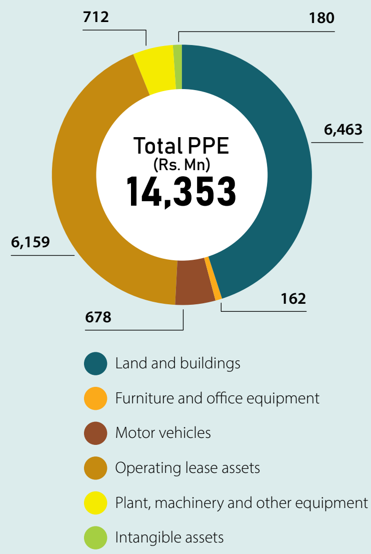
PROPERTY, PLANT AND EQUIPMENT (PPE)

Capital Expenditure and Asset Management

CAPEX Decision Framework

- **Requirement identified by branch/unit**
- **Bill of quantities prepared by premises dept.**
- **Proposal submitted for board approval**
- **Quotations obtained from contractors**
- **Technical evaluation and committee review**
- **Final approval from board**
- **Project implementation and cost monitoring**
- **Preventive maintenance and utilisation review**
- **Safety and regulatory compliance**

PPE 2025/26 (Rs. Mn)



Asset Maintennace Highlights FY 2025/26

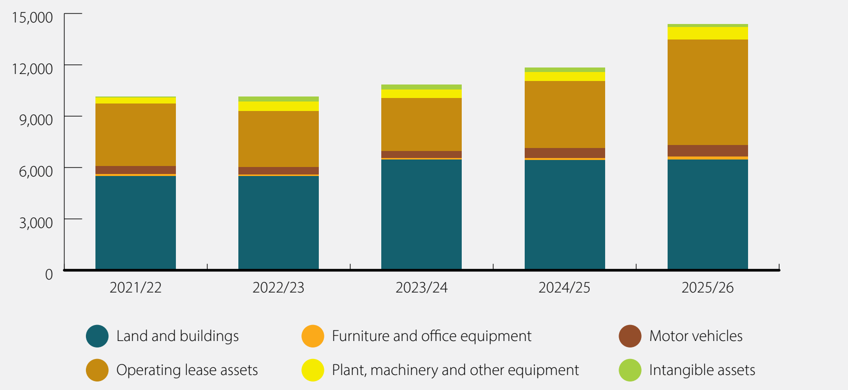
- **Structural repairs and strengthening**
- **Electrical inspections and compliance upgrades**
- **HVAC servicing and efficiency improvements**
- **Refurbishment and interior improvements**
- **City office modernisation**

MANUFACTURED CAPITAL

Property, Plant and Equipment (PPE) represents a significant component of Manufactured Capital, providing the physical foundation required to ensure branches continue to deliver services efficiently and effectively with minimal disruptions.

CF maintains a strong PPE base comprising land and buildings, operating lease assets, motor vehicles, furniture, office equipment and other machinery required for business operations.

Property plant and equipment movement - 5 years (Rs. Mn)



DIGITAL CHANNELS

The Digital channels play a central role in driving innovation by enhancing user experience, increasing digital adoption, and streamlining service delivery through automation and system integration. The deployment of advanced technologies has enabled faster processing, improved reliability, and greater scalability across digital touchpoints.

The Company remains committed to continuously evolving its digital capabilities to meet changing customer expectations, support sustainable growth, and further strengthen the delivery of secure, accessible, and customer-centric financial services.

CFCLICK

The CF Click mobile application serves as a secure and feature-rich digital platform, enabling customers to conveniently access the Company's financial services anytime and from anywhere.

CENTRIX

The CENTRIX mobile application is a digital payment platform powered by Central Finance Company PLC, designed to deliver a secure, convenient, and integrated financial experience.

IT INFRASTRUCTURE

The Company has, over the years, operated on a centralised and integrated technology platform that consistently supports its branch network, digital channels, and administrative functions. This platform forms the backbone of daily operations, enabling process standardisation, efficient transaction processing, and reliable service delivery across the organisation.

During the year under review, the Company continued to enhance the capabilities of this established platform, with a focus on improving scalability, system responsiveness, and overall performance to support growing business volumes and increasing transaction demands..

In parallel, the Company advanced its digitalisation and process automation efforts to improve internal workflow efficiency and reinforce operational controls. Enhanced data analytics capabilities further supported more effective monitoring, risk management, and data-driven decision-making across key business functions.

CF remains focused on building a future-ready technology environment that is adaptable, resilient, and well-positioned to integrate new technologies. This strategic focus ensures the Company's ability to respond to evolving market expectations and to support the delivery of innovative financial solutions in the years ahead.

BUSINESS CONTINUITY PLANNING (BCP) FRAMEWORK

Maintaining the ability to continue critical operations under unexpected conditions is essential to ensuring the stability of CF's business activities. The Company has established a structured Business Continuity Planning (BCP) Framework, which sets out clear procedures to ensure key functions continue with minimal disruption in the event of unforeseen incidents.

CF's Business Continuity Planning framework is aligned to the Central Bank of Sri Lanka's Technology Resilience Guidelines, which are anchored to the principles of the ISO 22301 Business Continuity Management Standard. Accordingly, business continuity plans are designed to ensure CF's critical functions can continue or be restored within acceptable timeframes in the event of unexpected disruptions. The framework applies across the entire organisation and requires all business units to identify critical processes, assess potential risks and maintain documented recovery procedures to support the continuation of essential activities.

Business continuity planning is implemented at the departmental level, with each unit maintaining defined recovery plans that outline roles, responsibilities and communication protocols to be followed in the event of a disruption.

To strengthen readiness, regular simulation exercises and scenario-based testing are carried out to evaluate the effectiveness of BCP procedures and identify areas requiring improvement. These exercises allow departments to validate their continuity plans, confirm the availability of required resources and ensure that staff remain familiar with their responsibilities during emergency situations. Observations from these exercises are reviewed and incorporated into the framework to maintain its effectiveness against evolving operational risks.

RESPONSE TO DITWAH NATURAL DISASTER

Following the Cyclone Ditwah in November 2025, CF activated its Business Continuity and Disaster Recovery procedures to ensure operations could continue with minimal disruption. A dedicated committee was appointed to coordinate recovery measures and oversee the implementation of the Business Continuity Plan across affected locations. At the same time, the Company extended the necessary support to employees and customers impacted by the incident while ensuring that essential services remained available.

DISASTER RECOVERY ENVIRONMENT

Operating as an integral component of CF's Business Continuity Planning framework, the Disaster Recovery (DR) environment ensures that applications, data and communication systems can be recovered within acceptable timeframes, thereby minimising operational downtime and protecting business-critical functions.

CF maintains a dedicated DR environment combining database replication, application server redundancy and secure communication management to ensure that critical business applications remain available under unexpected conditions. Standby databases are maintained with real-time synchronisation, enabling data to be recovered without significant loss, while replicated application servers allow key systems to continue operating from the recovery environment when required. Secure network configurations are used to manage communication between primary and recovery systems, ensuring that data transfer and system access remain protected during failover scenarios.

As part of maintaining readiness, two simulation exercises were carried out during the year to assess the efficacy of the DR environment and identify areas requiring further improvement, ensuring that recovery arrangements remain effective under changing operational conditions.

INFORMATION SECURITY SYSTEMS

As a financial services institution with access to large volumes of data and confidential customer information, protecting these data assets is critical to maintaining operational stability, regulatory compliance and stakeholder confidence. CF has established a comprehensive Information Security framework in line with applicable compliance requirements to safeguard the confidentiality, integrity and availability of data and IT infrastructure while supporting the secure delivery of financial services across branch, digital and internal platforms. The framework combines governance, policies, technical controls and continuous monitoring mechanisms to ensure that information security risks are identified, assessed and managed in a structured manner in line with regulatory expectations and evolving cyber threats.

CF's Information Security framework is operationalised through a comprehensive policy architecture that defines the standards to be followed across the organisation. All policies are reviewed regularly to ensure alignment with compliance requirements and global best practices.

Additionally, information security controls are subject to regular internal and independent assurance activities, including vulnerability assessments, penetration testing, phishing simulations, red-team exercises, configuration and access control reviews, and periodic evaluations of monitoring and incident response capabilities to ensure the security architecture remains effective against evolving threats. Mandatory regulatory audits and security testing of mobile applications were conducted in accordance with CBSL requirements, with identified observations addressed within defined timelines.

In light of the ongoing exposure to cyber risks owing to the expansion of digital services, increased reliance on third-party technology providers and the adoption of hybrid access models in recent years, CF continued to enhance its security framework through improvements to network architecture, threat monitoring, third-party risk oversight and incident detection capabilities, enabling better visibility over risks and faster response to emerging threats.

At the same time, to further strengthen CF's information security architecture, work commenced on implementing the ISO 27001 Information Security Management Standard with additional policies introduced during the year to strengthen governance over data management, privacy, IT operations and the adoption of new technologies, further reinforcing the overall control environment.

Roadmap for the Future	
Short Term (1 year)	**Medium to Long Term (2-3 years)**
➤ **Open new branches in strategically selected locations to expand the Company's footprint.** ➤ **Relocate selected branches to improve customer accessibility, operational efficiency and risk management.** ➤ **Upgrade core systems, servers and network components to improve stability and performance.** ➤ **Strengthen PDPA compliance controls.** ➤ **Optimise secure access and strengthen access governance controls.**	➤ **Integrate the complete digital customer lifecycle within Centrix to enable end-to-end digital service delivery.** ➤ **Implement Zero Trust-aligned security architecture and predictive threat intelligence capability.** ➤ **Establish privacy-by-design and secure-by-design architecture across digital platforms.**

OVERVIEW

Management Approach

CF manages its Intellectual Capital by safeguarding the strength of its brand, maintaining high standards of ethics and integrity and preserving institutional knowledge across the organisation by ensuring leadership continuity, strengthening employee capability and maintaining active engagement with industry bodies, to strengthen the Company's competitive position over the long term.

MATERIAL MATTERS

Trust and Transparency	Digital Transformation
Customer Experience	Business Process Transformation / Data Analytics / Operational Excellence

SWOT ANALYSIS

STRENGTHS

- Strong brand reputation built on long-standing customer relationships
- Strong institutional knowledge and leadership continuity
- Active engagement with industry bodies and professional associations

WEAKNESSES

- Perception as a traditional financial institution catering mainly to mature customer segments
- Low brand awareness and visibility among new and emerging customer demographics

OPPORTUNITIES

- Demand for formal financial services across Sri Lanka
- Growing appetite for secure, reliable and convenient digital financial tools

THREATS

- Competitive pressures
- Maintaining customer trust during market disruptions and external events
- Higher regulatory expectations relating to conduct, data protection and information security

VALUE TRANSFORMATION

ACTIONABLE INITIATIVES FOR FY 2025/26

- Relaunch of the CF brand logo
- Rs. 134 Mn spent on Business promotion campaigns and advertising
- Enhancing brand presence across the digital platforms
- Knowledge base improvement

IMPACTS ON OTHER TYPES OF CAPITAL

	Consistent all-round brand performance helps to bolster the financial stability - FC
	Better visibility strengthens trust and enhances customer confidence - S&RC
	A strong knowledge base paves the way for the development of a strong talent pipeline through mentoring, coaching and continuous learning - HC
	Data-driven decision making enhances the efficiency of operational infrastructure and productivity - MC

STAKEHOLDER OUTCOMES

- Strengthened competitive advantage to support long-term profitability, in turn leading to improved results for shareholders
- Improved product and service quality, innovative financial solutions, and enhanced customer experiences
- Enhanced learning and development opportunities, career growth, and skill advancement for employees through continuous knowledge-sharing and innovation

SDGS

4 QUALITY EDUCATION | 8 DECENT WORK AND ECONOMIC GROWTH | 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | 16 PEACE, JUSTICE AND STRONG INSTITUTIONS

BRAND IDENTITY

Financial stability and strong customer relationships built on the deep understanding of the evolving needs of Sri Lankan consumers remain the key tenets on which Central Finance Company PLC's (CF) brand identity is built. Disciplined growth coupled with a strong financial presence and ability to prioritise customer needs notwithstanding economic cycles over the past six decades has positioned CF among the most trusted and preferred financial services brands in the local NBFI sector today.

BRAND RANKINGS

Central Finance Company PLC Ranked in 24th place among Business Today TOP 40 2024 – 2025

Central Finance Company PLC - Ranked in 57th place among the LMD TOP 100

Dynamic shifts in the operating landscape during the year required the Company to actively manage brand perception and enhance brand visibility. Broadening the appeal of the CF brand across multiple customer segments, therefore, became a priority. Working to address perceptions that the CF brand was more closely associated with mature customers, the Company intensified its focus on strengthening brand visibility across both traditional and digital platforms to better connect with a wider customer base.

At the same time, with the reopening of the vehicle import market, greater emphasis was placed on repositioning the CF brand to capitalise on emerging opportunities. While the Company has historically held a strong position in financing registered vehicles, evolving market dynamics necessitated a refresh of this legacy positioning, with more emphasis on realigning brand messaging to better capture new demand segments and growth avenues.

A series of targeted campaigns were carried out to highlight the Company's ability to support customers seeking financing facilities for unregistered vehicles, key among them was the "Wahaneta Uththare", radio campaign aimed at positioning CF as an end to end solution provider for customers to dispose of an existing vehicle through the Park and Go facility and also benefit from the robust range of financing solutions offered for new vehicles acquisition.

During the latter part of the year, the Company also renewed its focus on the micro leasing segment, which was one of CF's stronghold markets prior to the financial crisis in 2022. Brand communication was aligned to support targeted campaigns, including the "Aduma Thama" campaign, which highlighted competitive pricing for three-wheelers and motorcycles, together with awareness initiatives that emphasised transparency and responsible financing.

BRAND RELAUNCH

Keen to move away from the image that CF is a brand for mature customers, the Company undertook a strategic brand relaunch during the year with the objective of modernising its identity while preserving the values that have defined its reputation for decades. A refreshed logo was introduced, retaining the iconic CF initials while presenting a more contemporary design that reflects flexibility and adaptability in a changing market environment.

The relaunch was supported by a multi-channel image-building campaign aimed at reinforcing brand visibility across customer segments, together with a branch modernisation programme designed to enhance the overall customer experience through more modern and digitally enabled service environments. The Company also invested in expanding its presence in the Northern and Eastern regions with the objective of strengthening accessibility and supporting financial inclusion in underserved areas, thereby aligning the brand with its commitment to serve customers across the country.

CUSTOMER SUPPORT DURING CYCLONE DITWAH

During the latter part of the year, adverse weather conditions created challenges for a number of customers, requiring the Company to take prompt action to preserve trust and provide appropriate support. A structured mechanism was established to identify customers facing financial difficulty, with recovery teams engaged to assess the level of impact and categorise affected customers. Based on these assessments, suitable solutions were introduced to assist customers in managing their obligations during the period of disruption, while maintaining open communication to ensure that the confidence placed in the CF brand was upheld.

ETHICS AND INTEGRITY

As a responsible financial services provider, CF's operations are guided by a strong commitment to ethics and integrity, reinforcing its position as a trusted and transparent financial institution that places the interests of its stakeholders at the forefront of all activities. The tone for ethical conduct is set at the highest level of the organisation, with the Board of Directors providing oversight to ensure that principles of accountability, fairness and transparency are upheld across all areas of the Company's operations.

CF CORE VALUES

- **Customer centered**
- **Unyielding integrity**
- **Superior service**
- **Exceptional performance**
- **Our people are our company**

Ethical conduct within the Company is institutionalised through a formal governance framework anchored on the Company Code of Conduct, which serves as a guiding document for decision making and professional conduct. All employees are required to adhere to these standards at all times.

Conduct Framework
Policies and Frameworks
Company Code of Conduct
Anti-Money Laundering and Compliance
Financial Customer Protection Framework
Personal Data Protection Act
Policies Introduced During 2025/26
Personal data protection requirements
Information security requirements

All new recruits are required to formally accept the Code of Conduct at the time of joining the Company and undergo training during induction on key conduct requirements, including anti-money laundering standards, customer protection guidelines and information security practices.

Refresher training is conducted through online programmes to ensure that employees remain aware of their responsibilities.

Employees are encouraged to report any instances of misconduct through a whistleblowing process, enabling concerns to be raised without fear of reprisal. All complaints received are subject to independent review, and appropriate disciplinary action is taken where violations are identified, thereby ensuring that the Company's commitment to fairness and accountability is maintained at all times.

KNOWLEDGE BASE

The strength of the knowledge base at CF is built on the collective expertise of the Company's key management personnel. The presence of experienced professionals with long-standing service provides strong institutional knowledge, ensuring that the Company's operations are guided by practical insight together with a strong understanding of the regulatory and business environment in which CF operates.

STRATEGIC PARTNERSHIPS

Strategic partnerships form an important part of CF's Intellectual Capital by enabling the Company to access specialised expertise required to support operational efficiency, maintain infrastructure standards and enhance the overall customer experience.

STANDARDS AND CERTIFICATIONS

Standards and certifications form an important part of CF's Intellectual Capital. standards and certifications. The adoption of standards and certification is a voluntary undertaking that reflects the Company's efforts to go beyond compliance to enhance its operational credibility and protect stakeholder interests.

MEMBERSHIPS AND AFFILIATIONS

Memberships and affiliations with a number of recognised industry bodies and professional organisations enable access to industry knowledge, regulatory guidance and professional networks that support informed decision making and responsible business practices.

MEMBERSHIPS AND AFFILIATIONS

- **The Finance Houses Association of Sri Lanka**
- **The Leasing Association of Sri Lanka**
- **Fintech Forum (Guarantee) Ltd.**
- **Financial Ombudsman Sri Lanka (Guarantee) Limited**
- **The Employers Federation of Ceylon**
- **The Ceylon Chamber of Commerce**

Roadmap for the Future	
Short Term (1 year)	**Medium to Long Term (2-3 years)**
Conduct a formal brand health study to assess brand perception across customer segments and identify areas to strengthen brand positioning and communication strategy	Invest in structured training initiatives conducted by external consultants to strengthen the knowledge base

OVERVIEW

Management Approach

CF's fundamental approach to managing social and relationship capital aims to develop strong relationships with key stakeholders such as customers, suppliers and the wider community. To earn the trust of these stakeholders, the Company focuses on creating solutions that continuously enhance the value delivered, while prioritising proactive engagement, open communication, and responsiveness to better understand and respond to stakeholder needs and expectations over the short, medium and long term.

MATERIAL MATTERS

Financial Stability and Growth	Customer Experience	Financial Inclusion
Trust and Transparency	Digital Transformation	Brand Visibility and Market Reach
Business Process Transformation/ Data Analytics/ Operational Excellence		

SWOT ANALYSIS

STRENGTHS

- Loyal, multi-generational customer base
- Longstanding supply chain partnerships built on trust
- Goodwill of the community

WEAKNESSES

- Limited digital front-end suite
- Dependence on manual coordination in some processes

OPPORTUNITIES

- Demand for inclusive financial services
- Expansion of digital engagement channels

THREATS

- Rapidly evolving customer expectations

VALUE TRANSFORMATION

ACTIONABLE INITIATIVES FOR FY 2025/26

- Expanded the product portfolio to cater to the evolving needs of MSME's
- Launch of "Liya Abhimani", a dedicated work women' s empowerment solution
- Established a cross-functional committee to oversee customer experience transformation
- Introduced SMS-based surveys to measure satisfaction among repeat customers
- Established an independent unit to strengthen end-to-end complaint monitoring
- Established new supplier relationships focused on small-scale contractors
- Rs. 30 Mn spent on community support initiatives

IMPACTS ON OTHER TYPES OF CAPITAL

	Strong relationships with customers help to drive business expansion and market share growth - FC
	The goodwill of customers, suppliers and the community strengthen CF's reputation and industry standing - IC
	Feedback and suggestions from customers enable innovation and continuous improvement - MC

STAKEHOLDER OUTCOMES

- Growth in the customer base supports profitability and contributes to improved financial performance for stakeholders
- Improved product and service quality enhances customer experience and accessibility
- Financial inclusion initiatives enable underserved communities to access formal financial services
- Increased use of digital channels contributes to improved efficiency and reduced reliance on paper-based processes

SDGS

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

10 REDUCED INEQUALITIES

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

CUSTOMERS

PRODUCT RESPONSIBILITY

The ability to attract, retain and deepen customer relationships is fundamental to CF's growth strategy, with product responsibility serving as the cornerstone of this approach.

Products and Customer Segments Served						
	Individuals	**Self-Employed Customers**	**Micro Entrepreneurs**	**SMES**	**Vehicle Dealers**	**Professionals**
Leasing and Hire Purchase	√	√	√	√		√
Auto Loans	√	√	√	√		√
Business Loans		√	√	√	√	
Working Capital Financing		√	√	√	√	
Fixed Deposits	√	√	√	√	√	√
Savings Accounts	√	√	√	√	√	√
Operating Lease Solutions	√	√	√	√	√	√

Accessibility and Reach					
Island-wide Branch Network	**Dedicated Sales Force**	**Digital Channels**	**Regional Marketing Teams**	**Branch-Level Campaigns**	**Direct Customer Communication**

As a finance company licensed by the Monetary Board of the Central Bank of Sri Lanka under the Finance Business Act No. 42 of 2011 and the Finance Leasing Act No. 56 of 2000, CF recognises its responsibility to design and deliver financial products that safeguard customer interests while maintaining the integrity of the financial system.

Beyond regulatory compliance, CF's commitment to product responsibility is further supported by effective customer segmentation that has allowed the Company to design a comprehensive product portfolio with a range of lending, deposit and vehicle-related financing solutions that addresses the distinct needs of individuals, micro entrepreneurs and MSMEs.

CF's commitment to product responsibility also extends to ensuring customers around Sri Lanka can access the Company's products. To that end, CF's network of 110 branches around the island and suite of digital channels create a strong ecosystem for the delivery of the Company's products and services across all customer segments.

The year under review marked a renewed focus on strengthening customer reach following a period in which expansion had been consciously moderated owing to macroeconomic challenges. However, to improve accessibility following the revival of economic activity in 2025, CF's branch presence was strengthened in the current year alongside a significant expansion in the frontline sales cadre.

CUSTOMER EXPERIENCE

Service excellence remains a key element in CF's efforts to build trust, encourage repeat business and sustain long-term customer relationships. In recent years, more emphasis has been placed on promoting digital channels - CF Click and Centrix as a means of enhancing customer experience.

Meanwhile, Relationship Managers continue to play a key role in maintaining one-to-one engagement. At the same time, end-to-end customer journeys are monitored through the CRM system to ensure that customers remain informed of the status of their facilities at every stage.

To further personalise the customer experience, a cross-functional committee was established during the year to oversee customer experience initiatives across the Company. As part of this effort, work commenced on the development of a dedicated customer feedback call centre system to facilitate direct engagement with customers during the course of their contract period to assess satisfaction levels and identify areas for improvement.

Process automation aimed at enhancing operational efficiency also continued during the year, key among them the introduction of the automated document management system for handling of critical security documents. The valuation process was also streamlined using digital technology to fast-track processing, while the payment process relating to vehicle suppliers was also expedited to minimise delays in vehicle procurement, enabling customers to gain faster access to leased assets.

New Product Development Process

From Concept to Control - Ensuring Responsible Financial Solutions

- Market Need Identified
- Product Concept Development
- Product Approval Document Prepared
- Risk Assessment
- Internal Review
  Department Heads
  Compliance Function
  Senior Management
- Product Approval
- Product Launch
- Post-Launch Monitoring
- Quarterly Product Review
- Continuation / Modification / Withdrawal decision

Responsible Lending Principles

- Compliance with CBSL guidelines
- Transparent disclosure of fees and charges
- Approved and competitive rate structures
- Customer affordability assessment
- Credit evaluation procedures
- Flexible repayment structures where appropriate
- Financial advisory support to customers
- Prevention of over-indebtedness

Governance Oversight

- All products reviewed by internal stakeholders
- Compliance verification prior to launch
- Periodic performance evaluation
- Management oversight on product continuation

New Products Launchd in 2025/26

Liya Abhimani to support women-led micro enterprises and employed women

- Flexible financing including facilities without land mortgage requirements
- Financial literacy and capacity-building programmes

Dealer Financing Solutions

- Working capital financing facility introduced for unregistered vehicle dealers
- Business loan product introduced for registered vehicle dealers

End to end Vehicle Financing Solutions

- End-to-end vehicle financing solutions, enabling customers to dispose of existing vehicles through the Park and Go facility and access leasing solutions for new vehicle purchases
- CF e-leasing promotes environmentally friendly lending by supporting the transition towards sustainable mobility solutions through the provision of credit facilities for electric and hybrid vehicles

Micro Leasing Solutions

- Reintroduction of micro leasing for three-wheeler and motor cycle financing

CUSTOMER DIGITAL ADOPTION

Digital platforms form an integral part of the Company's service delivery model, enhancing accessibility, convenience and transaction efficiency across customer segments. Centrix and CF Click serve as key digital touchpoints.

Digital Platforms

Centrix - Digital Wallet

- Instant 24×7 bank-to-bank transfers via JustPay / CEFT
- LankaQR-enabled merchant payments across a nationwide network
- Credit card bill payments and settlement facility
- Real-time transaction tracking with instant confirmations
- Secure payments with multi-factor authentication and encryption
- Smart beneficiary management and quick transfer options
- Transaction history with filtering
- Access to leasing information and payment visibility
- Built in compliance with Central Bank of Sri Lanka guidelines

CF Click - Mobile App

- Secure mobile access to savings accounts and fixed deposits
- Comprehensive management of leasing facilities (details, schedules, status)
- Real-time account balance visibility
- Credit card bill payments and settlement facility
- View account statements and transaction history
- Two-factor authentication (2FA) for transaction authorization
- Instant notifications for transactions and account activities
- View branch network with locations and contact details
- Access to product information, interest rates, and financial offerings

Centrix and CF Click

Year	Transactions Volume Rs. Mn	Number of Transactions
2021/2022	1,711	83,138
2022/2023	2,752	155,504
2023/2024	5,509	443,949
2024 /2025	6,169	529,147
2025 /2026	6,504	555,061

MEASURING CUSTOMER SATISFACTION

Understanding customer expectations and satisfaction remains an ongoing priority for CF, prompting the expansion of channels available to capture customer feedback. In this regard, SMS-based surveys were introduced to obtain feedback and insights from repeat customers on their experience and to identify the factors influencing their decision to remain loyal to CF.

Feedback received indicated that customers frequently return due to the quality of service provided, the convenience of accessing services through CF's island-wide branch network and the familiarity developed through continued engagement with branch staff and Relationship Managers.

MARKETING AND COMMUNICATIONS

Clear, transparent and responsible communication underpin CF's customer engagement practices. Accordingly, marketing and communication activities are carried out through a combination of above-the-line (ATL) and below-the-line (BTL) advertising, supported by digital platforms, social media channels and the corporate website to ensure information reaches diverse customer segments. Marketing and communication content is subject to internal verification and approval processes.

All marketing and promotional material is developed in adherence to regulatory disclosure requirements prescribed by the Central Bank of Sri Lanka (CBSL), ensuring that all communications accurately reflect product features, interest rates, fees and associated terms. In addition, standardised agreements incorporating all regulatory mandated provisions governing products and services are utilised to ensure consistency and transparency. These agreements are supported by internal controls and approval processes to ensure that all documentation is accurate, compliant and duly executed, and are regularly reviewed and updated in line with applicable laws and regulatory requirements.

Moreover, the sales teams play an important role in supporting responsible communication by assisting customers in selecting products that are appropriate to their financial needs. Staff are trained to explain product features clearly, highlight key terms and conditions and ensure that customers are fully aware of any potential risks associated with their decisions.

No incidents of non-compliance relating to marketing and communications were reported during the year.

FEEDBACK AND COMPLAINTS

The Company recognises that timely resolution of customer concerns contributes to maintaining trust and supports the continuous improvement of its products, processes and service delivery standards.

Customers are provided with multiple channels to submit feedback or lodge complaints, including a dedicated hotline together with several other channels. Contact details for submitting complaints are available on the corporate website and displayed at customer touch-points to ensure easy access to customers.

Complaints received are handled through a well-documented procedure to ensure all matters are addressed promptly and fairly. As per the established protocols, complaints received through branches are directed to a dedicated officer, following which they are escalated to the relevant department heads for review and resolution, with outcomes reported to the Board to ensure transparency and accountability.

To further strengthen the complaint handling process, an independent unit was established during the year to oversee the end-to-end complaint resolution process.

DATA PRIVACY

CF exercises the highest standards of care in handling personal and financial information, ensuring that such data is used solely for authorised purposes and protected against unauthorised access, disclosure, or misuse.

The Company remains committed to complying with applicable data protection laws and regulations in Sri Lanka, including adherence to the provisions of the Personal Data Protection Act, No. 9 of 2022. Robust internal policies, procedures, and controls are in place to ensure that customer information is collected, stored, processed, and retained securely and responsibly. In addition, appropriate technological safeguards and system security measures have been implemented to further strengthen the protection of sensitive information.

Regular training and awareness programs are conducted to ensure that employees understand their responsibilities relating to data privacy and information security, while remaining updated on evolving regulatory requirements and best practices.

During the year under review, no incidents of data breaches or material compromises of information security were reported.

SUPPLIERS

Suppliers who provide goods and services required to maintain CF's branch network, systems and administrative functions are crucial to ensuring the Company achieves its service continuity objectives. As such, over the years, CF has focused on building a reliable supply chain which consists predominantly of local suppliers.

SUPPLY CHAIN MANAGEMENT

Supply chain management at CF is based on a systematic process of categorisation, where suppliers are categorised based on the nature of goods and services provided, with the relevant departments entrusted with the responsibility of ensuring technical requirements are properly evaluated and operational needs are met without disruption.

Department	Responsibility
Operating Lease	Procurement of vehicles for the purpose of granting operating leases
Motor and Fleet Management Services (FMS)	Management of suppliers involved in vehicle repairs, maintenance and related fleet services
IT Department	Procurement of hardware, software and technology-related services required for business operations
Administration / Human Resources	Engagement with utility providers, building maintenance services and other administrative suppliers Procurement of furniture, fittings, air-conditioning systems, interior works and similar infrastructure requirements

SUPPLIER DEVELOPMENT

CF maintains ongoing relationships with suppliers and service providers by prioritising support for small-scale contractors specifically by engaging them in selected activities under appropriate supervision to enable them to align with required standards. In the year under review, several such new supplier relationships were established to support ongoing operational and infrastructure needs across the network.

COMMUNITY

PROMOTING FINANCIAL INCLUSION

CF contributes to community development primarily through financial inclusion by providing fair access to credit and structured leasing and lending to empower micro-entrepreneurs and small businesses to sustain their operations, create employment opportunities and contribute to broader economic growth, while also helping individuals enhance their earning capacity and financial stability.

As a responsible financial institution, the Company recognises that access to credit, if not properly assessed, may lead to financial strain for borrowers. To mitigate this risk, affordability assessments, cash flow analysis and verification of repayment capacity are carried out prior to granting facilities. Repayment behaviour is monitored on an ongoing basis and where necessary, customers are supported through restructuring arrangements or other appropriate measures to maintain financial stability.

These efforts are supported by financial literacy and advisory initiatives aimed at promoting responsible borrowing, financial discipline and enabling customers to make informed financial decisions. Financial literacy initiatives are carried out across different customer segments, including programmes for small and medium-scale business owners and career guidance sessions conducted for university students to provide exposure to financial services and support informed decision-making.

SME TRAINING AND DEVELOPMENT — IFC PARTNERSHIP

The Company continued its collaboration with the International Finance Corporation (IFC) to support customers engaged in small and medium-scale businesses through targeted training programmes. These programmes focus on areas such as business recovery, development, branding and financial management, enabling participants to strengthen their operational and financial capabilities. Delivered by CF staff trained by IFC, the initiative ensures continuity and effective knowledge transfer, with training sessions conducted during the year to support long-term business sustainability.

COMMUNITY SUPPORT

Beyond promoting financial inclusion through its core business activities, the Company extends its commitment to the wider community through initiatives aimed at addressing social needs and supporting inclusive development. These efforts focus on bridging persistent gaps in access to education and healthcare, underscoring their importance in improving quality of life and enabling long-term socio-economic progress.

COMMUNITY PROJECTS 2025/26

SISU ATHWELA EDUCATIONAL PROGRAMME

An ongoing programme since 2016, the Sisu Athwela programme provides assistance to students from underserved rural communities to continue their studies in order to improve their opportunities for future employment and social mobility.

Under the programme, selected participants, ranging from Grade 6 to Advanced Level receive essential school supplies including books, stationery, uniforms and footwear, together with a monthly stipend for the duration of their schooling. During the 2025/26 150 students from around 100 schools across the island were receiving assistance under the Sisu Athwela programme. Its results are also visible in student achievement. In 2025, five students obtained 9A's at the O/L examination, while four A/L students qualified for university admission in Sri Lanka.

TECHNOLOGICAL SUPPORT FOR SCHOOL CHILDREN

Enhancing digital literacy among school children remains an important focus of the Company's community initiatives. During the 2025/26 financial year, CF's Branch Administration Department, together with the IT Department, implemented a programme to donate refurbished computers to schools identified through the branch network.

Under this initiative, 137 used personal computers were donated to 48 schools with the participation of 43 branches. Branch teams played an active role in identifying suitable schools, preparing the equipment for dispatch and coordinating the delivery process to ensure that the computers reached students who could benefit the most.

SUPPORTING THE FIGHT AGAINST CANCER — PARTNERSHIP WITH THE SRI LANKA CANCER SOCIETY

CF continued its partnership with the Sri Lanka Cancer Society (SLCS) and the Kandy Cancer Home to support the welfare of cancer patients and related healthcare services. Under this initiative, the Company has committed to make a contribution of Rs. 500 from each new credit facility granted to customers to ensure continuous financial support for patient care, medical equipment and awareness programmes.

During the year under review, donations have been made in respect of 37,872 leasing contracts processed by the Company.

PARTNERING WITH THE NATIONAL CREDIT GUARANTEE INSTITUTION LIMITED (NCGIL)

As a partner of NCGIL, CF invested Rs. 37.78 Mn in 2024/2025 and commenced lending operations under the NCGIL credit guarantee scheme during the year, contributing to the upliftment of the MSME sector in Sri Lanka.

Roadmap for the Future	
Short Term (1 year)	**Medium to Long Term (2-3 years)**
➤ Implement the customer feedback call centre system to strengthen customer engagement, enable timely identification of concerns and improve service responsiveness ➤ Expand structured CSR initiatives focusing on education, health and community wellbeing	➤ Expand financial literacy and customer awareness initiatives to support responsible borrowing and informed financial decision-making ➤ Establish a centralised vendor management and review framework to strengthen supplier oversight, performance monitoring and long-term partnerships ➤ Expand sustainable CSR programmes with a greater focus on community development

OVERVIEW

Management Approach

As a service organisation, CF's business model depends heavily on its people, and as such, building an empowered and high-performing workforce remains a top priority. The Company's Human Capital development framework is thus based on a robust four-pronged approach concentrated on Talent sourcing, Talent management, Training and Development and Employee Engagement, all collectively aimed at offering a super employee value proposition that will ensure every one of CF's 1,911 employees remains fully invested and aligned with the Company's performance and progress.

MATERIAL MATTERS

Financial Stability and Growth	Employee Engagement and Development	Safety and Wellbeing
Digital Transformation	Business Process Transformation/ Data Analytics/ Operational Excellence	

SWOT ANALYSIS

STRENGTHS

- Established employer brand
- 82.6% employee retention ratio
- Industry competitive benefits and remuneration structures
- Well-defined performance management system
- Strong focus on employee engagement supported by the 5C model

WEAKNESSES

- High employee turnover among entry-level marketing staff

OPPORTUNITIES

- Greater use of digital channels and partnerships to strengthen employer branding
- Leverage eLearning tools to create an environment for continuous learning
- Expand coaching and mentoring schemes to support succession planning
- Adoption of digital platforms and HR systems to improve efficiency and communication

THREATS

- Intense competition for skilled talent from the NBFI sector
- Increasing expectations around employee engagement and workplace practices

VALUE TRANSFORMATION

ACTIONABLE INITIATIVES FOR 2025/26

- Successfully utilized the CF Academy programme to expedite front-line recruitments
- Expanded the Balanced Scorecard mechanism across all staff to enhance objectivity and integrity of performance evaluations
- Strengthened succession planning through the introduction of specialised leadership development programmes for various employee segments
- Engaged the services of a qualified medical professional to provide guidance to staff on maintaining physical and emotional well-being

IMPACTS ON OTHER TYPES OF CAPITAL

	Improved employee productivity resulting in revenue growth and cost efficiencies - FC
	Investing in building the knowledge of teams strengthens the CF brand and standing in the industry - IC
	Competent employees help build trust among customers and business partners - S&RC

STAKEHOLDER OUTCOMES

- Enhanced career growth, job satisfaction, skill development, and leadership opportunities, leading to higher employee satisfaction and retention.
- Improved service quality and customer experience due to a highly skilled and motivated workforce.
- Creation of employment opportunities across the Country, leading to better overall social well-being.

SDGS

3 GOOD HEALTH AND WELL-BEING
4 QUALITY EDUCATION
5 GENDER EQUALITY
8 DECENT WORK AND ECONOMIC GROWTH
10 REDUCED INEQUALITIES

TEAM PROFILES - 2025/26

Employees by Type

Status	Male	Female	Total
Permanent	1006	451	1457
Contract	43	23	66
Trainees	278	110	388

Employees by Age and Gender

Age Group	Male	Female	Total
18 - 30 Years	368	325	693
31 - 55 years	889	243	1132
56 and above	70	16	86

Employees by Region and Gender

Region	Male	Female	Total
Western Province	487	253	740
Central Province	319	120	439
North Western Province	129	57	186
Sabaragamuwa Province	104	43	147
Southern Province	84	32	116
North Central Province	65	26	91
Uva Province	65	18	83
Eastern Province	44	21	65
North Province	30	14	44

Employees by Category and Gender

Category	Male	Female	Total
Senior Management	47	8	55
Middle Management	215	26	241
Executives	511	156	667
Clerical / Minor	505	377	882
Trainee	49	17	66

HR GOVERNANCE

The Board of Directors, as the highest governing body, remains the ultimate authority in charge of the Company's human capital management framework. Responsibility for implementing Board directives is delegated to the Head of Human Resources, who ensures that all policies, procedures and practices are carried out in full compliance with applicable labour legislation in Sri Lanka as well as internationally recognised principles, including those of the International Labour Organisation and the United Nations Global Compact relating to labour rights.

A comprehensive policy framework covering all key aspects of human capital management provides clear guidance to ensure all activities are conducted in accordance with compliance requirements and best practices. All policies are reviewed on an annual basis by the Head of Human Resources, taking into consideration regulatory developments, evolving business requirements and emerging best practices, with recommendations submitted to the Human Resources and Remuneration Committee for approval prior to implementation.

Regulatory Requirements

- Shop and Office Employees Act of 1954
- Employees' Provident Fund Act (EPF)
- Employees' Trust Fund Act (ETF)
- Payment of Gratuity Act of Sri Lanka
- National Minimum Wage of Workers Act of 2016
- Minimum Retirement Age of Workers Act 2021

Best Practices (UN Global Contact)

- **Principle 4** - Elimination of forced and compulsory labour
- **Principle 5** - Abolition of child labour
- **Principle 6** - Elimination of discrimination in employment and occupation

Policies and Procedures

Recruitment and selection
- Recruitment and selection procedure
- Internal job posting

Remuneration and benefits
- Remuneration and benefits policy
- Leave procedure
- Maternity leave procedure

Culture and conduct
- Code of conduct

Performance management
- Performance appraisal procedure

Training and development
- Annual training plan

Leadership development
- Succession planning process

Safety and wellbeing
- Health and safety policy

Communication and engagement
- Grievance handling procedure
- Whistleblowing policy

Rewards and recognition
- Recognition of academic / professional / social achievements
- Service awards

COMMITMENT TO DIVERSITY, EQUALITY AND INCLUSION (DEI)

CF has always maintained a strong commitment towards creating a fair, inclusive and non-discriminatory workplace, where all employees are provided equal opportunity to grow and succeed. The Company continues to promote balanced representation across all levels of the organisation, with particular focus on strengthening female representation at managerial and senior management levels. Accordingly, Diversity, Equity, and Inclusion (DEI) principles are embedded across all human capital practices including recruitment and selection, remuneration and benefits, performance management, training and development and career advancement.

CF'S GENDER PARITY INDICATORS

	2025/26	2024/25
Overall Gender Balance (Male: Female)	1:0.44	1:0.40
Female Recruits (% of total recruits)	31%	27%
Females Promoted (% of total promotions)	28%	28%
Females in Leadership Roles	15%	16%

TALENT SOURCING

RECRUITMENT AND SELECTION

Recruitment and Selection at CF supports efforts to ensure the right people are in the right roles at the right time. Accordingly, in keeping with the Company's long-standing practice of developing internal talent, all vacancies are first notified internally before being advertised externally, supporting career progression while maintaining alignment with workforce planning priorities. A strictly non-discriminatory approach underpins selections, where candidates for each position are selected based solely on their qualifications, experience, and potential for growth.

In line with its aggressive recruitment drive in the current year to support the expansion of its island-wide branch network, CF explored additional recruitment channels, including digital sourcing and partnerships with educational institutions, coupled with the CF Academy programme, specifically to tap into regional talent. In addition, branch level management was also given greater responsibility in talent sourcing for frontline teams.

CF recruits only full-time employees. All senior management of the Company is recruited locally, from Sri Lanka.

Recruitment and Selection Process at CF

Manpower Plan	Recruitment Coordination	Shortlisting and Evaluation	Reference Checks and Background Verification	CRIB Checks	Final Selection
➤ Part of the business planning cycle, defining staffing needs based on strategic priorities and operational requirements	➤ Alignment between business units and Human Resources to meet workforce needs while maintaining governance and control	➤ Assessment of candidates through interviews and evaluations	➤ Verification of employment history and conduct for all recruits	➤ Mandatory for managerial appointments Annual verification for managerial level and above	➤ Appointment based on suitability and role alignment

CF ACADEMY

The CF Academy was established to support the Company's recruitment strategy by attracting and developing young talent for frontline roles. The programme focuses on recruiting school leavers with potential and equipping them with the necessary skills to take on sales and customer-facing positions across the branch network.

New Hires by Gender		
Male	**Female**	**Total**
454	204	658

New Hires by Age and Gender		
Age Group	**Male**	**Female**
18 - 30 Years	268	187
31 - 55 Years	183	16
56 And Above	3	1

New Hires by Region and Gender		
Region	**Male**	**Female**
Western Province	208	104
Central Province	61	19
North Western Province	46	22
Sabaragamuwa Province	28	14
Southern Province	30	11
North Central Province	28	8
Uva Province	17	8
Eastern Province	22	9
North Province	14	9

Employee Resignation by Gender		
Male	**Female**	**Total**
402	133	535

Employee Resignation by Age and Gender		
Age Group	**Male**	**Female**
18 - 30 Years	208	96
31 - 55 Years	176	27
56 And Above	18	10

Employee Turnover by Region and Gender		
Region	**Male**	**Female**
Western Province	165	70
Central Province	62	17
North Western Province	36	12
Sabaragamuwa Province	21	9
Southern Province	40	6
North Central Province	22	3
Uva Province	20	7
Eastern Province	26	5
North Province	10	4

INDUCTION AND ORIENTATION

Induction and orientation play a key role in supporting CF's talent sourcing strategy by ensuring newly recruited employees are effectively integrated into the organisation and prepared to take on their roles in line with business requirements.

Every batch of new recruits is required to participate in CF's "More Than Just a Workplace Induction Programme", a two-day induction programme which is designed to help them understand the Company's values, policies and performance expectations. Upon completion, recruits are granted access to CF's e-learning portal and are required to complete a series of mandatory modules covering key areas such as the Code of Conduct, Customer Protection Framework, Personal Data Protection Act and Anti-Money Laundering regulations, ensuring that employees clearly understand the ethical, regulatory and compliance requirements applicable to their roles.

The onboarding process was revamped in the current year, with induction sessions conducted on a monthly basis to accommodate the large volume of new recruits. Following the induction, all new employees are placed on a probation period ranging from six to nine months, following which performance is formally evaluated prior to confirmation of employment. Moreover, completion of the required e-learning modules covering compliance obligations and the code of conduct is also compulsory for confirmation of employment.

REMUNERATION AND BENEFITS

CF's Remuneration and Benefits structure aims to attract, motivate and retain high calibre talent by ensuring compensation structures remain competitive, equitable and aligned with industry standards. Salary structures are reviewed periodically to maintain consistency across all levels of the organisation while promoting fairness and transparency in remuneration practices.

In the year under review, the Company revised its salary structures for the clerical employee category to comply with the National Minimum Wage of Workers Act No. 3 of 2026 (Amendment), which came into effect from 1 April 2025, with a further revision taking effect from 1 January 2026. The required adjustments were implemented across the relevant employee category to ensure full compliance with revised minimum wage requirements.

Maternity Leave	2025/26	2024/25
In compliance with the Shop and Office Employees Act of 1954 and the Wages Board Ordinance Amendment Act, female employees are entitled to 84 days paid maternity leave, as well as two hours nursing time until the child is one year of age		
Total number of employees who took Maternity leave	23	11
Total number of employees who returned to work in the reporting period after Maternity leave ended	23	11

Benefits offered to permanent employees of CF

- Annual increments
- Annual bonus
- Insurance
- Staff loan schemes
- Educational loan schemes
- Benefits under the CF Employee Benefit Foundation
- Funeral Relief Scheme
- The Chairman's Relief Fund
- Award of scholarships to children of staff
- CF long service awards

TALENT MANAGEMENT

PERFORMANCE MANAGEMENT

A robust performance management framework underpins the Company's ability to drive accountability, align employee efforts with strategic priorities, and sustain high levels of organisational performance.

At the start of each financial year, clearly defined Key Performance Indicators (KPIs) are established for all employees, ensuring alignment between individual responsibilities and broader business objectives. Performance is evaluated annually through a structured appraisal process that combines self-assessment with supervisory review, with outcomes directly linked to salary increments, promotions, and performance-based rewards. A total of Rs. 450 Mn was distributed as performance bonuses for the year.

During the year, the overall performance monitoring mechanism was further streamlined with the introduction of more frequent engagement by Regional Managers' visits to monitor performance, identify deviations and provide coaching and guidance to branch staff. Simultaneously, the annual evaluation framework was also enhanced with the implementation of the Balanced Scorecard across all employees to enable more objective and consistent measurement of individual performance against departmental and organisational goals.

Employees who consistently uphold the standards expected by the organisation are recognised throughout the year, with selected individuals receiving special recognition for their contribution.

EMPLOYEES SUBJECTED TO PERFORMANCE EVALUATIONS (AS % OF TOTAL EMPLOYEES IN THE CATEGORY)

	2025/26	
Catogory	Male	Female
Executives	86%	96%
Non-executive	66%	64%

EMPLOYEE OF THE MONTH PROGRAMME

The "Employee of the Month" programme is conducted across all branches, city offices and the Head Office to recognise employees who consistently demonstrate excellence in performance and uphold the Company's core values.

Under the programme, Department Heads and Regional Managers nominate employees based on measurable performance, contribution to operations and commitment to maintain high standards in their daily responsibilities.

CF SERVICE AWARDS 2025

Each year, the Company recognises long standing employees by formerly acknowledging their dedication and commitment to the organisation. During the year, fourteen employees who completed 25 years of service were recognised at a special event held on 09 January 2026.

TRAINING AND DEVELOPMENT

Training and development play an important role in ensuring that employees receive the necessary knowledge and exposure required to perform their roles effectively, while also building a skilled and adaptable workforce capable of supporting the Company's operational and business requirements. Training programmes are conducted in line with the annual training plan, which is prepared based on performance appraisal outcomes, departmental requirements and business priorities.

With the expansion of business activities during the year, greater emphasis was placed on conducting training programmes across the branch network and head office to support operational efficiency and service quality. Mandatory learning programmes also continued to be conducted through the e-learning platform, covering key areas such as company policies, regulatory requirements and operational procedures.

Training Mix	2025/2026				
	Number of programs conducted	Number of participants			Number of training hours
		Male	Female	Total	Total
Training programs category					
Marketing	23	918	14	932	6,524
Credit and Recovery	1	12	20	32	224
Leagal and Regulatory	8	8	17	25	175
Finance and Audit	9	143	271	414	2,898
Information Technology	6	14	12	26	182
HR and Admin	8	42	20	62	434
General	27	607	441	1,048	7,336
Deposits	7	142	314	456	3,192
Total	89	1,886	1,109	2,995	20,965

PROCEDURAL COMPLIANCE TRAINING

Procedural compliance training sessions were conducted for branch managers, branch executives, cashiers and clerks to strengthen awareness of audit observations and reinforce adherence to approved procedures. A total of nine programmes were conducted jointly by the Branch Administration, Audit and Human Resources Departments across Colombo, Dambulla and Kandy.

MARKETING TRAINING PROGRAMME

Training programmes were conducted for marketing staff to strengthen product knowledge, credit evaluation, communication and negotiation skills.

Sessions were conducted at regional level based on skill assessment results, covering key subject areas required to support business development and customer acquisition.

NEW SAVINGS SYSTEM TRAINING

Hands-on training sessions were conducted to introduce the new in-house developed Savings System to branch staff. The programme covered system functions, transaction processing, reporting requirements and daily operational procedures to support smooth implementation across all branches.

PROFESSIONAL SKILLS AND DEVELOPMENT TRAINING

Training programmes were conducted to strengthen professional, communication and customer handling skills of employees across different levels of the organisation. These programmes were aimed at improving communication standards, customer engagement and overall professionalism across branches, the contact centre and head office functions.

DIGITAL INITIATIVES TO ENHANCE EMPLOYEE EXPERIENCE

The Digital Business Team implemented several initiatives to enhance internal workflows, strengthen coordination and improve service delivery across the organisation.

Key initiatives included improved workflow tools to minimise manual processing, digitised systems enabling faster access to internal information and enhanced coordination across customer-serving teams.

These initiatives contributed to greater operational efficiency, improved visibility across functions and reduced manual effort.

CAREER PROGRESSION

Career progression at CF is closely linked with the Company's succession planning process. The succession planning team meets bi-annually to review the adequacy of the second line of management and existing talent pools. Following these reviews, development interventions are carried out for selected employees to address identified gaps and prepare them for higher responsibilities.

During the year, Strategic Work Teams were introduced to strengthen practical leadership capabilities in line with the succession planning process. Under the programme, identified teams were assigned specific operational issues, requiring members to analyse challenges and propose solutions collectively.

LEADERSHIP DEVELOPMENT PROGRAMME ON PEOPLE MANAGEMENT AND EFFECTIVE DELEGATION

A training programme on People Management and Effective Delegation was conducted for senior and supervisory level employees to strengthen their ability to manage teams in a changing work environment. The session covered managing different personality types, handling multigenerational teams, improving communication, strengthening accountability and applying effective delegation practices to enhance team performance.

LEADERSHIP DEVELOPMENT PROGRAMME FOR POTENTIAL BRANCH MANAGERS AND BRANCH EXECUTIVES

Development programmes were conducted for employees identified as potential Branch Managers and Branch Executives to prepare them for future internal opportunities within the Company. Participants were selected based on performance appraisals and supervisor recommendations and were trained across both technical and soft skill areas.

The programme focused on developing leadership qualities, improving decision making ability and strengthening the competencies required to take on higher responsibilities within the branch network.

BRANCH EXECUTIVE LEADERSHIP PROGRAMME

A leadership development programme was conducted for existing Branch Executives to strengthen their leadership skills and enhance their ability to guide branch teams effectively. The programme focused on improving thinking patterns, strengthening leadership behaviour and developing the ability to work more effectively with branch staff to achieve operational targets.

Employee promotions by Gender	2025/26 Male	Female	Total
	309	120	429

SAFETY AND WELLBEING

Although the nature of the Company's operations does not expose employees to significant occupational hazards, precautionary measures are maintained across all locations to ensure that staff and assets remain protected. CF complies fully with applicable safety regulations and standards. Safety equipment is installed and regularly maintained at all premises, while trained fire wardens are assigned to the Head Office, city office and branches to ensure prompt response in case of emergencies. Vehicle yards, which are considered higher risk areas, are subject to reinforced safety protocols and supervision.

Safety practices are reinforced through targeted training conducted across key operational locations, ensuring that employees remain well prepared to respond to potential risks and operational incidents in line with established procedures.

All CF employees are also entitled to comprehensive insurance cover for medical and hospitalisation expenses. The Company also places emphasis on employee wellbeing by conducting programmes aimed at supporting both mental and emotional health across the network. Additional attention was given to employee safety and well-being during periods of disruption, with the Company taking steps to ensure that staff received the necessary guidance and support.

EMPLOYEE SUPPORT DURING CYCLONE DITWAH

During Cyclone Ditwah, the Company took additional measures to safeguard the physical and emotional well-being of employees across the network. Medical guidance was obtained from a qualified doctor to support staff safety, and one to one discussions were arranged for employees who required assistance.

BRANCH NETWORK, CITY OFFICE AND HEAD OFFICE MENTAL AND EMOTIONAL WELL-BEING PROGRAMME

Mental and emotional well-being programmes were conducted during the year to support employees across the branch network, city office and head office. A qualified medical professional was engaged to provide guidance to staff on maintaining physical and emotional well-being, while individual discussions and one on one support sessions were arranged for employees who required additional assistance. Wellness sessions were conducted through digital and social media platforms for the benefit of employees who could not participate.

An online emotional well-being programme and on-call support service were also made available to employees, enabling staff to obtain guidance when needed and helping them remain safe, engaged and focused during demanding periods.

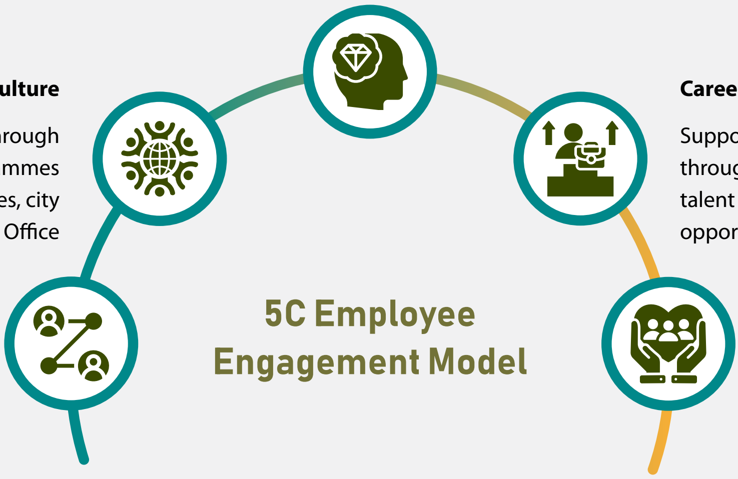
EMPLOYEE ENGAGEMENT

COMMUNICATION AND ENGAGEMENT

Effective communication remains an important part of maintaining a positive work environment at CF. Employee engagement is guided by the Company's 5C Model, which provides a structured framework to strengthen connection, culture, clarity, career development and care across the organisation.

Regular operational meetings, team briefings and internal communication channels are used to keep employees informed of organisational matters, while employees are encouraged to raise feedback or concerns through established communication procedures.

5C Employee Engagement Model



Clarity

Providing clear role definitions, performance expectations and regular discussions to guide employee performance

Culture

Reinforcing Company values through training and recognition programmes conducted across branches, city offices and Head Office

Career

Supporting career progression through succession planning, talent pools and development opportunities for future roles

Connection

Encouraging employees to stay connected with the Company and with each other through engagement initiatives and team interactions

Care

Supporting employee wellbeing through engagement initiatives, counselling support and assistance during challenging situations

A formal grievance handling procedure is in place to ensure that employee concerns are addressed in a fair and confidential manner. During the year, the whistleblowing policy was communicated to employees to further strengthen the reporting framework. All matters raised are reviewed carefully, and corrective action is taken where required while maintaining confidentiality.

GREAT HR QUIZ 2026

CF participated in the Great HR Quiz 2026, organised by the Chartered Institute of Personnel Management (CIPM), competing in the Finance, Insurance, Real Estate and Investment category alongside seventy-four teams from across the industry. The Company secured the Runner Up position, reflecting the knowledge, teamwork and professional competence demonstrated by its participants.

FHA SPORTS FIESTA

Employees participated in the FHA Sports Fiesta organised by the Finance Houses Association, where non-banking financial institutions competed in a range of sporting events. A total of thirty-three companies took part in the event, with almost 73 employees representing the Company.

CF secured first place in the Best House category and second place in the FHA King competition, reflecting the enthusiasm, teamwork and dedication demonstrated by participating employees.

SPEECHCRAFT PROGRAMME

The grand finale of the Speechcraft programme conducted by the Kandy Toastmasters Club for CF Head Office staff was held on 3 June 2025 at Kandy City Hotel. The programme provided employees with the opportunity to improve their public speaking and communication skills, with staff delivering speeches and participating in activities designed to build confidence and presentation ability. The event was attended by senior management and members of the Toastmasters Club.

CF WOMEN'S DAY CELEBRATION 2026

CF conducted the Women's Day celebration this year as well, to appreciate and encourage the women in our workforce for their contributions to their families, the Company, and society, and to inspire them to pursue further career development.

Roadmap for the Future	
Short Term (1 year)	**Medium to Long Term (2-3 years)**
➤ Leverage digital platforms to strengthen recruitment ➤ Strengthen succession planning to establish second-line leadership	➤ Strengthen partnerships with universities and schools to attract young talent and support long-term workforce development. ➤ Introduce a new e-learning system and progressively transition the majority of training programmes to digital platforms. ➤ Expand the succession planning framework to maintain at least two successors for each critical role to ensure leadership continuity. ➤ Develop an integrated HRIS with self-service features and introduce mobile-based HR access for employees.

OVERVIEW

Management Approach

As a service-oriented organisation, CF's direct interaction with natural resources remains limited, with environmental impact arising primarily from energy consumption and operational activities across its network. In response, the Company adopts a structured approach to managing its environmental footprint, focusing on emissions monitoring, waste reduction and water conservation, supported by increased adoption of renewable energy and the integration of digital technology and recycling practices to minimise environmental impact.

MATERIAL MATTERS

- **Digital Transformation**
- **Environmental Advocacy**

SWOT ANALYSIS

STRENGTHS

- Low resource-intensive business model
- Established initiatives supporting renewable energy, recycling and digitalisation

WEAKNESSES

- Continued reliance on grid electricity across operations
- Absence of formal targets for energy, emissions and resource consumption

OPPORTUNITIES

- Expansion of renewable energy across operational locations
- Increased adoption of digital processes to reduce resource consumption
- Development of an Environmental and Social Management System (ESMS)

THREATS

- Increasing regulatory and reporting requirements
- Rising energy demand associated with business growth
- Disruptions to operations due to extreme climate events

VALUE TRANSFORMATION

ACTIONABLE INITIATIVES FOR FY 2025/26

- **Finalisation of an exclusion list for lending activities to restrict financing to identified sectors**
- **Initiation of Scope 1 and Scope 2 emissions measurement**
- **Increase the level of digitisation and process automation, leading to reduction in paper waste**
- **18,619 kg of paper waste recycled**

IMPACTS ON OTHER TYPES OF CAPITAL

	Cost savings through sustainable resource management - FC
	Recognition as a responsible environmental steward - IC
	Build trust among the wider community - S&RC
	Foster an environmentally responsible workforce - HC

STAKEHOLDER OUTCOMES

- **Preservation of forest cover and natural ecosystems**
- **Reduced environmental pollution due to less waste being sent to landfills**
- **Reduced energy consumption through the use of renewable energy sources and energy-efficient technologies**

SDGS

6 CLEAN WATER AND SANITATION

7 AFFORDABLE AND CLEAN ENERGY

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

COMPLIANCE AND BEST PRACTICES

CF's commitment to compliance and best practices is enforced through its ESG Policy, which has been developed in alignment with applicable regulatory requirements and recognised sustainability frameworks to provide the structure for integrating environmental considerations into operational practices.

Further reinforcing its approach to comply with emerging regulatory expectations, CF adopted SLFRS S1 and S2 with effect from the current financial year by presenting a dedicated climate-related section containing disclosures in accordance with these standards.

Environmental Regulations applicable to CF	Scope
Environmental Protection License (EPL) under the National Environmental Act No. 47 of 1980 (Katugastota and Dematagoda Fleet Management Yards)	Regulates emissions, effluent discharge and waste management at operational sites, including vehicle maintenance yards

ENVIRONMENT- FRIENDLY LENDING

Recognising the role financial institutions play in shaping environmental outcomes across the broader economy, CF has initiated efforts to address emissions arising from its activities. In this context, the Company is working towards integrating environmental considerations into financing decisions, with the aim of progressively aligning its portfolio towards lower-carbon and more sustainable economic activities. Environment-friendly lending is currently centered on supporting the transition towards responsible mobility solutions through the provision of credit facilities for electric and hybrid vehicles. With this objective, CF launched CF e-leasing for all electric vehicles and CF e-bike for motorbikes.

Environmental and social considerations within lending activities are in the process of being further strengthened, with CF evaluating the development of an Environmental and Social Management System (ESMS). As a first step towards establishing the ESMS, a formal exclusion list was finalised during the year, outlining sectors and industries that the Company will refrain from lending to.

RESOURCE EFFICIENCY

CF drives resource efficiency to focus on optimising energy consumption and minimising waste generation across its operations to reduce the environmental impact of its operations.

ENERGY

Electricity remains the primary source of energy powering the branch network, head office and operational facilities, procured from the national grid. In line with business growth, energy demand has increased steadily in recent years, prompting efforts to reduce energy consumption through efficiency-driven initiatives and the gradual transition towards renewable energy sources, ultimately reducing dependence on grid-based electricity over time.

CF's transition towards renewable energy follows a phased approach, with rooftop solar photovoltaic systems installed across key operational locations, including the Vauxhall Street office premises, Head Office in Kandy, the Fleet Management Yard in Dematagoda and selected branches. Efforts to improve energy efficiency are further supported by internal awareness initiatives that encourage employees to adopt energy-saving practices in day-to-day operations.

EMISSIONS

Emissions at CF arise primarily from energy consumed across its operations and are managed as part of the Company's broader approach to environmental responsibility.

In line with the requirements of SLFRS S1 and S2, the Company has commenced the measurement of Scope 1 emissions relating to direct emissions from sources owned or controlled by the Company, including fuel used in generators, and company vehicles, LPG consumption, refrigerant leakages, and CO2 Leakages from fire extinguishers along with Scope 2 emissions arising from indirect emissions associated with the consumption of purchased electricity across all operational locations. During the year under review, solar installations generated approximately 306 MWh of electricity, contributing to a reduction of 214.2 metric tons of CO_2 emissions, reflecting the impact of renewable energy initiatives in reducing the Company's carbon footprint.

In addition, work is underway to develop a system to measure Scope 3 emissions, representing other indirect emissions that occur across the value chain and are not directly controlled by the Company.

WATER

CF's use of water is primarily associated with staff utility and sanitation requirements across branches and head office and city office locations. Hence, efforts to minimise water wastage are focused on promoting responsible usage practices among employees through ongoing awareness initiatives that encourage vigilance in preventing unnecessary usage.

In line with its commitment to sustainable water management, CF has also invested in a rainwater harvesting system at its Vauxhall Street office premises. During the period under review, water collected through this system was utilised for gardening and landscaping purposes.

WASTE

Waste generated at CF arises primarily from paper-based processes and electronic equipment, with relatively limited contribution from other sources. The Company's approach to waste management is guided by the 3R principles (reduction, reuse and recycling), with employees made aware of these principles and encouraged to minimise one-time paper usage and instead engage in recycling wherever feasible.

Waste reduction is further supported through the gradual transition towards digital processes and automated workflows.

In addition, targeted initiatives have been implemented to address specific waste streams across operations. Key projects include the introduction of plastic bottle recycling programs at selected locations, including the Vauxhall Street office premises, Head Office in Kandy and the Fleet Management Yard in Dematagoda, carried out in collaboration with Neptune Papers (Pvt) Ltd.

Responsible management of electronic waste forms part of this approach, with electronic equipment, including PC monitors, hard disks and printers, recycled through established disposal practices. During 2025/26, a total of 6,169 Kg of e-waste was recycled.

Environmental Savings from Paper Recycling
Recycling of 18,619 kilograms of paper during 2025/26 contributed to the following environmental savings:
317 Fully Grown Trees
32,676 Litres of Oil
74,476 kWh of Electricity
591,712 Litres of Water
56 Cubic Meters of Landfill
Reduce Green House Gas Emissions by 18,619 kg of Carbon Equivalent

DIGITISATION AND AUTOMATION

The increasing adoption of digital processes has enabled the Company to streamline workflows, minimise manual intervention and reduce reliance on paper-based systems. Key initiatives include the introduction of e-statements for savings accounts and the implementation of paperless processes within internal functions. These measures have contributed to reducing the use of physical documentation while improving accessibility, processing speed and overall efficiency in handling operational activities.

ENVIRONMENTAL STEWARDSHIP

Environmental stewardship at CF extends beyond operational activities, reflecting the Company's intent to support ecological balance and responsible land use where feasible. While initiatives in this area remain at an early stage, the focus for the year was on identifying opportunities to contribute to environmental restoration in a measured and sustainable manner.

In this context, CF is currently evaluating the potential for reforestation of its land located in Pugoda, with the objective of enhancing biodiversity and improving the environmental value of the area.

Roadmap for the Future	
Short Term (1 year)	**Medium to Long Term (2-3 years)**
Formally establish Environmental and Social Management System (ESMS).	**Explore reforestation opportunities at land in Pugoda to support biodiversity and environmental restoration** **Complete measurement and disclosure of Scope 3 emissions by 2027/28 as part of the Company's phased approach to strengthening emissions management practices**

RISK MANAGEMENT REPORT

Robust risk management practices have remained at the heart of CF's operating model, enabling the Company to maintain financial stability and safeguard its reputation as a trusted and dependable financial institution. The Company's disciplined approach to risk has been instrumental in the delivery of sustained value to stakeholders throughout the past 68 years, notwithstanding diverse economic cycles during the past six decades.

INTEGRATED RISK MANAGEMENT FRAMEWORK

As a licensed financial institution governed by the Central Bank of Sri Lanka (CBSL), CF follows the Integrated Risk Management (IRM) Framework as the basis for managing organisation-wide risks.

The IRM Framework is anchored to four key pillars - the Risk Management Process, Risk Governance and Oversight, Risk Control Architecture, and Risk Awareness Culture, collectively forming a fully-fledged ecosystem for the management of key risks within the Company's risk universe.

Integrated Risk Management Framework

CF's risk universe encompasses the key risks inherent to the core business operations, each with the potential to significantly influence strategic direction. Regular environmental scans are conducted to proactively identify and respond to shifts within this risk landscape.

Credit Risk	Market Risk	Liquidity Risk	Operational Risk	IT & Cyber Security Risk	Strategic Risk	Compliance Risk	ESG Risk	Reputational Risk

RISK MANAGEMENT PROCESS

CF's IRM Framework is guided by a structured four-step approach. The process enables the proactive identification, assessment, control, monitoring and reporting of key risks across all levels of the business. This disciplined methodology helps CF safeguard its financial stability, protect its competitive advantage, create consistent stakeholder value and strengthen long-term resilience.

Risk Identification

Discovering potential risks and vulnerabilities

Risk Assessment

Using quantitative and qualitative techniques to evaluate risks

Risk Mitigation

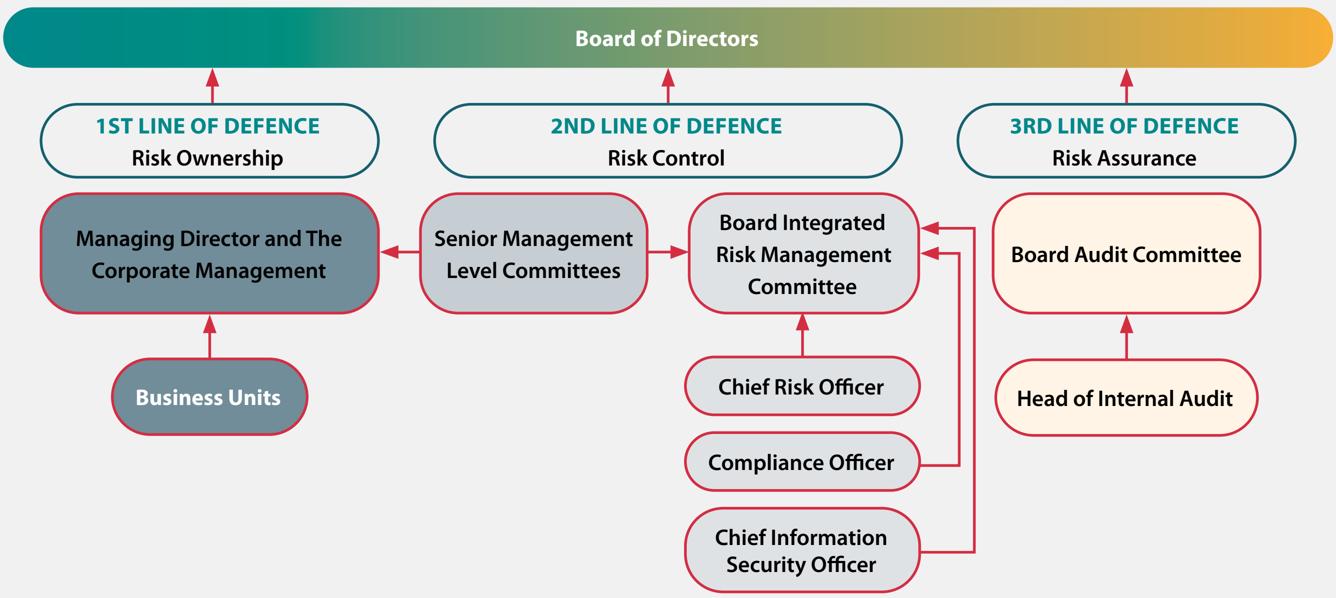
Developing and executing mitigation strategies

Risk Monitoring and Reporting

Continuous and timely recording

RISK GOVERNANCE AND OVERSIGHT

The success of the IRM Framework is supported by a top-down approach to Risk Governance and Oversight.



THE BOARD

The Board, as the highest governance body of the organisation, is in charge of providing oversight for proper risk management and control. The Board is responsible for developing the Risk Strategy and the general principles governing CF's risk appetite and risk profile. The Board is further responsible for establishing appropriate risk policies and tolerance limits for each risk category to ensure operations are consistent with the Company's short, medium and long-term strategic objectives.

THREE-LINES-OF-DEFENCE

The three lines of defence mechanism serves as the basis of enterprise-wide risk governance and oversight, supported by a clear division of responsibilities.

The first line of defence, which consists of the Managing Director and Corporate Management, the Heads of departments/business units, is responsible for implementing Board-approved risk and control procedures on a day-to-day basis as well as for identifying and reporting on potential risk within their immediate operating environment.

The Board Integrated Risk Management Committee (BIRMC), Senior Management Level Committees, as well as the Risk, Compliance and Information Security divisions form the second line of defence. Together, they provide oversight to ensure the effective implementation of the Board-approved risk and control procedures by the first line of defence.

Senior Management Level Committees - the Credit Committee (CC), the Assets and Liabilities Management Committee (ALCO), the Investment Committee (IC), the Information Security Committee (ISC), Board of Management (BOM) and Sustainability Management Steering Committee (SMSC) each composed of the Executive Directors and senior level staff members, are in charge of providing more focused risk oversight on key business functions. Acting under the authority delegated by the Board, these committees review specific risk areas and receive regular reports on internal controls, risk management, portfolio trends, policies, limits and standards.

The Risk Management Division is tasked with monitoring existing risks and working with risk owners to measure risk exposures and identify emerging risks. Based on these findings, the Risk Division is required to recommend to the BIRMC suitable actions to avoid, mitigate, transfer or accept risk. It also monitors the evolving threat landscape and develops proactive controls in collaboration with the first line of defence. The Compliance Division, through its guidance and routine compliance programme, further validates the risk management actions of the first line of defence. In the year under review, the information security division was reformed as an independent Division under the leadership of the Chief Information Security Officer, further strengthening the second line of defence.

The Board Audit Committee, Internal Audit Division and External Auditors serve as the third line of defence to provide independent assurance to the Board that both the first and second lines of defence are operating in line with the Board-approved risk management policies and internal controls and that such controls are executed as intended. Based on the audit findings, the Internal Audit Division is tasked with recommending any process improvements to the Board Audit Committee. On occasions, the Board also seeks additional assurances and opinions from the Company's External Auditors regarding specific risk matters.

RISK CONTROL ARCHITECTURE

Risk Control Architecture operates in tandem with the Risk Management Process. Consisting of the Board-approved institutional framework, including clearly defined risk appetite parameters, tolerance limits, and supporting policies, the control architecture is further complemented by a suite of assessment tools aligned with international best practices, such as stress testing and scenario analysis.

RISK APPETITE

The risk appetite defines the level and type of risk the Company is willing to accept in pursuit of its strategic and financial objectives. The main aim of the risk appetite is to ensure risks are prudently managed within defined parameters in order to balance CF's growth ambitions while maintaining financial stability. The Board of Directors reviews and approves the risk appetite annually, setting clear tolerance limits across key risk areas such as credit, market, liquidity and operational risks, considering the need to safeguard CF's reputation, protect stakeholder interests, and maintain resilience across varying economic conditions.

STRESS TESTING AND SCENARIO ANALYSIS

Stress Testing and scenario analysis are a crucial element of the Company's Risk Control Architecture. It promotes risk identification and control, provides a complementary risk perspective to other risk management tools, improves capital and liquidity management and enhances internal and external communication. The Risk Division uses statistical models to conduct stress testing at regular intervals, and the results are submitted to BIRMC for review. In the current year, the Risk Division commenced quarterly scenario analysis to evaluate the change in the organisation's risk profile under different plausible adverse future conditions, with mitigation strategies developed in response to different scenarios submitted to BIRMC for review.

As part of the overall monitoring framework, stress testing was conducted to assess the impact on the Capital Adequacy Ratio (CAR) covering the following stress scenarios, each evaluated across three severity levels: minor, moderate and major

Risk Category	Stress Scenarios
Credit Risk	➤ Increase in loss ratios of the current credit portfolio. ➤ Potential age downgrade in the credit portfolio across risk buckets. ➤ Increase in non-performing loans within the credit portfolio. ➤ Increase in Loss Given Default (LGD) ratios in Credit Portfolio due to a fall in Collateral Value. ➤ Heightened geographic, sector, product and collateral concentration risks.

Risk Category	Stress Scenarios
Interest Rate Risk	➤ The potential impact of interest rate fluctuations on the economic value of equity using the Modified Duration Gap approach.
Equity Risk	➤ The potential impact of equity price fluctuations on the Company's financial stability.
Liquidity Risk	➤ The potential impact of reduced operating cash flows.
Operational Risk	➤ The potential impact of operating losses not covered by insurance.

CAPITAL PLANNING

The Internal Capital Adequacy Assessment Process (ICAAP) was performed in the current financial year as a capital planning methodology. The ICAAP formally documents the process of assessing the Company's capital adequacy in relation to both Pillar I risks and significant Pillar II risks as outlined in the Basel Capital Accord. Through this process, the Company seeks to systematically identify and evaluate the full spectrum of risks it faces in the course of its operations, and to take proactive measures to mitigate these risks. The ICAAP also enables the Company to determine its current and future capital requirements, ensuring that sufficient levels of capital are maintained to absorb potential losses, safeguard financial resilience and support the long-term sustainability and growth of the business.

RISK REGISTER AND RISK HEAT MAP

The Risk Register serves as an important tool for documenting and tracking all significant risks that may impact CF's ability to achieve its strategic and operational objectives. It captures key information such as risk descriptions, risk owners, potential impacts, likelihood of occurrence and mitigation measures. The purpose of the Risk Register is to provide a structured and transparent overview of the Company's risk landscape, facilitate informed decision-making and ensure that appropriate controls and responses are in place to manage risks effectively across all levels of the business.

A risk heat map is a visual tool used to display and prioritise risks based on their likelihood of occurrence and potential impact. It helps management and BIRMC to quickly understand which risks require immediate attention, which are tolerable, and which need to be monitored.

RISK AWARENESS CULTURE

The effectiveness of the IRM Framework is fundamentally anchored in a strong culture of risk awareness. The Board sets the tone at the top, actively promoting and reinforcing the importance of risk consciousness across the organisation. In line with this mandate, the Risk Management Division is tasked with conducting training and capacity-building initiatives to ensure that employees at all levels understand their role in managing risk and cultivate the right behaviours and mindsets for effective risk management.

MANAGING CF'S KEY RISKS

	Key Factors for 2025/26	Risk Impacts to CF
Political	Political stability resulting from the conduct of elections in the previous year.	Market Risk
Economic	Economic recovery supported by the IMF programme and the conclusion of the external debt restructuring programme.	Market Risk, Credit Risk
Social	Social trends influencing customer behaviour, and changes in demographics and financial literacy affecting product demand.	Strategic Risk, Operational Risk, Reputational risk
Technology	Rapid expansion in digital financial services.	IT and Cyber Security Risk
Legal	CBSL is further strengthening the regulatory framework across the NBFI sector.	Compliance Risk
Environment	Climate change implications and the growing focus on climate finance.	ESG Risk

CREDIT RISK

Credit risk is the risk of financial loss arising from the inability or failure of a borrower or counterparty to meet its obligations. As a financial institution engaged in lending, credit risk remains the material risk for CF. The Company's credit risk arises from Default Risk and Credit Concentration Risk.

CREDIT RISK MANAGEMENT FRAMEWORK

POLICIES AND PROCEDURES

The Board-approved Credit Risk Management Policy provides a comprehensive framework guiding the execution of the Company's credit strategy within its defined risk appetite and the Finance Business Act (FBA) Direction No. 02 of 2024, Credit Risk Management. The stated objective of the policy is to facilitate the systematic identification, assessment and management of credit risk at levels aligned with CF's growth and return objectives.

Likewise, the Board-approved Credit Policy outlines the strategic direction for lending activities, supported by detailed operational manuals covering such areas as credit operations, business loans, pricing, recoveries and impairment. Additionally, delegated authority levels defined by the Board for credit approvals provide the governance structure to promote accountability.

The Board holds ultimate responsibility for setting CF's credit risk appetite and providing overall governance oversight. Under the delegated authority of the Board, Executive Management Committees are entrusted with the responsibility for managing risk activities and reporting key developments to the Board. At the operational level, business units are tasked with operating in line with approved policies and limits. This is complemented by independent oversight from the risk management and compliance divisions, which monitor compliance and support effective risk control.

CREDIT RISK CONTEXT AND STRATEGY FOR 2025/26

During 2025/26, heightened credit demand following the resumption of vehicle imports created new opportunities for CF to expand its credit portfolio. However, borrowers' repayment capacity continued to be hampered by the slow pace of economic recovery, reduced disposable incomes due to higher living costs, income taxes, and weather-related disruptions. Furthermore, regulatory restrictions on asset repossessions and other compliance requirements placed additional pressure on the Company's recovery efforts.

In response, CF leveraged its disciplined underwriting standards and enhanced its credit evaluation processes to expand the lending portfolio while maintaining a focus on achieving risk-adjusted returns. Portfolio monitoring and early warning mechanisms were further strengthened, and recovery efforts intensified to ensure that the Non-Performing Loan (NPL) ratio remained within acceptable parameters.

At the same time, price movements in the registered vehicle market were closely monitored to ensure adequate collateral coverage and maintain prudent loan-to-value (LTV) ratios, thereby safeguarding portfolio quality.

In parallel, quantitative assessment of the credit portfolio's risk profile was carried out in accordance with SLFRS 9 and the requirements of the FBA Direction No. 01 of 2020 Classification and Measurement of Credit Facilities, with regular monitoring and reporting to the Board of Management (BoM) and the Board. In addition, the Risk Division continued to monitor credit risk under the following parameters:

Default Risk: Goals are set in terms of the NPL ratio (90+ days past due) and leasing NPL stock. Performance against these goals is reported regularly to ALCO and BIRMC.

Concentration Risk: Exposure levels across products, sectors, geographic regions and types of acceptable collateral are monitored and reported to BIRMC, with oversight against Board-approved limits.

CREDIT RISK OUTLOOK AND FOCUS FOR 2026/27

Rising geopolitical tensions and trade disputes, conflicts in the Middle East and trade wars between major economies are expected to create a significant shift in the global economic landscape, affecting the prospects of both developed and emerging markets such as Sri Lanka.

Against this backdrop, CF will focus on expanding its loan book by strategically diversifying into innovative product segments to build a strong risk-adjusted portfolio. Portfolio expansion will be underpinned by stringent credit evaluation standards, continuous portfolio monitoring, and proactive recovery strategies. To support these efforts, CF plans to extend the customer risk rating system across all lending products to enhance the depth and consistency of credit decision-making, while a dedicated credit risk management function within the Risk Division has also been established.

At the same time, the Company will ensure the weighted average lending rate remains within acceptable levels to balance profitability and competitiveness. Strengthened risk oversight, including enhanced stress testing, scenario analysis and concentration management, will continue with a view to maintaining a reasonable Non-Performing Loan (NPL) ratio aligned with internal risk appetite thresholds.

MARKET RISK

Market Risk is the likelihood of incurring losses as a result of changes in the value of CF's assets and liabilities owing to movements in interest rates, fluctuations in the exchange rate and shifts in global commodity prices.

Material Market Risks for the Company include; Interest Rate Risk, Equity Risk and Liquidity Risk.

MARKET RISK MANAGEMENT FRAMEWORK

POLICIES AND PROCEDURES

The Board-approved Market Risk Management Policy serves as the overarching mandate to identify, measure, evaluate, monitor, report and control or mitigate market risks on a timely basis.

The Investment Policy provides the framework by which CF manages its investment portfolio by actively pursuing investment opportunities that will provide the optimal returns at acceptable levels of risk, whilst complying with all statutory and regulatory requirements that govern the Company's investment portfolios.

The Board works closely with the Board Integrated Risk Management Committee (BIRMC) and the Board Audit Committee (BAC) to provide strategic oversight for managing Market Risk. Additionally, the Treasury Division, ALCO, and the Investment Committee, undertakes to identify, assess, and manage Market Risk at the transaction level in line with the Company's risk-return strategy. The Risk Management Division monitors exposures to ensure they remain within approved risk appetite and regulatory limits while providing independent oversight and validation through the Treasury Middle Office.

INTEREST RATE RISK CONTEXT AND STRATEGY FOR 2025/26

The Central Bank of Sri Lanka (CBSL) ensured relative policy stability during 2025/26 with the objective of managing inflation and driving private sector credit expansion amidst improving macroeconomic conditions. A slight increase in interest rates was noted in the second half of 2025/26.

For CF, movement of interest rates presented both opportunities and challenges. While lower rates and resumption of vehicle imports supported demand for credit, managing the cost of funding proved to be a challenge. Consequently, the Company focused on the timely repricing of assets and liabilities, and optimising the funding mix to manage the cost of funds.

Market interest rate movements were closely monitored and remained a key part of discussions at monthly Asset and Liability Management Committee (ALCO) meetings. Based on these discussions, strategic repricing decisions were undertaken to manage exposure. Regular updates on interest rate margins, investment exposures, interest rate sensitivity analysis and stress testing results were provided to the Board Integrated Risk Management Committee (BIRMC) and the Board.

INTEREST RATE RISK OUTLOOK AND FOCUS FOR 2026/27

Market interest rates are likely to remain relatively stable in the upcoming year, with the CBSL expected to maintain a cautiously accommodative stance to support growth while safeguarding financial sector stability.

In this context, CF will focus on the appropriate repricing of assets and liabilities. Strategic pricing of new lending products will be critical to ensure competitiveness while maintaining acceptable returns. Managing funding costs will also be crucial, with efforts directed towards optimising the funding mix with emphasis on mobilising medium to long-term deposits.

Meanwhile, considering potential macroeconomic uncertainty that could arise from conflicts in the Middle East and trade wars between major economies, the Company will remain vigilant and focus on actively managing interest rate fluctuations.

EQUITY RISK

CF is exposed to equity risk as a result of market movements in equity price that impact the Company's equity investment portfolio in quoted securities and equity unit trusts.

EQUITY RISK CONTEXT AND STRATEGY FOR 2025/26

Sri Lanka's equity market demonstrated strong gains throughout 2025/26, on the back of greater economic stability and investor confidence. In line with the overall improvement in the equity market, CF continued with efforts to monitor and manage market risks, including the risk division taking over treasury middle office functions.

EQUITY RISK OUTLOOK AND FOCUS FOR 2026/27

A stable and positive outlook in the equity market, with improved investor confidence and market activity, is expected in 2026/27 as well. The Company aims to maximise the return while managing the risks within set parameters.

LIQUIDITY RISK

Liquidity Risk arises when a Company cannot efficiently convert its assets into cash or access sufficient funding to cover its liabilities as they come due without incurring significant losses.

LIQUIDITY RISK MANAGEMENT FRAMEWORK

POLICIES AND PROCEDURES

The Board approved Liquidity Risk Management Policy and Procedure, which sets out guidelines to ensure CF maintains an adequate liquidity profile at all times to meet its contractual financial obligations and regulatory requirements, regardless of market conditions. Under the direction of the Board, the Board Integrated Risk Management Committee (BIRMC) and the Board Audit Committee (BAC) assess compliance with approved policies, procedures, and regulatory requirements while ensuring alignment with the Company's overall risk appetite and strategic objectives. The Risk Management Division ensures appropriate controls, monitoring, and reporting mechanisms are in place to maintain a strong and stable liquidity position aligned with the Company's strategic direction.

LIQUIDITY RISK CONTEXT AND STRATEGY FOR 2025/26

In 2025/26, the Company maintained a sound liquidity position amidst higher funding requirements to support the growth in the lending portfolio. During the year, close monitoring of maturity gaps became essential to ensure sustained liquidity levels. Maturity gap analysis was conducted using both contractual and behavioural maturity profiles to identify potential funding mismatches and liquidity needs. Key liquidity ratios were measured under both stock and flow approaches, with performance closely monitored at ALCO and BIRMC meetings.

Additionally, regular reviews were performed to assess the adequacy of approved undrawn contingency funding lines and the status of the excess investment portfolio.

LIQUIDITY RISK OUTLOOK AND FOCUS FOR 2026/27

Effective liquidity management will be critical to sustain operational stability and enable business expansion. The focus for 2026/27 will therefore be centred on maintaining a sound liquidity position while supporting the continued growth of the credit portfolio.

Efforts will be directed toward mobilising medium to long-term deposits. Equally importantly, maturity profiles will be closely monitored to ensure sufficient liquidity buffers are maintained to meet all contractual and unexpected obligations under varying market conditions.

Liquidity management strategies will also include strengthening contingency funding plans, optimising the investment portfolio for returns and liquidity, and enhancing stress testing frameworks to proactively manage emerging risks.

With the Central Bank's issuance of FBA Direction, No. 03 of 2025 on Liquidity Risk Management, set to come into effect from 01st April 2026, the Company will focus on ensuring full compliance, from identifying gaps in the existing framework, updating internal policies and procedures and upgrading systems to deliver targeted improvements. New liquidity risk indicators will also be introduced to further strengthen liquidity risk management.

OPERATIONAL RISK

Operational risk is the possibility of incurring losses as a result of inadequate or failed internal processes, people, systems or external events.

OPERATIONAL RISK MANAGEMENT FRAMEWORK

POLICIES AND PROCEDURES

CF's Operational Risk Management Framework is built around a comprehensive range of policies and procedures designed to identify, assess, mitigate, monitor and report operational risks across the Company. These policies serve as the foundation for strengthening internal controls, ensuring business continuity, safeguarding information assets and maintaining regulatory compliance.

At the core of this framework is the Operational Risk Management Policy established during the year in line with the FBA Direction No. 04 of 2024 to ensure risks stemming from internal operations, technological systems, human factors, or external influences are consistently identified, assessed, monitored, controlled and reported in a timely and structured manner. The policy offers a comprehensive framework covering all stakeholders engaged in operational activities.

OTHER KEY POLICIES INCLUDE:

The Operational Loss Events Policy, which outlines clear procedures for recognising and addressing transactions or incidents that may lead to operational losses, thus enabling timely intervention and remediation to minimise potential financial and reputational damage.

The Business Continuity Policy and Disaster Recovery Plan are vital components of CF's Operational Risk Management framework. Collectively, they ensure the Company's ability to sustain operations and protect key assets during unexpected disruptions.

The IT Security Policy is designed to protect the Company's information assets from unauthorised access, disclosure, modification or destruction. The policy clearly defines roles, responsibilities and security expectations for employees, contractors and third-party service providers while ensuring adherence to legal and regulatory standards.

The Outsourcing Policy governs the management of risks associated with engaging external service providers by setting out detailed controls to ensure that outsourcing arrangements are secure, efficient and compliant with regulatory expectations, covering aspects such as due diligence, performance monitoring and accountability.

Moreover, various Manuals of Procedures set out the internal control mechanisms necessary for the effective functioning of business processes. These manuals help standardise operations, clarify responsibilities and enhance the reliability and efficiency of day-to-day activities across all business units.

The Board, along with the Board Integrated Risk Management Committee (BIRMC) and the Board Audit Committee (BAC) are responsible for overseeing Operational Risk. Operational teams, including Business Unit Heads, Branch Managers, and Regional Managers, are tasked with the identification, assessment, and mitigation of risks at the business level, in line with the established operational risk framework. The Risk Management Division and the Compliance Division provide continuous guidance to operational teams to ensure compliance with internal and regulatory requirements. The Risk Management Division and the Compliance Division also undertake ongoing monitoring of emerging risks and reporting of significant risk events to senior management and oversight committees.

OPERATIONAL RISK CONTEXT AND STRATEGY FOR 2025/26

With the implementation of the regulatory mandated FBA Direction No 04 of 2024 on Operational Risk Management, the Company initiated a series of measures to further strengthen operational risk management including, reinforcing the operational risk governance structure by clearly defining roles and responsibilities of each line of defence, introducing new operational risk indicators to improve monitoring and response, conducting comprehensive Risk and Control Self-Assessments (RCSA) across departments to identify control gaps and process inefficiencies, analysing loss and near miss incidents leading to introducing new controls, redesigning existing internal controls to enhance operational resilience and delivering targeted staff training and awareness programmes.

OPERATIONAL RISK OUTLOOK AND FOCUS FOR 2026/27

In 2026/27, the focus will be on further strengthening the operational risk management framework to enhance CF's resilience in a dynamic risk environment and improve operational efficiency. The Company will continue to build internal processes, improve incident reporting mechanisms and enhance staff awareness to proactively address emerging risks such as fraud, cybersecurity threats and system disruptions.

IT & CYBERSECURITY RISK

As a financial institution, CF is inherently exposed to evolving IT and cybersecurity risks arising from the rapid digitalisation of financial services, increased system interconnectivity, expanding cloud adoption, and greater reliance on third-party service providers. These developments heighten the risk of cyberattacks, ransomware, data breaches, insider threats, service disruptions, operational failures, and regulatory non-compliance, reinforcing the need for robust controls to protect critical information assets, maintain operational resilience, and preserve stakeholder confidence.

Cybersecurity risk is managed as a key subset of operational risk due to its increasing strategic, operational, and regulatory significance, supported by dedicated governance structures, independent oversight mechanisms, resilience capabilities, and continuous monitoring processes.

IT & CYBERSECURITY RISK MANAGEMENT FRAMEWORK

POLICIES AND PROCEDURES

Given the financial sector's critical role in the economy, CF recognises the heightened risk of cyber threats and the potential financial, operational, and reputational impacts of cybersecurity incidents. In response, the Company has implemented a comprehensive IT and cybersecurity governance framework designed to mitigate technology-related risks, ensure regulatory compliance, and safeguard the confidentiality, integrity, and availability of its information assets and infrastructure.

Aligned with global best practices and regulatory expectations, this framework encompasses policies, procedures, and control standards covering information security, data protection, access governance, identity and access management, privileged access management, incident response, business continuity, disaster recovery, third-party risk, outsourcing governance, change management, asset management, vulnerability management, cloud security, operational resilience, and employee awareness programs.

The framework further incorporates secure configuration management, cybersecurity monitoring, security logging, SIEM-based event correlation, data loss prevention, cyber resilience practices, continuous control monitoring, secure system development, threat intelligence integration, and governance-driven cybersecurity awareness initiatives aligned with applicable regulatory expectations.

Technology and cybersecurity risks are managed within Board-approved risk appetite thresholds and tolerance levels aligned with the Company's Integrated Risk Management Framework. Periodic IT and cybersecurity risk assessments are conducted to identify, assess, prioritise, and mitigate emerging threats, technology vulnerabilities, operational risks, and regulatory compliance exposures using a risk-based approach.

Critical information assets and systems are identified, classified, and periodically reviewed in accordance with Board-approved information classification and data governance standards based on business criticality, confidentiality requirements, operational dependency, and regulatory sensitivity. Information assets are assigned to designated business and technical owners responsible for classification, access governance, lifecycle management, data protection obligations, and control effectiveness.

Centralised security logging, audit trail monitoring, SIEM-based event correlation, and continuous security monitoring mechanisms are maintained to support proactive threat detection, incident investigation, resilience management, and regulatory compliance requirements.

These controls are periodically reviewed, independently assessed, tested, and enhanced to remain effective and aligned with evolving cyber threats, technological advancements, operational requirements, and regulatory expectations as part of the Company's continuous cybersecurity improvement program.

The Board is responsible for formulating, approving, and reviewing at least annually the Company's IT and cybersecurity strategy and governance framework to ensure continued alignment with business objectives, resilience priorities, emerging cyber threats, and regulatory requirements. The Board also oversees the allocation of resources and monitors key technology and cybersecurity risks through the Board Integrated Risk Management Committee (BIRMC) and the Board Audit Committee (BAC).

The Board, through the BIRMC and BAC, receives periodic reporting on key technology and cybersecurity risk indicators, material incidents, vulnerability trends, resilience readiness, third-party risk exposures, remediation status, regulatory compliance obligations, and emerging cyber threat developments to support ongoing oversight and informed decision-making.

The Board also participated in structured annual information security awareness and cybersecurity governance programs conducted by qualified cybersecurity professionals during the year, in line with regulatory expectations and governance requirements.

Technology operations, including infrastructure management, system administration, control implementation, patch management, and vulnerability remediation, are managed under the Information Technology function led by the General Manager – IT. Security monitoring, threat detection, and cybersecurity incident response activities are coordinated through a dedicated Security Operations Centre (SOC) operating under the oversight of the Chief Information Security Officer (CISO).

Operating independently within the second line of defence, the Chief Information Security Officer (CISO) oversees the effectiveness of the cybersecurity risk management framework, monitors compliance with regulatory and internal security requirements, performs independent cyber risk oversight, and reports significant cyber risks, incidents, control weaknesses, and emerging threat trends to the Board through the Information Security Committee and BIRMC. Independent assurance over both technology operations and cybersecurity controls is provided through the Internal Audit Division and independent assessments.

Independent security testing activities, including vulnerability assessments, penetration testing, cybersecurity control reviews, and resilience validation exercises, are conducted under formally approved scopes, governance arrangements, and segregation protocols designed to preserve objectivity, independence, and appropriate separation from operational technology management functions.

In accordance with the Finance Business Act Direction No. 01 of 2022, vulnerability assessments of information systems were conducted every quarter during the year, while independent penetration testing of critical, customer-facing, and customer data systems was carried out periodically by qualified internal and external specialists. Findings were reviewed through established governance channels and escalated to the Board through BIRMC.

User access reviews are conducted in accordance with Finance Business Act Direction No. 01 of 2022, with critical information systems reviewed monthly, systems exposed to customer data reviewed quarterly, external and customer-facing system users reviewed on a semi-annual basis, and all other systems reviewed annually.

Industry-standard data loss prevention (DLP), encryption, and data protection controls have been implemented across relevant Company and applicable third-party environments, supported through periodic monitoring, quarterly compliance reviews, and continuous enhancement initiatives.

Identity and privileged access management controls are enforced based on the principles of least privilege, need-to-know access, segregation of duties, and maker-checker controls. Privileged activities are subject to controlled approval workflows, periodic access recertification, monitoring, and audit trail review processes to minimise the risk of unauthorised access, misuse of privileges, and control circumvention.

Third-party cyber and technology risks are governed under a Board-approved outsourcing strategy that defines risk tolerance thresholds and engagement limits for external service providers. These risks are managed through Board-approved outsourcing and vendor risk management frameworks incorporating due diligence assessments, security reviews, contractual safeguards, ongoing monitoring, periodic reassessments, independent assurance reviews, and risk-based oversight mechanisms.

Cybersecurity and resilience considerations are integrated into third-party onboarding, solution implementation, outsourcing evaluations, and ongoing vendor governance processes. This includes the assessment of subcontracting arrangements, external connectivity risks, data hosting arrangements, privileged access exposure, and concentration risks associated with critical service providers. Accountability, governance oversight, and regulatory compliance obligations relating to outsourced services remain with the Company irrespective of third-party engagement arrangements.

Cloud services and externally hosted technology platforms are governed through risk-based security assessments, secure configuration standards, shared responsibility governance models, contractual security obligations, ongoing monitoring controls, and periodic assurance reviews to ensure the confidentiality, integrity, availability, and resilience of information assets hosted within cloud environments.

Secure system development, secure coding practices, security testing, vulnerability assessments, secure configuration management, and change management practices are integrated into technology implementation and system development lifecycle processes to minimise security vulnerabilities and operational risks. Security reviews and risk assessments are incorporated into material technology changes and new system implementations prior to production deployment.

Secure-by-design principles, threat modelling practices, security architecture reviews, and risk assessments are incorporated into material system acquisitions, digital transformation initiatives, cloud adoption programs, application modernization activities, and technology solution implementations to proactively identify and mitigate security and operational risks before deployment.

Critical system backups, recovery objectives, recovery time objectives (RTOs), recovery point objectives (RPOs), disaster recovery processes, and cyber resilience capabilities are periodically reviewed, tested, and validated through structured recovery simulations and failover exercises to ensure data integrity, recoverability, operational continuity, and recovery readiness during disruptive events.

Operational resilience assessments are periodically conducted to evaluate the Company's ability to prevent, respond to, recover from, and adapt to technology disruptions, cyber incidents, and operational failures impacting critical business services. Recovery strategies, failover capabilities, crisis communication mechanisms, and continuity procedures are validated through scenario-based simulations, disaster recovery exercises, and cyber resilience testing programs involving relevant business, technology, and governance stakeholders.

The Company continuously monitors compliance with applicable laws, regulations, regulatory directions, industry standards, and supervisory expectations relating to technology risk, cybersecurity, data protection, outsourcing, operational resilience, and information security governance. Regulatory observations, audit findings, control deficiencies, and remediation activities are monitored through established governance structures until satisfactory resolution.

Cyber threat intelligence feeds, emerging attack indicators, vulnerability intelligence, and evolving threat patterns are continuously monitored, assessed, and integrated into cybersecurity monitoring, incident response, and risk management processes to strengthen proactive cyber risk management and organisational resilience capabilities.

Cybersecurity awareness, accountability, and risk ownership are promoted across the organisation through continuous awareness programs, phishing simulations, role-based training initiatives, and governance-driven cybersecurity culture enhancement activities.

The Company maintains a continuous improvement approach toward technology and cybersecurity governance through periodic maturity assessments, independent reviews, benchmarking exercises, and risk-based enhancement initiatives aligned with evolving business requirements, threat landscapes, technological advancements, and regulatory expectations. Key governance, resilience, and cybersecurity performance indicators are periodically monitored to assess control effectiveness, resilience readiness, and overall governance maturity.

Governance oversight of technology and cybersecurity risks is coordinated across the Board, BIRMC, BAC, Information Security Committee, Information Technology function, Information Security function, Risk Management function, and Internal Audit function to ensure clear accountability, segregation of duties, escalation, and independent assurance structures across the organisation.

IT & CYBERSECURITY RISK CONTEXT AND STRATEGY FOR 2025/26

In the current year, CF faced an evolving cybersecurity landscape driven by rapid digital transformation, increased cloud adoption, and reliance on third-party service providers, which introduced heightened risks such as ransomware, phishing attacks, insider threats, data breaches, and supply chain vulnerabilities. Regulatory expectations relating to data protection, incident response, outsourcing governance, and vulnerability management also required enhanced governance, monitoring, and compliance capabilities.

To address these challenges, the Company further strengthened its cybersecurity governance framework through the deployment of enhanced capabilities.

Incident Response, Business Continuity, and Disaster Recovery plans were formally tested during the year using realistic simulation scenarios to validate resilience readiness, response effectiveness, and recovery capabilities, with results reviewed through the Information Security Committee and BIRMC.

Cloud security policies and compliance monitoring practices were aligned with applicable international standards and the Central Bank of Sri Lanka directives.

Vendor risk management protocols were strengthened, while employee awareness was enhanced through targeted training programs and phishing simulation exercises.

Periodic vulnerability assessments, independent penetration testing exercises, access governance reviews, and cybersecurity monitoring enhancements were further strengthened during the year to align with evolving regulatory expectations and emerging cyber threats.

Steps were also taken during the year to align the Company's data governance practices with the requirements of the Personal Data Protection Act No. 09 of 2022, including reviews of data handling policies, access controls, privacy management, consent management procedures, and data retention practices.

Independent audits and assurance reviews validated the effectiveness of governance structures, cybersecurity controls, and resilience capabilities, supporting CF's proactive approach toward managing emerging cyber risks and safeguarding critical information assets.

The cybersecurity governance framework was further strengthened during the year as part of the Company's continuous improvement initiatives to align with evolving operational requirements, emerging threat patterns, and increasing regulatory expectations.

IT & CYBERSECURITY RISK OUTLOOK AND FOCUS FOR 2026/27

In the coming year, CF anticipates a continued increase in both the frequency and sophistication of cyber threats, including ransomware, advanced persistent threats (APTs), insider threats, supply chain attacks, cloud-based threats, and emerging technology-related risks. In response, the Company will continue strengthening its cybersecurity governance framework, threat detection capabilities, cybersecurity monitoring processes, advanced security analytics, machine learning-assisted threat detection capabilities, and integration of real-time threat intelligence to improve proactive cyber defence and organisational resilience.

The Company maintains ongoing cybersecurity monitoring and incident response capabilities and will continue enhancing advanced threat detection, cloud security, data protection, cyber recovery, and resilience capabilities as part of its ongoing cybersecurity maturity and operational resilience programs.

As cloud adoption, digital transformation initiatives, hybrid infrastructure models, and remote work arrangements continue to evolve, CF will focus on strengthening security protocols and mechanisms to reduce evolving cyber risks across distributed environments.

The Company also plans to further strengthen collaborative cyber defence capabilities through structured purple team exercises designed to improve coordination between offensive security testing activities and defensive monitoring teams.

The compliance framework will continue to be strengthened in alignment with evolving regulatory requirements, including the Personal Data Protection Act (PDPA), CBSL regulatory expectations, operational resilience obligations, and information security governance requirements, with continued emphasis on auditability, access governance, data protection, privacy management, records governance, and enterprise data governance practices.

Third-party cybersecurity oversight will continue to be strengthened through enhanced vendor risk assessments, outsourcing governance controls, periodic security reviews, concentration risk assessments, ongoing monitoring mechanisms, and strengthened contractual, assurance, and cybersecurity compliance requirements applicable to external service providers and critical technology partners.

Governance practices relating to emerging technologies, including AI-enabled solutions, intelligent automation capabilities, advanced analytics platforms, and digital transformation initiatives, will continue to be strengthened through risk-based oversight, security architecture reviews, independent risk assessments, governance-driven implementation controls, and secure-by-design principles.

Key cybersecurity risk indicators, resilience metrics, remediation performance measures, control effectiveness indicators, and operational resilience metrics will continue to be monitored through established governance structures to support informed decision-making, regulatory oversight, and continuous improvement initiatives.

Cybersecurity awareness and accountability will remain a key organisational priority, supported through continued employee awareness programs, management training initiatives, Board-level cybersecurity governance programs, phishing simulation exercises, and role-based security awareness activities aimed at strengthening the Company's overall cybersecurity culture, governance maturity, and human-risk resilience capabilities.

STRATEGIC RISK

Strategic risk arises as a consequence of factors such as regulatory changes, economic shifts, disruptive technologies, competitive dynamics or poor strategic choices that could adversely impact the Company's long-term objectives.

STRATEGIC RISK MANAGEMENT FRAMEWORK

POLICIES AND PROCEDURES

Strategic risk at CF is effectively managed under the stewardship of the Board of Directors. The Board provides overall strategic direction and oversees the strategic planning process. Each planning cycle begins with a comprehensive assessment of the internal and external environment, enabling the Board and senior leadership to identify key risks and opportunities. Based on this analysis, strategic priorities are defined and translated into clear corporate goals. These are then cascaded down to business units through detailed business plans, and further into departmental targets and KPIs, thereby ensuring every level of the organisation is working towards a shared set of objectives.

Performance against these strategic goals is continuously monitored by the Board and its committees, in particular the Board Integrated Risk Management Committee (BIRMC) and the Board Audit Committee (BAC), which review progress at regular intervals. They assess performance metrics, risk dashboards, and operational updates to ensure that implementation is on track and that emerging risks are being addressed. Any deviations or issues are escalated for corrective action.

STRATEGIC RISK OUTLOOK AND FOCUS FOR 2026/27

Looking ahead to 2026/27, CF will further reinforce its strategic planning and risk oversight processes to ensure that strategic decisions remain agile and well-aligned in responding to an increasingly complex and dynamic risk environment.

COMPLIANCE RISK

Compliance risk for CF refers to the potential for regulatory breaches, legal penalties, financial losses or reputational damage arising from failure to adhere to applicable laws, regulations, internal policies and ethical standards. This includes risks associated with anti-money laundering (AML), Countering the Financing of Terrorism (CFT), data privacy, consumer protection and broader regulatory compliance requirements applicable to the financial services industry.

COMPLIANCE RISK MANAGEMENT FRAMEWORK

POLICIES AND PROCEDURES

To manage this risk effectively, CF has put in place a dedicated Compliance Division that operates autonomously. Existing and evolving risks at the macro level are factored into risk assessment, mitigation, and reporting mechanisms of the Compliance Division. At the micro level, all client relationships are subject to continuous due diligence, which includes individual-level risk assessments, controls, and transactional monitoring. All client relationships are also subject to review based on predetermined frequencies as well as on an ad-hoc basis where necessary. All client-level transactions are screened through an automated monitoring system and reviewed by the Compliance Division.

The Compliance Division reports functionally and directly to the Board Integrated Risk Management Committee (BIRMC), thereby ensuring that compliance oversight is embedded at the highest level of governance. The Compliance Division also undertakes mandatory reporting on cash and electronic fund transactions to the Financial Intelligence Unit (FIU) of the CBSL as required.

COMPLIANCE RISK CONTEXT AND STRATEGY FOR 2025/26

CF's Compliance Function actively observed the evolving external regulatory landscape to identify emerging risks early, while internal compliance was assessed through systematic sample testing of business processes and practices. Accordingly, surveillance in relation to and reporting in relation to money-laundering and terrorist financing (ML-TF) risk was tightened in tandem with the government's anti-corruption and anti-drug efforts. The Board was regularly updated on key developments through the BIRMC, ensuring continuous oversight and accountability.

COMPLIANCE RISK OUTLOOK AND FOCUS FOR 2026/27

Looking ahead, CF expects the compliance risk profile for 2026/27 to remain consistent with the previous year, within the low to low-medium range. The company will continue to invest in compliance systems and processes, stay attuned to regulatory changes and maintain its commitment to upholding a strong compliance culture across all levels of the organisation. With the ML-TF risk-related regulations due to be reviewed and the respective laws expected to change, the Company will review its policies, procedures, systems, learning and communications accordingly.

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) RISK

ESG risk has emerged as a material area of focus for CF, amidst the growing recognition that long-term business sustainability is closely tied to an organisation's ability to manage its environmental impact, social responsibilities, and governance practices. As regulatory expectations and stakeholder demand around sustainability continue to evolve, CF acknowledges that inadequate management of ESG risks can result in reputational harm, financial penalties, operational disruptions and diminished stakeholder trust. Conversely, proactive ESG risk management presents significant opportunities to create long-term value, improve resilience and strengthen stakeholder relationships.

ESG RISK MANAGEMENT FRAMEWORK

POLICIES AND PROCEDURES

CF has adopted a structured approach to ESG risk and opportunity management through the implementation of a formal ESG Policy to guide the integration of ESG principles into the Company's strategic and operational decision-making processes. The Policy, which represents CF's commitment to uphold transparency and accountability, ensures adherence to ethical business conduct and good governance principles. The ESG Policy outlines three key pillars of sustainability.

Environmental Sustainability - Promotes green financing products and services, leverages digital solutions to reduce paper use and travel, prioritises energy efficiency and engages in environmental advocacy initiatives.

Social Sustainability - responsible lending practices, initiatives to enhance financial inclusion, a commitment to providing a safe, equitable workplace and programmes aimed at social empowerment.

Governance Sustainability - Reinforces the principles of good governance and ethical business conduct, with a focus on responsible value creation, stakeholder engagement and productivity improvements through lean management.

The Board is charged with establishing the Company's ESG priorities. The Board, assisted by the Board Integrated Risk Management Committee (BIRMC) and the Board Audit Committee (BAC), undertakes to institutionalise the ESG framework to integrate sustainability-related risks into the broader risk management process. These efforts are coordinated by the Sustainability Management Steering Committee (SMSC), which monitors progress against established metrics and roadmaps, oversees regulatory compliance and risk evaluation, and reports regularly to the Board through the relevant governance channels. Across the business, dedicated teams drive on-ground sustainability initiatives to embed sustainability into day-to-day operations.

ESG RISK CONTEXT AND STRATEGY FOR 2025/26

In 2025/26, the Country faced increased environmental instability, with extreme weather events such as Cyclone Ditwah in November 2025. These climate-related disruptions increased financial pressure on certain borrower groups, in turn elevating the credit risk, particularly in lending portfolios tied to agriculture and informal economic sectors.

Additionally, ESG governance structures were further strengthened, while the ESG risk control framework was also further expanded with the introduction of an exclusion list to guide lending operations. CF also conducted emission computations in line with the requirements of SLFRS S1 and S2. In parallel, steps were taken to build internal capacity by upskilling employees through targeted ESG training with the support of external subject matter experts.

ESG RISK OUTLOOK AND FOCUS FOR 2026/27

Recognising the increasing frequency and severity of climate risk events, the Company expects to integrate climate stress testing into its integrated risk management framework in 2026/27 to further strengthen CF's ESG risk framework.

SLFRS CLIMATE-RELATED FINANCIAL DISCLOSURES

This report provides details of the climate-related financial disclosures of Central Finance Company PLC, prepared in accordance with the Sri Lanka Sustainability Disclosure Standards SLFRS S1, General Requirements for Disclosure of Sustainability-related Financial Information, and SLFRS S2, Climate-related Disclosures. It explains how the Company and the Group integrate Climate-Related Risks and Opportunities (CRROs) into their core business model and value chain, and how these considerations are aligned with governance, strategy, risk management, and metrics and targets.

1. BASIS OF PREPARATION

1.1. REPORTING ENTITY

This report contains the climate-related financial disclosures of Central Finance Company PLC (the Company) and its subsidiaries (collectively, the Group) for the year ended 31 March 2026.

1.2. BUSINESS MODEL AND VALUE CHAIN

Central Finance Company PLC, as a licensed finance company serves individuals, businesses, government entities, and institutions, supporting their financial needs through offering a range of retail and corporate financing products. The Company focuses on stable revenue growth, efficient resource utilisation while managing the risk prudently. It operates 110 branches across Sri Lanka. There are eleven subsidiaries and one associate which operate within the Central Finance Group. The information relating to the Company, its subsidiaries and its associate and their operations is presented in Notes 1.1 to 1.4 of the financial statements. The non-financial information presented in this report relating to climate-related Governance, Strategy, Risk Management, and Metrics & Targets includes details pertaining to both the Company and its subsidiaries, wherever applicable. However, based on the assessment, the impact of climate-related risks and opportunities on the subsidiaries do not have a material impact on the Group.

Nations Trust Bank PLC is the associate of the Company. Information relating to climate-related risks and opportunities and other sustainability-related disclosures prepared in accordance with SLFRS S1 and SLFRS S2 are included in the Annual Report of Nations Trust Bank PLC for the year ended 31 December 2025. Please refer to the Annual Report of Nations Trust Bank PLC 2025 for further details.

1.2.1. VALUE CHAIN ESTIMATION

In assessing climate-related risks and opportunities, material upstream and downstream value chain activities were considered. The assessment was carried out using all reasonable and supportable information available as at the Statement of Financial Position date without incurring undue cost or effort. The value chain of a company represents the combined total of the value chains associated with the products and services to which it contributes. A value chain comprises all businesses and stakeholders involved in the creation, delivery, and use of a product or service. In line with the SLFRS Sustainability Disclosure requirements, the Company and its subsidiaries assess, identify, and report on material Climate-Related Risks and Opportunities (CRROs) that are caused or contributed to by them, or that are directly linked to their operations, products, or services through their business relationships.

The Group uses data collected from its business processes to report quantitative metrics and financial effects. Where direct measurement is not possible, the Group estimates value chain metrics using available internal and external information, including industry benchmarks and other proxies. The accuracy of these estimates depends on data quality, the suitability of proxies, and the assumptions used in related risk models.

The Group is committed to improving the reliability of these metrics by strengthening data collection and reporting systems, participating in industry initiatives to refine emission calculation methodologies, and enhancing financial risk models to better assess the potential impacts of climate change. These efforts aim to provide more accurate estimates of financial effects in future sustainability reports.

1.3. REPORTING PERIOD

This report has been prepared for the year ended 31 March 2026, in line with the preparation of the Group's Consolidated Financial Statements. The report was authorised for issue by the Directors on 26th May 2026.

1.4. STATEMENT OF COMPLIANCE

The Group's Climate-related disclosures have been prepared in accordance with SLFRS Sustainability Disclosure Standards as issued by the CA Sri Lanka.

This is the first year in which the Group has applied the SLFRS Sustainability Disclosure Standards. In doing so, the Group has elected to apply the transitional reliefs available under these Standards, as outlined below.

SLFRS S1 - Disclosure of information on only climate-related risks and opportunities: In the first annual reporting period in which an entity applies this Standard, the entity is permitted to disclose information on only climate-related risks and opportunities in accordance with SLFRS S2. Consequently, the Group applied the requirements of this Standard only to the extent that they relate to the disclosure of climate-related risks and opportunities.

SLFRS S1 - Disclosure of comparative information: In the first annual reporting period in which the entity applies this Standard, entities are not required to present comparative information on climate-related risks and opportunities; and in the second annual reporting period in which the entity applies this Standard, the entity is not required to disclose comparative information on other sustainability-related risks and opportunities, other than its climate-related risks and opportunities. Consequently, the Group has not disclosed comparative information on climate-related risks and opportunities for this reporting period.

SLFRS S2 - Disclosure of Scope 3 greenhouse gas emissions: Entities must initially report only Scope 1 and Scope 2 emissions. Full compliance with Scope 3 emissions becomes mandatory two years after the initial application date. Therefore, the Group has reported only Scope 1 and Scope 2 greenhouse gas emissions for the current year.

SLFRS S2 - Disclosure of qualitative information regarding anticipated risks and opportunities: Entities are permitted to defer the disclosure of qualitative information regarding anticipated risks and opportunities for a period of two years following the mandatory application of the standard. The Group has elected to apply this relief.

SLFRS S2 - Disclosures on Climate resilience: A two-year relief period is granted for full compliance with climate resilience disclosure requirements. The Group will adopt these requirements within the permitted timeframe.

1.5. MATERIALITY

Information is considered material if its omission, misstatement, or obscuration could influence decisions of primary users of financial reports. The Group's materiality assessment considers both financial materiality and qualitative, broader sustainability matters that may, over time, translate into financial consequences. The Board, through its Board Integrated Risk Management Committee, oversees the disclosure identification process and approves the material disclosures identified.

The quantitative and qualitative criteria used by the Group when assessing the materiality are;

Quantitative	
Criteria	**Description**
Impact on Financial Performance	Likely effect on operating profit (+/- 5% of the last three years' average operating profit)
Impact on Financial Position	Likely effect on financial equity (+/- 3% of the financial equity as at the last financial year end)
Qualitative	
Significant events or changes in circumstances deriving sustainability-related risks and opportunities (e.g., changes in government regulation and policies, impact on the business models, stakeholder concerns arising from climate-related implications) Reputational Risk (e.g., Potential negative public perception or stakeholder concerns that could impact the Group's brand value, customer trust, or stakeholder relationships, even if the issue does not have an immediate financial impact)	

This report discloses climate-related risks and opportunities (CRROs) that may affect the Group's cash flows, access to finance, and cost of capital across short, medium, or long term time horizons. CRROs that do not meet any of these thresholds or criteria are classified as non-material for the reporting period. However, they are retained in internal records and continue to be monitored for any changes in magnitude, likelihood, or stakeholder relevance.

1.6. TIME HORIZONS CONSIDERED FOR ESG RISK AND OPPORTUNITY ANALYSIS

Climate-related risks and opportunities continue to emerge and evolve, often manifesting over extended periods and influencing a wide range of other risk areas. Recognising these dynamics, and aligning with the Group's corporate and strategic planning horizons, the following time frames have been adopted for ESG risk and opportunity analysis:

- **Short-Term (Financial Year 2026/27):** Focused on immediate sustainability actions and the integration of ESG criteria into near-term operations, risk assessments, and decision-making processes.
- **Medium-Term (2027/28 to 2028/29):** Concentrated on strengthening the Group's ESG foundations by advancing key initiatives, enhancing resilience to emerging environmental and social risks.
- **Long-Term (Beyond 2028/29):** Dedicated to deepening our sustainability agenda through transformative projects and long-range initiatives that will shape the Group's future progress and competitiveness.

1.7. SOURCES OF GUIDANCE

This report has been prepared in accordance with the SLFRS S1 and SLFRS S2 requirements for disclosing climate-related financial information, taking into account the transitional reliefs available under these Standards. The Group has also referred to and considered the applicability of the disclosure topics in the SASB Standards and intends to report on the relevant SASB topics in future reporting cycles. Further, the Group has considered Nationally Determined Contributions (NDC 3.0), Sustainable Finance Roadmap 2.0 issued by the Central Bank of Sri Lanka, the Sixth Assessment Report (AR6) of the Intergovernmental Panel on Climate Change (IPCC), Risk Index for Sri Lanka – Published by National Disaster Centre, and Climate Risk Country Profile Sri Lanka – Published by World Bank Group and ADB in assessing CRROs and their impacts.

1.8. COMPARATIVE INFORMATION

The climate-related financial disclosures presented in this report correspond to the same reporting Group and boundaries as the corresponding financial statements. The Group is in the process of further enhancing internal policies and controls in alignment with SLFRS S1 and S2 requirements to ensure comparable information across all identified climate-related risks and opportunities in the coming years, and the coverage of relevant performance metrics.

Applying the transitional reliefs provided under these Standards, the Group has not presented comparative information on climate-related risks and opportunities in this report.

1.9. CONNECTED INFORMATION

This report presents the Group's climate-related financial information for the year ended 31 March 2026, aligned with the reporting period of the Group's Consolidated Financial Statements. These disclosures are intended to be read in conjunction with the Group's general-purpose financial statements..

Further, the report is integrated with other sections of the Annual Report to provide a cohesive view of how climate-related risks and opportunities may affect the Group's financial position, performance, and cash flows. Where applicable, relevant quantitative and qualitative disclosures are directly linked and cross-referenced to the appropriate sections of this Annual Report, including accounting policies, methodologies, and estimates used in the preparation of the financial statements.

1.10. SIGNIFICANT JUDGEMENTS, AND MEASUREMENT UNCERTAINTIES

1.10.1. SIGNIFICANT JUDGEMENTS

Preparing and presenting this report requires applying judgement to determine which information is relevant, reliable, and useful for disclosure. This process involves interpreting reporting requirements and making informed decisions in areas where the standards provide flexibility. The table below summarises the significant judgement applied.

Topic	Description
Materiality assessment	To identify relevant risks, opportunities, and material information, the Group exercised judgement in assessing impacts and dependencies across the value chain that could reasonably influence its strategy, business model, or financial position and performance.
Definition of Value Chain	All upstream and downstream activities which are prone to CRROs are mapped over the value chain based on operational control and material impact on the Group.
Time Horizon Classification	Defining short, medium, and long-term time horizons is determined based on the Company's strategic plan for optimal integration. These judgements directly affect how CRROs are disclosed and tracked over time.
Identification of climate-related risks and opportunities	The Group exercised judgement based on published data and information in identifying and assessing climate-related risks and opportunities across its value chain. This included determining relevant climate-related physical and transition risks and opportunities, assessing their time horizons, and evaluating the extent to which such risks and opportunities could reasonably be expected to affect the Group's strategy, business model, cash flows, financial position, and financial performance.
GHG emissions	The Group exercised judgement in selecting appropriate emission factors and proxy activity data for emissions calculations when actual data was unavailable. For more details, see Note 5.1.1 on GHG emissions.

1.10.2. MEASUREMENT UNCERTAINTIES

Measurement uncertainty in the sustainability report arises from data gaps, reliance on proxy information, volatility in external factors use in estimates, and forward-looking assumptions. The table below summarises the significant measurement uncertainty affecting the amounts disclosed in the report.

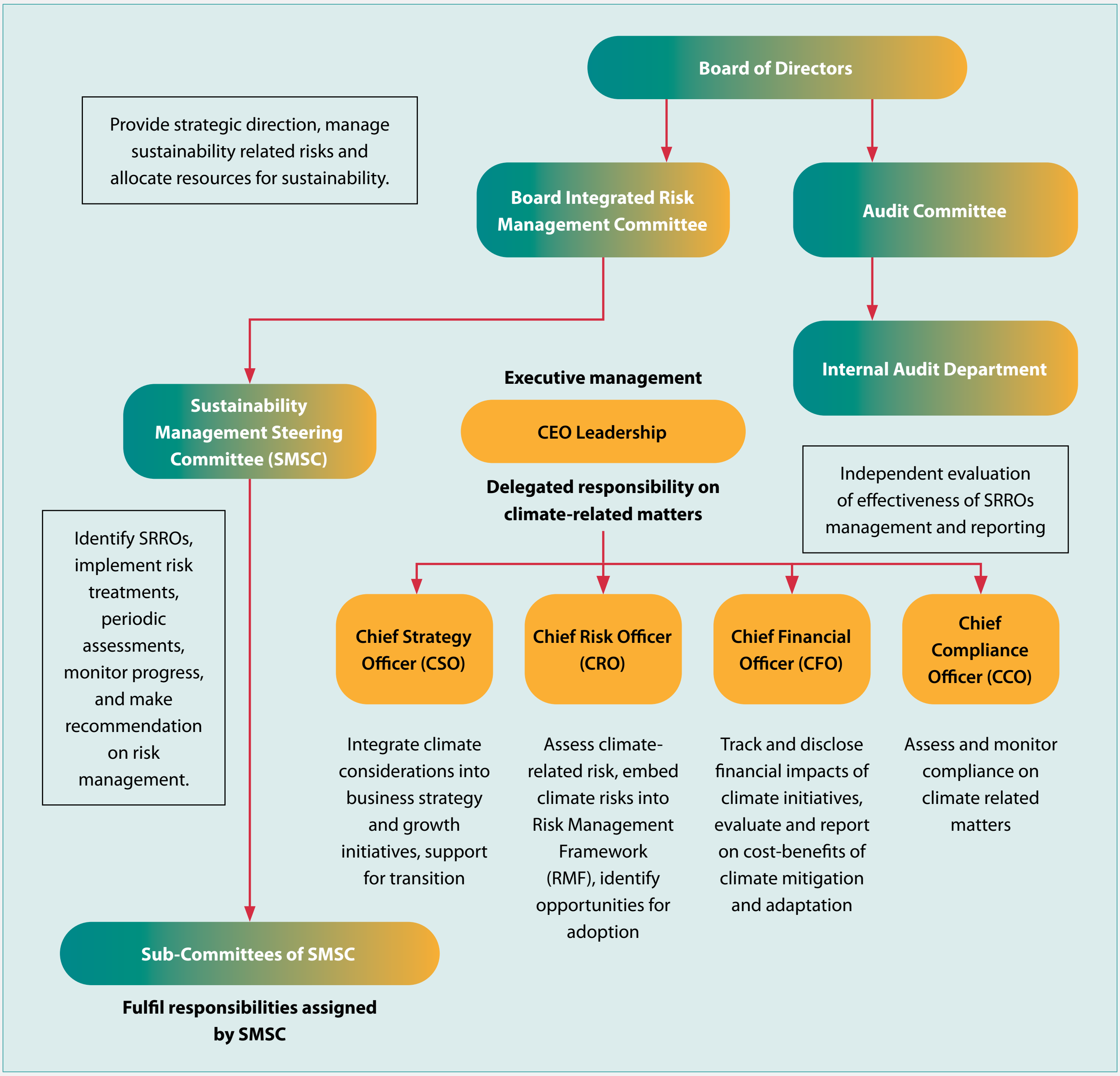
Topic	Description
GHG emissions	GHG emissions quantification is inherently subject to significant limitations due to the nature and methods used for determining emission factors and data. Management's selection of different emission factors or measurement techniques could have resulted in materially different reported GHG emissions.
Identification of climate-related risks and opportunities	The identification and assessment of climate-related risks and opportunities involve significant measurement uncertainty, as climate risk models for Sri Lanka vary widely by region and scenario, requiring reliance on the most recent and commonly accepted sources. Estimating the potential impacts of evolving regulatory requirements also carries a high level of uncertainty, given the unpredictability of future policy shifts. Accordingly, the likelihood and impact of identified CRROs are based on management's professional judgement and assumptions about future events, which may change as new information emerges.

2. GOVERNANCE

The Company's governance processes play a critical role in supporting a well-defined, integrated, and consistently applied sustainability approach across its operations.

The diagram below illustrates the framework of the Company's climate-related governance structure and highlights the relationship between its Board, executive committees and supporting governance levels.

The Company's climate governance structure



2.1. BOARD OVERSIGHT AND MONITORING OF CLIMATE-RELATED RISK AND OPPORTUNITIES

The Board of Directors holds ultimate responsibility for overseeing climate-related risks and opportunities. This oversight is guided by the Board Charter and supported by established organisational structures and functions. The Sustainability Management Steering Committee (SMSC), operating under the Board Integrated Risk Management Committee (BIRMC), plays a central role in this process. The SMSC submits reports to the Board through the BIRMC every four months, or more frequently as required, on key sustainability and climate-related matters, which are then considered at Board meetings.

2.1.1. COMMITTEES IN PLACE TO SUPPORT BOARD OVERSIGHT

2.1.1.1. Board Integrated Risk Management Committee

As outlined in the Terms of Reference (TOR) of the Board Integrated Risk Management Committee (BIRMC), the oversight of climate-related matters rests with the BIRMC, which supports the Board in reviewing emerging risks, including those related to climate. The BIRMC meets every two months and oversees the Company's risk management and internal control systems. It reviews the effectiveness of climate-related risk management and controls on a four-monthly basis, or more frequently as required. Meeting minutes are submitted to the Board for review. The BIRMC employs a risk matrix to assess exposure and appetite, considering both likelihood and impact, and conducts an annual review of the Company's risks and mitigation plans. Throughout the year, the Board and BIRMC reviewed climate-related risks identified by the Company's, mitigating actions, strategies, controls, assurance levels, and residual exposures to ensure comprehensive risk management.

2.1.1.2. Sustainability Management Steering Committee

This committee is a management level committee responsible for operationalising the Company's ESG strategies and implementing the action plans approved by the Board. The committee comprises all executive directors, departmental heads, and other members of the senior management team. The conduct of the committee is governed by a Board-approved TOR.

The Committee oversees compliance with sustainability regulations, formulates and reviews sustainability policies and strategies, and manages material sustainability-related risks and opportunities. It develops and implements related strategies and controls, while ensuring continuous improvement in sustainability reporting and strengthening organisational capacity through skills and competency assessments. It also reviews matters referred by the BIRMC, guides cross-functional teams involved in sustainability initiatives, and monitors sustainability-related risks within subsidiaries that may affect the Company. The Committee meets every four months or more frequently as required to review progress and steer the Company's sustainability agenda. During the year, the Committee did oversee the implementation of SLFRS S1 and S2, identification of CRROs, and development of strategies to manage CRROs.

2.1.1.3. Audit Committee

The Audit Committee oversees internal controls and data integrity of the report, while ensuring the accuracy and completeness of disclosures made under sustainability disclosure standards and other integrated reporting frameworks in line with regulatory expectations. Further, it oversees internal audit and independent assurance processes.

2.1.1.4. Nominations and Governance Committee

The Board Nominations and Governance Committee supports the Board in setting membership criteria to adequately cover climate-related expertise, ensuring the Board is capable of providing effective governance and oversight of climate change.

2.1.1.5. Committee meetings

The SMSC and BIRMC meetings were held three times and six times during the year respectively. For details of meetings held by the Board of Directors and its sub-committees, please refer to the Meetings section of the Corporate Governance Report.

2.2. MANAGEMENT RESPONSIBILITIES OVER CLIMATE-RELATED RISK AND OPPORTUNITIES

Under the delegated authority of the Board, the SMSC delegates day-to-day execution of strategies on climate-related matters to management through defined role mandates. The CEO, supported by key management executives, oversees delegated climate-related responsibilities and ensure effective Board supervision.

2.2.1. CONTROLS AND PROCEDURES USED BY MANAGEMENT TO SUPPORT OVERSIGHT OF CLIMATE MATTERS

The Company manages climate-related risks and opportunities through controls and procedures embedded within its risk management framework. These processes include identifying and assessing risks, monitoring performance, including measuring GHG emissions.

Executive Management play a central role in implementing and monitoring sustainability focus strategies, aligning operations with sustainability objectives, formulating sustainable policies, and defining resilience priorities. In addition, management is responsible for ensuring compliance with regulations, maintaining transparent communication with stakeholders, and upholding governance processes and controls related to climate matters.

2.2.2. GOVERNANCE OF CLIMATE STRATEGY AND TARGETS

The Board provides overall leadership on climate-related matters by overseeing risk management and reviewing and approving climate-related risk identification, mitigation actions, and strategies. Identified risks, mitigation measures, and strategies are reviewed annually, with updates made at least once a year and subject to Board approval.

2.2.3. SKILLS, COMPETENCE AND TRAINING

The Board is committed to strengthening internal capacities and advancing sustainability expertise across the Company. Each year, the Board reviews its training, and awareness needs to ensure Directors maintain the knowledge and skills necessary for their fiduciary responsibilities. Each year, Directors self-assess their individual skills and experience on sustainability-related matters using a questionnaire and identify any additional development needs. To enhance oversight of sustainability and climate-related matters, the Directors participated in training focused on identifying, assessing, and reporting sustainability and climate-related risks and opportunities, with guidance from external sustainability experts.

Further, to strengthen management focus, a series of training and development activities were conducted during the reporting period with the involvement of the external experts. These sessions covered key sustainability aspects including SLFRS S1 and S2, identification of climate related risk and opportunities, governance role in sustainable practices, strategy formulation, development of metrics and targets and calculation and reporting of GHG emissions.

Further, Senior Management participates in external sustainability training to remain updated on industry developments. In addition, specialized training is provided for specific roles and teams, such as the Sustainability Team, to further develop their competencies in managing sustainability and climate priorities. The training topics covered during the year included evolution of ESG and Sustainability, Introduction to SLFRS Sustainability Disclosure Standards, Adoption of SLFRS Sustainability Disclosure Standards, Disclosure Requirements, greenhouse gases and their impact on climate, the Group's responsibility in greenhouse gas monitoring, and methodologies for quantifying greenhouse gas emissions. A total of 93 training hours were completed by the senior management.

3. STRATEGY

3.1. CLIMATE-RELATED RISKS AND OPPORTUNITIES

This section describes the Company's approach to managing climate-related risks and opportunities (CRROs) and how these considerations are integrated into its decision-making framework.

Global and Local Climate Context

Climate change is increasingly influencing global economic and financial systems. The Global Risks Report 2026, published by the World Economic Forum, identifies extreme weather, biodiversity loss, and ecosystem collapse as some of the most likely global crises in the coming decade. Scientific findings from the Intergovernmental Panel on Climate Change confirm that human activities have caused global warming, with temperatures already rising about 1.1°C above pre-industrial levels. Global commitments under the Paris Agreement are accelerating the transition to low-carbon economies. For financial institutions, this transition presents both risks and opportunities, requiring stronger climate risk management, reassessment of credit exposures, and increased financing for decarbonisation.

Within this global context, Sri Lanka is particularly vulnerable to climate change due to rising temperatures, rainfall variability and the growing frequency of extreme weather events such as floods, landslides, droughts, coastal erosion, and erratic monsoons. These impacts affect many sectors of the economy and heighten the country's overall climate risk exposure. In response, Sri Lanka is strengthening its sustainable finance framework through initiatives such as the National Climate Finance Strategy (2025–2030), the Sustainable Finance Roadmap 2.0 introduced by the Central Bank of Sri Lanka, and the country's Nationally Determined Contributions (NDC 3.0). Together, these initiatives promote reliable greenhouse gas measurement, stronger climate risk management, and greater mobilisation of sustainable finance to support the transition toward a low-carbon economy.

Within this context, the Company assesses CRROs that could reasonably affect its strategy, business model, and future prospects. In 2025/26, the Company conducted its initial CRRO assessment in line with the requirements of the SLFRS Sustainability Disclosure Standards. This assessment identified the below CRROs that are expected to have a potential impact on the Company's strategic direction, business model, and long-term performance.

3.1.1. CRRO 1: EXTREME WEATHER EVENTS (FLOODS, STORMS, LANDSLIDES, DROUGHTS, COASTAL EROSION, AND ERRATIC MONSOONS)

Nature of risk: Physical risk

Time horizons: Short, medium and long term (as defined in Note 1.6 of the SLFRS Climate-related Financial Disclosures).

3.1.1.1. Risk description

An increase in the frequency and severity of extreme weather events, including floods, storms, landslides, droughts, coastal erosion and erratic monsoons, has the potential to damage critical infrastructure, disrupt operations and increase operating costs. Such events may adversely affect the Company directly through damage to its own assets and operational disruptions, and indirectly through impacts on customers and borrowers whose business activities are exposed to weather-related conditions.

Borrowers affected by extreme weather events may experience temporary business interruptions, higher operating and adaptation costs and damage to assets. These factors could weaken repayment capacity and increase the probability of default temporarily. In addition, physical damage to collateral assets may result in a reduction in collateral values. The magnitude and timing of these impacts remain subject to uncertainty, given the inherent unpredictability of climate-related physical events.

3.1.1.2. Areas of the value chain affected

The impacts of extreme weather events give rise to operational risk, credit risk, market risk, liquidity risk and underwriting risk and these risks are primarily concentrated in the Company's own operations and lending activities.

Operational risk: Business locations situated in flood-prone areas are exposed to operational disruption due to inaccessibility, damage to property, plant and equipment, and interruptions to utilities.

Credit Risk: Within the lending portfolio, borrowers operating in sectors such as agriculture, real estate and small and medium-sized enterprises are particularly exposed due to their reliance on physical assets and weather-sensitive operations.

Liquidity Risk: Extreme weather can weaken borrowers' repayment ability, while climate-related disasters may trigger premature deposit withdrawals, creating significant short-term liquidity pressures for financial institutions.

Market Risk: Severe weather conditions can negatively impact the market value of assets and the collateral backing financial exposures. These reductions in asset prices create market risk, as the institution may face lower recoverable values and increased volatility within its asset base.

Underwriting Risk: Rising liability claims and increasing payout obligations for insurers and re-insurers contribute to higher insurance premiums over time, which heightens underwriting risk.

3.1.1.3. Current and anticipated effects on value chain and business model

During the current financial year, the Company experienced flooding associated with the Ditwah cyclone. This resulted in temporary operational disruptions, as certain business locations became inaccessible or non-operational during the flood and subsequent restoration period. Consequently, new business volumes declined temporarily in affected areas. In addition, disruptions to customers' business activities resulted in temporarily slower cash inflows from flood-affected borrowers.

However, the event had no material impact on the financial performance, financial position or cash flows of the Company or the Group.

The risks associated with extreme weather events will encourage the Company to expand its lending into green and sustainability-focused financing initiatives to ensure long-term resilience.

3.1.1.4. Business strategy and decision making

The Company manages this risk through a combination of operational, credit, market and liquidity risk management measures.

Credit assessments are expected to be enhanced through the incorporation of climate-related scenario analysis and stress testing from the 2027/28 financial year onwards. Further, the Company has initiated the development of an Environmental and Social Management Framework, which will be applied in credit facility evaluations as a strategy to minimise risks arising from adverse environmental and social activities. Further, geographic and sectoral concentrations are monitored and maintained within approved exposure limits. As part of its efforts to support a greener, low carbon economy, the Company expanded its green lending portfolio during the year by introducing a new product designed to finance brand new electric motorbikes.

Liquidity risk is managed through contingency funding plans and regular liquidity stress testing that incorporates extreme weather scenarios.

Operational risks are addressed through robust business continuity and disaster recovery planning, investment in resilient physical and cyber infrastructure and comprehensive insurance coverage for the Company's own assets and customer collateral. Further, prudent loan-to-value (LTV) limits are applied to mitigate risks associated with potential collateral devaluation.

Looking ahead, extreme weather events may expose the Company to operational, credit, liquidity, market, and underwriting risks, while also necessitating capital expenditure to upgrade or adapt assets to enhance resilience against floods and other physical climate hazards. In parallel, the Company remains committed to meeting all regulatory requirements and aligning its practices with evolving regulatory standards, as well as customer expectations and market developments.

3.1.1.5. Resourcing and progress of the actions

During the reporting period, senior management participated in climate risk and sustainability-related training programmes focusing on climate risk management practices and the integration of sustainability principles into decision-making and product development. The Company strengthened internal capabilities through getting the involvement of external specialists in SLFRS Sustainability Disclosure Standards implementation and GHG emissions estimation. Further, the Business Continuity and Disaster Recovery Plan has been updated to incorporate extreme weather scenarios.

3.1.2. CRRO 2: PUBLIC AND CONSUMER INTEREST IN DECARBONISATION PRACTICES

Nature of risk: Transition risk

Time horizons: Medium and long term (as defined in Note 1.6 of the SLFRS Climate-related Financial Disclosures).

3.1.2.1. Risk description

Regulatory, consumer, and public expectations for decarbonisation and low carbon business practices may create pressure on the Company. These expectations have strengthened under Sri Lanka's NDC 3.0 for 2026–2035, which targets a 20.09% reduction in national GHG emissions. Achieving this requires shifting the energy mix to 70% renewable power by 2030 and transforming high emitting sectors. NDC 3.0 also calls for a 4.82% emission reduction in the transportation sector, an area where the Company has significant exposure.

3.1.2.2. Areas of the value chain affected

This risk is primarily concentrated across the Company's operations, products and services, customer relationships, and broader value chain.

Credit Risk: Increased risk of defaults for the Company due to borrowers facing reduced or lost income due to regulatory changes, shifting customer preferences, and technology-driven business disruptions.

Market risk: Decline in the market value of standard, carbon-intensive assets resulting from shifts in market preferences and evolving regulatory requirements.

Reputational risk: This risk is concentrated in the Company's core operations and interactions with key stakeholders. The pace in adopting decarbonisation measures or transitioning towards lower carbon business practices may adversely affect stakeholder perceptions, particularly as expectations regarding climate impacts and transparency continue to increase.

Strategic risk: This risk is concentrated in the Company's products, services, operations and customer segments. As customer preferences increasingly reflect sustainability considerations, certain business practices may become less aligned with these expectations, potentially affecting competitiveness and market positioning. In addition, changes in market conditions, regulatory requirements and sustainability-related disclosure practices across the value chain may influence demand and operational decisions.

3.1.2.3. Current and anticipated effects on value chain and business model

During the reporting period, the Company initiated the measurement of its greenhouse gas emissions with the support of an external expert and completed the calculation and disclosure of Scope 1 and Scope 2 emissions. This assessment has enhanced the Company understanding of its current emissions profile across its operations and value chain, enabling the identification of areas for efficiency improvements and adjustments to business practices and the business model to support a gradual reduction in carbon emissions.

There were no financial effects of CRRO 2 on the Company profit or loss, statement of financial position, or cash flows during the current year. Costs incurred for emissions measurement and advisory support were recognised as operating expenses in profit or loss. No significant climate-related capital expenditure, asset impairments, provisions, or changes in asset valuations were recorded during the period.

Looking ahead, the Company will focus on further diversifying its portfolio towards greener and sustainability-integrated financial initiatives. From the 2027/28 financial year onwards, the Company also plans to expand its emissions measurement to include Scope 3 emissions and to develop a detailed carbon transition plan, which may lead to changes in business practices, operational processes, and value chain management. In addition, the Company will invest in IT infrastructure enhancements to enable more accurate GHG quantification.

3.1.2.4. Business strategy and decision making

The Company is embedding energy efficiency and decarbonization initiatives into its operations and decision-making processes by initiating the quantification of greenhouse gas (GHG) emissions. As an initial step, the Company plans to calculate financed emissions from 2027/28 onwards to establish a baseline for developing a comprehensive decarbonization strategy.

Similarly, the Company is investing in the digitalisation of operations and technology to reduce its environmental footprint and enhance resilience against operational disruptions arising from climate-related events. Accordingly, the Company has focused on accelerating the digitalisation of operations through paperless transaction processing, including online credit approvals, digital deposit services such as e-savings account statements, and paperless HR initiatives. Furthermore, the Company partners with private organisations and local government authorities to ensure the sustainable disposal of paper, plastic, and e-waste.

3.1.2.5. Resourcing and progress of the actions

During the reporting period, the Company completed the calculation of Scope 1 and Scope 2 emissions and enhanced internal employee capabilities to support ongoing emissions measurement and reporting. The Company also became a signatory to the Partnership for Carbon Accounting Financials (PCAF), enabling the consistent measurement and disclosure of GHG emissions associated with its financial activities and strengthening climate related transparency and decision making. In addition, the Company obtained third party verification on the methodology and data used in calculating Scope 1 and Scope 2 emissions.

3.1.3. CRRO 3: SUSTAINABLE FINANCING

Time horizons: Medium and long term (as defined in Note 1.6 of the SLFRS Climate-related Financial Disclosures).

3.1.3.1. Opportunity description

As highlighted in the Sustainable Finance Road Map 2.0 published by the Central Bank of Sri Lanka, the country's climate mitigation financing needs are estimated at approximately USD 4 billion per year through 2050. As climate finance gains prominence both locally and globally, sustainable financing presents a significant opportunity for the Company to align its lending and investment activities with environmental priorities. It also enables the Company to respond to evolving customer preferences, attract environmentally conscious clients and investors, and strengthen long term profitability and resilience in a dynamic market environment.

3.1.3.2. Areas of the value chain affected

The impacts of sustainable financing are primarily concentrated on the Company's lending activities, investment portfolio, funding profile and stakeholder relationships, giving rise to credit, market, liquidity and reputational considerations across the value chain.

Credit risk: Sustainable financing supports the integration of environmental considerations into lending decisions, enabling a more comprehensive assessment of borrowers' risk profiles. By prioritising sustainability, the Company can progressively reduce exposure to carbon intensive sectors that are increasingly vulnerable to regulatory pressures, transition risks and market changes. Additionally, expanding into sustainable financing provides an opportunity to attract a growing segment of environmentally conscious clients.

Market risk: Sustainable financing allows the Company to proactively manage portfolio exposure by reallocating investments away from high emission assets that are susceptible to valuation declines as investor preferences shift towards low carbon activities. This transition enhances portfolio resilience and helps mitigate volatility arising from the broader low carbon transition.

Liquidity risk: Sustainable financing supports the mitigation of liquidity pressures by promoting lending to borrowers with more sustainable and resilient business models, thereby reducing reliance on clients exposed to transition related financial stress. In addition, sustainable financing initiatives may enhance access to more stable sources of funding, as investors and depositors increasingly favour institutions with credible sustainability strategies, supporting the Company's liquidity position over time.

Reputational risk: Aligning financing activities with sustainability objectives and communicating progress transparently strengthens confidence among customers, investors, regulators and the wider community. Strong governance, consistent disclosure and effective execution of sustainable financing initiatives help safeguard the Company's reputation and maintain public trust.

3.1.3.3. Current and anticipated financial and operational effects

Shifting customer and investor preferences towards more sustainable and resilient business practices are increasing the demand for sustainable financing solutions. In response, the Company has progressed the development of sustainability focused financing initiatives that support climate change mitigation, while also helping to minimise potential legal and reputational risks. During the reporting period, the Company focused on developing sustainability oriented product offerings and implementing these initiatives on a phased basis. Senior management engaged in strategic discussions to assess the relevance and potential impact of these initiatives. As part of its commitment to promoting a greener, low carbon economy, the Company broadened its green lending portfolio during the year by introducing a financing product specifically aimed at supporting the purchase of new electric motorbikes

As these initiatives remain in an early stage of implementation, the direct financial effects on the Company's profit or loss, statement of financial position and cash flows for the current year were not material.

Over the medium to long term, sustainable financing is expected to support business model diversification by broadening the Company's product range and attracting environmentally conscious clients and investors, thereby contributing to more diversified and resilient revenue streams.

3.1.3.4. Business strategy and decision-making

The Company's sustainable financing strategy focuses on integrating sustainability considerations into product development and decision making to support long term resilience and portfolio diversification. The Company is developing new lending products that incorporate sustainability related criteria, enabling it to respond to evolving customer expectations and support projects aligned with environmental and social objectives. To support effective execution, the Company has invested in targeted employee training programmes focused on sustainable financing. These initiatives enhance employees' ability to identify, structure and develop sustainability linked financial products, enabling consistent integration of sustainability considerations into lending and business development activities.

Similarly, the Company remains committed to enhancing financial inclusivity in Sri Lanka through its operations and believes that participating in sustainable financing will contribute to long term value creation for all stakeholders. This commitment to sustainability also strengthens the Company's resilience and adaptability within an evolving economic landscape.

3.1.3.5. Resourcing and progress of the actions

The Company supports its sustainable financing strategy through targeted resourcing focused on capability building. Employees participate in external training programmes on sustainable finance and climate risk management to strengthen internal capabilities. Cross functional teams from risk, operations, marketing, finance and credit ensure a coordinated approach to integrating sustainability into decision making.

The Company focuses on developing its participation in sustainability lending practices and has initiated more sustainability initiatives in the future.

Based on management's assessment, the Company has not identified any significant risk of material adjustments to the carrying amounts of its assets and liabilities within the next financial year arising from climate-related risks and opportunities. Accordingly, no material impact on asset valuations or liability measurements is expected in the near term.

As disclosed in Note 1.4, the Company has applied the transition reliefs available under SLFRS Climate-related Financial Disclosures. Accordingly, in the current reporting period, the Company has not disclosed information relating to the anticipated financial effects of climate-related risks or opportunities, information necessary to assess the resilience of the Company's strategy and business model to climate-related changes, developments, and uncertainties, or detailed disclosures of the Company's plans on climate scenario analysis.

3.2. CLIMATE TRANSITION PLAN

The Company is at an initial stage of evaluating and formulating strategies for climate transition planning. Considering the nature of climate-related risks and opportunities and their potential financial impacts, the Company is actively assessing options how to develop a climate transition plan that supports its long-term business resilience. As an initial step, the Company has calculated its Scope 1 and 2 greenhouse gas (GHG) emissions for 2025/26. Furthermore, the Company became a signatory to the Partnership for Carbon Accounting Financials (PCAF), marking the first step toward Scope 3 financed emissions measurement. The Company plans to complete GHG emission calculations for all Scope 1, 2, and 3 emissions by 2027/28 and to disclose these as a baseline for future GHG reduction initiatives. Accordingly, the Company intends to prepare a comprehensive climate transition plan starting from 2027/28.

4. RISK MANAGEMENT

4.1. RISK PROCESSES AND RELATED POLICIES

The Company's identification and management of all risks is performed in accordance with our Integrated Risk Management Framework (IRMF), which is summarised in the Risk Management Report of the Annual Report. Climate-related risks are integrated within our broader IRMF, aligning with other principal risks and providing a holistic approach to identifying, assessing and managing risks. The identification and assessment of climate-related risk is an iterative process that is performed by a cross-functional team. In every financial year, the climate-related risks that have been identified are reviewed and will be reassessed if and when a significant event has occurred or there has been a significant change in circumstances.

The Company identifies potential climate-related risks and opportunities through a combination of internal and external evidence. An annual or more frequent review process evaluates key climate risks that could impact the Company's ability to maintain core functions such as lending, borrowing, earnings, liquidity, capital, and its operating model. These risks, although climate-driven, are recorded in the Company's risk register and fully integrated into the IRMF.

The IRMF is structured around risk governance, strategy, and processes, and is embedded across decision-making through policies, procedures, and delegated authorities. Climate-related risks are recognised not only as standalone risks but also as drivers of existing financial and non-financial risks. Their classification as a principal risk allows for a more robust assessment of their likelihood and impact relative to other key risks.

The Company's internal controls ensure the accuracy and integrity of financial and non-financial information, and compliance with laws and regulations. These controls are reviewed quarterly to identify deficiencies, address weaknesses, and detect emerging risks early. Any changes in the Company's approach to managing climate-related risks compared to the previous period are detailed under the section Continuous Improvement and Reassessment.

4.2. RISK IDENTIFICATION

4.2.1. INPUT AND PARAMETERS THE COMPANY USES

The Company identifies potential climate-related risks through a combination of internal and external evidence.

The Company's identification of climate-related opportunities is embedded within its broader risk identification process. Opportunities often emerge as a result of analysing risks, allowing the Company to take a strategic and integrated approach. To assess climate impacts, the Company draws insights from internal data such as behavioural patterns in the credit portfolio, emissions assessments and changes in lenders' terms and conditions, etc. Similarly, insights are drawn from external sources such as the financial services industry, country-specific business outlooks, and emerging thematic topics, including the Intergovernmental Panel on Climate Change (IPCC), ADB Climate Risk Country Profile, and Sri Lanka's Nationally Determined Contributions 3.0 (2026–2035). This comprehensive approach enables the Company to understand its exposure to climate-related risks across operations.

This process spans the entire value chain of the Company's operations, enabling the identification of emerging markets for low-carbon products and technologies, alongside potential climate-related risks. Ongoing engagement with regulators, industry bodies, investors, and communities supports the Company's ability to anticipate market shifts, align with evolving stakeholder expectations, and proactively respond to both risks and opportunities.

4.2.2. CLIMATE RELATED SCENARIO ANALYSIS

Stress testing and scenario analysis are carried out to assess the Company's potential exposure to unlikely but plausible adverse events affecting operations, financial performance, or market conditions. These assessments utilise company-level models and data, and may be based on either historical events or hypothetical scenarios. Climate-related risks are considered as part of this analysis. Starting from 2027/2028, the Company will begin incorporating dedicated climate-related scenarios initially using qualitative approaches, which will later evolve into quantitative assessments.

4.3. RISK ASSESSMENT

The Company evaluates climate-related risks using both qualitative and quantitative measures, consistent with its IRMF. Each risk is assessed based on its nature, likelihood, and potential impact on business performance and future prospects.

The Company has identified all climate-related risks and opportunities (CRROs) that could reasonably affect cash flows, access to finance, or cost of capital. The CRROs are identified, taking into account both the physical impacts of climate change and the transition-related responses, including legal, policy, market, and technological developments. These risks are typically assessed using directional quantitative or qualitative indicators.

Climate-related risks are embedded within the IRMF and evaluated using the same likelihood-impact thresholds applied to all risk types. This ensures consistency across the organisation and supports informed decision-making, enhancing resilience. To determine the likelihood of a risk occurring, the Company considers industry trends, market forecasts, and internal projections. Regulatory and technological assessments are also factored in to mitigate risks arising from policy changes or market disruptions.

Impacts may include increased operating or capital expenditure, higher funding costs, reduced revenue, asset impairment, or reputational damage. Where applicable, the financial impact of these risks, along with the cost of mitigation or adaptation measures, is reflected in the Company's budgeting process. However, for decisions such as insurance of assets, the Company conducts more detailed quantitative evaluations.

The Company assesses opportunities through a comprehensive project evaluation process incorporating financial viability, environment, social impact and compliance with regulations. Environmental and social impact assessments provide alignment with climate-related strategic goals, while regulatory and technological assessments safeguard against risk due to policy changes or market disruption. Projects must be planned and executed in accordance with the Company strategic business planning cycle.

Risk evaluation matrix	Low	Medium	High	Very High
Financial impact thresholds on profitability	Less than 2% of the last three years' average operating profit	≥ 2% to < 3% of the last three years' average operating profit	≥ 3% to ≤ 5% of the last three years' average operating profit	Greater than 5% of the last three years' average operating profit
Financial impact thresholds on the Statement of Financial Position	Less than 1% of the financial equity as at the last financial year end	≥ 1% to < 2% of the financial equity as at the last financial year end	≥ 2% to ≤ 3% of the financial equity as at the last financial year end	Greater than 3% of the financial equity as at the last financial year end
Likelihood thresholds (chance of occurrence)	Less than 25%	≥ 25% to < 50%	≥ 50% to ≤ 75%	Greater than 75%
Reputational impact thresholds	Limited temporary impact	Limited sustained impact	Significant temporary impact	Significant sustained impact

During the reporting period, the Company conducted a detailed assessment of climate-related risks using its IRMF, evaluating both the likelihood and potential consequences of these risks. This comprehensive analysis covered the full value chain and included both physical and transition climate risks.

The assessment incorporated a wide range of factors, including current and projected climate conditions, regulatory developments, market trends, and stakeholder expectations. This holistic approach enabled the Company to understand the potential implications of climate-related risks on its operations and strategic direction.

For further details on the risk evaluation process and findings, please refer to the Risk Management Report in the Annual Report.

4.4. RISK PRIORITISATION

Climate-related risks are classified using a structured scoring system that evaluates both their likelihood and potential impact. This assessment is visualised through a risk matrix, which provides a clear overview of the severity of each risk and supports the prioritisation of climate risks alongside traditional operational and financial risks. By integrating climate risks into the broader risk landscape, the Company ensures they are addressed in proportion to other critical business threats. For further details on the Company risk matrix, please refer to the Risk Management Report in the Annual Report.

The risk matrix incorporates both likelihood and potential impact, enabling the Company to allocate resources effectively and focus on the most significant risks across short, medium, and long-term time horizons. This approach strengthens the Company's ability to manage climate-related risks strategically and enhances overall resilience.

Opportunities are prioritised based on their strategic relevance, feasibility, and potential impact. Each opportunity is assessed for its alignment with the Company's long-term business objectives, its relevance to core operations, and its ability to generate stakeholder value. The evaluation also considers the opportunity's potential to contribute to sustainable growth and innovation.

Opportunities are categorised across short, medium, and long-term time horizons, based on expected return on investment and implementation time lines. This structured approach ensures that resources are directed toward initiatives that offer the greatest potential for value creation and support the Company's strategic direction.

4.5. RISK MONITORING

The climate-related risks included in the Company's risk register are reviewed quarterly to assess whether any updates to the risk assessment are required and to evaluate the progress of mitigation and adaptation activities. A summary of each review is reported quarterly to the BIRMC and the Board. Ongoing monitoring of climate-related risks and opportunities is integrated into business activities through the IRMF.

In addition, the Company continuously monitors changes in economic, social, financial, regulatory, and environmental factors that may affect risk assessment. Where necessary, the assessment is revisited and updated to reflect material changes.

4.6. CHANGE TO RISK MANAGEMENT PROCESS COMPARED TO LAST YEAR

Process adjustments: The Company has enhanced its risk assessment processes compared with the previous period by integrating climate risk assessments into its IRMF. This enhancement reflects the Company's commitment to strengthening its assessment of climate-related risks and opportunities and improving climate resilience.

Training programmes: Ongoing training initiatives are designed to equip employees with the knowledge and skills required to identify and respond effectively to climate-related risks and opportunities, thereby fostering a strong culture of sustainability across the organisation.

Reassessment: Recognising the importance of climate-related matters to the Company and its primary users, the Company reassesses climate-related risks and opportunities when a significant event occurs or when there is a material change in circumstances.

4.7. PROCESSES USED TO IDENTIFY, ASSESS, PRIORITISE AND MONITOR CLIMATE-RELATED OPPORTUNITIES

The entity uses the same processes applied to climate-related risks to identify, assess, prioritise, and monitor climate-related opportunities.

4.8. INTEGRATION OF CRROs INTO THE OVERALL RISK MANAGEMENT PROCESS

The Company is in the first year of its sustainability reporting journey. It established the Sustainability Management Steering Committee in 2024/25. In 2025/26, the Company incorporated climate-related risks and opportunities into its IRMF and identified climate-related risks and opportunities (CRROs).

As the risk management processes continue to mature, the Company will be able to undertake more detailed assessments of relevant CRROs. The Company aims to fully embed sustainability-related risks and opportunities (SRROs) into the enterprise risk management framework by 2027/28, making them part of "business as usual".

5. CLIMATE-RELATED METRICS AND TARGETS

This section provides climate-related metrics and targets to support users in assessing the Group's approach to monitoring, managing, and progressing against material climate-related risks and opportunities, in line with its mitigation and adaptation strategies.

5.1. CROSS-INDUSTRY METRICS

5.1.1. GREENHOUSE GAS EMISSIONS

The Group measures its greenhouse gas (GHG) emissions in accordance with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (2004), using the operational control approach across consolidated operations. This method allows the Group to differentiate between emissions from activities it directly controls, including day-to-day environmental performance, energy use, and emissions management, and those from the value chain, over which it does not have direct control but may influence. The Company and its subsidiaries independently quantify, verify, and manage their emissions data using a consistent quantification methodology. This approach preserves operational accountability for each entity while ensuring methodological integrity and consistency across the Group.

This is the Company's first year of reporting under SLFRS S1 and SLFRS S2. Accordingly, the Company has applied the available transition relief and has not presented comparative information.

Emissions are disclosed on a gross basis, without the use of offsets, and are measured in metric tonnes of carbon dioxide equivalent (tCO_2e).

Scope 1 and 2 emissions (tCO2e) for consolidated group (in absolute gross measurement basis)

Scope	2025/26 (t CO2e)	
	Group	Company
Scope 1	3,753.91	3,553.48
Scope 2 – Location-based	3,731.24	797.70
Total	7,485.15	4,351.18
Other investee (investment in associate, joint ventures) (Note 1)	Not applicable	

Note 1: The Company has an investment in an associate, Nations Trust Bank PLC. However, the Company does not have any operational control over its activities, hence, emission data of NTB is not included in the above disclosure.

Note 2: Scope 2 emissions are calculated using the location-based method (LBM).

Scope 1 and 2 calculation methodologies

Scope	Emission Category	Activity	Data Source	Emission Factor (EF) Source	Source of Global Warming Potential (GWP) Values
1	Stationary combustion	Fuel combustion of the standby generator	Fuel records	IPCC-2006	IPCC-SYR AR6
1	Stationary combustion	LPG combustion for domestic cooking purposes	LPG purchased records	IPCC-2006	IPCC-SYR AR6
1	Stationary combustion	Acetylene combustion for workshop operations	Acetylene purchased records	IPCC-2006	IPCC-SYR AR6
1	Mobile combustion	Fuel combustion of company-owned road vehicles	Fuel records	IPCC-2006	IPCC-SYR AR6
1	Mobile combustion	Employee fuel allowance	Fuel records	IPCC-2006	IPCC-SYR AR6
1	Fugitive emissions	Facility-level refrigerant leakages	Refilling records	IPCC-2006	IPCC-SYR AR6
1	Fugitive emissions	CO2 fire extinguishers	Refilling records	IPCC-2006	IPCC-SYR AR6
2	Purchased electricity	Grid electricity consumption	Electricity bills	Energy Balance Report by Sustainable Energy Authority Sri Lanka - 2022	IPCC-SYR AR6

Scope 1 emissions comprise all direct emissions arising from operations in branches, departments, vehicle service centres, and subsidiary operations. Direct emissions include emissions from owned generators, vehicles within direct control of the Group, LPG combustion, and facility-level refrigerant leakages.

Scope 2 Emissions were determined based on purchased electricity.

The Company has installed rooftop solar systems, and details of electricity generated during the period, along with the resulting reduction in CO_2 emissions, are disclosed in the Natural Capital section. The utilisation of solar energy significantly supports the Company's environmental sustainability objectives

The Company uses emission factors from the IPCC and other locally relevant sources to convert activity data into CO_2 equivalent values. Data collection and calculation are carried out through structured internal processes with verification steps to ensure accuracy, consistency, and comparability, enabling transparent disclosures aligned with established climate reporting frameworks. To further enhance the reliability of the results, the Company obtained independent third party verification from Control Union Inspections (Pvt) Ltd.

5.1.2. CLIMATE-RELATED PHYSICAL RISKS

The Company is in the process of developing an Environmental and Social Management System (ESMS) to systematically assess climate-related physical risks in lending decisions. Under this framework, the Company will assess the amount and proportion of assets and business activities exposed to climate-related physical risks.

5.1.3. CLIMATE-RELATED TRANSITION RISKS

The Company will assess and disclose the amount and proportion of assets and business activities exposed to climate-related transition risks, as part of its financed emissions measurement framework.

5.1.4. CLIMATE-RELATED OPPORTUNITIES

The Company has identified green and sustainable financing as its primary sustainability-related opportunity. The Company is progressively identifying and formalising relevant products, sectors, and market segments, and is implementing a structured green financing strategy to capture the opportunities.

5.1.5. INVESTMENT DEPLOYED TOWARDS CLIMATE-RELATED RISKS AND OPPORTUNITIES

The Company is taking steps to align its capital investments with identified climate-related risks and opportunities. Accordingly, investments have been made in rooftop solar systems at office premises, supporting the transition to renewable energy and contributing to the reduction of greenhouse gas emissions. In addition, the Company has invested in energy-efficient IT equipment to reduce energy consumption and associated emissions, thereby supporting its overall climate objectives.

5.1.6. INTERNAL CARBON PRICING

As at the reporting date, the Company does not apply an internal carbon pricing mechanism in its business operations, capital allocation decisions, or risk management processes. However, the Company will monitor the developments in carbon pricing regulations and market-based mechanisms in the jurisdictions in which it operates.

5.1.7. EXECUTIVE REMUNERATION AND CLIMATE-RELATED CONSIDERATIONS

As at the reporting date, climate-related considerations are not factored into the performance metrics, incentive structures, or remuneration outcomes of executive management. The Company continues to monitor evolving regulatory expectations, market practices, and stakeholder expectations regarding the integration of climate-related considerations into remuneration frameworks.

5.2. INDUSTRY-SPECIFIC DISCLOSURES

The Company has not applied the industry-specific disclosure requirements under SLFRS S2 during the current financial year because there is no directly applicable industry-based guidance under the industry-based Guidance on Implementing SLFRS S2 relevant to the Company operations. Additionally, the disclosures suggested under the consumer financing standards issued by the SASB Standards are not directly linked to the climate-related risks and opportunities.

5.3 CLIMATE-RELATED TARGETS

As at the reporting date, the Company has not set any quantitative or qualitative climate-related targets, including greenhouse gas emissions reduction targets. In addition, the Company is not subject to any legally or regulatorily mandated climate-related targets in the jurisdictions in which it operates.
The Company expects to establish climate-related targets after considering the evolving regulatory landscape and the maturity of its internal climate risk management processes.

CORPORATE GOVERNANCE REPORT

Strong governance stands as one of the foundation pillars upon which Central Finance Company PLC has built its reputation for stability, resilience, and trust over several decades. As a licensed finance company regulated by the Central Bank of Sri Lanka, the Company remains deeply committed to upholding the highest standards of corporate governance, ethical conduct, transparency, and accountability across every aspect of our operations.

The year under review once again demonstrated the importance of maintaining strong governance standards amidst a rapidly evolving operating landscape characterised by accelerating business momentum, heightened regulatory expectations, increasing digitalisation, and emerging operational and cyber-related risks across the financial services sector. Against this backdrop, the Board focused on ensuring that growth ambitions were carefully balanced with prudent oversight, robust risk governance, ethical conduct, and long-term sustainability.

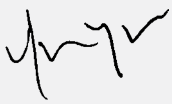
CF continues to benefit from a highly experienced and independent Board that brings together diverse professional expertise, sound judgement, and a strong commitment to responsible stewardship. Throughout the year, the Board worked closely with Board Committees and the Corporate Management to further strengthen governance structures, reinforce operational resilience, enhance risk management capabilities, and deepen the culture of accountability and transparency across the organisation. Emphasis was also placed on strengthening oversight relating to operational risk management, fraud prevention, information security, and internal controls in light of the evolving risk environment facing the broader financial services industry.

As always, the Board remained firmly committed to strengthening governance practices in line with evolving regulatory expectations and industry best practices to ensure governance frameworks remain sufficiently agile, forward-looking, and responsive to support the Company's long-term strategic direction while safeguarding institutional resilience across varying economic and operating cycles.

DECLARATION

On behalf of the Board, I confirm that Central Finance Company PLC continues to operate in full compliance with all applicable regulatory frameworks governing licensed financial institutions. This includes adherence to the Finance Business Act Direction No. 05 of 2021 on Corporate Governance, the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka, and the Listing Rules of the Colombo Stock Exchange. In addition, the Company has also upheld its own internal institutional frameworks, with all Board Members, Corporate Management, and employees collectively embodying the principles of sound governance, accountability, and transparency at all times.

The Chairman and the Board affirm that all Directors and Key Responsible Persons have declared their compliance with Code of Business Conduct. During the year under review, this Code has been strictly followed and all incidents within its scope have been addressed as per Company's Disciplinary Procedure.



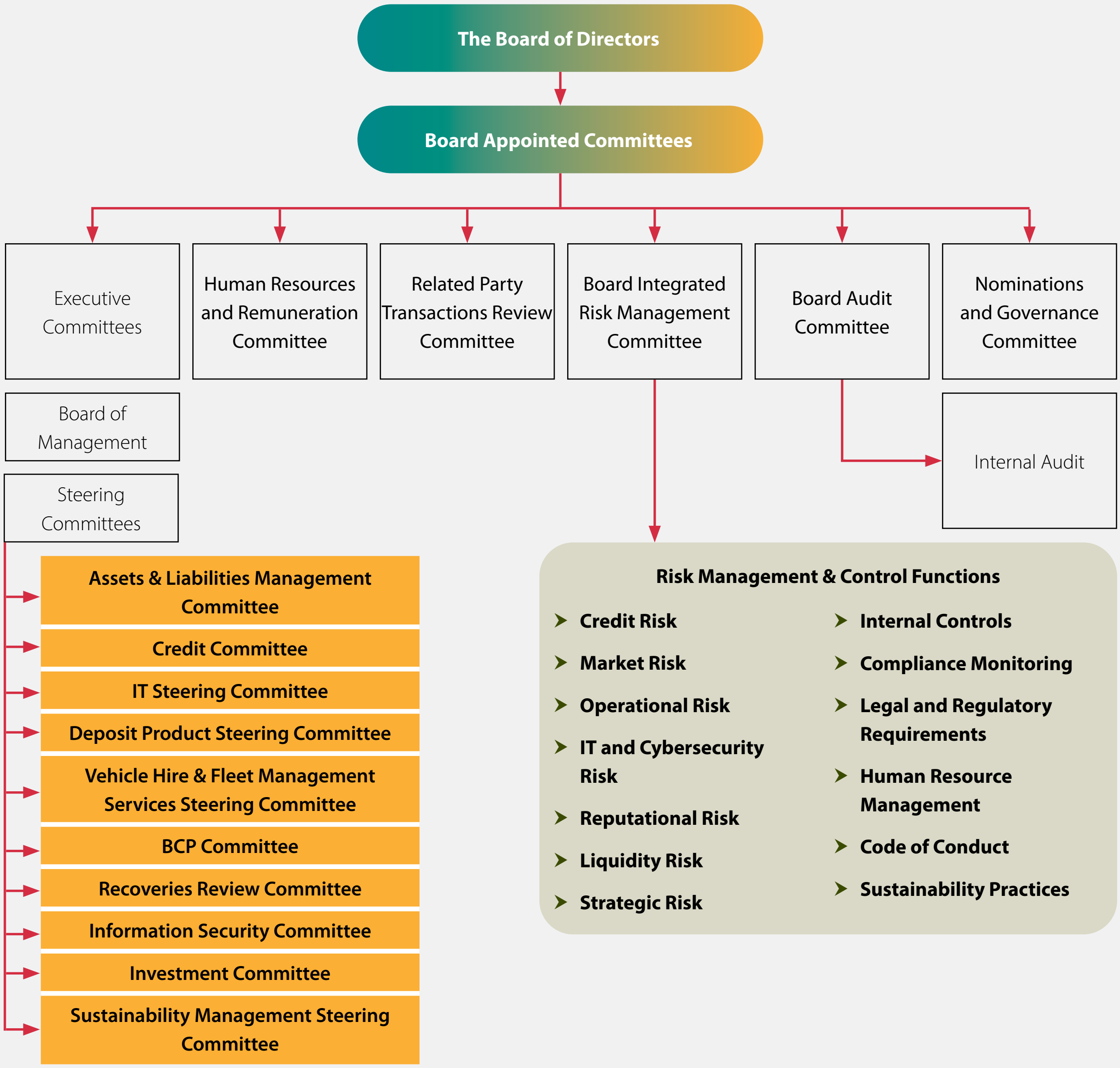
A.R. Fernando
Chairman / Non-Independent Non-executive Director

CF'S APPROACH TO CORPORATE GOVERNANCE

Central Finance PLC (CF) views corporate governance as the foundation of institutional credibility, stakeholder value protection, and the successful execution of its long-term growth agenda. As a licensed finance company governed by the Central Bank of Sri Lanka and an entity listed under the CSE listing rules, regulatory compliance represents the minimum baseline of CF's governance framework. Beyond statutory obligations, the Company has adopted global good governance practices for responsible conduct based on clear accountability, ethical leadership, transparent oversight, and robust control mechanisms across the organisation.

As part of this commitment, CF continuously refines its governance practices, policies, and internal frameworks in line with changing regulations, stakeholder expectations, and global governance standards.

A) GOVERNANCE STRUCTURE



B) CORPORATE GOVERNANCE STRUCTURE AND FRAMEWORK

Regulatory Requirements	Internal Frameworks	Voluntary Codes and Best Practices
➤ The Companies Act No. 7 of 2007 ➤ Finance Business Act Direction No 5 of 2021 on Corporate Governance. ➤ Listing Rules of the Colombo Stock Exchange ➤ Directives/Regulations of the Securities and Exchange Commission of Sri Lanka ➤ The Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 ➤ Sri Lanka Accounting Standards issued by CA Sri Lanka	➤ Articles of Association ➤ Board-approved Terms of Reference (TOR) of Board Sub Committees ➤ Board-approved policy frameworks for governance, risk, compliance and operational areas ➤ Codes of Conduct for Employees, Key Management Personnel and Directors	➤ Integrated Reporting Framework issued by the International Integrated Reporting Council (IIRC) ➤ The Code of Best Practice on Corporate Governance 2023 issued by CA Sri Lanka

As in the past, this year too, we report our governance practices and initiatives in three sections

Section One	Covers the level of compliance with the Finance Business Act Direction No. 05 of 2021 on Corporate Governance for Licensed Finance Companies issued by the Central Bank of Sri Lanka. (Please refer pages 129 to 146)
Section Two	Covers the level of adoption of the Code of Best Practice on Corporate Governance 2023, issued by CA Sri Lanka (Please refer pages 146 to 158)
Section Three	Covers compliance under Section 9 of the Listing Rules of the Colombo Stock Exchange on Corporate Governance (Please refer pages 158 to 163)

C) THE BOARD

Central Finance Company PLC's Board of Directors carries ultimate responsibility for the stewardship of the organisation and the protection of long-term stakeholder interests. As the Company's apex governing authority, the Board sets the tone at the top by providing independent oversight, strategic guidance, and leadership across all key areas of the business.

Working within the provisions of the Board Charter, the Board shapes the Company's strategic priorities, approves major policies, and ensures that management actions are aligned with the approved direction of the organisation. The Board also monitors execution performance, providing challenge and support to Management in delivering sustainable growth while maintaining financial strength and resilience.

The Board takes necessary steps towards safeguarding the depositors, securing the integrity of information, prudent management of risks, implementing an effective internal control system, ensuring good governance and compliance with rules and regulations.

Accordingly, the Board is entrusted with the task of institutionalising high standards of governance to support sound decision-making and organisational accountability throughout the Company. This includes providing effective oversight of risk management and internal controls, promoting ethical and responsible conduct, and ensuring adherence to all applicable legal and regulatory obligations to safeguard the integrity of CF's operating model and reputation.

Certain matters are expressly reserved for consideration by the Board, with selected aspects delegated to the management, including limits of authority and financial delegations.

D) KEY BOARD RESPONSIBILITIES

All Directors exercise independent judgement, devote sufficient time to their duties, and uphold high standards of integrity and professionalism. Directors remain committed to continuous professional development and comply with annual fitness, propriety, and independence assessments as required under applicable regulatory frameworks.

D.1. REGULATORY COMPLIANCE

The CF Board bears ultimate responsibility for ensuring the Company remains fully compliant with all applicable legal and regulatory requirements. Through close coordination with Board Sub Committees and the executive leadership team, the Board maintains strong oversight of compliance matters and ensures that appropriate controls, monitoring mechanisms, and accountability structures are embedded across the organisation.

In an increasingly dynamic regulatory landscape, the Board adopts a proactive approach to compliance risk management by maintaining regular engagement with regulatory authorities and seeking guidance from subject matter experts to remain abreast of evolving standards in order to implement new or amended regulatory requirements in a timely and effective manner.

Meanwhile, to further strengthen accountability and ethical conduct, the Board has established secure and confidential reporting channels through which employees may raise compliance concerns or report potential violations without fear of retaliation.

D.2. FINANCIAL CONTROL AND REPORTING

The Board of Directors, as the ultimate authority for the Company's financial stewardship, monitors the progress on strategy implementation, budgets, plans and related risks, and ensures the corporate reporting, on a quarterly basis, through the Board-appointed sub-committees. Moreover, the Board emphasises the adoption of appropriate accounting policies and compliance with laws, regulations and ethical standards.

In fulfilling its fiduciary responsibilities, the Board ensures the integrity, accuracy, and timeliness of financial reporting, including that the financial statements are prepared in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS), relevant statutory and regulatory requirements, and international best practices, and present a true and fair view of the Company's financial position, performance, and cash flows.

With the support of the Board Audit Committee, the Board reviews and approves quarterly and annual financial statements prior to publication, while the Committee engages with internal and external auditors to ensure the adequacy of internal controls and that any significant audit findings are addressed promptly and appropriately.

D.3. RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors is tasked with maintaining effective oversight of its risk management and internal control environment. The Board provides clear direction for ensuring risk considerations remain closely integrated with strategic decision-making, capital protection, and sustainable business growth.

To that end, the Board establishes the Company's risk appetite and defines the boundaries within which opportunities may be pursued. Operating under delegated authority from the Board, the Board Integrated Risk Management Committee (BIRMC) is entrusted with the responsibility of overseeing the enterprise-wide risk monitoring of material risks that could affect operations, financial performance, reputation, or regulatory standing.

Through regular review of the risk register and key risk indicators, the BIRMC ensures emerging exposures are identified early, and timely mitigation measures are implemented as needed. The BIRMC also obtains independent assurance from internal and external auditors on the adequacy and effectiveness of the Company's control framework.

CONDUCT POLICIES IN COMPLIANCE WITH THE PROVISIONS OF SECTION 9 OF THE CSE'S LISTING RULES ON CORPORATE GOVERNANCE

POLICY ON INTERNAL CODE OF BUSINESS CONDUCT AND ETHICS

To promote ethical behavior for directors and employees, including policies on trading in the Entity's listed securities

POLICY ON WHISTLE BLOWING

To encourage reporting of misconduct and protect those who raise concerns

POLICY ON ANTI-BRIBERY AND CORRUPTION

To prevent bribery and corruption in all forms, whether direct or indirect

D.4. CONDUCT AND ETHICS

The Board sets a strong tone at the top to foster a culture of ethics, integrity, and accountability across all levels of the organisation. This commitment is formalised through a Board-approved conduct framework, including the Internal Code of Business Conduct, the Anti-Bribery and Corruption Policy, and the Whistleblowing Policy, all of which are aligned with the revised Corporate Governance requirements under the Colombo Stock Exchange Listing Rules. These policies apply uniformly to all directors and employees of CF.

The Company's Code of Business Conduct and Ethics defines the core principles governing the conduct of directors and employees and reinforces the expectation of the highest standards of personal integrity and ethical business practices. The Code is aligned with the Company's values and applicable laws, regulations, and ethical standards, serving as the foundation for ethical decision-making and behaviour across the organisation.

D.5. INFORMATION TECHNOLOGY (IT) AND CYBERSECURITY GOVERNANCE

The Board retains ultimate responsibility for overseeing CF's IT and cybersecurity strategy to support business objectives and align with regulatory expectations and recognised best practices. The Board ensures the availability of the Information Communication Technology (ICT) roadmap in line with the business strategy of the Company, and monitors the progress of implementation.

Additionally, the Board has appointed the Information Security Committee (ISC) chaired by the MD/CEO and comprising a cross-functional team. The ISC is tasked with managing technology and cybersecurity risks, reporting to the Board via the Board Integrated Risk Management Committee (BIRMC).

The Board has also appointed a dedicated Chief Information Security Officer (CISO) to lead the implementation of the Company's information security framework and drive a strong security culture across the organisation.

CF further demonstrates its commitment to cyber resilience through adherence to relevant local regulations and internationally recognised security standards. These practices are further reinforced by the Security Operations Centre (SOC), which provides continuous monitoring, threat detection, and incident response capabilities.

ISO 27001:2022	Information Security Management Standard to enable systematic risk identification, mitigation, and continuous improvement through regular audits
NIST Cybersecurity Framework	Integrating core principles (Identify, Protect, Detect, Respond, Recover) into business operations to enhance threat response capabilities
CBSL Technology Risk Resilience Framework	Aligning with regulatory requirements specific to the financial sector in Sri Lanka, focused on fraud prevention, cyber governance, and operational continuity

D.6. HUMAN CAPITAL GOVERNANCE

The Board oversees human capital governance by ensuring that people strategies are aligned with the organisation's long-term objectives. Together with the Human Resources and Remuneration Committee (HRRC), the Board provides strategic direction on talent management, leadership development, and succession planning to support business continuity.

The Board also works with the HRRC to ensure remuneration frameworks are competitive, equitable, and compliant with regulatory and industry standards. Through ongoing engagement with management, the Board ensures that CF is able to attract, retain, and develop the talent required to achieve its strategic objectives.

D.7. STAKEHOLDER ENGAGEMENT

The CF Board recognises that transparent communication and responsiveness are critical to building and maintaining stakeholder trust. Accordingly, the Board has delegated oversight of specific stakeholder matters to its committees, while corporate management manages day-to-day stakeholder engagement in line with clearly defined mandates and accountability frameworks.

The Board is responsible for ensuring that the interests of all stakeholders are taken into consideration in the corporate decision-making process.

Further details on CF's stakeholder engagement approach are available in the Stakeholder Engagement section on page 31 of this report.

D.8. SUSTAINABILITY GOVERNANCE

The Board recognises the importance of sustainability governance in driving long-term value and responsible business practices. In line with the Colombo Stock Exchange's revised Corporate Governance Listing Rules introduced in 2024. The Company has a Board approved Policy on Environmental, Social and Governance (ESG) Sustainability.

Following this, the Board mandated the establishment of a Sustainability Management Steering Committee (SMSC) to support the integration of ESG considerations into the Company's strategic planning and risk management processes.

The SMSC is chaired by the MD/CEO and comprises Executive Directors and members of senior management, enabling direct accountability at the highest levels of management while facilitating cross-functional coordination in addressing sustainability priorities. The SMSC reports to the Board via the Board Integrated Risk Management Committee, ensuring that environmental considerations are subject to structured oversight and integrated into CF's overall risk governance framework.

D.9. SHAREHOLDER RELATIONS AND COMMUNICATION

The CF Board acknowledges that transparent and timely communication is essential to maintaining shareholder confidence and supporting fair market conduct. To reinforce consistency and accountability, the Board has approved formal policies governing shareholder and investor relations as well as corporate disclosures. These frameworks guide the accurate, timely, and transparent release of information in line with regulatory requirements and leading governance practices.

Accordingly, material information relating to financial performance, strategic developments, and other significant matters is disclosed promptly through appropriate channels, including Colombo Stock Exchange announcements and other formal communications.

The Board also promotes open and constructive engagement with shareholders by ensuring that queries and concerns are addressed efficiently through established channels, including the Annual General Meeting and communication through the Company Secretary. This commitment to effective stakeholder dialogue strengthens trust, enhances market credibility, and supports long-term shareholder value.

D.10. ANNUAL GENERAL MEETING (AGM)

The Board is responsible for convening the Annual General Meeting (AGM) in compliance with all legal and regulatory requirements, including the notice period, quorum, and agenda, and oversees the preparation of related documents such as the Annual Report, financial statements, and shareholder resolutions.

To enable meaningful shareholder participation, the notice of AGM, Annual Report, resolutions, and voting instructions are circulated at least 15 working days in advance. The Board also ensures the AGM is conducted in a transparent and orderly manner, with adequate opportunity for shareholder questions and fair voting procedures.

Central Finance Company PLC's next AGM is scheduled to be held on 30 June 2026.

E) BOARD COMPOSITION

CF is governed by a competent and well-balanced Board of Directors, with its composition determined in accordance with the Company's Articles of Association and aligned with prevailing regulatory requirements.

The Board comprises ten Directors, including three Executive Directors and seven Non-Executive Directors. Non-Executive Directors possess experience from a number of industries and business sectors, including the leadership of large multinational enterprises. The strong presence of Non-Executive and Independent Directors enhances effective oversight, supports sound governance, and promotes objective and informed decision-making.

Collectively, the Directors bring diverse expertise across finance, operations, risk management, legal, sustainability, and corporate strategy, providing a strong foundation for effective leadership, prudent decision-making, and the ability to manage emerging risks and pursue growth opportunities in a dynamic business environment.

Board Composition as of 31 March 2026

Executive Directors

3

Non-Independent Non-Executive Directors

2

Independent Non-Executive Directors

5

The appointment of Alternate Directors may be made, where necessary, in accordance with the Board-approved policy and applicable regulatory requirements. No Alternate Directors were appointed during the year.

F) APPOINTMENT / RE-ELECTION / RESIGNATION / RETIREMENT OF DIRECTORS

Board members are appointed through a formal, transparent, and merit-based process overseen by the Nominations and Governance Committee (NGC). The NGC evaluates the suitability of prospective candidates based on their skills, expertise, and the value they bring in enhancing the overall effectiveness of the Board. This includes an assessment of any external directorships held, to ensure such commitments do not impede the candidate's ability to exercise due care, skill, and diligence in fulfilling their responsibilities to CF.

Further, in line with the Company's Articles of Association, one-third of the Non-Executive Directors are required to retire by rotation at each Annual General Meeting (AGM). Additionally, any Director appointed to fill a casual vacancy during the year is required to stand for re-election at the subsequent AGM for shareholder approval.

However, Directors' eligibility to offer themselves for re-election is subject to review conducted by the NGC to assess the relevant Director's attendance history, engagement, and overall contribution to Board discussions and decisions.

The Board ensures that all changes pertaining to the appointment, re-election, resignation, or retirement of Directors are communicated to the Colombo Stock Exchange (CSE) and shareholders in a timely and transparent manner.

G) BOARD COMPOSITION CHANGES

The following changes have been made to the composition of the Board during the year.

The Board has established a Policy on Corporate Governance, Nominations and Re-election of key responsible persons, which formalises the procedures for identifying, evaluating, and nominating Directors, with a focus on ensuring that the Board remains diverse, competent, and aligned with the Company's strategic direction.

Mr. A.D.B. Talwatte	Retired from his position as Chairman of the Board with effect from 30 April 2025, in compliance with FBA Direction No. 05 of 2021 on Corporate Governance.
Mr. A.R. Fernando	Appointed as the Chairman (Non-Executive Director) of the Board with effect from 1 May 2025.
Mr. M. H. de Silva	Appointed as the Senior Director (Independent Non-Executive Director) of the Board with effect from 1 May 2025.
Ms. S.H. Munasinghe	Appointed as an Independent Non-Executive Director of the Board with effect from 1 May 2025.
Dr. (Ms.) A.D.N. de Zoysa	Retired as a Director from the Board with effect from 30 May 2025, in compliance with FBA Direction No. 05 of 2021 on Corporate Governance.
Dr. N.K. Arunatilake	Appointed as an Independent Non-Executive Director of the Board with effect from 1 June 2025.

H) RESPONSIBILITIES OF INDIVIDUAL DIRECTORS

As a member of the CF Board, each Director is expected to understand the importance of dedicating ample time to the Company's affairs. This includes actively engaging in Board meetings and utilising their expertise, insights, and independent judgement in informed decision-making. Board members are also required to participate in the annual self-assessment to evaluate their contributions.

I) CONFLICTS OF INTEREST

All Board members are required to act in good faith in the discharge of their fiduciary responsibilities to shareholders and other stakeholders, while proactively avoiding situations that may give rise to actual or perceived conflicts of interest. Directors are expected to exercise a high degree of diligence, integrity, and transparency in identifying and promptly disclosing any potential conflicts to the Board.

To support this, Directors are required to submit an annual formal declaration to the Related Party Transactions Review Committee (RPTRC), detailing their interests in other entities, including external directorships. The RPTRC is responsible for reviewing all disclosed interests, assessing the nature and extent of any potential conflicts, and recommending appropriate mitigation measures to the Board to ensure that decisions remain objective, independent, and in the best interests of the Company and its stakeholders.

Directors are further expected to recuse themselves from Board discussions and decision-making processes where a conflict of interest exists or is likely to arise.

Details of other directorships or equivalent positions held by Directors of the Company.

Name	Designation	No. of other Directorships	Other directorships	Status of the Company	Status of Directorship
A.R. Fernando	Chairman/Non-Independent Non-Executive Director	5	Nations Trust Bank PLC	Listed	Non- Executive Director
			NDB Capital Holdings Ltd	Unlisted	Non-Executive Director
			NDB Securities (Pvt) Ltd	Unlisted	Non-Executive Director
			NDB Zephyr Partners Lanka (Pvt) Limited	Unlisted	Non-Executive Director
			Durdans Medical & Surgical Hospital (Pvt) Ltd	Unlisted	Non-Executive Director
A.K. Gunaratne	Managing Director (Executive Director)	8	Central Industries PLC	Listed	Non-Executive Director
			CF Insurance Brokers (Private) Limited	Unlisted	Non-Executive Director
			Central Developments Limited	Unlisted	Non-Executive Director
			CF Growth Fund Limited	Unlisted	Non-Executive Director
			The Kandy Private Hospitals Limited.	Unlisted	Non-Executive Director
			Polymer Technologies (Pvt) Ltd.	Unlisted	Non-Executive Director
			Finance Houses Association of Sri Lanka	Unlisted	Chairman/Council Member
			Credit Information Bureau of Sri Lanka.	Unlisted	Board member
D.P. de Silva	Deputy Managing Director (Executive Director)	4	CF Insurance Brokers (Private) Limited	Unlisted	Non-Executive Director
			Hedges Court Residencies (Private) Limited	Unlisted	Non-Executive Director
			Central Developments Limited	Unlisted	Non-Executive Director
			CF Growth Fund Limited	Unlisted	Non-Executive Director

Name	Designation	No. of other Directorships	Other directorships	Status of the Company	Status of Directorship
C.K. Hettiarachchi	Director (Marketing) (Executive Director)	12	Nations Trust Bank PLC	Listed	Non-Executive Director
			Hettiarachchi Property Holdings (Pvt) Ltd.	Unlisted	Non-Executive Director
			Central Developments Limited	Unlisted	Non-Executive Director
			CF Growth Fund Limited	Unlisted	Non-Executive Director
			Central Transport and Travels Limited	Unlisted	Non-Executive Director
			Allied Properties Ltd.	Unlisted	Non-Executive Chairman
			The Urban Gardens (Pvt) Ltd.	Unlisted	Non-Executive Director
			Waldock Mackenzie Ltd.	Unlisted	Non-Executive Chairman
			Willuwa Wilpattu (Pvt) Ltd.	Unlisted	Non-Executive Director
			CF Insurance Brokers (Private) Limited	Unlisted	Non-Executive Director
			Leasing Association of Sri Lanka	Unlisted	Chairman
			Credit Information Bureau of Sri Lanka.	Unlisted	Board member
E.H. Wijenaike	Non-Independent Non-Executive Director	3	Dehigama Hotels Company Limited	Unlisted	Non-Executive Director
			Equity One Limited	Unlisted	Non-Executive Chairman
			Equity Two PLC	Listed	Non-Executive Chairman
K.B. Herath	Independent Non-Executive Director	4	First Capital Holdings PLC	Listed	Independent Non-executive director
			Bavarian Barn Restaurant (Pvt.) Limited.	Unlisted	Non-Executive Director
			Energy Management Systems (Pvt.) Ltd	Unlisted	Non-Executive Director
			Photocinex (Pvt.) Ltd.	Unlisted	Non-Executive Director
M.H. de Silva	Independent Non-executive Director (Senior Director with effect from 01.05.2025)	2	Gamani Corea Foundation	Unlisted	Non-Executive Director
			Asian Reinsurance Corporation	Unlisted	Independent Director
M.S. De Saram	Independent Non-Executive Director (Re-designated as a Non-Independent Non-Executive Director with effect from 09th April 2026)	1	CBL Investments Ltd	Unlisted	Group Finance Director / Executive Director
S.H. Munasinghe	Independent Non-Executive Director (Appointed with effect from 01.05.2025)	2	Bogawanthalawa Tea Estates PLC	Listed	Independent Non-executive Director
			Bogawanthalawa Tea Ceylon (Pvt) Ltd	Unlisted	Independent Non-executive Director

Name	Designation	No. of other Directorships	Other directorships	Status of the Company	Status of Directorship
Ms. N. Arunathilake	Independent Non-Executive Director (Appointed with effect from 01.06.2025)	0	Nil	Nil	Nil

J) DIRECTORS' REMUNERATION

CF's Remuneration Policy outlines the process for determining remuneration for Directors, Executives, and Employees.

Accordingly, Non-Executive Independent Directors are paid a fixed fee for their services on the CF Board and its Sub-Committees. This fee is benchmarked against industry standards and reviewed annually by the Board to ensure continued alignment with market practices.

Executive Directors' remuneration is performance driven, establishing a strong link between rewards and the Company's overall performance objectives and long-term sustainability.

This same approach extends to Key Responsible Persons (KRPs), ensuring consistency and alignment across leadership levels.

K) DIVISION OF RESPONSIBILITIES

In line with global best practices, CF has established a clear division of responsibilities at the leadership level to promote accountability, prevent conflicts of interest, and ensure that both governance and management functions are conducted with the highest levels of professionalism and integrity.

Accordingly, there exists a clear separation of roles between the Chairman and the Managing Director (MD)/CEO, ensuring no one individual has unfettered powers of decision-making authority.

Duties & Responsibilities of the Board Chairman

- Promoting the efficient organisation and conduct of the Board's functions, setting the agenda of the Board, conducting the Board meetings and ensuring Board meetings are held by the Company;
- Facilitating Board discussions and effective contribution by all directors and briefing all directors in relation to issues arising at Board meetings;
- Encouraging constructive and respectful relations between Board members and senior executives.
- Chairing the Annual General Meeting and other shareholder meetings of the Company.
- Making arrangements to hold meetings, at least twice a year, with Non-Executive Directors without the Executive Directors being present.

Duties & Responsibilities of Managing Director (MD) / Chief Executive Officer (CEO)

- Manage the day-to-day affairs of the Company and control the affairs of the Company;
- Ensure that the strategies set out by the Board in the Company's overall corporate strategy are Implemented.
- Co-ordinate operations of the various departments within the Company.
- Establish and maintain efficient and adequate internal control systems.
- Implement the necessary management information systems in order to facilitate efficient and effective communication within the Company.
- Ensure that the Board is adequately apprised about the operations of the Company and carry out any other duties as may be assigned by the Board from time to time.

L) BOARD SUCCESSION PLANNING

A comprehensive succession plan for the MD/CEO, Executive Directors and key management personnel has been documented for seamless continuity.

This plan is supported by ongoing training and development programmes to enhance the skills and leadership readiness of potential candidates.

As part of a proactive approach to preserving governance continuity and strategic direction, the Board succession plan is subject to review by the Nomination & Governance Committee, considering upcoming retirements.

M) BOARD COMMITTEES

To assist in performing its oversight role, the Board has appointed five Sub Committees to provide oversight in specific key areas.

These committees meet at the required intervals under the Direction.

Each Sub-Committee operates under a Board-approved Terms of Reference, defining its authority and duties. Reports on the composition, responsibilities, and performance of all Sub-Committees are presented in the Annual Report on pages 165 to 173, and the Board tables these reports at the Annual General Meeting.

Minutes and matters arising from Sub-Committee meetings are circulated to the Board, with secretarial support provided by the respective Committee Secretaries, who also maintain records and perform related functions under the supervision of the Committee Chairperson.

Board Integrated Risk Management Committee (BIRMC)

The Board Integrated Risk Management Committee (BIRMC) supports the Board in overseeing risk management and promoting a risk-based approach to internal controls across the Company and its subsidiaries. The Committee monitors key risk exposures and mitigation measures, including those of significant subsidiaries, that could have a material impact on CF (refer to Committee Report on pages 169 and 170).

The BIRMC reviews quantitative and qualitative risk indicators covering credit, market, liquidity, operational, strategic, compliance, and technology risks at least once every two months and ensures timely corrective action where required. The Committee also reviews risk grids, oversees the development and periodic review of the Company's Risk Appetite Statement (RAS), and reviews risk policies annually. The most recent review of the RAS was completed in August 2025.

Board Audit Committee (BAC)

Assist the Board in overseeing the Company's external financial reporting obligations, ensuring compliance with relevant laws and regulations, upholding values and ethics, maintaining a robust governance structure, and evaluating the independence and performance of external auditors. Additionally, the BAC assesses the effectiveness of the internal audit function, evaluates the Company's ability to continue as a going concern, maintain an effective internal control system, and ensure adherence to legal and regulatory requirements impacting the financial statements. (Refer to Committee Report on pages 171 to 173)

Related Party Transactions Review Committee (RPTRC)

The Related Party Transactions Review Committee (RPTRC) reviews and evaluates proposed related party transactions in accordance with the Board-approved Related Party Transactions Policy and Procedure, ensuring that such transactions are conducted on terms not more favourable to related parties than those offered to comparable unrelated parties, and that potential conflicts of interest are avoided (refer Committee Report on page 167).

Directors and Key Responsible Persons (KRPs) are required to submit declarations of related parties at appointment and on a quarterly basis, disclosing any actual or potential interests in related party transactions. The RPTRC reviews related party transactions in advance and recommends them to the Board for approval, while also overseeing the reporting of recurrent related party transactions undertaken in the ordinary course of business. All related party transactions are reviewed on a quarterly basis, with the Policy expressly prohibiting transactions that grant preferential treatment to related parties.

Nominations & Governance Committee (NGC)

The Nominations and Governance Committee (NGC) is responsible for establishing policies on corporate governance, nominations, and re-election of Directors and Key Responsible Persons in accordance with the Colombo Stock Exchange Listing Rules (Refer Committee Report on pages 165 and 166).

The Committee ensures that all proposed Directors and senior management meet the required fit and proper criteria under the Finance Business Act, including appropriate skills, experience, integrity, independence, and time commitment. It oversees Board composition to ensure balance and effective governance, recommends appointments and re-elections based on performance and contribution, and advises on succession planning and the need for additional expertise. The Committee also ensures timely regulatory disclosures through the Company Secretary following new appointments.

Human Resource and Remuneration Committee (HRRC)

The Human Resources and Remuneration Committee (HRRC) is responsible for formulating and reviewing human resources and remuneration policies, evaluating performance, and recommending remuneration for Executive Directors, Non-Executive Directors, and Senior Management (refer to Committee Report on page 168).

The Committee determines remuneration policies for Executive Directors, the CEO, and Key Responsible Persons, including setting performance goals and assessing achievement against agreed targets to guide remuneration, benefits, and incentive decisions. It also oversees the remuneration structure for Non-Executive Directors and senior management. The remuneration framework is developed through a formal and transparent process, aligned with the Company's strategy, values, and cost structure, and is designed to discourage excessive risk-taking.

N) SUB COMMITTEE COMPOSITION CHANGES

All Sub-Committees comprise of at least three Non-Executive Directors possessing the necessary skills, knowledge, and experience relevant to their responsibilities. The Board also considers periodic rotation of members and Committee Chairpersons to avoid undue concentration of authority and to encourage fresh perspectives. Constitution of Board Sub Committees as of the year-end are provided in the respective sub-committee reports.

During the year, the board sub-committees were re-constituted as below.

Period	Related Party Transaction Review Committee	Board Integrated Risk Management Committee	Board Audit Committee	Nominations and Governance Committee	Human Resources and Remuneration Committee
with effect from 1st May 2025	Dr (Mrs) A.D.N. de Zoysa (I-NED) – Chair Mr K.B. Herath (I-NED) Mr E.H. Wijenaike (NED) Mr M.S. De Saram (I-NED) Ms S.H. Munasinghe (I-NED)	Mr M.H. de Silva (I-NED) - Chair Dr (Mrs) A.D.N. de Zoysa (I-NED) Mr K.B. Herath (I-NED) Mr M.S. De Saram (I-NED) Ms S.H. Munasinghe (I-NED)	Mr M.H. de Silva (I-NED) - Chair Dr (Mrs) A.D.N. de Zoysa (I-NED) Mr M.S. De Saram (I-NED) Ms S.H. Munasinghe (I-NED)	Dr (Mrs) A.D.N. de Zoysa (I-NED) – Chair Mr M.H. de Silva (I-NED) Mr E.H. Wijenaike (NED) Mr. K.B. Herath (I-NED) Mr. M.S. De Saram (I-NED)	Mr K.B. Herath (I-NED) - Chair Dr (Mrs) A.D.N. de Zoysa (I-NED) Mr E.H. Wijenaike (NED) Mr M.S. De Saram (I-NED)
with effect from 1st June 2025	Mr K.B. Herath (I-NED) - Chair Mr E.H. Wijenaike (NED) Mr M.S. De Saram (I-NED) Ms S.H. Munasinghe (I-NED) Dr N.K. Arunatilake (I-NED)	Mr M.S. De Saram (I-NED) - Chair Mr M.H. de Silva (I-NED) Mr K.B. Herath (I-NED) Ms S.H. Munasinghe (I-NED) Dr N.K. Arunatilake (I-NED)	Mr M.H. de Silva (I-NED) - Chair Mr M.S. De Saram (I-NED) Ms S.H. Munasinghe (I-NED) Dr N.K. Arunatilake (I-NED)	Mr M.H. de Silva (I-NED) – Chair Mr E.H. Wijenaike (NED) Mr K.B. Herath (I-NED) Mr M.S. De Saram (I-NED)	Mr K.B. Herath (I-NED) - Chair Mr E.H. Wijenaike (NED) Mr M.S. De Saram (I-NED)

Subsequent to the year-end, following the re-designation of Mr. M.S. De Saram as a Non-Independent Non-Executive Director with effect from 9th April 2026, Committees were reconstituted as below.

with effect from 9th April 2026	Mr K.B. Herath (I-NED) – Chair Mr E.H. Wijenaike (NED) Ms S.H. Munasinghe (I-NED) Dr N.K. Arunatilake (I-NED)	Ms S.H. Munasinghe (I-NED) – Chair Mr M.S. De Saram (NED) Mr M.H. de Silva (I-NED) Mr K.B. Herath (I-NED) Dr N.K. Arunatilake (I-NED)	Mr M.H. de Silva (I-NED) – Chair Mr M.S. De Saram (NED) Ms S.H. Munasinghe (I-NED) Dr N.K. Arunatilake (I-NED)	Mr M.H. de Silva (I-NED) – Chair Mr E.H. Wijenaike (NED) Mr K.B. Herath (I-NED)	Mr K.B. Herath (I-NED) – Chair Mr E.H. Wijenaike (NED) Mr M.H. de Silva (I-NED)

O) COMPANY SECRETARY

The Company Secretary of CF plays a vital role in supporting the effectiveness of the Board and upholding the governance framework. The Company Secretary provides guidance on corporate governance, regulatory compliance, and Board procedures, with unrestricted access granted to all Directors.

Key responsibilities of the Company Secretary.

- Ensure that the Board complies with its obligations under the law and the Articles of Association of the Company.
- Assist the Chairman of the Board in organising the Board's activities.
- Draw up the agenda for Board meetings in consultation with the Chairman.
- Coordinate the Board evaluation exercise and maintain records of such evaluations.
- Record the proceedings of Board meetings in sufficient detail.
- Maintain and update the register of interests.
- Ensure that the Company complies with the requirements under the Companies Act No. 07 of 2007 and the Registrar General of Companies.
- Liaise with Colombo Stock Exchange (CSE), the Securities and Exchange Commission of Sri Lanka (SEC), the Registrar General of Companies and other regulatory authorities as required.
- Carry out any other duties as may be assigned by the Board from time to time.
- Keep Board information, discussions, deliberations, and decisions that are not publicly known confidential.

Access to the services of the Company Secretary is available for all Board Members, including Non-Executive Directors, as and when required. The appointment and removal of the Company Secretary is a matter involving the whole Board.

The appointment of the Company Secretary is subject to Board approval following a rigorous screening process, including fit and proper clearance, with continuity of employment supported by an annual performance review by the Board.

P) DIRECTORS TRAINING

Continuous training is considered essential to ensure that Directors are well equipped to discharge their fiduciary duties and make informed decisions in line with the high standards of corporate governance expected in the financial services sector.

Director training focuses on key areas including emerging industry trends, risk management, regulatory compliance, corporate governance best practices, and evolving legal and prudential requirements relevant to non-bank financial institutions. All newly appointed Directors undergo a structured induction programme covering governance frameworks, regulatory requirements, and the Company's strategy and operations.

During the year, Directors participated in targeted training sessions covering the implementation of SLFRS S1 and S2. These initiatives reflect the Board's commitment to continuous learning and effective oversight in a dynamic risk environment.

Q) BOARD MEETINGS

Board meetings are held every month or more often when needed. Board meetings are planned ahead by the Chairman in collaboration with the Company Secretary, who draws up the annual meeting calendar.

Planning of Board Meetings

The meeting calendar is prepared annually in advance by the Company Secretary and communicated to all Board members.	The Chairman, assisted by the Company Secretary, sets the Board agenda, establishing the meeting time to ensure all agenda items receive adequate time for discussion. Directors are allowed to make a written request to the Chairman detailing any additional matters to be included in the agenda.	The finalised agenda, along with a comprehensive Board pack containing relevant Board Papers, is pre-circulated among all Directors prior to the meeting date, allowing Board members sufficient time to review the same.

The Chairperson of each Board committee is allowed to provide an update on significant matters discussed at their respective Board sub-committee meetings held since the previous Board meeting.

It is the Chairman's role to ensure the effectiveness of Board meetings by encouraging active participation from all Directors and welcoming diverse viewpoints. At the same time, strict attention is paid to efficiently addressing all agenda items, including the thorough deliberation of Board resolutions.

Members of the Corporate Management team also often attend Board meetings on invitation.

The Company Secretary is responsible for maintaining the minutes of each Board meeting. These minutes are initially presented to the Chairman for approval before being shared with the Directors and related extracts of minutes with other members of Corporate Management who attended the Board meeting.

A total of 15 Board meetings were held in FY 2025/26, and attendance is provided on page 164.

R) BOARD AND BOARD SUB COMMITTEE EVALUATION

Evaluating the performance of the Board and its Sub-Committees is structured as an annual process, facilitated by the self-assessment furnished by each Board member to reflect on their individual contributions to the Board/ Sub-Committee and the Board/ Sub-Committee's effectiveness.

The most recent evaluation confirmed that both the Board and its Sub-Committees are functioning effectively, demonstrating the necessary competencies, balance, and governance discipline to fulfil their roles in accordance with applicable regulatory directives and best practices.

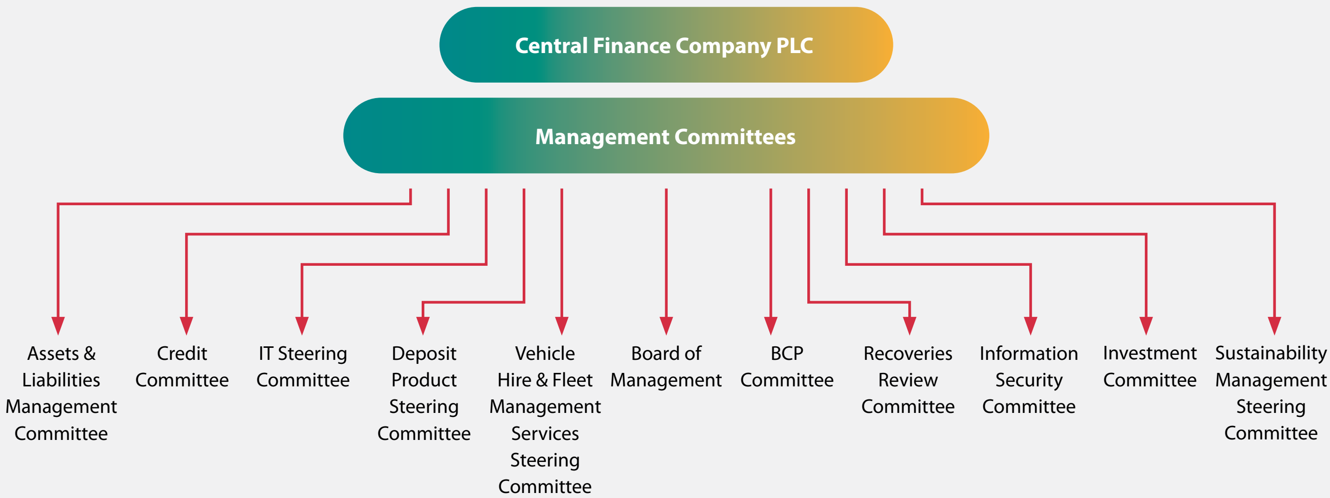
S) EVALUATING THE PERFORMANCE OF THE CEO

At the end of each financial year, the Board of Directors conducts a formal evaluation of the Company's Managing Director/Chief Executive Officer (MD/CEO). The purpose of this review is to assess the MD/CEO's performance against the strategic targets, goals, and operational objectives set at the beginning of the year.

Based on the findings of this evaluation, the Board provides its recommendations to the Human Resources and Remuneration Committee, ensuring that remuneration remains aligned with performance outcomes and the long-term interests of the Company.

T) MANAGEMENT COMMITTEES

Management Committees are established to support effective decision-making and ensure the implementation of the Company's strategic objectives, operational plans, and risk management frameworks. They facilitate cross-functional collaboration and accountability across key business areas.



U) COMPLIANCE WITH GOVERNANCE REQUIREMENTS

SECTION ONE

FINANCE BUSINESS ACT DIRECTION NO. 05 OF 2021 ON CORPORATE GOVERNANCE FOR LICENSED FINANCE COMPANIES IN SRI LANKA

The Central Bank of Sri Lanka has issued Corporate Governance – Finance Business Act Direction No. 05 of 2021 in order to improve and sustain the Corporate Governance processes and practices of the Licensed Finance Companies in Sri Lanka.

Corporate Governance Principles	Section Ref.	Principle, Compliance and Implementation
1. Board's Overall responsibilities		
1.1		
Approving and overseeing the Business Strategy and Governance Framework	1.1 1.2 a) - d)	Complied with The Board reviews and approves the Company's strategic direction, governance framework, corporate values, and key policies, and ensures these are communicated to all levels of staff through Company meetings on a need basis. The Three-Year Strategic Plan for 2026/27–2028/29, together with measurable financial objectives, was approved on 25 March 2026, with progress monitored through regular monthly and quarterly updates. The strategic plan is reviewed annually to reflect macroeconomic conditions and emerging business opportunities, ensuring sustainable and profitable growth.

Corporate Governance Principles	Section Ref.	Principle, Compliance and Implementation
		The Board periodically assesses the effectiveness of the Company's governance framework to ensure continued alignment with regulatory requirements and best practices. A formal and transparent process governs the selection, nomination, and appointment of Directors and Key Responsible Persons. The Company has adopted a Group Governance Framework in accordance with Section 13.1 of the Finance Business Act Direction No. 05 of 2021. All new Director appointments are recommended by the Nominations and Governance Committee and approved by the Board, subject to approval of the Central Bank and subsequent shareholder endorsement at the Annual General Meeting. The Chairman, Senior Director and Managing Director/CEO are appointed by the Board, with clearly defined and segregated roles as set out in the Board Charter.
Corporate Culture and Values	1.3 a to 1.3 c	Complied with The Company has established a Code of Conduct and Ethics for all employees, reflecting its corporate culture and values, which are made accessible through the intranet. Directors are required to disclose their interests at the time of appointment and to update such declarations whenever changes occur, ensuring that any actual or potential conflicts of interest are promptly brought to the attention of the Board. A formal procedure is in place to record and address these disclosures. The Board periodically monitors the Company's processes for creating awareness of the Code of Conduct and for managing conflicts of interest, ensuring ongoing adherence to ethical standards across all levels of the organisation. The strategic plan of the Company contains initiatives to promote sustainable finance whilst taking into account appropriate environmental, social and governance considerations.
Communication with Stakeholders	1.3 d	Complied with The Board ensures effective communication with all stakeholders, including depositors, creditors, shareholders, and borrowers, in accordance with Direction 1.3(d). A Board-approved Communication Policy and a Policy on Relations with Shareholders and Investors are in place and are reviewed periodically to ensure relevance and adequacy. The Annual General Meeting serves as a key platform for maintaining open and meaningful dialogue with shareholders and for addressing matters of interest to the wider membership.
1.4 Risk, Appetite, Risk Management and Internal Controls		
Risk Management	1.4 (a) 1.4 (b)	Complied with The Company's Risk Appetite Statement (RAS) and Risk Goals, aligned to the business strategy and governance framework, are reviewed monthly by management and reported to the BIRMC, which meets once every two months as required. The updated RAS for 2025/26 was approved by the Board in August 2025. The Board Integrated Risk Management Committee oversees the Company's overall risk framework and internal controls, supported by the BoM, ALCO, ISC and SMSC, which meet monthly, every two months or quarterly as relevant. Minutes of BIRMC meetings are reviewed by the Board at the following month's meeting. Board Integrated Risk Management Committee Report on pages 169 and 170 provides further insights in this regard.

Corporate Governance Principles	Section Ref.	Principle, Compliance and Implementation
Internal Control System and Management Information System	1.4 (c)	Complied with Continuous reviews are being carried out to ensure the adequacy and effectiveness of the Company's internal control systems and management information systems. The Board Audit Committee periodically reviews internal controls over financial reporting and MIS, with its minutes submitted to the Board for follow-up action where required. External specialist reviews are commissioned as necessary.
Business Continuity and Disaster Recovery Plan	1.4 (d)	Complied with The Board reviewed the Company's Business Continuity Policy on 27 August 2025 and Disaster Recovery Plan on 28 October 2025 and received updates on the Disaster Recovery Drills conducted in February 2026. These reviews ensure operational stability and the continuity of critical services under unforeseen circumstances. Business continuity is also monitored on an ongoing basis by Management, the BIRMC, and the Board Audit Committee, with updates reported to the Board.
1.5 Board Commitment and Competency		
Board Commitment and Competency	1.5 (a) 1.5 (b)	Complied with The Board comprises members with the required qualifications, skills, knowledge, and experience, bringing diverse expertise to support the Company's strategic and governance responsibilities. Director profiles are presented on pages 24 to 26 of this Annual Report. The Board has clearly defined areas of authority and responsibilities, with Non-Executive Directors also serving on Board Sub-Committees. All Directors devote sufficient time to Board matters and actively participate in deliberations, as reflected in the minutes. Attendance at Board meetings is disclosed on page 164.
Training and Development Needs	1.5 (c)	Complied with The Board regularly reviews and agrees on the training and development needs of its members, with timely updates provided on regulatory and business developments.
Self-assessment of Directors	1.5 (d)	Complied with Each Director completes an annual self-assessment of individual effectiveness and the performance of the Board as a whole, based on criteria set by the Board, with records maintained accordingly. The latest Board self-assessment was completed in February 2026 and discussed at the Board Meeting held on 25th February 2026. Evaluations of all Board Sub-Committees for 2025/26 were also completed and tabled at the Board Meetings held on 25 February 2026 and 25 March 2026.
Seeking Independent Advice	1.5 (e)	Complied with The Board Charter empowers any Director to seek independent professional advice at the Company's expense to discharge their duties effectively, with such requests coordinated through the Company Secretary.

Corporate Governance Principles	Section Ref.	Principle, Compliance and Implementation
1.6 Oversight of Senior Management		
Identifying and Designating Senior Management	1.6 (a)	Complied with Senior Management personnel who significantly influence policy, operations, and risk management are identified through a structured evaluation process. All Executive Directors, Director - Legal (Non-Board) and General Managers have been designated as Key Responsible Persons (KRPs) along with the Compliance Officer, Head of Internal Audit, Chief Risk Officer, Chief Information Security Officer, Senior Assistant General Manager-Credit, Assistant General Manager-Deposits and the Company Secretary. Appointments of KRPs are recommended by the Nominations and Governance Committee and approved by the Board, subject to prior CBSL approval. For financial reporting purposes under LKAS 24, the Company identifies the Board of Directors as Key Management Personnel.
Defining the Areas of Authority and Key Responsibilities	1.6 (b)	Complied with Areas of authority and key responsibilities for Senior Management are clearly defined through their employment contracts and updated as required by evolving business needs. Delegated authority for KRPs is reviewed and approved by the Board. Senior Management has carried out its responsibilities effectively within the assigned authority during the year.
Qualifications, Skills, Experience and Knowledge	1.6 (c)	Complied with The qualifications, skills, experience, and knowledge of Senior Management are assessed at recruitment and through periodic performance evaluations to ensure their continued suitability to achieve the Company's strategic objectives.
Oversight of Affairs of the Company by the Senior Management	1.6 (d)	Complied with The Board, through its monthly meetings and the Board of Management (BoM), through detailed monthly reviews, ensures appropriate oversight of the Company's affairs by Senior Management consistent with the Company's strategic objectives and corporate values.
Succession Plan for Senior Management	1.6 (e)	Complied with A documented Succession Plan is in place for all Senior Management positions, and training programmes are continually reviewed and developed to ensure adequate succession capacity across all leadership levels.
Regular Meetings with the Senior Management	1.6 (f)	Complied with The Board of Management (BoM), comprising Executive Directors and Senior Management, meets monthly to review policies and procedures, monitor progress against strategic objectives, assess overall Company performance, and discuss strategic initiatives while ensuring effective communication. In addition, Senior Management attends Board Sub-Committee meetings by invitation to support effective review, monitoring and decision making.

Corporate Governance Principles	Section Ref.	Principle, Compliance and Implementation
1.7 Adherence to the Existing Legal Framework		
Adherence to the Regulatory Environment	1.7 (a) (b)	Complied with The Company operates responsibly, giving due consideration to the interests and obligations owed to depositors, shareholders, and other stakeholders. The Director-Legal (Non-Board), Head of Compliance, and Company Secretary keep the Board informed of changes in the regulatory environment. Regular discussions, training sessions, and seminars are conducted for Directors and Senior Management to ensure awareness and compliance with applicable laws, regulations, directions, and ethical standards. Compliance with all applicable regulatory requirements is continuously monitored by the Compliance Function and periodically audited. Any deviations identified are escalated to the relevant Board Sub-Committees and subsequently to the Board for appropriate action.
	1.7 (c)	Complied with The Board and Senior Management act with due care, prudence, and integrity, and remain fully aware of the potential civil and criminal liabilities arising from any failure to diligently discharge their duties.
2. Governance Framework		
	2.1	Complied with The Board has developed and implemented a Board Charter as part of the Company's governance framework, in line with the requirements of the Direction 2.1 a)- n).
3. Composition of the board		
Board Composition and Number of Directors	3.1 3.2	Complied with The Board comprises ten (10) Directors. The composition of the board has changed during the year as specified in page 122, section G. The Board collectively possesses a diverse mix of skills, experience and expertise appropriate for the size, complexity and risk profile of the Company, ensuring effective oversight of management.
Period of Service of Non-Executive Directors	3.3 and 3.4	Complied with Six (6) Non-Executive Directors out of Seven (7) serving on the Board have not served on the Board for more than nine years. Mr E.H. Wijenaike was re-appointed as a Non-Independent Non-Executive Director with effect from 1 July 2024 upon retirement, as he is eligible to continue in office beyond nine years in compliance with Sections 3.4 and 3.5(b) of the Directions
Executive Directors	3.5 (a)	Complied with There were no changes during the year. The number of Executive Directors remained within the regulatory limit and did not exceed one-third of the total number of Directors, in accordance with the requirements of the Direction.
Shareholding of Executive Directors	3.5 (b)	Complied with During the year, there were no new appointments of Executive Directors or Senior Management personnel holding more than 10% of the Company's voting shares.

Corporate Governance Principles	Section Ref.	Principle, Compliance and Implementation
CEO	3.5 (c)	Complied with The CEO is designated as Managing Director and is one of the Executive Directors of the Company.
Reporting Lines	3.5 (d)	Complied with All Executive Directors have a functional reporting line in the organisation structure of the Company.
	3.5 (e)	Complied with All Executive Directors report to the Board through the CEO.
Common Directorships	3.5 (f)	Complied with Executive Directors of the Company do not hold Executive Directorships or Senior Management Positions in any other entity. However, appointments in a Non-Executive capacity to the boards of Group companies exist to safeguard the interests of parent.
Credibility, Skills and Experience of Non-Executive Directors	3.6 (a) 3.6 (b)	Complied with The Non-Executive Directors bring a diverse range of skills and experience from multiple industries and business sectors, enabling them to exercise independent judgment on matters related to strategy, performance, resource allocation, and standards of business conduct. Biographical details of all Directors are provided on pages 24 to 26 of this Report. Non-Executive Directors do not engage in the day-to-day operations of the Company and are not appointed to function as Executive Directors, in compliance with the Direction.
Independent Directors	3.7	Complied with The Company complies with the requirement relating to Independent Directors, with 5 out of 10 Directors being independent as at the year end, exceeding the one-third threshold specified in the Directions. The Board reviews the independence of Non-Executive Directors annually and as and when circumstances change, based on self-declarations submitted by each Non-Executive Director. During the year, there were no changes to the independence status of Directors other than new appointments as disclosed on page 122. Mr. M.S. De Saram was re-designated as a Non-Independent Non-Executive Director with effect from 9th April 2026, as disclosed on page 164, and the Company continues to comply with the requirements of Section 3.7.
Alternative Director	3.8	Complied with There were no instances of appointing Alternate Directors for any of the members of the Board of Directors during the year.
Cooling-off Period	3.9	Complied with There were no appointments of Directors or the CEO who had previously served as a Director or CEO of another Finance Company; therefore, the cooling-off requirements under the Directions did not arise. There were no changes in the independence status of any existing Director previously considered non-independent that would trigger the one-year cooling-off requirement.

Corporate Governance Principles	Section Ref.	Principle, Compliance and Implementation
Common Directorships	3.10	Complied with
	3.11	As at 31 March 2026, none of the Directors or Senior Management of the Company was nominated, elected, or appointed as Directors of any other Finance Company, in compliance with the Direction. Further, no Director held more than twenty (20) directorships, including subsidiaries and associate companies of Central Finance Company PLC.
4. Assessment of Fitness and Propriety Criteria		
Assessment of Fitness and Propriety Criteria	4.1	Complied with
	4.2	All Directors meet the fit and proper criteria required under the Finance Business Act.
	4.3	Complied with In accordance with Section 4.3 of the Direction, the Monetary Board and the Director of the Department of Supervision of Non-Bank Financial Institutions granted approval for Mr E.H. Wijenaike to continue as a Non-Independent Non-Executive Director for one year after he attained the age of 70 years on 15 August 2024. This approval was further extended for an additional one-year in 2025, allowing him to continue in office during the current year. Mr E.H. Wijenaike is the only Director above the age of 70 on the Board.
5. Appointment and resignation of Directors and Senior Management		
Appointment and resignation of Directors and Senior Management	5.1	Complied with The Board has a transparent process in place for appointments, resignations or removals of Senior Management and Directors. This is in accordance with the provisions of the Direction No. 6 of 2021 on Assessment of Fitness and Propriety of KRPs.
6. The Chairperson and the CEO		
The Chairperson and the CEO	6.1	Complied with
	6.2	The Board has appointed the Chairman and the Chief Executive Officer (CEO/MD), and their roles are clearly separated, with functions and responsibilities defined in writing in the Board Charter, ensuring an appropriate balance of authority.
	6.3	Complied with On the retirement of Mr A.D.B. Talwatte, Mr A.R. Fernando, Non-Independent Non-Executive Director, was appointed Chairman with effect from 1 May 2025. In compliance with Section 6.3, Mr M.H. de Silva, Independent Non-Executive Director, was appointed as the Senior Director with effect from 1 May 2025.
Responsibilities of the Chairperson	6.4	Complied with The Chairman is responsible for leading, directing, and managing the Board to ensure its effective functioning and full compliance with legal and regulatory requirements. The responsibilities of the Chairman are set out in the Board Charter section 10, which is reviewed periodically as required.
Responsibilities of the CEO	6.5	Complied with The Chief Executive Officer (CEO)/Managing Director (MD) serves as the principal executive responsible for the day-to-day management of the Company's operations and business. The responsibilities of the CEO are defined in Section 10 of the Board Charter.

Corporate Governance Principles	Section Ref.	Principle, Compliance and Implementation
7. Meetings of the Board		
Meetings of the Board	7.1	Complied with The Board meets at monthly intervals but meets more frequently whenever it is necessary. Circulation of written or electronic resolutions / Board papers to obtain the Board's consent was minimised, and approvals obtained through the circulation of resolutions / Board papers are subsequently ratified at the next Board Meeting. The Company has held 15 Board meetings during the year. Details of the meetings and individual attendance during the year 2025/26 are given on page 164.
Inclusion of Proposals by all Directors in the Agenda	7.2	Complied with Procedures are in place to enable matters and proposals from all Directors to be included in the agenda for regular meetings as and when they arise.
Adequate Notice of Board Meetings and Contribution at Meetings	7.3 7.4	Complied with Directors are provided with adequate time to prepare for meetings, with at least 3 days' notice given for scheduled Board Meetings and reasonable notice for other meetings. Directors have access to Key Responsible Persons and may seek independent professional advice when required. All Directors attending meetings actively contribute to discussions with their views and suggestions.
Quorum at Board Meetings	7.5	Complied with All Board Meetings held during 2025/26 were duly constituted, with the quorum requirement met at every meeting, including the requirement that at least one-fourth of the Directors constituting the quorum were Independent Directors, as stipulated in the Directions. Details of meetings and individual attendance for 2025/26 are disclosed on page 164.
Meetings of the Chairperson with the Non-Executive Directors	7.6	Complied with The Chairman met with the Non-Executive Directors twice during the year 2025/26, without the presence of Executive Management, in accordance with the requirements of the Direction.
Director Voting on Matters with Substantial Interest	7.7	Complied with A formal procedure is in place requiring Directors to abstain from voting on any Board resolution where they, their relatives, or any concern in which they have a substantial interest, are involved. Such Directors are not counted towards the quorum for the relevant agenda item. Directors also refrain from participating in discussions on related party transactions involving themselves, their immediate family members or any concern in which they have a material interest and are required to disclose all material information relating to such transactions to the Board.
Attendance of Directors at Board Meetings	7.8	Complied with All Directors have attended more than two-thirds of the meetings held during the year. No Director has been absent from attending three consecutive meetings held in 2025/26. Attendance at Board Meetings is given on page 164.

Corporate Governance Principles	Section Ref.	Principle, Compliance and Implementation
Scheduled Board Meetings and Ad Hoc Board Meetings	7.9	Complied with For scheduled Board meetings, Directors are encouraged to participate in person. Ad-hoc meetings are held physically or via electronic means when required. During the year, all meetings were conducted physically, and participation, whether in person or through electronic media, is recorded in the minutes.
8. Company Secretary		
Company Secretary	8.1 a 8.1 b	Complied with The Board has appointed a qualified Company Secretary, designated as a Key Responsible Person (KRP), whose primary responsibility is to provide secretarial support to the Board and to shareholder meetings, and to carry out all statutory and regulatory functions assigned under applicable laws and regulations.
Access to the Services of the Company Secretary	8.2	Complied with The services of the Company Secretary are available to all Directors in discharging their duties. During the year, the Company Secretary provided the Board with necessary support and advice on corporate governance matters, Board procedures, and compliance with applicable laws, rules, and regulations.
Agenda for Board Meetings	8.3	Complied with The Company Secretary prepares the agenda in consultation with the Chairman.
Maintenance of Minutes of the Board Meetings and Access to Directors	8.4 8.5 8.7	Complied with The Company Secretary maintains Board Meeting minutes in an orderly manner for the required minimum period of six years, and Directors have full access to inspect these minutes at any reasonable time with short notice, in compliance with the Direction.
Details of Minutes	8.6	Complied with Minutes of the Board Meetings are maintained in sufficient detail by the Company Secretary as defined in the direction.
9. Delegation of Functions by the Board		
Delegation of Functions by the Board	9.1	Complied with The Board is empowered under Article 127 of the Articles of Association to delegate its powers and has established a formal delegation framework to ensure that such delegation does not compromise the Board's ability to effectively discharge its duties. The Board periodically reviews the delegated authority process, approves authority limits from time to time, and ensures that delegation does not impede its overall responsibilities. Senior Management is kept informed of matters reserved exclusively for the Board's approval.
Board Sub-committees	9.2	Complied with The Board has appointed five Sub-Committees. Board Audit Committee, Human Resources and Remuneration Committee, Nominations and Governance Committee, Board Integrated Risk Management Committee and Related Party Transactions Review Committee in line with the requirements of the Direction. Minutes of all Sub-Committee meetings are circulated to the Board to ensure that each Committee effectively carries out its responsibilities as defined in its respective Charter/ Terms of Reference.

Corporate Governance Principles	Section Ref.	Principle, Compliance and Implementation
Senior Management Level Sub-committees	9.3	Complied with The following Senior Management level Sub-Committees will assist the Board in its decisions with appropriate Delegated Authority: ➤ Board of Management (BOM) ➤ Assets and Liability Management Committee (ALCO) ➤ Credit Committee ➤ IT Steering Committee ➤ Information Security Committee (ISC) ➤ Deposit Product Steering Committee ➤ Vehicle Hire and Fleet Management Services Steering Committee ➤ BCP Committee ➤ Recoveries Review Committee ➤ Investment Committee ➤ Sustainability Management Steering Committee (SMSC)
Delegation of Matters to Sub-committees	9.4	Complied with The Board has not delegated any matter to a Board Sub-Committee, Executive Director, or Senior Management to an extent that would hinder or reduce the Board's ability to discharge its functions as a whole.
Evaluation of Delegated Functions	9.5	Complied with The Board periodically reviews the delegated authority framework to ensure that the level of delegation does not impair its ability to discharge its overall responsibilities effectively.
10. Board Sub-committees		
Board Appointed Sub-committees	10.1	Complied with The Board has appointed five Sub-Committees as explained under Section M on pages 125 and 126.
Board Audit Committee	10.2	Complied with (a) The Chairman of the Committee The Committee is chaired by Mr M. H. de Silva (independent Non-Executive Director), who was appointed on 1st July 2020. (b) Composition of the Audit Committee As at the year-end, the Board appointed Audit Committee comprised of four Independent Non-Executive Directors, including the Chairman. (c) Secretary to the BAC The secretary to the BAC is the Head of Internal Audit. (d) External Audit Function - The Board Audit Committee (BAC) recommends to the Board the appointment of an external auditor for audit services to be provided, the service period, audit fees, and any resignation or dismissal of the auditor.

Corporate Governance Principles	Section Ref.	Principle, Compliance and Implementation
		The Committee reviewed the effectiveness of the audit process and ensured compliance with tenure requirements that the audit partner's engagement does not exceed five years, with a mandatory three-year cooling-off period, and that the same audit firm is not engaged for more than ten consecutive years. The BAC also periodically assessed the independence, objectivity, and effectiveness of the External Auditor in accordance with applicable standards and best practices. The Board Audit Committee (BAC) ensures that the appointment of the External Auditor for non-audit services complies with applicable statutes and does not impair auditor independence or objectivity. The Policy on Engagement of External Auditors for Non-Audit Services was reviewed and approved by the BAC on 06 March 2026. The Committee approved the terms of engagement and annual audit plan, and agreed on the audit scope with the External Auditor, including compliance with regulatory Directions and internal controls over financial reporting, preparation of financial statements in accordance with applicable accounting standards and reporting requirements, and coordination with auditors of subsidiaries and associates. The BAC reviewed interim and annual financial statements prior to Board submission, including internal controls over financial reporting, compliance with LKAS/SLFRS, key accounting policies, going-concern assumptions, and significant judgmental areas. The Committee met the External Auditor three times without management being present to discuss any audit concerns, irregularities, or reservations. The External Auditor's Management Letter and Management's responses were also reviewed. (e) & (f) The BAC conducted its annual review of the effectiveness of the internal control system and ensured timely corrective action by Senior Management on internal audit findings, control weaknesses, and any non-compliance issues identified by internal or external auditors. (g) Steps taken to review the Internal Audit functions. The Audit Committee reviewed and approved the Annual Internal Audit Plan, including the adequacy of its scope, functions, and resource requirements. The Committee also assessed internal audit results, the effectiveness of the internal control system, and confirmed that the Internal Audit Department has adequate authority to carry out its responsibilities. The performance of the Head of Internal Audit and senior internal audit staff was reviewed annually. The Committee's approval is required for the appointment, termination, or transfer of the Head of Internal Audit, senior internal audit staff, and any outsourced internal audit service providers. An external audit firm was engaged to support specific audit activities with prior BAC approval. The Committee ensured that the internal audit function remains independent, is carried out with impartiality and due professional care, and includes periodic reviews of the compliance function and regulatory reporting. Major internal audit findings and management's responses were also reviewed. The BAC reviewed the statutory examination reports of the Central Bank of Sri Lanka (CBSL) and ensured timely corrective action, monitoring the progress of the time-bound action plan on a quarterly basis.

Corporate Governance Principles	Section Ref.	Principle, Compliance and Implementation
		(i) Meetings of the Committee The Audit Committee met eight (08) times during 2025/26 in compliance with the Direction. Notices and agendas were circulated prior to each meeting, and minutes were maintained and approved by the Chairman of the Committee. The Managing Director, Chief Financial Officer, Chief Strategy Officer, and other Senior Management members attended meetings by invitation as required. The External Auditors attended four meetings during the year, and on three occasions, the Committee met with them without the presence of Executive Directors, Senior Management, or employees. The Head of Internal Audit serves as Secretary to the Committee and maintains detailed minutes of all meetings. Further details, including activities, number of meetings, and attendance of each member, are provided in the Board Audit Committee Report on pages 171 to 173.
Board Integrated Risk Management Committee	10.3	The BIRMC comprises five Non-Executive Directors, chaired by an Independent Non-Executive Director, in compliance with the Direction. Any changes to its composition during the year are disclosed in Section N. The Managing Director, Chief Risk Officer (CRO), and relevant Senior Management attend meetings by invitation, and the CRO serves as the Committee Secretary. The Committee reviews quantitative and qualitative risk indicators covering credit, market, liquidity, operational, strategic, compliance, and technology risks at least once every two months, taking prompt corrective action where limits are exceeded. The BIRMC also reviews risk grids of the Company and its significant subsidiaries and ensures that appropriate risk mitigation measures are implemented. The BIRMC develops and periodically reviews the Risk Appetite Statement (RAS), with the latest review conducted in August 2025, and evaluates other risk policies annually. The Committee also reviews the effectiveness of management-level risk committee details as well as the adequacy of business continuity and disaster recovery arrangements. The BIRMC meets once every two months, and minutes, along with risk assessment reports, are circulated to the Board for views, concurrence, and further direction at the subsequent Board meeting **Risk Management Function** An independent risk management function is in place, led by the Chief Risk Officer (CRO), who is designated as Senior Management. The CRO reports directly to the BIRMC, participates in key decision-making processes, including capital and liquidity planning and new product development and provides risk-related recommendations to the BIRMC and the Board. An updated risk register is maintained and submitted to the BIRMC at each meeting, and the BIRMC submits a corresponding risk assessment report to the Board for its views and directions. **Compliance Function** An independent Compliance Function operates to assess adherence to all applicable laws, regulations, directions, rules, and internal policies. The Head of Compliance, designated as Senior Management, reports directly to the BIRMC and does not hold management or financial responsibilities in operational or income-generating areas, ensuring independence and objectivity. A monthly Compliance Statement covering all regulatory frameworks, including the Finance Business Act, SEC Rules, CSE Listing Rules, Companies Act, Inland Revenue Act, and other statutory requirements, is submitted to the Board. The BIRMC conducted its annual performance evaluations of the CRO and Head of Compliance in February 2026. Further details are provided in the BIRMC Report on pages 169 and 170 of this Annual Report.

Corporate Governance Principles	Section Ref.	Principle, Compliance and Implementation
Nominations and Governance Committee	10.4	Complied with The Board Nominations and Governance Committee comprises four Directors, of whom three are Independent, and is chaired by an Independent Non-Executive Director, in line with the Direction requirements. The composition changes during the year and subsequent to the year end are disclosed in Section N. The Company Secretary serves as the Secretary to the Committee. The Committee has implemented a formal and transparent process for the selection and appointment of Directors and Senior Management, ensuring that all proposed appointees meet the fit-and-proper criteria prescribed under the Finance Business Act and the Direction on Assessment of Fitness and Propriety of KRPs. Appointments of Senior Management are made on the recommendation of the CEO, except for the Head of Internal Audit, Chief Risk Officer, and Compliance Officer, who follow the Board-approved governance process. The Nominations and Governance Committee ensures that the Board's composition remains balanced, is not dominated by any individual or group, and that succession arrangements for Directors and Senior Management are adequately addressed. Committee members do not participate in decisions relating to their own appointments or reappointments. Required disclosures on new Director appointments are made through the Company Secretary. Further details of the Committee, including its composition and activities, are provided in the Nominations and Governance Committee Report on pages 165 and 166 and the Committee's functions are summarised in Section M.
Human Resources and Remuneration Committee	10.5	Complied with The Board Human Resources and Remuneration Committee (HRRC) comprises only Non-Executive Directors, with a majority being Independent Directors and is chaired by an Independent Non-Executive Director. The composition changes during the year and subsequent to the year end are disclosed under Section N. The secretary to the Committee is also an Independent Non-Executive Director. The Committee follows a formal and transparent process for matters relating to the appointment, remuneration, and performance evaluation of the CEO, Executive Directors, KRPs, and senior management. Required disclosures, performance evaluation processes, and governance expectations are carried out in line with regulatory requirements. The detailed functions, responsibilities, and activities of the HRRC are presented in Section M and in the HRRC Report on page 168 of this Annual Report.
11. Internal Controls		
Internal Controls	11	Complied with Well-established internal control systems are in place, which include the organisational structure, segregation of duties, clear management reporting lines and adequate operating procedures in order to mitigate operational risks. The existing controls are designed to, ➤ promote effective and efficient operations ➤ provide reliable financial information ➤ safeguard assets ➤ minimise the operating risk of losses from irregularities, fraud and errors ➤ ensure effective risk management systems ➤ ensure compliance with relevant laws, regulations, directions and internal policies. ➤ All employees of the Company are given the responsibility for internal controls as part of their accountability for achieving objectives

Corporate Governance Principles	Section Ref.	Principle, Compliance and Implementation
12. Related Party Transactions		
Related Party Transactions	12	The Board has established a Related Party Transactions Review Committee (RPTRC) in line with the requirements of the Direction. The Committee comprises five Non-Executive Directors, with a majority being Independent, and is chaired by an Independent Non-Executive Director. The Chief Financial Officer serves as the Secretary. Details of the Committee and its activities are presented in the RPTRC Report on page 167, and the Committee's functions are summarised in Section M. The Company maintains a Board-approved Related Party Transactions Policy, which outlines the formal process to identify, review, and approve related party transactions and to address conflicts of interest in compliance with Section 12 of the Direction. Directors and Key Responsible Persons are required to make declarations of related parties at appointment and quarterly thereafter, and to disclose any interest in proposed related party transactions. A complete list of related parties (individuals/ institutions) is being updated periodically and reviewed by the RPTRC to avoid any conflict of interest and enhance monitoring of the related party transactions. All related party transactions are reviewed in advance by the RPTRC and recommended to the Board, ensuring that such transactions are conducted on terms not more favourable than those offered to comparable unrelated parties. RPTRC has issued guidelines for the senior management to follow in transacting and reporting of recurring transactions necessary for day-to-day operations, and, in the opinion of the Committee, the terms are not more favourable to the related party than those generally available to the public. All related party transactions are getting reported and reviewed on a quarterly basis by the RPTRC.
13. Group Governance		
Group Governance	13	Complied with The Company has adopted a Group Governance Framework in line with Section 13.1 of the Finance Business Act Direction No. 05 of 2021, which was reviewed and approved by the Board. The Framework defines governance expectations for all subsidiaries of Central Finance Company PLC, ensuring consistent standards across the Group. As the Parent Company, Central Finance ensures that its subsidiaries maintain appropriate decision-making processes, internal controls, and governance practices, including requirements relating to stakeholder interests, conflict-of-interest management, related party transaction reporting, information security, financial reporting, and structural changes. Detailed functions relating to Group governance oversight are provided in Section M. Group-level compliance is monitored through quarterly compliance statements and risk control matrices submitted by key subsidiaries, which are reviewed and discussed at meetings of the Board Integrated Risk Management Committee (BIRMC) for ongoing risk mitigation.

Corporate Governance Principles	Section Ref.	Principle, Compliance and Implementation
14. Corporate Culture		
Code of Conduct	14.1	Complied with The Company has developed a Code of Business Conduct for all employees, including KRPs, which addresses confidentiality, conflict of interest, integrity of reporting, corporate opportunities, fair dealing with customers, protection and proper use of the Company's assets, including information assets and compliance with applicable laws and regulations, including insider trading laws and encourages the reporting of any illegal or unethical behaviour.
Records of Breaches of Code of Conduct	14.2	Complied with Breaches of the Code of Conduct are recorded, and such breaches are addressed by the Human Resource Department in a manner that upholds high standards of integrity.
Whistleblowing Policy	14.3	Complied with The Company has a Whistleblowing Policy that enables employees to raise concerns regarding illegal, unethical, or improper practices in a confidential manner and without risk of reprisal. The Policy is accessible to all employees via the Company's website.
15. Conflicts of Interest		
Conflicts of Interest	15.1 15.2	Complied with The Company's Related Party Transactions Policy stipulates that no relationships exist among Directors that could give rise to undue influence or coercion. Adequate procedures are in place to ensure that any actual or potential conflicts of interest are properly disclosed to the Board. Directors are required to abstain from voting on any Board resolution in which they or their relatives, or any concern in which they have a substantial interest, are involved, and they are not counted in the quorum for such agenda items. The Board has reviewed and approved the Policy on managing conflicts of interest in compliance with the Direction.
16. Disclosures		
Disclosures in the Annual Report	16.1	Complied with The Board reviews the annual and periodical financial statements to ensure that they are in conformance with all rules and regulatory requirements of regulatory authorities and applicable Accounting Standards. Annual and bi-annual financial statements have been published in all three languages in the newspapers. (i) Financial Statements A statement to the effect that the 2025/26 annual audited financial statements have been prepared in line with applicable Accounting Standards and regulatory requirements has been given in the Statement on Directors' Responsibility for Financial Reporting on page 174. A statement of responsibility of the Board in preparation and presentation of financial statements is given under the Statement of Financial Position of the financial statements on page 194.

Corporate Governance Principles	Section Ref.	Principle, Compliance and Implementation
		(ii) Chairperson, CEO and Board related disclosures Directors' profiles are given on pages 24 to 26 detailing the name, qualifications, brief profile, Directorship status (Executive, Non-Executive and/or Independent Director), nature of expertise in relevant functional areas and names of Board Committees in which the Director serves as the Chairperson or a member. Names of other Companies in which the Director/CEO concerned serves as a Director, and whether in an executive or Non-Executive capacity, are disclosed on pages 123 to 125. Board and Board Sub-committee Meeting attendance details are disclosed on page 164. There is no relationship between the Chairperson and the CEO, nor among the members of the Board. (iii) Appraisal of Board performance An overview of how the performance evaluations of the Board and its committees have been conducted is disclosed on page 186 under the Annual Report of the Board of Directors. (iv) Remuneration A statement on remuneration policy, which includes Board fee structure and breakdown of remuneration of Senior Management, level and mix of remuneration (financial and non- financial), the procedure for setting remuneration, and the relationships between remuneration, performance and value creation, is disclosed under the Human Resources and Remuneration Committee Report on page 168 of the Annual Report. The aggregate values of remuneration paid by the Company to KRPs are as follows

	Rs.'000
Short term employee benefits	538,202
Contributions to employee trust/provident fund	45,423
Contributions to gratuity fund	16,029

(The remuneration paid to Directors as disclosed in note 59.2.1 to the Financial Statements is included above.)

(v) Related Party Transactions

There is no relationship between the Chairperson and the CEO, nor among the members of the Board.

The net accommodation granted and outstanding from the related parties as a percentage of capital funds is given below.

Related Party Category	Net Accommodation Granted During the Year (Rs.'000)	Net Accommodation Outstanding as of 31 March 2026 (Rs.'000)	Net Accommodation Outstanding as a % of Capital Funds
1. Subsidiaries	1,960	2,020	0.00%
2. Associates	54,723,930	4,586,424	8.24%
3. Key Management Personnel	1,000	Nil	Nil

Corporate Governance Principles	Section Ref.	Principle, Compliance and Implementation
		The aggregate value of transactions of the Company with its Senior Management during the financial year is as follows.

Transaction	31.03.2026 Rs.'000
Financial liabilities at amortised cost - Deposits	314,507
Placement of deposits (Cash Flow)	37,275
Interest Expense	25,250
Accommodation Granted	1,000
Capital paid during the year	1,000
Interest Income	1

Number of shares held by Senior Management as at 31 March 2026 – 2,197,611 Shares

(vi) Board-appointed committees

Board Sub-committee details are disclosed under each sub-committee's reports from pages 165 to 173.

Attendance details are available on page 164.

(vii) Group Structure

The Group structure is disclosed on page 198. The Company has a Group Governance Framework, which was reviewed and approved by the Board, and is detailed on page 142.

(viii) Directors' report

The Annual Report of the Board of Directors on pages 181 to 187 of the Annual Report covers the following aspects:

- The Company has not engaged in any activity which contravenes laws and regulations.
- The Directors have declared all Related Party Transactions with the Company and abstained from voting on matters in which they were materially interested.
- The Company has made all endeavours to ensure the fair treatment of all stakeholders, in particular the depositors.
- The business is a going concern with supporting assumptions; and
- The Board has conducted a review of internal controls covering material risks to the Company and has obtained reasonable assurance of their effectiveness.

(ix) Statement on Internal Control

The Directors' Report on the effectiveness of the internal control system over financial reporting is given under the "Directors' Statement of Internal Control" on pages 175 and 176.

An Independent Assurance Report is issued by the External Auditor on the effectiveness of Internal Controls over Financial Reporting based on "SLSAE 3050 – Assurance Report for Banks on Directors' Statement on Internal Controls" issued by CA Sri Lanka. Please refer to the External Auditor's Independent Assurance Report on the Directors' Statement on Internal Control on page 177.

A statement on prudential requirements, regulations, laws and internal controls is given under the "Directors' Statement of Internal Control" on pages 175 to 176.

Corporate Governance Principles	Section Ref.	Principle, Compliance and Implementation
		(x) Corporate Governance Report The External Auditor has performed procedures set out in "Sri Lanka Related Services Practice statement 4752" issued by CA Sri Lanka to meet the compliance requirement of the Corporate Governance directive. External Auditors' findings presented in their report are consistent with the matters disclosed above and did not identify inconsistencies with those reported. (xi) Code of Conduct The Company has developed a Code of Business Conduct that applies to all Directors, Key Management Personnel and employees. A certification by the Chairman that the Company has no violations of any provisions of this code is given under the Chairman's statement on page 117. (xii) Management report Operating Environment on pages 28 to 30, Chairman's Statement on pages 12 to 15, Managing Director's Statement on pages 16 to 21, Strategy and Resource Allocation Report on pages 40 to 43, Review of Operation on pages 44 to 49, SLFRS Climate related disclosures from page 103 to page 116 Material topics pages 35 to 37 and Risk Management Report on pages 92 to 102 of the Annual Report covers the following: ➤ Industry structure and developments ➤ Opportunities and threats ➤ Risks and concerns ➤ Sustainable finance activities carried out by the Company ➤ Prospects for the future (xiii) Communication with shareholders A board-approved communication policy is in place, which details the policy and methodology for communication with the shareholders. The Company Secretary will engage with the shareholders by means of the Annual Report, Quarterly Reports, and by sending notifications to the shareholders.

SECTION TWO

CODE OF BEST PRACTICE ON CORPORATE GOVERNANCE 2023 (THE CODE) ISSUED BY CA SRI LANKA

STATEMENT OF COMPLIANCE

The level of adoption of the above voluntary code, which comprises nine fundamental principles and conformance of the said principles by CF in summary form, is disclosed below

The Company	
Directors	The Company is led, directed and controlled by a Board of Directors with the skills, experience and knowledge complemented with the highest level of integrity and independent judgement. The Board is equipped with members having sufficient financial acumen and knowledge. CF has established a clear division of responsibilities between the Chairman and MD/CEO to ensure a balance of power and authority, in such a way that no individual has unfettered powers of decision.

The Company	
Directors' Remuneration	CF has a well-established, formal and transparent procedure for executive remuneration and fixing the remuneration packages of individual Directors. The level of remuneration of both Executive and Non-Executive Directors is sufficient to attract and retain the Directors needed to manage the Company successfully.
Relations with Shareholders	Central Finance uses the Annual General Meeting to communicate with its shareholders, and the Company focuses on open communication and fair disclosure, with emphasis on the integrity, timeliness and relevance of the information provided. Further, during 2025/26, the Company had not engaged in or committed to any major and material transactions that materially affected CF's net asset base that required communication to shareholders..
Accountability and Audit	The CF Board has presented a balanced and understandable assessment of the Company's financial position and performance during 2025/26. The Board has established a sound framework of risk management and internal controls. The Company has developed a Policy on Code of Conduct and Ethics applicable to all employees, and has also addressed conflict of interest, financial irregularities, IT system controls, receiving entertainment and gifts and confidentiality of information.
Shareholders	
Institutional Investors	The Board has encouraged the institutional shareholders to make considered use of their votes, ensure that their voting intentions are translated into practice and give due weightage to all relevant factors drawn to their attention when evaluating the Governance arrangements of the Company.
Other Investors	The Company has encouraged individual shareholders to carry out adequate analysis or obtain independent advice in investing and divesting decisions and to participate and exercise their voting rights at the General Meeting.
Internet of Things and Cybersecurity	Prevailing risks related to information security have been taken into consideration by the Board in formulating the IT risk management policy.
Sustainability Environment, Society and Governance (ESG) Risks & Opportunities	The Company has created long-term stakeholder value by embracing opportunities, managing risks and impact on business activities from environmental social and governance related developments through ESG reporting.
Special Considerations for Listed Entities	The Company has complied with the requirements given under special considerations for Listed Entities.

Corporate Governance Principles	CA Code Reference	Extent of Adoption by CF
THE COMPANY		
A. DIRECTORS		
A.1 The Board		
Board Meetings	A 1.1	Adopted Details of the Board meetings and individual attendance are given on pages 164.
Board Responsibilities	A 1.2	Adopted Details of Roles & Responsibilities of the Board are provided on page 119.
Compliance with the laws of the country and access to independent professional advice	A 1.3	Adopted
Access to the Services of the Company Secretary Insurance cover for the Board/KMPs	A 1.4	Adopted Role of the Company Secretary – included under section O on page 128. The Company has obtained a comprehensive insurance cover for CF Board members, and its KRPs/KMPs for 2025/26.
Independent judgment of Directors	A 1.5	Adopted

Corporate Governance Principles	CA Code Reference	Extent of Adoption by CF
Dedication of adequate time and effort by Directors	A 1.6	Adopted
Calling for a resolution by one-third of Directors	A 1.7	No such incidents had arisen during the year.
Training for Directors	A 1.8	Adopted
A.2 Chairman and Chief Executive Officer (CEO/MD)		
Division of responsibilities of Chairman and MD/CEO	A 2.1	Adopted Refer to Section K on page 125.
A.3 Chairman's Role		
Role of the Chairman	A 3.1	Adopted Refer to Section K on page 125.
A.4 Financial Acumen		
Availability of sufficient financial acumen and knowledge	A 4	Adopted Refer to pages 24 to 26 for director profiles
A.5 Board Balance		
Presence of a strong team of Non-Executive Directors on the Board	A 5.1	Adopted
Independent Directors	A 5.2	Adopted
Evaluation of the Independence of Non-Executive Directors	A 5.3	Adopted
Annual declaration of the Non-Executive Directors	A 5.4	Adopted
Determination of Independence of the Directors by the Board	A 5.5	Adopted
Alternate Director	A 5.6	The alternate Director appointment has not taken place during 2025/26.
Requirement of Senior Director and availability for confidential discussions	A 5.7 and A 5.8	Adopted
Meetings with Non-Executive Directors	A 5.9	Adopted
Recording of concerns in Board minutes	A 5.10	Circumstances have not arisen. All matters taken up for discussion were resolved through consensus at Board Meetings.
A.6 Supply of Information		
Appropriate and timely information to the Board by the Management	A 6.1	Adopted
Adequate time for Board Meetings	A 6.2	Adopted
A.7 Appointment to the Board		
Nominations and Governance Committee	A 7.1	Adopted The report of the Nominations and Governance Committee is given on page 165.
Assessment of the Board composition	A 7.2	Adopted Refer to Section E on page 121 for the board composition.

Corporate Governance Principles	CA Code Reference	Extent of Adoption by CF
Succession plan	A 7.3	Adopted The Committee ensures a succession plan is in place for the Chief Executive Officer and all key responsible persons, and identifies their training and development needs to support effective succession.
Disclosure of details of new Directors to shareholders	A 7.4	Adopted Appointment of new Directors is disclosed to the shareholders with a brief resume of each such Director by way of CSE corporate disclosure, public announcements, as well as in the Annual Report. All new appointments and continuing Directorships are reviewed by the Board as a whole.
Disclosure of details of the Annual Report	A 7.5	Adopted Refer to the Nominations and Governance Committee report on page 165.
TOR of Nominations and Governance Committee	A 7.6	Adopted
A.8 Re-election Code requires all Directors to submit themselves for re-election at regular intervals of at least once every three years.		
Appointment of Non-Executive Directors	A 8.1	Adopted
Election of Directors by the shareholders	A 8.2	Adopted
Resignation of Directors	A 8.3	Adopted – Not applicable for the period.
A.9 Appraisal of Board Performance The board should appraise its own performance periodically to ensure that its responsibilities are satisfactorily discharged. The Board has periodically reviewed its performance against the pre-set criteria, ensuring adherence to the code.		
Appraisal of Board performance and annual self-evaluation of the Board and its Committees	A 9.1 and A 9.2	Adopted Details as specified in the Annual Report of the Board of Directors.
Process of reviewing the Directors at the re-election	A 9.3	Adopted
Method of Board and Sub-committee Performance Appraisal	A 9.4	Adopted Details as specified in the Annual Report of the Board of Directors.
A.10 Disclosure of Information in respect of Directors		
Details with respect to Directors	A 10.1	Adopted The details pertaining to each Director are disclosed as follows. a) Brief profile with expertise and experience – pages 24 to 26. b) Status of independence – pages 24 to 26. c) Other business interests – pages 123 to 125. d) Attendance at Board Meetings and Sub-committee Meetings - page 164.

Corporate Governance Principles	CA Code Reference	Extent of Adoption by CF
A.11 Appraisal of the Chief Executive Officer (CEO /MD) The Code requires the Board to assess the performance of MD /CEO at least annually to ascertain the achievement of pre-set Financial and Non-financial targets.		
Financial and Non-financial targets for MD /CEO	A 11.1	Adopted At the commencement of the financial year, reasonable financial and non-financial targets for MD /CEO are set by the Board in consultation with MD/CEO in line with the short, medium and long-term objectives of the Company.
Evaluation of the Performance of the MD/CEO	A 11.2	Adopted There is an ongoing process to evaluate the performance of MD/CEO.
B. DIRECTORS' REMUNERATION		
B.1 Remuneration Procedure The Code requires that the Company should establish a formal and transparent procedure for developing an effective policy on executive remuneration and remuneration packages for individual Directors where no Director is involved in deciding his/her own remuneration.		
Human Resources and Remuneration Committee	B 1	Adopted Details as set out in the Human Resources and Remuneration Committee report on page 168.
B.2 Composition, Level and make-up of the Remuneration The Code requires the Board to establish the levels of remuneration for both Executive and Non-Executive Directors which should be sufficient to attract and retain the Directors needed to manage the Company successfully. A proportion of the Executive Directors remuneration should be structured to link rewards to corporate and individual performance.		
Composition, Level and make-up of the remuneration of Executive Directors for long-term success of the Company	B 2.1 to B 2.5	Adopted The Board ensures that Executive Directors' remuneration is aligned with market expectations and supports the attraction and retention of suitably qualified Directors. The Human Resources & Remuneration Committee designs the remuneration framework for Executive Directors to support long-term value creation and alignment with the Company's objectives. The Board as a whole determines and periodically reviews the remuneration of Non-Executive Directors, who are paid fees for service on the Board and its Sub-Committees. The Committee reviews performance and makes recommendations to the Board on the remuneration of the MD/CEO, Executive and Non-Executive Directors, and senior management. The constitution of the Committee is set out in Section M on page 126, with further details provided in the Human Resources and Remuneration Committee Report on page 168. External professional advice is obtained where necessary, and the MD/CEO provides input on the remuneration of other Executive Directors and senior management.
Comparison of remuneration with other companies	B 2.6	Adopted In determining the remuneration of Directors and senior management, the Human Resources and Remuneration Committee considers market benchmarks of comparable companies, performance outcomes, and associated risk factors.
Comparison of Remuneration with other companies in the Group	B 2.7	Not Adopted The size and scale of Central Finance is not comparable with those of other Companies in the Group.

Corporate Governance Principles	CA Code Reference	Extent of Adoption by CF
Performance-related elements of remuneration to Executive Directors	B 2.8	Adopted Please refer to code B 2.1 to B 2.5 above.
Executive share options	B 2.9	Not Applicable There are no share option plans available for executives.
Designing the Executive Directors' remuneration	B 2.10	Adopted
Early termination of Directors	B 2.11	Adopted – Not applicable for the current year
Early termination is not included in the initial contract	B 2.12	Adopted – Not applicable for the current year
Remuneration of the Non-Executive Directors	B 2.14	Adopted Non-Executive Directors receive fees in line with market practices, taking into consideration the time commitment and responsibilities of their role.
Remuneration Committee & the Terms of Reference	B 2.15 – B 2.16	The details of the members of the Human Resources and Remuneration committee are given on page 127.
B.3 Disclosure of Remuneration The Company should disclose the remuneration policy and the details of remuneration of the Board as a whole in the Annual Report.		
Disclosure of remuneration	B 3.1 – B 3.2	Adopted The Human Resources and Remuneration Committee's Report setting out the policy and composition of the Committee is given on page 168. The remuneration paid to the Board of Directors is disclosed in aggregate in Note no 59.2.1 to the financial statements on page 300. Aggregate remuneration paid to senior management personnel is disclosed on page 144 of this report.
C. RELATIONS WITH SHAREHOLDERS		
C.1 Constructive use of the Annual General Meeting (AGM) and Conduct of General Meetings. The Code requires the Board to use the Annual General Meeting to communicate with Shareholders and encourage their active participation.		
Notice of the AGM	C 1.1	Adopted Notice of the meeting and related papers are sent to the shareholders as determined by the Companies Act No. 7 of 2007 and other statutes.
Separate resolution for all substantially separate issues	C 1.2	Adopted The Company ensures transparency by proposing separate resolutions for distinct matters, including the adoption of the annual report and financial statements, providing proxy voting options for each resolution, and excluding withheld votes when calculating votes for and against resolutions.
Use of proxy votes	C 1.3	Adopted The Company has in place an effective mechanism to record all proxy votes and proxy votes lodged on each resolution.

Corporate Governance Principles	CA Code Reference	Extent of Adoption by CF
Availability of all Board Sub-Committee Chairmen at the AGM	C 1.4	Adopted The Chairman ensures that the Chairpersons of all Sub-Committees and the Senior Director are present at the AGM to respond to shareholder queries.
Adequate notice of the AGM and procedures of voting at the General Meeting	C 1. 5	Adopted All shareholders are encouraged to attend the AGM, with notice and the Annual Report, including financial statements and voting procedures, issued in compliance with the Companies Act No. 7 of 2007 at least 15 working days in advance.
C.2 Communication with Shareholders The Code requires the Board to establish effective communication with shareholders.		
Channel to reach all shareholders of the Company	C 2.1	Adopted The Annual Report and AGM serve as the primary communication channels with shareholders, while annual and interim reports, stock exchange announcements and meeting notices are published on the CF website to facilitate timely and effective stakeholder communication.
Policy and Methodology for Communication with Shareholders	C 2.2	Adopted The Company ensures open and fair disclosure through timely and reliable information, supported by a Board-approved Communication Policy covering all key stakeholders.
Implementation of the Policy and Methodology	C 2.3	Adopted In accordance with the Board-approved Communication policy, open communication with shareholders is maintained, with key officers readily accessible.
Contact person in relation to Shareholders matters	C 2.4 and C 2.6	Adopted Shareholder communications and requests are channelled through the Company Secretary, with authorised spokespersons designated under the Communication Policy.
Process to make all Directors aware of the major issues and concerns of shareholders	C 2.5	Adopted The Company Secretary records and promptly circulates correspondence to the appropriate Directors.
The process for responding to shareholder matters	C 2.7	Adopted Shareholder correspondence is responded to promptly in line with the Communication Policy.
C.3 Major and Material Transactions Further to complying with the requirements under statutes and regulators, Directors should disclose to shareholders all proposed material transactions which would materially alter/ vary the net assets position of the Company/Group, if entered into		
Major transactions	C 3.1	Adopted There were no major transactions during 2025/26.

Corporate Governance Principles	CA Code Reference	Extent of Adoption by CF
Disclosure requirements and shareholder approvals for special resolutions in PLCs	C 3.2	Adopted CF complied with all disclosure and shareholder approval requirements under SEC and CSE regulations, with no non-recurrent related party or other transactions requiring special resolutions during the year.
D. ACCOUNTABILITY AND AUDIT		
D.1 Financial and Business Reporting (The Annual Report) The Code requires the Board to present a balanced and understandable assessment of the Company's financial position, performance, business model, governance structure, risk management, internal controls and challenges, opportunities and prospects.		
Statutory and Regulatory Reporting	D 1.1 and D 1.2	Adopted In the preparation of quarterly and annual financial statements for the year ended 31st March 2026, Central Finance has complied with the requirements of the Companies Act No. 07 of 2007, the Finance Business Act No. 42 of 2011, and presented in conformity with Sri Lanka Accounting Standards and complied with the reporting requirements prescribed by the Regulatory Authorities such as the Central Bank of Sri Lanka and Colombo Stock Exchange.
Declaration on Financial Statements	D 1.3	Adopted
Directors' report in the Annual Report	D 1.4	Adopted The Directors have made all declarations in the "Annual Report of the Board of Directors" as given on pages 181 to 187 covering the required content.
Statement of Directors' and Auditor's responsibility for financial statements and Report on risk management and Internal Controls	D 1.5	Adopted The Statement setting out the responsibilities of the Board for preparation and presentation of financial statements is included in "Directors' Responsibility for Financial Reporting" and given on page 174 of the Annual Report. Auditor's reporting responsibility is given in their report on the financial statements on pages 188 to 191. The Directors' Statement on Internal Controls is given on page 175, and the Auditor's report on "The Directors' Statement on Internal Controls" is given on page 177. Risk Management Report is given on pages 92 to 102.
Management Discussion and Analysis	D 1.6	Adopted The "Review of Operations" report discussing the key aspects identified in this code is given on pages 44 to 49.
Summoning an EGM to notify of a serious loss of capital	D 1.7	Not Applicable The likelihood of such an occurrence is remote. However, should the situation arise, an EGM will be called for, and shareholders will be notified.
Disclosure of related party transactions	D 1.8	Adopted All related party transactions as defined in Sri Lanka Accounting Standards, Listing rules of Colombo Stock Exchange and similar regulations on "Related Party Transactions" are disclosed in note 59 to the Financial Statements on pages 300 to 303 .

Corporate Governance Principles	CA Code Reference	Extent of Adoption by CF
D.2 Risk Management and Internal Control The Board is responsible for determining the nature and extent of the principal risks that will be taken in achieving the strategic objectives. The Board should have a process of risk management and a sound system of internal controls to safeguard shareholders' investments and the Company's assets.		
Annual evaluation of risk management systems	D 2.1	Adopted The Board is responsible for establishing and continuously monitoring an effective risk management and internal control framework to manage business risks and safeguard the Company's assets. This framework provides for the identification, assessment, monitoring, and management of key risks through clearly defined responsibilities, supporting the achievement of the Company's strategic, operational, and financial objectives. The Board also ensures robust assessment of principal risks that could impact the business model, performance, solvency, or liquidity. Further details are provided in the Board Integrated Risk Management Committee Report on page 169, with the Risk Management Report set out on pages 92 to 102.
Effectiveness of the internal control system	D 2.2	Adopted The Board determines the Company's risk appetite and establishes appropriate risk management and internal control processes to safeguard shareholder investments and Company assets. The Board Integrated Risk Management Committee (BIRMC) supports the Board in relation to risk management, while the Board Audit Committee (BAC), supported by the Internal Audit Department, assists in overseeing internal controls. Their responsibilities are outlined in the respective Committee Reports on pages 165 to 173 and are aligned with the Code and the CBSL Direction on Corporate Governance. The Board ensures the establishment and ongoing monitoring of effective internal controls covering financial, operational, and compliance areas, and obtains an annual review of their effectiveness. The Directors' Statement on Internal Control is presented on pages 175 and 176, with the Auditor's Report thereon provided on page 177.
D.3 Audit Committee The Code requires the Board to have a formal and transparent arrangement in selecting and applying accounting policies for financial reporting, determining the structure and content of the corporate reporting, implementing internal control and risk management principles and maintaining an appropriate relationship with the Company's Auditor		
Composition of the Audit Committee	D 3.1	Adopted The Audit Committee composition is as set out in section 10.2 on page 138. The Committee met 08 times during the year 2025/26. The Head of Internal Audit functions as the Secretary to the Audit Committee. Chairman, Managing Director, Chief Strategy Officer, CFO, Senior Management team representatives, External Auditor and other outsourced professional service providers appointed by the Board Audit Committee attend meetings by invitation.
Terms of reference of the Audit Committee	D 3.2	Adopted The Audit Committee is guided by the Committee Charter, which sets out the authority and responsibility of the Audit Committee. The Charter was last reviewed in March 2026.

Corporate Governance Principles	CA Code Reference	Extent of Adoption by CF
Disclosures of the Audit Committee	D 3.3	Adopted Refer to the Board Audit Committee report on pages 171 to 173.
D.4 Board Integrated Risk Management Committee Procedures are in place for risk management, including how to determine risk culture, risk appetite, risk identification and classification, rating and management of risk.		
Board Integrated Risk Management Committee	D 4.1	Adopted Board Integrated Risk Management Committee composition is as set out on page 127. The Managing Director, Deputy Managing Director, Chief Risk Officer (CRO), CISO, CFO, GM-Information Technology and other senior management representatives attend the meetings as invitees.
Terms of reference of the BIRMC	D 4.2	Adopted A separate written terms of reference is in place with its authority and duties. The TOR was last reviewed in 2025/26 in line with the Code of Best Practices on Corporate Governance of CA Sri Lanka.
BIRMC Meetings	D 4.3	Adopted The Committee met six times during the year. The CRO serves as the Secretary to BIRMC.
External Professional Advices	D 4.4	Adopted The Committee has the authority to seek external professional advice if required in connection with the performance of its duties.
Disclosures of BIRMC	D 4.5	Adopted The Board Integrated Risk Management Committee report is provided on pages 169 and 170.
D.5 Related Party Transactions Review Committee The Code requires the Board to ensure that a procedure has been established to avoid any conflict of interest that may arise in transacting with related parties.		
Related parties and related party transactions	D 5.1	Adopted. All related parties and related party transactions are identified in conformity with LKAS 24, and disclosures are made in compliance with regulatory requirements.
Related Party Transactions Review Committee	D 5.2	Adopted The Board Related Party Transactions Review Committee composition is as set out in page 127.
Related Party Transactions Review Committee terms of reference	D 5.3	Adopted The Committee is directed by the Board-approved terms of reference, which set out the authority and responsibility of the Committee.
D.6 Code of business conduct and ethics The Company should develop a Code of Business Conduct and Ethics to be adhered to by all Directors, Key Management Personnel and all other employees, including but not limited to: dealing with shares of the Company; compliance with listing rules; bribery and corruption; confidentiality; and encouraging that any illegal, fraudulent and unethical behaviour be promptly reported to those charged with governance.		

Corporate Governance Principles	CA Code Reference	Extent of Adoption by CF
Code of business conduct and ethics	D 6.1	Adopted Central Finance has adopted a Code of Business Conduct applicable to all employees, covering conflicts of interest, acceptance of gifts and benefits, accurate accounting and record-keeping, corporate opportunities, confidentiality, fair dealing, proper use of Company assets (including information assets), compliance with applicable laws and regulations (including insider trading), and the reporting of illegal or unethical conduct. A Board-approved share dealing policy compliant with CSE Listing Rules is in place, and the Code of Business Conduct and Ethics has been fully complied with by Directors and Key Management Personnel.
Price-sensitive information	D 6.2	Adopted Communication Policy is in place, defining the procedure to identify and report material and price-sensitive information in accordance with the relevant regulations.
A process of monitoring and disclosing of share purchases	D 6.3	Adopted
Whistle-blower process	D 6.4	Adopted A whistle-blower mechanism is in place to address stakeholder complaints on non-compliance with the Code of Business Conduct and Ethics.
Training on Code of Conduct	D 6.5 and 6.7	Adopted Policy dissemination, training, and any violations are reported to the Board via the Board Audit Committee, and no exemptions or waivers from the Code were granted during the year.
Affirmation of the code of conduct and ethics	D 6.7	Adopted The Board-approved Communication Policy, including the Code of Conduct and Ethics, has been implemented company-wide, with the Chairman confirming no awareness of any material violations; related disclosures are provided on page 117 of the Annual Report
D.7 Corporate Governance Disclosures The Company should disclose the extent of adoption of best practices in Corporate Governance		
Corporate Governance Report	D 7.1	Adopted.
SHAREHOLDERS		
E. INSTITUTIONAL INVESTORS		
E.1 Shareholder voting The Code requires the institutional shareholders to make considered use of their votes and encouraged to ensure that their voting intentions are translated into practice.		
Communication with Institutional shareholders	E 1.1	Adopted The AGM facilitates effective dialogue with shareholders, with the Chairman conveying shareholder views and queries to the Board and Senior Management to ensure appropriate consideration and action.
E.2 Evaluation of Governance Disclosures The Company should encourage institutional investors to give due weightage to all relevant factors drawn to their attention when evaluating the Governance arrangements of the Company.		

Corporate Governance Principles	CA Code Reference	Extent of Adoption by CF
Evaluation of the Corporate Governance initiatives	E 2	Adopted Institutional investors are encouraged to consider all relevant factors, including Board structure and composition, when evaluating the Company's Corporate Governance practices.
F. OTHER INVESTORS		
F.1 Investing/Divesting Decisions The Code requires individual shareholders to carry out adequate analysis or obtain independent advice in investing and divesting decisions.		
Other Investors	F 1	Adopted Individual shareholders are encouraged to carry out adequate analysis or seek independent advice on investing or divesting decisions.
F.2 Shareholder Voting Individual shareholders should be encouraged to participate and exercise their voting rights in General Meetings		
Individual shareholders voting	F 2	Adopted Shareholders are encouraged to participate and vote at General Meetings, with a timely notice provided by the Company.
G. INTERNET OF THINGS AND CYBERSECURITY Prevailing risks related to information security have been taken into consideration by the Board in formulating a cybersecurity risk management policy.		
Effective cyber-security risk management process	Principle G.1 - Principle G.5	Information security risks are addressed through an Information Security Management System Policy covering cyber risk management, incident response, disaster recovery, and governance oversight.
H. ENVIRONMENT, SOCIETY AND GOVERNANCE (ESG)		
H.1 ESG Reporting ESG factors create long-term stakeholder value by embracing opportunities, managing risks derived from environmental, social and governance related developments and their potential implications and impacts on the business activities of the entity. ESG reporting is the practice of recognising, measuring, disclosing and being accountable to all stakeholders for organisational performance towards the goals of sustainable development in the context of the overall business activities and strategy of the entity. Hence, the Code requires the maintenance of Policies and Procedures to develop a sustainable business environment and make adequate disclosures in this regard in the Annual Report.		
Information on ESG reporting & recognise, prioritise, and effectively engage key stakeholders	H 1.1 – H 2.1	Adopted The Board considers Sustainability/ESG-related risks and opportunities in the Company's business model, short- and medium-term planning and long-term strategy where these may reasonably affect the Company's prospects. The Board and KRPs engage with stakeholders to better understand and manage ESG-related risks and opportunities. An Environment, Social and Governance Policy and framework has been adopted since 2024/25. Please refer ESG related reports on pages 103 to 116 for more details.

Corporate Governance Principles	CA Code Reference	Extent of Adoption by CF
Governance Framework	H 3	Adopted CF has adopted an ESG Policy to support the identification, assessment, and management of ESG related risks and opportunities. Governance oversight is supported through the Sustainability Management Steering Committee (SMSC), a management level committee chaired by the Chief Executive Officer, which monitors ESG risks, opportunities, and the implementation of the ESG strategy. The SMSC reports to the Board through the Board Integrated Risk Management Committee (BIRMC). More details are set out in the ESG report on pages 103 to 116.
Value Creation	H 4	Adopted Sustainability/ESG risks and opportunities are evaluated and embedded into strategic and business planning processes.
Annual Report Disclosures and the Board's Role on ESG	H 5	Adopted The Annual Report provides ESG disclosures in accordance with an international reporting framework, enabling stakeholders to assess the recognition, management, measurement, and reporting of ESG risks and opportunities, as detailed in the ESG report on pages 103 to 116.
I . Special Considerations for Listed Entities Establishment and Maintenance of Policies The Company has established and maintains governance-related policies and discloses their existence, along with details of their implementation, on its website.		
Published Policies	I 1.1 to I 1.1.4	Adopted The Company maintains formal governance related policies, details of which are published on the Company's website. During the financial year, no waivers or exemptions were granted in respect of compliance with the Code of Business Conduct and Ethics.
Policy on Matters Relating to the Board of Directors	I 1.2	Adopted The Company has established and maintains a Board Charter governing matters relating to the Board of Directors, which is in compliance with applicable regulatory requirements.

SECTION THREE

COMPLIANCE UNDER SECTION 9 OF THE RULES OF THE COLOMBO STOCK EXCHANGE ON CORPORATE GOVERNANCE

CSE Rule Reference	Applicable Requirement	Level of Compliance
9.1	**Corporate Governance Rules**	
	Statement confirming the extent of compliance with the corporate governance rules	Complied with Section 3 of the Corporate Governance report provides the extent of compliance with CSE Listing rules.

CSE Rule Reference	Applicable Requirement	Level of Compliance
9.2	**Policies**	
9.2.1 9.2.3 9.2.4	Establish, maintain and disclose the Company policies	Complied with The Company policies are fully aligned with the requirements of section 9.2.1, and disclosures have been made on such policies on the Central Finance Company PLC official website.
9.2.2	Waivers and exemptions	Complied with There were no such waivers or exemptions granted during the year under review.
9.3	**Board Committees**	
9.3.1	Establishing and maintaining Board Committees	Complied with The following Board Sub-committees are established and functioning effectively as of the year-end. a. Nominations and Governance Committee b. Human Resources and Remuneration Committee c. Board Audit Committee d. Related Party Transactions Review Committee e. Board Integrated Risk Management Committee
9.3.2	Board Sub-Committee Composition, Responsibilities, and Disclosures	Complied with The Company complies with the composition and responsibilities of Board Sub Committees. Please refer to the Board Sub Committee reports from pages 165 to 173.
9.3.3	Chairperson of Board Committees	Complied with The Chairperson of the Board of Directors of the Company is not the Chairperson of the Board Sub Committees.
9.4	**Adherence to principles of democracy in the adoption of meeting procedures and the conduct of all General Meetings with shareholders**	
9.4.1	Records of General Meetings	Complied with The Company maintains records of all resolutions which are being considered at the Annual General Meeting, with information specified in 9.4.1 of the listing rules. These records are maintained with the Company Secretary, and copies can be provided upon request by the Exchange and/or the SEC.
9.4.2	Communication and relations with shareholders and investors	Complied with A Board approved Communication Policy (Policy on Relations with Shareholders and Investors) is in place to ensure effective communication and engagement with shareholders and investors, with disclosure made in the Annual Report and on the Company's website. The Company Secretary is designated as the contact person for such communications, with contact details disclosed accordingly. Material shareholder or investor concerns requiring Board attention are escalated by the CEO or Company Secretary in line with the Policy. Shareholder meetings were conducted physically during the year under review.

CSE Rule Reference	Applicable Requirement	Level of Compliance
9.5	**Policy on matters relating to the Board of Directors**	
9.5.1 9.5.2	Compliance with matters related to the Board of Directors	Complied with The Company Board Charter, which is in place, governs matters relating to the Board of Directors. The provisions referred to in (a), (c) to (j) of this rule are incorporated into the Board Charter and complied with. (b) It is not applicable as the roles of the Chairperson and the Chief Executive Officer are distinct and are clearly defined in the Board Charter.
9.6	**Chairperson and CEO**	
9.6.1 9.6.3	Roles of Chairperson and CEO	Complied with The Chairman is a Non-Executive Director. The roles of the Chairman and CEO are distinct, and they are defined in the Board charter.
9.6.3	The requirement of a SID	Not Applicable as per CSE Listing Rules requirements.
9.7	**Fitness of Directors and CEOs**	
9.7.1 To 9.7.5	Fit and proper assessment	Complied with All Director appointments are based on recommendations of the Nominations and Governance Committee on the fitness and propriety of each of the Directors. The Company has obtained Annual declarations from Directors as per the criteria detailed in rule No.9.7.3, confirming that they have satisfied these criteria during the year under review.
9.8	**Board Composition**	
9.8.1 to 9.8.5	Composition requirements	Complied with The Board consists of 10 Directors, which include 5 Independent Directors as of 31 March 2026, satisfying the criteria set out under listing rules 9.8.3. The composition of the Board has changed during the year, as explained in section G on page 122.
		The Board reviews the independence of Non-Executive Directors on an annual basis and as and when circumstances change, based on the self-declaration. The Company has revised the criteria for determining independence of a Director, taking into account Section 9.8.3 of the listing rules. Signed independence declarations were submitted by all five Independent Directors. There were no changes to the independence status of individual Directors during the financial year. Subsequent change of independence status of Mr M. S. De Saram is explained under section N on page 127. Profiles of the Board of Directors are given on pages 24 to 26.
9.9	**Alternative Director**	
9.9.1	Appointment of Alternate Directors	There were no Alternative Directors appointed during the year.

CSE Rule Reference	Applicable Requirement	Level of Compliance
9.10	**Disclosures relating to Directors**	
9.10.1	The maximum number of Directorships a Board member is permitted to hold	Complied with The Company has stipulated the maximum number of Directorships a Board member is permitted to hold in its Board Charter, and all the Directors have complied with that requirement during the year. Names of other Companies/institutions in which the Director concerned serves as a Director and whether in an executive or Non-Executive capacity are disclosed on pages 123 to 125.
9.10.2	Appointment of a new Director	Complied with Appointments during the year are explained under the section F and G on page 122. Market announcements relating to the Director's appointment, including profile details, capacity of appointment, and confirmation of review by the Nomination and Governance Committee, were duly made.
9.10.3	Changes to the composition of the Board Committees	Complied with As recommended by the Nominations and Governance Committee at their meeting, changes to the composition of the board sub-committees were proposed twice during the year. The market announcement regarding this change was made, and details of these changes are included under section N on page 127.
9.10.4	Details relating to Directors disclosed in the Annual Report	Complied with Profiles of the Directors are disclosed from pages 24 to 26 of this report. There are no material business relationships by either the Director or a close family member with other Directors of the Listed Entity. Total number and names of companies/institutions in Sri Lanka in which the Director concerned serves as a Director and/or Key Management Person, indicating whether such companies are listed or unlisted Companies and whether such Director functions in an executive or non-executive capacity, are disclosed on pages 123 to 125 of the Annual Report. Attendance details of the Directors for the Board and Board Sub Committee meetings are disclosed on page 164 of this report.
9.11	**NOMINATIONS AND GOVERNANCE COMMITTEE**	
9.11.1 to 9.11.6	Nominations and Governance Committee	Complied with. The Nominations and Governance Committee is in place. During the year, the composition and the scope of the committee were improved to be fully compliant with Section 9 of the Listing Rules of the Colombo Stock Exchange – Corporate Governance. Functions of the committee are described in the Board-approved TOR, which is in line with applicable governance requirements. The composition of the committee is as described in section N on page 127. The Nominations and Governance Committee Report is published on pages 165 and 166 of this Annual Report, covering disclosure requirements.

CSE Rule Reference	Applicable Requirement	Level of Compliance
9.12	**HUMAN RESOURCES AND REMUNERATION COMMITTEE**	
9.12.1 to 9.12.7	Requirements for the Human Resources and Remuneration Committee	Complied with The Board has established a Human Resources and Remuneration Committee with documented terms of reference that clearly define its role, authority, responsibilities, and quorum requirements for meetings. The Committee has instituted and continues to maintain a formal and transparent process for developing policies on the remuneration of Executive Directors and for determining their remuneration packages. A separate remuneration policy, compliant with applicable regulatory requirements, is in place for Non-Executive Directors. No Director participates in decisions concerning his or her own remuneration. The composition of the Committee is detailed in Section N on page 127. The Human Resources and Remuneration Committee Report is presented on page 168 of this Annual Report.
9.12.8	Other Disclosure requirements - The aggregate remuneration of the Executive and Non-Executive Directors	Complied with The aggregate remuneration of the Executive and Non-Executive Directors is disclosed in note 18 on page 241 of this report.
9.13	**BOARD AUDIT COMMITTEE**	
9.13.1 to 9.13.5	Requirements for the Audit Committee	Complied with The Company has established two separate Board sub-committees, namely the Board Audit Committee and the Board Integrated Risk Management Committee. The functions performed by the Board Integrated Risk Management Committee are outlined on pages 169 to 170 of this Annual Report. The Board Audit Committee comprises four Non-Executive Directors, and the Committee is chaired by an Independent Non-Executive Director. Details of the Committee's composition are provided in Section N on page 127. Brief profiles of the Directors are set out on pages 24 to 26, and their attendance records are disclosed on page 164. The Managing Director/Chief Executive Officer and the Chief Financial Officer attended all Board Audit Committee meetings by invitation. Other senior members of the management team were also invited to attend meetings as required. An Audit Committee Charter is in place, which clearly defines the scope, authority, and responsibilities of the Committee. During the year, the Committee convened eight meetings, thereby meeting the minimum requirements stipulated under the Central Bank Directions. The requisite quorum was satisfied at all meetings. The functions of the Board Audit Committee are set out in the Audit Committee Charter in compliance with Section 9.13.4(1), with the Charter reviewed and approved in March 2026. Functions relating to risk management are overseen by the Board Integrated Risk Management Committee in accordance with its approved Terms of Reference. The Board Audit Committee Report, included on pages 171 to 173 of this Annual Report, complies with the disclosure requirements of Section 9.13 in respect of the functions and responsibilities of the Board Audit Committee.

CSE Rule Reference	Applicable Requirement	Level of Compliance
9.14	**RELATED PARTY TRANSACTIONS REVIEW COMMITTEE**	
9.14.1 to 9.14.10	Requirements of the Related Party Transactions Review Committee	Complied with. The Related Party Transactions Review Committee (RPTRC) is in place to oversee matters relating to related party transactions. The Committee has established and maintains a clear policy, procedure, and process for identifying, clarifying, and reporting related party transactions across the entity's operations. The RPTRC is directed by the Board-approved terms of reference, which set out the authority and responsibility of the Committee. RPTRC meetings are held on a quarterly basis, and minutes are forwarded to the Board. Details of the Committee's composition are provided on page 127.
		Related party transactions are reviewed and recommended by the Related Party Transactions Review Committee (RPTRC) in accordance with the Company's Related Party Transactions Policy and procedures, subject to the exemptions specified in Section 9.14.10. The RPTRC has issued guidelines to senior management for the execution and reporting of recurrent related party transactions of a revenue nature undertaken in the ordinary course of business, which, in the Committee's opinion, are conducted on terms not more favourable than those available to the public. No non-recurrent related party transactions or specified transactions requiring shareholder approval by special resolution were identified during the year. Where necessary, the RPTRC obtains independent professional and expert advice in assessing related party transactions. The RPTRC Report is presented on page 167 of this Annual Report.
9.16	**Disclosures**	
	Declarations by the Board of Directors to be included in the Annual Report	Complied with The additional Disclosures required by Rule No. 9.16 (i) and (iii) have been made in the Annual Report of the Board of Directors on pages 181 to 187. Directors' Statement on Internal Control over Financial Reporting given on 175 to 176 provides disclosures relating to 9.16 (ii) and 9.16 (iv).
9.17	Enforcement procedure for non-compliance with corporate governance requirements	Not applicable

MEETINGS

In 2025/26, fifteen (15) Board Meetings were held and individual attendance by Directors at these meetings and at Sub-Committee meetings are shown in the following table. Attendance for Board Sub-Committees is recorded based on membership.

Names	Directorship Status	Board	Chairman's meeting with Non-Executive Directors	Board Audit Committee	Board Integrated Risk Management Committee	Human Resources and Remuneration Committee	Nominations and Governance Committee	Related Party Transactions Review Committee
Number of meetings held		15	2	8	6	2	3	4
Mr A.R. Fernando[1]	Non-Executive Director	15/15	2/2		1/1	1/1		
Mr A.D.B. Talwatte[2]	Chairman/ Independent Non-Executive Director	1/1				1/1		
Mr M.H. de Silva[3]	Independent Non-Executive Director	15/15	2/2	8/8	6/6	1/1	3/3	
Mr A.K. Gunaratne	Managing Director/ Chief Executive Officer	15/15						
Mr D.P. de Silva	Deputy Managing Director	15/15						
Mr E.H. Wijenaike	Non-Executive Director	15/15	2/2			2/2	3/3	2/4
Mr C.K. Hettiarachchi	Executive Director (Director Marketing)	15/15						
Mr K.B. Herath	Independent Non-Executive Director	13/15	2/2		6/6	2/2	3/3	4/4
Mr M.S. De Saram[7]	Independent Non-Executive Director	14/15	2/2	8/8	6/6	1/1	3/3	2/4
Mrs S. H. Munasinghe[5]	Independent Non-Executive Director	13/13	2/2	8/8	5/5			4/4
Mrs N.K. Arunatilake[6]	Independent Non-Executive Director	12/12	2/2	7/7	5/5			4/4
Dr. (Mrs.) A.D.N. de Zoysa[4]	Independent Non-Executive Director	2/3		1/1	1/1	1/1		

1. Mr A.D.B. Talwatte retired as the Chairman of the Board with effect from 30 April 2025 on reaching the age of seventy (70) years.

2. Mr A.R. Fernando, Non-Independent, Non-Executive Director of the Board, was appointed as the Chairman of the Company with effect from 1 May 2025.

3. Mr M.H. De Silva, Independent Non-Executive Director, was appointed as Senior Director with effect from 1 May 2025.

4. Dr. (Mrs.) A. D. N. de Zoysa – Independent Non-Executive Director retired from the Board with effect from 30 May 2025 on reaching the age of seventy (70) years.

5. Mrs S. H. Munasinghe was appointed to the board as an Independent Non-Executive Director with effect from 1 May 2025.

6. Dr N. K. Arunatilake was appointed as an Independent Non-Executive Director with effect from 1 June 2025.

7. Mr M.S. De Saram was re-designated as a Non-Independent Non-Executive Director with effect from 9 April 2026.

NOMINATIONS AND GOVERNANCE COMMITTEE REPORT

The Nominations and Governance Committee (the "Committee") appointed by the Board of Directors is responsible for making recommendations to the Board on all new appointments to the Board, Board sub-committees and Key Responsible Persons (KRPs). The Committee also reviews the succession plan of the Board and KRPs to ensure its adequacy to meet the Company's requirements.

The composition and scope, as given below, is in line with the Committee's Policy and Terms of Reference.

COMPOSITION

The Committee comprises the following Non-Executive Directors, the majority of whom are independent.

MR. M.H. DE SILVA
(Independent Non-Executive Director and Chairman from 1st June 2025).

DR. (MRS.) A.D.N. DE ZOYSA
(Independent Non-Executive Director/ Chairperson, appointed on 1st July 2024 until her retirement on 30th May 2025).

MR. E.H. WIJENAIKE
(Non-Executive Director, appointed on 1st July 2024).

MR. K.B. HERATH
(Independent Non-Executive Director, appointed on 1st May 2025).

MR. M.S. DE SARAM
(served on the Committee from 1st May 2025 to 8th April 2026 while he was an Independent Non-Executive Director. He was re-designated as a Non-Independent Non-Executive Director with effect from 9th April 2026.)

MR. A.D.B. TALWATTE
(Independent Non-Executive Director/ member up to 30th April 2025)

MR. A.R. FERNANDO
(Non-Independent Non-Executive Director/ member up to 30 April 2025)

The Company Secretary functions as the Secretary to the Committee.

SCOPE

The Committee ensures that:

(i) Board approved processes are followed for the nomination, appointment and re-election of Directors.

(ii) Regular review of the skills, competency, diversity, age and experience of the Board and KRPs is conducted, in order to ensure that adequate expertise is available at the leadership and corporate management level.

(iii) Board and KRPs are fit and proper persons to hold office as required by the Central Bank of Sri Lanka (CBSL) and the Colombo Stock Exchange (CSE).

(iv) Regular review of the succession plan for the Board and KRPs is conducted with a view to providing recommendations and advice to the Board regarding such appointments.

(v) Periodic evaluations are conducted on the performance of the Board, CEO and Senior Management.

(vi) the Company adheres to the rules on Corporate Governance as set out in the Directions issued by the CBSL and the Listing Rules of the CSE.

(vii) Periodic review of the overall governance policies / framework is conducted in line with the regulatory and legal developments.

No member of the Committee participates in deliberations relating to his or her own appointment.

COMMITTEE MEETINGS

The Committee met thrice during the year ended 31st March 2026, on 20th June 2025, 12th November 2025 and 26th March 2026. Details of attendance are given on page 164.

ACTIVITIES IN 2025/26

In discharging the duties and responsibilities vested in the Committee, the following activities were completed:

(a) All Non-Executive Directors completed declarations regarding their independence or non-independence, as prescribed in the Listing Rules of the CSE and the Directions issued by the CBSL and the Committee made a determination as to their independence.

(b) All Directors completed affidavits, as prescribed in the Directions issued by the CBSL, for the annual assessment of their fitness and propriety to continue on the Board.

(c) All Directors completed a declaration of fitness and propriety, as required by the Listing Rules of the CSE and the Committee made a determination as to their fitness and propriety.

(d) Reviewed and recommended the policies required under the Listing Rules of the CSE, which have also been published on the Company's website.

(e) Reviewed and recommended the succession plan for the Board and KRPs.

(f) Reviewed and recommended the extension of the services of Mr. E.H. Wijenaike as a Non-Independent Non-Executive Director.

(g) Reviewed the Company's Governance framework.

(h) Reviewed the composition of the Board sub-committees.

The Committee recommended the re-election of Mr. A.R. Fernando and Mr. M.H. de Silva, who retire by rotation in terms of the provisions in the Company's Articles of Association and the re-election of Mr. E.H. Wijenaike as a director upon reaching the age of 71 years, in terms of section 210 of the Companies (Amendment) Act No. 12 of 2025. The Committee ensures that all directors submit themselves for re-election at regular intervals and at least once in every three (03) years in accordance with the provisions of the Company's Articles of Association.

The information regarding directors who are being proposed for re-election during the year is tabulated below.

Name of Directors proposed to be re-elected during the year	Board Committees served on:	Date of first appointment as a Director:	Directorships and other principal commitments	
Mr. E.H. Wijenaike	Related Party Transactions Review Committee Nominations and Governance Committee Human Resources and Remuneration Committee	1st July 2024 (as a Non-Executive Director). (Managing Director from 1st April 1996 – 30th June 2024/ Executive Director from 1st April 1983 to 31st March 1996).	Refer Director's profile on pages 24 to 26	None of the directors have any relationships including close family relationships with the directors, the Company or its shareholders holding more than 10% of the shares of the Company.
Mr. A.R. Fernando	None	16th August 2017	Refer Director's profile on pages 24 to 26	
Mr. M.H. de Silva	Board Audit Committee Board Integrated Risk Management Committee Nominations and Governance Committee Human Resources and Remuneration Committee (w.e.f. 9th April 2026)	1st July 2020	Refer Director's profile on pages 24 to 26	

Meetings of the non-executive Directors are held at least bi-annually and all directors are kept informed of any major issues relating to the Company. Induction programs have been conducted for newly appointed directors where they are updated on the requirements relating to Corporate Governance, the Listing Rules, securities market regulations and other applicable laws and regulations.

COMMITTEE EVALUATION

An annual evaluation of the Committee was carried out with contributions from individual members. A summary of the evaluation of the Committee was forwarded to the Board.

M.H. de Silva
Chairman
Nominations and Governance Committee

Colombo
26th May 2026

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

Related Party Transactions Review Committee (RPTRC) is a board appointed Sub-Committee. The Committee has been established in compliance with Section 9.14 of the Listing Rules of the Colombo Stock Exchange and Section 10.1 and 12 of the Finance Business Act Direction No 05 of 2021 - Corporate Governance.

The Related Party Transactions Review Committee (RPTRC) ensures that related party transactions (RPTs) are conducted in a manner that is transparent, fair, and in the best interests of the Company in compliance with the aforesaid regulations. The Committee reviews and provides oversight of related party transactions and conforms to the required disclosures.

COMPOSITION OF THE COMMITTEE

The Committee comprised solely of Non-Executive Directors of the Company, of which the majority were Independent Directors of the Company in compliance with the Finance Business Act Direction No 05 of 2021 - Corporate Governance.

The members of the RPTRC during the financial year are as follows:

MR. K.B. HERATH
(Chairman w.e.f. 1st June 2025 / Independent Non-Executive Director)

DR. (MRS.) A.D.N. DE ZOYSA
(Chairperson up to 30th May 2025 and retired/Independent Non-Executive Director)

MR. E.H. WIJENAIKE
(Non-Independent Non-Executive Director)

MR. M.S. DE SARAM*
(Independent Non-Executive Director)

MS. S.H. MUNASINGHE
(Independent Non-Executive Director/ appointed w.e.f. 1st May 2025)

DR. N.K. ARUNATILAKE
(Independent Non-Executive Director/ appointed w.e.f. 1st June 2025)

MR. A.D.B. TALWATTE
(Independent Non-Executive Director/ Member up to 30th April 2025)

*Pursuant to the reconstitution of the Committee following the re-designation of Mr M.S. De Saram as a Non-Independent Non-Executive Director with effect from 9th April 2026, he ceased to serve as a member of the RPTRC.

The Managing Director attended the meetings by invitation.

The Chief Financial Officer functions as the Secretary to the Committee.

COMMITTEE MEETINGS

Committee meetings were held on a quarterly basis. The RPTRC met four times during the current financial year to review related party transactions and communicated their comments, observations and recommendations to the Board of Directors through the board papers, minutes of the committee meetings and discussions held at Board meetings.

Details of individual member attendance at the meetings are given on page 164.

Policies and Procedures adopted by the Committee.

- The Committee identifies Key Responsible Personnel (KRPs) and entities that are related to the reporting entity in compliance with LKAS 24 - Related Party Disclosure, CSE Listing Rules - Section 9.14 and Section 12.2 of the Finance Business Act Direction No 05 of 2021 - Corporate Governance.
- The Committee reviews the list of related parties identified through quarterly declaration statements obtained from Directors and Key Responsible Personnel (KRPs) to ensure that information pertaining to all related parties is captured and reviewed in accordance with the applicable rules.
- The Committee formulates written policies, procedures and guidelines in accordance with rules and regulations governing related party transactions and has adopted "Terms of Reference" and "Related Party Transaction Policy & Procedure" in compliance with the provisions of the CSE Listing Rules - Section 9, Corporate Governance Direction No 05 of 2021 issued by Central Bank of Sri Lanka, Code of Best Practices on Corporate Governance 2023 issued by Institute of Chartered Accountants Sri Lanka with the approval of the Board of Directors.
- The Committee establishes guidelines for the senior management to follow in their dealings with related parties in respect of transacting & reporting of recurrent related party transactions.
- The Committee reviews and recommends related party transactions as per the Company's Related Party Transaction Policy & Procedure for the approval of the Board of Directors.
- The Committee reviews inter-company transactions with related entities and transactions with related individuals for compliance with the rules and the Committee's guidelines through quarterly management reporting of related party transactions. The review is conducted through benchmarking against the terms and conditions offered to comparable non-related party transactions.
- The Committee ensures that a director or key responsible personnel who has declared a material personal interest in a proposed related party transaction does not participate while the matter is being discussed at meetings and abstains in recommending such transactions to the Board of Directors.
- The Committee also ensures that immediate market disclosure, shareholder approval and annual report disclosure of any related party transactions are made in accordance with the applicable rules of the Colombo Stock Exchange.
- The Committee conducted a self-evaluation of its performance for the year 2025/26 and concluded that it has effectively fulfilled its responsibilities in accordance with its Terms of Reference.

DECLARATION BY THE BOARD OF DIRECTORS

During the year, the company did not have any related party transactions which required the approval of the shareholders or immediate market disclosure under the CSE Listing Rules.

The related party transactions and details are disclosed in note 59 on pages 300 to 303 of the financial statements.

Mr. K.B. Herath
Chairman
Related Party Transactions Review Committee

Colombo
26th May 2026

HUMAN RESOURCES AND REMUNERATION COMMITTEE REPORT

The Human Resources and Remuneration Committee appointed by the Board of Directors is responsible for establishing the Company's compensation policy for the senior management and overseeing its implementation. The Committee reviews performance and makes recommendations to the Board in respect of the remuneration of the Chief Executive Officer/Managing Director, Executive Directors and Senior Members of the management.

No Director is involved in deciding his/her own remuneration.

The Committee also reviews significant human resources policies that could influence the Company's performance.

COMPOSITION

The Human Resources and Remuneration Committee, appointed by the Board of Directors, comprises solely of Non-Executive Directors of the Company, of which a majority were Independent Directors of the Company w.e.f. 1st July 2024, in compliance with the Finance Business Act Direction No 05 of 2021 - Corporate Governance.

The members of the Human Resources and Remuneration Committee are as follows:

MR K.B. HERATH
(Chairman/ Independent Non-Executive Director/ appointed as a member and Chairman of the Committee w.e.f. 1st July 2024)

DR. (MRS.) A.D.N. DE. ZOYSA
(Independent Non-Executive Director/ functioned as the Secretary to the Committee and retired on 30th May 2025)

MR. E.H. WIJENAIKE
(Non-Independent Non-Executive Director/ appointed as a member w.e.f. 1st July 2024)

MR. M.H. DE SILVA
(Independent Non-Executive Director/ appointed as a member w.e.f. 9th April 2026)

MR. M.S. DE SARAM
(served on the Committee from 01st May 2025 to 8th April 2026 while he was an Independent Non-Executive Director. He was re-designated as a Non-Independent Non Executive Director with effect from 9th April 2026.)

MR. A.R. FERNANDO
(Non-Independent Non-Executive Director/ continued as member of the Committee up to 30th April 2025)

MR. A.D.B. TALWATTE
(Independent Non-Executive Director / continued as member of the Committee and retired on 30th April 2025)

Mr. M.S. De Saram functions as the Secretary to the Committee.

Individual committee member attendance at the meeting is given on page 164.

SCOPE

The Committee reviews all significant strategic policies and initiatives relating to human resources. The Committee deliberates and recommends to the Board of Directors, annual increments, bonuses and incentives of Executive Directors and the senior management team based on individual and corporate performance. The Committee also reviews salary structures and terms and conditions of service to ensure compatibility with the market. The Managing Director/ Chief Executive Officer, who is responsible for the overall management of the Company, attends meetings by invitation and participates in the deliberations except when his own performance and compensation are discussed. An annual market survey is commissioned through Ernst and Young, in order to obtain information on compensation and benefits in comparable companies, to aid in determining the remuneration of Directors and other senior management.

POLICY

The policies on compensation and benefits are formulated to ensure that members of the Executive Management of the Company are provided with appropriate compensation to encourage superior performance. The policy is designed to recognise and reward individual contributions based on its impact on the performance of the Company and to ensure that the whole basis of rewards is fair and equitable. The policy aims to attract, motivate and retain talent with the appropriate professional, managerial and operational expertise necessary to achieve the objectives of the Company over the foreseeable future. The Company's remuneration framework for the Executive Directors and the senior management team is aligned with the long-term interests of the Company and thereby creates and enhances value for all stakeholders of the Company.

FEES AND REMUNERATION

All Non-Executive Directors receive a fee for attending meetings and serving on sub-committees. The Non-Executive Director fee structure is reviewed periodically and revised as necessary.

Aggregate remuneration paid to Non-Executive Directors and Executive Directors is disclosed in note 18 to the financial statements on page 241 as per the requirements of section 16.1 (iv) of the Corporate Governance Direction No. 5 of 2021 issued under the Finance Business Act No. 42 of 2011 and Section 9.12.8 (c) of CSE Listing Rules.

COMMITTEE MEETINGS

The Committee met twice during the year under review on 25th April 2025 and 20th March 2026.

The committee reviewed the annual market remuneration survey conducted for the year 2025 and made recommendations to the board on the increments and salary structures applicable to the executive directors and the senior management.

The committee also evaluated the performance of the executive directors and key senior management of the Company against their objectives and targets.

The Committee conducted a self-evaluation of its performance for the year 2025/26 and concluded that it has effectively fulfilled its responsibilities in accordance with its Terms of Reference.

The proposals of the committee were ratified by the Board of Directors.

K. B Herath
Chairman
Human Resources and Remuneration Committee

Colombo
26th May 2026

BOARD INTEGRATED RISK MANAGEMENT COMMITTEE REPORT

The Board Integrated Risk Management Committee is a Sub-Committee of the Board of Directors established to oversee the risk management aspects of the Company. The Committee composition during the financial year was as follows;

MS. S.H. MUNASINGHE
Appointed to the Committee w.e.f. 1st May 2025 and assumed the role of Chairperson w.e.f. 9th April 2026 - (Independent Non-Executive Director)

MR. M.S. DE SARAM
*Chairman from 1st June 2025 to 8 April 2026 - (Independent Non-executive Director)**

MR. M.H. DE. SILVA
Chairman up to 31 May 2025 - (Independent Non-executive Director)

MR. K.B. HERATH
(Independent Non-executive Director)

DR. N.K. ARUNATILAKE
Appointed w.e.f. 1st June 2025 - (Independent Non-Executive Director)

MR. A.R. FERNANDO
Member up to 30th April 2025 (Non-executive Director)

DR. (MRS.) A.D.N. DE ZOYSA
Retired on 30th May 2025 (Independent Non-executive Director)

* Mr. M.S. De Saram has ceased to become independent with effect from 9th April 2026 and Ms. S.H. Munasinghe (Independent Non-Executive Director) has been appointed as the Chairperson of the Board Integrated Risk Management Committee with effect from 9th April 2026.

Brief profiles of the Non-executive Directors representing the committee are given on pages 24 to 26 of the Annual Report.

The Managing Director, Deputy Managing Director, Executive Directors and other Management representatives including Chief Risk Officer, Compliance Officer, Chief Information Security Officer, Head of Internal Audit and Chief Financial Officer attended the meetings by invitation. Chief Risk Officer functioned as the Secretary to the Committee.

TERMS OF REFERENCE

The Terms of Reference set out by the Board of Directors include the following;

- Establish an independent risk management function with a dedicated CRO who is responsible for managing risk-taking activities across the Company.
- Establish an independent compliance function with a dedicated Compliance Officer to assess the Company's compliance with laws, regulations, rules, regulatory guidelines and approved policies on the business operations.
- Ensure that the Company has a Board approved integrated risk management framework including risk guidelines and risk management policies and procedures in place relative to the Company's activities and risk profile and review them annually.
- Review the effectiveness of the Company's risk management systems, independently challenge and monitor the management's assessment of all risk types, including but not limited to credit, market, liquidity, operational, cybersecurity and information technology related risk, data protection, human resource risk, fraud risk, money laundering and terrorism financing risk, strategic risk, compliance and corporate reputation risk exposures and sustainability related risks and opportunities of the Company through appropriate risk indicators and management information and make recommendations on the risk strategies.
- Develop Company's risk appetite through Risk Appetite Statement which articulate the individual and aggregate level and types of risk the Company will accept or avoid in order to achieve the strategic business objectives.
- Review risks under stress scenarios and monitor the capacity of the Company's capital and liquidity to withstand such risks.
- Seek external professional advice when required in connection with the performance of its duties.
- Ensure that the Board of Directors is continuously informed of the Company's risk exposures and risk indicators.
- Review the adequacy and effectiveness of senior management level committees to address specific risks.
- Assess identification, measurement, monitoring and control of risks of the Company including updated business continuity and disaster recovery plans.

During the year under review, the activities of the Committee included the following;

- Reviewing the Company and Divisional risk registers along with risk registers of, key subsidiaries namely CF Insurance Brokers (Pvt) Limited and Central Industries PLC taking into consideration material changes in the external environment and the Company's risk profile and providing necessary guidance and recommendations to further strengthen the risk management framework.
- Reviewing and monitoring the Company's risk appetite, risk goals, risk management strategies and related risk reports including stress testing results and scenario analysis on a regular basis.
- Continuously assessing the impact of macroeconomic conditions in the Country on the Company's operations and the risk management framework in the areas of credit, liquidity, market, operational, fraud, human resources, investment, strategic, information technology and cybersecurity, data protection and sustainability and providing guidance and recommendations to mitigate the impact to the Company.
- Reviewing and monitoring reports in relation to the compliance function inclusive of AML/CFT regulatory compliance.
- Reviewing, strengthening and recommending for Board approval the risk management policies and procedures including operational risk management policy.
- Reviewing the Internal Capital Adequacy Assessment Process (ICAAP) report and recommending the report for Board approval.
- Monitoring the adequacy and effectiveness of senior management level committees overseeing risk management including the deliberations of the Information Security Committee and Sustainability Management Steering Committee.

MEETINGS

The Committee met six times during the year and the attendance of the Directors at the meetings is given on page 164 of the Annual Report.

The discussions and conclusions reached at the meetings are recorded in minutes and submitted to the Board of Directors for views, concurrence and/or specific directions.

The effectiveness of the Committee was evaluated by the Committee members and the feedback received is being used to further strengthen the risk management framework of the Company.

S.H. Munasinghe
Chairperson
Board Integrated Risk Management Committee

Colombo
26th May 2026

BOARD AUDIT COMMITTEE REPORT

The Board Audit Committee is delegated with the authority from the Board to provide oversight of the Company's financial reporting, internal control systems, and independence and performance of the external auditors and the internal audit function.

COMMITTEE COMPOSITION

The Board Audit Committee comprises four Independent Non-executive Directors as of 31 March 2026. The Committee is chaired by Mr M. H. de Silva, a Fellow Member of the Chartered Institute of Management Accountants, United Kingdom, with considerable experience in the field of finance.

The following members served in the Board Audit Committee during the twelve-month period ended 31st March 2026.

MR. M.H. DE SILVA
(IND/NED) - Chairman

MR. M.S. DE SARAM
(IND/NED)

MRS. S.H. MUNASINGHE
(IND/NED) (Appointed as a member of the Audit Committee with effect from 01 May 2025)

DR. N.K. ARUNATILAKE
(IND/NED) (Appointed as a member of the Audit Committee with effect from 01 June 2025)

MR. A.R. FERNANDO
(NED) (Ceased to be a member of the Audit Committee with effect from 01 May 2025)

DR. (MRS) A.D.N. DE ZOYSA
(IND/NED) (Retired from the Board with effect from 30th May 2025)

(IND - Independent Director, NED - Non-Executive Director)

*Subsequent to the financial year end, the nature of Mr M. S. De Saram's directorship in the Company changed from Independent Non-Executive Director to Non-Independent Non-Executive Director, effective 09 April 2026.

Brief Profiles of the members are given on pages 24 to 26 of the Annual Report. The Head of Internal Audit functions as Secretary to the Audit Committee.

MEETINGS

The Audit Committee held 8 meetings during the financial year ended 31st March 2026.

The attendance of the members at Audit Committee Meetings is as follows:

Member	Attendance ((Attended/ Eligible to Attend)
MR. M.H. DE SILVA	08/08
MR. M.S. DE SARAM	08/08
MS. S.H. MUNASINGHE	08/08
DR. N.K. ARUNATILAKE	07/07
DR. (MRS.) A.D.N. DE ZOYSA	01/01

The Chairman, Managing Director, GM (Finance), Chief Strategy Officer and other senior management team members also attended these meetings by invitation as and when required. On the invitation of the Audit Committee, the Company's External Auditors attended Four Committee meetings during the year. The minutes of the Committee meetings were tabled at Board meetings.

AUDIT COMMITTEE CHARTER

The terms of reference of the Audit Committee are clearly defined in the Audit Committee Charter, which is reviewed and revised annually and approved by the Board of Directors. The Charter was last reviewed in March 2026. This process ensures that new developments and concerns are adequately addressed.

ROLE OF THE AUDIT COMMITTEE

The functions of the Committee are geared to assist the Board of Directors in fulfilling its oversight responsibility on financial reporting, values and ethics, organisational governance, internal controls, internal audit and external audit related affairs of the Company.

The Committee has been empowered to:

- Examine internally any matter within the scope of the charter relating to the financial and other related affairs of the Company.
- Make recommendations on matters connected with engagement, re-engagement, removal of external auditors, service period and audit fees. The Committee periodically reviews the independence, objectivity and effectiveness of the audit process in conformity with applicable standards and best practices. The Committee also evaluates the performance of External Auditors periodically.
- Monitor and follow up on the Internal Audit programme and External audit plan, review the External Auditors' management letter and Internal Audit reports, and follow up on findings and recommendations.
- Review risk management measures and examine the adequacy, efficiency and effectiveness of the Internal Control System over financial reporting.
- Ensure that an efficient and sound financial reporting system is in place to provide accurate, appropriate and timely information to the Board and other stakeholders.
- Assess the quality and appropriateness of Accounting Policies, emerging accounting issues and disclosures according to Sri Lanka Accounting Standards.

- Review the compliance of financial reporting obligations under the Finance Business Act No. 42 of 2011, Rules and Directions issued by the Central Bank of Sri Lanka, Companies Act No. 7 of 2007, Sri Lanka Accounting & Auditing Standards Monitoring Board Act No. 15 of 1995, Colombo Stock Exchange Listing Rules and Rules/ Regulations of the Securities and Exchange Commission of Sri Lanka.
- Review and recommend Interim and Annual Financial Statements prepared for approval by the Board and submission to shareholders.
- Review the policy on the engagement of an external auditor to provide non-audit services that are permitted under the relevant statutes, regulations, requirements and guidelines.

The audit committee has discharged its duties during 2025/26 within the scope of the charter as stated below.

FINANCIAL REPORTING

The Audit Committee assisted the Board of Directors to discharge its responsibility for the preparation of the quarterly and annual Financial Statements to reflect true and fair view of the affairs of the Company in accordance with the Company's accounting records and in conformity with the Sri Lanka Accounting Standards, the Sri Lanka Financial Reporting Standards, Finance Business Act No 42 of 2011, the Companies Act No.7 of 2007, Sri Lanka Accounting & Auditing Standards Monitoring Board Act No.15 of 1995, rules and regulations of CSE and SEC and CBSL Directions. The Committee obtained assurance from the Managing Director/CEO and CFO on the integrity of financial records and the fair presentation of the Company and Group's financial position and performance.

The Committee reviewed the Company's interim and annual financial statements prior to submission to the Board and recommended for the Board approval..

The Committee reviewed the internal controls on the financial reporting system to ensure the reliability and integrity of information provided. The review included the extent of compliance with LKAS/SLFRS and applicable laws and regulations, review of critical accounting policies and practices and any changes thereto, going concern assumptions, major judgemental areas and material audit judgements.

The Audit Committee has continuously reviewed the assessments carried out by the management in terms of the adequacy of Expected Credit Loss (ECL) provisions in financial statements. The Committee placed particular focus on the appropriateness of the judgements made in stressed scenarios used under the management overlay process. Additionally, the Committee appraised the input data for the model to reflect changes in market conditions, ensuring that the Company's ECL provisions accurately reflect its specific circumstances and risks.

EXTERNAL AUDIT

The Audit Committee is empowered by the Board to recommend the appointment of the External Auditors in compliance with the relevant guildlines issued by the CSE and CBSL, and the best practice of Corporate Governance. The committee also notes and recommends the service period, audit fee and any resignation or dismissal of the External Auditor. The committee was satisfied that there was no conflict of interest between the Company and the Auditor and that there was no cause to compromise the independence and objectivity of the Auditor. The Committee reviewed the effectiveness of the audit process in accordance with applicable standards and best practices. The Audit Committee ensured that the engagement of an audit partner did not exceed five years and that the audit partner was not re-engaged for the audit before the expiry of three years from the date of the completion of the previous term, as per section 10.2 (d) (ii) of the Finance Business Act Direction No. 05 of 2021 on Corporate Governance. KPMG, Chartered Accountants, has been appointed as the External Auditor of the company since year 2021/2022. The Engagement Partner who served from the inception of the appointment has been replaced following the completion of her five-year tenure, in line with partner rotation requirements.

The annual financial statements 2025/26 were reviewed by the external auditor and recommended for the approval of the Board.

The External Auditors' Engagement and Management Letters and Management's responses thereto were also reviewed.

The Committee also met with the External Auditor at two meetings without the presence of management to discuss whether there have been any irregularities, constraints, reservations or any other unsatisfactory matters arising from the audit which the auditor wished to discuss with the Audit Committee.

The letter of representation issued by the Board to the External Auditor and the letter of confirmation of Independence issued by the External Auditor have been reviewed by the Audit Committee.

The Committee assisted the Board of Directors in engaging the External Auditor for non-audit services in compliance with the statutes and ensured that engagement in non-audit services does not impair the external auditors' independence and objectivity. Policy on engagement of the external auditor to provide non-audit services has been reviewed and approved by the Committee.

INTERNAL CONTROL

The Audit Committee, through the internal audit process and its oversight of credit risk, liquidity risk, and operational risk along with related systems, controls, and processes, has reviewed the effectiveness of internal controls and procedures and is of the view that adequate controls and procedures are in place to provide reasonable assurance to the Board that the assets of the Company are safeguarded and the financial statements present a true and fair view.

Additionally, the Committee reviewed the effectiveness of the Company's internal controls over financial reporting as at 31st March 2026, which was validated by internal audit, as required by Finance Business Act Direction No. 05 of 2021 – Corporate Governance, based on the "Guidance for Directors of Banks on the Directors' Statement on Internal Controls" issued by the Institute of Chartered Accountants of Sri Lanka. The result of the assessment is given on pages 175 to 176 "Directors' Statement on Internal Controls" in the Annual Report. The Company's whistleblowing policy, which is in place to foster a safe speak up culture and serves as a mechanism to manage risks pertaining to misconduct, was reviewed during the year.

Throughout the year, the Committee engaged various professionals for consultations on issues falling under the Committee's purview.

The External Auditor has issued an Independent Assurance Report on the Directors' Statement on Internal Controls on page 177.

INTERNAL AUDIT

The committee ensured that the internal audit function is independent of the activities it audits and that it is performed with impartiality, proficiency and due professional care. During the year, the Audit Committee reviewed the adequacy of the scope, the functions, the results of the internal audit process and its evaluation of the Company's internal control system. The Audit Committee reviewed and approved the adequacy of coverage of the internal audit programme, commented on the audit findings and recommended appropriate action. It also ensured coordination between the internal and External Auditors and ensured that the internal audit function is adequately resourced and has appropriate standing within the Company. The committee also reviewed the resource requirements of the Internal Audit Department and evaluated the performance of the senior members of the Internal Audit team.

REGULATORY COMPLIANCE

The Audit Committee closely scrutinises the compliance of mandatory statutory requirements and systems and procedures in place to ensure compliance with such requirements. The Committee conducts regular assessments, reviewing policies and procedures, and monitoring the implementation of necessary changes through the Internal Audit Department to ensure compliance with the new requirements under the CBSL direction on Corporate Governance.

Audit Committee reviewed the information requirements of the Companies Act No 07 of 2007, Finance Business Act No.42 of 2011 and other reporting requirements under SEC, CSE and CBSL regulations.

COMMITTEE EVALUATION

An annual evaluation of the Committee was carried out with contributions from individual Committee Members. A summary of such an evaluation was forwarded to the board.

M. H. de Silva
Chairman
Audit Committee

Colombo
26th May 2026

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Board of Directors of Central Finance Company PLC (the "Company") are responsible for the preparation and presentation of the financial statements to the shareholders in accordance with the relevant provisions of the Companies Act No.07 of 2007(the "Companies Act"), Finance Business Act No.42 of 2011 (the "Finance Business Act") and other statutes, which are applicable in the preparation and presentation of financial statements. The financial statements comprise of the Statement of Financial Position as at 31st March 2026, Income Statement, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended together with notes thereto.

Accordingly, the Board of Directors confirms that the financial statements of the Group and the Company for the year ended 31st March 2026, incorporated in this report, have been prepared in accordance with the Companies Act, Finance Business Act, Sri Lanka Accounting Standards (SLFRS/ LKAS) and the Listing Rules of the Colombo Stock Exchange. Furthermore, the Board of Directors confirms that the financial statements of the Group and the Company present a true and fair view of the financial position of Group and the Company as at 31 March 2026 and financial performance of the Group and the Company for the year then ended. These Financial statements have been duly certified by the Chief Financial Officer of the Company and signed by two (02) Directors as required by the Companies Act. The Directors consider that, in preparing the financial statements exhibited on pages 192 to 305, they have adopted appropriate accounting policies on a consistent basis, supported by reasonable and prudent judgements and estimates.

The Directors confirm that the Group and the Company keep proper accounting records of all transactions, which disclose the financial position of the Company with reasonable accuracy and enable them to ensure that the financial statements have been prepared and presented as aforesaid. They are also responsible for taking measures to safeguard the assets of the Company and to prevent and detect fraud and other irregularities. In this regard, the Directors have instituted an effective and comprehensive system of internal controls comprising of internal checks, internal audit and financial and other controls required to carry on the Company's business in an orderly manner and to safeguard its assets and ensure, as far as practicable, the accuracy and reliability of the records.

The Directors are of the view that the Company and its subsidiaries have adequate resources to continue operations in the foreseeable future and have applied the going concern basis in the preparation of these financial statements.

To the best of the knowledge and belief of the Directors, the Company's auditors M/s KPMG, Chartered Accountants, have carried out reviews and sample checks on the effectiveness of the system of internal controls, as they consider appropriate and necessary in providing their opinion on the financial statements. M/s KPMG has examined the financial statements made available together with all other financial records, minutes of shareholders' and Directors' meetings and related information, and has expressed their opinion which appears on pages 188 to 191 of the Annual Report.

The Directors have provided the auditors with every opportunity to carry out any reviews and tests that they consider appropriate and necessary for the discharge of their responsibilities.

Further, as per the provisions of the Guideline No. 01 of 2013 and Subsequent Guideline on Declaration of Dividends and Repatriation of Profits dated 31st January 2023 issued by the Central Bank of Sri Lanka, the Company has obtained the approval of the Director, Department of Supervision of Non-Bank Financial Institutions prior to distribution of dividends to the shareholders during the year. The Board of Directors confirms that they have authorised distribution of dividends upon being satisfied that the Company satisfies the solvency test immediately after such distributions are made in accordance with Section 57 of the Companies Act, and, as required by Section 56(2) of the Companies Act, have obtained solvency certificates from the auditor, prior to recommending a final dividend of Rs. 3.75 per share by way of a cash dividend for this year which is to be approved by the shareholders at the Annual General Meeting to be held on 30th June 2026.

The Directors confirm that, to the best of their knowledge, all taxes, levies and financial obligations of the group have been either paid or adequately provided for in the financial statements.

The Directors are of the view that they have discharged their responsibilities as set out in this statement.

By Order of the Board

Gurusinghe

Ms. A.R.L. Gurusinghe
Company Secretary

Colombo
26th May 2026

DIRECTORS' STATEMENT ON INTERNAL CONTROL

RESPONSIBILITY

The Board of Directors ("Board") of Central Finance Company PLC ("the Company") wishes to present this Statement of Internal Control in compliance with the requirements of paragraph 16.1 (ix). of the Finance Business Act Direction No. 05 of 2021 - Corporate Governance issued by the Central Bank of Sri Lanka, principle D.1.5. of the Code of Best Practice on Corporate Governance issued by the CA Sri Lanka and Rule 9.16 (ii) of the Corporate Governance Rules of the Colombo Stock Exchange.

The Board is overall responsible for ensuring the adequacy and effectiveness of system of Internal Controls over financial reporting in place at the Company. Such a system of internal control is designed to manage the Company's key areas of risk within an acceptable risk profile in complying with the policies and achieving business objectives of the Company, rather than eliminating the risk of failure to comply with the policies and achieving business objectives. Accordingly, the System of Internal Controls can only provide reasonable, but not absolute, assurance against material misstatement of management and financial information and records or against financial losses or fraud.

The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Company and this process includes enhancing the System of Internal Controls as and when there are changes to the business environment or regulatory guidelines. The process is regularly reviewed by the Board.

The Management assists the Board in the implementation of the Board's policies and procedures on risk management and internal controls by identifying and assessing the risks faced by the Company and in designing, implementing, operating and monitoring of suitable Internal Controls to mitigate and control these risks.

Based on this process, the Board is of the view that the System of Internal Controls in place is sound and adequate to provide reasonable assurance regarding the reliability of financial reporting, and that the preparation of financial statements for external purposes is in accordance with relevant accounting principles and regulatory requirements.

KEY FEATURES OF THE PROCESS ADOPTED IN REVIEWING THE DESIGN AND EFFECTIVENESS OF THE INTERNAL CONTROL SYSTEM OVER FINANCIAL REPORTING

The key processes that have been established in reviewing the adequacy and integrity of the System of Internal Controls in regard to financial reporting include the following:

- Policies, charters, procedures have been developed covering all functional areas of the Company and put in place, recommended by the Board appointed Committees, and are approved by the Board. All policies, charters and procedures are regularly reviewed and approved by the Board on regular basis. The Board Integrated Risk Management Committee follows up on the regular reviews of policies, charters, and procedures to ensure timely updates.
- Sub-committees are established to assist the Board in ensuring the effectiveness of the Company's daily operations in accordance with the corporate objectives, strategies, annual budget, policies and procedures and the business directions that have been approved by the Board.
- Internal Audit Division of the Company checks for compliance with policies and procedures and the effectiveness of the Internal Control System on an ongoing basis using samples and rotational procedures and highlight significant findings in respect of any non-compliance. Further, Audits are carried out on all business units and branches, in accordance with the annual audit plan reviewed and approved by the Board Audit Committee ("the BAC"). The type and frequency of audits of these Business units are determined based on the assessed level of risk and changes in the control environment, ensuring the delivery of an independent and objective reports. The annual audit plan is reviewed and approved by the BAC. Findings of the Internal Audit Division are submitted to the BAC for review at their periodic meetings & the status of the opened items are followed up with the management and reported to Board Audit Committee on a quarterly basis.

  Board Audit Committee of the Company approves the annual Internal Audit plan, reviews Internal Control issues identified by the Internal Audit Division, External Auditors, Regulatory Authorities and Management, and evaluates the adequacy and effectiveness of the Internal Control System. They also review the effectiveness of the Internal Audit function with particular emphasis on scope of the audits, quality of audits performed, independence of the internal audit, resources and findings. The minutes of the Audit Committee Meetings are tabled for the information of the Board at the subsequent Board Meeting.
- In assessing the Internal Control System, identified officers of the Company continued to review update procedures and controls that are connected with significant accounts and disclosures in the financial statements of the Company/Group. The Internal Audit Division continues to monitor the suitability of design and effectiveness of these procedures and controls on an ongoing basis during their audit process.
- The Board Integrated Risk Management Committee (BIRMC) is established to assist the Board to oversee the overall management of principal areas of risks of the Company.
- Operational committees have also been established with appropriate empowerment to ensure effective management and supervision of the Company's core areas of business operations.
- The Company continued to refine the statistical models used in the computations and the data extraction procedures pertaining to the calculations performed in respect of the requirements of SLFRS 9. Since the adoption of this standard, progressive improvements on processes to comply with the requirements of classification, estimation of Expected Credit Losses (ECL) and disclosure were made whilst, further strengthening of processes continue to support estimation of expected credit losses and financial statement disclosures.

  The existing models were further refined during the year to validate the appropriateness of the underlying assumptions, incorporate the potential macro-economic risks arising from ongoing geopolitical tensions, particularly the conflict in the Middle East which pose significant downside risks through post-model adjustments based on stress testing of loans, leases and hire purchase that are not individually significant. The Company carried out a comprehensive reassessment in light of the strengthening macroeconomic outlook, which sustained its recovery into 2025, achieving 5% growth despite the disruptions caused by Cyclone Ditwah and reversed part of the management overlays that had been built in the past years as post model adjustments to address the unprecedented economic uncertainty. Furthermore, this approach will be re-evaluated at each reporting period to reflect the subsequent changes to the economic environment. Considering the complexity involved in the computation of ECL from loans, leases and hire purchase, the Company will continue to strengthen the process with system - supported procedures in order to minimize the manual intervention.

- The Board ensures that processes and controls are put in place for use of management information systems and validation of information extracted to comply with SLFRS 9.
- The Company continues to focus on strengthening the review and testing process of the said model and the Internal Audit Department reviews refinements made to the model and the management overlay incorporated in the computation of Expected Credit Loss based on the estimates and judgement.
- The Company has documented procedures relating to these requirements and updated the expected credit loss impairment policy and impairment computation procedure as and when necessary, with the approval of the Board with recommendation of the Board Audit Committee for the changes made to the documented policy and procedure.

The Company complied with the Finance Business Act Direction No. 1 of 2020, Classification & Measurement of Credit Facilities which sets out the minimum requirements for classification and measurement of credit facilities granted by LFCs with the adoption of SLFRS-9. Accordingly, from 01 April 2023, the Company adopted significant increase in credit risk (SICR) when contractual payments are more than 30 days past due and contract default presumed at more than 90 days past due.

The Company has taken initiatives to realign its business model, internal risk management practices, and recovery monitoring and follow-up procedures to adhere to the significant increase in credit risk (SICR) and default definition.

The recommendations made by the external auditor in connection with the internal control system in previous years were reviewed during the year and appropriate steps have been taken to implement those.

During the year, the Internal Audit division, tested the essential internal controls and confirmed the adequacy of the internal controls framework to the Board of Directors.

CONFIRMATION

Based on the above, the Board of Directors believes that the system of internal controls over financial reporting system of the Company has been sound and adequately designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for the external purposes has been done in accordance with Sri Lanka Accounting Standards and regulatory requirements of the Central Bank of Sri Lanka and Colombo Stock Exchange.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITOR

The External Auditor has reviewed the above Directors' Statement on Internal Control included in the Annual Report of the Company for the year ended 31st March 2026 and reported to the Board that nothing has come to their attention that causes them to believe that the Statement is inconsistent with their understanding of the process adopted by the Board in the review of the design and effectiveness of the Internal Control System over Financial Reporting of the Company.

External Auditor's report on the statement of Internal Control over Financial Reporting is given on page 177 of this Annual Report.

STATEMENT ON PRUDENTIAL REQUIREMENTS, REGULATIONS & LAWS

There are no material non-compliances with prudential requirements, regulations, laws and internal controls in compliance with Section 16 (1) (ix) of the Finance Business Act Direction No. 05 of 2021-Corporate Governance during the year.

The Board has implemented sufficient internal controls to ensure adherence to statutory and regulatory obligations. The Board affirms that the Company complies with all relevant prudential requirements, regulations, and legislation laws.

There were no supervisory concerns reported by the Director Supervision of Non Bank Financial Institutions (DSNBFI) of a significant nature required by the Monetary Board to be disclosed to the Public on the Company's risk management, compliance with the Finance Business Act and rules and directions issued by the Central Bank of Sri Lanka

For and on behalf of the Board

A.R. Fernando
Chairman

M.H. de. Silva
Chairman
Board Audit Committee

A.K. Gunaratne
Managing Director/Chief Executive Officer

Colombo
26th May 2026

INDEPENDENT AUDITORS' ASSURANCE REPORT ON THE DIRECTORS' STATEMENT ON INTERNAL CONTROL

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TO THE BOARD OF DIRECTORS OF CENTRAL FINANCE COMPANY PLC

REPORT ON THE DIRECTORS' STATEMENT ON INTERNAL CONTROL

We were engaged by the Board of Directors of Central Finance Company PLC ("the Company") to provide assurance on the Director's Statement on Internal Control ("the Statement") included in the Annual Report for the year ended 31st March 2026.

MANAGEMENT'S RESPONSIBILITY

Management is responsible for the preparation and presentation of the Statement in accordance with the "Guidance for Directors of Licensed Finance Company/ Finance Leasing Company on the Directors' Statement on Internal Control" issued in compliance with Finance Business Act Direction No. 05 of 2021 on Corporate Governance by the Institute of Chartered Accountants of Sri Lanka.

OUR INDEPENDENCE AND QUALITY CONTROL

We have complied with the independence and other ethical requirement of the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior.

The firm applies Sri Lanka Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

OUR RESPONSIBILITIES

Our responsibility is to assess whether the Statement is both supported by the documentation prepared by or for directors and appropriately reflects the process the directors have adopted in reviewing the design and effectiveness of the internal control of the Company.

We conducted our engagement in accordance with Sri Lanka Standard on Assurance Engagements SLSAE 3051, Assurance Report for Licensed Finance Companies on Directors' Statement on Internal Control, issued by the Institute of Chartered Accountants of Sri Lanka.

This standard requires that we plan and perform procedures to obtain limited assurance about whether Management has prepared, in all material respects, the Statement on Internal Control.

For purposes of this engagement, we are not responsible for updating or reissuing any reports, nor have we, in the course of this engagement, performed and audit or review of the financial information.

SUMMARY OF WORK PERFORMED

Our engagement has been conducted to assess whether the Statement is both supported by the documentation prepared by or for the Directors and appropriately reflects the process the Directors have adopted in reviewing the system of internal control for the Company.

To achieve this objective, appropriate evidence has been obtained by performing the following procedures:

(a) Inquired the Directors to obtain an understanding of the process defined by the Board of Directors for their review of the design and effectiveness of internal control and compared their understanding to the Statement made by the Directors in the annual report.

(b) Reviewed the documentation prepared by the Directors to support their Statement made.

(c) Related the Statement made by the Directors to our knowledge of the Company obtained during the audit of the financial statements.

(d) Reviewed the minutes of the meetings of the Board of Directors and of relevant Board Committees.

(e) Attended meetings of the Audit Committee at which the annual report, including the Statement on Internal Control is considered and approved for submission to the Board of Directors.

(f) Considered whether the Director's Statement on Internal Control covers the year under review and that adequate processes are in place to identify any significant matters arising.

INDEPENDENT AUDITORS' ASSURANCE REPORT ON THE DIRECTORS' STATEMENT ON INTERNAL CONTROL

(g) Obtained written representations from Directors on matters material to the Statement on Internal Control where other sufficient appropriate audit evidence cannot reasonably be expected to exist.

SLSAE 3051 does not require us to consider whether the Statement covers all risks and controls, or to form an opinion on the effectiveness of the Company's risk and control procedures. SLSAE 3051 also does not require us to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

The procedures selected depend on our judgment, having regard to our understanding of the nature of the Company, the event or transaction in respect of which the Statement has been prepared.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

OUR CONCLUSION

Based on the procedures performed, nothing has come to our attention that causes us to believe that the Statement included on pages 175 to 176 of this annual report is inconsistent with our understanding of the process the Board of Directors have adopted in the review of the design and effectiveness of internal control system over the financial reporting of the Company.

Chartered Accountants

Colombo
26th May 2026

Compounding Strength

Bamboo's explosive upward growth is driven by its expansive underground rhizome network a highly organised foundation built to support rapid scaling.

"Allow your roots to grow deep for a future that soars high."

- Priya Kartik, inspired by the Taoist Bamboo Principle -

FINANCIAL CALENDER 2025/26

Final Dividend 2024/25- Cash dividend paid	07th July 2025
First Quarter Results 2025/26	12th August 2025
Second Quarter Results 2025/26	11th November 2025
Interim Dividend 2025/26 - Cash dividend paid	08th December 2025
Third Quarter Results 2025/26	11th February 2026
Fourth Quarter Results 2025/26	22nd May 2026
Annual Report 2025/26	05th June 2026
68th Annual General Meeting	30th June 2026
Final Dividend 2025/26 - proposed and to be paid	07th July 2026

ANNUAL REPORT OF THE BOARD OF DIRECTORS

The Directors have pleasure in presenting to the shareholders their report together with the audited financial statements of Central Finance Company PLC, and the audited financial statements of the Group for the year ended 31st March 2026.

Central Finance Company PLC (the "Company") is a public limited liability company, incorporated in Sri Lanka on 05th December 1957, quoted on the Colombo Stock Exchange in 1969, registered as a finance company under the Finance Business Act No. 42 of 2011, registered under the Finance Leasing Act No. 56 of 2000, and the Companies Act No. 07 of 2007.

The ordinary shares of the Company are listed on the Colombo Stock Exchange.

The Board of Directors approved these financial statements on 26th May 2026.

PRINCIPAL BUSINESS ACTIVITIES AND REVIEW OF OPERATIONS-COMPANY

The principal business activities of the Company are leasing, hire purchase, loans, operating leases, deposit mobilisation, and provision of other financial services.

SUBSIDIARIES

Name of the company	Principal business activities
Central Industries PLC	Manufacture and distribution of PVC pipes and fittings.
CF Insurance Brokers (Private) Limited	Insurance broking
Kandy Private Hospitals Limited	Provision of healthcare services
Dehigama Hotels Company Limited	Renting of commercial property
CF Growth Fund Limited	Investment company
Central Mineral Industries (Private) Limited	Manufacture of mineral products
Central Transport and Travels Limited	Hiring of vehicles
Central Developments Limited	Investment company
Central Homes (Private) Limited	Property development and sale of real estate
Expanded Plastic Products (Private) Limited	Investment company
Hedges Court Residencies (Private) Limited	Construction and sale of apartments

ASSOCIATES

Name of company	Principal business activities
Nations Trust Bank PLC	Licensed commercial bank

Pursuant to the Udapussellawa Plantations PLC's acquisition of a 37.59% stake in Tea Smallholder Factories PLC at a price of Rs. 35/- per share and announcement of a mandatory offer to purchase the remaining 62.41% of voting shares as required by the Takeovers and Mergers Code of 1995, Board of Directors of Central Finance Company PLC and its subsidiary company CF Growth Fund Ltd accepted the mandatory offer and divested their 29.29% stake in Tea Smallholder Factories PLC in June 2025.

There were no significant changes in the nature of the principal business activities of the Company and the Group during the financial year under review other than the above.

REVIEW OF BUSINESS

A review of the Company and Group operations during the year, with comments on the financial results and future developments is contained in the Managing Director's report on pages 16 to 21 , Review of Operations on pages 44 to 49 and Capital Management Review on pages 50 to 91 of the Annual Report, which form an integral part of the Directors' Report.

FINANCIAL STATEMENTS

The financial statements of the Group and the Company are given on pages 192 to 305 of the Annual Report.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Directors are responsible for the preparation of financial statements of the Company to reflect a true and fair view of the state of its affairs. The Directors are of the view that these financial statements have been prepared in conformity with the requirements of the Sri Lanka Accounting Standards, Companies Act No. 07 of 2007, Finance Business Act No. 42 of 2011, Inland Revenue Act No. 24 of 2017 and amendments thereto and the Listing Rules of the Colombo Stock Exchange.

Further, the Board of Directors consider the annual report and financial statements taken as a whole to be fair, balanced, understandable, and providing the information necessary for shareholders to assess the Company's financial position, performance, ESG/sustainability risk and opportunities, business model and outlook.

The detailed report is given on page 174 of the Annual Report.

AUDITOR'S REPORT

The auditor's report on the financial statements is given on pages 188 to 191 of the Annual Report.

MATERIAL ACCOUNTING POLICIES

The Group and the Company prepare the financial statements in accordance with Sri Lanka Accounting Standards (LKASs/SLFRSs). Material accounting policies adopted in the preparation of the financial statements are given on pages 198 to 305 of the Annual Report.

GOING CONCERN

The Board of Directors is satisfied that the Company and Group have adequate resources to continue their operations in the foreseeable future. Accordingly, the financial statements are prepared based on the going concern concept details of which are given in Note 2.7 to the financial statements.

INCOME

Income of the Group excluding associates during the year was Rs. 29,875.51 Mn (2024/25 – Rs. 26,695 Mn), an analysis of which is given in Note 10 to the financial statements.

RESULTS AND APPROPRIATIONS

Total comprehensive income of the Company was Rs.5,873.70 Mn (2024/25 - Rs. 5,962.31 Mn) whilst the Group comprehensive income attributable to equity holders of the parent was Rs. 9,566.83 Mn (2024/25 - Rs.10,239.01 Mn).

A detailed description of the results and appropriations are given below:

	2025/26 Rs.'000	2024/25 Rs.'000
Group profit for the year before income tax after payment of all expenses, provision for depreciation, taxes on financial services and impairment on loans and other credit losses	**14,210,868**	13,872,339
Provision for taxation	**(3,615,245)**	(3,654,104)
Group profit after taxation	**10,595,623**	10,218,235
Other comprehensive income net of income tax		
Actuarial losses on defined benefit plans	**(150,714)**	(46,162)
Share of other comprehensive income of associates	**(531,650)**	362,274
Total comprehensive income for the year	**9,913,259**	10,534,347
Non-controlling interest	**(346,429)**	(295,337)
Attributable to equity holders of the Company	**9,566,830**	10,239,010
Other comprehensive income net of tax relating to :		
Revaluation reserve	**(22,649)**	(61,225)
Fair value reserve	**545,644**	(317,874)
	10,089,825	9,859,911
Un-appropriated profit brought forward at the beginning of the year	**40,353,701**	31,857,928
Unclaimed dividends written back	**4,187**	4,880
Payment of forfeited dividends	**(70)**	(425)
Transfer from revaluation reserve	**11,151**	11,341
Transfer on divestment of associate company	**195,578**	-
Balance available for appropriation	**50,654,372**	41,733,635
Appropriations		
Transfer to reserve fund	**(303,000)**	(300,000)
Dividends distributed during the year	**(1,477,804)**	(1,079,934)
Un-appropriated profit to be carried forward	**48,873,568**	40,353,701

RESERVES

The total Group reserves as at 31st March 2026 amounted to Rs. 83,078.80 Mn (31st March 2025 - Rs. 74,985.66 Mn) details of which are given in Notes 49 to 54 to the financial statements.

CORPORATE DONATIONS

During the year, the Company made donations amounting to Rs. 22.93 Mn (2024/25 - Rs. 8.69 Mn) in terms of the resolution passed at the last annual general meeting ("AGM"). Donations made to Government approved charities were Rs. 21.03 Mn during 2025/26 financial year (2024/25 - Rs.6.07 Mn). Total donations of the Group during the year amounted to Rs. 23.03 Mn (2024/25 - Rs. 8.73 Mn) and the donations made to Government approved charities were Rs. 21.03 Mn (2024/25 - Rs.6.07 Mn).

STATUTORY PAYMENTS

The Directors are satisfied that statutory payments due to the Government and in relation to the employees have been made in full and on time to the best of their knowledge and belief.

DIVIDENDS

The Directors recommend the payment of a final dividend of Rs. 3.75 per share payable by cash for the year ended 31st March 2026 (2024/25 - Rs.3.75 per share payable by cash) subject to obtaining the approval of the shareholders at the forthcoming Annual General Meeting. This dividend, together with an interim cash dividend of Rs. 2.75 per share (2024/25 - Rs.2.75 per share) paid on 08th December 2025 amount to a total dividend pay-out of Rs. 1,477.80 Mn for the year (2024/25- Rs. 1,477.80 Mn).

The Directors have confirmed that the Company satisfies the solvency test requirement under Section 56 of the Companies Act No.07 of 2007 for the final dividend proposed.

Finance Companies are required to obtain prior approval of the Central Bank of Sri Lanka for the payment of dividends. The directors confirm that they have obtained the approval of the Central Bank of Sri Lanka prior to recommending the final dividend of Rs.3.75 per share for the year ended 31st March 2026.

PROPERTY, PLANT AND EQUIPMENT

The total capital expenditure in regard to property, plant and equipment, intangible assets and capital work-in progress of the Company and the Group amounted to Rs. 3,507.06 Mn and Rs. 3,595.98 Mn respectively. (2024/25 - Company Rs. 1,880.98 Mn and Group Rs. 1,957.36 Mn) details of which are given in Notes 37 and 39 to the financial statements. The value of capital commitments as at year end is disclosed in Note 56 to the financial statements.

MARKET VALUE OF FREEHOLD PROPERTIES

The value of freehold properties owned by the Group as at 31st March 2026 is included in the accounts at Rs. 8,765.86 Mn (31st March 2025 - Rs. 8,754.20 Mn). The freehold properties of the Group were revalued in March 2024 by an independent Chartered valuer / Chartered valuation survey or details of which are given in Note 37 to the financial statements.

The value of investment property owned by the Group as at 31 March 2026 is included in the accounts at Rs. 82.50 Mn (31st March 2025 - Rs. 66.61 Mn) based on valuations carried out by an independent Chartered valuer / Chartered valuation surveyor in March 2026.

Details of the location, extent, valuations and number of buildings are provided in Note 37 and 36 to the financial statements.

The Directors are of the opinion that this value is not in excess of the current market value.

EVENTS AFTER THE REPORTING DATE

No events of a material nature have occurred subsequent to the date of the statement of financial position requiring adjustments to the financial statements, other than those disclosed in Note 58 to the financial statements.

STATED CAPITAL AND DEBENTURES

The Company did not raise funds through a public issue, rights issue or a public placement during the year ended 31st March 2026. The stated capital of the Company as at 31st March 2026 was Rs. 2,230.28 Mn (Rs. 2,230.28 Mn as at 31st March 2025) consisting of 227,354,462 ordinary voting shares (227,354,462 ordinary voting shares as at 31st March 2025).

The Company did not make any debenture issues during the year ended 31st March 2026.

SHAREHOLDINGS

As at 31st March 2026, there were 6,424 registered shareholders and the distribution of shareholding is indicated on page 313.

INFORMATION ON SHARES

Information relating to earnings, dividends, net assets and market value per share is given under financial highlights on page 6.

Information pertaining to trading in the Company's shares is given in page 313 to 315 of the annual report.

MAJOR SHAREHOLDERS

The twenty largest shareholders of the Company as at 31st March 2026 together with an analysis of the shareholdings are given on page 314.

EQUITABLE TREATMENT TO SHAREHOLDERS

The Company has at all times made all endeavours to ensure that all stakeholders, in particular, depositors and shareholders are treated in a fair and equitable manner.

THE BOARD OF DIRECTORS

The Board of Directors of the Company consists of ten directors with wide financial and commercial knowledge and experience. The qualifications and experience of the Directors are given on pages 24 and 26 of the Annual Report.

The following were the Directors of the Company as at 31st March 2026:

MR. A. R. FERNANDO
(Non-Independent Non-Executive Director/ Chairman with effect from 1st May 2025)

MR. A.K. GUNARATNE
(Managing Director/CEO)

MR. D.P. DE SILVA
(Deputy Managing Director/Deputy CEO)

MR. E.H. WIJENAIKE
(Non-Independent Non-Executive Director)

MR. C.K. HETTIARACHCHI
(Executive Director)

MR. K.B. HERATH
(Independent Non-Executive Director)

MR. M.H. DE SILVA
(Independent Non-Executive Director)

MR. M.S. DE SARAM
(Independent Non - Executive Director/ Non-Independent Non-Executive Director w.e.f. 9th April 2026)

MS. S.H. MUNASINGHE
(Independent Non - Executive Director appointed w.e.f. 1st May 2025)

DR. N.K. ARUNATILAKE
(Independent Non - Executive Director appointed w.e.f. 1st June 2025)

RETIREMENTS / NEW APPOINTMENTS DURING THE FINANCIAL YEAR

Mr. A.D.B. Talwatte retired as the Chairman of the Board with effect from 30 April 2025 on reaching the age of 70 years in compliance with section 4.2 of the Finance Business Act Direction No.05 of 2021 on Corporate Governance.

Pursuant to the retirement of Mr. A.D.B. Talwatte, Mr. A.R. Fernando, Non-Independent Non-Executive Director of the Board since 16th August 2017 was appointed as the Chairman with effect from 1st May 2025.

Mr. M.H. de Silva - Independent Non-Executive Director was appointed as the Senior Director of the Board with effect from 1st May 2025.

In order to fill the casual vacancy arising from the retirement of Mr. A.D.B. Talwatte, Ms. S.H Munasinghe was appointed to the Board of Directors as an Independent Non-Executive Director with effect from 1st May 2025.

Dr. (Mrs.) A.D.N. de Zoysa retired from the Board with effective from 30th May 2025 on reaching the age of 70 years in compliance with section 4.2 of the Finance Business Act Direction No. 05 of 2021 on Corporate Governance.

In order to fill the casual vacancy arising from the retirement of Dr. (Mrs.) A.D.N. de Zoysa, Dr. N.K. Arunatilake was appointed as an Independent Non-Executive director of the Board with effect from 1st June 2025.

The Company has obtained the approval of the Central Bank of Sri Lanka for the abovementioned retirements/appointments in terms of section 3.2 of the Finance Business Act Direction No.06 of 2021.

RETIREMENTS/NEW APPOINTMENTS/CHANGE OF DESIGNATION SUBSEQUENT TO THE FINANCIAL YEAR END

There were no retirements/new appointments subsequent to the financial year.

Mr. M.S. De Saram was re-designated as a Non-Independent Non-Executive Director with effect from 9th April 2026 in compliance with provisions contained in section 3.7 of the Finance Business Act Direction No. 05 of 2021 on Corporate Governance. Pursuant to a disclosure made by Mr. M.S. De Saram of his appointment to the Board of Lion Brewery Ceylon PLC, the Nominations and Governance Committee of the Company determined that Mr. M.S De Saram ceased to be an independent Non-Executive Director since he did not satisfy the provisions contained in section 3.7 of the Finance Business Act Direction No. 05 of 2021 on Corporate Governance.

The aforesaid re-designation was approved by the Board of Directors on 11th April 2026 and was notified to the Director, Department of Supervision of Non-Bank Financial Institutions.

RECOMMENDATIONS FOR RE-ELECTION OF DIRECTORS AT THE ANNUAL GENERAL MEETING

Mr. E.H. Wijenaike retires by rotation in terms of Article 105 of the Articles of Association of the Company and being eligible has offered himself for re-election at the forthcoming Annual General Meeting.

An ordinary resolution will also be recommended to the shareholders that the age limit in section 210 of the Company's Act no 07 of 2007 shall not apply to Mr. E.H. Wijenaike who has reached the age of 71 years prior to the Annual General Meeting and that he be reappointed as a director of the Company.

Mr. A.R. Fernando and Mr. M.H. de Silva retire by rotation in terms of Article 105 of the Articles of Association of the Company and being eligible have offered themselves for re-election at the forthcoming Annual General Meeting.

The Board with the recommendation of the Nominations and Governance Committee, having considered the performance and contribution made by each of the Directors seeking re-election as described herein towards the overall discharge of the responsibilities of the Board, unanimously resolved that Mr. E.H. Wijenaike, Mr. A.R.Fernando and Mr. M.H. de Silva be recommended for re-election at the next Annual General Meeting of the Company with the approval of the Central Bank of Sri Lanka.

Accordingly, the Company has submitted requisite documents under Finance Business Act Direction No. 06 of 2021 to the Central Bank of Sri Lanka (CBSL) twenty working days prior to the date of the Annual General Meeting seeking the approval for the above re-elections.

APPOINTMENT OF DIRECTORS TO THE BOARD IN ACCORDANCE WITH THE FINANCE BUSINESS ACT DIRECTION NO. 06 OF 2021 - ASSESSMENT OF FITNESS & PROPRIETY OF KEY RESPONSIBLE PERSONS

Determination whether all Directors are fit and proper persons to hold office, as specified in the Finance Business Act Direction No. 06 of 2021, and the appointment of Directors to the Board is done in accordance with the Finance Business Act Direction No. 06 of 2021.

The Board noted that the Nomination and Governance Committee having assessed the fitness and propriety of each of the existing Directors as required by the Finance Business Act Direction No. 06 of 2021, and taking into consideration the knowledge, work specialization and experience of each Director has recommended that they are fit and proper persons to hold office as Directors of the Company.

Accordingly, the Company has submitted requisite documents under the above direction to the Central Bank of Sri Lanka (CBSL) twenty working days prior to the date of the Annual General Meeting seeking the approval for appointment of Directors to the Board in accordance with the Finance Business Act Direction No. 06 of 2021.

LIST OF DIRECTORATES OF SUBSIDIARIES AND ASSOCIATES

Details of the Directors of the subsidiaries and associates of the Company are given on pages 310 to 311 of the Annual Report.

BOARD SUB-COMMITTEES

The Board of Directors of the Company has formed the following sub committees;

BOARD AUDIT COMMITTEE

MR. M.H. DE SILVA
(Independent Non-Executive Director) - Chairman

MR. M.S. DE SARAM
*(Independent Non-Executive Director)**

MRS. S.H. MUNASINGHE
(Independent Non-Executive Director)
(appointed as a member w.e.f. 1st May 2025)

DR. N.K. ARUNATILAKE
(Independent Non-Executive Director)
(appointed as a member w.e.f. 1st June 2025)

MR. A.R. FERNANDO
(Non-Independent Non-Executive Director)
(ceased to be a member w.e.f. 1st May 2025)

DR. (MRS) A.D.N. DE ZOYSA
(Independent Non-Executive Director)
(retired w.e.f. 30th May 2025)

The report of the Board Audit Committee is given on pages 171 to 173 of the Annual Report.

HUMAN RESOURCE AND REMUNERATION COMMITTEE

MR K.B. HERATH
(Chairman/ Independent Non-Executive Director)

DR. (MRS.) A.D.N. DE. ZOYSA
(Independent Non-Executive Director)
(retired on 30th May 2025)

MR. E.H. WIJENAIKE
(Non-Independent Non-Executive Director)

MR. M.H. DE SILVA
(Independent Non-Executive Director)
(appointed as a member w.e.f. 9th April 2026)

MR. M.S. DE SARAM
*(Independent Non-Executive Director)**
(served on the Committee from 1st May 2025 to 8th April 2026)

MR. A.R. FERNANDO
(Non-Independent Non-Executive Director)
(member up to 30th April 2025)

MR. A.D.B. TALWATTE
(Independent Non-Executive Director)
(retired on 30th April 2025)

The report of the Human Resource and Remuneration Committee is given on page 168 of the Annual Report.

BOARD INTEGRATED RISK MANAGEMENT COMMITTEE

MS. S.H. MUNASINGHE
(Independent Non-Executive Director)
(appointed to the Committee w.e.f. 1st May 2025 and assumed the role of Chairperson w.e.f. 9th April 2026)

MR. M.S. DE SARAM
*(Independent Non-executive Director)**
(Chairman from 1st June 2025 to 8th April 2026)

MR. M.H. DE. SILVA
(Independent Non-executive Director)
(Chairman up to 31st May 2025)

MR. K.B. HERATH
(Independent Non-executive Director)

DR. N.K. ARUNATILAKE
(Independent Non-Executive Director)
(appointed w.e.f. 1st June 2025)

MR. A.R. FERNANDO
(Non-executive Director)
(member up to 30th April 2025)

DR. (MRS.) A.D.N. DE ZOYSA
(Independent Non-executive Director)
(retired on 30th May 2025)

The report of the Board Integrated Risk Management Committee is given on pages 169 to 170 of the Annual Report.

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

MR. K.B. HERATH
(Independent Non-Executive Director)
(Chairman w.e.f. 1st June 2025)

DR. (MRS.) A.D.N. DE ZOYSA
(Independent Non-Executive Director)
(Chairperson until her retirement on 30th May 2025)

MR. E.H. WIJENAIKE
(Non-Independent Non-Executive Director)

MR. M.S. DE SARAM
*(Independent Non-Executive Director)**
(served as a committee member up to 8th April 2026)

MS. S.H. MUNASINGHE
(Independent Non-Executive Director)
(appointed w.e.f. 1st May 2025)

DR. N.K. ARUNATILAKE
(Independent Non-Executive Director)
(appointed w.e.f. 1st June 2025)

MR. A.D.B. TALWATTE
(Independent Non-Executive Director)
(retired on 30th April 2025)

The report of the Related Party Transaction Review Committee is given on page 167 of the Annual Report.

NOMINATION & GOVERNANCE COMMITTEE

MR. M.H. DE SILVA
(Independent Non-Executive Director)
(Chairman from 1st June 2025)

DR. (MRS.) A.D.N. DE ZOYSA
(Independent Non-Executive Director)
(Chairperson until her retirement on 30th May 2025)

MR. E.H. WIJENAIKE
(Non-Independent Non-Executive Director)

MR. K.B. HERATH
(Independent Non-Executive Director)
(appointed on 1st May 2025)

MR. M.S. DE SARAM
*(Independent Non-executive Director)**
(served on the Committee from 1st May 2025 to 8th April 2026)

MR. A.D.B. TALWATTE
(Independent Non-Executive Director)
(retired on 30th April 2025)

MR. A.R. FERNANDO
(Non-Independent Non-Executive Director)
(member up to 30 April 2025)

The report of the Nomination and Governance Committee is given on pages 165 to 166 of the Annual Report.

*Mr. M.S. De Saram was re-designated as a Non-Independent Non-Executive Director with effect from 9th April 2026 in compliance with provisions contained in section 3.7 of the Finance Business Act Direction No. 05 of 2021 on Corporate Governance.

INTERESTS REGISTER

The interests register is maintained by the Company, as required under the Companies Act No. 07 of 2007. All directors have made declarations as provided for in Section 192 (1) and (2) of the Companies Act No. 07 of 2007. The related entries were made in the interests register during the year under review.

DIRECTORS' INTERESTS IN SHARES

The Directors of the Company and its subsidiaries who have relevant interest in the shares of the respective companies have disclosed their shareholdings and any acquisitions/disposals to their respective Boards in compliance with Section 200 of the Companies Act No. 7 of 2007. The shareholdings of the Directors and their spouses who own shares of the Company at the beginning and at the end of the year were as follows:

	31st March 2026	31st March 2025
E.H. Wijenaike	**35,039,742**	35,039,742
A.K Gunaratne	**1,810,661**	1,810,661
D.P. de Silva	**225,117**	225,117
C.K. Hettiarachchi	**134,399**	134,399
Spouses		
A.J. Wijenaike	**7,091,476**	7,091,476

Given below are the Directors' shareholdings in Group companies,

	31st March 2026	31st March 2025
Central Industries PLC		
E.H. Wijenaike	**44,081**	44,081
Nations Trust Bank PLC		
Voting shares		
E.H. Wijenaike	**13,070**	12,958
A.K. Gunaratne	**47,506**	47,098
Convertible non-voting shares		
E.H. Wijenaike	**2,243**	2,228
A.K. Gunaratne	**4,117**	4,089
Kandy Private Hospitals Ltd.		
E.H. Wijenaike	**7,000**	7,000

RELATED PARTY TRANSACTIONS

The Directors have disclosed such transactions in terms of Sri Lanka Accounting Standard 24, Related Party Disclosures, and details of the transactions are given in Note 59 to the financial statements forming part of the Annual Report of the board of directors.

The Directors confirm that the transactions carried out with the related parties during the year ended 31.03.2026 are in line with the provision contained in Section 9.14 of the Listing Rules of the Colombo Stock Exchange and such transactions have been reviewed by the Related Party Transactions Review Committee of the Company and observations of the Committee have been communicated to the Board. The Directors further confirm that there were no non-current related party transactions exceeding 10% of the equity or 5% of the total assets of the Company, whichever is lower, as per the latest audited financial statements of the Company, which need to be disclosed in the Annual Report. Details of the recurrent related party transactions which exceed 10% of the consolidated gross revenue/income of the Group as per the latest audited financial statements of the Company are given in Note 59 of the financial statements. The Directors further confirm that they have declared all material interests in contracts involving with the Company and abstained from voting on matters in which they were materially interested in.

The Board of Directors confirms that neither the Directors nor their Close Family Members had any material business relationships with other Directors of the Company during the financial year ended 31st March 2026.

TRANSFER PRICING REGULATIONS

It is certified that the Company has complied with the Transfer Pricing Regulations issued under Section 104 of the Inland Revenue Act No. 10 of 2006. The information pursuant to these regulations is given under certificate produced under Section 107 (2) (a) of the said Act. The Directors believe that the transactions entered into with related parties during the period 01.04.2025 to 31.03.2026 are at arm's length and not prejudicial to the interests of the Company and the related party. The transactions are entered into on the basis of a transfer pricing policy adopted by the Company.

DIRECTORS' REMUNERATION

Directors' remuneration in respect of the Group and the Company for the financial year ended 31st March 2026 is given in Note 18 to the financial statements.

APPRAISAL OF BOARD & SUB COMMITTEE PERFORMANCE

The Company has established an annual self-assessment scheme for the appraisal of the Board of Directors. Responses to the self-assessment questionnaire are evaluated by the Chairman and recommendations or concerns are discussed with the Board of Directors and actions taken accordingly, where deemed appropriate.

The Company's Board Sub-Committees annual self-assessment is being carried out by the members of the Committees and evaluated by the Board.

DIRECTORS' INTERESTS IN TRANSACTIONS

The Directors of the Company have made the general disclosures provided for in Section 192 (1) and (2) of the Companies Act No. 07 of 2007. The particulars of those transactions are set out on page 308 of the Annual Report.

INSURANCE AND INDEMNITY

The Company has a Directors' and Officers' Liability insurance policy from Fairfirst Insurance Limited up to a limit of Rs. 350 Mn.

CORPORATE GOVERANCE

The Directors place great emphasis on instituting and maintaining effective corporate governance practices and principles in respect of the management and operations of the Company. Accordingly, systems and structures have been introduced and improved from time to time to enhance risk management measures and to improve accountability and transparency. The corporate governance report is given on pages 117 to 164 of the annual report.

INTERNAL CONTROLS

The Directors have instituted an effective and comprehensive system of internal controls covering financial operations, compliance, control and risk management required to carry on the business of the Company in an orderly manner, safeguard its assets and secure as far as possible the accuracy and reliability of the records.

DIRECTORS STATEMENT OF INTERNAL CONTROL

The Directors have issued a report on the internal control mechanism of the Company as per paragraph 16.1 (ix). of the Finance Business Act Direction No. 05 of 2021 - Corporate Governance issued by Central Bank of Sri Lanka and Colombo Stock Exchange Listing Rule 9.16 (ii) on Corporate Governance.

The Directors have conducted a review of the internal controls covering financial, operational and compliance controls and risk management and have obtained reasonable assurance of their effectiveness and successful adherence therewith.

The Directors have confirmed that the financial reporting system has been designed to provide a reasonable assurance regarding the reliability of financial reporting, and that the preparation of financial statements has been done in accordance with relevant accounting principles and regulatory requirements.

The above report is given on pages 175 to 176 of the Annual Report. The Directors have also obtained an assurance report from the external auditor on directors' statement of internal control which is given on page 177 of the Annual Report.

ENVIRONMENT

The Company has not engaged in any activities detrimental to the environment. The Company has used its best efforts to comply with the environmental laws and regulations.

HUMAN RESOURCES

Employment policies of the Company are based on recruiting the best available people, training them to enhance their skills and offering equal career opportunities regardless of gender, race or religion. There were no material issues pertaining to employees and industrial relations pertaining to the Company that occurred during the year under review which needs to be disclosed.

COMPLIANCE WITH LAWS AND REGULATIONS

The arrangements are in place to make the Directors aware of the applicable laws, rules and regulations and they are aware of changes to the regulatory framework, particularly to Listing Rules and applicable capital market provisions.

The Company has not engaged in any activities contravening laws and regulations. All officers responsible for ensuring compliance with the provisions of various laws and regulations confirm their compliance to the Board of Directors on a monthly basis.

There are no material non-compliances with laws, rules and regulations and any fines, which are material, imposed by the government or any regulatory authority.

AUDITOR

The Board Audit Committee reviews the appointment of the auditor, its effectiveness, independence and relationship with the Group.

The auditor, KPMG was paid Rs. 6.45 Mn as audit fees and related expenses (2024/25 - Rs. 5.77 Mn). In addition, they were paid Rs. 1.14 Mn (2024/25 – Rs. 1.16 Mn) for permitted non-audit related services.

Audits of the Group companies are handled by KPMG, Ernst & Young, Deloitte Associates and Baker Tilly. Total fees paid to them during the year for audit and permitted non-audit related services amounted to Rs. 3.25 Mn and Rs. 0.29 Mn respectively (2024/25 audits were handled by KPMG, Ernst & Young and Deloitte Associates. They were paid - Rs. 2.67 Mn and Rs. 0.40 Mn respectively for permitted audit and non-audit related services.)

The auditors have confirmed that they do not have any relationships with or interests in the Company or subsidiaries other than with regard to audit and permitted non-audit services.

ANNUAL GENERAL MEETING

The sixty eighth Annual General Meeting of the Company will be held at the Kandy Myst by Cinnamon, 273, Katugastota Road, Kandy on 30th June 2026 at 11.00 a.m

The relevant notice of meeting is given on page 328.

For and on behalf of the Board

A.R. Fernando
Chairman

A.K. Gunaratne
Managing Director

A.R.L. Gurusinghe
Company Secretary

26th May 2026

INDEPENDENT AUDITORS' REPORT

KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
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TO THE SHAREHOLDERS OF CENTRAL FINANCE COMPANY PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of Central Finance Company PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at March 31, 2026, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as of March 31, 2026, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

BASIS FOR OPINION

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics for professional Accountants issued by CA Sri Lanka (Code of Ethics), and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company financial statements and the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the Company financial statements and the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Risk Description	Our Responses
Allowances for Expected Credit Losses of Loans and Receivables from Customers and Net Investment in Leases and Hire Purchases As disclosed in Note 30 & 31 to these financial statements, the Company has recorded financial assets measured at amortized cost against loans and receivables from customers and net investment in leases and hire purchases of Rs. 22,297 Mn and Rs. 84,765 Mn respectively as at 31st March 2026 and a total impairment relating to loans and receivables from customers and net investment in leases and hire purchases amounted to Rs. 852 Mn and Rs. 1,388 Mn respectively as at the reporting date. High degree of complexity and judgment are involved in estimating Expected Credit Loss (ECL).	Our audit procedures to assess the allowances for ECL included the following: Testing key controls of the Company in relation to: ➤ The ECL model governance and validation processes which involved assessment of model performance; ➤ The assessment and approval of the forward-looking macroeconomic assumptions through challenge applied by internal governance processes; ➤ Reconciliation of the data used in the ECL calculation process to gross balances recorded within the general ledger as well as source systems; and ➤ IT system controls which record loans days past due, and non-performing loan and lease classification.

Risk Description	Our Responses

Collective impairment is calculated using internally developed statistical models which are inherently complex, and judgment is required in developing the models. There is a number of key inputs and assumptions used by the Company in applying the requirements of SLFRS 9 to the models including the selection and input of forward-looking information, past due information, historical loss parameters etc. Some of these assumptions and inputs are heavily dependent upon the macroeconomic environment, also additional adjustments and overlays are provided to the model to reflect the effects of current economic developments to address known model limitations due to emerging trends in the economy and the portfolios.
 	
Additionally, allowances for individually assessed loans exceeding specific thresholds are assessed by challenging the assessment of specific allowances based on estimated proceeds from the value of the collateral held in respect of the loans by the Company.
 	
Accordingly, Allowance for expected credit losses (ECL) is a key audit matter due to the significance of the loans and receivables and net investment in leases and hire purchase balances to these financial statements and the inherent complexity of the Company's ECL models used to measure ECL allowances.
	Assessing the adequacy of collective impairment by:
	
	➤ Obtaining an understanding of the processes to determine ECL allowances of the Company, evaluating the ECL model methodologies of the Company's against established market practices and criteria in the accounting standards;
	➤ The assessment and approval of the forward-looking macroeconomic assumptions and scenario weightings, trends in the credit risk concentration of specific portfolios and our understanding of economic conditions. As part of this work, we assessed the reasonableness of the considerations of the uncertainty relating to key economic indicators used by the Company.
	➤ Working with our Financial Risk Management (FRM) specialist we carried out the following procedures:
	  ➤ Challenging the Company's forward-looking macroeconomic assumptions and scenarios incorporated in the ECL models by comparing the economic factors used to relevant publicly available macro-economic information, to identify contradictory indicators;
	  ➤ Examined the model design and calculation approach compared with industry standards.
	➤ Assessing the completeness of post-model adjustments by checking the consistency of overlay criteria we identified in the loan portfolios against the Company's assessment.
	
	Assessing adequacy of impairment for individually significant customers (ISL):
	
	Selecting a sample of larger customers (based on quantitative threshold set by the Company for ISL customers) where impairment indicators have been identified by management and assessed as higher risk or impaired, and a sample of other loans and leases, focusing on larger exposures assessed by the Company as showing signs of deterioration, or in areas of emerging risk (assessed against external market conditions and in particular considering the potential implications of prevailing economic conditions).
	
	Obtaining management's assessment of the recoverability of these exposures (including individual impairment calculations) and assessed whether individual impairment provisions, or lack of, were appropriate.
	
	This included the following procedures;
	
	➤ Assessing external collateral valuer's credentials and comparing external valuations to values used in management's impairment assessments, forecasted timing of future cash flows in the context of underlying valuations and approved recovery plans and challenging key assumptions in the valuations;

Risk Description	Our Responses
	➤ Assessing the ongoing effectiveness of the SICR criteria and independently calculating the loans' stage to determine whether a SICR event had occurred; and We also assessed the appropriateness of the related disclosures in the financial statements using our understanding obtained from our testing and against the requirements of Sri Lanka Accounting Standards.
Information Technology (IT) systems and controls over financial reporting. The Company's key financial accounting and reporting processes are highly dependent on the automated controls over the Company's information systems. The controls over access, changes to and operations, integrations of IT systems are key to the recording of financial transactions/ information and the preparation of financial statements which provide a true and fair view of the Company's financial position and performance. Key areas of importance are system calculations in relation to significant accounts including interest calculations, updating of the general ledger, interface between different modules within the system etc. The IT systems and controls, as they impact the recording and reporting of financial transactions, is a key audit matter as our audit approach could significantly differ depending on the effective operation of the Company's IT controls.	**Our audit procedures included the following key procedures:** Our audit procedures included; We worked with KPMG IT Audit specialists to perform audit procedures to assess IT systems and controls over financial reporting, which included: ➤ Obtaining an understanding of and assessing the design, implementation and operating effectiveness of general IT controls in relation to financial accounting and reporting system involving restrictions on system access, permissions and responsibilities of the authorized users, process for approving changes to the systems etc; ➤ Examining the framework of governance over the Company's IT organization and the controls over program development and changes, access to programs and data and IT operations, including compensating controls where required; ➤ Evaluating the design, implementation and operating effectiveness of the specific application controls which are required to be operating effectively to mitigate the risk of misstatement in the financial statements; ➤ Re-performing selected automated computations and comparing the results with the system calculations and the general ledger. ➤ Testing the access rights given to staff by checking them to approved records, and inspecting the reports over the granting and removal of access rights; ➤ Tested source data of the reports used to generate disclosures for accuracy and completeness

OTHER INFORMATION

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is FCA 3272.

Chartered Accountants

Colombo, Sri Lanka
26th May 2026

INCOME STATEMENT

For the year ended 31st March	Notes	Group 2026 Rs.'000	Group 2025 Rs.'000	Company 2026 Rs.'000	Company 2025 Rs.'000
Income	10	**29,875,514**	26,695,001	**22,858,911**	20,702,953
Interest income	11	**19,016,505**	17,232,398	**18,560,704**	16,817,482
Interest expenses	12	**(5,014,070)**	(4,712,460)	**(5,094,952)**	(4,758,129)
Net interest income		**14,002,435**	12,519,938	**13,465,752**	12,059,353
Net income from financial instruments at FVTPL	13	**507,930**	609,367	**473,016**	520,228
Net other revenue	14	**1,901,411**	1,454,955	**-**	-
Operating lease income	15	**1,679,092**	1,469,016	**1,690,665**	1,483,100
Other income/(losses)	16	**1,421,817**	1,562,341	**2,134,526**	1,882,143
Total operating income		**19,512,685**	17,615,617	**17,763,959**	15,944,824
Impairment (charge)/ reversal and other credit losses	17	**968,899**	1,901,575	**970,083**	1,902,961
Net Operating Income		**20,481,584**	19,517,192	**18,734,042**	17,847,785
Operating expenses	18				
Personnel expenses	19	**(4,325,950)**	(3,731,556)	**(3,833,657)**	(3,298,815)
Premises, equipment, establishment and other expenses		**(4,081,485)**	(3,502,477)	**(3,740,532)**	(3,309,665)
		(8,407,435)	(7,234,033)	**(7,574,189)**	(6,608,480)
Operating profit before share of profit of equity accounted investees		**12,074,149**	12,283,159	**11,159,853**	11,239,305
Share of profit of equity accounted investees, net of tax	20	**4,217,857**	3,664,776	**-**	-
Operating profit before taxes on financial services		**16,292,006**	15,947,935	**11,159,853**	11,239,305
Taxes on financial services	21	**(2,081,138)**	(2,075,596)	**(2,081,138)**	(2,075,596)
Profit before tax		**14,210,868**	13,872,339	**9,078,715**	9,163,709
Income tax expense	22	**(3,615,245)**	(3,654,104)	**(3,038,582)**	(3,181,538)
Profit for the year		**10,595,623**	10,218,235	**6,040,133**	5,982,171
Profit attributable to :					
Equity holders of the parent		**10,250,376**	9,923,975	**6,040,133**	5,982,171
Non-controlling interest	33.2	**345,247**	294,260	**-**	-
Profit for the year		**10,595,623**	10,218,235	**6,040,133**	5,982,171
Basic and diluted earnings per share - Rs.	23	**45.09**	43.65		
Dividend per share - Rs.	24	**6.50**	6.50		

Notes to the financial statements from pages 198 to 305 form part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Group		Company	
For the year ended 31st March		**2026**	**2025**	**2026**	**2025**
	Notes	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Profit for the year		**10,595,623**	10,218,235	**6,040,133**	5,982,171
Other comprehensive income/(expense) to be reclassified to income statement					
Fair value gain on debt securities at fair value through other comprehensive income					
Share of equity accounted investee, net of tax	51	**(545,644)**	317,874	**-**	-
Total other comprehensive income/(expense) to be reclassified to income statement		**(545,644)**	317,874	**-**	-
Other comprehensive income/(expense) not to be reclassified to income statement					
Actuarial losses on defined benefit plans	19.2	**(215,306)**	(65,946)	**(237,766)**	(28,375)
Deferred tax impact on acturial losses	22.2	**64,592**	19,784	**71,330**	8,513
		(150,714)	(46,162)	**(166,436)**	(19,862)
Share of equity accounted investee, net of tax		**(8,655)**	(16,825)	**-**	-
Revaluation of land & buildings					
Share of equity accounted investee, net of tax	50	**22,649**	61,225	**-**	-
Total other comprehensive income/(expense) not to be reclassified to income statement		**(136,720)**	(1,762)	**(166,436)**	(19,862)
Other comprehensive income/(expense) for the year (net of tax)		**(682,364)**	316,112	**(166,436)**	(19,862)
Total comprehensive income for the year		**9,913,259**	10,534,347	**5,873,697**	5,962,309
Total comprehensive income Attributable to:					
Equity holders of the parent		**9,566,830**	10,239,010	**5,873,697**	5,962,309
Non-controlling interest	33.2	**346,429**	295,337	**-**	-
Total comprehensive income for the year		**9,913,259**	10,534,347	**5,873,697**	5,962,309

Notes to the financial statements from pages 198 to 305 form part of these financial statements..

STATEMENT OF FINANCIAL POSITION

As at 31st March	Notes	Group 2026 Rs.'000	Group 2025 Rs.'000	Company 2026 Rs.'000	Company 2025 Rs.'000
ASSETS					
Cash and cash equivalents	26	**1,026,961**	1,011,416	**864,463**	874,621
Fair value through profit or loss financial assets	27	**2,194,171**	1,807,449	**1,904,352**	1,466,670
Securities bought under repurchase agreements	28	**6,322,443**	3,401,767	**6,322,443**	3,401,767
Financial assets at amortised cost- Debt and other financial instruments	29	**10,368,299**	21,070,588	**7,346,433**	17,597,353
Financial assets at amortised cost- Loans and receivables from customers	30	**21,447,200**	9,574,069	**21,444,964**	9,566,996
Financial assets at amortised cost- Net investment in leases and hire purchase	31	**83,377,069**	56,556,667	**83,377,069**	56,556,667
Trade receivables	32	**1,976,643**	1,419,590	**-**	-
Investments in subsidiaries	33	**-**	-	**384,872**	407,979
Investments in equity accounted investees	34	**21,168,369**	18,297,316	**1,846,380**	1,834,063
Inventories and other stocks	35	**1,730,962**	1,054,483	**76,400**	72,132
Investment properties	36	**82,500**	66,611	**82,500**	66,611
Property, plant and equipment	37	**16,793,815**	14,230,125	**14,173,082**	11,593,908
Right of use assets	38	**749,970**	596,481	**941,902**	836,396
Intangible assets	39	**183,327**	246,745	**180,194**	242,956
Current tax assets	40	**42**	43	**-**	-
Deferred tax assets	41	**33,859**	35,313	**-**	-
Other assets	42	**1,194,489**	780,056	**980,061**	488,673
Real estates held for sale	43	**4,368**	4,368	**4,368**	4,368
Total assets		**168,654,487**	130,153,087	**139,929,483**	105,011,160
LIABILITIES					
Bank overdrafts	26	**581,565**	464,813	**572,306**	452,705
Financial liabilities at amortised cost - Deposits	44	**48,811,525**	41,675,987	**49,899,646**	42,122,280
Financial liabilities at amortised cost - Interest bearing borrowings	45	**20,685,082**	4,444	**20,685,082**	-
Lease liabilities	38	**752,003**	601,993	**960,572**	841,908
Employee benefit obligations	46	**2,441,845**	2,089,165	**2,219,552**	1,866,402
Current tax liabilities	40	**645,293**	794,032	**439,477**	605,096
Deferred tax liabilities	41	**2,729,107**	2,303,249	**2,220,544**	1,791,483
Other liabilities	47	**3,928,658**	2,494,335	**3,326,852**	2,125,844
Total liabilities		**80,575,078**	50,428,018	**80,324,031**	49,805,718
EQUITY					
Stated capital	48	**2,230,286**	2,230,286	**2,230,286**	2,230,286
Statutory reserve fund	49	**3,807,000**	3,504,000	**3,807,000**	3,504,000
Revaluation reserve	50	**5,250,036**	5,434,116	**3,934,452**	3,943,952
Fair value reserve	51	**825,240**	1,370,884	**-**	-
Loan loss reserve	52	**920,000**	920,000	**920,000**	920,000
General reserve	53	**23,402,957**	23,402,957	**23,391,776**	23,391,776
Retained earnings	54	**48,873,568**	40,353,701	**25,321,938**	21,215,428
Total equity, excluding non-controlling interest		**85,309,087**	77,215,944	**59,605,452**	55,205,442
Non-controlling interest	33	**2,770,322**	2,509,125	**-**	-
Total equity		**88,079,409**	79,725,069	**59,605,452**	55,205,442
Total liabilities and equity		**168,654,487**	130,153,087	**139,929,483**	105,011,160
Net asset value per share - Rs.		**375.23**	339.63	**262.17**	242.82

Notes to the financial statements from pages 198 to 305 form part of these financial statements.

These financial statements have been prepared in compliance with the requirements of the Companies Act No.07 of 2007.

W.M.T.W. Weerasinghe
Chief Financial Officer

The Board of directors is responsible for the preparation and presentation of these financial statements. Approved and signed for and on behalf of the board.

A. K. Gunaratne
Managing Director

M.H. de Silva
Director

26th May 2026
Colombo

STATEMENT OF CHANGES IN EQUITY

GROUP

	Notes	Stated capital Rs.'000	Statutory reserve fund Rs.'000	Revaluation reserve Rs.'000	Fair value reserve Rs.'000	Loan loss reserve Rs.'000	General reserves Rs.'000	Retained earnings Rs.'000	Total Rs.'000	Non-controlling interest Rs.'000	Total Rs.'000
		Attributable to equity holders of the Company									
Balance as at 01st April 2024		2,230,286	3,204,000	5,384,232	1,053,010	920,000	23,402,957	31,857,928	68,052,413	2,293,388	70,345,801
Total comprehensive income											
Profit for the year		-	-	-	-	-	-	9,923,975	9,923,975	294,260	10,218,235
Other comprehensive income		-	-	61,225	317,874	-	-	(64,064)	315,035	1,077	316,112
Total comprehensive income	33.2/ 50/ 51/ 54	-	-	61,225	317,874	-	-	9,859,911	10,239,010	295,337	10,534,347
Transactions with equity holders of the Company and other transfers , recognised directly in equity											
Depreciation on revaluation surplus	50	-	-	(11,341)	-	-	-	11,341	-	-	-
Unclaimed dividends written back		-	-	-	-	-	-	4,880	4,880	-	4,880
Payment of forfeited dividends		-	-	-	-	-	-	(425)	(425)	-	(425)
Transfers during the year	49	-	300,000	-	-	-	-	(300,000)	-	-	-
Dividends - Cash	24/ 33.2	-	-	-	-	-	-	(1,079,934)	(1,079,934)	(79,600)	(1,159,534)
Total contributions from and distribution to equity holders and other transfers		-	300,000	(11,341)	-	-	-	(1,364,138)	(1,075,479)	(79,600)	(1,155,079)
Balance as at 31st March 2025		2,230,286	3,504,000	5,434,116	1,370,884	920,000	23,402,957	40,353,701	77,215,944	2,509,125	79,725,069
Balance as at 01st April 2025		**2,230,286**	**3,504,000**	**5,434,116**	**1,370,884**	**920,000**	**23,402,957**	**40,353,701**	**77,215,944**	**2,509,125**	**79,725,069**
Total comprehensive income											
Profit for the year		-	-	-	-	-	-	**10,250,376**	**10,250,376**	**345,247**	**10,595,623**
Other comprehensive income		-	-	**22,649**	**(545,644)**	-	-	**(160,551)**	**(683,546)**	**1,182**	**(682,364)**
Total comprehensive income	33.2/ 50/ 51/ 54	-	-	**22,649**	**(545,644)**	-	-	**10,089,825**	**9,566,830**	**346,429**	**9,913,259**
Transactions with equity holders of the Company and other transfers , recognised directly in equity											
Depreciation on revaluation surplus	50	-	-	**(11,151)**	-	-	-	**11,151**	-	-	-
Unclaimed dividends written back		-	-	-	-	-	-	**4,187**	**4,187**	-	**4,187**
Payment of forfeited dividends		-	-	-	-	-	-	**(70)**	**(70)**	-	**(70)**
Transfers during the year	49	-	**303,000**	-	-	-	-	**(303,000)**	-	-	-
Transfer on divestment of investment in associate	50			**(195,578)**				**195,578**	-	-	-
Dividends - Cash	24/ 33.2	-	-	-	-	-	-	**(1,477,804)**	**(1,477,804)**	**(85,232)**	**(1,563,036)**
Total contributions from and distribution to equity holders and other transfers		-	**303,000**	**(206,729)**	-	-	-	**(1,569,958)**	**(1,473,687)**	**(85,232)**	**(1,558,919)**
Balance as at 31st March 2026		**2,230,286**	**3,807,000**	**5,250,036**	**825,240**	**920,000**	**23,402,957**	**48,873,568**	**85,309,087**	**2,770,322**	**88,079,409**

Notes to the financial statements from pages 198 to 305 form part of these financial statements.

COMPANY

	Notes	Stated capital Rs.'000	Statutory reserve fund Rs.'000	Revaluation reserve Rs.'000	Loan loss reserve Rs.'000	General reserves Rs.'000	Retained earnings Rs.'000	Total Rs.'000
Balance as at 01st April 2024		2,230,286	3,204,000	3,953,451	920,000	23,391,776	16,619,099	50,318,612
Total comprehensive income								
Profit for the year		-	-	-	-	-	5,982,171	5,982,171
Other comprehensive income		-	-	-	-	-	(19,862)	(19,862)
Total comprehensive income	54	-	-	-	-	-	5,962,309	5,962,309
Transactions with equity holders of the Company and other transfers , recognised directly in equity								
Depreciation on revaluation surplus	50	-	-	(9,499)	-	-	9,499	-
Unclaimed dividends written back		-	-	-	-	-	4,880	4,880
Payment of forfeited dividends		-	-	-	-	-	(425)	(425)
Transfers during the year	49	-	300,000	-	-	-	(300,000)	-
Dividends - Cash	24	-	-	-	-	-	(1,079,934)	(1,079,934)
Total contributions from and distribution to equity holders and other transfers		-	300,000	(9,499)	-	-	(1,365,980)	(1,075,479)
Balance as at 31st March 2025		2,230,286	3,504,000	3,943,952	920,000	23,391,776	21,215,428	55,205,442
Balance as at 01st April 2025		**2,230,286**	**3,504,000**	**3,943,952**	**920,000**	**23,391,776**	**21,215,428**	**55,205,442**
Total comprehensive income								
Profit for the year		-	-	-	-	-	**6,040,133**	**6,040,133**
Other comprehensive income		-	-	-	-	-	**(166,436)**	**(166,436)**
Total comprehensive income	54	-	-	-	-	-	**5,873,697**	**5,873,697**
Transactions with equity holders of the Company and other transfers , recognised directly in equity								
Depreciation on revaluation surplus	50	-	-	**(9,500)**	-	-	**9,500**	-
Unclaimed dividends written back		-	-	-	-	-	**4,187**	**4,187**
Payment of forfeited dividends		-	-	-	-	-	**(70)**	**(70)**
Transfers during the year	49	-	**303,000**	-	-	-	**(303,000)**	-
Dividends - Cash	24	-	-	-	-	-	**(1,477,804)**	**(1,477,804)**
Total contributions from and distribution to equity holders and other transfers		-	**303,000**	**(9,500)**	-	-	**(1,767,187)**	**(1,473,687)**
Balance as at 31st March 2026		**2,230,286**	**3,807,000**	**3,934,452**	**920,000**	**23,391,776**	**25,321,938**	**59,605,452**

Notes to the financial statements from pages 198 to 305 form part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended 31st March	Notes	Group 2026 Rs.'000	Group 2025 Rs.'000	Company 2026 Rs.'000	Company 2025 Rs.'000
Cash flows from operating activities					
Interest receipts		**17,739,345**	15,782,273	**17,417,233**	15,460,400
Interest payments		**(2,055,576)**	(1,952,543)	**(2,081,122)**	(1,961,865)
Recoveries on bad debts previously written off		**496,352**	453,796	**496,352**	453,796
Receipts from other operating activities		**10,190,560**	8,291,051	**1,984,921**	1,666,820
Cash payments to employees and suppliers		**(14,517,113)**	(12,429,571)	**(6,487,926)**	(6,060,011)
Operating profit before changes in operating assets		**11,853,568**	10,145,006	**11,329,458**	9,559,140
(Increase) / decrease in operating assets:					
Debt and other financial instruments		**6,673,051**	13,969,424	**6,673,051**	13,969,424
Loans to customers		**(77,381,572)**	(45,245,408)	**(77,371,831)**	(45,231,172)
Customer repayments		**44,676,219**	35,012,154	**44,661,158**	34,996,031
Others		**(3,396,123)**	(2,231,552)	**(3,378,066)**	(2,178,502)
Increase / (decrease) in operating liabilities:					
Net cash effect on deposits		**4,926,048**	(3,995,185)	**5,516,162**	(4,045,895)
Net cash from operating activities before taxes on financial services		**(12,648,809)**	7,654,439	**(12,570,068)**	7,069,026
Taxes on financial services		**(2,123,547)**	(1,996,796)	**(2,123,547)**	(1,996,796)
Net cash on operating activities before income tax		**(14,772,356)**	5,657,643	**(14,693,615)**	5,072,230
Income tax paid	40	**(2,895,369)**	(2,655,779)	**(2,443,315)**	(2,265,263)
Net cash generated from/(used in) operating activities		**(17,667,725)**	3,001,864	**(17,136,930)**	2,806,967
Cash flows from investing activities					
Dividends received from subsidiaries		**-**	-	**94,796**	88,663
Dividends received from equity accounted investees		**210,261**	228,507	**111,655**	103,617
Dividends received from other companies		**35,258**	31,974	**34,827**	27,879
Acquisition of financial investments		**(3,956,701)**	(8,439,732)	**-**	-
Proceeds from sale of financial investments		**4,590,195**	8,352,216	**-**	-
Proceeds from divestment of associate company	34	**307,597**	-	**239,918**	-
Investment in unquoted shares		**-**	(37,786)	**-**	(37,786)
Investment in quoted shares		**-**	(29,464)	**-**	(29,464)
Purchase of property, plant and equipment/intangible assets		**(2,782,691)**	(1,876,119)	**(2,693,773)**	(1,799,771)
Disposal of property, plant and equipment		**303,092**	56,402	**302,839**	56,165
Net cash used in investing activities		**(1,292,989)**	(1,714,002)	**(1,909,738)**	(1,590,697)
Cash flows from financing activities					
Proceeds from borrowings	45	**39,900,000**	5,984,000	**39,050,000**	5,255,000
Repayment of borrowings	45	**(19,310,509)**	(5,997,580)	**(18,456,065)**	(5,255,000)
Lease installment settlement	38.4	**(167,334)**	(132,637)	**(198,680)**	(177,553)
Dividends paid to equity holders of the parent		**(1,478,348)**	(957,940)	**(1,478,348)**	(957,940)
Dividends paid to non-controlling interest		**(84,307)**	(78,458)	**-**	-
Net cash generated from/(used in) financing activities		**18,859,502**	(1,182,615)	**18,916,907**	(1,135,493)
Net increase/(decrease) in cash and cash equivalents		**(101,212)**	105,247	**(129,761)**	80,777
Cash and cash equivalents at the beginning of the year		**546,616**	441,369	**421,924**	341,147
Cash and cash equivalents at the end of the year		**445,404**	546,616	**292,163**	421,924
Cash and cash equivalents	26	**1,026,961**	1,011,416	**864,463**	874,621
Bank overdrafts		**(581,565)**	(464,813)	**(572,306)**	(452,705)
Impairment provision for cash equivalents		**8**	13	**6**	8
Cash and cash equivalents at the end of the year	26	**445,404**	546,616	**292,163**	421,924

Notes to the financial statements from pages 198 to 305 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

1.1. CORPORATE INFORMATION

Central Finance Company PLC is a public limited liability company incorporated on 5th December 1957 and domiciled in Sri Lanka. Its registered office and principal place of business is at No. 84, Raja Veediya, Kandy.

The ordinary shares of the Company are listed on the Colombo Stock Exchange.

The financial information of the Company and its subsidiaries are together referred to as "the Group".

Total staff strength of the Company and the Group on 31 March 2026 were as follow:

GROUP
2,459 (31 March 2025 - 2,314)

COMPANY
1,911 (31 March 2025 – 1,792)

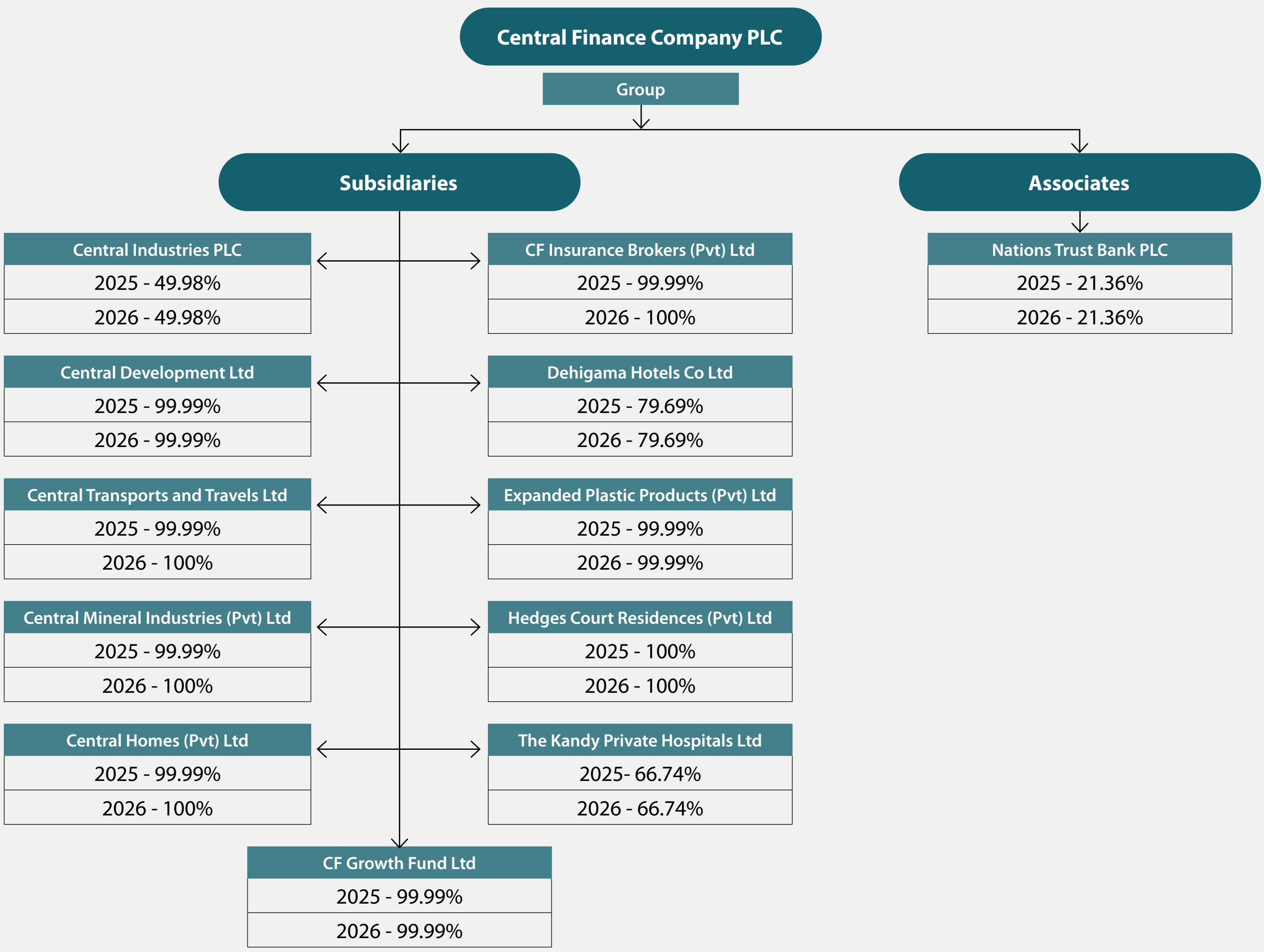
1.2. CONSOLIDATED FINANCIAL STATEMENTS

Central Finance Company PLC as the parent of subsidiaries under its control is required to present only the consolidated financial statements as per Sri Lanka Accounting Standard – SLFRS 10 on "Consolidated Financial Statements" and the proportionate share of the profit or loss and net assets of its Associates in terms of the Sri Lanka Accounting Standard – LKAS 28 on "Investments in Associates and Joint Ventures". In addition to the consolidated financial statements, separate financial statements of Central Finance Company PLC are also presented as per the requirements of Companies Act, No. 07 of 2007 and amendments thereto.

1.3. PARENT ENTITY AND ULTIMATE PARENT ENTITY

The Company does not have an identifiable parent of its own. The Company is the ultimate parent of the Group companies.

1.4. PRINCIPAL BUSINESS ACTIVITIES, NATURE OF OPERATIONS AND OWNERSHIP OF THE GROUP IN ITS SUBSIDIARIES AND ASSOCIATES



A summary of principal activities of the Company, its subsidiary companies and associate companies are as follows:

Entity	Principal Business Activity
Central Finance Company PLC	Leasing, hire purchase, loans, operating leases, deposit mobilization, and provision of other financial services
Subsidiaries	
Central Industries PLC	Manufacture and distribution of PVC pipes and fittings
Central Mineral Industries (Private) Limited	Manufacture of mineral products
Expanded Plastic Products (Private) Limited	Investment company
Central Homes (Private) Limited	Property development and sale of real estate
Central Developments Limited	Investment company
CF Insurance Brokers (Private) Limited	Insurance broking
Central Transport and Travels Limited	Hiring of vehicles
Hedges Court Residencies (Private) Limited	Construction and sale of apartments
Dehigama Hotels Company Limited	Renting of commercial property
CF Growth Fund Limited	Investment company
The Kandy Private Hospitals Limited	Provision of healthcare services
Associates	
Nations Trust Bank PLC	Licensed commercial bank

As explained on Note 34 to the Financial Statements, in June 2025, Central Finance Company PLC, together with its subsidiary CF Growth Fund Limited, accepted the mandatory offer made by Udapussellawa Plantation PLC and divested its shares in Tea Smallholder Factories PLC.

There were no significant changes in the nature of the principal activities of the Group during the financial year under review other than the above.

1.5. RESPONSIBILITY FOR FINANCIAL STATEMENTS

The responsibility of the Board of Directors in relation to the financial statements is set out in the Statement of Directors' Responsibility report in the annual report.

2. BASIS OF ACCOUNTING

2.1. STATEMENT OF COMPLIANCE

The consolidated financial statements of the Group and the separate financial statements of the Company, which comprise the statement of financial position, income statement, statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and notes thereto, have been prepared in accordance with Sri Lanka Accounting Standards (SLFRSs/LKASs) laid down by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

The Group/Company did not adopt any inappropriate accounting treatments, which are not in compliance with the requirement of the SLFRSs and LKASs, regulations governing the preparation and presentation of financial statements.

Details of the Group's/Company's material accounting policies followed during the year are given on Note 4 to 60 on pages 201 to 305.

2.2. PRESENTATION OF FINANCIAL STATEMENTS

These Financial Statements have been presented in compliance with the requirements of the Companies Act No. 07 of 2007 and amendments thereto and the Finance Business Act No. 42 of 2011 and amendments thereto, and provide appropriate disclosures as required by the Listing Rules of the Colombo Stock Exchange (CSE).

These financial statements include the following components:

- an Income Statement and Statement of Profit or Loss and Other Comprehensive Income providing information on the financial performance of the Group and the Company for the year under review; (Refer pages 192 and 193).
- a Statement of Financial Position providing information on the financial position of the Group and Company as at the year end; (Refer page 194).
- a Statement of Changes in Equity depicting all changes in shareholders' funds during the year under review of the Group and Company; (Refer pages 195 and 196).
- a Statement of Cash Flows providing information to the users, on the ability of the Group and Company to generate cash and cash equivalents and the needs of the entity to utilize those cash flows; (Refer page 197).
- Notes to the financial statements comprising material accounting policies and other explanatory information. (Refer pages 198 to 305).

2.3. APPROVAL OF THE FINANCIAL STATEMENTS BY THE BOARD OF DIRECTORS

The financial statements as at and for the year ended 31st March 2026 were authorized for issue by the board of directors on 26th May 2026.

2.4. BASIS OF MEASUREMENT

These financial statements have been prepared on the historical cost basis and applied consistently except for the following material items in the statement of financial position, which are measured on an alternative basis as at each reporting date:

Item	Basis of measurement	Note	Page
Financial assets measured at fair value through profit or loss	Fair value	27	250
Defined benefit obligations	Liability for defined benefit obligations is recognised at present value of the defined benefit obligation less fair value of the plan assets	46	290
Freehold land and buildings	Measured at cost at the time of acquisition and subsequently measured at revalued amounts which are the fair values at the date of revaluation.	37	270
Investment properties	Measured at cost at the time of acquisition and subsequently measured at fair value	36	268

2.5. COMPARATIVE INFORMATION

Comparative information including quantitative, narrative and descriptive information is disclosed in respect of the previous period in the Financial Statements in order to enhance the understanding of the current period's Financial Statements and to enhance the inter period comparability.

As per LKAS 1 Presentation of Financial Statements, if the presentation or classification of items in the financial statements is changed, then the comparative amounts should be reclassified unless reclassification is impracticable.

There were no reclassification made in these financial statements.

2.6. MATERIALITY AND AGGREGATION

Each item which is similar in nature is presented separately if material. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by the Sri Lanka Accounting Standard LKAS 1 on "Presentation of financial statements".

2.7. GOING CONCERN

The Group's financial statements have been prepared under the assumption of a going concern, as the Board of Directors is confident that the Group possesses sufficient resources to continue its operations into the foreseeable future. This confidence is based on directors' comprehensive assessment, which includes adherence to regulatory capital requirements, and anticipated funding requirements. This assessment also considered the macro-economic recovery and geopolitical uncertainties that will have an impact on Sri Lankan economy, and their possible effects on the Group's profitability, capital, and liquidity. Refer Note 7 to these financial statements.

Accordingly, the financial statements continue to be prepared on the going concern basis.

2.8. ROUNDING

The amounts in the financial statements have been rounded-off to the nearest rupees thousands except where otherwise indicated, as permitted by the Sri Lanka Accounting Standard - LKAS 1 on "Presentation of Financial Statements".

2.9. FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Sri Lankan Rupees, which is the currency of the primary economic environment in which group operates (group's functional currency). All financial information presented in Sri Lankan Rupees has been given to the nearest thousand, unless otherwise stated, as permitted by LKAS 01 - Presentation of Financial Statements.

There was no change in the Group's presentation and functional currency during the year under review.

The information presented in US Dollars on pages 320 to 321 does not form part of the financial statements and is solely for the information of stakeholders.

2.10. OFFSETTING

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously. Income and expenses are not offset in the income statement unless required or permitted by an accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Group/ Company.

3. ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these financial statements in conformity with Sri Lanka Accounting Standards (SLFRSs/LKASs) requires management to make judgments, estimates, and assumptions that influence the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets, liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. In the process of applying the Group's/Company's accounting policies, management has made the following judgements and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Existing circumstances and assumptions about future developments may change due to circumstances beyond the Group's/Company's control and are reflected in the assumptions if and when they occur. Estimates and underlining assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively. Items with the most significant effect on the amounts recognised in the consolidated/seperate financial statements with substantial management judgement and/or estimates are collated below with respect to judgement/estimates involved.

3.1. ECONOMIC ENVIRONMENT

Sri Lanka showed a gradual economic recovery in 2025, supported by the IMF-backed reform programme and improved macroeconomic stability, despite disruptions caused by Cyclone Ditwah. However, the outlook remains vulnerable to external risks and global uncertainty. In particular, ongoing conflicts in the Middle East may increase fuel prices and import costs, posing potential challenges to sustained stability. As a result, the creditworthiness of corporates and individuals may weaken, resulting in non-performing leases and loans and recognition of impairment losses by the Company.

The significant accounting estimates impacted by these forecasts and associated uncertainties predominantly related to expected credit losses, fair value measurement, and the assessment of the recoverable amount of financial assets. The impact of the economic conditions on each of these estimates is discussed further in the relevant notes of these financial statements. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Information about significant areas of estimates and uncertainty that have the most significant effect on the amounts recognised in the consolidated/seperate financial statements are as follows.

3.2. JUDGMENTS

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated/seperate financial statements is included in the following notes.

Significant Judgements	Note Reference
Establishing the criteria for determination of whether credit risk on a financial asset has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into the measurement of Expected credit losses(ECL) and the selection and approval of models used to measure Expected credit loss.	Note 17 page 235
Determination of control over investees	Note 4.1.2, page 202
Classification of financial assets and assessment of the business model within which the assets are held	Note 4.3.3, page 204

3.3. ASSUMPTIONS AND ESTIMATION UNCERTAINTIES

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 March 2025 and 2026 is included in the following notes.

Significant assumption and estimations uncertainties	Note Reference
Impairment of financial instruments : determination of inputs into the Expected Credit Loss (ECL) measurement model including key assumptions used in estimating expected cash flows and incorporation of forward-looking information	Note 17, page 235
Measurement of the fair value of financial instruments with significant unobservable inputs	Note 8.3, page 224
Measurement of defined benefit obligations: key actuarial assumptions	Note 46, page 290
Recognition of deferred tax assets - availability of future taxable profit against which carry-forward tax losses can be used	Note 41, page 284
Determining the fair value of investment property and freehold land and buildings on the basis of significant unobservable inputs	Note 36,37, page 268, 270
Impairment losses on non-financial assets	Note 4.4, page 207
Recognition and measurement of contingencies: key assumptions about the likelihood and magnitude of an outflow of resources	Note 57, page 297
Determining the useful life time of property, plant and equipment, investment properties and intangible assets	Note 36,37,39, page 268, 270, 282
Recognition and measurement of right-of-use assets and operating lease liability	Note 38, page 279

4. MATERIAL ACCOUNTING POLICIES

Application of Accounting Policies

The Group/Company has consistently applied the accounting policies for all periods presented in the financial statements.The Group/Company has adopted the standards set out in Note 5 during the year. The Group/Company has not early adopted any other standard, interpretation or amendment that has been issued but not yet effective as given in Note 5.

Apart from the material accounting policies set out below, the specific accounting policies pertaining to each item in the financial statements have been presented within the respective notes to the financial statements. These material accounting policies have been applied consistently to all periods presented in the financial statements of the Group/Company, unless otherwise indicated.

The accounting policies have been consistently applied by the Group entities where applicable and deviations if any have been disclosed accordingly. Further the changes in accounting policies due to adoption of new standards and interpretations have been presented in Note 5 to the financial statements.

4.1. BASIS OF CONSOLIDATION

The Group's financial statements comprise the consolidation of the financial statements of the Company, its subsidiaries in terms of the Sri Lanka Accounting Standard - SLFRS 10 on "Consolidated Financial Statements" and the proportionate share of the profit or loss and net assets of its Associates in terms of the Sri Lanka Accounting Standard – LKAS 28 on "Investments in Associates and Joint Ventures".

4.1.1. BUSINESS COMBINATIONS

The Group accounts for business combinations using the acquisition method when control is transferred to the Group.

In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs. The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in income statement immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in income statement.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in income statement.

4.1.2. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements are those companies controlled by the Group. Control is achieved when the group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee
- Exposure or rights to variable returns from its involvement with the investee

- The ability to use its power over the investee to affect its returns

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control indicated above. Generally, there is a presumption that a majority of voting rights results in control. When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. When the Group has less than a majority of the voting rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including the contractual arrangements with the other shareholders of the investee and the rights arising from other contractual arrangements.

4.1.3. NON - CONTROLLING INTERESTS

The profit or loss and net assets of a subsidiary attributable to equity interests that are not owned by the parent, directly or indirectly, are disclosed separately as "Non-controlling Interest". Profit or loss and each component of other comprehensive income of subsidiaries are attributed to the owners of the parent and to the non–controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit. The accounting policies of the subsidiaries are changed when necessary to align them with the policies adopted by the Company.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

4.1.4. LOSS OF CONTROL

Financial statements of subsidiaries are included in the consolidated financial statements from the date on which the control commences until the control ceases. When the Group loses control of a subsidiary, a gain or loss is recognised in the income statement and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to income statement or transferred to another category of equity as specified/permitted by applicable SLFRSs).The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under Group's accounting policy for financial instruments or when appropriate, the cost on initial recognition of an investment in an associate or jointly controlled entity.

4.1.5. INTERESTS IN EQUITY-ACCOUNTED INVESTEES

The Group's interests in equity-accounted investees comprise interests in associates. Associates are those enterprises in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but without control or joint control over those policies. Investments in associates are accounted for using the equity method and are initially recognised at cost. The consolidated financial statements include the Group's share of gains and losses accounted under the equity method from the date significant influence commences until the date significant influence ceases. When the group's share of losses exceeds its investment in an equity accounted investee, the carrying amount of that interest is derecognized and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

4.1.6. TRANSACTIONS ELIMINATED ON CONSOLIDATION

Intra-group transactions and balances, income, expenses and any unrealized gains arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with associates are eliminated to the extent of the Group's interest in the associates against the investment in the associate. Unrealized losses are eliminated in the same way as unrealized gains except that they are eliminated only to the extent that there is no evidence of impairment.

4.1.7. MATERIAL GAINS OR LOSSES, PROVISIONAL VALUES OR ERROR CORRECTIONS

There were no material gains or losses, provisional values or error corrections recognised during the year in respect of business combinations that took place in previous periods.

4.1.8. ACCOUNTING PERIOD

Consolidated financial statements are prepared to a common financial year ending 31st March. All subsidiaries in the Group other than CF Insurance Brokers (Pvt) Ltd., have a common financial year ending 31st March. The financial year end for CF Insurance Brokers (Pvt) Ltd., is 31st December; and hence, adjustments are made based on financial statements drawn up to 31st March. The audited consolidated financial statements of Nations Trust Bank PLC an associate of the Company is drawn up to 31st December; and hence, adjustments are made based on financial statements drawn up to 31st March.

4.2. FOREIGN CURRENCY

4.2.1. FOREIGN CURRENCY TRANSACTIONS AND BALANCES

Transactions in foreign currencies are translated into the functional currency, which is Sri Lankan Rupees (LKR), using the middle rates of exchange prevailing at the dates on which the transactions were affected.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Sri Lankan Rupees using the middle rates of exchange prevailing at that date. All differences arising on foreign currency transactions are taken to "other operating income" or "finance cost" in the income statement as foreign exchange gain/(loss).

The foreign currency gains or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period and the amortised cost in foreign currency translated at the middle rates of exchange prevailing at the end of the reporting period. Foreign currency differences arising on translation are recognised in the income statement.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to Sri Lankan Rupees at the exchange rates on the date that the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of the transaction.

4.3. FINANCIAL INSTRUMENTS - INITIAL RECOGNITION, CLASSIFICATION AND SUBSEQUENT MEASUREMENT

4.3.1. DATE OF RECOGNITION

All financial assets and liabilities are initially recognised on the trade date, the date that the Company/Group becomes a party to the contractual provisions of the instrument.

4.3.2. RECOGNITION AND INITIAL MEASUREMENT OF FINANCIAL INSTRUMENTS

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing instruments as described in Note 4.3.3 to the financial statements.

All financial instruments are measured initially at their fair value plus or minus the transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability, except in the case of financial assets and financial liabilities measured at fair value through profit or loss.

When the fair value of financial instruments at initial recognition differs from the transaction price, the Group/Company accounts for the 'Day 1' profit or loss.

Trade receivables are measured at transaction price.

4.3.3. CLASSIFICATION AND SUBSEQUENT MEASUREMENT OF FINANCIAL ASSETS

The Group/Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms.

These assets are measured at either:

- Amortised cost
- Fair Value through Other Comprehensive Income (FVOCI)
- Fair Value through Profit or Loss (FVTPL)

Financial liabilities, other than loan commitments and financial guarantees, are measured at amortised cost.

The subsequent measurment of finacial assets depend on their classificaton.

4.3.3.a. Business Model Assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)
- The expected frequency, value and timing of sales are also important aspects of the Group's assessment

The business model assessment is based on reasonably expected scenarios without taking into account "worse case" or "stress case" scenarios. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

4.3.3.b. Assessment of whether contractual cash flows are Solely Payments of Principal and Interest (SPPI test)

As a second step of its classification process the Group assesses the contractual terms of the financial assets to identify whether they meet the SPPI test.

For the purpose of this assessment, "principal" is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

"Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during the particular period of time and for other basic lending risks and costs, as well as profit margin.

When carrying out the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than "de minimis" exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

4.3.3.c. Classification of Financial Assets

Financial asset classification	Criteria	Type of assets measured as per the specified asset classification	Note Reference
Financial assets measured at amortised cost	A financial asset is measured at amortised cost if both of the following conditions are met and is not designated as FVTPL: ➤ The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and ➤ The contractual terms of The financial asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the Principal amount outstanding.	Cash and cash equivalents, Securities bought under repurchase agreements, Financial assets at amortised cost- Debt and other financial instruments, Financial assets at amortised cost- Loans and receivables from customers, Financial assets at amortised cost- Net investment in leases and hire purchase, trade receivable, Other financial assets	26, 28, 29, 30, 31, 32, 42
Financial assets measured at fair value through profit or loss	Financial assets at fair value through profit or loss include financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis as they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets and financial assets designated upon initial recognition at fair value through profit or loss.	Quoted and Unquoted equity securities, Investment in units	27
Financial assets measured at fair value through other comprehensive income	A debt instrument is measured at Fair Value through Other Comprehensive Income (FVOCI) when both of the following conditions are met: ➤ The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets ➤ Upon initial recognition, the Group may elect to classify irrecoverably some of its equity investments held for strategic and statutory purposes as equity instruments measured at fair value through other comprehensive income."	Fair value through other comprehensive income financial assets - relating to the associate company	51
Financial liabilities measured at amortised cost	Financial liabilities issued by the Group that are not designated at FVTPL are classified as financial liabilities at amortised cost	Bank overdrafts, Financial liabilities at amortised cost -Deposits, Financial liabilities at amortised cost -Interest bearing borrowings, Lease liabilities, Other financial liabilities	26, 44, 45, 38, 47

4.3.3.d. Amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, these are subsequently measured at amortised cost (gross carrying amount using the EIR, less provision for impairment). Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. The amortisation is included in interest income while the losses arising from impairment are recognised in impairment charges for loans and other losses in the income statement.

The amortised cost of a financial asset or a financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest rate (EIR) method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance (ECL).

4.3.3.e. Fair value through profit or loss (FVTPL)

Financial assets measured at FVTPL are measured initially at fair value and transaction costs that are directly attributable to its acquisition or issue is charged to income statement. Financial assets measured at FVPTL are subsequently recorded in the statement of financial position at fair value. Changes in fair value, gains/(losses) from trading and dividend income are recognised in the income statement under net income from financial instruments at FVTPL.

No impairment loss is recognised on equity instruments and investments in unit trusts classified as financial assets measured at FVTPL.

4.3.3.f. 'Day 1' Profit or Loss

When the transaction price differs from the fair value of other observable current market transactions in the same instrument, or based on a valuation technique whose variables include only data from observable markets, the Group/Company recognises the difference between the transaction price and fair value ('Day 1' profit or loss) in the income statement over the tenor of the financial instrument using the effective interest rate method. In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognised in the Income Statement when the inputs become observable, or when the instrument is derecognised.

4.3.4. FINANCIAL LIABILITIES

The Group/Company classifies its financial liabilities as measured at amortised cost. The Group's/Company's financial liabilities comprise of bank overdrafts, deposits from customers,interest bearing borrowings,other liabilities and lease liabilities.

4.3.5. RECLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

As per the requirement of SLFRS 9, the Group/Company reclassifies its financial assets subsequent to the initial recognition when and only when the business model for managing such financial assets is changed. Such reclassifications are applied prospectively from the reclassification date. Financial liabilities are not reclassified as such reclassifications are not permitted by SLFRS 9.

When the Group/Company reclassifies the financial assets, it applies the reclassification prospectively from the reclassification date without restating any previously recognised gains or losses (including impairment losses) or interest. Financial liabilities are never reclassified.

When a financial asset is reclassified out of the amortised cost measurement category and into the fair value through profit or loss measurement category, its fair value is measured at the reclassification date. Any gain or loss arising from a difference between the previous amortised cost of the financial asset and fair value is recognised in income statement.

When a financial asset is reclassified out of the fair value through profit or loss measurement category and into amortised cost measurement category, its fair value at the reclassification date becomes its new gross carrying amount.

When a financial asset is reclassified out of the amortised cost measurement category and into the fair value through other comprehensive income measurement category, fair value is measured at the reclassification date. Any gain or loss arising from a difference between the previous amortised cost of the financial asset and fair value is recognised in other comprehensive income. The effective interest rate and the measurement of expected credit losses are not adjusted as a result of the reclassification.

The Group/Company did not reclassify any of its financial assets or liabilities during the year ended 31.03.2026.

4.3.6. DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

4.3.6.a. Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The right to receive cash flows from the asset has expired.
- The group has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement; and either:
- The Group has transferred substantially all the risks and rewards of the asset or
- The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On de-recognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred) and consideration received (including any new asset obtained less any new liability assumed) is recognised in the income statement.

When the Group has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

4.3.6.b. Modification of financial assets

If the terms of the finacial assets are modified, the Company evaluate whether the cash flows of the modified asset are substantially different. If cash flows are substantially different, then the contractual rights to original cash flows deemed to expried. In this case, the original finacial asset is derecognised and a new financial asset is recognised at fair value.

If the cash flows modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the finacial asset. In this case the Company recalculates the gross carrying value of the financial asset and recognise the amount arising from adjusting the gross carrying value as a modification gain or loss in income statement. If such a modification is carried out because of financial difficulty of the borrower, the gain or loss is presented together with impairment loss measured using original effective interest rate. In other cases it is presented as interest income.

4.3.6.c. Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in the income statement.

4.3.7. OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted under LKASs/SLFRSs or for gains and losses arising from a group of similar transactions.

4.4. IMPAIRMENT OF NON-FINANCIAL ASSETS

The Group assesses at each reporting date whether there is an indication of objective evidence of impairment of assets. If any such indication exists, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use and is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the recoverable amount of an asset is below its carrying amount the asset is considered impaired, and is reduced to its recoverable amount. Impairment losses are recognised in the income statement in those expense categories consistent with the function of the impaired asset except for property previously revalued and the revaluation surplus was credited to equity. In such case, the impairment is recognised against the revaluation reserve to the extent that it reverses a previous revaluation surplus.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. Previously recognised impairment losses other than in respect of goodwill are reversed only if there has been an increase in the recoverable amount of such asset. Such increased carrying amount of an asset attributable to reversal of an impairment loss is recognised only up to the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

4.5. PROVISIONS

In accordance with Sri Lanka Accounting Standard 37 - Provisions, Contingent Liabilities and Contingent Assets, recognition of a provision in the statement of financial position is made when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of economic benefits will be required to settle the obligation.

5. NEW OR AMENDED ACCOUNTING STANDARDS ISSUED

5.1. NEW ACCOUNTING STANDARDS/ AMENDMENTS TO ALREADY EXISTING ACCOUNTING STANDARDS THAT BECAME EFFECTIVE DURING THE YEAR

SLFRS S1 General requirements for disclosure of sustainability related financial information and SLFRS S2 Climate-related disclosures

SLFRS S1 General Requirements for Disclosure of Sustainability related Financial Information requires an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity. SLFRS S2 Climate-related Disclosures is to requires an entity to disclose information about its climate-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity. These standards became effective for the Group from 1 April 2025 .

The Company adopted these two standards and the relevant disclosures are given in the SLFRS Climate-related Financial Disclosures section of the Annual Report.

5.2. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE AS AT 31ST MARCH 2026

5.2.1. SRI LANKA ACCOUNTING STANDARD - SLFRS 18 PRESENTATION AND DISCLOSURE IN FINANCIAL STATEMENTS

SLFRS 18 will replace LKAS 1 Presentation of Financial Statements and will be effective for annual reporting periods beginning on or after 1 January 2027.The new standard introduces revised structure for the primary financial statements.

Entities will be required to classify all income and expenses in the statement of profit or loss into five categories: operating, investing, financing, discontinued operations, and income tax. In addition, entities must present a newly defined sub-total such as operating profit and management-defined performance measures. The Company expects that SLFRS-18 will primarily affect the presentation and disclosure format of the financial statements with no impact on recognition or measurement of underlying balances.

5.2.2. AMENDMENTS TO SLFRS 9 AND SLFRS 7 - CLASSIFICATION AND MEASUREMENT OF FINANCIAL INSTRUMENTS

Introduce further guidance on the assessment of contractual cash flow characteristics, including instruments with sustainability-linked or variable features, and require expanded disclosures. The company is reviewing its financial instruments to determine whether these amendments will affect classification, measurement or disclosure requirements upon local adoption.

5.2.3. SLFRS 19 – SUBSIDIARIES WITHOUT PUBLIC ACCOUNTABILITY: DISCLOSURES

SLFRS 19 allows eligible subsidiaries without public accountability to apply reduced disclosure requirements, while continuing to follow full SLFRS recognition and measurement principles.

As the Company is publicly accountable, SLFRS 19 is not expected to apply to the Company or Group financial statements. However, the subsidiaries without public accountability can apply the standard in their standalone financial statements.

6. DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors of the Company is responsible for the preparation and presentation of these financial statements.

Please refer to page 174 for the statement of the Directors' Responsibility for Financial Reporting.

7. FINANCIAL RISK REVIEW AND CAPITAL MANAGEMENT

This note presents information about the Group's/Company's exposure to financial risks and the Group's/Company's management of capital.

7.1. INTRODUCTION AND OVERVIEW

The Group/Company has exposure to the following key risks from financial instruments:

- credit risk;
- liquidity risk;
- market risk; and
- capital management

This note presents information about the Group/Company's exposure to each of the above risks, the objectives, policies and processes for measuring and managing such risks.

7.2. RISK MANAGEMENT FRAMEWORK

The Board of directors has the overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established the Asset and Liability Management Committee (ALCO), which is responsible for identifying, managing and controlling risks in executing the business strategy.

The Board Integrated Risk Management Committee (BIRMC) provides the Board, the assurance that risk management strategies, policies and processes are in place to manage events / outcomes that have the potential to impact significantly on earnings performance, reputation and capital.

The risk management policies are established to identify and analyse the risks faced by the Group/Company, to set appropriate risk limits and controls, and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions. The Group/Company through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board Audit Committee oversees how management monitors compliance with the Group/Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group/Company. The Board Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

7.3. CREDIT RISK

Credit risk is the risk of financial loss to the Group/Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from Company's loans, lease and hire purchase receivables to customers and other investment in debt securities.

7.3.1. MANAGEMENT OF CREDIT RISK

Credit risk is managed through a framework that sets out policies and procedures covering the measurement and management of credit risk. A well-defined hierarchy of delegated approval supported by high ethical standards and well established policies and procedures provide a robust framework for the management of credit risk. There is a clear segregation of duties between transaction originators in the business units and approvers in the credit function. All credit exposure limits are approved within a delegated credit approval authority framework. Risk indicators are also set by the Group/Company and monitored through the ALCO, Board of Management (BoM) and BIRMC on a monthly and quarterly basis.

7.3.2. CONSIDERATION OF CURRENT ECONOMIC CONDITIONS ON CREDIT RISK

Company continued to conduct in-depth analysis of the credit products and customer segments which have been affected and the scale of impact on Company's lending portfolio, through various stress testing techniques including stage shift assessment of portfolios. Though Sri Lanka's economy indicated signs of recovery, the domestic macro economic uncertainty arising from geopolitical risks stresses the importance of scenario assessments and resultant post model adjustments which in turn would ensure the resilience of the Company. The Company is comfortable with the existing composition of its loan book, continuous monitoring and proactive measure taken to engage with the customers, cautious risk management strategies adopted and post model adjustments which have been incorporated when assessing expected credit loss as of 31st March 2026.

Credit policies

Company-wide credit policies and procedures are considered and approved by the Board with inputs from Credit and Recoveries Departments. The Board of Management (BoM) and Credit Committee also oversees the delegation of credit approvals and the loan impairment assessment processes through regular reviews. These policies are adequate to reflect the different risk environments and portfolio characteristics of the Group/Company. The Board approves changes to the delegated authority levels pertaining to credit as considered necessary.

Credit approvals

Major credit exposures to individual counter parties, groups of counter parties and product categories are reviewed and approved by the designated officers under the delegated approving limits set by the Board, with the input from BoM and Credit Committee. The credit approving limits in place are structured based on the need of delegation required to manage the network of branches, without compromising the risk appetite of the Group/Company.

7.3.3. CREDIT QUALITY ANALYSIS

The table below sets out an analysis of the loan and receivables from customers and net investment in leases and hire purchase portfolio between those that are neither past due nor impaired , those that are past due but not individually impaired and those that are individually impaired.

	Group		*Company*	
As at 31st March	**2026**	**2025**	**2026**	**2025**
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Neither past due nor individually impaired loans and leases	**62,878,635**	39,265,632	**62,876,399**	39,258,559
Past due but not individually impaired loans				
- Up to 30 days past due	**27,010,009**	17,685,582	**27,010,009**	17,685,582
- 31-60 days past due	**14,508,704**	9,849,304	**14,508,704**	9,849,304
- 61-90 days past due	**1,103,001**	913,203	**1,103,001**	913,203
- Over 90 days	**955,129**	879,778	**955,129**	879,778
Individually impaired loans	**609,081**	809,950	**609,081**	809,950
Provision for Individually significant impairment	**(571,706)**	(764,175)	**(571,706)**	(764,176)
Provision for Individually not significant impairment	**(1,668,584)**	(2,508,538)	**(1,668,584)**	(2,508,538)
Total loans and advances, leases and hire purchase	**104,824,269**	66,130,736	**104,822,033**	66,123,663
Portfolio held at fair value through profit or loss amounts to;	**None**	None	**None**	None

Debt and other financial instruments

	Group		*Company*	
As at 31st March	**2026**	**2025**	**2026**	**2025**
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Neither past due nor individually impaired				
Government Securities (Treasury Bills & Bonds)	**194,716**	7,985,888	**-**	7,079,311
Total	**194,716**	7,985,888	**-**	7,079,311
Neither past due nor individually impaired				
Coporate Debt - Entity External Rating				
AA-(lka)	**2,955,515**	2,955,789	**2,738,305**	2,738,580
A+(lka)	**1,537,421**	1,894,324	**829,990**	1,186,891
A (lka)	**3,539,471**	3,183,114	**2,862,880**	2,415,096
A-(lka)	**-**	107,400	**-**	104,182
BBB+(lka)	**735,433**	418,637	**286,500**	418,637
BB(lka)	**382,934**	1,048,978	**-**	614,369
BBB-(lka)	**346,000**	-	**346,000**	-
A (LRA)	**689,365**	2,050,550	**291,605**	1,611,250
BBB(LRA)	**-**	1,203,840	**-**	1,203,840
BBB-(LRA)	**-**	236,806	**-**	236,807
Total	**10,186,140**	13,099,438	**7,355,281**	10,529,653
Individually impaired				
Coporate Debt - Entity External Rating				
CCC(lka)	**-**	3,750	**-**	3,750
Total	**-**	3,750	**-**	3,750
Financial assets at amortised cost - Debt and other financial instruments	**10,380,855**	21,089,076	**7,355,281**	17,612,714

Debt and other financial instruments

The Debt and other financial instruments of the Company amounting to Rs. 7,346,433 (000's) and Group amounting to Rs. 10,368,299 (000's) are classified as neither past due nor individually impaired and reported as under Stage - 1 as of 31st March 2026. (The Debt and other financial instruments of the Company amounting to Rs. 17,597,353 (000's) and Group amounting to Rs.21,070,588 (000's) were classified as neither past due nor individually impaired and reported as under Stage - 1 as of 31st March 2025.)

7.3.4. MAXIMUM EXPOSURE TO CREDIT RISK

The table below represents the Group/Company's maximum exposure to credit risk for its recognised and contingent financial instruments as at 31st March 2026. For recognised instruments (On Balance Sheet), the maximum exposure to credit risk is the carrying amount reported in the Statement of Financial Position. For contingent instruments (Off Balance sheet), the maximum exposure to credit risk generally represents the contractual notional amounts.

Maximum exposure to credit risk - Group

On Balance sheet exposure Collateral Type wise

As at 31st March	Amortised cost 2026 Rs.'000	Net Exposure 2026 Rs.'000	Amortised cost 2025 Rs.'000	Net Exposure 2025 Rs.'000
Cash at banks (Clean)	593,098	593,098	672,053	672,053
Securities bought under repurchase agreements	6,322,443	-	3,401,767	-
Financial assets at amortised cost - Debt and other financial instruments	10,368,299	9,278,700	21,070,588	16,980,609
Loans and receivables - Cash Backed	664,253	-	500,046	-
Loans, lease receivables and hire purchase - Equipment	379,215	-	156,776	-
Loans and receivables - Others	125,405	125,405	127,017	127,017
Loans and receivables - Properties	340,781	-	361,771	-
Loans, lease receivables and hire purchase - Vehicle	102,696,124	-	64,577,560	-
Loans and receivables - Personal & Corporate Guarantees	609,699	472,252	401,598	263,170
Loans and receivables - Unsecured	8,792	8,792	5,969	5,969
Trade & Other receivable (Clean)	2,109,818	2,109,818	1,531,247	1,531,247
	124,217,927	12,588,065	92,806,392	19,580,065

Maximum exposure to credit risk - Company

On Balance sheet exposure Collateral Type wise

As at 31st March	Amortised cost 2026 Rs.'000	Net Exposure 2026 Rs.'000	Amortised cost 2025 Rs.'000	Net Exposure 2025 Rs.'000
Cash at banks (Clean)	432,319	432,319	537,806	537,806
Securities bought under repurchase agreements	6,322,443	-	3,401,767	-
Financial assets at amortised cost - Debt and other financial instruments	7,346,433	6,256,834	17,597,353	13,507,374
Loans and receivables - Cash Backed	666,273	-	500,046	-
Loans, lease receivables and hire purchase - Equipment	379,215	-	156,776	-
Loans and receivables - Others	125,405	125,405	127,017	127,017
Loans and receivables - Properties	340,781	-	361,771	-
Loans, lease receivables and hire purchase - Vehicle	102,696,124	-	64,577,560	-
Loans and receivables - Personal & Corporate Guarantees	605,443	472,252	394,524	263,170
Loans and receivables - Unsecured	8,792	8,792	5,969	5,969
Trade & Other receivable (Clean)	102,877	102,877	77,825	77,825
	119,026,105	7,398,479	87,738,413	14,519,161

* Net exposure is presented after considering the collateral and related impairment

Contingencies and Commitment related exposures - Collateral type wise

As at 31st March		Group 2026 Rs.'000	Group 2025 Rs.'000	Company 2026 Rs.'000	Company 2025 Rs.'000
Instrument	**Collateral types**				
Guarantees	Cash backed	**31,750**	17,050	**31,750**	17,050
Undrawn Commitments - Credit	Vehicles	**205,250**	204,411	**205,250**	204,411
Undrawn Commitments - Credit	Import Documents	**50,000**	75,000	**50,000**	75,000

7.3.5. COLLATERAL HELD AND OTHER CREDIT ENHANCEMENTS

Most of our lending activities are secured by tangible assets with the majority being motor vehicles and equipment. Hence, the company has a fall back in the event of default. Collaterals obtained are supported by enforceable documentation. The main types of collaterals obtained are Vehicles, Equipment, Properties, Machinery, Deposits, Trade receivable and, Corporate and Personal Guarantees. The Company does not hold any collateral where it is permitted to sell or re-pledge the collateral in the absence of default by the owner of the collateral. There have not been any change to the quality of collaterals obtained due to change in the policy of collaterals. The Company has not assessed impairment on Securities bought under repurchase agreements due to the fact these are secured by sovereign bills and bonds. Loans which are collateralised by deposits with set off agreements are given under maximum exposure to credit risk as Loans and Receivables - Cash Backed. The total amount of cash backed collateral was Rs.1,408 Million. (2025- Rs. 1,083 Million)

The collaterals held as security for Stage-3 credit facilities & average Loan to Value (LTV) ratio for each collateral type are as follows,

Collateral Type	2026 Amortised Cost Rs.'000	2026 Average LTV Ratio	2025 Amortised Cost Rs.'000	2025 Average LTV Ratio
Immovable Properties	**260,587**	**70%**	348,017	76%
Vehicles and Machinery	**1,052,004**	**61%**	1,157,326	64%
Other Securities	**754**	**42%**	1,655	41%
Personal and Corporate Guarantees	**232,861**	**0%**	134,640	0%
Unsecured Loans	**47,289**	**0%**	50,148	0%
	1,593,495		1,691,786	

LTV - Facility Amount/ Collateral Value

Collateral value of individually significant credit impaired contracts amounted to Rs.93 Million (2025- Rs 114 Million).

The Company's policy is to pursue timely realisation of the collateral in an orderly manner. The Company does not use the non- cash collateral for its own operations. The total repossessed vehicles held by the Company by taking possession of collateral held as security against leases and held as at 31 March 2026 amounted to Rs. 271.77 Million (2025- Rs.212.44 Million).

7.3.6. CONCENTRATION OF CREDIT RISK

Credit concentration

The risk of loss due to the concentration of credit risk to a specific product, asset class, sector or counterparty. Credit concentration risk is managed within limits set for counterparty or groups of connected counter parties, asset type, industry sectors, etc. Credit concentrations are monitored by BIRMC and Credit committee in each of the product type categories and such limits as material to the Group/ Company are reviewed accordingly.

The Company/Group monitors concentration of credit risk by top 20 customer exposure/ geographic locations and by sector.

Top 20 Customer Concentration of the lending portfolio

As at 31st March	Group				Company			
	2026		2025		2026		2025	
	Rs.'000	%	Rs.'000	%	Rs.'000	%	Rs.'000	%
Top 20 Customer exposure	**2,837,275**	**2.65%**	2,183,571	3.15%	**2,837,275**	**2.65%**	2,183,571	3.15%
Balance Portfolio	**104,227,284**	**97.35%**	67,219,879	96.85%	**104,225,048**	**97.35%**	67,212,806	96.85%
Total Portfolio (Gross Carrying Amount)	**107,064,559**	**100.00%**	69,403,450	100.00%	**107,062,323**	**100.00%**	69,396,376	100.00%

Geographical Analysis of the Lending Portfolio

As at 31st March	Group				Company			
	2026		2025		2026		2025	
	Rs.'000	%	Rs.'000	%	Rs.'000	%	Rs.'000	%
Province								
Western	**44,145,080**	**42.11%**	27,244,103	41.20%	**44,142,844**	**42.11%**	27,237,030	41.19%
Central	**14,070,835**	**13.42%**	9,055,128	13.69%	**14,070,835**	**13.42%**	9,055,128	13.69%
North Western	**13,374,452**	**12.76%**	8,709,981	13.17%	**13,374,452**	**12.76%**	8,709,981	13.17%
Sabaragamuwa	**8,141,442**	**7.77%**	5,055,380	7.64%	**8,141,442**	**7.77%**	5,055,380	7.65%
Southern	**8,050,312**	**7.68%**	5,211,585	7.88%	**8,050,312**	**7.68%**	5,211,585	7.88%
North Central	**5,730,069**	**5.47%**	3,807,998	5.76%	**5,730,069**	**5.47%**	3,807,998	5.76%
Uva	**4,787,837**	**4.57%**	3,076,079	4.65%	**4,787,837**	**4.57%**	3,076,079	4.65%
Eastern	**3,534,786**	**3.37%**	2,309,336	3.49%	**3,534,786**	**3.37%**	2,309,336	3.49%
Northern	**2,989,456**	**2.85%**	1,661,146	2.51%	**2,989,456**	**2.85%**	1,661,146	2.51%
Total (Net Carrying Amount)	**104,824,269**	**100.00%**	66,130,736	100.00%	**104,822,033**	**100.00%**	66,123,663	100.00%

Sector-wise Concentration of the Lending Portfolio

Group

	2026		2025	
	Rs.'000	%	Rs.'000	%
Agriculture, Forestry & Fishing	**6,779,331**	**6.47%**	3,731,235	5.64%
Arts, Entertainment & Recreation	**310,009**	**0.30%**	219,361	0.33%
Construction & Infrastructure Development	**4,384,321**	**4.18%**	1,247,072	1.89%
Consumption Loans	**38,527,011**	**36.75%**	19,413,521	29.36%
Education	**501,137**	**0.48%**	271,566	0.41%
Financial Services	**14,549**	**0.01%**	131,592	0.20%
Health Care, Social Services & Support Services	**827,742**	**0.79%**	514,020	0.78%
Information Technology and Communication	**621,800**	**0.59%**	277,019	0.42%
Manufacturing	**3,988,432**	**3.80%**	1,870,444	2.83%
Professional, Scientific & Technical Activities	**1,293,467**	**1.23%**	1,246,450	1.88%
Tourism	**2,011,245**	**1.92%**	538,992	0.82%
Transportation & Storage	**40,161,421**	**38.32%**	34,693,226	52.46%
Wholesale & Retail Trade	**5,403,804**	**5.16%**	1,976,239	2.99%
Total (Net Carrying Amount)	**104,824,269**	**100.00%**	66,130,736	100.00%

Company

	2026		2025	
	Rs.'000	%	Rs.'000	%
Agriculture, Forestry & Fishing	**6,779,331**	**6.47%**	3,731,235	5.64%
Arts, Entertainment & Recreation	**310,009**	**0.30%**	219,361	0.33%
Construction & Infrastructure Development	**4,384,321**	**4.18%**	1,247,072	1.89%
Consumption Loans	**38,522,755**	**36.75%**	19,406,448	29.35%
Education	**501,137**	**0.48%**	271,566	0.41%
Financial Services	**16,569**	**0.02%**	131,592	0.20%
Health Care, Social Services & Support Services	**827,742**	**0.79%**	514,020	0.78%
Information Technology and Communication	**621,800**	**0.59%**	277,019	0.42%
Manufacturing	**3,988,432**	**3.80%**	1,870,444	2.83%
Professional, Scientific & Technical Activities	**1,293,467**	**1.23%**	1,246,450	1.89%
Tourism	**2,011,245**	**1.92%**	538,992	0.82%
Transportation & Storage	**40,161,421**	**38.31%**	34,693,226	52.47%
Wholesale & Retail Trade	**5,403,804**	**5.16%**	1,976,239	2.99%
Total (Net Carrying Amount)	**104,822,033**	**100.00%**	66,123,663	100.00%

7.3.7. AMOUNT ARISING FROM ECL

Credit Monitoring and Measurement

We regularly monitor credit exposures, portfolio performance and external trends which may impact risk management outcomes. Internal management reports are presented to various committees, containing information on key industry and economic trends. Portfolio delinquency and loan impairments as well as portfolio quality are constantly monitored by the management. The principal objective of credit risk measurement is to produce the most accurate possible quantitative assessment of credit risk to which Company is exposed, from the level of individual facilities up to the total portfolio. Integral to this is the use of a model. The model we use comprises of three core elements;

- Probability of default (PD) – the likelihood of a borrower not being able to honour the obligations.
- Exposure at default (EAD) – the exposure to a borrower who is unable to honour the obligations, at the point of default.
- Loss given default (LGD) – the historical loss associated with a delinquent loan or defaulted borrower.

In addition to the above three elements, the Company also uses forward looking information including macro-economic information to arrive at the expected credit losses.

Furthermore, as per Section 4.3.1. (i) of the Finance Business Act Direction No. 1 of 2020, effective from 1 April 2025, any credit facility classified as a Non-Performing Loan (NPL) either by exceeding 90 days past due or based on potential credit risk cannot be reclassified as performing until the principal and interest in arrears are fully paid or upon confirmation of the satisfactory performance of the credit facility under potential risk. The Company early adopted Section 4.3.1. (i) for reclassification of non-performing loans (NPLs) to performing loans (PLs) and applied for Stage-3 loans classification for the purpose of computation of Expected Credit Loss (ECL) as of 31st March 2025 and 2026.

The methodology adopted was used consistently at each reporting date except for adoption of section 4.3.1.(i) of the direction from 31st March 2025. The impairment based on the expected credit loss model computed for individually significant loans and individually not significant loans for identified risk categories is given in Note 17 to the financial statements on pages 235 to 241. The total interest income on impaired financial assets accrued for the year 2025/26 amounted to Rs. 181 Million. (2024/25 - Rs.229 Million).

Modified Financial Assets

When a loan/ lease has been renegotiated and modified but not derecognised, a re-assessment is performed to see whether there's a significant increase in credit risk based on the qualitative risk customers and cumulative days past due of the renegotiated credit contract. All the re-scheduled contracts days past due represent in aggregate, the period of time the credit facility was in arrears before re-scheduling and after re-scheduling unless upgraded based on servicing of the loan/ lease satisfactorily for the specific watch out curing periods specified in Finance Business Act Direction No 01 of 2020 and as per Company's internal policies for upgrading. The gross carrying amount of loans/ leases that would otherwise be past due or impaired, whose terms have been modified and reverts being measured at an amounts equal to 12 months expected credit loss amounted to Rs. 51 Million as of 31st March 2026 (2025 - Rs.675 Million). The modified loans/ leases assessed with significant increase in credit risk amounted to Rs. 2,021 Million as of 31st March 2026 (2025 - Rs. 698 Million) and life time impairment of such modified loans/ leases amounted to Rs. 395 Million (2025 - Rs. 423 Million). On such loan/lease, life time impairment is computed considering them as having significant increase in credit risk and at subsequent reporting periods if those loans/leases are no longer considered to have experienced a significant increase in credit risk, impairment on such loans is assessed for 12 months. There were no gains or losses recognized during the year in modifying these contracts.

The Company/Group's individually significant loans are categorised into two broad categories and the following factors were considered in determining the impairment of those assets;

- Loan servicing history of the borrower
- Borrower's with legal and regulatory compliance
- Financial standing of the borrower
- Other general economic conditions affecting the borrower's repayment ability

In assessing the Expected Credit Loss (ECL) for the year ended 31 March 2026, Company has taken into consideration the potential losses in loans, lease and hire purchase portfolios due to continued macro-economic uncertainties arising from external risks despite the economic recovery in the year 2025. The impairment recognised in the financial statements includes management overlay for the potential impairment that could arise from the loan, lease and hire purchase portfolios, as post model adjustment by using various scenario-based stress testing techniques, by stage shifting the credit portfolio from existing stages to the worst stages based on industry assumptions, adjusting the loss assumptions due to vehicle price volatility and extending the period of the future recovery cash flows to reflect possible regulatory delay of the recovery period. The potential downgrade of the credit portfolios has significantly reduced in view of the macro-economic recovery in the year 2025.

For impairment assessment of individually significant customers, Company has identified the customers showing distress signs in identifying SICR. Collective impairment assessment has been carried out by using ECL model which has been refined with assumptions to reflect the current economic conditions. The Company has also used various scenario based macro economic factor assessment including the qualitative indicators relating to forward looking macro economic environment with the objective of capturing gradual recovery of in the macro-economic conditions.

Credit Risk Exposure Impairment Stage Wise (Leases, Hire Purchase, Loans and Debt & Other Financial Assets)

	Group			
	2026		*2025*	
As at 31st March	**Amortized Cost** Rs.'000	**Impairment** Rs.'000	**Amortized Cost** Rs.'000	**Impairment** Rs.'000
Stage 1	**107,751,724**	**455,882**	81,940,692	1,070,000
Stage 2	**16,355,381**	**731,133**	10,847,933	887,921
Stage 3	**544,684**	**1,121,603**	363,996	1,390,625
	124,651,789	**2,308,618**	93,152,621	3,348,546

	Company			
	2026		*2025*	
As at 31st March	**Amortized Cost** Rs.'000	**Impairment** Rs.'000	**Amortized Cost** Rs.'000	**Impairment** Rs.'000
Stage 1	**103,007,189**	**450,970**	77,337,533	1,065,024
Stage 2	**15,927,656**	**728,084**	10,386,040	879,178
Stage 3	**523,404**	**1,080,537**	351,655	1,354,166
	119,458,249	**2,259,591**	88,075,228	3,298,368

The following tables show reconciliation from the opening to the closing balance of the amortised cost and loss allowance by class of financial instruments. The basis for determining transfers due to changes in credit risk is given in the accounting policy on note 17.

Group Credit Exposure Movement - ECL stage-wise lending portfolios - loans, leases and hire purchase

As at 31st March	Group 2026 Stage 01 Rs.'000	Stage 02 Rs.'000	Stage 03 Rs.'000	Total Rs.'000
Amortised cost as at the Beginning of the Year	**56,446,445**	**11,265,219**	**1,691,786**	**69,403,450**
Transfer to Stage 01	**1,906,878**	**(1,894,173)**	**(12,705)**	**-**
Transfer to Stage 02	**(6,144,596)**	**6,156,341**	**(11,745)**	**-**
Transfer to Stage 03	**(301,408)**	**(220,699)**	**522,107**	**-**
New Assets Originated or Purchased	**71,259,041**	**7,706,660**	**104,405**	**79,070,106**
Financial Assets Derecognised or Repaid	**(34,350,507)**	**(6,357,039)**	**(611,125)**	**(41,318,671)**
Write-offs	**(531)**	**(567)**	**(89,228)**	**(90,326)**
As at the End of the Year	**88,815,323**	**16,655,741**	**1,593,495**	**107,064,559**

As at 31st March	Group 2025 Stage 01 Rs.'000	Stage 02 Rs.'000	Stage 03 Rs.'000	Total Rs.'000
Amortised cost as at the Beginning of the Year	40,006,377	12,140,328	3,597,832	55,744,537
Transfer to Stage 01	1,986,740	(1,925,374)	(61,366)	-
Transfer to Stage 02	(3,688,687)	3,743,188	(54,501)	-
Transfer to Stage 03	(145,887)	(246,229)	392,116	-
New Assets Originated or Purchased	43,024,769	4,725,407	82,130	47,832,306
Financial Assets Derecognized or Repaid	(24,736,418)	(7,168,349)	(1,841,314)	(33,746,082)
Write-offs	(449)	(3,753)	(423,109)	(427,311)
As at the End of the Year	56,446,445	11,265,219	1,691,786	69,403,450

Company Credit Exposure Movement - ECL stage-wise lending portfolios - loans, leases and hire purchase

As at 31st March	Company 2026 Stage 01 Rs.'000	Stage 02 Rs.'000	Stage 03 Rs.'000	Total Rs.'000
Amortised cost as at the Beginning of the Year	**56,439,372**	**11,265,218**	**1,691,786**	**69,396,376**
Transfer to Stage 01	**1,906,878**	**(1,894,173)**	**(12,705)**	**-**
Transfer to Stage 02	**(6,144,596)**	**6,156,341**	**(11,745)**	**-**
Transfer to Stage 03	**(301,408)**	**(220,699)**	**522,107**	**-**
New Assets Originated or Purchased	**71,253,982**	**7,706,660**	**104,405**	**79,065,047**
Financial Assets Derecognized or Repaid	**(34,340,610)**	**(6,357,039)**	**(611,125)**	**(41,308,774)**
Write-offs	**(531)**	**(567)**	**(89,228)**	**(90,326)**
As at the End of the Year	**88,813,088**	**16,655,740**	**1,593,495**	**107,062,323**

As at 31st March	Company 2025 Stage 01 Rs.'000	Stage 02 Rs.'000	Stage 03 Rs.'000	Total Rs.'000
Amortised cost as at the Beginning of the Year	39,992,876	12,140,328	3,597,832	55,731,036
Transfer to Stage 01	1,986,740	(1,925,374)	(61,366)	-
Transfer to Stage 02	(3,688,687)	3,743,188	(54,501)	-
Transfer to Stage 03	(145,887)	(246,229)	392,116	-
New Assets Originated or Purchased	43,017,384	4,725,407	82,130	47,824,921
Financial Assets Derecognised or Repaid	(24,722,605)	(7,168,349)	(1,841,316)	(33,732,270)
Write-offs	(449)	(3,753)	(423,109)	(427,311)
As at the End of the Year	56,439,372	11,265,218	1,691,786	69,396,376

Impairement charge/(reversal) on the lending portfolios - loans, leases and hire purchase

As at 31st March	Company/Group 2026 Rs.'000	2025 Rs.'000
Stage 01	**(610,759)**	(759,168)
Stage 02	**(150,527)**	(523,409)
Stage 03	**(179,130)**	(600,411)
Impairement charge/ (reversal) on the lending portfolios	**(940,416)**	(1,882,988)

Impairment charges recognised against loans and advances include the overlay adjustments made in Stage 1, 2 and 3 using various stress testing techniques in order to address the potential implications associated with uncertain macroeconomic conditions.

Stage movement in allowance for impairment losses on lending portfolios - loans, leases and hire purchase

As at 31st March	Company/Group 2026 Stage 01 Rs.'000	Stage 02 Rs.'000	Stage 03 Rs.'000	Total Rs.'000
Amortised cost as at the Beginning of the Year	**1,053,405**	**879,178**	**1,340,131**	**3,272,714**
Transfer to Stage 01	**10,424**	**(10,336)**	**(88)**	**-**
Transfer to Stage 02	**(274,547)**	**275,184**	**(637)**	**-**
Transfer to Stage 03	**(150,383)**	**(55,582)**	**205,965**	**-**
New Assets Originated or Purchased	**316,783**	**334,253**	**14,076**	**665,112**
New measurement of impairment	**(95,997)**	**178,401**	**(53,050)**	**29,354**
Financial Assets Derecognized or Repaid	**(417,039)**	**(872,447)**	**(347,078)**	**(1,636,564)**
Write-offs	**(531)**	**(567)**	**(89,228)**	**(90,326)**
As at the End of the Year	**442,115**	**728,084**	**1,070,091**	**2,240,290**

As at 31st March	Company/Group 2025 Stage 01 Rs.'000	Stage 02 Rs.'000	Stage 03 Rs.'000	Total Rs.'000
Amortised cost as at the Beginning of the Year	1,813,022	1,406,339	2,363,723	5,583,084
Transfer to Stage 01	57,947	(56,395)	(1,552)	-
Transfer to Stage 02	(282,215)	287,221	(5,006)	-
Transfer to Stage 03	(57,588)	(114,944)	172,532	-
New Assets Originated or Purchased	676,850	384,515	79,168	1,140,533
New measurement of impairment	(628,019)	(215,494)	(101,694)	(945,207)
Financial Assets Derecognised or Repaid	(526,143)	(808,311)	(743,931)	(2,078,385)
Write-offs	(449)	(3,753)	(423,109)	(427,311)
As at the End of the Year	1,053,405	879,178	1,340,131	3,272,714

Impairment Provision by Class of Financial Instruments of the Group

	Impairment as at 01.04.2025 Rs.'000	12 months ECL for the year Stage 01 Rs.'000	lifetime ECL not credit-impaired Stage 02 Rs.'000	lifetime ECL credit-impaired Stage 03 Rs.'000	Impairment as at 31.03.2026 Rs.'000
Cash and cash equivalents	**13**	**(5)**	**-**	**-**	**8**
Financial assets at amortised cost - Debt and other financial instruments	**18,488**	**(2,182)**	**-**	**(3,750)**	**12,556**
Loan and receivables from customers	**907,096**	**(79,473)**	**68,485**	**(43,657)**	**852,451**
Net investment in lease and hire purchase	**2,365,618**	**(531,818)**	**(219,579)**	**(226,383)**	**1,387,839**
Trade and other receivables	**57,331**	**1,203**	**3,049**	**(5,818)**	**55,764**
Total	**3,348,546**	**(612,274)**	**(148,045)**	**(279,608)**	**2,308,618**

	Impairment as at 01.04.2024 Rs.'000	12 months ECL for the year Stage 01 Rs.'000	lifetime ECL not credit-impaired Stage 02 Rs.'000	lifetime ECL credit-impaired Stage 03 Rs.'000	Impairment as at 31.03.2025 Rs.'000
Cash and cash equivalents	234	(221)	-	-	13
Financial assets at amortised cost - Debt and other financial instruments	13,578	9,910	-	(5,000)	18,488
Loan and receivables from customers	1,103,202	23,728	22,655	(242,489)	907,096
Net investment in lease and hire purchase	4,479,882	(783,345)	(549,817)	(781,103)	2,365,618
Trade and other receivables	61,015	(2,410)	755	(2,029)	57,331
Total	5,657,911	(752,338)	(526,407)	(1,030,620)	3,348,546

Impairment Provision by Class of Financial Instruments of the Company

	Impairment as at 01.04.2025 Rs.'000	12 months ECL for the year Stage 01 Rs.'000	lifetime ECL not credit-impaired Stage 02 Rs.'000	lifetime ECL credit-impaired Stage 03 Rs.'000	Impairment as at 31.03.2026 Rs.'000
Cash and cash equivalents	**8**	**(2)**	**-**	**-**	**6**
Financial assets at amortised cost - Debt and other financial instruments	**15,361**	**(2,763)**	**-**	**(3,750)**	**8,848**
Loan and receivables from customers	**907,096**	**(79,473)**	**68,485**	**(43,657)**	**852,451**
Net investment in lease and hire purchase	**2,365,618**	**(531,818)**	**(219,579)**	**(226,383)**	**1,387,839**
Trade and other receivables	**10,285**	**-**	**-**	**161**	**10,446**
Total	**3,298,368**	**(614,056)**	**(151,094)**	**(273,628)**	**2,259,590**

	Impairment as at 01.04.2024 Rs.'000	12 months ECL for the year Stage 01 Rs.'000	lifetime ECL not credit-impaired Stage 02 Rs.'000	lifetime ECL credit-impaired Stage 03 Rs.'000	Impairment as at 31.03.2025 Rs.'000
Cash and cash equivalents	228	(220)	-	-	8
Financial assets at amortised cost - Debt and other financial instruments	13,229	7,132	-	(5,000)	15,361
Loan and receivables from customers	1,103,202	23,728	22,655	(242,489)	907,096
Net investment in lease and hire purchase	4,479,882	(783,345)	(549,817)	(781,102)	2,365,618
Trade and other receivables	10,873	-	-	(589)	10,285
Total	5,607,414	(752,705)	(527,162)	(1,029,179)	3,298,368

Cash at Bank are held in Licensed Commercial Banks with AA- (lka) to BBB-(lka) rating by the external rating agencies.

Sensitiviy of ECL to Future Economic Conditions

The uncertainty and volatility associated with the macro economic risks and geopolitical risks despite macro economic recovery in 2025 has introduced significant estimation uncertainty in relation to the measurement of allowance for expected credit losses. The uncertainty of the macro-economic environment and business and consumer responses in relation to the same could result in significant adjustments to the allowance for expected credit losses in future financial years.

Given current economic uncertainties and the judgment applied to factors used in determining the expected default of borrowers in future periods, expected credit losses reported by the Company should be considered as a best estimate within a range of possible estimates.

7.3.7. AMOUNT ARISING FROM ECL

	Sensitivity effect on Statement of Financial Position Rs. 000's (Closing Impairment)				
	Stage 01	**Stage 02**	**Stage 03**	**Total**	**Sensitivity effect on income statement impairment charge/ (reversal)**
10% increase of PD	21,772	14,982	-	36,754	36,754
10% decrease of PD	(21,772)	(14,982)	-	(36,754)	(36,754)
5% increase of LGD	147,639	102,229	31,869	281,738	281,738
5% decrease of LGD	(147,639)	(102,229)	(31,869)	(281,738)	(281,738)
Change in scenario weightages					
Worse case 5% increase and base case 5% decrease, best case constant	2,152	1,050	-	3,202	3,202
Worse case 5% decrease and base case 5% increase, best case constant	(2,152)	(1,050)	-	(3,202)	(3,202)

7.4. LIQUIDITY RISK

Liquidity risk is the risk that the Group/Company could encounter difficulty in meeting obligations associated with its financial liabilities that are to be settled by delivering cash or another financial asset. Liquidity risk arises from mismatches in the timing and amounts of cash flows, which are inherent to the Group/Company's operations.

7.4.1. MANAGEMENT OF LIQUIDITY RISK

Policy, framework and governance

The Company has in place a robust and comprehensive set of policies and procedures for assessing, measuring and controlling the liquidity risk. This ensures that the Company always maintains sufficient, eligible and appropriate financial resources to meet its future financial commitments as they fall due. The Statement of Financial Position and the liquidity position have remained strong and surpass the regulatory liquidity thresholds comfortably. It is the Company's policy to maintain adequate liquidity at all times and be in a position to meet all obligations as they fall due. Customer deposits provide stable funding to support the majority of our lending. The Company also has a contingency funding plan by way of undrawn approved bank lines. The analysis of maturing contractual financial liabilities is given below.

Liquidity measurement and monitoring

The Company uses a set of internal and regulatory metrics and analysis to assess liquidity risk. ALCO is the monitoring body responsible for overseeing the liquidity management policies. The Treasury Department receives direction from ALCO and is responsible for managing liquidity limits. Liquidity risk is a standing agenda item at our monthly ALCO meetings. The pricing of deposit maturities are done in a way to curb the maturity mismatches between our lending and borrowing portfolios.

Management is closely monitoring the developments related to significant volatility in market interest rates and has continued to keep its risk management measures under review to readily respond to changing circumstances. The Company is satisfied with its existing buffer of liquid assets and other short term financial instruments.

7.4.2. MATURITY ANALYSIS FOR FINANCIAL LIABILITIES

The following tables set out the remaining contractual maturities of the Company's financial liabilities;

	Up to 3 months		*3 to 12 months*		*1 to 3 years*		*3 to 5 years*		*More than 5 years*		*Total*	
	31.03.2026	**31.03.2025**	**31.03.2026**	**31.03.2025**	**31.03.2026**	**31.03.2025**	**31.03.2026**	**31.03.2025**	**31.03.2026**	**31.03.2025**	**31.03.2026**	**31.03.2025**
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Company												
Interest bearing liabilities:												
Bank overdrafts	**572,306**	452,705	**-**	-	**-**	-	**-**	-	**-**	-	**572,306**	452,705
Financial liabilities at amortised cost - Interest bearing borrowings	**2,081,031**	-	**6,290,509**	-	**13,853,565**	-	**2,227,237**	-	**-**	-	**24,452,342**	-
Financial liabilities at amortised cost - Deposits	**14,998,714**	16,766,982	**20,278,952**	16,116,610	**18,043,514**	11,854,713	**620,196**	1,367,142		-	**53,941,376**	46,105,447
Lease liabilities	**52,977**	44,685	**222,664**	175,796	**527,271**	435,972	**461,306**	371,764	**86,336**	205,397	**1,350,554**	1,233,614
Total interest bearing liabilities	**17,705,028**	17,264,372	**26,792,125**	16,292,406	**32,424,350**	12,290,685	**3,308,739**	1,738,906	**86,336**	205,397	**80,316,578**	47,791,766
Group												
Bank overdrafts	**581,565**	464,813		-		-		-		-	**581,565**	464,813
Financial liabilities at amortised cost - Interest bearing borrowings	**2,081,031**	2,295	**6,290,509**	2,254	**13,853,565**	-	**2,227,237**	-	**-**	-	**24,452,342**	4,549
Financial liabilities at amortised cost - Deposits	**14,910,231**	16,593,749	**19,944,802**	15,962,384	**17,192,944**	11,854,713	**620,196**	1,187,142	**-**	-	**52,668,173**	45,597,988
Lease liabilities	**37,467**	30,585	**176,134**	133,496	**396,987**	311,892	**393,062**	235,276	**86,336**	205,397	**1,089,986**	916,646
Total interest bearing liabilities	**17,610,294**	17,091,442	**26,411,445**	16,098,133	**31,443,496**	12,166,605	**3,240,495**	1,422,418	**86,336**	205,397	**78,792,066**	46,983,995

The maturity analysis of financial assets are disclosed in Note 60 to the financial statements.

Liquidity reserves

As part of the management of liquidity risk arising from financial liabilities, the Group/Company holds liquid assets comprising cash and cash equivalents, and debt securities issued by sovereigns, which can be readily sold to meet liquidity requirements. In addition, the Company maintains agreed lines of credit with banks and holds short term assets that can be converted to cash with short notice.

As at	31.03.2026 Rs.'000	31.03.2025 Rs.'000
Liquid assets available against the minimum requirement		
The required minimum amount of liquid assets	**5,051,710**	4,275,168
Total liquid assets	**8,057,039**	11,125,704
Surplus	**3,005,329**	6,850,536
The required minimum amount of approved securities	**3,195,251**	3,164,692
The available amount of approved securities	**6,322,443**	10,481,078
Surplus	**3,127,192**	7,316,386

7.5. MARKET RISK

Market risk is the risk of changes in market prices – e.g. interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) will affect the Group's/Company's income or the value of its holdings of financial instruments. The objective of the Group's/Company's market risk management is to manage and control market risk exposures within acceptable parameters to ensure the Group's/Company's solvency while optimising the return on risk.

The Group/Company does not have any exposure to foreign currency risk as there are no foreign currency assets or liabilities as at 31st March 2026.

7.5.1. MANAGEMENT OF MARKET RISKS

Organisation and Structure

The Board approves the appetite for market risks and the framework of limits applicable for same. The Group/Company has a strong control environment facilitated by a well-structured organization which has enabled it to strengthen segregation of duties in respect of critical functions. The Group/Company is exposed to the following market risks.

- interest rate risk: arising from changes in yield curves and credit spreads
- equity price risk',arising from changes in the prices of equities and equity price indices

7.5.2. EQUITY PRICE RISK

The Group/Company is exposed to market movements in equity price fluctuations through the quoted Fair Value through Profit or Loss Investments portfolio. The BIRMC and ALCO continually review the relevant exposure limits. A comprehensive evaluation process is also carried out prior to investment decisions. Regular monitoring of price levels is done through the Investment function to mitigate adverse movements in the stock market.

Equity price sensitivity

Sensitivity analysis measures the sensitivity of the current portfolio to define market risk factor movements. The table below gives the sensitivity analysis of the market risks, the Group/Company is exposed to.

	Impact to Profit and Equity			
	Group		*Company*	
	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
Assumption				
Increase/ decrease in equity price by 10%	**174,841**	135,537	**172,701**	130,116
Increase/ decrease in equity price by 20%	**349,682**	271,075	**345,402**	260,233

7.5.3. INTEREST RATE SENSITIVIY

The table below shows a sensitivity analysis on pre-tax net interest income for non-trading financial assets and financial liabilities. This sensitivity analysis was performed on the net interest margin for the year and the methodology adopted is consistent with the previous years' methodologies.

	Impact to Profit and Equity			
	Group		*Company*	
Net interest income sensitivity	**2026**	**2025**	**2026**	**2025**
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Assumption				
Increase/ decrease in Interest margin by 1%	**506,889**	478,558	**463,733**	437,059
Increase/ decrease in Interest margin by 2%	**1,013,778**	957,117	**927,466**	874,118

7.6. CAPITAL MANAGEMENT

The Company's approach to capital management is driven by strategic and organisational requirements, taking into account the regulatory, economic and commercial environment. The Company maintains a strong capital base to support the risks inherent in its business. For regulatory purposes, the Company's capital base is divided into two main categories, namely Core Capital (Tier I) and Total Risk Weighted Capital (Tier II). The composition of capital under the current regulatory requirement for 31st March 2026 is provided in the table below.

As at	**31.03.2026**	**31.03.2025**
	Rs.'000	Rs.'000
Tier I capital	**55,653,452**	51,255,142
Stated capital	**2,230,286**	2,230,286
Reserve fund	**3,807,000**	3,504,000
Audited retained earnings	**25,321,940**	21,215,431
(less) Revaluation gains/surplus of investment property	**(17,550)**	(6,350)
General and other disclosed reserves	**24,311,775**	24,311,775
Adjustments to Tier I capital	**3,798,873**	3,745,580
Other intangible assets (net)	**180,194**	242,956
50% of investment in banking and financial subsidiary companies	**24,750**	24,750
50% of investment in other banking and financial institutions	**3,593,929**	3,477,874
Tier I Capital (after adjustments)	**51,854,579**	47,509,562
Revaluation gains	**1,221,769**	1,223,761
Eligible Tier 2 Capital	**1,221,769**	1,223,761
Total Adjustments to eligible Tier 2 Capital	**3,618,679**	3,502,624
50% of investment in banking and financial subsidiary companies	**24,750**	24,750
50% of investment in other banking and financial institutions	**3,593,929**	3,477,874
Eligible Tier 2 Capital after adjustments	**(2,396,910)**	(2,278,863)
Total Capital	**49,457,669**	45,230,699
Tier I Capital Adequacy Ratio - Minimum 10%	**35.95%**	47.05%
Total Capital Adequacy Ratio - Minimum 14%	**34.29%**	44.79%

8. FAIR VALUES OF FINANCIAL INSTRUMENTS

Accounting Policy

Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group/ Company has access at that date. The fair value of a liability reflects its non-performance risk.

If there's no quoted price in an active market, then the Group/Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group/Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the difference, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in income statement on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

The Group/Company recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the changes, if any, has occured.

Valuation models

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which observable market prices exist, and other valuation models.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The Group/Company uses widely recognised valuation models to determine the fair value of common and simple financial instruments. Observable prices or model inputs are usually available in the market for listed debt and equity securities. The availability of observable market prices and model inputs reduces the need for management judgment and estimation and also reduces the uncertainty associated with determining fair values. The availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

Fair Value Hierarchy

The Group/Company measures the fair values of financial instruments using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

Level 1 - Fair value measurement using quoted market prices

When available, the fair values of financial instruments are determined using quoted market prices (unadjusted) in active markets for identical instruments. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis. Quoted equities are valued under Level 1 by referring to published market prices.

Level 2 - Fair value measurement using significant observable inputs

In the absence of an active market for a financial instrument, the fair value is determined using valuation techniques. These include discounted cash flow analysis, effective interest rate calculations and forecasted future cash flow calculations using recent arm's length transactions between knowledgeable and willing parties. These valuation techniques make maximum use of market inputs, incorporate all factors that market participants would consider in setting a price and are consistent with accepted economic methodologies for pricing financial instruments. Investments in unit trusts are valued under level 2 by referring to prices published by the unit trusts managers.

Level 3 - Fair value measurement using significant unobservable inputs

Financial instruments for which the valuation technique includes inputs that are not observable and the unobservable inputs have a significant effect on the instrument's valuation. Fair value of such instruments are determined using a valuation model that has been tested against prices or inputs to actual market transactions and best estimates of the most appropriate model assumptions. Fair value of unquoted equity securities are determined using net assets value as an approximation of its fair value.

ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS - Fair value of financial instruments

The determination of fair values of financial assets and financial liabilities recorded in the statement of financial position for which there is no observable market price are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but if this is not available, judgement is required to establish their fair values. The Group/Company measures fair value using the fair value hierarchy that reflects the significance of inputs used in making measurements.

Uncertain macro economic conditions

The Group/Company evaluates the material accuracy of the valuations incorporated in the financial statements as they can involve a high degree of judgment and estimation in determining the carrying values of financial assets and financial liabilities at the reporting date.

The majority of valuation models the Group/Company uses only observable market data as inputs. The Group/Company has considered the impact of related economic and market disruptions on fair value measurement assumptions and the appropriateness of valuation inputs, notably valuation adjustments, as well as the impact of economic conditions on the classification of exposures in the fair value hierarchy.

For certain financial instruments, the Company may use data that is not readily observable in current markets. If we use unobservable market data, then we need to exercise more judgement to determine fair value depending on the significance of the unobservable input to the overall valuation. Generally, we derive unobservable inputs from other relevant market data and compare them to observed transaction prices where available.

When establishing the fair value of a financial instrument using a valuation technique, the Group/Company considers valuation adjustments in determining the fair value.

8.1. FINANCIAL ASSETS MEASURED AT FAIR VALUE - FAIR VALUE HIERARCHY

The following table analyses the carrying amounts of the financial instruments by category as defined in Sri Lanka Accounting Standard- SLFRS 9 Financial Instruments.

Fair value through profit or loss financial assets

As at 31st March	*Group*			
	2026			
	Level 1	**Level 2**	**Level 3**	**Total**
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Investments in quoted securities	**746,755**	**-**	**-**	**746,755**
Unquoted equities	**-**	**-**	**179,538**	**179,538**
Investments in units	**-**	**1,267,878**	**-**	**1,267,878**
	746,755	**1,267,878**	**179,538**	**2,194,171**

Fair value through profit or loss financial assets

As at 31st March	*Group*			
	2025			
	Level 1	**Level 2**	**Level 3**	**Total**
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Investments in quoted securities	591,404	-	-	591,404
Unquoted equities	-	-	167,822	167,822
Investments in units	-	1,048,223	-	1,048,223
	591,404	1,048,223	167,822	1,807,449

Fair value through profit or loss financial assets

As at 31st March	*Company*			
	2026			
	Level 1	**Level 2**	**Level 3**	**Total**
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Investments in quoted securities	**725,864**	**-**	**-**	**725,864**
Unquoted equities	**-**	**-**	**177,344**	**177,344**
Investments in units	**-**	**1,001,144**	**-**	**1,001,144**
	725,864	**1,001,144**	**177,344**	**1,904,352**

Fair value through profit or loss financial assets

As at 31st March	Group 2025			
	Level 1	Level 2	Level 3	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Investments in quoted securities	537,191	-	-	537,191
Unquoted equities	-	-	165,505	165,505
Investments in units	-	763,974	-	763,974
	537,191	763,974	165,505	1,466,670

8.2. LEVEL 3 FAIR VALUE MEASUREMENTS

The following table shows a reconciliation from the beginning balance to the ending balance for fair value measurements in level 3 of the fair value hierarchy.

	Group		Company	
	31.03.2026	31.03.2025	31.03.2026	31.03.2025
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance at the beginning of the year	167,822	120,303	165,505	118,390
Additions during the year	-	37,786	-	37,786
Changes in fair value during the year	11,716	9,733	11,839	9,329
Balance at the end of the year	179,538	167,822	177,344	165,505

Level 03 valuations have been determined using valuation techniques which approximate the fair value.

There have been no transfers within level 01 level 02 and level 03 in 2025/26 and 2024/25.

8.3. UNOBSERVABLE INPUTS USED IN MEASURING FAIR VALUE

	Fair value as at 31.03.2026			
	Group	Company	valuation technique Level 3	Fair value measurement sensitivity to unobservable inputs
	Rs.'000	Rs.'000		
Investment in unquoted equities	179,538	177,344	Net asset value per share	Increase in net asset value by 10% would increase the fair value by 10%.

	2025/26 Net asset value per share	2024/25 Net asset value per share
	(Rs.)	(Rs.)
Credit Information Bureau of Sri Lanka	27,906.54	25,913.40
Finance Houses Consortium (Pvt) Ltd.	68.58	61.85
Rajawella Holdings Ltd.	40.18	42.44
National Credit Guarantee Institution Limited	10.92	10.37
Telshan Network (Pvt)Ltd.	-	-

*These are strategic / regulatory investment which all NBFIs are expected to maintain, to receive the relevant services from the above companies. NBFIs will neither trade nor dispose these shares as long as they receive services from the above companies. Considering the limitations in the availability of comparable market peers and access to latest financial information the management has considered the net asset value methodology to be the most appropriate measure of fair value for these unquoted investments under consideration.

8.4. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES NOT MEASURED AT FAIR VALUE -GROUP

As at 31st March 2026	Amortised cost Rs.'000	Fair Value Level 1 Rs.'000	Level 2 Rs.'000	Level 3 Rs.'000	Total Rs.'000
Cash and cash equivalents	**1,026,961**	-	**1,026,961**	-	**1,026,961**
Securities bought under repurchase agreements	**6,322,443**	-	**6,317,412**	-	**6,317,412**
Financial assets at amortised cost- Debt and other financial instruments	**10,368,299**	-	**10,900,253**	-	**10,900,253**
Financial assets at amortised cost- Loans and receivables from customers	**21,447,200**	-	**21,142,433**	-	**21,142,433**
Financial assets at amortised cost- Net investment in leases and hire purchase	**83,377,069**	-	**83,011,126**	-	**83,011,126**
Trade receivables	**1,976,643**	-	**1,976,643**	-	**1,976,643**
Other financial assets	**133,175**	-	**133,175**	-	**133,175**
Total financial assets	**124,651,790**	-	**124,508,003**	-	**124,508,003**
Bank overdrafts	**581,565**	-	**581,565**	-	**581,565**
Financial liabilities at amortised cost -Deposits	**48,811,525**	-	**49,358,388**	-	**49,358,388**
Financial liabilities at amortised cost -Interest bearing borrowings	**20,685,082**	-	**20,623,940**	-	**20,623,940**
Lease liabilities	**752,003**	-	**815,433**	-	**815,433**
Other financial liabilities	**2,612,677**	-	**2,612,677**	-	**2,612,677**
Total financial liabilities	**73,442,852**	-	**73,992,003**	-	**73,992,003**

As at 31st March 2025	Amortised cost Rs.'000	Fair Value Level 1 Rs.'000	Level 2 Rs.'000	Level 3 Rs.'000	Total Rs.'000
Cash and cash equivalents	1,011,416	-	1,011,416	-	1,011,416
Securities bought under repurchase agreements	3,401,767	-	3,416,889	-	3,416,889
Financial assets at amortised cost- Debt and other financial instruments	21,070,588	-	21,569,434	-	21,569,434
Financial assets at amortised cost- Loans and receivables from customers	9,574,069	-	10,018,904	-	10,018,904
Financial assets at amortised cost- Net investment in leases and hire purchase	56,556,667	-	57,024,835	-	57,024,835
Trade receivables	1,419,590	-	1,419,590	-	1,419,590
Other financial assets	111,658	-	111,658	-	111,658
Total financial assets	93,145,755	-	94,572,726	-	94,572,726
Bank overdrafts	464,813	-	464,813	-	464,813
Financial liabilities at amortised cost -Deposits	41,675,987	-	42,826,994	-	42,826,994
Financial liabilities at amortised cost -Interest bearing borrowings	4,444	-	4,548	-	4,548
Lease liabilities	601,993	-	695,981	-	695,981
Other financial liabilities	1,534,623	-	1,534,623	-	1,534,623
Total financial liabilities	44,281,860	-	45,526,959	-	45,526,959

Fair value of financial assets and liabilities not measured at fair value -Company

As at 31st March 2026	Amortised cost	Fair Value Level 1	Level 2	Level 3	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cash and cash equivalents	**864,463**	-	**864,463**	-	**864,463**
Securities bought under repurchase agreements	**6,322,443**	-	**6,317,412**	-	**6,317,412**
Financial assets at amortised cost- Debt and other financial instruments	**7,346,433**	-	**7,469,700**	-	**7,469,700**
Financial assets at amortised cost- Loans and receivables from customers	**21,444,964**	-	**21,140,197**	-	**21,140,197**
Financial assets at amortised cost- Net investment in leases and hire purchase	**83,377,069**	-	**83,011,126**	-	**83,011,126**
Other financial assets	**102,877**	-	**102,877**	-	**102,877**
Total financial assets	**119,458,249**	-	**118,905,775**	-	**118,905,775**
Bank overdrafts	**572,306**	-	**572,306**	-	**572,306**
Financial liabilities at amortised cost -Deposits	**49,899,646**	-	**50,449,487**	-	**50,449,487**
Financial liabilities at amortised cost -Interest bearing borrowings	**20,685,082**	-	**20,623,940**	-	**20,623,940**
Lease liabilities	**960,572**	-	**1,024,002**	-	**1,024,002**
Other financial liabilities	**2,421,704**	-	**2,421,704**	-	**2,421,704**
Total financial liabilities	**74,539,310**	-	**75,091,439**	-	**75,091,439**

As at 31st March 2025	Amortised cost	Fair Value Level 1	Level 2	Level 3	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cash and cash equivalents	874,621	-	874,621	-	874,621
Securities bought under repurchase agreements	3,401,767	-	3,416,889	-	3,416,889
Financial assets at amortised cost- Debt and other financial instruments	17,597,353	-	17,765,194	-	17,765,194
Financial assets at amortised cost- Loans and receivables from customers	9,566,996	-	10,011,831	-	10,011,831
Financial assets at amortised cost- Net investment in leases and hire purchase	56,556,667	-	57,024,835	-	57,024,835
Other financial assets	77,825	-	77,825	-	77,825
Total financial assets	88,075,229	-	89,171,195	-	89,171,195
Bank overdrafts	452,705	-	452,705	-	452,705
Financial liabilities at amortised cost -Deposits	42,122,280	-	43,273,287	-	43,273,287
Lease liabilities	841,908	-	935,896	-	935,896
Other financial liabilities	1,389,917	-	1,389,917	-	1,389,917
Total financial liabilities	44,806,810	-	46,051,805	-	46,051,805

Fair values of the following assets and liabilities are estimated for the purpose of disclosure as described below:

Financial assets measured at amortised cost - loans and receivables from customers/net investment in leases and hire purchases

The loans and receivables from customers/net investment in leases and hire purchases comprise of long term and short term loans, sub loans and micro finance loans, loans against fixed deposits and loans to employees granted at fixed rates, auto loans, leases and hire purchases. The carrying value of short term loans/leases generally approximates the fair value due to the short term nature, while the fair value of long term loans and receivables from customers/net investment in leases and hire purchases are determined by discounting the expected future cash flows using the lending rates prevailed at the reporting dates.

Financial assets measured at amortised cost - debt and other instruments

These comprise of investments in treasury bills, treasury bonds, debentures, fixed deposits with banks and financial institutions, commercial and securitisation papers and debentures.

The fair values of treasury bills, treasury bonds, debentures,deposits with banks and financial institutions and investments in commercial and securitisation papers are estimated at the present value of future cash flows expected to be received from such investments calculated based on interest rates at the reporting date for similar instruments.

Financial liabilities measured at amortised cost - Deposits

The fair value of customer deposits which are repayable on demand or have a remaining contractual maturity of less than one year, approximates to the carrying value of such deposits.

The fair value of customer deposits with a contractual maturity of more than one year, is estimated as the present value of future cash flows expected from such deposits calculated based on interest rates at the reporting date for similar types of deposits.

Financial liabilities at amortised cost -Interest bearing borrowings

The fair value of interest bearing borrowings is determined by discounting the future cash flows by the interest rates prevailing as at the reporting date for similar instruments.

Other financial assets and liabilities

The carrying values of assets and liabilities listed below are reasonable approximation of their fair values since, those are short term in nature or re-priced to current market rates frequently:

Assets	Labilities
Cash and cash equivalents	Bank overdrafts
Securities bought under repurchase agreements	Other financial liabilities
Trade receivables	
Other financial assets	

9. BUSINESS SEGMENT INFORMATION

Accounting policy

A segment is a distinguishable component of the Group that is engaged in providing an individual product or service (business segment) or in providing services within a particular economic environment (geographical segment) which is subject to risks and rewards that are different from those of other segments. In accordance with Sri Lanka Accounting Standard (SLFRS 8) - Operating Segments, segmental information is presented for identifiable operative units of the Group. Inter-segment transfers are accounted for at competitive fair market prices charged to inter-company counterparts for similar services and such services are eliminated on consolidation. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Management monitors the operating results of its business units separately for the purpose of making decisions about resources allocation and performance assessment. Unallocated items comprise mainly corporate assets, expenses, tax assets and liabilities.

No revenue from transactions with a single external customer or counter party amounted to 10% or more of the Group's total revenue in 2024/25 and 2025/26.

Basis for Segmentation

Group's activities have been segregated into six segments according to the nature of products or services rendered. These business segments comprise of leasing hire purchase and advances, medical services, manufacturing, insurance broking, investments and real estate.

Segment performance is evaluated based on operating income, profits or losses which, in certain respects, are measured differently from operating profits or losses in the consolidated financial statements.

Income taxes are not allocated to operating segments. Other expenses which cannot be directly identified against a particular business segment have been treated as consolidation adjustments.

The Group's management reviews internal management reports from each division at least monthly.

9.1. INFORMATION ABOUT REPORTABLE SEGMENTS

Segment information is presented in respect of the Group's business segments. The Group's primary format for segment reporting is based on business segments. The business segments are determined based on the Group's management and internal reporting structure.

BUSINESS SEGMENT INFORMATION

	Leasing, hire purchase, loans and other advances		*Medical services*		*Manufacturing*	
For the year ended 31st March	**2026**	**2025**	**2026**	**2025**	**2026**	**2025**
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Revenue						
Interest income	**16,977,594**	13,793,858	**27,185**	19,987	**96,305**	121,357
Other revenue	**-**	-	**158,030**	165,669	**6,647,384**	5,347,078
Net income from financial instruments at FVTPL	**93**	245	**-**	7,688	**12,819**	20,306
Operating lease income	**1,679,092**	1,469,016	**-**	-	**-**	-
Other income	**1,627,248**	1,556,610	**2,712**	2,087	**2,323**	3,584
Income from external customers	**20,284,027**	16,819,729	**187,927**	195,431	**6,758,831**	5,492,325
Inter - segment income	**52,891**	45,648	**-**	-	**39**	44
Total income	**20,336,918**	16,865,377	**187,927**	195,431	**6,758,870**	5,492,369
Expenses						
Interest expenses	**(4,137,040)**	(3,239,939)	**-**	-	**-**	-
Depreciation & amortisation	**(787,333)**	(628,567)	**(6,250)**	(6,556)	**(92,580)**	(89,781)
Cost of sales	**-**	-	**(69,803)**	(76,025)	**(5,194,453)**	(4,204,389)
Impairment (charge)/reversal and other credit losses	**963,499**	1,905,106	**177**	(962)	**(606)**	1,391
Other operating and administrative expenses	**(6,704,983)**	(5,928,158)	**(60,459)**	(55,292)	**(540,621)**	(429,401)
	(10,665,857)	(7,891,558)	**(136,335)**	(138,835)	**(5,828,260)**	(4,722,180)
Inter - segment expenses	**(113,460)**	(91,208)	**-**	-	**-**	-
Total expenses	**(10,779,317)**	(7,982,766)	**(136,335)**	(138,835)	**(5,828,260)**	(4,722,180)
Segment results	**9,557,601**	8,882,611	**51,592**	56,596	**930,610**	770,189
Share of profit of equity accounted investees						
Operating profit before taxes on financial services						
Taxes on financial services						
Profit before tax						
Income tax expense						
Profit for the year						
Non-controlling interest						
Profit attributable to equity holders of the parent						

Insurance broking		*Investments*		*Real estate*		*Intra Segmental adjustments*		*Total*	
2026	**2025**	**2026**	**2025**	**2026**	**2025**	**2026**	**2025**	**2026**	**2025**
Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
297,300	234,165	1,611,392	3,057,613	6,729	5,418	-	-	19,016,505	17,232,398
444,756	309,132	-	-	-	-	-	-	7,250,170	5,821,879
21,833	60,109	473,308	520,615	(123)	404	-	-	507,930	609,367
-		-		-	-	-	-	1,679,092	1,469,016
111,584	97,837	577,640	403,914	16,681	444	(916,371)	(502,135)	1,421,817	1,562,341
875,473	701,243	2,662,340	3,982,142	23,287	6,266	(916,371)	(502,135)	29,875,514	26,695,001
14,386	16,481	33,129	20,474	61,338	53,487	(161,783)	(136,134)	-	-
889,859	717,724	2,695,469	4,002,616	84,625	59,753	(1,078,154)	(638,269)	29,875,514	26,695,001
-	-	(898,747)	(1,471,770)	(3,337)	(3,339)	25,054	2,589	(5,014,070)	(4,712,460)
(22,147)	(20,986)	(5)	(13)	(3,475)	(3,475)	67,521	52,228	(844,269)	(697,150)
-	-	-	-	-	-	-	-	(5,264,256)	(4,280,414)
(1,198)	125	7,200	(3,795)	(207)	(272)	34	(18)	968,899	1,901,575
(249,579)	(138,091)	(1,299)	(637)	(15,885)	(7,682)	(74,843)	(64,132)	(7,647,669)	(6,623,393)
(272,924)	(158,952)	(892,851)	(1,476,215)	(22,904)	(14,768)	17,766	(9,333)	(17,801,365)	(14,411,842)
(47,803)	(44,554)	(336)	(186)	(184)	(186)	161,783	136,134	-	-
(320,727)	(203,506)	(893,187)	(1,476,401)	(23,088)	(14,954)	179,549	126,801	(17,801,365)	(14,411,842)
569,132	514,218	1,802,282	2,526,215	61,537	44,799	(898,605)	(511,468)	12,074,149	12,283,159
								4,217,857	3,664,776
								16,292,006	15,947,935
								(2,081,138)	(2,075,596)
								14,210,868	13,872,339
								(3,615,245)	(3,654,104)
								10,595,623	10,218,235
								345,247	294,260
								10,250,376	9,923,975

As at 31st March	Leasing, hire purchase, loans and other advances		Medical services		Manufacturing	
	2026	2025	2026	2025	2026	2025
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Segment assets	**121,127,284**	79,238,354	**752,521**	734,953	**5,833,712**	5,177,572
Investments in equity accounted investees						
Unallocated assets						
Total assets	**121,127,284**	79,238,354	**752,521**	734,953	**5,833,712**	5,177,572
Segment liabilities	**62,848,881**	32,344,653	**158,031**	157,095	**868,643**	720,978
Unallocated liabilities						-
Total liabilities	**62,848,881**	32,344,653	**158,031**	157,095	**868,643**	720,978

For the year ended 31st March	Leasing, hire purchase, loans and other advances		Medical services		Manufacturing	
	2026	2025	2026	2025	2026	2025
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Additions to non-current assets	**3,486,054**	1,829,565	**488**	413	**78,896**	71,682
Additions to intangible assets	**21,009**	51,418	**-**	-	**485**	508
Additions to right of use assets	**316,967**	504,103	**-**	-	**-**	-
Cash flows from operating activities	**(27,489,383)**	(14,083,604)	**22,159**	29,006	**(292,690)**	(63,458)
Cash flows from investing activities	**(2,389,960)**	(1,746,255)	**(17,488)**	(5,471)	**477,550**	268,376
Cash flows from financing activities	**18,916,907**	(1,135,493)	**(19,267)**	(1,633)	**(149,615)**	(158,751)

Geographic information

The Group function in one geographic location. Accordingly, geographic information is not presented in the financial statements.

10. INCOME

Accounting Policy

Gross income is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The specific recognition criteria, for each type of gross income, are given under the respective income notes.

	Group		Company	
	2025/26	2024/25	2025/26	2024/25
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Interest income (Note 11)	**19,016,505**	17,232,398	**18,560,704**	16,817,482
Net income from financial instruments at FVTPL (Note 13)	**507,930**	609,367	**473,016**	520,228
Other revenue (Note 14)	**7,250,170**	5,821,879	**-**	-
Operating lease income (Note 15)	**1,679,092**	1,469,016	**1,690,665**	1,483,100
Other income (Note 16)	**1,421,817**	1,562,341	**2,134,526**	1,882,143
	29,875,514	26,695,001	**22,858,911**	20,702,953

11. INTEREST INCOME

Accounting Policy

Interest income and expenses are recognised in income statement using the effective interest rate method. Interest income and expenes presented in the income statement include: financial assets and financial liabilities measured at amortised cost.

Effective interest rate (EIR)

The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

Insurance broking		Investments		Real estate		Intra Segmental adjustments		Total	
2026	**2025**	**2026**	**2025**	**2026**	**2025**	**2026**	**2025**	**2026**	**2025**
Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
8,944,144	6,527,719	**23,867,079**	28,911,075	**1,041,326**	1,010,672	**(15,124,605)**	(10,862,151)	**146,441,461**	110,738,194
-	-	**-**	-	**-**	-	**-**	-	**21,168,369**	18,297,316
-	-	**-**	-	**-**	-	**-**	-	**1,044,657**	1,117,577
8,944,144	6,527,719	**23,867,079**	28,911,075	**1,041,326**	1,010,672	**(15,124,605)**	(10,862,151)	**168,654,487**	130,153,087
662,074	589,917	**12,558,315**	13,172,987	**487,353**	463,777	**(1,887,790)**	(1,284,370)	**75,695,507**	46,165,037
-	-	**-**	-	**-**	-	**-**	-	**4,879,571**	4,262,981
662,074	589,917	**12,558,315**	13,172,987	**487,353**	463,777	**(1,887,790)**	(1,284,370)	**80,575,078**	50,428,018

Insurance broking		Investments		Real estate		Intra Segmental adjustments		Total	
2026	**2025**	**2026**	**2025**	**2026**	**2025**	**2026**	**2025**	**2026**	**2025**
Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
9,050	3,770	**-**	-	**-**	-	**-**	-	**3,574,488**	1,905,430
-	-	**-**	-	**-**	-	**-**	-	**21,494**	51,926
41,013	4,365	**-**	-	**-**	-	**(41,013)**	(244,280)	**316,967**	264,188
347,352	221,129	**10,367,986**	16,893,863	**35,558**	38,547	**(658,707)**	(33,619)	**(17,667,725)**	3,001,864
(284,108)	(176,294)	**465,989**	119,152	**(7,686)**	(7,774)	**462,714**	(165,736)	**(1,292,989)**	(1,714,002)
(56,760)	(55,454)	**1,960**	(50)	**(29,716)**	(30,589)	**195,993**	199,355	**18,859,502**	(1,182,615)

The calculation of the effective interest rate includes transaction costs and fees that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

The effective interest rate (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the effective interest rate. The Group recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan/lease. The calculation includes all fees and points received or paid between parties to the contract, that are an integral part of effective interest rate.

Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognised, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Amortised cost and gross carrying amount

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance. The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

Calculation of interest income and expense

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit impaired) or to the amortised cost of the liability.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income reverts to a gross basis, if the credit risk of the asset improves.

Interest income calculated using the effective interest method presented in the income statement include interest on financial assets measured at amortised cost.

When a financial asset becomes credit impaired (as set out in Note 17 to the financial statements) and is, therefore, regarded as Stage 3, the Company calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial asset cures (as outlined in Note 17 to the financial statements) and is no longer credit impaired, the Company reverts to calculating interest income on a gross amortised cost basis. For Purchased or Originated Credit- Impaired (POCI) financial assets (as set out in Note 17 to the financial statements) the

Group calculates interest income by calculating the credit-adjusted effective interest rate and applying that rate to the amortised cost of the asset. The credit adjusted effective interest rate is the interest rate that, at original recognition, discounts the estimated future cash flows (including credit losses) to the amortised cost of the POCI assets.

Overdue interest

Overdue interest on leases, hire purchase, loans and other advances is recognised on cash basis.

	Group		*Company*	
	2025/26	**2024/25**	**2025/26**	**2024/25**
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Financial assets at amortised cost				
Net investment in leases and hire purchase	**14,397,704**	12,437,939	**14,397,704**	12,437,939
Loans and receivables from customers	**2,575,428**	1,349,334	**2,575,488**	1,348,055
Financial assets at amortised cost -debt and other financial instruments	**1,658,841**	2,932,247	**1,202,980**	2,520,065
Securities bought under repurchase agreements	**384,532**	512,878	**384,532**	511,423
	19,016,505	17,232,398	**18,560,704**	16,817,482

The entirety of the interest income is derived from financial instruments held at amortised cost (including Cash at bank).

12. INTEREST EXPENSES

Accounting Policy

See accounting policy in Note 11

Interest expense presented in the income statement includes financial liabilities measured at amortised cost and interest expense on lease liabilities

	Group		*Company*	
	2025/26	**2024/25**	**2025/26**	**2024/25**
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Financial liabilities at amortised cost -Deposits	**4,247,896**	4,581,031	**4,303,724**	4,624,111
Financial liabilities at amortised cost -Interest bearing borrowings	**676,022**	56,901	**676,022**	56,901
Interest on lease liabilities (Note 38.2)	**90,152**	74,528	**115,206**	77,117
	5,014,070	4,712,460	**5,094,952**	4,758,129

Interest expenses of the Group other than the parent company are categorised under premises, equipment, establishment and other expenses as subsidiary companies are not engaged in providing financial services.

13. NET INCOME FROM FINANCIAL INSTRUMENTS AT FVTPL

Accounting policy

Net income from financial instruments at FVTPL relates to results arising from trading activities including all gains and losses from realised and unrealised fair value changes, related capital gains and losses and dividend income.

	Group		*Company*	
	2025/26	**2024/25**	**2025/26**	**2024/25**
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Equity investments - Quoted				
Dividend income	**30,995**	23,544	**30,566**	19,450
Fair value gains / (losses)	**192,331**	211,203	**185,932**	182,418
Equity investments - Unquoted				
Dividend income	**11,948**	11,213	**11,948**	11,213
Fair value gains / (losses)	**11,716**	9,733	**11,839**	9,329
Unit trusts - Unquoted (Money Market/Equity Funds)				
Fair value gains / (losses)	**260,940**	353,674	**232,731**	297,818
	507,930	609,367	**473,016**	520,228

14. OTHER REVENUE

Accounting Policy

Other revenue is recognised to the extent that it is probable that economic benefits will flow to the company and the other revenue and associated costs incurred or to be incurred can be reliably measured. Other revenue is measured at the fair value of the consideration received or receivable net of trade discounts and sales taxes.

SLFRS 15 - Revenue from contracts with customers, establishes a comprehensive framework for determining whether, how much and when revenue is recognised. The Group recognises revenue when it transfers the control of the goods or services to a customer. Judgement is used to determine the timing of transfer of control - at a point in time or over time.

The following specific criteria are used for the purpose of recognition of other revenue.

Type of product/ service	Nature of timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under SLFRS 15
Insurance Broking	Commission income from insurance companies, for the supply of insurance brokers services for customers, is recognised as income of the Group. The Group collects insurance premia from customers (policy holders) based on debit notes issued by insurers and remits such premia collected, in a batch process. Upon such settlements (where the performance obligation is satisfied by the broker) the corresponding commission income is quantified and is recognized on accrual basis.	The Group recognizes revenue (broker commission income) as it satisfies a performance obligation (Placement of policies through the broker) by transferring promised service to a customer, when the customer obtains control of the service (Payment of premium to an insurer). Therefore, performance obligation is satisfied at the point the Group places insurance policies and settles the respective insurance premia to insurers.
Manufacturing and Trading	Revenue from the sale of goods is recognised as manufacturing and trading income of the Group. The Group recognizes revenue based on the terms of the contract with the customer when control of the goods has been transferred to the customers and recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with trade returns and trade discounts.	The Group recognizes revenue (revenue from the sale of goods) as it satisfies a performance obligation by transferring promised goods to a customer, and when the customer obtains control of the goods. Determining the timing of the transfer of control (at a point in time or overtime) requires judgement. Revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognition will not occur. Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and sales taxes and after eliminating sales within the Group.
Medical services	Income from providing medical services is measured based on the consideration specified in a contract with the customer. The Group recognizes revenue when the service is rendered and when the Group has the right to consideration.	The Group recognizes income from providing medical services as it satisfies a performance obligation by transferring promised service to a customer, when the customer obtains control of the service. Therefore, performance obligation is satisfied at the point the Group renders the service and when the Group has the right to consideration.

	Group	
	2025/26	**2024/25**
	Rs.'000	Rs.'000
Manufacturing and trading income	**6,647,384**	5,347,078
Insurance broking	**444,756**	309,132
Medical services	**158,030**	165,669
Total other revenue	**7,250,170**	5,821,879
Cost of sales	**5,348,759**	4,366,924
Net other revenue	**1,901,411**	1,454,955

15. OPERATING LEASE INCOME

Accounting policy

A lease is classified as an operating lease when it does not transfer substantially all the risks and rewards associated with ownership of the underlying asset. Assets under operating leases are recognised as property, plant and equipment; refer to Note 37 of the financial statements for the related accounting policy.

Income from operating leases is recognized on a straight-line basis over the lease term and accounted under operating lease income.

	Group		*Company*	
	2025/26	**2024/25**	**2025/26**	**2024/25**
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Operating lease income	**1,679,092**	1,469,016	**1,690,665**	1,483,100
	1,679,092	1,469,016	**1,690,665**	1,483,100

16. OTHER INCOME

Accounting policy

Fees and commission income and expenses

Fees and commission income and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.

Fees and commission income are recognised as the related services are performed.

Fee and commission income from providing transaction services are recognised as and when the services are performed.

Other fees and commission expenses relate mainly to transaction and service fees, which are expensed as the services are received.

Fee and commission expenses are recognised on an accrual basis.

Dividend income

Dividend income from investments other than FVTPL instruments is recognised in the income statement on the date the Group's right to receive payment is established. Usually, this is the ex-dividend date for quoted equity securities.

Real estate held for sale

Real estate income is recognised on an accrual basis.

Rental income on rent-purchase facilities for real estate

Rental income on rent-purchase facilities provided on sale of real estate is recognised on accrual basis.

Profit/loss from sale of property, plant, and equipment

Profit/loss from sale of property, plant and equipment is recognised in the period in which the sale occurs.

	Group		Company	
	2025/26	**2024/25**	**2025/26**	**2024/25**
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Service charges	**589,796**	438,349	**589,796**	438,349
Recovery of bad debts written off	**530,029**	532,176	**530,029**	532,176
Fair value change in investment properties	**16,000**	-	**16,000**	-
Profit on sale of property, plant and equipment/ investment property	**339,425**	457,664	**339,303**	457,570
Dividend income from subsidiaries	**-**	-	**94,795**	88,663
Dividend income from equity accounted investees	**-**	-	**223,309**	206,008
Gain/(loss) on disposal of shares of an associate company (Note 34)	**(223,335)**	-	**140,581**	-
Profit on real estate operations	**681**	444	**681**	444
Others	**169,221**	133,708	**200,032**	158,933
	1,421,817	1,562,341	**2,134,526**	1,882,143

17. IMPAIRMENTS AND OTHER CREDIT LOSSES

Accounting policy

The Company calculates Expected Credit Loss (ECL) allowances on financial assets in line with SLFRS - 9. Further, the Company also takes in to consideration the requirements as per the Finance Business Act Direction No. 01 of 2020 and amendments thereto on Classification and Measurement of Credit Facilities in Licensed Finance Companies when assessing ECL on financial assets.The Company calculates ECL allowances for financial assets, except for those assets that are measured at Fair Value Through Profit or Loss (FVTPL) and equity instruments which are not subject to ECL under SLFRS 9:

- Cash and cash equivalents
- Placements with banks
- Financial assets measured at amortised cost - loans and advances to customers.
- Financial assets at amortised cost- Net investment in leases and hire purchase
- Financial assets measured at amortised cost - debt and other financial instruments
- Financial assets measured at fair value through other comprehensive income
- Loan commitments and financial guarantee contracts

The ECL approach is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case the impairment is based on the 12 months' expected credit loss (12 month ECL).

The Company considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Group does not apply the low credit risk exemption to any other financial instruments.

12 month ECL is the portion of ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which a 12 month ECL is recognised are referred to as stage 1 financial instruments.

Lifetime ECLs are ECLs that result from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime ECL is recognised but which are not credit-impaired are referred to as Stage 2 financial instruments.

Both LTECLs and 12 month ECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments. The Group has established a policy to perform an assessment at the end of each reporting period of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. Based on the above process, the Company categorises its loans and advances and net investments in leases and hire purchase into Stage 01 (12 month ECL), Stage 2 (Lifetime ECL - not credit impaired) and Stage 3 (Life time ECL - credit impaired).

Impairment charges recognised against loans and advances and net investments in leases and hire purchase include the post model adjustments using various stress testing techniques in order to address macro-economic uncertainty arising from external risks despite the gradual economic recovery of Sri Lanka.

Loans and advances that have been assessed individually and did not attract an ISL provisions based on future recovery cashflow assessment and all individually insignificant loans and advances are assessed collectively, by categorising those into groups of assets with similar credit risk characteristics, to determine whether a provision should be made due to expected loss events. These exposures are grouped into smaller homogeneous portfolios, based on product type and customer segment etc.

The undrawn loan commitments of the revolving loan facilities are assessed for ECL provisions. The revolving loan facilities assigned credit limits are subject to a formal credit reviews annually. Therefore, all revolving facilities are assessed for 12 months ECL. The ongoing assessment of whether a significant increase in credit risk has occurred for revolving facilities is similar to other lending products.

Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and expert credit assessment and including forward-looking information.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

- the remaining lifetime probability of default (PD) as at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where appropriate for changes in prepayment expectations)

The Company uses three criteria for determining whether there has been a significant increase in credit risk:

1. a quantitative test based on movement in PD;
2. qualitative indicators; and
3. a backstop of 30 days past due for loans, leases and hire purchases.

Financial instruments allocated to stage 2 are those that have experienced a significant increase in credit risk since initial recognition but are not credit impaired.

Generating the term structure of PD

The Company collects performance and default information about its credit risk exposures analysed by type of product and borrower as well as by credit risk grading. For some portfolios, information purchased from external credit reference agencies is also used.

The Company employs statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

Credit impaired financial assets/ Definition of default

At each reporting date, the Group assesses, whether financial assets carried at amortised cost are credit impaired. A financial asset is credit impaired when one or more events that have detrimental impact on the estimated future cash flows of the financial asset have occurred.

In assessing whether a borrower is in default, the Company considers indicators that are:

- qualitative – e.g. breaches of covenant;
- quantitative – e.g. overdue status and non-payment on another obligation of the same borrower to the Company; and
- based on data developed internally and obtained from external sources

The company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the borrower is more than 90 days past due on loans, lease, hire purchase and any material credit obligation to the Company.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower
- A breach of contract such as a default or past due event
- The restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise
- It is becoming probable that the borrower will enter bankruptcy or other financial renegotiation or
- The disappearance of an active market for a security because of financial difficulties

Financial instruments for which lifetime ECL are recognised and that are credit – impaired are referred to as stage 3 financial instruments.

Furthermore, as per Section 4.3.1. (i) of the Finance Business Act Direction No. 1 of 2020, effective from 1 April 2025, any credit facility classified as a Non-Performing Loan (NPL) either by exceeding 90 days past due or based on potential credit risk cannot be reclassified as performing until the principal and interest in arrears are fully paid or upon confirmation of the satisfactory performance of the credit facility under potential risk. The Company early adopted Section 4.3.1. (i) for reclassification of non-performing loans (NPLs) to performing loans (PLs) and applied for Stage-3 loans classification for the purpose of computation of Expected Credit Loss (ECL) from 01st October 2024.

A loan that has been renegotiated due to deterioration in the borrower's condition is usually considered to be credit impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. When a loan has been renegotiated and modified but not derecognised, a re-assement is performed to see whether there's a significant increase in credit risk based on the qualitative risk factors for individually significant customers and cumulative days past due of the renegotoated credit contract. All the re-scheduled contracts days past due represent in aggregate, the period of time the credit facility was in arrears before re-scheduling and after re-scheduling unless upgraded based on servicing of the loan satisfactorily for specific watchout periods specified in Finance Business Act Direction No 01 of 2020. The modified financial assets measured at 12 months expected credit loss and lifetime expected credit loss depending on the subsequent increase in credit risk is disclosed under Note 7.3.7 "modified financial assets".

Incorporation of forward-looking information

The Company incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL using a variety of external actual and forecasted information.

The Company formulates a base case view of the future direction of relevant economic variables as well as a representative range (Best Case and Worst Case) of other possible forecast scenarios.

This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by both local and international sources. The base case represents a most-likely outcome. The other scenarios represent more optimistic and more pessimistic outcomes.

The Company has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macroeconomic variables credit risk and credit losses.

The economic variables used by the Company based on the statistical significance include the followings:

- Unemployment Rate
- Interest Rate
- GDP Growth Rate
- Inflation Rate
- Exchange Rate

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive);

- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive; and
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Group expects to recover.

When discounting future cash flows, the following discount rates are used:

- financial assets other than purchased or originated credit-impaired (POCI) financial assets and lease, hire purchase and loan receivables: the original effective interest rate or an approximation thereof;
- POCI assets: a credit-adjusted effective interest rate;
- lease, hire purchase and loan receivables: the discount rate used in measuring the lease, hire purchase and loan receivable;
- undrawn loan commitments: the effective interest rate, or an approximation thereof, that will be applied to the financial asset resulting from the loan commitment; and
- financial guarantee contracts issued: the rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows.

Calculation of ECL

The ECL is calculated based on three probability weighted scenarios to measure the expected cash shortfall (the base case, the best case and the worst case), discounted at an approximation to the EIR. Each of these is associated with different loss rates. The assessment of multiple scenarios incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received by selling the asset.

Key elements of the ECL calculations are:

Probability of default (PD)

The probability of default is an estimation of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period.

Exposure at default (EAD)

The exposure at default is an estimation of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities and accrued interest from past due contracts.

Loss given default (LGD)

The loss given default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are made as and when required, as temporary adjustments when such differences are significantly material.

Calculations of ECLs for individually significant loans and individually not significant loans

The Group first assesses ECLs individually for financial assets that are individually significant to the Group. In the event the Group determines that such assets are not impaired (not in stage 3), it includes the assets in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. However, assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment. If the asset is impaired, the amount of the loss is measured by discounting the expected future cash flows of a financial asset at its original effective interest rate and comparing the resultant present value with financial asset's current carrying amount.

The impairment on individually significant accounts is reviewed on a regular basis. Individually assessed impairment is only reversed when there is reasonable and objective evidence of a reduction in the established loss estimate. Interest on impaired assets continues to be recognised on the net carrying value of the asset.

For all customers whose exposure is more than or equal to the internal threshold for classifying them as individually significant, the Group calculates ECL on an individual basis. For all other asset classes, the Group calculates ECL on a collective basis. The Group categorises these exposures into smaller portfolios, based on a combination of internal and external characteristics of the loans such as product type, type of collateral, past due status industry of the borrower and whether the loan is restructured or rescheduled.

Collateral valuation

The collateral comes in various forms, such as vehicles, equity securities, real estate, inventories, and other non -financial assets. The fair value of collateral affects the calculation of ECLs. The Group uses active market data, to the extent possible to value financial assets held as collateral. Non-financial collateral, such as vehicles and real estate, are valued based on data provided by independent valuation specialists to the extent it is practically possible.

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows:

If the expected restructuring will not result in derecognition of the existing asset, and then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.

If the expected restructuring results in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition.

Write-offs

Uncollectible loans are written off against the related allowance for loan impairment on completion of the Company's internal processes and when all reasonably expected recoverable amounts have been collected. The timing and extent of write-offs may involve some element of subjective judgment. Nevertheless, a write-off will often be prompted by a specific event, such as the inception of insolvency proceedings or other formal recovery action, which makes it possible to establish that part or the entire advance, is beyond realistic prospect of recovery. Unlikely to pay factors include objective conditions such as bankruptcy, debt restructuring, fraud or death of the borrower. It also includes credit-related modifications of contractual cash flows due to significant financial difficulty. Assets that are written off may be subject to enforcement activity and if there is any recovery on such assets that is recognised as other income in the income statement.The contractual amount outstanding on financial assets that were written off during the year ended 31st March 2026 and that are still subject to enforcement activity is Rs. 62 Million (2024/25-Rs. 203 Million).

Reversals of impairment

If the amount of an impairment loss decreases in a subsequent period, and the decrease can be related objectively to an event occurring after the impairment was recognised, the excess is written-back by reducing the loan impairment allowance accordingly. The write-back is recognised in the income statement.

Purchase of credit-impaired (POCI) financial assets

POCI financial assets are assets that are credit-impaired on initial recognition. For POCI assets, lifetime ECL are incorporated into the calculation of the effective interest rate on initial recognition.

Consequently, POCI assets do not carry an impairment allowance on initial recognition. The amount recognised as a loss allowance subsequent to initial recognition is equal to the changes in lifetime ECL since initial recognition of the asset.

ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

Impairment losses on financial assets (Expected credit losses (ECL) on financial assets

The Company measures loss allowances using both lifetime ECL and 12-month ECL. When estimating ECL, the Company determines whether the credit risk of a financial asset has increased significantly since initial recognition. In regard to this, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessments including forward-looking information based various assumptions. As at the reporting date, the improvements in macro-economic conditions have been captured via the modelled outcome. Although the inputs and assumptions used in the ECL model, including forward looking macroeconomic assumptions, have been revised in response to current macro-economic conditions, the fundamental credit model mechanics and methodology underpinning the Company's calculation of ECL have remained consistent with prior periods.

The customer engagement driven collection effort which lead to improved recoveries, reduction in NPLs, decreased in PD ratios and re-assessment of stress testing scenarios and related assumptions arising from improved macro-economic conditions resulted in impairment reversals for the year.

Judgment Assumptions	Description	Consideration for 31st March 2026
Determining when a Significant Increase in Credit Risk (SICR) has occurred	In the measurement of ECL, judgment is involved in setting the rules and trigger points to determine whether there has been a SICR since initial recognition of a loan, lease, and hire purchase which would result in the financial asset moving from Stage 1 to Stage 02 . This is a key area of judgement since transition from Stage 1 to Stage 2 increases the ECL from 12 month ECL to life time ECL.	The Company has adopted 30 days past due as the point in which significant increase in credit risk occurs and 90 days past due as the point in which default occurs in line with the Finance Business Act Direction No 01 of 2020 on Classification & Measurement of Credit Facilities and SLFRS-9. Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred, usually at the point of default or individually assessed as impaired.
Measuring 12 month expected credit losses and lifetime expected credit losses	The Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) credit risk parameters used in determining ECL are point-in time measures reflecting the relevant forward looking information determined by management. Judgement is involved in determining which forward looking information variables are relevant for particular lending portfolios and for determining each portfolio's point in time sensitivity.	The PD, EAD and LGD models are subject to Company's policy on impairment assessment. There were no material changes to the policies during the year ended 31st March 2026. Current economic condition adjustments have been made as post model adjustments based on stress testing and historic patterns to better reflect the adequacy of ECL.
Base case economic forecast Probability weighting of each economic scenario (base case, best case and worse case scenarios)	The Company derives a forward looking base case economic scenario which reflects it's view of the most likely future macroeconomic conditions. Probability weighting of each economic scenario is determined by management considering the risks and uncertainties surrounding the base case economic scenario at each measurement date.	As at 31st March 2026, the base case assumptions have been updated to reflect the improved macro-economic conditions and economic forecasts provided by the Central Bank of Sri Lanka, and International Monitory Fund (IMF) have been used. The key consideration for probability weightings in the current period is the macro economic growth prospects. The assigned probability weightages are subjected to inherent uncertainties and therefore the actual outcome may be significantly different to those projected. **Scenario** / **2025/26** / **2024/25** Best Case / **5%** / 5% Base Case / **50%** / 35% Worse / **45%** / 60%
Post Model Adjustments	Temporary adjustments to the ECL allowance are used in circumstances where it is judged that the existing inputs, assumptions and model techniques do not capture all the risk factors relevant to Group's lending portfolio due to emerging local and global macroeconomic uncertainty and resultant volatility in the business environment that are not incorporated into the current parameters. The use of management overlay may impact the amount of ECL recognised.	Management has applied various scenario-based assessments to assess the potential loss on credit portfolio due to continued macro-economic uncertainties arising from external risks. The Company has stress tested the portfolio with different scenarios, shifting portfolios from existing stages to worst stages based on industry assumptions, adjusting the loss assumptions due to vehicle price volatility and extending the period of the future recovery cash flows to reflect possible regulatory delay of the recovery period. The potential downgrade of the credit portfolios significantly reduced in view of macro-economic recovery in the year 2025/26.

	Group		Company	
	2025/26	**2024/25**	**2025/26**	**2024/25**
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Impairment and other credit losses				
Charge/ (write back) on individually significant loans [Note 30.1 (a) & 31.3(a)]	**(192,470)**	(32,643)	**(192,470)**	(32,643)
Charge/ (write back) on individually not significant loans [Note 30.1 (b) & 31.3 (b)]	**(747,946)**	(1,850,345)	**(747,946)**	(1,850,345)
	(940,416)	(1,882,988)	**(940,416)**	(1,882,988)
Charge/ (write back) on other credit losses (Note 30.2 & 43.1)	**(7504)**	(70)	**(7,504)**	(70)
Charge/ (write back) on other assets (Note 42.1)	**161**	1,542	**161**	55
Charge/ (write back) on trade receivables (Note 32.1)	**606**	(2,878)	**-**	-
Charge/ (write back) on other financial assets (Note 26.1 & 29.1)	**(5,937)**	4,689	**(6,515)**	1,912
Charge/ (write back) on off balance sheet exposure	**(976)**	1320	**(976)**	1320
Net loss/(gain) arising from derecognition of lease and hire purchase measured at amortised cost	**(14,833)**	(23,190)	**(14,833)**	(23,190)
	(968,899)	(1,901,575)	**(970,083)**	(1,902,961)

Net (gain)/loss arising from derecognition of lease and hire purchase measured at amortised cost represents the net losses/ (gains) incurred on contracts after realisation of collateral of defaulted customers. This has been included under impairments and other credit losses in the Income Statement.

As at reporting date, there were off balance sheet exposures relating to loans and advances.

18. OPERATING EXPENSES

Accounting policy

Expenses

Expenses are recognised in the income statement on the basis of a direct association between the cost incurred and the earnings of specific items of income. All expenses incurred in the running of the business and in maintaining property, plant and equipment in a state of efficiency are charged to the income statement while interest and other expenses payable are recognised on an accrual basis.

Crop insurance levy

Section 14 of the Finance Act No. 12 of 2013 imposed a crop insurance levy on institutions under the purview of:

- Banking Act No. 30 of 1988.
- Finance Business Act No. 42 of 2011
- Regulation of Insurance Industry Act No. 43 of 2000

Accordingly, the Company is required to pay 1% of the profit after tax for a year of assessment to the National Insurance Trust Fund with effect from 1 April 2013.

	Group		Company	
	2025/26	**2024/25**	**2025/26**	**2024/25**
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Operating expenses include the following:				
Directors' emoluments	**353,431**	336,562	**294,959**	287,311
Legal expenses	**18,937**	21,065	**16,960**	19,199
Depreciation (Note 37.1)	**607,023**	481,378	**503,245**	380,042
Amortisation of intangible assets (Note 39.1)	**80,240**	79,874	**79,099**	78,728
Amortisation of right of use assets (Note 38.1)	**157,006**	135,898	**204,989**	169,797
Audit and related fees and expenses	**9,707**	8,443	**6,454**	5,770
Non-audit fees and expenses	**1,428**	1,557	**1,138**	1,160
Donations	**23,026**	8,726	**22,927**	8,693

19. PERSONNEL EXPENSES

Accounting Policy

See accounting policy in Note 46

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Employees' Provident Fund and Employees' Trust Fund are post-employment benefit plans under which an entity pay fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts.

All employees who are eligible for Employees' Provident Fund and Employees' Trust Fund are covered by relevant contribution funds in line with the respective statutes. Employer's contribution to the defined contribution plans are recognised as an expense in the income statement when incurred.

The Group contributes 12% and 3% of gross emoluments to employees as Provident Fund and Trust Fund contributions respectively. All employees of the Group are members of the Employees' Provident Fund.

	Group		*Company*	
	2025/26	**2024/25**	**2025/26**	**2024/25**
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Salaries and other benefits	**3,608,479**	3,000,793	**3,212,917**	2,657,929
Contributions to defined benefit plans (Note 19.1)	**359,985**	424,783	**323,559**	387,371
Contributions to defined contribution plans (Note 19.3)	**357,486**	305,980	**297,181**	253,515
	4,325,950	3,731,556	**3,833,657**	3,298,815

CONTRIBUTIONS TO DEFINED BENEFIT PANS - EMPLOYEE RETIREMENT BENEFIT EXPENSES

19.1. AMOUNTS RECOGNISED IN THE INCOME STATEMENT

	Group		*Company*	
	2025/26	**2024/25**	**2025/26**	**2024/25**
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Current service cost (Note 46)	**133,355**	112,142	**118,254**	97,576
Interest cost (Note 46)	**226,792**	312,846	**205,467**	290,000
Expected return on assets (Note 46)	**(162)**	(205)	**(162)**	(205)
	359,985	424,783	**323,559**	387,371

19.2. AMOUNTS RECOGNISED IN THE OTHER COMPREHENSIVE INCOME

	Group		*Company*	
	2025/26	**2024/25**	**2025/26**	**2024/25**
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Actuarial gains/(losses) due to changes in liability assumptions	**(56,727)**	187,557	**(78,883)**	213,771
Actuarial gains/(losses) due to changes in liability experience	**(158,200)**	(253,103)	**(158,504)**	(241,746)
	(214,927)	(65,546)	**(237,387)**	(27,975)
Actuarial gains/(losses) on plan assets	**(379)**	(400)	**(379)**	(400)
	(215,306)	(65,946)	**(237,766)**	(28,375)

19.3. CONTRIBUTIONS TO DEFINED CONTRIBUTION PLANS

	Group		Company	
	2025/26	**2024/25**	**2025/26**	**2024/25**
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Employer's contribution to employees' provident fund	**286,094**	245,110	**237,745**	203,136
Employer's contribution to employees' trust fund	**71,392**	60,870	**59,436**	50,379
	357,486	305,980	**297,181**	253,515

19.4. AMENDMENTS TO THE PROVISIONS OF MINIMUM AGE OF WORKERS ACT NO 28 OF 2021

With the implementation of the provisions of Minimum Age of Workers Act No 28 of 2021, the Company revised the minimum retirement age of its employees as follows.

Age of employee (As at 17th November 2021)	Minimum Retirement Age
54 or above and below 55 years	57 Years
53 or above and below 54 years	58 Years
52 or above and below 53 years	59 Years
Below 52 years	60 Years

20. SHARE OF PROFIT OF EQUITY ACCOUNTED INVESTEE, NET OF TAX

	Group	
	2025/26	**2024/25**
	Rs.'000	Rs.'000
Nations Trust Bank PLC	**4,217,857**	3,658,393
Tea Smallholder Factories PLC	**-**	6,383
	4,217,857	3,664,776

21. TAXES ON FINANCIAL SERVICES

Accounting policy

Value added tax on financial services

The value base for Value Added Tax (VAT) for the company is the adjusted accounting profit before tax and employee emoluments. The adjustment to the accounting profit before tax is for economic depreciation computed on prescribed rates as per the VAT Act. Value Added Tax Act No. 14 of 2002 (VAT Act) amended as passed in Parliament on March 24, 2022 & VAT rate on the supply of financial services by a specified institution or other person has been increased from 15% to 18% with effect from January 01,2022.

Social Security Contribution Levy

Social Security Contribution Levy (SSCL) Act No 25 of 2022 enacted on 20th September 2022 and the liable turnover is subjected to 2.5% SSCL tax with effect from 1st October 2022. As per the Act 100% of the value addition attributable for Financial Services will be liable for further SSCL tax of 2.5%.

	Group		Company	
	2025/26	**2024/25**	**2025/26**	**2024/25**
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Value Added Tax on financial services	**1,827,360**	1,822,474	**1,827,360**	1,822,474
Social security contribution levy on financial services	**253,778**	253,122	**253,778**	253,122
	2,081,138	2,075,596	**2,081,138**	2,075,596

22. INCOME TAX EXPENSE

Accounting Policy

Income tax expense comprises of current tax and deferred tax. Income tax expense is recognised in the income statement, except to the extent it relates to business combination and items recognised directly in Other Comprehensive Income (OCI), in which case it is recognised in OCI. The Group applied IFRIC 23 "Uncertainty Over Income Tax Treatment" (IFRIC 23) in determination of taxable profit, tax bases, unused tax losses, unused tax credits and tax rates when there is uncertainty over the income tax treatment. However, the application of IFRIC 23 did not have any significant impact on the financial statements of the Group to provide additional disclosures in the financial statements.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and these are disclosed in Note 57.

Current Taxation

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous year. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current income tax relating to items recognised directly in equity, is recognised in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns, with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Management has used its judgement on the application of tax law including transfer pricing regulation involving identification of associated undertaking, estimation of respective arm's length prices and selection of appropriate pricing mechanism.

Taxable profit is determined in accordance with the provisions of Inland Revenue Act No 10 of 2006 (amended) and Inland Revenue Act No 24 of 2017 and amendments thereto.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred Taxation

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

As per Inland Revenue Act No. 24 of 2017, which became effective from 01st April 2018, capital assets will attract tax at applicable rates on the gains at the time of disposal.

Deferred tax assets and liabilities are offset only if certain criteria are met.

22.1. AMOUNT RECOGNISED IN INCOME STATEMENT

Current tax expenses

	Group		Company	
	2025/26	**2024/25**	**2025/26**	**2024/25**
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Current tax charge for the year (Note 22.5)	**3,112,558**	2,912,428	**2,617,972**	2,526,171
Under provision for previous years (Note 22.5)	**128**	-	**-**	-
Over provision for previous years (Note 22.5)	**(79,783)**	(26,415)	**(79,781)**	(19,178)
Withholding tax on dividends of Group companies	**90,437**	82,669	**-**	-
	3,123,340	2,968,682	**2,538,191**	2,506,993
Deferred tax expense				
Deferred tax liabilities (Note 41)				
Originated/(Reversal) during the year (Note 41)	**302,279**	(34,579)	**309,777**	(32,787)
Deferred tax assets (Note 41)				
(Originated)/ Reversed during the year (Note 41)	**189,626**	720,001	**190,614**	707,332
	491,905	685,422	**500,391**	674,545
Income tax expense	**3,615,245**	3,654,104	**3,038,582**	3,181,538

22.2. AMOUNT RECOGNISED IN OCI

	Group		Company	
	2025/26	**2024/25**	**2025/26**	**2024/25**
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Deferred tax impact on loss on remeasurment of defined benefit liability (Note 41)	**(64,592)**	(19,784)	**(71,330)**	(8,513)
Deferred tax reversal recognised in OCI	**(64,592)**	(19,784)	**(71,330)**	(8,513)

22.3. The Company/ Group has computed the current tax payable at 30% for the Year of Assessment 2024/25 and 2025/26.

The Deferred tax asset/liability as at 31 March 2025 and 2026 have been computed at 30%

	Tax rate (%)	
	2025/26	**2024/25**
Central Finance Company PLC	**30**	30
Central Industries PLC	**30**	30
Central Developments Ltd.	**30**	30
Dehigama Hotels Company Ltd	**30**	30
Expanded Plastic Products (Pvt) Ltd	**30**	30
Central Transport & Travels Ltd	**30**	30
The Kandy Private Hospitals Ltd	**30**	30
CF Insurance Brokers (Pvt) Ltd	**30**	30
Central Homes (Pvt) Ltd	**30**	30
Hedges Court Residencies (Pvt) Ltd	**30**	30
CF Growth Fund Ltd	**30**	30
Central Mineral Industries (Private) Limited	**30**	30
	30	30

Dividend income of the Group is liable for withholding tax at 15% .

22.4. As per Part I : Sec. (I) of the Gazette notification issued on 25 October 2022 under Inland revenue act, No. 24 of 2017, Sub section(2) and (3) of Section 66 , the impairment charges of Stage 3 credit facilities classified as per the SriLanka Accounting Standards (SLFRS 9) have been considered as allowable deduction (after adjusting for specifications given under Sec 1 of Schedule 1 of the said Gazette notification).

22.5. A RECONCILIATION BETWEEN TAX EXPENSE AND THE PRODUCT OF ACCOUNTING PROFIT MULTIPLIED BY THE STATUTORY TAX RATE IS AS FOLLOWS:

	Group		Company	
	2025/26	2024/25	2025/26	2024/25
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Profit before tax	14,210,868	13,872,339	9,078,715	9,163,709
Share of profit of associates	(4,217,857)	(3,664,776)	-	-
Other consolidation adjustments	878,973	514,943	-	-
Accounting profit chargeable for income tax	10,871,984	10,722,506	9,078,715	9,163,709
Tax effect on chargeable profits 30%	3,261,595	3,216,751	2,723,615	2,749,113
Tax effect on allowable credits	(719,158)	(653,902)	(673,668)	(591,685)
Tax effect on exempt profits	(458,831)	(426,149)	(386,003)	(352,088)
Tax effect on non- deductible expenses	794,174	456,340	719,250	401,246
Tax effect on gains/(losses) on disposals	234,778	319,585	234,778	319,585
Tax effect on losses claimed	-	(197)	-	-
Charged to income statement (Note 22.1)	3,112,558	2,912,428	2,617,972	2,526,171
Under provision for previous years	128	-	-	-
Over provision for previous years	(79,783)	(26,415)	(79,781)	(19,178)
Temporary differences originated/(reversed) during the year - deferred tax liability (Note 41)	302,279	(34,579)	309,777	(32,787)
Temporary differences (originated)/reversed during the year - deferred tax asset (Note 41)	189,626	720,001	190,614	707,332
Withholding tax on dividends of Group companies	90,437	82,669	-	-
	3,615,245	3,654,104	3,038,582	3,181,538
Effective tax rate (excluding deferred tax)	28.63	27.16	28.84	27.57

22.6. CURRENT TAX ON PROFIT FOR THE YEAR

	Group	
	2025/26	2024/25
	Rs.'000	Rs.'000
Central Finance Company PLC	2,617,972	2,526,171
Central Industries PLC	279,425	220,199
Central Developments Ltd.	5,874	5,560
Dehigama Hotels Company Ltd.	16,224	15,249
Expanded Plastic Products (Pvt) Ltd.	448	529
Central Transport & Travels Ltd.	2,459	2,460
The Kandy Private Hospitals Ltd.	15,856	16,795
CF Insurance Brokers (Pvt) Ltd.	162,487	116,233
Central Homes (Pvt) Ltd.	1,298	1,428
Hedges Court Residencies (Pvt) Ltd.	36	50
CF Growth Fund Ltd.	10,480	7,754
	3,112,558	2,912,428

22.7. TAX LOSSES BROUGHT FORWARD AND UTILISED DURING THE YEAR

	Group	
	2025/26	2024/25
	Rs.'000	Rs.'000
Balance as at the beginning of the year	2,672	3,950
Losses originated during the year	261	-
Tax losses utilised during the year	-	(655)
Tax losses expired during the year	-	(623)
Tax losses carried forward	2,933	2,672

23. EARNINGS PER SHARE

Accounting Policy

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is determined by adjusting the profit or loss attributable to the ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees as per Sri Lanka Accounting Standard - LKAS 33 on "Earnings per Share".

23.1. BASIC EARNINGS PER SHARE (RS.)

	Group	
	2025/26	2024/25
Profit attributable to equity holders of the parent (Rs.000)	10,250,376	9,923,975
Weighted average number of ordinary shares used as denominator ('000)	227,354	227,354
Basic and diluted Earnings per Share (Rs.)	45.09	43.65

Weighted average number of ordinary shares for earnings per share

	Group	
	31.03.2026	31.03.2025
Number of shares at the beginning of the year	227,354,462	227,354,462
Weighted average number of shares at the end of the year	227,354,462	227,354,462

23.2. DILUTED EARNINGS PER SHARE

There was no dilution of ordinary shares outstanding. Therefore, diluted earnings per share is the same as basic earnings per share as shown in Note 23.1

24. DIVIDEND PER SHARE

	Group	
	2025/26	2024/25
	Rs.'000	Rs.'000
Dividends		
Paid:		
2025/26 -Rs. 2.75 (2024/25 -Rs. 2.75)	625,225	625,225
Proposed:		
2024/25 Final Rs. 3.75	-	852,579
2025/26 Final Rs. 3.75	852,579	-
	1,477,804	1,477,804
Dividend per share (Rs.) - Paid and proposed	6.50	6.50

Proposed Dividends

The Directors recommend that a final dividend of Rs.3.75 per share be paid in cash for the financial year ended 31st March 2026. (2024/25 - a cash dividend of Rs. 3.75 per share).

The final dividend is to be approved at the Annual General Meeting of the Company to be held on 30th June 2026. In accordance with Sri Lanka Accounting Standard – LKAS 10 on "Events after the reporting period", this final dividend has not been recognised as a liability as at 31st March 2026. The final dividend proposed amounts to Rs. 852.58 Million. (2024/25- Rs.852.58 Million).

25. ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS

The carrying amounts of financial instruments by category as defined in Sri Lanka Accounting Standard - SLFRS 9 "Financial Instruments" under headings of the statement of financial position are summarised below.

Classification of financial assets

The group used judgments when assessing of the business model within which the assets are held.

25.(A). ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS - COMPANY

	31.03.2026			*31.03.2025*		
	Fair Value through Profit or Loss	**Amortised Cost**	**Total Carrying Amount**	**Fair Value through Profit or Loss**	**Amortised Cost**	**Total Carrying Amount**
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Assets						
Cash and cash equivalents		**864,463**	**864,463**	-	874,621	874,621
Fair value through profit or loss financial assets	**1,904,352**	**-**	**1,904,352**	1,466,670	-	1,466,670
Securities bought under repurchase agreements	**-**	**6,322,443**	**6,322,443**	-	3,401,767	3,401,767
Financial assets at amortised cost - Debt and other financial instruments	**-**	**7,346,433**	**7,346,433**	-	17,597,353	17,597,353
Financial assets at amortised cost- Loans and receivables from customers	**-**	**21,444,964**	**21,444,964**	-	9,566,996	9,566,996
Financial assets at amortised cost- Net investment in leases and hire purchase	**-**	**83,377,069**	**83,377,069**	-	56,556,667	56,556,667
Other financial assets		**102,877**	**102,877**	-	77,825	77,825
Total financial assets	**1,904,352**	**119,458,249**	**121,362,601**	1,466,670	88,075,229	89,541,899
Liabilities						
Bank overdrafts	**-**	**572,306**	**572,306**	-	452,705	452,705
Financial liabilities at amortised cost - Deposits	**-**	**49,899,646**	**49,899,646**	-	42,122,280	42,122,280
Financial liabilities at amortised cost -Interest bearing borrowings	**-**	**20,685,082**	**20,685,082**	-	-	-
Lease liabilities	**-**	**960,572**	**960,572**	-	841,908	841,908
Other financial liabilities	**-**	**2,421,704**	**2,421,704**	-	1,389,917	1,389,917
Total financial liabilities	**-**	**74,539,310**	**74,539,310**	-	44,806,810	44,806,810

25.(B). ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS - GROUP

	31.03.2026			31.03.2025		
	Fair Value through Profit or Loss	Amortised Cost	Total Carrying Amount	Fair Value through Profit or Loss	Amortised Cost	Total Carrying Amount
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Assets						
Cash and cash equivalents	-	1,026,961	1,026,961	-	1,011,416	1,011,416
Fair value through profit or loss financial assets	2,194,171	-	2,194,171	1,807,449	-	1,807,449
Securities bought under repurchase agreements	-	6,322,443	6,322,443	-	3,401,767	3,401,767
Financial assets at amortised cost- Debt and other financial instruments	-	10,368,299	10,368,299	-	21,070,588	21,070,588
Financial assets at amortised cost- Loans and receivables from customers	-	21,447,200	21,447,200	-	9,574,069	9,574,069
Financial assets at amortised cost- Net investment in leases and hire purchase	-	83,377,069	83,377,069	-	56,556,667	56,556,667
Trade Receivable	-	1,976,643	1,976,643	-	1,419,590	1,419,590
Other financial assets	-	133,175	133,175	-	111,658	111,658
Total financial assets	2,194,171	124,651,790	126,845,961	1,807,449	93,145,755	94,953,204
Liabilities						
Bank overdrafts	-	581,565	581,565	-	464,813	464,813
Financial liabilities at amortised cost -Deposits	-	48,811,525	48,811,525	-	41,675,987	41,675,987
Financial liabilities at amortised cost -Interest bearing borrowings	-	20,685,082	20,685,082	-	4,444	4,444
Lease liabilities	-	752,003	752,003	-	601,993	601,993
Other financial liabilities	-	2,612,677	2,612,677	-	1,534,623	1,534,623
Total financial liabilities	-	73,442,852	73,442,852	-	44,281,860	44,281,860

26. CASH AND CASH EQUIVALENTS

Accounting policy

Cash and cash equivalents include cash in hand, demand placements with banks and highly liquid financial assets with original maturities within three months or less from the date of acquisition that are subject to an insignificant risk of changes in fair value and are used by the Group in the management of its short-term commitments. These items are brought to Financial Statements at face values or the gross values, where appropriate. There were no cash and cash equivalents held by the Group companies that were not available for use by the Group.

Bank overdrafts that are repayable on demand are also included as a component of cash and cash equivalents for the purpose of the cash flow statement.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

Refer Note 17 for the accounting policy on Expected Credit Loss.

Statement of cash flows

The statement of cash flows has been prepared using the direct method in accordance with Sri Lanka Accounting Standard 7 - Statement of Cash Flows. Cash and cash equivalents comprise cash in hand and balances with banks net of outstanding bank overdrafts.

	Group		*Company*	
	31.03.2026	**31.03.2025**	**31.03.2026**	**31.03.2025**
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cash in hand	**433,863**	339,363	**432,145**	336,815
Cash at bank	**354,754**	426,374	**193,972**	292,122
Savings deposits	**238,352**	245,692	**238,352**	245,692
Expected credit loss allowance(Note 26.1)	**(8)**	(13)	**(6)**	(8)
	1,026,961	1,011,416	**864,463**	874,621
Bank overdrafts	**(581,565)**	(464,813)	**(572,306)**	(452,705)
Cash and cash equivalents	**445,396**	546,603	**292,157**	421,916
Expected credit loss allowance	**8**	13	**6**	8
Cash and cash equivalents as per cash flow statement	**445,404**	546,616	**292,163**	421,924

26.1. MOVEMENT IN EXPECTED CREDIT LOSS ALLOWANCE

	Group		*Company*	
	31.03.2026	**31.03.2025**	**31.03.2026**	**31.03.2025**
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance at the beginning of the year	**13**	234	**8**	228
Charge /(write back) to income statement during the year	**(5)**	(221)	**(2)**	(220)
Balance at the end of the year	**8**	13	**6**	8

26.2. CREDIT AND MARKET RISK

Information about the Group's credit and market risks for financial assets are included in Note 7 to the financial statements.

Cash at Bank and Savings Deposits are held in Licensed Commercial Banks rated AA- (lka) to BBB (lka) rating by the external rating agencies.

27. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

Accounting Policy

See accounting policies in Note 4.3

Financial assets measured at FVTPL are measured initially at fair value and subsequently recorded in the statement of financial position at fair value. Changes in fair value are recognised in income statement.

	Group		*Company*	
	31.03.2026	**31.03.2025**	**31.03.2026**	**31.03.2025**
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Quoted securities (Note 27.1)	**746,755**	591,404	**725,864**	537,191
Unquoted equities (Note 27.2)	**179,538**	167,822	**177,344**	165,505
Investment in units (Note 27.3)	**1,267,878**	1,048,223	**1,001,144**	763,974
	2,194,171	1,807,449	**1,904,352**	1,466,670

27.1. INVESTMENTS IN QUOTED SECURITIES

	Group						Company					
	No. of Shares 31.03.2026	**Cost 31.03.2026**	**Market Value 31.03.2026**	**No. of Shares 31.03.2025**	**Cost 31.03.2025**	**Market Value 31.03.2025**	**No. of Shares 31.03.2026**	**Cost 31.03.2026**	**Market Value 31.03.2026**	**No. of Shares 31.03.2025**	**Cost 31.03.2025**	**Market Value 31.03.2025**
		Rs.'000	Rs.'000		Rs.'000	Rs.'000		Rs.'000	Rs.'000		Rs.'000	Rs.'000
Banks												
Commercial Bank of Ceylon PLC	**1,467,689**	**130,872**	**299,775**	1,450,797	128,406	213,994	**1,467,689**	**130,872**	**299,775**	1,450,797	128,406	213,994
Commercial Bank of Ceylon PLC (Non-voting)	**163,683**	**14,257**	**32,246**	161,550	13,982	20,274	**163,683**	**14,257**	**32,246**	161,550	13,982	20,274
Hatton National Bank PLC	**78,112**	**13,104**	**32,084**	78,112	13,104	23,824	**78,112**	**13,104**	**32,084**	78,112	13,104	23,824
National Development Bank PLC	**282,777**	**33,553**	**36,761**	282,777	33,553	30,257	**282,777**	**33,553**	**36,761**	282,777	33,553	30,257
Sampath Bank PLC	**261,222**	**22,892**	**37,942**	261,222	22,892	32,000	**261,222**	**22,892**	**37,942**	261,222	22,892	32,000
		214,678	**438,808**		211,937	320,349		**214,678**	**438,808**		211,937	320,349
Capital goods												
Hemas Holdings PLC	**3,901,475**	**74,256**	**115,484**	780,295	74,256	93,635	**3,895,000**	**74,183**	**115,292**	779,000	74,183	93,480
John Keells Holdings PLC	**830,520**	**14,438**	**15,282**	830,520	14,438	16,776	**830,520**	**14,438**	**15,282**	830,520	14,438	16,776
Lanka Tiles PLC	**102,000**	**7,726**	**4,661**	102,000	7,726	5,171	**-**	**-**	**-**	-	-	-
Lanka Walltiles PLC	**125,000**	**9,914**	**5,750**	125,000	9,914	6,313	**-**	**-**	**-**	-	-	-
Royal Ceramics Lanka PLC	**61,586**	**2,641**	**2,648**	334,586	15,521	12,380	**-**	**-**	**-**	-	-	-
Vallibel One PLC	**-**	**-**	**-**	200,000	15,370	11,780	**-**	**-**	**-**	-	-	-
		108,975	**143,825**		137,225	146,055		**88,621**	**130,574**		88,621	110,256
Consumer durables and apparel												
Hela Apparal Holdings PLC	**-**	**-**	**-**	3,800	57	14	**-**	**-**	**-**	-	-	-
Diversified financials												
LOLC Holdings PLC	**10,500**	**5,886**	**5,562**	17,984	9,965	10,696	**-**	**-**	**-**	-	-	-
Sarvodaya Development Finance PLC	**100**	**2**	**3**	100	2	2	**-**	**-**	**-**	-	-	-
		5,888	**5,565**		9,967	10,698		**-**	**-**		-	-

	Group						Company					
	No. of Shares 31.03.2026	Cost 31.03.2026	Market Value 31.03.2026	No. of Shares 31.03.2025	Cost 31.03.2025	Market Value 31.03.2025	No. of Shares 31.03.2026	Cost 31.03.2026	Market Value 31.03.2026	No. of Shares 31.03.2025	Cost 31.03.2025	Market Value 31.03.2025
		Rs.'000	Rs.'000		Rs.'000	Rs.'000		Rs.'000	Rs.'000		Rs.'000	Rs.'000
Food Beverage & Tobacco												
Ceylon Cold Stores PLC	**510,000**	**36,784**	**52,530**	510,000	36,784	41,820	**510,000**	**36,784**	**52,530**	510,000	36,784	41,820
Browns Investments PLC	**340,000**	**2,862**	**2,075**	1,055,000	11,149	7,702	**-**	**-**	**-**	-	-	-
		39,646	**54,605**		47,933	49,522		**36,784**	**52,530**		36,784	41,820
Materials												
Tokyo Cement Company (Lanka) PLC	**424,003**	**30,511**	**37,694**	424,003	30,511	33,496	**424,003**	**30,511**	**37,694**	424,003	30,511	33,496
Telecommunication Services												
Dialog Axiata PLC	**2,186,733**	**27,063**	**66,258**	2,186,733	27,063	31,270	**2,186,733**	**27,063**	**66,258**	2,186,733	27,064	31,270
		426,761	**746,755**		464,693	591,404		**397,657**	**725,864**		394,917	537,191

27.2. INVESTMENTS IN UNQUOTED SECURITIES

	Group						Company					
	No. of Shares 31.03.2026	Cost 31.03.2026	Market Value 31.03.2026	No. of Shares 31.03.2025	Cost 31.03.2025	Market Value 31.03.2025	No. of Shares 31.03.2026	Cost 31.03.2026	Market Value 31.03.2026	No. of Shares 31.03.2025	Cost 31.03.2025	Market Value 31.03.2025
		Rs.'000	Rs.'000		Rs.'000	Rs.'000		Rs.'000	Rs.'000		Rs.'000	Rs.'000
Credit Information Bureau of Sri Lanka.	**4,827**	**637**	**134,705**	4,827	637	125,084	**4,827**	**637**	**134,705**	4,827	637	125,084
Finance Houses Consortium (Pvt) Ltd.	**20,000**	**200**	**1,372**	20,000	200	1,237	**20,000**	**200**	**1,372**	20,000	200	1,237
National Credit Guarantee Institution Limited	**3,778,618**	**37,786**	**41,267**	3,778,618	37,786	39,184	**3,778,618**	**37,786**	**41,267**	3,778,618	37,786	39,184
Rajawella Holdings (Pvt) Ltd.	**54,600**	**546**	**2,194**	54,600	546	2,317	**-**	**-**	**-**	-	-	-
Telshan Network (Pvt) Ltd.	**972,000**	**9,720**	**-**	972,000	9,720	-	**972,000**	**9,720**	**-**	972,000	9,720	-
		48,889	**179,538**		48,889	167,822		**48,343**	**177,344**		48,343	165,505

A relative valuation methodology may not be considered for the fair value calculation of these unquoted investments, due to limitation in obtaining comparable peers for targets, strategic direction of targets, access to the management information and difficulties in forecasting cashflows owing to lack of understanding about financial line items (revenue drivers and cost drivers generating cash flows, working capital management policy).

Due to the above, Fair value of unquoted investments is based on net asset value per share basis based on the valuation performed as per the latest financial statements of the respective companies.

The above fair value through profit or loss financial assets are measured at fair value through profit or loss upon initial recognition.

27.3. INVESTMENT IN UNITS

	Group						Company					
	No. of Units 31.03.2026	Cost 31.03.2026	Fair Value 31.03.2026	No. of Units 31.03.2025	Cost 31.03.2025	Fair Value 31.03.2025	No. of Units 31.03.2026	Cost 31.03.2026	Fair Value 31.03.2026	No. of Units 31.03.2025	Cost 31.03.2025	Fair Value 31.03.2025
		Rs.'000	Rs.'000		Rs.'000	Rs.'000		Rs.'000	Rs.'000		Rs.'000	Rs.'000
Unit Trusts												
Capital Alliance Limited Investment Grade Fund.	**4,390,148**	**167,427**	**174,511**	5,402,573	187,794	196,557	**-**	**-**	**-**	-	-	-
JE Vantage Value Equity Fund.	**1,513,835**	**65,000**	**114,661**	1,513,835	65,000	87,956	**1,513,835**	**65,000**	**114,661**	1,513,835	65,000	87,956
Senfin Growth Fund	**29,651,594**	**400,000**	**706,301**	29,651,594	400,000	540,548	**29,651,594**	**400,000**	**706,301**	29,651,594	400,000	540,548
Senfin Dividend Fund.	**9,161,999**	**104,439**	**180,182**	8,877,841	100,000	135,470	**9,161,999**	**104,439**	**180,182**	8,877,841	100,000	135,470
NDB Wealth Money Plus Fund.	**1,774,461**	**73,035**	**75,489**	2,333,986	79,278	83,654	**-**	**-**	**-**	-	-	-
NDB Wealth Money Fund.	**13,299**	**453**	**513**	102,343	1,674	4,038	**-**	**-**	**-**	-	-	-
NDB Wealth Income Fund.	**459,581**	**15,995**	**16,221**	-	-	-	**-**	**-**	**-**	-	-	-
		826,349	**1,267,878**		833,746	1,048,223		**569,439**	**1,001,144**		565,000	763,974

The Group/Company has not pledged any investments in quoted and unquoted securities measured at FVTPL as at 31.03.2026 and 31.03.2025.

The above fair value through profit or loss financial assets are measured at fair value through profit or loss upon initial recognition.

28. SECURITIES BOUGHT UNDER REPURCHASE AGREEMENTS

Accounting Policy

See accounting policies in Note 4.3

Securities purchased under agreements to re-sell at a specified future date are recognised in the Statement of Financial Position. The consideration paid, including accrued interest, is recorded in the Statement of Financial Position, reflecting the transaction's economic substance as a loan by the Group. The difference between the purchase and resale prices is recorded in "interest income" and is accrued over the life of the agreement using the EIR.

	Group		Company	
	31.03.2026	31.03.2025	31.03.2026	31.03.2025
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
At amortised cost	**6,322,443**	3,401,767	**6,322,443**	3,401,767
	6,322,443	3,401,767	**6,322,443**	3,401,767

28.1. The securities refer to financial assets collateralised by government securities denominated in local currency. Above investments have maturities within one year. No ECL is recognised against these securities.

28.2. CREDIT AND MARKET RISK

Information about the Group's credit and market risks for financial assets are included in Note 7 to the financial statements.

29. FINANCIAL ASSETS AT AMORTISED COST - DEBT AND OTHER FINANCIAL INSTRUMENTS

Accounting Policy

See accounting policies in Note 4.3 and 17.

As per SLFRS 9 – "Financial Investments" are measured at amortised cost if it meets both of the following conditions and is not designated at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, these are subsequently measured at amortised cost (gross carrying amount using the EIR, less provision for impairment). Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. The amortisation is included in "interest income" while the losses arising from impairment are recognised in "impairment and other credit losses" in the Income Statement.

	Group		*Company*	
	31.03.2026	**31.03.2025**	**31.03.2026**	**31.03.2025**
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Deposits with banks at amortised cost	**1,068,031**	1,812	**1,068,031**	-
Deposits with financial institutions at amortised cost	**879,429**	1,206,052	**-**	290,735
Investment in treasury bonds (LCY) at amortised cost	**194,716**	193,456	**-**	-
Investment in treasury bills (LCY) at amortised cost	**-**	7,792,432	**-**	7,079,311
Debentures at amortised cost	**6,639,773**	7,593,313	**5,189,382**	6,142,947
Securitised and commercial papers at amortised cost	**1,598,906**	4,302,011	**1,097,868**	4,099,721
	10,380,855	21,089,076	**7,355,281**	17,612,714
Expected credit loss allowance (Note 29.1)	**(12,556)**	(18,488)	**(8,848)**	(15,361)
	10,368,299	21,070,588	**7,346,433**	17,597,353

29.1. MOVEMENT IN EXPECTED CREDIT LOSS ALLOWANCE

	Group		*Company*	
	31.03.2026	**31.03.2025**	**31.03.2026**	**31.03.2025**
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance at the beginning of the year	**18,488**	13,578	**15,361**	13,229
Charge / (write back) to income statement during the year	**(5,932)**	4,910	**(6,513)**	2,132
Balance at the end of the year	**12,556**	18,488	**8,848**	15,361
Receivable within one year	**5,438,977**	13,533,767	**4,159,667**	11,699,492
Receivable after one year	**4,941,878**	7,555,309	**3,195,614**	5,913,222
	10,380,855	21,089,076	**7,355,281**	17,612,714

29.2. CREDIT AND MARKET RISK

Information about the Group's credit and market risks for financial assets are included in Note 7 to the financial statements.

30. FINANCIAL ASSETS AT AMORTISED COST- LOANS AND RECEIVABLES FROM CUSTOMERS

Accounting Policy

See accounting policies in Notes 4.3 and 17.

Loans to and receivables from customers include loans and advances of the Group. The accounting policy pertaining to financial assets measured at amortised cost - loans and advances to customers has been given in Note 4.3.3.d to the financial statements.

Financial assets measured at amortised cost - loans and advances to customers include loans and advances and lease and hire purchase receivables of the Company. As per SLFRS 9, loans and advances to customers are assets that are;

- Held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows, that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

Principal amount of loans and advances are recognised when cash is advanced to a borrower. They are derecognised when either the borrower repays its obligations, or the loans are written-off, or substantially all the risks and rewards of ownership are transferred. They are initially recorded at fair value plus any directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest method, less any reduction for impairment or uncollectibility.

Loans and receivables from other customers are normally written off, either partially or in full, when there is no realistic prospect of recovery and all possible steps have been executed in recovering dues. Where loans are secured, this is generally after receipt of any proceeds from the realisation of the security. If the write-off is later recovered, the recovery is credited to other income.

Furthermore, as per Section 4.3.1. (i) of the Finance Business Act Direction No. 1 of 2020, effective from 1 April 2025, any credit facility classified as a Non-Performing Loan (NPL) either by exceeding 90 days past due or based on potential credit risk cannot be reclassified as performing until the principal and interest in arrears are fully paid or upon confirmation of the satisfactory performance of the credit facility under potential risk. The Company early adopted Section 4.3.1. (i) for reclassification of non-performing loans (NPLs) to performing loans (PLs) and applied for Stage-3 loans classification for the purpose of computation of Expected Credit Loss (ECL) as of 31st March 2025 and 2026.

The Company considers that significant increase in credit risk occurs when contractual payments are more than 30 days past due (facilities more than 30 days past due classify as Stage 2) and default is presumed at more than 90 days past due (facilities more than 90 days past due classify as Stage 3) in line with the Finance Business Act Direction No. 1 of 2020 and SLFRS 09. The Company has aligned its business model, internal risk management practices, and recovery monitoring and follow-up procedures with the definition outlined in Finance Business Act Direction No. 1 of 2020.

	Group		*Company*	
	31.03.2026	**31.03.2025**	**31.03.2026**	**31.03.2025**
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Term loans and auto loans	**21,499,829**	9,838,540	**21,499,829**	9,838,540
Loans against fixed deposits	**659,905**	500,046	**661,925**	500,046
Housing and real estate receivables	**2,470**	4,152	**2,470**	4,152
Loans to employees	**137,447**	138,427	**133,191**	131,354
	22,299,651	10,481,165	**22,297,415**	10,474,092
Impairment for individually significant loans [Note 30.1 (a)]	**(459,735)**	(578,286)	**(459,735)**	(578,286)
Impairment for individually not significant loans [Note 30.1 (b)]	**(390,246)**	(324,658)	**(390,246)**	(324,658)
Other credit losses [Note 30.2]	**(2,470)**	(4,152)	**(2,470)**	(4,152)
	21,447,200	9,574,069	**21,444,964**	9,566,996
Receivable within one year	**10,906,223**	5,393,764	**10,906,533**	5,390,513
Receivable after one year	**11,393,428**	5,087,401	**11,390,882**	5,083,579
	22,299,651	10,481,165	**22,297,415**	10,474,092

30.1.(A). MOVEMENT IN IMPAIRMENT FOR INDIVIDUALLY SIGNIFICANT LOANS

	Group		Company	
	31.03.2026	31.03.2025	31.03.2026	31.03.2025
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance at the beginning of the year	**578,286**	734,081	**578,286**	734,081
Charge /(write back) to the income statement during the year	**(118,551)**	(53,526)	**(118,551)**	(53,526)
Write off of impaired loans	**-**	(102,269)	**-**	(102,269)
Balance at the end of the year	**459,735**	578,286	**459,735**	578,286

30.1.(B). MOVEMENT IN IMPAIRMENT FOR INDIVIDUALLY NOT SIGNIFICANT LOANS

	Group		Company	
	31.03.2026	31.03.2025	31.03.2026	31.03.2025
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance at the beginning of the year	**324,658**	364,899	**324,658**	364,899
Charge /(write back) to the income statement during the year	**80,277**	(9,403)	**80,277**	(9,403)
Write off of impaired loans	**(14,689)**	(30,838)	**(14,689)**	(30,838)
Balance at the end of the year	**390,246**	324,658	**390,246**	324,658
Total impairment provision	**849,981**	902,944	**849,981**	902,944

30.2. OTHER CREDIT LOSSES

	Group		Company	
	31.03.2026	31.03.2025	31.03.2026	31.03.2025
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance at the beginning of the year	**4,152**	4,222	**4,152**	4,222
Charge / (write back) to the income statement during the year	**(1,682)**	(70)	**(1,682)**	(70)
Balance at the end of the year	**2,470**	4,152	**2,470**	4,152

Refer Note 7.3.7 for the movement in gross loans and receivables during the year allocated to each stage.

31. FINANCIAL ASSETS AT AMORTISED COST - NET INVESTMENT IN LEASES AND HIRE PURCHASE

See accounting policies in Notes 4.3 and 17.

Net investments in leases and hire purchases include lease and hire purchase receivables of the Company.

When the Company is the lessor in a lease agreement that transfers substantially all of the risk and rewards incidental to the ownership of the asset to the lessee, the arrangement is classified as a finance lease and a receivable equal to the net investment in the lease is recognised.

When the Company entered in to a hire purchase agreement with the customer that transfers substantially all of the risk and rewards incidental to the ownership of the asset to the hirer, and such arrangement is classified as a hire purchase and a receivables equal to the net investment in hire purchase is recognised.

	Group		Company	
	31.03.2026	31.03.2025	31.03.2026	31.03.2025
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Lease receivables [Note 31.1]	**63,790,853**	58,917,695	**63,790,853**	58,917,695
Hire purchase receivables [Note 31.2]	**20,974,055**	4,590	**20,974,055**	4,590
	84,764,908	58,922,285	**84,764,908**	58,922,285
Impairment for individually significant loans [Note 31.3(a)]	**(111,971)**	(185,890)	**(111,971)**	(185,890)
Impairment for individually not significant loans [Note 31.3(b)]	**(1,275,868)**	(2,179,728)	**(1,275,868)**	(2,179,728)
	83,377,069	56,556,667	**83,377,069**	56,556,667

31.1. LEASE RECEIVABLES

	Group		Company	
	31.03.2026	**31.03.2025**	**31.03.2026**	**31.03.2025**
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Gross rental receivables	**82,899,832**	76,172,067	**82,899,832**	76,172,067
Unearned interest income	**(20,661,273)**	(18,913,659)	**(20,661,273)**	(18,913,659)
	62,238,559	57,258,408	**62,238,559**	57,258,408
Amounts receivable from lessees	**2,160,672**	2,253,399	**2,160,672**	2,253,399
Rentals received in advance	**(608,378)**	(594,112)	**(608,378)**	(594,112)
	63,790,853	58,917,695	**63,790,853**	58,917,695

31.2. HIRE PURCHASE RECEIVABLES

	Group		Company	
	31.03.2026	**31.03.2025**	**31.03.2026**	**31.03.2025**
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Gross rental receivable	**28,678,975**	-	**28,678,975**	-
Unearned interest income	**(7,859,444)**	-	**(7,859,444)**	-
	20,819,531	-	**20,819,531**	-
Amounts receivable from hirers	**204,604**	4,590	**204,604**	4,590
Rentals received in advance	**(50,080)**	-	**(50,080)**	-
	20,974,055	4,590	**20,974,055**	4,590

31.3.(A). MOVEMENT IN IMPAIRMENT FOR INDIVIDUALLY SIGNIFICANT LEASES/ HIRE PURCHASE

	Group		Company	
	31.03.2026	**31.03.2025**	**31.03.2026**	**31.03.2025**
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance at the beginning of the year	**185,890**	165,007	**185,890**	165,007
Charge / (write back) to the income statement during the year	**(73,919)**	20,883	**(73,919)**	20,883
Balance at the end of the year	**111,971**	185,890	**111,971**	185,890

31.3.(B). MOVEMENT IN IMPAIRMENT FOR INDIVIDUALLY NOT SIGNIFICANT LEASE/ HIRE PURCHASE

	Group		Company	
	31.03.2026	**31.03.2025**	**31.03.2026**	**31.03.2025**
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance at the beginning of the year	**2,179,728**	4,314,875	**2,179,728**	4,314,875
Charge /(write back) to the income statement during the year	**(828,223)**	(1,840,942)	**(828,223)**	(1,840,942)
Write off of impaired loans	**(75,637)**	(294,205)	**(75,637)**	(294,205)
Balance at the end of the year	**1,275,868**	2,179,728	**1,275,868**	2,179,728
Total impairment provision	**1,387,839**	2,365,618	**1,387,839**	2,365,618

The customer engagement driven collection efforts which led to improved recoveries and significant reduction in non-performing loans, improved probability of default ratios (PDs) compared to prior periods, re-assessment of stress testing scenarios and related assumptions driven by macro-economic recovery and resultant reversal of management overlay resulted in impairment reversal for the year.

	Group		*Company*	
	31.03.2026	**31.03.2025**	**31.03.2026**	**31.03.2025**
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Rentals receivable on lease and hire purchase				
Not later than one year				
Gross rentals receivables	**39,949,110**	30,553,124	**39,949,110**	30,553,124
Unearned interest income	**(12,309,158)**	(8,950,614)	**(12,309,158)**	(8,950,614)
Rentals received in advance	**(33,780)**	(57,965)	**(33,780)**	(57,965)
	27,606,172	21,544,546	**27,606,172**	21,544,546
Later than one year and not later than five years				
Gross rentals receivables	**73,294,436**	47,196,048	**73,294,436**	47,196,048
Unearned interest income	**(16,162,263)**	(9,914,765)	**(16,162,263)**	(9,914,765)
Rentals received in advance	**(522,297)**	(410,027)	**(522,297)**	(410,027)
	56,609,875	36,871,256	**56,609,875**	36,871,256
Later than five years				
Gross rentals receivables	**700,537**	680,884	**700,537**	680,884
Unearned interest income	**(49,295)**	(48,280)	**(49,295)**	(48,280)
Rentals received in advance	**(102,381)**	(126,121)	**(102,381)**	(126,121)
	548,862	506,483	**548,862**	506,483
Total receivables on leases and hire purchase	**84,764,908**	58,922,285	**84,764,908**	58,922,285
Maturity analysis of lease and hire purchase receivables on undiscounted basis				
Not later than one year	**39,949,110**	30,553,123	**39,949,110**	30,553,123
More than one year not later than two years	**29,260,500**	21,603,421	**29,260,500**	21,603,421
More than two years not later than three years	**21,596,089**	13,873,284	**21,596,089**	13,873,284
More than three years not later than four years	**14,321,842**	8,089,724	**14,321,842**	8,089,724
More than four years not later than five years	**8,116,004**	3,629,619	**8,116,004**	3,629,619
More than five years	**700,537**	680,884	**700,537**	680,884
Total	**113,944,083**	78,430,055	**113,944,083**	78,430,055

32. TRADE RECEIVABLES

See accounting policies in Not 4.3 and 17.

	Group		Company	
	31.03.2026	31.03.2025	31.03.2026	31.03.2025
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Trade receivables	**2,021,961**	1,466,636	-	-
Expected credit loss allowance(Note 32.1)	**(45,318)**	(47,046)	-	-
	1,976,643	1,419,590	-	-

32.1. MOVEMENT IN EXPECTED CREDIT LOSS ALLOWANCE

	Group		Company	
	31.03.2026	31.03.2025	31.03.2026	31.03.2025
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance at the beginning of the year	**47,046**	50,142	-	-
Charge / (write back) to income statement during the year	**606**	(2,878)	-	-
Write off during the year	**(2,334)**	(218)	-	-
Balance at the end of the year	**45,318**	47,046	-	-

Trade receivables have maturities within one year.

33. INVESTMENTS IN SUBSIDIARIES

Accounting policy

See accounting policies in Note 4.1

Recognition and measurement

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commenced until the date on which control ceases.

Investments in subsidiaries are recognized at cost of acquisition and thereafter it is carried at cost less any impairment losses in the separate financial statements of the Company. The net assets of each subsidiary are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the recoverable amount of the investment is estimated and the impairment loss is recognised to the extent of its net assets loss.

	Principal business activities	Principal place of business	% Holding				No. of Shares		Cost		Market Value/Directors' Valuation	
			Group		Company		Company		Company			
			31.03.2026	31.03.2025	31.03.2026	31.03.2025	31.03.2026	31.03.2025	31.03.2026	31.03.2025	31.03.2026	31.03.2025
									Rs.'000	Rs.'000	Rs.'000	Rs.'000
Quoted investments												
Central Industries PLC	Manufacture and distribution of PVC pipes and fittings	Sri Lanka	**49.98%**	49.98%	**44.06%**	44.06%	**10,660,944**	10,660,944	**189,400**	189,400	**2,185,494**	1,561,828
Unquoted investments												
Central Developments Limited	Investment company	Sri Lanka	**99.99%**	99.99%	**39.79%**	39.79%	**5,289,972**	5,289,972	**52,900**	52,900	**166,528**	152,948
Dehigama Hotels Company Limited	Renting of commercial property	Sri Lanka	**79.69%**	79.69%	**79.69%**	79.69%	**659,854**	659,854	**7,443**	7,443	**491,494**	485,974
Expanded Plastic Products (Private) Limited	Investment company	Sri Lanka	**99.99%**	99.99%	**40.00%**	40.00%	**2,559,967**	2,559,967	**25,600**	25,600	**34,428**	33,998
Central Mineral Industries(Private) Limited.	Manufacture of mineral products	Sri Lanka	**100.00%**	99.99%	**39.99%**	39.99%	**139,979**	139,979	**1,400**	1,400	**28,960**	29,090
Central Transport and Travels Limited	Hiring of vehicles	Sri Lanka	**100.00%**	99.99%	**39.64%**	39.64%	**1,169,000**	1,169,000	**11,690**	11,690	**51,814**	48,607
CF Growth Fund Limited	Investment company	Sri Lanka	**99.99%**	99.99%	**39.87%**	39.87%	**6,500,000**	6,500,000	**65,000**	65,000	**2,213,487**	1,487,112
The Kandy Private Hospitals Limited	Provision of healthcare services	Sri Lanka	**66.74%**	66.74%	**37.00%**	37.00%	**203,700**	203,700	**2,363**	2,363	**219,961**	213,823
CF Insurance Brokers (Private) Limited	Insurance broking	Sri Lanka	**100.00%**	99.99%	**40.00%**	40.00%	**4,949,997**	4,949,997	**49,500**	49,500	**3,312,827**	2,375,120
Central Homes (Private) Limited	Property development and sale of real estate	Sri Lanka	**100.00%**	99.99%	**38.48%**	38.48%	**1,315,000**	1,315,000	**13,151**	13,151	**25,045**	24,299
Hedges Court Residencies (Private) Limited	Construction and sale of apartments	Sri Lanka	**100.00%**	100.00%	**40.00%**	40.00%	**2,000,000**	2,000,000	**20,000**	20,000	**-**	-
									438,447	438,447	**8,730,037**	6,412,749
Provision for impairment in investments in subsidiaries (Note 33.1)									**(53,575)**	(30,468)		
Net investment in subsidiary companies									**384,872**	407,979		

"* Central Industries PLC, a quoted public Company listed on the Colombo Stock Exchange, is consolidated as a subsidiary company with a group equity investment of 49.98% taking into account the fact that the Group possesses power over the investee and is able to decide the variable return of the investee.

** Fair value of unquoted investments is based on net asset value per share basis based on audited financial statements of respective Companies.

*** There are no significant restrictions on the ability of the subsidiaries to transfer funds to the other entities within the Group in the form of cash dividends or repayment of loans and advances. All subsidiaries of the Group as at the reporting date have been incorporated in Sri Lanka.

33.1. PROVISION FOR IMPAIRMENT IN INVESTMENTS IN SUBSIDIARIES

	Company	
	31.03.2026	**31.03.2025**
	Rs.'000	Rs.'000
Hedges Court Residencies (Private) Limited	**20,000**	20,000
Expanded Plastic Products (Private) Limited	**25,600**	7,000
Central Homes (Private) Limited	**6,575**	3,468
Central Mineral Industries(Private) Limited	**1,400**	-
	53,575	30,468

The Board of Directors has assessed the potential impairment loss of investment in subsidiaries as at 31 March 2026. Based on the assessment, except for the above companies , no impairment provision was required to be made in the financial statements as at the reporting date.

33.2. NON-CONTROLLING INTEREST (NCI) IN SUBSIDIARIES

Subsidiary	*% of ownership and voting rights held by NCI As at*		*Share of income of NCI For the year ended*		*Share of other comprehensive income of NCI For the year ended*		*Share of total comprehensive income of NCI For the year ended*		*Non -controlling interest (NCI) As at*		*Cash dividends paid to NCI For the year ended*	
	31.03.2026	**31.03.2025**	**31.03.2026**	**31.03.2025**	**31.03.2026**	**31.03.2025**	**31.03.2026**	**31.03.2025**	**31.03.2026**	**31.03.2025**	**31.03.2026**	**31.03.2025**
			Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Central Industries PLC	**50.02%**	50.02%	**325,538**	273,821	**1,329**	1,085	**326,867**	274,906	**2,447,342**	2,193,075	**72,600**	72,600
Dehigama Hotels Company Ltd.	**20.31%**	20.31%	**7,623**	7,253	**-**	-	**7,623**	7,253	**125,256**	123,857	**6,224**	6,392
Kandy Private Hospitals Ltd.	**33.26%**	33.26%	**12,086**	13,186	**(147)**	(8)	**11,939**	13,178	**197,724**	192,193	**6,408**	608
			345,247	294,260	**1,182**	1,077	**346,429**	295,337	**2,770,322**	2,509,125	**85,232**	79,600

33.3. SUMMARISED FINANCIAL INFORMATION OF SUBSIDIARIES

	Revenue		*Profit/(loss) after tax*		*Other comprehensive Income*	
For the year ended	**31.03.2026**	**31.03.2025**	**31.03.2026**	**31.03.2025**	**31.03.2026**	**31.03.2025**
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Central Industries PLC	**6,623,662**	5,313,102	**650,370**	547,869	**2,656**	2,169
Central Developments Limited	**40,354**	37,367	**34,117**	31,543	**35**	30
Dehigama Hotels Company Limited	**56,400**	47,505	**37,533**	35,711	**-**	-
Expanded Plastic Products (Private) Limited	**1,806**	2,097	**752**	1,276	**323**	196
Central Mineral Industries(Private) Limited.	**23,722**	33,976	**110**	525	**64**	5
Central Transport and Travels Limited	**13,902**	9,255	**8,062**	6,238	**30**	40
CF Growth Fund Limited	**134,096**	116,765	**123,630**	107,068	**1,660,753**	1,543,674
The Kandy Private Hospitals Limited	**158,031**	165,670	**36,339**	39,645	**439**	(23)
CF Insurance Brokers (Private) Limited	**444,755**	309,132	**410,952**	397,033	**1,967,347**	1,676,117
Central Homes (Private) Limited	**4,612**	5,076	**1,940**	3,335	**-**	-
Hedges Court Residencies (Private) Limited	**119**	167	**(918)**	(407)	**-**	-

	Current assets		*Non-current assets*		*Total assets*	
	31.03.2026	**31.03.2025**	**31.03.2026**	**31.03.2025**	**31.03.2026**	**31.03.2025**
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Central Industries PLC	**4,247,951**	3,575,603	**1,476,726**	1,487,482	**5,724,677**	5,063,085
Central Developments Limited	**263,188**	226,899	**158,825**	158,775	**422,013**	385,674
Dehigama Hotels Company Limited	**90,227**	77,244	**764,000**	764,000	**854,227**	841,244
Expanded Plastic Products (Private) Limited	**22,335**	21,282	**64,644**	64,182	**86,979**	85,464
Central Mineral Industries(Private) Limited.	**8,858**	13,117	**100,177**	101,369	**109,035**	114,486
Central Transport and Travels Limited	**95,611**	85,429	**38,195**	38,153	**133,806**	123,582
CF Growth Fund Limited	**441,188**	299,207	**5,112,421**	3,432,900	**5,553,609**	3,732,107
The Kandy Private Hospitals Limited	**271,522**	248,189	**480,999**	486,764	**752,521**	734,953
CF Insurance Brokers (Private) Limited	**342,418**	411,215	**8,601,727**	6,116,506	**8,944,145**	6,527,721
Central Homes (Private) Limited	**66,463**	63,561	**-**	-	**66,463**	63,561
Hedges Court Residencies (Private) Limited	**33,770**	34,717	**-**	-	**33,770**	34,717

34. INVESTMENT IN EQUITY ACCOUNTED INVESTEES

Accounting policy

See accounting policies in Note 4.1

Equity-accounted investees comprise interests in associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Interests in associates are accounted for using the equity method. They are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence ceases.

Investments in associates are accounted for at cost less accumulated impairment losses in the separate financial statements. Provision for impairment is made where the decline in value is other than temporary and such impairment is made for investments individually.

Transactions eliminated on consolidation

Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

	Total comprehensive income		Cash flows from operating activities		Cash flows from investing activities		Cash flows from financing activities	
	31.03.2026	31.03.2025	31.03.2026	31.03.2025	31.03.2026	31.03.2025	31.03.2026	31.03.2025
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
	653,026	550,038	**(348,134)**	43,524	**529,541**	161,267	**(149,615)**	(158,751)
	34,152	31,573	**(4,451)**	(4,273)	**2,469**	4,313	**1,960**	(1)
	37,533	35,711	**33,972**	31,605	**(9,710)**	2,435	**(29,716)**	(30,520)
	1,075	1,472	**(607)**	(714)	**597**	737	**-**	-
	174	530	**3,492**	90	**(4)**	13	**-**	-
	8,092	6,278	**(1,947)**	(1,918)	**1,857**	1,724	**(5)**	(6)
	1,784,383	1,650,742	**(8,050)**	(6,649)	**11,440**	(26,616)	**-**	-
	36,778	39,622	**17,882**	24,977	**(11,849)**	213	**(20,631)**	(3,288)
	2,378,299	2,073,150	**129,084**	13,778	**(99,881)**	3,944	**(30,202)**	(28,394)
	1,940	3,335	**(1,250)**	(1,242)	**1,260**	1,339	**-**	(71)
	(918)	(407)	**(1,038)**	(1,177)	**1,202**	759	**-**	-

	Current liabilities		Non current liabilities		Total liabilities		Equity	
	31.03.2026	31.03.2025	31.03.2026	31.03.2025	31.03.2026	31.03.2025	31.03.2026	31.03.2025
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
	584,304	437,880	**247,724**	240,411	**832,029**	678,291	**4,892,648**	4,384,794
	3,253	1,081	**241**	226	**3,494**	1,307	**418,519**	384,367
	45,769	39,681	**191,700**	191,700	**237,469**	231,381	**616,758**	609,863
	537	235	**370**	231	**907**	466	**86,072**	84,998
	6,277	11,748	**30,338**	30,002	**36,615**	41,750	**72,420**	72,736
	2,869	749	**227**	214	**3,096**	963	**130,710**	122,619
	1,846	2,044	**1**	1	**1,847**	2,045	**5,551,762**	3,730,062
	23,309	21,425	**134,722**	135,670	**158,031**	157,095	**594,490**	577,858
	405,687	396,140	**256,386**	193,778	**662,073**	589,918	**8,282,072**	5,937,803
	1,374	412	**-**	-	**1,374**	412	**65,089**	63,149
	201,906	201,934	**-**	-	**201,906**	201,934	**(168,136)**	(167,217)

Company's/Group's investments in associates

Investor	Investee	Principal place of business	Principal business activities	% Holding 31.03.2026	% Holding 31.03.2025	No. of shares 31.03.2026	No. of shares 31.03.2025	Cost 31.03.2026 Rs.'000	Cost 31.03.2025 Rs.'000	Market Value/Fair Value 31.03.2026 Rs.'000	Market Value/Fair Value 31.03.2025 Rs.'000
Central Finance Company PLC	**Quoted investments**										
	Tea Smallholder Factories PLC (Note 34.3)	Sri Lanka	Processing green leaves purchased from tea small holders and the sale of processed black tea	**-**	22.85%	**-**	6,854,814	**-**	99,337	**-**	274,878
	Nations Trust Bank PLC (voting)	Sri Lanka	Licensed commercial bank	**9.84%**	9.84%	**28,391,533**	28,147,578	**1,063,559**	979,778	**8,212,251**	5,348,040
	Nations Trust Bank PLC (convertible non - voting)			**20.99%**	20.99%	**9,430,274**	9,364,407	**782,821**	754,948	**3,772,110**	2,530,731
Company investment in associates								**1,846,380**	1,834,063	**11,984,361**	8,153,649
CF Growth Fund Ltd.	**Quoted investments**										
	Tea Smallholder Factories PLC (Note 34.3)			**-**	6.45%	**-**	1,933,678	**-**	30,361	**-**	77,540
	Nations Trust Bank PLC (voting)			**4.92%**	4.92%	**14,204,489**	14,082,437	**512,033**	470,117	**4,108,648**	2,675,663
	Nations Trust Bank PLC (convertible non -voting)			**5.44%**	5.44%	**2,442,339**	2,425,280	**202,152**	194,933	**976,936**	655,432
CF Insurance Brokers (Pvt) Ltd.	**Quoted investments**										
	Nations Trust Bank PLC (voting)			**4.96%**	4.96%	**14,301,434**	14,178,549	**628,998**	587,021	**4,136,690**	2,693,924
	Nations Trust Bank PLC (convertible non -voting)			**5.47%**	5.47%	**2,459,008**	2,441,833	**203,532**	196,038	**983,603**	659,905
Group's investment in associates								**3,393,094**	3,312,533	**22,190,238**	14,916,114
Adjustment on sale of shares within the group								**(224,844)**	(224,844)	**-**	-
Group's investment in associates								**3,168,250**	3,087,689		
Group's share of associate companies' retained assets											
Tea Smallholder Factories PLC (Note 34.3)								**-**	401,234		
Nations Trust Bank PLC								**18,000,119**	14,808,393		
Group's investment in associates (equity basis)								**21,168,369**	18,297,316		

Refer note 34.3 divestment of Tea Smallholder Factories PLC

	Group		Company	
	31.03.2026	**31.03.2025**	**31.03.2026**	**31.03.2025**
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Investment in associates (at cost) at the beginning of the year	**3,087,689**	2,894,922	**1,834,063**	1,731,672
Investment made during the year (scrip dividends)	**210,259**	192,767	**111,654**	102,391
Divestments during the year	**(129,698)**	-	**(99,337)**	-
Investment in associates (at cost) at the end of the year	**3,168,250**	3,087,689	**1,846,380**	1,834,063

	Nations Trust Bank PLC		Tea Smallholder Factories PLC		Total	
	31.03.2026	**31.03.2025**	**31.03.2026**	**31.03.2025**	**31.03.2026**	**31.03.2025**
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Group's investment in associates at cost at the beginning of the year	**2,957,991**	2,765,224	**129,698**	129,698	**3,087,689**	2,894,922
Investment made during the year (scrip dividends)	**210,259**	192,767	**-**	-	**210,259**	192,767
Divestments during the year	**-**	-	**(129,698)**	-	**(129,698)**	-
Investment in associates (at cost) at the end of the year	**3,168,250**	2,957,991	**-**	129,698	**3,168,250**	3,087,689
Group's share of equity accounted investees retained earnings at beginning of the year	**14,808,393**	11,248,129	**401,234**	389,445	**15,209,627**	11,637,574
For the year ended						
Share of profit of equity accounted investees (net of tax)	**4,217,857**	3,658,393	**-**	6,383	**4,217,857**	3,664,776
Share of other comprehensive income of equity accounted investees (net of tax)	**(531,650)**	355,024	**-**	7,251	**(531,650)**	362,275
Divestments during the year	**-**	-	**(401,234)**	-	**(401,234)**	-
Gross dividends received	**(494,481)**	(453,153)	**-**	(1,845)	**(494,481)**	(454,998)
	21,168,369	17,766,384	**-**	530,932	**21,168,369**	18,297,316

34.1. The Group held 20% ownership interest in Nations Trust Bank PLC (NTB) until end February 2018 and with the issuance of convertible non-voting shares, the Group's ownership interest increased to 21.10% from March 2018. The ownership interest further increased to 21.38% from 01st January 2020 with the purchase of convertible non-voting shares from the secondary market.

The Group holds 19.72% voting shares in Nations Trust Bank PLC (NTB) as at 31.03.2026. In terms of the Banking Act No.30 of 1998, as amended, Central Finance Group is required to reduce the holding of voting shares of NTB to 15% to comply with the said requirement. The restriction on voting rights at 10% which is applicable to the Central Finance Group continues to be in effect until the shareholding is reduced to 15%. As of 31 March 2026, the Group holds an economic interest of 21.36% in NTB. CF Group as a promoter shareholder continues to exercise significant influence on the operating and financial policies of the Bank as evidenced by the CF representation in Board positions and Board Sub-Committees of the Bank.

34.2. SUMMARISED FINANCIAL INFORMATION OF ASSOCIATES

	Nations Trust Bank PLC	
As at	**31.03.2026**	**31.03.2025**
	Rs.'000	Rs.'000
Current assets	**520,771,043**	397,420,235
Non-current assets	**251,949,919**	203,424,461
Total assets	**772,720,962**	600,844,696
Current liabilities	**590,077,966**	418,502,000
Non-current liabilities	**84,154,645**	99,780,341
Total liabilities	**674,232,611**	518,282,341
Equity	**98,488,351**	82,562,355
For the year ended		
Revenue	**89,487,891**	73,787,777
Profit after tax	**19,746,521**	17,111,285
Other comprehensive income	**(2,488,994)**	1,660,541
Total comprehensive income	**17,257,527**	18,771,826
Total comprehensive income attributable to equity holders of the company	**17,257,527**	18,771,826

Receipt of dividends

	Nations Trust Bank PLC		*Tea Smallholder Factories PLC*		*Total*	
	Year ended		*Year ended*		*Year ended*	
As at	**31.03.2026**	**31.03.2025**	**31.03.2026**	**31.03.2025**	**31.03.2026**	**31.03.2025**
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Company	**223,309**	204,784	-	1,224	**223,309**	206,008
Group	**420,521**	385,539	-	1,569	**420,521**	387,108

There are no restrictions on the ability of the associate to transfer funds to the investor in the form of cash dividends, or repayment of loans or advances.

The Company has neither contingent liabilities nor capital and other commitments towards its associate companies.

34.3. DIVESTMENT OF ASSOCIATE -TEA SMALLHOLDER FACTORIES PLC (TSFP)

On 3rd April 2025, Udapussellawa Plantations PLC acquired a 37.59% stake in Tea Smallholder Factories PLC at a price of Rs. 35.00 per share and made an announcement of a mandatory offer as required by the Takeovers and Mergers Code of 1995. Board of Directors of Central Finance Company PLC along with Subsidiary Company CF Growth Fund Ltd.accepted the aforesaid mandatory offer in June 2025; and divested 29.29% investment stake in Tea Smallholder Factories PLC in the following manner.

	Central Finance Company PLC	**CF Growth Fund Ltd.**	**CF Group**
Ordinary shares held in Tea Smallolder Factories PLC	6,854,814	1,933,678	8,788,492
Shareholding percentage	22.85%	6.45%	29.29%
Price per share (Rs.)	35.00	35.00	-
Total consideration (Rs.000)	239,918	67,679	307,597
Cost of the investment (Rs.000)	99,337	30,361	129,698
Share of retained assets (Rs.)	-	-	401,234
Profit/(loss) on divestment (Rs.000)	140,581	37,318	(223,335)

35. INVENTORIES AND OTHER STOCKS

Accounting policy

Inventories are valued at the lower of cost and net realisable value under the weighted average cost method. The cost of raw materials is determined at purchase price including all expenses incurred in sourcing. The cost of work-in-progress is the value of raw material transferred to production. The cost of finished goods includes raw material cost and all direct and indirect expenses incurred in production. Vehicles, spare parts and other stocks are valued at cost or net realisable value whichever is lower. Net realisable value is the estimated selling price less estimated cost of completion and the estimated cost necessary to make the sale. Inventories are regularly assessed for impairment and provisions are made accordingly.

	Group		*Company*	
	31.03.2026	**31.03.2025**	**31.03.2026**	**31.03.2025**
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Vehicles	**13,665**	18,810	**13,665**	18,810
Raw materials	**1,012,000**	465,229	**-**	-
Work - in - progress	**33,288**	10,824	**-**	-
Finished goods	**383,046**	386,515	**-**	-
Machinery & vehicle spare parts	**67,998**	70,277	**44,734**	49,172
Others	**42,624**	34,264	**30,866**	22,160
Goods-in-transit	**256,374**	166,515	**-**	-
	1,808,995	1,152,434	**89,265**	90,142
Specific provision for stock obsolescence (Note 35.1)	**(78,033)**	(97,951)	**(12,865)**	(18,010)
Net carrying amount	**1,730,962**	1,054,483	**76,400**	72,132

35.1. PROVISION FOR STOCK OBSOLESCENCE

	Group		*Company*	
	31.03.2026	**31.03.2025**	**31.03.2026**	**31.03.2025**
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance at the beginning of the year	**97,951**	162,532	**18,010**	32,365
Released to income statement during the year	**(19,918)**	(64,581)	**(5,145)**	(14,355)
Balance at the end of the year	**78,033**	97,951	**12,865**	18,010

35.2. THE AMOUNT RECOGNISED IN THE PROFIT AND LOSS AS EXPENSE

	Group		*Company*	
	31.03.2026	**31.03.2025**	**31.03.2026**	**31.03.2025**
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Inventories recognised as an expense during the year	**4,381,207**	3,605,090	**236,899**	261,865
Impairment provision /(write back)	**(19,918)**	(64,581)	**(5,145)**	(14,355)
Write down/(write back) of inventories to net realisable value	**(2,867)**	(915)	**-**	-

Inventories pledged as security for banking facilities as at 31.03.2026 amounted to Rs.7.50 million (Rs.7.50 million as at 31.03.2025).

Facilities available from banks against a negative pledge over the inventories of subsidiary company, Central Industries PLC:

Bank	Facilities available	31.03.2026 Rs.'000	31.03.2025 Rs.'000
Nations Trust Bank PLC	Short term loan, overdraft, import loan and guarantee facilities	-	500,000
Hatton National Bank PLC	Short term loan, overdraft, import loan and guarantee facilities	1,000,000	1,000,000
Commercial Bank of Ceylon PLC	Short term loan, overdraft, import loan and guarantee facilities	1,169,400	1,169,400
Sampath Bank PLC	Short term loan, overdraft, import loan	500,000	500,000
Seylan Bank PLC	Short term loan, overdraft, import loan and guarantee facilities	1,100,000	1,100,000
People's Bank	Short term loan, overdraft, import loan and guarantee facilities	-	420,000
Pan Asia Banking Corporation PLC	Short term loan, overdraft, import loan and guarantee facilities	270,000	270,000
Union Bank	Short term loan, overdraft, import loan	250,000	250,000
		4,289,400	5,209,400

Inventories carried at net realisable value as at 31st March 2026 amounted to Rs. 0.8 Million for the company and Rs. 65.96 Million for the Group (as at 31.03.2025 Rs. 0.8 Million for the Company and Rs.118.33 Million for the Group).

36. INVESTMENT PROPERTIES

Accounting policy

Investment properties are properties held either to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business, used in the production or supply of goods or services or for administrative purposes.

Investment properties are initially measured at cost and the fair value model is used for subsequent measurement in accordance with Sri Lanka Accounting Standard (LKAS 40) –Investment Property. The cost of the investment property comprises of its purchase price and any directly attributable expenditure. Fair valuations of the properties are carried out by independent valuer/valuers having appropriate professional qualifications.

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in income statement. When investment property that was previously classified as property, plant & equipment is sold any related amounts included in the revaluation reserve is transferred to retained earnings.

When an item of property, plant and equipment is transferred to investment property following a change in its use, the difference between the carrying amount of the item immediately prior to the date of transfer and its fair value is recognised directly in equity under revaluation reserve, if it is a gain. If it is a decline in value, the decrease is charged against revaluation reserve to the extent that it was previously credited and any decrease beyond such value is charged to the income statement.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Rental income from investment property is recognised as other revenue on a straight-line basis over the term of the lease.

SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

Classification of investment properties

Management judgment is required to determine whether a property qualifies as an investment property. Properties held to earn rentals or for capital appreciation or both and which generate cash flows largely independently of the other assets held by the Group are accounted for as investment properties. On the other hand, properties used for operations or in the process of providing services or for administrative purposes and which do not directly generate cash flows as standalone assets are accounted for under property, plant and equipment. The Group assesses on an annual basis, the accounting classification of its properties taking into consideration the current use of such properties.

Fair value measurement of investment properties

Investment properties of the Group are measured at fair value for the purposes of preparing the consolidated financial statements. Group management determines the main appropriate techniques and inputs required for measuring the fair value. In determining the fair value of the investment properties, management uses observable market data and the services of a qualified external valuer.

Market based valuation

Market based valuation method considers the selling price of a similar property within a reasonable period of time in determining the fair value of the property being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustment for differences in size, nature, location and condition of the specific property. In this process, outlier transactions, indicative of particularly motivated buyers or sellers are compensated for, since the price may not adequately reflect the fair market value.

	Group /Company	
	31.03.2026	**31.03.2025**
	Rs.'000	Rs.'000
Balance at the beginning of the year	**66,611**	66,611
Fair value gains on investment properties	**16,000**	-
Disposals during the year	**(111)**	-
Balance at the end of the year	**82,500**	66,611

Information of investment properties

		Group /Company			
Location	**Method of valuation**	**Range of estimates for unobservable inputs Price per perch for land**	**Extent Perches**	**31.03.2026**	**31.03.2025**
		Rs.'000		Rs.'000	Rs.'000
Sarasavigama Road, Hindagala	Comparison	58.98	1,288.55	**76,000**	60,000
Mahaberiyatenna, Digana	Comparison	84.75	76.70	**6,500**	6,500
				82,500	66,500

36.1. MEASUREMENT OF FAIR VALUES

The investment properties are revalued regularly to ensure that the carrying values do not differ materially from the fair values of such properties. The investment properties were revalued by Mr. Anuradha Seneviratne an independent Qualified Valuer on comparison method in March 2026.

Fair value hierarchy

The fair value of investment property was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Group's investment property portfolio annually.

The fair value measurement of all of the investment properties has been categorized as a Level 3 fair value based on the inputs to the valuation techniques used.

36.2. INCOME FROM INVESTMENT PROPERTY

These investment properties are held for capital appreciation', as such no rent income was received during the current and preceding financial years.

Direct operating expenses (including maintenance) of investment properties amounts to Rs. 0.20 Mn 2025/26 financial year, (2024/25 financial year - Rs. 0.12 Mn).

36.3. There are no restrictions on the realisability of the investment properties.

36.4. There are no contractual obligations to construct or develop investment properties or for repairs,maintenance or enhancements.

37. PROPERTY, PLANT AND EQUIPMENT

Accounting policy

Basis of recognition

Property, plant & equipment are recognised if it is probable that future economic benefits associated with the asset will flow to the Company and cost of the asset can be reliably measured.

Basis of measurement

An item of property, plant and equipment that qualifies for recognition as an asset is initially measured at cost. Cost includes expenditure directly attributable to acquisition of the asset and subsequent costs excluding the costs of day- to-day servicing. The cost of self-constructed assets includes the cost of materials, direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use and the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs.

Cost model

The Group applies the cost model to all property, plant and equipment except freehold land and freehold buildings and records them at cost of purchase together with any incidental expenses thereon less accumulated depreciation and any accumulated impairment charges.

Revaluation model

The Group applies the revaluation model for the entire class of freehold land and freehold buildings for measurement after initial recognition. Such properties are carried at revalued amounts, less any subsequent accumulated depreciation on buildings and any accumulated impairment losses charged subsequent to the date of revaluation. The Group revalues the entire class of freehold land and freehold buildings every 5 years.

When an asset is revalued, any increase in the carrying value is recognised in other comprehensive income and accumulated in equity under revaluation reserve except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the income statement in which case the increase is recognised in the income statement to the extent of the decrease previously expensed. A decrease in the carrying value arising on the revaluation is recognised in the income statement and any decrease that offsets a previous surplus on the same asset is recognised in other comprehensive income to the extent of any credit balance available in the revaluation surplus in respect of that asset and any excess is recognised as an expense in the income statement. The difference in depreciation based on the revalued carrying amount and cost is transferred from revaluation reserve to retained earnings through equity statement. Any balance remaining in the revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

When group companies occupy a significant portion of the investment property of a subsidiary, such investment properties are treated as property, plant and equipment in the consolidated financial statements and accounted for as per Sri Lanka Accounting Standard (LKAS 16) - Property, Plant and Equipment.

Subsequent costs

Subsequent expenditure incurred for the purpose of acquiring, extending or improving assets of a permanent nature by means of which to carry on the business or to increase the earning capacity of the business is treated as capital expenditure and such expenses are recognised in the carrying amount of an asset. The costs associated with day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

Capital work in progress

These are expenses of a capital nature directly incurred in the construction of buildings awaiting capitalisation. Capital work in progress will be transferred to the relevant assets once ready for the intended use.

Derecognition

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no further economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset is recognised in the income statement in the year in which the asset is derecognised.

Depreciation

Provision for depreciation is calculated using the straight-line method on the cost or other amount substituted for cost of all property, plant and equipment other than freehold land in order to allocate depreciable amounts over the estimated useful lives of such assets. The estimated useful lives of assets are as follows:

Assets category	Years
Freehold buildings	12-40
Furniture & office equipment	10
Motor vehicles and lifts	5
Plant, machinery & other equipment	8
Air conditioners & computer servers	8
Generators	15
Computers	5
Other assets	10

Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale or the date that the asset is derecognised.

Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred, except to the extent that they are directly attributable to the acquisition, construction, or production of a qualifying asset, in which case they are capitalised as part of the cost of that asset, in accordance with Sri Lanka Accounting Standard 23 - Borrowing Costs.

Operating lease assets

Operating lease assets are classified under property, plant and equipment at cost less accumulated depreciation and impairment losses, if any. Cost of the asset net of residual value is depreciated over the estimated useful life. Residual value is the estimated net amount that the Company would expect from disposal of the asset at the end of its estimated useful life, calculated based on the current market prices of similar classes of vehicles, and are subject to annual review. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

Calculation of recoverable amount

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and ther risks specific to the asset. A cash generating unit is the smallest identifiable assets group that generate cash flows that are largely independent from other assets and groups.

SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

Useful lives of property, plant and equipment

The useful lives, residual values and methods of depreciation/amortisation of property, plant and equipment are reviewed at each reporting date. Judgment of the management is exercised in the estimation of these values, rates and methods and therefore they are subject to uncertainty.

Impairment losses on property, plant and equipment

The Group assesses at each reporting date whether there is an indication of objective evidence of impairment of assets. If any such indication exists, the Group makes an estimate of the asset's recoverable amount. This requires the estimation of the value in use of such individual assets. Estimating the value in use requires management to make an estimate of the expected future cash flows from the asset or the cash-generating unit, which requires management judgment on expected future cash flows and discount rates to be used in determining the value in use.

Fair value measurement of Property, plant and equipment

Property, plant and equipment of the Group are measured at fair value for the purposes of preparing the consolidated financial statements. Group management determines the main appropriate techniques and inputs required for measuring the fair value. In determining the fair value, management uses observable market data and the services of a qualified external valuer.

37.1. RECONCILIATION OF CARRYING AMOUNT

Group

	Land and Buildings Rs.'000	Furniture and office equipment Rs.'000	Motor vehicles Rs.'000	Operating lease assets Rs.'000	Plant, machinery and other equipment Rs.'000	Capital work-in- progress Rs.'000	Total Rs.'000
Cost/valuation							
As at 01.04.2024	8,781,519	397,249	1,304,221	4,345,864	2,815,804	2,201	17,646,858
Additions	-	45,172	59,323	1,571,390	190,981	38,564	1,905,430
Transfers	18,125	-	263,680	(263,680)	1,897	(20,022)	-
Write offs	-	(33)	-	-	(3,223)	-	(3,256)
Disposals	-	(11,420)	(58,951)	(591,436)	(9,183)	-	(670,990)
As at 31.03.2025	8,799,644	430,968	1,568,273	5,062,138	2,996,276	20,743	18,878,042
Additions	6,842	89,271	18,125	3,027,297	396,241	36,712	3,574,488
Transfers	50,838	779	272,109	(272,109)	3,615	(55,232)	-
Write offs	-	-	-	-	(38)	-	(38)
Disposals	-	(16,534)	(64,516)	(526,489)	(24,816)	-	(632,355)
As at 31.03.2026	8,857,324	504,484	1,793,991	7,290,837	3,371,278	2,223	21,820,137
Accumulated depreciation							
As at 01.04.2024	43	314,947	886,889	1,271,986	1,944,307	-	4,418,172
Charge for the year	45,405	21,477	79,033	124,774	210,689	-	481,378
Transfers	-	-	70,106	(70,106)	-	-	-
Write offs	-	(28)	-	-	(3,221)	-	(3,249)
On disposals	-	(11,022)	(44,411)	(185,790)	(7,161)	-	(248,384)
As at 31.03.2025	45,448	325,374	991,617	1,140,864	2,144,614	-	4,647,917
Charge for the year	46,007	26,380	84,797	212,374	237,465	-	607,023
Transfers	-	(340)	71,967	(71,967)	340	-	-
Write offs	-	-	-	-	(38)	-	(38)
On disposals	-	(15,978)	(38,694)	(149,267)	(24,640)	-	(228,579)
As at 31.03.2026	91,455	335,436	1,109,687	1,132,004	2,357,740	-	5,026,322
Net book value							
As at 31.03.2024	8,781,476	82,302	417,332	3,073,878	871,496	2,201	13,228,686
As at 31.03.2025	8,754,196	105,594	576,656	3,921,274	851,662	20,743	14,230,125
As at 31.03.2026	8,765,869	169,048	684,304	6,158,833	1,013,538	2,223	16,793,815

Company

	Land and Buildings Rs.'000	Furniture and office equipment Rs.'000	Motor vehicles Rs.'000	Operating lease assets Rs.'000	Plant, machinery and other equipment Rs.'000	Capital work-in- progress Rs.'000	Total Rs.'000
Cost/valuation							
As at 01.04.2024	6,476,020	374,440	1,276,345	4,345,864	1,621,991	701	14,095,361
Additions	-	44,672	59,100	1,571,390	145,861	8,542	1,829,565
Transfers	-	-	263,680	(263,680)	-	-	-
Disposals	-	(10,683)	(58,767)	(591,436)	(7,827)	-	(668,713)
As at 31.03.2025	6,476,020	408,429	1,540,358	5,062,138	1,760,025	9,243	15,256,213
Additions	6,842	88,105	11,600	3,027,297	331,031	21,179	3,486,054
Transfers	28,313	772	272,109	(272,109)	1,337	(30,422)	-
Disposals	-	(16,255)	(64,516)	(526,489)	(5,459)	-	(612,719)
As at 31.03.2026	6,511,175	481,051	1,759,551	7,290,837	2,086,934	-	18,129,548
Accumulated depreciation							
As at 01.04.2024	43	300,042	859,112	1,271,986	1,097,330	-	3,528,513
Charge for the year	24,222	20,423	78,923	124,774	131,700	-	380,042
Transfers	-	-	70,106	(70,106)	-	-	-
On disposals	-	(10,395)	(44,227)	(185,790)	(5,838)	-	(246,250)
As at 31.03.2025	24,265	310,070	963,914	1,140,864	1,223,192	-	3,662,305
Charge for the year	24,354	25,468	84,512	212,374	156,537	-	503,245
Transfers	-	(340)	71,967	(71,967)	340	-	-
On disposals	-	(15,815)	(38,695)	(149,267)	(5,307)	-	(209,084)
As at 31.03.2026	48,619	319,383	1,081,698	1,132,004	1,374,762	-	3,956,466
Net book value							
As at 31.03.2024	6,475,977	74,398	417,233	3,073,878	524,661	701	10,566,848
As at 31.03.2025	6,451,755	98,359	576,444	3,921,274	536,833	9,243	11,593,908
As at 31.03.2026	6,462,556	161,668	677,853	6,158,833	712,172	-	14,173,082

Operating Leases

Property, plant and equipment includes assets given under operating leases on short and long term basis. An analysis of the rentals to be received on such operating leases are as follows:

	Group /Company	
	31.03.2026	**31.03.2025**
	Rs.'000	Rs.'000
Receivable within one year	**1,514,556**	1,169,099
Receivable within 1-5 years	**4,131,330**	2,155,960
	5,645,886	3,325,059
Undiscounted maturity analysis of operating lease assets		
Not later than one year	**1,514,556**	1,169,099
More than one year not later than two years	**1,334,280**	859,632
More than two years not later than three years	**1,181,841**	671,743
More than three years not later than four years	**875,558**	459,793
More than four years not later than five years	**589,726**	164,792
Greater than five years	**149,925**	-
	5,645,886	3,325,059

Information on the freehold land and buildings of the Company and the Group as at 31.03.2026

37.2. REVALUATIONS

Freehold land and buildings of the Group are revalued regularly (once in five years) to ensure that the carrying amounts do not differ materially from the fair values of such properties. The freehold land and buildings of the Company and the subsidiaries, Kandy Private Hospitals Ltd., Dehigama Hotels Company Ltd., Central Mineral Industries (Pvt) Ltd. and Central Industries PLC were revalued in March 2024 by Mr.Anuradha Seneviratha, an Independent, Qualified Valuer/Licensed Surveyor resulting in the carrying amounts being increased by Rs.938.51 Million and Rs.1,181.56 Million respectively. The valuations were carried out under the "Comparison" and "Contractor's" methods on the basis that the land and buildings are of freehold ownership and are free from any restrictions in regard to titles. These revaluations were carried out under "level 3" of the fair value hierarchy .

Location/Address	Price per perch for land	Price per square foot for building	Depreciation rate	Extent (Perches)	Cost / revaluation of land	Cost / revaluation of buildings	Total value	Accumulated depreciation	Net book value
	Range of estimates for unobservable inputs								
	Rs.000	Rs.000	%		Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Central Finance Company PLC									
City Office									
No.270, Vauxhall Street, Colombo 02.	8,500.00	4.47	2.50	117.23	990,000	161,000	1,151,000	8,050	1,142,950
No.268, Vauxhall Street, Colombo 02.	9,000.00	16.50	2.50	21.67	195,000	300,000	495,000	15,000	480,000
Branches									
No.62, Maithripala Senanayake Mawatha, Anuradhapura	5,500.00	6.56	2.50	40.20	221,000	36,000	257,000	1,800	255,200
No.367, Main Street, Negombo.	5,000.00	2.20	3.33	29.00	145,000	9,000	154,000	599	153,401
No.38, Mihindu Mawatha, Kurunegala.	3,616.13	3.00	3.33	54.63	198,000	7,000	205,000	466	204,534
No.04, Udaya Raja Mawatha, Badulla.	3,710.04	3.00	3.33	26.90	100,000	12,000	112,000	799	111,201
No.78, Kumarathunga Mawatha, Matara.	3,386.23	1.75	3.33	125.25	424,000	11,000	435,000	733	434,267
No.21, Kurunegala Road, Dambulla.	2,500.00	3.75	3.33	21.00	52,000	34,313	86,313	400	85,913
No.143, Colombo Road, Moragahayata, Ratnapura	4,380.65	2.75	3.33	46.00	202,000	8,000	210,000	533	209,467
No.312, Highlevel Road, Nugegoda.	7,500.00	5.50	2.50	13.88	104,000	37,000	141,000	1,850	139,150
No.215, Maradana Road, Colombo 10	7,004.19	2.75	2.86	45.37	318,000	27,000	345,000	1,544	343,456
No.254, 254/1, Katugastota Road, Kandy.	3,548.29	4.08	2.86	58.81	208,000	56,000	264,000	3,203	260,797
Vehicle Yards									
No.249, Katugastota Road, Kandy.	3,421.78	1.00	3.33	137.31	470,000	9,200	479,200	613	478,587
No.313, Koholwila Road, Kelaniya.	337.73	1.13	8.33	348.50	117,000	15,000	132,000	2,499	129,501
No.49/004 Batalahenawatte Road, Gonawala, Kelaniya.	200.00	-	-	189.05	34,000	-	34,000	-	34,000
No.258/3, Katugastota Road, Kandy.	2,200.00	-	-	52.31	115,000	-	115,000	-	115,000
No.210, Siri Dhamma Mawatha, Colombo 10.	2,996.29	1.70	4.00	121.45	360,000	39,842	399,842	2,773	397,069
No.313, Madawala Road, Katugastota.	1,477.81	0.90	14.29	167.43	247,000	1,800	248,800	514	248,286
Kirindiwela Road, Pugoda.	27.50	3.50	5.00	1,600.00	44,000	2,000	46,000	200	45,800
309/01,Koholwila Road, Gonawala, Kelaniya	825.00	-	-	32.62	27,000	-	27,000		27,000

Location/Address	Price per perch for land	Price per square foot for building	Depreciation rate	Extent (Perches)	Cost / revaluation of land	Cost / revaluation of buildings	Total value	Accumulated depreciation	Net book value
	Range of estimates for unobservable inputs								
	Rs.000	Rs.000	%		Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Other properties									
No.244, Vauxhall Street, Colombo 02.	9,500.00	4.50	2.50	13.21	125,000	48,000	173,000	2,400	170,600
326, D.S.Senanayaka Veediya, Kandy	5,750.00	-	10.00	10.95	63,000	-	63,000	-	63,000
No.8, Sukhastan Gardens, Ward Place, Colombo 7.	10,000.00	2.20	5.00	38.14	381,000	13,000	394,000	1,300	392,700
No.25, Sri Rahula Road, Nuwaraeliya.	1,000.00	5.50	2.86	194.00	194,000	29,000	223,000	1,659	221,341
Indibedda, Moratuwa.	515.00	3.50	2.86	251.10	129,000	28,000	157,000	1,602	155,398
55,Farm Road, Bandarawela	18.76	0.21	2.50	173.00	3,246	774	4,020	82	3,938
Car Parks									
Yatinuwara Veediya, Kandy.	5,200.00	-		14.00	73,000	-	73,000	-	73,000
No.267 & 269, Vauxhall Street, Colombo 02.	8,500.00	-		10.26	87,000	-	87,000	-	87,000
Total for the Company					5,626,246	884,929	6,511,175	48,619	6,462,556
Dehigama Hotels Company Ltd.									
No.84, Raja Veediya, Kandy.	7,352.94	3.74	2.50	85.00	625,000	139,000	764,000	6,950	757,050
Kandy Private Hospitals Ltd.									
No.35, Dr.C.D.L.Fernando Mawatha, Mahaiyawa, Kandy.	2,143.42	2.59	2.86	127.25	273,000	66,000	339,000	4,400	334,600
No. 35/178 & 35/178/1/1, Dr.C.D.L.Fernando Mawatha, Mahaiyawa, Kandy.	1,866.14	3.46	3.33	38.10	71,000	24,000	95,000	1,920	93,080
Kirillagodawatta,off Dr.C.D.L.Fernando Mawatha,Mahaiyawa,Kandy.	1,500.00	-	-	20.00	30,000	-	30,000	-	30,000
Central Mineral Industries (Pvt) Ltd.									
Diganatenna Estate, Gonawala,									
Rajawella, Digana	50.48	0.83	4.00	1,916.00	96,000	4,000	100,000	800	99,200
Central Industries PLC Factory									
No.195/4, Kerawalapitiya Road, Hendala, Wattala.	700.00	1.55	4.00	522.10	365,470	121,487	486,957	11,464	475,493
Udathuththiripitiya, Yakkala	60.00	3.60	2.50	1,391.00	83,460	259,732	343,192	13,502	329,690
Head office									
No.312, Nawala Road, Rajagiriya.	6,222.22	5.25	2.50	18.00	112,000	76,000	188,000	3,800	184,200
Total for the Group					7,282,176	1,575,148	8,857,324	91,455	8,765,869

Description of the above valuatioin techniques together with narrative description of the fair value measurement to changes in significant unobservable inputs are given below:

Valuation techniques	Significant unobservable inputs	Sensitivity of the fair value measurement to inputs
Comparison method for valuation of land considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of the property being revalued. This involves evaluation of recent active market prices of similar assets making appropriate adjustments for differences in size, nature, location, condition of specific property. Contractor's method assesses all the cost of providing modern equivalent property, and thereafter adjusting it to the age of the subject property.	Price per perch for land. Price per square foot for building and depreciation rate for building.	Estimated fair value would get increased / (decreased) if, price per perch get higher/ (lower). Price per square foot get higher / (lower) and depreciation rate for building get lower/(higher).

	Group		*Company*	
	31.03.2026	**31.03.2025**	**31.03.2026**	**31.03.2025**
Number of buildings owned by the group and company	**48**	48	**25**	25

The details of the revaluations carried out in March 2024 are given below.

Location/Address		Valuation Method	Carrying Value before Revaluation Rs.000	Revalued Amount Rs.000	Revaluation Surplus/ (deficits) Rs.000
Central Finance Company PLC					
Offices					
No. 270, Vauxhall Street, Colombo 02.	Land	Comparison	932,000	990,000	58,000
	Building	Contractor's	105,875	161,000	55,125
No. 268, Vauxhall Street, Colombo 02.	Land	Comparison	173,000	195,000	22,000
	Building	Contractor's	222,250	300,000	77,750
Branches					
No. 62, Maithripala Senanayake Mawatha, Anuradhapura	Land	Comparison	151,000	221,000	70,000
	Building	Contractor's	29,750	36,000	6,250
No. 367, Main Street, Negombo	Land	Comparison	101,000	145,000	44,000
	Building	Contractor's	7,199	9,000	1,801
No. 38, Mihindu Mawatha, Kurunegala	Land	Comparison	169,000	198,000	29,000
	Building	Contractor's	8,841	7,000	(1,841)
No. 04, Udaya Raja Mawatha, Badulla	Land	Comparison	86,000	100,000	14,000
	Building	Contractor's	6,170	12,000	5,830
No. 78, Kumarathunga Mawatha, Matara	Land	Comparison	361,000	424,000	63,000
	Building	Contractor's	11,141	11,000	(141)
No. 143, Colombo Road, Moragahayata, Ratnapura	Land	Comparison	165,000	202,000	37,000
	Building	Contractor's	8,570	8,000	(570)
No. 312, Highlevel Road, Nugegoda	Land	Comparison	97,000	104,000	7,000
	Building	Contractor's	28,000	37,000	9,000
No. 21, Kurunegala Road, Dambulla	Land	Comparison	52,907	52,000	(907)
	Building	Contractor's	4,542	6,000	1,458
No. 254, 254/1 Katugastota Road, Kandy	Land	Comparison	179,000	208,000	29,000
	Building	Contractor's	37,994	56,000	18,006
215, Maradana Road, Colombo 10.	Land	Comparison	292,500	318,000	25,500
	Building	Contractor's	21,437	27,000	5,563

Location/Address		Valuation Method	Carrying Value before Revaluation Rs.000	Revalued Amount Rs.000	Revaluation Surplus/ (deficits) Rs.000
Vehicle Yards					
No. 249, Katugastota Road, Kandy.	Land	Comparison	401,000	470,000	69,000
	Building	Contractor's	6,685	9,200	2,515
No. 313, Koholwila Road, Kelaniya.	Land	Comparison	114,002	117,000	2,998
	Building	Contractor's	12,274	15,000	2,726
49/004, Batalahenawatte Road, Gonawala, Kelaniya	Land	Comparison	28,000	34,000	6,000
	Building	Contractor's	425	-	(425)
No. 210, Siri Dhamma Mawatha, Colombo 10	Land	Comparison	347,000	360,000	13,000
	Building	Contractor's	31,527	33,000	1,473
No. 313, Madawala Road, Katugastota	Land	Comparison	244,000	247,000	3,000
	Building	Contractor's	934	1,800	866
No. 258/3, Katugastota Road, Kandy,	Land	Comparison	104,000	115,000	11,000
Kirindiwela Road, Pugoda	Land	Comparison	38,680	44,000	5,320
	Building	Contractor's	1,856	2,000	144
309/01, Koholwila Road, Gonawala, Kelaniya	Land	Comparison	25,702	27,000	1,298
Other properties					
No. 244, Vauxhall Street,Colombo 02.	Land	Comparison	119,000	125,000	6,000
	Building	Contractor's	32,375	48,000	15,625
326, D.S.Senanayake Veediya, Kandy.	Land	Comparison	82,115	63,000	(19,115)
	Building	Contractor's	2,914	-	(2,914)
No. 8, Sukhastan Gardens, Ward Place, Colombo 7.	Land	Comparison	172,000	381,000	209,000
	Building	Contractor's	15,750	13,000	(2,750)
No. 25, Sri Rahula Road, Nuwaraeliya	Land	Comparison	174,000	194,000	20,000
	Building	Contractor's	25,952	29,000	3,048
Indibedda, Moratuwa	Land	Comparison	125,000	129,000	4,000
	Building	Contractor's	25,119	28,000	2,881
Car Parks					
Yatinuwara Veediya, Kandy.	Land	Comparison	70,000	73,000	3,000
No. 267 & 269, Vauxhall Street, Colombo 02.	Land	Comparison	82,000	87,000	5,000
Sub total	Land		4,885,906	5,623,000	737,094
	Building		647,580	849,000	201,420
Total for the Company			5,533,486	6,472,000	938,514
Kandy Private Hospitals Ltd.					
No. 35, Dr.C.D.L.Fernando Mawatha, Mahaiyawa, Kandy.	Land	Comparison	272,500	273,000	500
	Building	Contractor's	69,915	66,000	(3,915)
No. 35/178 & 35/178/1/1, Dr.C.D.L. Fernando Mawatha, Mahaiyawa, Kandy.	Land	Comparison	71,250	71,000	(250)
	Building	Contractor's	21,459	24,000	2,541
Kirillagodawatta,off Dr.C.D.L. Fernando Mawatha, Mahaiyawa, Kandy.	Land	Comparison	30,000	30,000	-
Central Mineral Industries (Pvt) Ltd.					
Diganatenna Estate, Gonawala, Rajawella, Digana	Land	Comparison	115,288	96,000	(19,288)
	Building	Contractor's	3,508	4,000	492

Location/Address		Valuation Method	Carrying Value before Revaluation	Revalued Amount	Revaluation Surplus/ (deficits)
			Rs.000	Rs.000	Rs.000
Central Industries PLC Factory					
Kerawalapitiya	Land	Comparison	313,260	365,470	52,210
	Building	Contractor's	72,395	111,530	39,135
Udathuththiripitiya, Yakkala	Land	Comparison	62,595	83,460	20,865
	Building	Contractor's	203,178	229,040	25,862
Head office					
Nawala	Land	Comparison	96,000	112,000	16,000
	Building	Contractor's	44,483	76,000	31,517
Dehigama Hotels Company Ltd.					
No. 84, Raja Veediya, Kandy.	Land	Comparison	600,000	625,000	25,000
	Building	Contractor's	86,625	139,000	52,375
Sub total	Land		6,446,799	7,278,930	832,131
	Building		1,149,143	1,498,570	349,427
Total for the Group			7,595,942	8,777,500	1,181,558

37.2.1. Where properties have fallen in value, the decreases have been charged against revaluation reserve to the extent that it was credited previously and any decrease beyond such value was charged to the income statement during the year ended 31 March 2024 of such revaluations. The revaluation surplus accounted through other comprehensive income on fair valuation of properties amounted to Rs. 941.78 Million for the Company and Rs. 1,184.82 Million for the Group while the revaluation loss charged to income statement amounted to Rs. 3.26 Million for the Company and Group for the year ended 31st March 2024.

37.3. The carrying value of freehold land and buildings of the Group, if carried at cost less accumulated depreciation and impairment, would amount to Rs.682.90 Million as at 31.03.2026 (as at 31.03.2025 - Rs.787.81 Million).

37.4. The cost of fully depreciated assets of the Group and Company which are still in use amounted to Rs.4,829.12 Million and Rs.4411.15 Million respectively as at 31.03.2026 (Group Rs. 5,014.51 Million and Company Rs. - 4,612.97 Million as at 31.03.2025).

37.5. PROPERTY, PLANT AND EQUIPMENT PLEDGED AS SECURITY FOR BANKING FACILITIES

The carrying value of land and buildings pledged as security for banking facilities obtained amounted to Rs. 2,234.60 Million and Rs.1,142.95 Million for the Group and Company as at 31.03.2026 respectively (Group - Rs. 3213 Million and Company Rs.1,634 Million as at 31.03.2025).

The carrying value of machinery equipment pledged as security for banking facilities by Group/Company amounted to Rs. Nil as at 31.03.2026 (31.03.2025 - Rs. Nil).

37.6. There were no temporary idle property, plant and equipment as at 31.03.2026 (31.03.2025-Rs. Nil).

37.7. There were no capitalised borrowing costs related to acquisition of property, plant and equipment during the financial year 2025/26 (2024/25 - Rs. Nil).

37.8. There were no restrictions on the title of property, plant and equipment of the Group as at the year end.

37.9. No compensation was received or due from third parties for items of property, plant and equipment that were impaired, lost or given up.

38. RIGHT OF USE ASSETS AND LEASE LIABILITIES

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in SLFRS 16. This policy is applied to contracts entered into, on or after 1 April 2019.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made or payable at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from the company's internal records (weighted average cost of funds) to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments:
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in income statement if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Group applies the derecognition and impairment requirements in SLFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received under operating leases as income on a straight line basis over the lease term as part of other income.

SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

Right of use assets and incremental borrowing rate

The Group uses its judgment in determining whether an operating lease contract qualifies for recognition of right of use assets. The group applies judgments in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. The Group considers all relevant factors that create economic benefits for it to exercise either the renewal or termination. Further, the Group cannot readily determine the interest rate implicit in the lease. Therefore, the Group uses the incremental borrowing rate to measure lease liability. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term and with similar security the funds necessary to obtain an asset of a similar value to the right of use asset in similar economic environment.

38.1. MOVEMENT IN RIGHT OF USE ASSETS

	Group		*Company*	
	31.03.2026	**31.03.2025**	**31.03.2026**	**31.03.2025**
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cost				
Balance at the beginning of the year	**962,375**	826,891	**1,202,290**	996,388
Additions/renewals of leases during the year	**316,967**	264,188	**316,967**	504,103
Expirations and cancelations during the year	**(98,690)**	(128,704)	**(98,690)**	(298,201)
Balance at the end of the year	**1,180,652**	962,375	**1,420,567**	1,202,290

	Group		*Company*	
	31.03.2026	**31.03.2025**	**31.03.2026**	**31.03.2025**
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Accumulated Depreciation				
Balance at the beginning of the year	**365,894**	362,130	**365,894**	497,728
Amortisation for the year (Note 38.3)	**157,006**	135,898	**204,989**	169,797
Expirations and cancelations for the year	**(92,218)**	(132,134)	**(92,218)**	(301,631)
Balance at the end of the year	**430,682**	365,894	**478,665**	365,894
Carrying value as at end of the year	**749,970**	596,481	**941,902**	836,396
Maturity analysis of right of use assets				
Less than one year	**163,269**	179,315	**211,252**	179,315
01 to 5 years	**533,309**	306,908	**677,258**	546,823
More than 5 years	**53,392**	110,258	**53,392**	110,258
	749,970	596,481	**941,902**	836,396

38.2. LEASE LIABILITY

	Group		*Company*	
	31.03.2026	**31.03.2025**	**31.03.2026**	**31.03.2025**
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance at the beginning of the year	**601,993**	472,351	**841,908**	517,267
Additions/renewals of leases during the year	**316,967**	264,188	**316,967**	504,103
Interest expenses (Note 38.3)	**90,152**	74,528	**115,206**	77,117
Cancelations During the year	**(6,238)**	-	**(6,238)**	-
Payments to lease creditors (Note 38.4)	**(250,871)**	(209,074)	**(307,271)**	(256,579)
Balance at the end of the year	**752,003**	601,993	**960,572**	841,908
Maturity analysis of lease liabilities				
Less than one year	**122,762**	119,051	**163,704**	119,051
01 to 5 years	**553,206**	321,731	**720,833**	561,646
More than 5 years	**76,035**	161,210	**76,035**	161,210
	752,003	601,993	**960,572**	841,908

38.3. THE FOLLOWING ARE THE AMOUNT RECOGNISED IN THE INCOME STATEMENT

	Group		*Company*	
Year ended	**31.03.2026**	**31.03.2025**	**31.03.2026**	**31.03.2025**
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Amortisation on right of use assets	**157,006**	135,898	**204,989**	169,797
Interest expenses on lease liability	**90,152**	74,528	**115,206**	77,117

38.4. AMOUNTS RECOGNISED IN STATEMENT OF CASH FLOWS

The Company / Group has classified:

- cash payments for the principal portion of lease payments as financing activities;
- cash payments for the interest portion as operating activities consistent with the presentation of interest payments chosen by the Company / Group.
- short-term lease payments and payments for leases of low-value assets as operating activities.

	Group		*Company*	
Year ended	**31.03.2026**	**31.03.2025**	**31.03.2026**	**31.03.2025**
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Capital repayments	**167,334**	132,637	**198,680**	177,553
Interest payments	**83,537**	76,437	**108,591**	79,026
	250,871	209,074	**307,271**	256,579

38.5. EXTENSION OPTIONS

Some property leases contain extension options exercisable by the Group. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options.

The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The Company has estimated that the potential future lease payments, should it exercise the extension option, would result in no material increase in lease liability.

38.6. The amount expensed during the year on lower value leases amounted to Rs.1.74 Million (2024/25- Rs.6.77 Million)

39. INTANGIBLE ASSETS

Accounting policy

Recognition and measurement

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Internally generated intangible assets, excluding capitalized development costs, are not capitalised and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is de-recognised.

Computer software

Computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives and carried at its cost less accumulated amortisation and accumulated impairment losses. Costs associated with maintaining computer software programs are recognised as expense incurred.

Development costs that are directly attributable to the production of identifiable and unique software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets and amortized over the useful lives.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in Income Statement as incurred.

Amortisation

Amortisation is recognised in Income Statement on a straight-line basis over the estimated useful lives of intangible assets, from the date on which they are available for use. The estimated useful lives are as follows;

Software license	5 years

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

Useful lives of intangible assets

The useful lives, residual values and methods of depreciation/amortisation of intangible assets are reviewed at each reporting date. Judgment of the management is exercised in the estimation of these values, rates and methods and therefore they are subject to uncertainty.

Impairment losses on intangible assets

The Group assesses at each reporting date whether there is an indication of objective evidence of impairment of assets. If any such indication exists, the Group makes an estimate of the asset's recoverable amount. This requires the estimation of the value in use of such individual assets. Estimating the value in use requires management to make an estimate of the expected future cash flows from the asset or the cash-generating unit, which requires management judgment on expected future cash flows and discount rates to be used in determining the value in use.

39.1. RECONCILIATION OF CARRYING AMOUNT

	Group		*Company*	
	31.03.2026	**31.03.2025**	**31.03.2026**	**31.03.2025**
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Computer software at cost				
At the beginning of the year	**836,882**	784,956	**826,714**	775,296
Additions	**21,494**	51,926	**21,009**	51,418
Write offs	**(274,083)**	-	**(274,083)**	-
At the end of the year	**584,293**	836,882	**573,640**	826,714
Amortisation				
At the beginning of the year	**590,137**	510,263	**583,758**	505,030
Charge for the year	**80,240**	79,874	**79,099**	78,728
Write offs	**(269,411)**	-	**(269,411)**	-
At the end of the year	**400,966**	590,137	**393,446**	583,758
Carrying value at the end of the year	**183,327**	246,745	**180,194**	242,956

The cost of fully depreciated intangible assets which are currently in use as at 31.03.2026 at the Group and Company amounted to Rs. 453.79 Million and Rs. 448.19 Million respectively (Group - Rs.442.03 Million and Company Rs. 438.27 Million as at 31.03.2025).

There were no capitalised borrowing costs related to acquisition of intangible assets during the financial year 2024/25 (2023/24 -Nil).

39.2. ASSESSMENT OF IMPAIRMENT OF INTANGIBLE ASSETS

The Board of Directors has assessed the potential impairment loss of intangible assets as at 31 March 2026.Based on the assessment, no impairment provision is required to be made in the financial statements as at the reporting date.

39.3. TITLE RESTRICTION ON INTANGIBLE ASSETS

There are no restrictions that existed on the title of the intangible assets of the Company/ Group as at the reporting date.

39.4. INTANGIBLE ASSETS PLEDGED AS SECURITY

There are no intangible assets pledged as security for banking facilities as at 31.03.2026 (31.03.2025- Nil).

39.5. ACQUISITION OF INTANGIBLE ASSETS DURING THE YEAR

During the financial year, the Group acquired intangible assets to the aggregate value of Rs. 21.49 Million (2024/25 - Rs.51.93 Million). Cash payments amounting to Rs. 21.49 Million (2024/25 - Rs.51.93 Million) were made during the year.

39.6. AMOUNT OF CONTRACTUAL COMMITMENTS FOR THE ACQUISITION OF INTANGIBLE ASSETS

There are no contractual commitments for the acquisition of Intangible Assets as at the reporting date.

40. CURRENT TAX ASSETS /LIABILITIES

Accounting policy

See accounting policies in Note 22.

	Group		*Company*	
	31.03.2026	**31.03.2025**	**31.03.2026**	**31.03.2025**
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance at the beginning of the year	**793,989**	776,346	**605,096**	567,804
Provision for the year (Note 22.1)	**3,112,558**	2,912,428	**2,617,972**	2,526,171
Over provision for previous years (Note 22.1)	**(79,655)**	(26,415)	**(79,781)**	(19,178)
Income tax paid	**(2,895,369)**	(2,655,779)	**(2,443,315)**	(2,265,263)
Seeting off against VAT refund	**-**	(34,083)	**-**	(34,083)
Withholding tax claimed	**(286,272)**	(178,508)	**(260,495)**	(170,355)
Balance at the end of the year	**645,251**	793,989	**439,477**	605,096
Current tax assets	**42**	43	**-**	-
Current tax liabilities	**(645,293)**	(794,032)	**(439,477)**	(605,096)
	(645,251)	(793,989)	**(439,477)**	(605,096)

41. DEFERRED TAX ASSETS AND LIABILITIES

Accounting policy

See accounting policies in Note 22.

SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS - Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and tax credits to the extent it is probable that taxable profits will be available against which these credits/losses can be utilised. Significant management judgments are required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies.

Deferred tax assets are measured at the highest amount that is more likely than not to be recovered, based on current or estimated future taxable profit. The net carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. Any adjustments are recognized in income statement.

Net deferred tax asset/(liability)

	Group		*Company*	
	31.03.2026	**31.03.2025**	**31.03.2026**	**31.03.2025**
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Net deferred tax assets (Note 41.1 .b)	**33,859**	35,313	**-**	-
Net deferred tax liability (Note 41.1.a)	**2,729,107**	2,303,249	**2,220,544**	1,791,483
	2,695,248	2,267,936	**2,220,544**	1,791,483

41.1.A. DEFERRED TAX LIABILITY

	Group		*Company*	
	31.03.2026	**31.03.2025**	**31.03.2026**	**31.03.2025**
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
At the beginning of the year	**3,274,923**	3,309,502	**2,692,651**	2,725,438
Temporary differences originated/(reversed) during the year	**302,279**	(34,579)	**309,777**	(32,787)
Total amount charged/(reversed) to income statement	**302,279**	(34,579)	**309,777**	(32,787)
Transfer to / (from) statement of other comprehensive income	**-**	-	**-**	-
At the end of the year	**3,577,202**	3,274,923	**3,002,428**	2,692,651
Offset against deferred tax assets	**(848,095)**	(971,673)	**(781,884)**	(901,168)
Net deferred tax liability	**2,729,107**	2,303,249	**2,220,544**	1,791,483

41.1.B. DEFERRED TAX ASSETS

	Group		*Company*	
	31.03.2026	**31.03.2025**	**31.03.2026**	**31.03.2025**
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
At the beginning of the year	**1,006,986**	1,707,203	**901,168**	1,599,987
Originated/ (Reversed) during the year	**(189,626)**	(720,001)	**(190,614)**	(707,332)
Total amount reversed to income statement	**(189,626)**	(720,001)	**(190,614)**	(707,332)
Transfer to /(from) statement of other comprehensive income	**64,592**	19,784	**71,330**	8,513
At the end of the year	**881,952**	1,006,986	**781,884**	901,168
Offset against deferred tax liability	**(848,095)**	(971,673)	**(781,884)**	(901,168)
Net deferred tax asset	**33,859**	35,313	**-**	-

41.2. GROUP

	Statement of financial position		*Income Statement*		*Other comprehensive income*	
	31.03.2026	**31.03.2025**	**31.03.2026**	**31.03.2025**	**31.03.2026**	**31.03.2025**
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Deferred tax assets, liabilities and income tax relate to the following:						
Deferred tax liability						
Capital allowances for tax purposes	**3,558,377**	3,264,449	**(293,928)**	37,378	**-**	-
Fair value changes in unquoted investments and investment properties	**18,824**	10,473	**(8,351)**	(2,799)	**-**	-
	3,577,201	3,274,923	**(302,279)**	34,579	**-**	-
Deferred tax assets						
Defined benefit plans	**(729,136)**	(625,152)	**39,392**	(155,292)	**64,592**	19,784
On bad debts provisions	**(83,418)**	(315,756)	**(232,338)**	(549,834)	**-**	-
Revaluation loss on repossessed stocks	**(3,859)**	(6,541)	**(2,682)**	(492)	**-**	-
On inventories	**(19,550)**	(23,983)	**(4,433)**	(15,067)	**-**	
Tax losses	**(880)**	(802)	**78**	(383)	**-**	-
On right of use assets	**(45,109)**	(34,752)	**10,357**	1,067	**-**	-
	(881,952)	(1,006,986)	**(189,626)**	(720,001)	**64,592**	19,784
Deferred tax income / (expense)			**(491,905)**	(685,422)	**64,592**	19,784
Net deferred tax liability	**2,695,248**	2,267,936				

41.3. COMPANY

	Statement of financial position		*Income Statement*		*Other comprehensive income*	
	31.03.2026	**31.03.2025**	**31.03.2026**	**31.03.2025**	**31.03.2026**	**31.03.2025**
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Deferred tax assets, liabilities and income tax relate to the following:						
Deferred tax liability						
Capital allowances for tax purposes	**2,983,604**	2,682,178	**(301,426)**	35,586	**-**	-
Fair value changes in unquoted investments and investment properties	**18,824**	10,473	**(8,351)**	(2,799)	**-**	-
	3,002,428	2,692,651	**(309,777)**	32,787	**-**	-
Deferred tax assets						
Defined benefit plans	**(665,866)**	(559,921)	**34,615**	(158,294)	**71,330**	8,513
Revaluation loss on repossessed stocks	**(3,859)**	(6,541)	**(2,682)**	(492)	**-**	-
On right of use assets	**(45,109)**	(34,752)	**10,357**	1,067	**-**	-
On bad debt provision	**(67,050)**	(299,954)	**(232,904)**	(549,613)	**-**	-
	(781,884)	(901,168)	**(190,614)**	(707,332)	**71,330**	8,513
Deferred tax income / (expense)			**(500,391)**	(674,545)	**71,330**	8,513
Net deferred tax liability	**2,220,544**	1,791,483				

Recoverability of Deferred Tax assets

During the year ended 31 March 2026, the Group has recognised a deferred tax asset amounting to Rs. 0.88 Million (2024/25 - Rs.0.81 Million) arising from tax losses as at 31 March 2026 after assessing the availability of future taxable profits for utilization. The deferred tax asset recognised will be tested for impairment on an annual basis and deferred tax asset recognised may be written off, if required.

The unused tax losses for which deferred tax assets have not been recognised as at 31.03.2026 amounted to Rs.Nil (31.03.2025 - Rs. Nil).

Deferred tax liability on revaluation gains

Having discussed internally and based on market practices, the investment property will be liable for capital gain tax at a rate of 30% on the revaluation surplus in excess of the deemed cost of investment assets as at 30 September 2017 and Deferred tax liability assessed at 30% as of 31st March 2026.

42. OTHER ASSETS

See accounting policy in Notes 4.3 and 17.

ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS - Impairment loss on accounts receivable and other assets

The Group reviews accounts receivable, and other assets on an individual basis to assess any indications of impairment and if a provision for impairment should be recorded in the consolidated income statement. Such estimates are necessarily based on assumptions about several factors involving varying degrees of uncertainty, and actual results may differ resulting in future changes to such provisions.

	Group		*Company*	
	31.03.2026	**31.03.2025**	**31.03.2026**	**31.03.2025**
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Financial assets				
Refundable deposits	**24,619**	40,624	**13,170**	7,517
Dividends receivables	**507**	-	**507**	-
Other receivables	**118,495**	81,319	**71,446**	56,661
Due from subsidiaries	**-**	-	**28,200**	23,932
	143,621	121,943	**113,323**	88,110
Provision for impairment	**(10,446)**	(10,285)	**(10,446)**	(10,285)
	133,175	111,658	**102,877**	77,825
Non financial assets				
Payments in advance/ pre-payments	**806,899**	598,931	**629,417**	349,708
Salary advances	**56,564**	47,804	**53,960**	42,510
Pre-paid staff cost	**15,892**	12,081	**15,258**	12,081
VAT receivables	**188,916**	24,812	**166,230**	-
Other receivables	**24,876**	18,090	**12,319**	6,549
	1,093,147	701,718	**877,184**	410,848
Provision for impairment	**(31,833)**	(33,320)	**-**	-
	1,061,314	668,398	**877,184**	410,848
Gross other assets	**1,236,768**	823,661	**990,507**	498,958
Provision for impairment (Note 42.1)	**(42,279)**	(43,605)	**(10,446)**	(10,285)
	1,194,489	780,056	**980,061**	488,673

42.1. MOVEMENT IN IMPAIRMENT FOR OTHER ASSETS

	Group		*Company*	
	31.03.2026	**31.03.2025**	**31.03.2026**	**31.03.2025**
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance at the beginning of the year	**43,605**	42,706	**10,285**	10,873
Charge /(write back) to income statement during the year	**161**	1,542	**161**	55
Write off of impaired debtors	**(1,487)**	(643)	**-**	(643)
Balance at the end of the year	**42,279**	43,605	**10,446**	10,285
Receivable within one year	**1,144,715**	712,189	**916,321**	438,598
Receivable after one year	**92,053**	111,472	**74,186**	60,360
	1,236,768	823,661	**990,507**	498,958

43. REAL ESTATE HELD FOR SALE

Accounting policy

Real estate are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets are generally measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on remeasurement are recognised in income statement.

	Group		*Company*	
	31.03.2026	**31.03.2025**	**31.03.2026**	**31.03.2025**
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance at the beginning of the year	**56,626**	56,626	**56,626**	56,626
Disposals during the year	**(5,822)**	-	**(5,822)**	-
	50,804	56,626	**50,804**	56,626
Provision for impairment (Note 43.1)	**(46,436)**	(52,258)	**(46,436)**	(52,258)
Balance at the end of the year	**4,368**	4,368	**4,368**	4,368
43.1. Movement in impairment for real estate				
Balance at the beginning of the year	**52,258**	52,258	**52,258**	52,258
Charge/ (write back) to income statement during the year	**(5,822)**	-	**(5,822)**	-
Balance at the end of the year	**46,436**	52,258	**46,436**	52,258

44. FINANCIAL LIABILITIES AT AMORTISED COST - DEPOSITS

See accounting policies in Note 4.3

Accounting Policy

Deposits include term deposits accepted under various tenors ranging from one month to five years and savings deposits. These deposits are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest rate (EIR) method. The EIR amortisation is included in interest expenses in the Income Statement. Gains and losses are recognised in the Income Statement when the liabilities are de-recognised. Group has not designated any liabilities at fair value through profit or loss as at the reporting date.

	Group		*Company*	
	31.03.2026	**31.03.2025**	**31.03.2026**	**31.03.2025**
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Term deposits	**47,581,045**	40,428,169	**48,664,742**	40,863,463
Savings	**1, 230,480**	1,247,818	**1,234,904**	1,258,817
	48,811,525	41,675,987	**49,899,646**	42,122,280
Payable within one year	**33,744,783**	31,606,378	**34,158,038**	31,926,227
Payable after one year	**15,066,742**	10,069,609	**15,741,608**	10,196,053
	48,811,525	41,675,987	**49,899,646**	42,122,280

The above includes a sum of Rs.2,382 Million (Rs.2,022 Million - as at 31.03.2025) deposited with the Company by the directors and their close family members. Refer Note 59.2.2.

45. FINANCIAL LIABILITIES AT AMORTISED COST - INTEREST BEARING BORROWINGS

Accounting policy

See accounting policies in Note 4.3

Other borrowing represents borrowing from other financial instituitons. Subsequent to initial recognition these borrowings are measured at their amortised cost using the Effective Interest Rate (EIR) method. The EIR amortisation is included in interest expenses in the income statement. Gains and losses are recognised in the income statement when the liabilities are de-recognised.

	Group		*Company*	
	31.03.2026	**31.03.2025**	**31.03.2026**	**31.03.2025**
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance at the beginning of the year	**4,444**	18,024	**-**	-
Borrowed during the year	**39,900,000**	5,984,000	**39,050,000**	5,255,000
Captal repayments during the year	**(19,310,509)**	(5,997,580)	**(18,456,065)**	(5,255,000)
Amortised interest (net)	**91,147**	-	**91,147**	-
Balance at the end of the year	**20,685,082**	4,444	**20,685,082**	-

45.1. LONG TERM BORROWINGS

Lending Institution/Trustee for Securtization	**Nature of facility**	**Security**	**31.03.2026**	**31.03.2025**
			Rs.'000	Rs.'000
Central Finance Company PLC				-
Seylan Bank PLC	Long term loan	Mortgage over lease receivables	**6,265,819**	-
Hatton National Bank PLC	Long term loan	Mortgage over lease receivables	**1,730,124**	-
Commercial Bank of Ceylon PLC	Long term loan	Mortgage over lease receivables and property	**1,723,054**	-
Sampath Bank PLC	Long term loan	Mortgage over lease receivables	**1,832,874**	-
MCB Bank Limited	Long term loan	Mortgage over lease receivables	**274,969**	-
Peoples Bank	Long term loan	Mortgage over lease and loan receivables	**2,296,407**	-
Bank of Ceylon	Long term loan	Mortgage over lease receivables	**2,996,253**	-
National Development Bank PLC	Securitisation Loan	Mortgage over lease and loan receivables	**1,052,888**	-
Seylan Bank PLC	Securitisation Loan	Mortgage over lease receivables	**2,512,694**	-
Total for the Company			**20,685,082**	-
Central Industries PLC				
Commercial Bank of Ceylon PLC	Long term loan	Unsecured	**-**	4,444
Total for the Group			**20,685,082**	4,444
Payable within one year			**6,599,853**	4,444
Payable after one year			**14,085,229**	-
Total for the Group			**20,685,082**	4,444

45.2. SHORT TERM BORROWINGS

The Company has obtained short term borrowings amounting to Rs. 17,250 Million for a short tenor from licensed commmecial banks for treasury funding requirements and fully settled as of 31st March 2026. A subsidiary Company of the Group has obtained short term facilities amounts to Rs. 850 Million for a short tenor from licensed commmecial banks and fully settled as of the reporting date.

46. EMPLOYEE BENEFIT OBLIGATION

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The estimation of this liability, determined by an independent, qualified actuary, necessarily involves long-term assumptions. The defined benefit obligation is calculated annually using the projected unit credit method. The services of a qualified actuary is obtained to determine the valuation of the defined benefit obligation for the Company as well as those subsidiary companies within the Group that adopted the actuarial valuation method in computing the provision required in accordance with Sri Lanka Accounting Standard (LKAS 19)– Employee Benefits. This standard also provides actuarial techniques, which approximates the actuarial valuation which has been adopted by the other companies within the Group that have not adopted the actuarial valuation method. The projected unit credit method projects the current data using the actuarial assumptions and calculates projected benefits at the participants' assumed retirement date.

The defined benefit obligation recognised in the statement of financial position represents the present value of the defined benefit obligation as reduced by the fair value of plan assets. Actuarial gains and losses are recognised as income or expenses in the statement of comprehensive income during the financial year in which they arise. The gratuity liability of the parent company is externally funded in part by a gratuity fund established in 1987, with the investments of the fund being mainly in fixed and savings deposits with approved banks. Gratuity liabilities of the other companies in the Group are not externally funded. Provision is made for defined benefit plan liability for all employees from the first year of service in conformity with Sri Lanka Accounting Standard (LKAS 19) – Employee Benefits.

The liability of the Company is computed on the following basis for employees who have joined the Company on or before 01.04.2013 while the rest of the employees are entitled for half a month's salary for each completed year of service as per the provisions of the Gratuity Act No. 12 of 1983.

Length of service (completed years)	No of months' salary for each completed year
Up to 15	.1/2
15 up to 30	1
30 up to 35	1 ½
35 up to 40	2
Over 40	2 ½

However, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of five years of continued service. Liabilities for the other companies in the Group are computed on the basis of half a month's salary for each year of completed service.

Recognition of actuarial gains and losses

The Group recognises the total actuarial gains and losses in the other comprehensive income during the period in which it occurs.

Recognition of current service cost

Since end of service gratuity defined benefit is a statutory benefit, the recognition of current service cost will arise only if the Payment of Gratuity Act No. 12 of 1983 is amended in future to increase the promised benefit on termination of employment. In such event, the company will adopt the accounting policy currently used for defined benefit plans.

SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS - Defined benefit plans

Cost of defined benefit plans are determined using actuarial valuations. Actuarial valuation involves making various assumptions, determining discount rates, future salary increases and mortality rates. Due to the complexity of the valuation, the underlying assumptions and their long-term nature such estimates are subject to significant uncertainty. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, the management considers the interest rates of Sri Lanka Government Bonds for a similar duration of the remaining expected working life of employees. The mortality rate is based on publicly available mortality tables. Estimate on future salary increases is based on expected future inflation rates and expected future salary increase rate of the Company.

Amendments of the provision of Minimum Age of Workers Act No 28 of 2021

With the implementation of the provisions of Minimum Age of Workers Act No 28 of 2021, the Company/Group revised the minimum retirement age of its employees as follows.

Age of employee (As at 17th November 2021)	Minimum Retirement Age
54 or above and below 55 years	57 Years
53 or above and below 54 years	58 Years
52 or above and below 53 years	59 Years
Below 52 years	60 Years

The above revision was captured as planned amendment in accordance with LKAS-19 in the actuarial valuation as at 31st March 2022 and resulted in a past service benefit of Rs.6.07 Million at Group and Rs.5.13 Million in Company respectively which was recognised in the income statement in 2021/22.

	Group		*Company*	
	31.03.2026	**31.03.2025**	**31.03.2026**	**31.03.2025**
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Present value of defined benefit obligation	**2,443,105**	2,090,642	**2,220,812**	1,867,879
Fair value of plan assets	**(1,260)**	(1,477)	**(1,260)**	(1,477)
Unfunded status	**2,441,845**	2,089,165	**2,219,552**	1,866,402
Net retirement benefit obligation	**2,441,845**	2,089,165	**2,219,552**	1,866,402
Movement of the retirement benefit obligation				
Present value of defined benefit obligation at the beginning of the year	**2,090,642**	2,535,196	**1,867,879**	2,367,345
Interest cost	**226,792**	312,846	**205,467**	290,000
Current service cost	**133,355**	112,142	**118,254**	97,576
Payments made during the year	**(222,610)**	(935,088)	**(208,175)**	(915,017)
Actuarial loss	**214,927**	65,546	**237,387**	27,975
Present value of defined benefit obligation at the end of the year	**2,443,105**	2,090,642	**2,220,812**	1,867,879
Movement of the plan assets				
Fair value of the plan assets at the beginning of the year	**1,477**	1,672	**1,477**	1,672
Contributions paid into the plan	**105,524**	87,052	**105,524**	87,052
Benefits paid by the plan	**(105,524)**	(87,052)	**(105,524)**	(87,052)
Expected return on plan assets	**162**	205	**162**	205
Actuarial loss	**(379)**	(400)	**(379)**	(400)
Fair value of the plan assets at the end of the year	**1,260**	1,477	**1,260**	1,477
Plan assets consist of the following:				
Investments in savings deposits with banks	**1,260**	1,477	**1,260**	1,477
	1,260	1,477	**1,260**	1,477

The investment portfolio of the plan assets are exposed to market and credit risks.

Retirement benefit liability of the Company is partly funded externally through a gratuity fund established in 1987 and the shortfalls on gratuity payments are funded by the Company.

When the benefits of a plan are changed or when a plan is curtailed ,the resulting change in benefits that relates to past service or the gain or loss on curtailment is recognised immediately in income statement. The Company recognises gain or losses on the settlement of a defined plan when the settlement occures.

Retirement benefit obligations of the Company, and the subsidiaries Central Industries PLC, and CF Insurance Brokers (Pvt) Ltd., have been determined based on actuarial valuations carried out by Mr. Pushpakumara Gunasekera-Actuary/Associate of the Institute of Actuaries of Australia. Employee benefit liabilities of Central Mineral Industries (Pvt) Ltd,Kandy Private Hospitals Ltd. are computed based on internally developed models based formula which approximates actuarial valuation.

Details of actuarial assumptions of the Company are as follows:

	31.03.2026	31.03.2025
Actuarial assumptions		
Discount rate	**9.85%**	11.00%
Future salary increases	**10.00%**	10.00%
Staff turnover ratio	**16.00%**	15.35%

Details of actuarial assumptions of subsidiary company Central Industries PLC

	31.03.2026	31.03.2025
Actuarial assumptions		
Discount rate	**9.75%**	10.00%
Future salary increases	**10.00%**	10.00%
Staff turnover ratio	**19.00%**	20.50%

Details of actuarial assumptions of subsidiary company CF Insurance Brokers (Pvt) Ltd.

	31.12.2025	31.12.2024
Actuarial assumptions		
Discount rate	**10.00%**	10.00%
Future salary increases	**10.00%**	15.00%
Staff turnover ratio	**22.00%**	23.00%

The change in actuarial assumptions are due to change in market interest rates and change in expected salary increases owing to decrease in inflation rate for CF Insurance Brokers (Pvt) Ltd. There are no changes to the method and assumptions used in the sensitivity analysis performed in 2025/26 and 2024/25.

In determining the appropriate discount rate as stated above, the management has considered the interest rates of Sri Lanka Government Bonds for a similar duration of the remaining expected working life of employees.

Mortality		*Mortality A1967/70 Ultimate Mortality Table*							
A 1967/70 ultimate	**Age:**	**20**	**25**	**30**	**35**	**40**	**45**	**50**	**55**
Mortality Rates	Rate	0.00089	0.00069	0.00065	0.00086	0.00144	0.00264	0.00479	0.00844
Disability rates	Age:	20	25	30	35	40	45	50	55
	Rate	0.00012	0.00012	0.00012	0.00013	0.00018	0.00028	0.00048	0.00086

Disability rates are based on standard permanent disability rates for accident & sickness used by insurance industry in Sri Lanka.

Sensitivity of assumptions employed in gratuity liability valuation

The following table demonstrates the impact on the defined benefit obligation and statement of comprehensive income of the changes in the significant actuarial assumptions employed with all other variables held constant in the employee benefit liability measurement.

Company		*31.03.2026*		*31.03.2025*	
	Increase/ (decrease)	**Sensitivity effect on comprehensive income statement increase/(decrease) in comprehensive income for the year**	**Sensitivity effect on the employee benefit obligation increase/(decrease) in liability**	**Sensitivity effect on comprehensive income statement increase/(decrease) in comprehensive income for the year**	**Sensitivity effect on the employee benefit obligation increase/ (decrease) in liability**
		Rs.000	Rs.000	Rs.000	Rs.000
Discount rate	1%	**67,588**	**(67,588)**	53,305	(53,305)
	-1%	**(73,550)**	**73,550**	(57,914)	57,914
Salary increment rate	1%	**(83,672)**	**83,672**	(67,162)	67,162
	-1%	**78,450**	**(78,450)**	63,043	(63,043)

Group	Increase/ (decrease)	31.03.2026 Sensitivity effect on comprehensive income statement increase/(decrease) in comprehensive income for the year Rs.000	31.03.2026 Sensitivity effect on the employee benefit obligation increase/(decrease) in liability Rs.000	31.03.2025 Sensitivity effect on comprehensive income statement increase/(decrease) in comprehensive income for the year Rs.000	31.03.2025 Sensitivity effect on the employee benefit obligation increase/ (decrease) in liability Rs.000
Discount rate	1%	**74,263**	**(74,263)**	60,217	(60,217)
	-1%	**(80,153)**	**80,153**	(65,362)	65,362
Salary increment rate	1%	**(91,113)**	**91,113**	(74,951)	74,951
	-1%	**85,507**	**(85,507)**	70,411	(70,411)

Maturity profile of the defined benefit obligation

Company

Future expected working life	Number of employees	Defined benefit obligation Rs.000
Within next 12 months	59	702,759
Between 1-2 years	14	46,090
Between 2-5 years	159	573,865
Between 5-10 years	1,666	898,098
Total	1,898	2,220,812
Average future expected working life		5.63 years

Subsidiary- Central Industries PLC

Future expected working life	Number of employees	Defined benefit obligation Rs.000
Within next 12 months	29	25,511
Between 1-2 years	5	1,090
Between 2-5 years	78	45,493
Above 10 years	252	15,393
Total	364	87,487
Average future expected working life		4.92 years

Subsidiary - CF Insurance Brokers (Pvt) Ltd.

Future expected working life	Number of employees	Defined benefit obligation Rs.000
Within next 12 months	1	-
Between 1-2 years	1	6,190
Morthan 2 years	81	115,171
Total	83	121,361
Average future expected working life		4.16 years

47. OTHER LIABILITIES

See accounting policy in Note 4.3

Provisions are recognised when it is probable that an outflow of economic benefit will be required to settle a current legal or constructive obligation which has arisen as a result of past events, and for which a reliable estimate can be made of the amount of the obligation.

	Group		Company	
	31.03.2026	**31.03.2025**	**31.03.2026**	**31.03.2025**
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Financial liabilities				
Provision for Bonus	**244,149**	205,555	**238,882**	200,944
Dividends payable	**100,106**	76,059	**83,785**	63,759
Security deposits	**105,748**	43,189	**46,473**	2,604
Amounts due to subsidiaries [Note 47.1]	**-**	-	**192,625**	278,423
Other payables	**134,910**	212,169	**100,226**	193,981
Accounts payables	**2,027,764**	997,651	**1,759,712**	650,206
	2,612,677	1,534,623	**2,421,704**	1,389,917
Non-financial liabilities				
Accrued expenses	**505,591**	338,898	**193,195**	185,374
Taxes on financial services payable	**175,844**	215,854	**175,844**	215,854
Stamp duty payable	**235,674**	122,730	**235,674**	122,730
Impairment in respect of off-balance sheet credit exposure	**396**	1372	**396**	1372
Other Provisions	**398,476**	280,858	**300,039**	210,597
	1,315,981	959,712	**905,148**	735,927
	3,928,658	2,494,335	**3,326,852**	2,125,844
Payable within one year	**3,782,392**	2,415,144	**3,239,861**	2,087,237
Payable after one year	**146,266**	79,191	**86,991**	38,607
	3,928,658	2,494,335	**3,326,852**	2,125,844

47.1. AMOUNTS DUE TO SUBSIDIARIES

	Company	
	31.03.2026	**31.03.2025**
	Rs.'000	Rs.'000
CF Insurance Brokers (Pvt) Ltd.	**192,625**	278,423
	192,625	278,423

48. STATED CAPITAL

As at 31st March	Company 31.03.2026 No of shares In'000	Company 31.03.2026 Stated capital Rs.'000	Company 31.03.2025 No of shares In'000	Company 31.03.2025 Stated capital Rs.'000
Issued and fully paid - ordinary shares				
At the beginning of the year	**227,354**	**2,230,286**	227,354	2,230,286
At the end of the year	**227,354**	**2,230,286**	227,354	2,230,286

Ordinary shares in the Company are recognised at the amount paid per ordinary share net of directly attributable issue cost. The shares of the Company are quoted on the Colombo Stock Exchange.

The holders of ordinary shares are entitled to receive dividends declared from time to time and are entitled to one vote per share at General Meetings of the Company.

49. STATUTORY RESERVE FUND

	Group 31.03.2026 Rs.'000	Group 31.03.2025 Rs.'000	Company 31.03.2026 Rs.'000	Company 31.03.2025 Rs.'000
Balance at the beginning of the year	**3,504,000**	3,204,000	**3,504,000**	3,204,000
Transfers during the year	**303,000**	300,000	**303,000**	300,000
Balance at the end of the year	**3,807,000**	3,504,000	**3,807,000**	3,504,000

The Company's reserve fund is maintained in accordance with Direction No. 9 of 1991 as amended by Direction No. 1 of 2003 issued by the Central Bank of Sri Lanka under the Finance Business Act No. 42 of 2011.

50. REVALUATION RESERVES

	Group 31.03.2026 Rs.'000	Group 31.03.2025 Rs.'000	Company 31.03.2026 Rs.'000	Company 31.03.2025 Rs.'000
Balance at the beginning of the year	**5,434,116**	5,384,232	**3,943,952**	3,953,451
Depreciation on revaluation surplus	**(11,151)**	(11,341)	**(9,500)**	(9,499)
Transfer on divestment of an associate	**(195,578)**	-	**-**	-
Share of revaluation surplus - associate company	**22,649**	61,225	**-**	-
Balance at the end of the year	**5,250,036**	5,434,116	**3,934,452**	3,943,952

Revaluation reserve consists of the net surplus on the revaluation of land and buildings.

51. FAIR VALUE RESERVE

	Group 31.03.2026 Rs.'000	Group 31.03.2025 Rs.'000
Balance at the beginning of the year	**1,370,884**	1,053,010
Fair value change during the year	**(545,644)**	317,874
Balance at the end of the year	**825,240**	1,370,884

52. LOAN LOSS RESERVE

	Group		Company	
	31.03.2026	31.03.2025	31.03.2026	31.03.2025
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance at the beginning of the year	920,000	920,000	920,000	920,000
Balance at the end of the year	920,000	920,000	920,000	920,000

Loan loss reserve was made during 2017/18 financial year to match the gap between regulatory time based provision and impairment based on Sri Lanka Financial Reporting Standards (SLFRS) on loans and advances. The impairment excess over the regulatory time based provision as at 31.03.2026 stands at Rs. 1,279 Million (2025- Rs.2,065 Million).

53. GENERAL RESERVE

	Group		Company	
	31.03.2026	31.03.2025	31.03.2026	31.03.2025
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
General reserve	23,402,957	23,402,957	23,391,776	23,391,776

General reserve represents amounts set aside by the directors for future expansions, and to meet any contingencies.

54. RETAINED EARNINGS

	Group		Company	
	31.03.2026	31.03.2025	31.03.2026	31.03.2025
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance at the beginning of the year	40,353,701	31,857,928	21,215,428	16,619,099
Total comprehensive income	10,089,825	9,859,911	5,873,697	5,962,309
Total contributions from and distribution to equity holders and other transfers	(1,569,958)	(1,364,138)	(1,767,187)	(1,365,980)
Balance at the end of the year	48,873,568	40,353,701	25,321,938	21,215,428

Retained earnings represents accumulated profits of the Company.

55. SECURED LIABILITIES

Short and long term borrowings of the Group/Company have been secured on the mortgage of specific land and buildings (refer Note 37.5), pledge of specific quoted company shares,inventories and assignment of specific lease and auto loan receivables, and hypothecation of hire purchase and lease contracts. The carrying value of the assets mortgaged / assigned as security amounted to Rs.36,706.68 Million as at 31.03.2026 (As at 31.03.2025 - Rs.7,427.86 Million).

	Group		Company	
	31.03.2026	31.03.2025	31.03.2026	31.03.2025
	Rs. Mn	Rs. Mn	Rs. Mn	Rs. Mn
Total available facilities	12,194	10,219	7,820	4,930
Used	-	5	-	-
Unused	12,194	10,214	7,820	4,930

General terms and conditions relating to above pledges are

1 The value of the lease receivables pledged as securities to be over and above the facilities obtained.

2 The mortgaged receivables should comprise assets with appropriate past due days.

3 All assets mortgaged to the lending institutions should be valued at such intervals as mandated by law and applicable regulations by professionally qualified valuers.

4 Company should maintain comprehensive insurance cover over all the assets pledged to the lending institutions.

56. CAPITAL COMMITMENTS

Capital commitments for which provision has not been made in the financial statements amounts to approximately Rs. 54.80 Million for the Company and Rs. 134.18 Million for the Group (2024/25 - Rs. 161.26 Million for the Company and Rs. 236.18 Million for the Group).

57. CONTINGENT LIABILITIES

Accounting policy

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be reliably measured. Contingent liabilities are not recognised in the statement of financial position but are disclosed.

Contingent assets are disclosed where an inflow of economic benefit is probable.

SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS- Commitments and contingencies

All discernible risks are accounted for in determining the amount of all known liabilities.

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be reliably measured. Contingent liabilities are not recognised in the statement of financial position, but are disclosed.

	Group		*Company*	
Contingent liabilities as at	**31.03.2026**	**31.03.2025**	**31.03.2026**	**31.03.2025**
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Guarantees Issued				
Fully secured guarantees issued on behalf of depositors	**31,750**	17,050	**31,750**	17,050
Maturity profiles of contingent liabilities are				
Payable wthin one year	**31,750**	17,050	**31,750**	17,050
Payable after one year	**-**	-	**-**	-
	31,750	17,050	**31,750**	17,050

The Commitments (unutilised credit facilities) of the Company as at 31st March 2026 amounted to Rs. 255.25 Mn. (As at 31st March 2025 - Rs. 279.41 Mn)

The associate Company commitments and contingent liabilities amounted to Rs. 555.16 Million as at 31st March 2026 (31st March 2025-Rs. 439.38 Million).

Tax assessments against the Company

The following tax assessments are outstanding and the Company has duly appealed against. Based on the internal assessment taking into considerations the requirememst under IFRIC 23, where necessary, no additional provision were required to be made in those financial statements.

Period	**Tax Type**	**Assessment Value**	**Current Status**
		Rs.Million	
2009/2010	VAT	177.00	Court of Appeal
2009/2010	Income Tax	250.00	Supreme Court
2010/2011	Income Tax	35.00	Court of Appeal
2013/2014	VAT	117.00	Tax Appeal Commission
2014/2015	VAT	117.00	Court of Appeal
2015/2016	NBT	13.20	Court of Appeal
2017/2018	NBT	27.40	Inland Revenue Department
2019/2020	Income Tax	26.80	Tax Appeal Commission
2020/2021	Income Tax	7.05	Inland Revenue Department
2020/2021	Scrcharge tax	40.19	Inland Revenue Department
2021/2022	Income Tax	5.10	Inland Revenue Department
		815.74	

Tax assessments against Group Companies

The following tax assessments are outstanding and the Group entity has duly appealed against. Based on the internal assessment, no additional provison were required to be made in those financial statements.

CF Insurance Brokers (Pvt) Ltd.

Period	Tax Type	Assessment Value Rs.Million	Current Status
2020/2021	Surcharge Tax	65.9	Inland Revenue Department
2019/2020	Income Tax	5.0	Tax Appeal Commission
		70.9	

Hedges Court Residencies (Pvt) Ltd.

Period	Tax Type	Assessment Value Rs.Million	Current Status
2009/2010	NBT	12.37	Court of Appeal
2010/2011	NBT	12.75	Court of Appeal
2011/2012	NBT	14.96	Court of Appeal
		40.08	

Central Transport & Travels Ltd.

Period	Tax Type	Assessment Value Rs.Million	Current Status
2020/2021	Surcharge Tax	2.30	Inland Revenue Department

Expanded Plastic (Products) (Private) Limited

Period	Tax Type	Assessment Value Rs.Million	Current Status
2020/2021	Surcharge Tax	0.30	Inland Revenue Department

Central Homes Private Limited

Period	Tax Type	Assessment Value Rs.Million	Current Status
2020/2021	Surcharge Tax	1.00	Inland Revenue Department

Central Industries PLC

Period	Tax Type	Assessment Value Rs.Million	Current Status
2020/2021	VAT	8.54	Inland Revenue Department
2021/2022	VAT	2.72	Inland Revenue Department
2018/2019	VAT	0.11	Inland Revenue Department
2023/2024	VAT	54.12	Inland Revenue Department
2010/2011 (VAT), 2014/2015 (Income Tax), 2008/2009 (Income Tax)	Tax in Default	5.70	Inland Revenue Department
2023/24	Income Tax	25.25	Inland Revenue Department
		96.44	

CF Growth Fund Limited

Period	Tax Type	Assessment Value Rs.Million	Current Status
2008/2009	Turnover tax	3.22	Department of Revenue-Western Provincial Council
		3.22	

Company and the Group - Litigations & Claims

There are no material litigations outstanding against the Company/Group as at 31 March 2026 that require provision or disclosure in the financial statements, as the Board of Directors is of the opinion that the ultimate resolution of such matters will not have a material impact on the financial position of the Company/Group.

The unresolved legal claim of the Company amounting to Rs. 44.28 Mn which may or may not cause a potential liability, have not been provided in the financial statements as the outcome of the judgement may not be predictable.

58. EVENTS AFTER THE REPORTING PERIOD

Proposed final dividend

The Directors have recommended the payment of a final dividend of Rs.3.75 per share payable by cash for the year ended 31st March 2026 which requires the approval of shareholders at the Annual General Meeting to be held on 30th June 2026. In accordance with LKAS 10 "Events after the reporting period", this proposed final dividend has not been recognised as a liability at the year-end (2024/25 – Rs. 3.75 per share payable by cash).

As required by section 56 (2) of the Companies Act No.7 of 2007, the Board of Directors has confirmed that the Company satisfies the solvency test in accordance with Section 57 of the Companies Act No. 7 of 2007, and have obtained necessary approvals from the Central Bank of Sri Lanka prior to declaring the said dividend.

59. RELATED PARTY DISCLOSURES

The Group carries out transactions with parties who are defined as related parties in the Sri Lanka Accounting Standard - LKAS 24 on "Related party disclosures", in the ordinary course of its business. The details of such transactions are reported below. The pricing applicable to such transactions is based on the assessment of risk and pricing model of the Company and is comparable with what is applied to transactions between the Company and its unrelated customers.

59.1. PARENT AND ULTIMATE PARENT

The Company does not have an identifiable parent of its own.

59.2. TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL (KMP)

According to Sri Lanka Accounting Standard - LKAS 24 on "Related party disclosures" Key Management Personnel (KMP) defined as those persons having authority and responsibility for planning, directing and controlling the activities of the entity.

KMPs of the Company - The Company 's KMPs include members of the Board of Directors who are responsible for planning, directing and controlling the operations of the Company.

KMPs of the Group - The Company is the ultimate parent of subsidiaries listed in Note 33. The KMPs of the Company have the authority and responsibility for planning, directing and controlling the operations of the Group and identified as KMPs of the Group as well.

In compliance with LKAS 24 - "Related party disclosures", Close Family Members (CFMs) of KMPs are defined as those family members who may be expected to influence, or be influenced by that KMP in their dealings with the entity. CFMs may include the domestic partner and children of KMP, the children of KMP's domestic partner and dependents of KMP and the KMP's domestic partner.

	Group		*Company*	
	31.03.2026	**31.03.2025**	**31.03.2026**	**31.03.2025**
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
59.2.1. COMPENSATION TO KMPS				
Short term employee benefits	**356,047**	340,066	**297,575**	290,815
Contributions to provident fund	**25,401**	27,952	**21,367**	23,299
Contributions to gratuity fund	**8,150**	11,223	**7,419**	6,368
59.2.2. OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL AND THEIR CLOSE FAMILY MEMBERS				
Liabilities				
Financial liabilities at amortised cost -Deposits	**2,381,778**	2,021,950	**2,381,778**	2,021,950
Income statement				
Interest expense	**238,693**	237,501	**238,693**	237,501
Cash flow statement				
Placement of deposits	**234,000**	144,300	**234,000**	144,300
Withdrawal of deposits	**13,804**	17,593	**13,804**	17,593

59.2.3. DIRECTORS' OTHER DIRECTORSHIPS WITHIN THE GROUP

The Directors of the Company are also directors of the following subsidiary and associate companies of the Group.

The Company carried out transactions in the ordinary course of business at market rates with these related entities.

	A.R. Fernando	A.K. Gunrathne	D.P. de Silva	C.K. Hettiarachchi	K.B. Herath	E.H. Wijenaike	M.H. de Silva	M.S. De Saram	S.H. Munasinghe	N.K. Arunatilake
Central Industries PLC	-	X	-	-	-	-	-		-	-
Central Developments Ltd.	-	X	X	X	-	-	-	-	-	-
Dehigama Hotels Company Ltd.	-	-	-	-	-	X	-		-	-
Expanded Plastic Products (Pvt) Ltd.	-	-	-	-	-	-	-	-	-	-
Central Mineral Industries (Pvt) Ltd.	-	-	-	-	-	-	-	-	-	-
Central Transport & Travels Ltd.	-	-	-	X	-	-	-	-	-	-
CF Growth Fund Ltd.	-	X	X	X	-	-	-	-	-	-
The Kandy Private Hospitals Ltd.	-	X	-	-	-	-	-	-	-	-
CF Insurance Brokers (Pvt) Ltd.	-	X	X	X	-	-	-	-	-	-
Central Homes (Pvt) Ltd.	-	-	-	-	-	-	-	-	-	-
Hedges Court Residencies (Pvt) Ltd.	-	-	X	-	-	-	-	-	-	-
Nations Trust Bank PLC	X	-	-	X	-	-	-	-	-	-

59.2.4. NUMBER OF SHARES HELD BY KMP'S AND THEIR CLOSE FAMILY MEMBERS

As at 31st March	2026	2025
Voting (Number of Shares)	**44,540,224**	44,540,224

Year ended 31st March	2026	2025
Cash dividends paid to KMP's and their close family members (Rs. '000)	**256,022**	187,019

59.3. TRANSACTIONS WITH GROUP ENTITIES

The Group includes subsidiaries and associates. The details of subsidiaries and associates are given in Notes 33 and 34.

59.3.1. TRANSACTIONS WITH SUBSIDIARIES

	Company	
	31.03.2026	**31.03.2025**
	Rs.'000	Rs.'000
Statement of financial position		
Assets		
Trade and other receivables	**28,200**	23,932
Loans and advances	**2,020**	-
Finance/ Operating lease debtors	**(373)**	11,377
Right to use assets	**191,932**	239,915
Liabilities		
Deposits	**1,088,121**	446,293
Amounts due to subsidiaries	**192,625**	278,113
Lease liabilities	**208,569**	239,915

	Company	
	31.03.2026	31.03.2025
	Rs.'000	Rs.'000
Income statement		
Rendering of services	25,004	20,038
Rent expense	56,400	47,505
Vehicle hire rentals paid	1,140	561
Accounting and administration charges received	644	420
Vehicle hire rentals received	21,414	16,399
Dividend income	94,795	88,663
Interest income	60	-
Interest expense on deposits	55,828	43,080
Interest expense on lease liability	25,054	2,589
Rent income	11,226	10,432
Cash flow statement		
Collection of insurance premium	2,109,403	1,505,607
Deposits placed	604,638	20,713
Withdrawal of deposits by subsidiaries	14,523	71,423
Loans given	1,960	-
Lease/vehicle hire facilities given	23,040	5,750
Recovery of loans	-	120

59.3.2. TRANSACTIONS WITH ASSOCIATES

	Group		Company	
	31.03.2026	31.03.2025	31.03.2026	31.03.2025
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Statement of financial position				
Assets				
Securities bought under repurchase agreements	3,177,574	139,122	3,177,574	139,122
Fixed deposits and Debentures	1,396,146	329,249	1,395,433	327,436
Operating/finance Lease receivables	13,389	20,243	13,389	20,243
Liabilities				
Short term loans and overdraft facilities	1,625	1,395	1,625	1,395
Income statement				
Interest income	165,354	216,343	165,235	213,527
Interest expense	3,371	25,514	3,371	25,510
Dividend income	420,521	387,108	223,309	206,008
Bank charges	844	4,604	763	644
Cash flow statement				
Lease/vehicle hire facilities given	14,123	86,100	14,123	86,100
Loans obtained	500,000	2,100,000	500,000	2,100,000
Loans settled	500,000	2,100,000	500,000	2,100,000
Investments in reverse repurchase agreements	53,593,000	47,902,000	53,593,000	47,827,000
Divestment of reverse repurchase agreements	50,569,000	53,177,000	50,569,000	53,102,000
Vehicle hire rentals received	59,994	52,276	59,994	52,276
Placements of fixed deposits	1,130,930	-	1,130,930	-
Withdrawal of fixed deposits	98,654	-	97,454	-

Fixed deposits and Debentures placed with related parties are unsecured and all other balances due from related parties are secured.

59.4. DISCLOSURE REQUIREMENTS UNDER SECTION 9.14.8 (1) AND 9.14.8 (2) OF THE CSE LISTING RULES

As required by rule 9.14.8 (1) of the Listing Rules of the Colombo Stock Exchange, there are no non-recurrent related party transactions which exceed 10% of the equity or 5% of the total assets, whichever is lower, as per the latest audited financial statements of the Company.

During the financial year ended 31.03.2026, the Company carried out transactions with Nations Trust Bank PLC In the ordinary course of business at market rates, the value of which exceed 10% of the consolidated gross revenue/income of the Group as per the latest audited financial statements of the Company.

As required by rule 9.14.8 (2) of the Listing Rules of the Colombo Stock Exchange details of the above transactions are given below.

Name of the related party	Relationship	Nature of the transaction	Aggregate value of related party transactions entered into during the financial year Rs.000	Aggregate value of related party transactions as a % of gross revenue/ income	Terms and conditions of the related party transactions
Nations Trust Bank PLC	Associate Company	Investment/ divestment in reverse repurchase agreements and interest income	104,298,595		Transactions are carried out at market rates with general terms and conditions in the ordinary course of business
		Debenture interest income	28,640		
		Interest expense on loans, overdrafts and bank charges	4,134		
		Dividend income	223,309	400.29%	
		Fixed deposits placed and withdrawn	1,228,384		
		Loans obtained and settled	1,000,000		
		Vehicle hire facilities given and rentals received	74,117		
		Aggregate value of transactions	106,857,179		

Investment/divestment in reverse repurchase agreements transactions with Nations Trust Bank PLC are exempt transactions as per section 9.14.10 (e) of the listing rules.

59.5. TRANSACTIONS WITH GOVERNMENT OF SRI LANKA /ENTITIES CONTROLLED, JOINTLY CONTROLLED,SIGNIFICANTLY INFLUENCED BY THE GOVERNMENT OF SRI LANKA

	Group		*Company*	
	31.03.2026 Rs.'000	**31.03.2025** Rs.'000	**31.03.2026** Rs.'000	**31.03.2025** Rs.'000
Central Finance Company PLC				
Operating lease receivables	**457**	(4,575)	**457**	(4,575)
Operating lease facilities given	**103,952**	105,758	**103,952**	105,758
Operating lease rentals received	**227,848**	261,777	**227,848**	261,777
Investment in government securities	**-**	7,985,888	**-**	7,079,311
Central Industries PLC				
Sale of goods	**1,692,978**	1,132,060	**-**	-
Settlement of trade debtors	**1,592,692**	838,053	**-**	-
Trade debtors	**575,622**	372,874	**-**	-

The Government of Sri Lanka indirectly holds 10.42% of the voting rights of the Company as at 31st March 2026 through Employees Provident Fund,Sri Lanka Insurance Corporation Life Limited Participating Portfolio A/C 01 and Sri Lanka Insurance Corporation General Limited (as at 31.03.2025 The Government of Sri Lanka indirectly held 10.55% through Employees Provident Fund and Employees Trust Fund Board).

59.6. PRICING POLICY AND TERMS FOR TRANSACTIONS WITH RELATED PARTIES

Company enters into transactions with related parties in the ordinary course of business on terms similar to comparable transactions with an unrelated comparable counterparty with the exception of accommodation granted to Key Management Personnel under approved schemes uniformly applicable to all or specific categories of employees.The terms include pricing for loans and collateral obtained for loans where appropriate.

60. MATURITY ANALYSIS

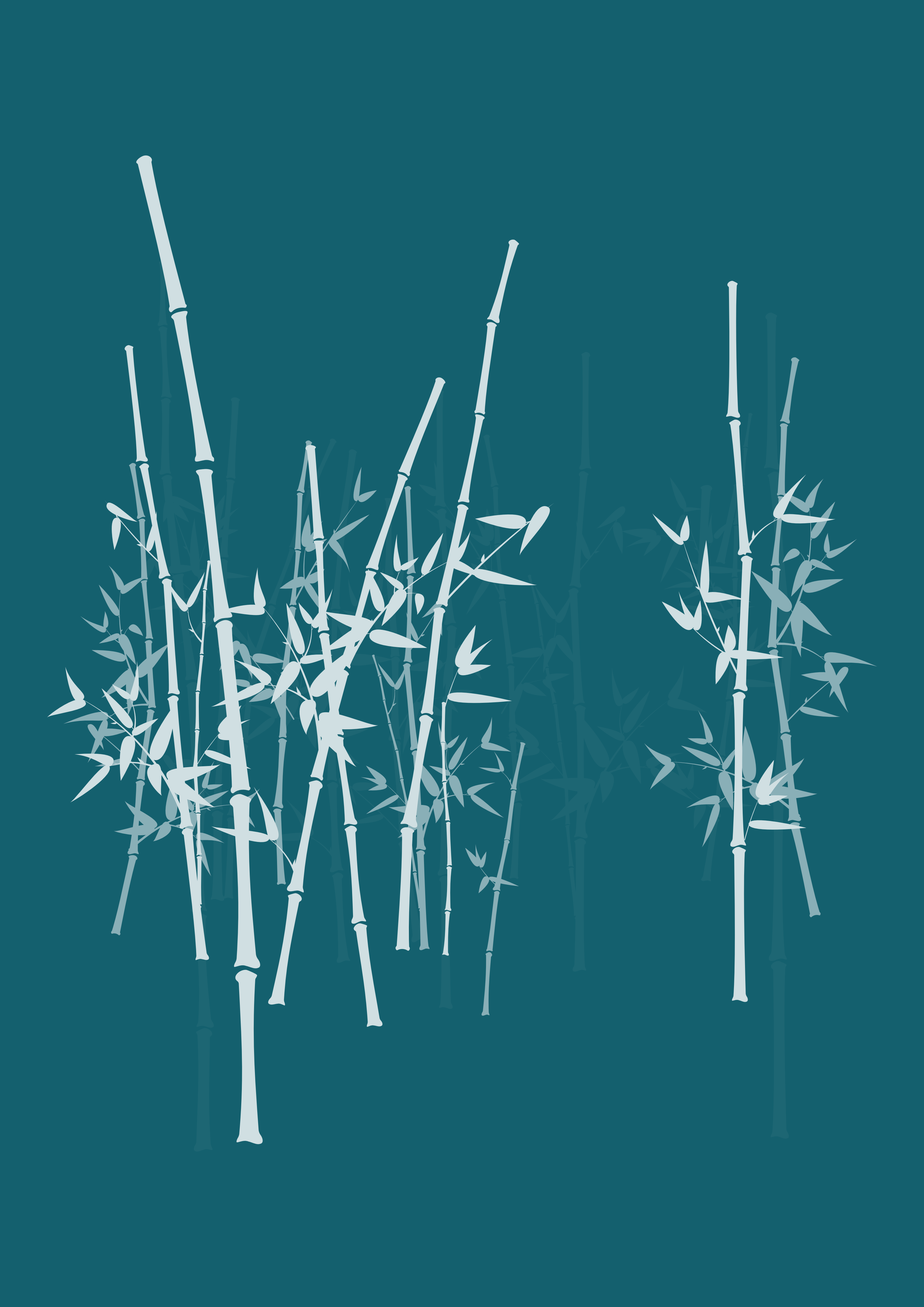
An analysis of the total assets employed and the total liabilities of the Company, based on the remaining period from the balance sheet date to the respective contractual maturity dates is given below:

Assets are stated net of provisions

	Up to 3 months		*3 to 12 months*		*1 to 3 years*	
MATURITY ANALYSIS	**31.03.2026**	**31.03.2025**	**31.03.2026**	**31.03.2025**	**31.03.2026**	**31.03.2025**
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Interest earning assets:						
Securities bought under repurchase agreements	**3,177,574**	139,122	**3,144,869**	3,262,645	**-**	-
Cash in hand and at banks - savings accounts	**238,352**	245,692	**-**	-	**-**	-
Financial assets at amortised cost- Debt and other financial instruments	**2,097,067**	2,946,849	**2,062,600**	8,752,643	**72,545**	2,790,152
Financial assets at amortised cost- Net investment in leases and hire purchase	**7,657,211**	6,276,119	**19,948,960**	15,268,426	**37,464,351**	26,792,178
Financial assets at amortised cost- Loans and receivables from customers	**2,669,823**	1,025,272	**8,236,710**	4,365,241	**7,334,852**	3,052,679
Total interest earning assets	**15,840,027**	10,633,053	**33,393,139**	31,648,955	**44,871,748**	32,635,008
Non-interest earning assets:						
Cash in hand and at banks	**626,117**	628,937	**-**	-	**-**	-
FVtPL financial assets	**1,904,352**	1,466,670	**-**	-	**-**	-
Investments in real estate	**-**	-	**-**	-	**-**	-
Investments in subsidiaries	**-**	-	**-**	-	**-**	-
Other assets	**865,648**	391,452	**50,673**	47,146	**14,456**	5,466
Investments in equity accounted investees	**-**	-	**-**	-	**-**	-
Inventories and other stocks	**-**	-	**75,600**	71,332	**13,665**	18,810
Investments property	**-**	-	**-**	-	**-**	-
Property, plant and equipment	**-**	-	**-**	-	**-**	-
Right of use assets	**54,674**	47,196	**156,578**	132,119	**378,712**	302,521
Intangible assets	**-**	-	**-**	-	**-**	-
Total non-interest earning assets	**3,450,791**	1,067,585	**282,851**	250,598	**406,833**	326,798
Total assets	**19,290,818**	11,700,639	**33,675,990**	31,899,553	**45,278,581**	32,961,806
Percentage	**13.79%**	12.54%	**24.07%**	30.38%	**32.36%**	31.39%
Interest bearing liabilities:						
Bank overdrafts	**572,306**	452,705	**-**	-	**-**	-
Financial liabilities at amortised cost -Interest bearing borrowings	**2,081,031**	-	**6,290,509**	-	**13,853,565**	-
Financial liabilities at amortised cost -Deposits	**14,998,714**	16,766,982	**20,278,952**	16,116,610	**18,043,514**	11,854,713
Lease liabilities	**52,977**	44,685	**222,664**	175,796	**527,271**	435,972
Total interest bearing liabilities	**17,705,028**	17,264,372	**26,792,125**	16,292,406	**32,424,350**	12,290,685
Non-interest bearing liabilities:						
Employee benefit obligations	**175,690**	163,274	**527,069**	489,821	**237,378**	188,227
Current tax liabilities	**439,477**	605,096	**-**	-	**-**	-
Deferred tax liability	**-**	-	**-**	-	**-**	-
Other liabilities	**3,115,539**	2,087,237	**124,322**	-	**54,202**	7,745
Total non-interest bearing liabilities	**3,730,706**	2,855,606	**651,391**	489,821	**291,580**	195,972
Total liabilities	**21,435,734**	20,119,978	**27,443,516**	16,782,227	**32,715,930**	12,486,657
Percentage	**24.21%**	37.13%	**31.00%**	30.97%	**36.96%**	23.05%
Contingent liabilities						
Fully secured guarantees issued on behalf of depositors	**5,500**	5,000	**26,250**	12,050		-

Maturities of interest bearing liabilities and employee benefit obligations are presented on undiscounted basis.

3 to 5 years		More than 5 years		Impairment provision		Total	
31.03.2026	31.03.2025	31.03.2026	31.03.2025	31.03.2026	31.03.2025	31.03.2026	31.03.2025
Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
-	-	-	-	-	-	6,322,443	3,401,767
-	-	-	-	(4)	(5)	238,348	245,687
3,123,069	3,123,070	-	-	(8,848)	(15,361)	7,346,433	17,597,353
19,145,524	10,079,078	548,862	506,483	(1,387,839)	(2,365,618)	83,377,069	56,556,667
3,742,394	1,744,492	313,636	286,409	(852,451)	(907,096)	21,444,964	9,566,996
26,010,987	14,946,640	862,498	792,892	(2,249,142)	(3,288,080)	118,729,257	87,368,470
-	-	-	-	(2)	(3)	626,115	628,934
-	-	-	-	-	-	1,904,352	1,466,670
50,804	56,626	-	-	(46,436)	(52,258)	4,368	4,368
-	-	384,872	407,979	-	-	384,872	407,979
312	59	59,418	54,832	(10,446)	(10,285)	980,061	488,673
-	-	1,846,380	1,834,063	-	-	1,846,380	1,834,063
-	-	-	-	(12,865)	(18,010)	76,400	72,132
-	-	82,500	66,611	-	-	82,500	66,611
-	-	14,173,082	11,593,908	-	-	14,173,082	11,593,908
298,546	244,301	53,392	110,258	-	-	941,902	836,396
-	-	180,194	242,956	-	-	180,194	242,956
349,662	300,987	16,779,838	14,310,608	(69,749)	(80,556)	21,200,226	17,642,690
26,360,649	15,247,627	17,642,336	15,103,500	(2,318,891)	(3,368,636)	139,929,483	105,011,160
18.84%	14.52%	12.61%	14.38%	-1.66%	-3.21%	100.00%	100.00%
-	-	-	-	-	-	572,306	452,705
2,227,237	-	-	-	-	-	24,452,342	-
620,196	1,367,142	-	-	-	-	53,941,376	46,105,447
461,306	371,764	86,336	205,397	-	-	1,350,554	1,233,614
3,308,739	1,738,906	86,336	205,397	-	-	80,316,578	47,791,766
382,577	253,532	898,098	773,026	-	-	2,220,812	1,867,879
-	-	-	-	-	-	439,477	605,096
-	-	2,220,544	1,791,483	-	-	2,220,544	1,791,483
-	-	32,789	30,862	-	-	3,326,852	2,125,844
382,577	253,532	3,151,431	2,595,370	-	-	8,207,685	6,390,301
3,691,316	1,992,438	3,237,767	2,800,767	-	-	88,524,263	54,182,067
4.17%	3.68%	3.66%	5.17%	0.00%	0.00%	100.00%	100.00%
	-		-		-	31,750	17,050



Supplementary Framework

Sustained by a complex underlying fiber grid, bamboo is fortified from the inside out creating a hidden structural matrix built for long-term endurance.

"It's about growing, not just upwards, but inwards and outwards."

- Priya Kartik, inspired by the Taoist Bamboo Principle -

DIRECTORS' INTEREST IN CONTRACTS WITH THE COMPANY

Related party transactions are detailed in note 59 to the financial statements as required by LKAS-24 Related Party Disclosures". In addition, the Company carried out transactions in the ordinary course of business on an arm's length basis with entities where a director of the Company is also a director of such entities as detailed below.

Company	Name of director	Nature of transaction	*Transaction Value* 2026 Rs.'000	*Transaction Value* 2025 Rs.'000	*Interest Paid/Received* 2026 Rs.'000	*Interest Paid/Received* 2025 Rs.'000
CBL Foods International (Pvt) Ltd.	**M.S. De Saram (Director of CBL Investments Ltd. Parent Company)	Hire of Vehicles	**-**	-	**-**	-
Ceylon Biscuits Limited		Hire of Vehicles	**-**	-	**-**	-
Ceylon Essence and Beverage Company (Pvt) Ltd.		Hire of Vehicles	**-**	-	**-**	-
Convenience Foods (Lanka) PLC		Hire of Vehicles	**-**	-	**-**	-
Plenty Foods (Pvt) Ltd.		Hire of Vehicles	**-**	-	**-**	-
Spar S L (Private) Limited		Hire of Vehicles	**-**	-	**-**	-
Equity Two PLC	E.H. Wijenaike	Placement of fixed deposits	**-**	7,784	**2**	2,988
		Withdrawal of fixed deposits	**7,784**	-	**-**	-
Credit Information Bureau of Sri Lanka	**A.K. Gunaratne C.K. Hettiarachchi	Equity Investment	**637**	-	**-**	-
Sunshine Holdings PLC	*A.D.B. Talwatte	Hire of Vehicles	**-**	-	**-**	-
Diesel & Motor Engineering PLC	*A.D.B.T alwatte	Purchase of spare parts and repairs	**689**	17,196	**-**	-
		Lease supplier payments	**-**	10,990	**-**	-
		Sale of vehicle	**-**	14,143	**-**	-
Tokyo Cement Company (Lanka) PLC	*A.D.B.Talwatte	Equity Investment	**-**	30,511	**-**	-
Sunshine Healthcare Lanka Limited	*A.D.B. Talwatte	Hire of Vehicles	**-**	-	**-**	-
Cheveron Lubricants Lanka PLC	*A.D.B.Talwatte	Hire of Vehicles	**-**	-	**-**	-
Ceylon Hospitals PLC	*A.D.B.Talwatte	Term loan facility	**-**	-	**-**	8,000
Cirute Plantations (Pvt) Ltd.	*A.D.B.Talwatte	Sale of vehicle	**-**	2,000	**-**	-

* Mr.A.D.B.Talwatte retired from the Board of Directors of Central Finance Company PLC on 30th April 2025

** Mr. A.K. Gunaratne and C.K. Hettiarachchi joined the Board of Directors of the Credit Information Bureau of Sri Lanka in January 2026

*** Mr.M.S.De Saram joined Board of Directors of Lion Brewery (Ceylon) PLC on 1st April 2026

Facilties Granted During the Year		*Rentals Received*		*Hire Charges Received*		*Balance Outstanding*		*Dividend Received*	
2026	**2025**	**2026**	**2025**	**2026**	**2025**	**2026**	**2025**	**2026**	**2025**
Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
232,836	340,027	**-**	-	**165,086**	92,151	**(12)**	(271)	**-**	-
171,838	414,639	**-**	-	**152,781**	114,828	**42**	(148)	**-**	-
-	-	**-**	-	**5,083**	3,812	**-**	-	**-**	-
18,693	135,000	**-**	-	**45,129**	30,074	**-**	(90)	**-**	-
107,661	150,000	**-**	-	**64,767**	50,641	**(9)**	50	**-**	-
-	-	**-**	-	**3,846**	2,700	**(385)**	(385)	**-**	-
-	-	**-**	-	**-**	-	**-**	-	**-**	-
-	-	**-**	-	**-**	-	**-**	-	**-**	-
-	-	**-**	-	**-**	-	**-**	-	**-**	-
-	-	**520**	35,307	**-**	-	**-**	16,115	**-**	-
-	-	**-**	-	**-**	-	**-**	-	**-**	-
-	-	**-**	-	**-**	-	**-**	-	**-**	-
-	-	**-**	-	**-**	-	**-**		**-**	-
-	-	**-**	-	**-**	-	**-**	-	**-**	848
-	-	**-**	4,862	**-**	-	**-**	5,347	**-**	-
-	10,600	**-**	-	**8,010**	103,374	**-**	(26)	**-**	-
-	-	**-**	200,000	**-**	-	**-**	-	**-**	-
-	-	**-**	-	**-**	-	**-**	-	**-**	-

GROUP COMPANIES

Subsidi

	Central Industries PLC	Central Developments Limited	Central Transport and Travels Limited	Central Mineral Industries (Private) Limited	Central Homes (Private) Limited	CF Growth Fund Limited
COMPANY PROFILE						
Year of incorporation	1984	1974	1991	1990	1987	1992
Stated Capital	Rs. 453,539,844 (24,195,193 Shares)	Rs.132,940,000 (13,294,000 Shares)	Rs.29,490,070 (2,949,007 Shares)	Rs.3,500,000 (350,000 Shares)	Rs.34,175,020 (3,417,502 Shares)	Rs.163,036,780 (16,303,678 Shares)
Group Holding	49.98%	99.99%	100.00%	100.00%	100.00%	99.99%
Status of the Company	Quoted	Unquoted	Unquoted	Unquoted	Unquoted	Unquoted
Principal Business Activities	Manufacture & distribution of PVC Pipes & Fittings under the brands of National	Investment company	Hiring of vehicles	Manufacture of mineral products	Property development and sale of real estate	Investment company
Registered Office	No. 312, Nawala Road, Rajagiriya.	No. 84, Raja Veediya, Kandy.	No. 84, Raja Veediya, Kandy.	No. 84, Raja Veediya, Kandy.	No. 270, Vauxhall Street, Colombo 02.	No. 270, Vauxhall Street, Colombo 02.
BOARD OF DIRECTORS	C.S. Hettiarachchi (Chairman)	A.K. Gunaratne	C.S. Hettiarachchi	G.S.N. Peiris	C.S. Hettiarachchi	A.K. Gunaratne
	M. Rupatunga	D.P. De Silva	C.K. Hettiarachchi	W.M.S. Wanasinghe	M.S. Kumara	D.P. de Silva
	C.S.W. De Costa	C.K. Hettiarachchi	G.A. Bandaranayake	G.A. Bandaranayake		C.K. Hettiarachchi
	A.K. Gunaratne		A.R. Wijenaike			
	D.T.R. De Silva		W.M.S. Wanasinghe			
	D.K. Welmillage					
	T.P. Gunesekera					
	W.M.T.W. Weerasinghe					
	M.A.D.D. Virantha					
Company Secretary	Corporate Services Ltd, No 216, De Saram Place, Colombo 10	Kandy Business Consultants (Pvt) Ltd, 80, Kings Street, Kandy	Kandy Business Consultants (Pvt) Ltd, 80, Kings Street, Kandy	Kandy Business Consultants (Pvt) Ltd, 80, Kings Street, Kandy	Kandy Business Consultants (Pvt) Ltd, 80, Kings Street, Kandy	Kandy Business Consultants (Pvt) Ltd, 80, Kings Street, Kandy

ries					Associates
CF Insurance Brokers (Private) Limited	**Dehigama Hotels Company Limited**	**Expanded Plastic Products (Private) Limited**	**Hedges Court Residencies (Private) Limited**	**The Kandy Private Hospitals Limited**	**Nations Trust Bank PLC**
1995	1973	1978	2005	1967	1999
Rs.123,750,000 (12,375,000 Shares)	Rs.8,280,700 (828,070 Shares)	Rs.64,000,000 (6,400,000 Shares)	Rs.50,000,000 (5,000,000 Shares)	Rs.6,084,750 (550,500 Shares)	Rs.13,990,603,000 (Voting - 288,491,504 Convertible Non-voting - 44,935,262)
100.00%	79.69%	99.99%	100.00%	66.74%	Voting 19.72% Convertible Non-voting 31.90%
Unquoted	Unquoted	Unquoted	Unquoted	Unquoted	Quoted
Insurance broking	Renting of commercial property	Investment company	Construction and sale of apartments	Provision of healthcare services	Licensed Commercial Bank
No. 270, Vauxhall Street, Colombo 02.	No. 84, Raja Veediya, Kandy.	No. 270, Vauxhall Street, Colombo 02.	No. 270, Vauxhall Street, Colombo 02.	No. 255/8, Katugastota Road, Kandy.	No. 242, Union Place Colombo 02
C.S. Hettiarachchi (Chairman)	E.H. Wijenaike	W.M.S. Wanasinghe	D.P. de Silva	G.S.N. Peiris	R.S. Cader (Chairman)
D.P. de Silva	W.A.L. Galagoda	M.S. Kumara	M.S. Kumara	A.K. Gunaratne	C.H.A.W. Wickramasuriya
A.K. Gunaratne	L. Sirimanne			R.E. George	A.R. Fernando
C.K. Hettiarachchi	C.S. Hettiarachchi			A.P. Aluwihare	DR. R. Shanmuganathan
D.A.C. Goonetilleke	A.R. Wijenaike			H.M.S.B. Eatulgama	C.K. Hettiarachchi
A.R. Wijenaike				R.W.W.M.R.P.B. Iddawela	H.D. Gunetilleke
M.P.R. Fernando				S. Ranasinghe	K.C. Subasinghe
W.M.T.W. Weerasinghe				A.M.L. Beligaswatte	S.Jha
				G.A. Bandaranayake	A.K. Wignaraja
					R.A. Perera
					M.C. Pietersz
Kandy Business Consultants (Pvt) Ltd, 80, Kings Street, Kandy	Corporate Services Ltd, No 216, De Saram Place, Colombo 10	Kandy Business Consultants (Pvt) Ltd, 80, Kings Street, Kandy	Kandy Business Consultants (Pvt) Ltd, 80, Kings Street, Kandy	Kandy Business Consultants (Pvt) Ltd, 80, Kings Street, Kandy	Rasanjalie Peshala Attygalle, 46/58, Nawam Mawatha, Colombo 02

QUARTERLY STATISTICS - COMPANY

As at	31.03.2026	31.12.2025	30.09.2025	30.06.2025
	2025-2026			
(Rs.'000)				
Statement of financial position				
Total assets	**139,929,483**	129,066,486	117,298,075	110,385,138
Advances to customers	**104,822,033**	96,179,406	85,297,474	73,180,691
Average assets	**134,497,985**	123,182,281	113,841,607	107,698,149
Bank and other borrowings	**21,257,388**	14,588,163	4,641,387	1,464,112
Deposits	**49,899,646**	48,594,106	47,218,943	44,680,274
Shareholders' funds	**59,605,452**	58,209,709	57,680,374	56,094,693
	31.03.2026	31.12.2025	30.09.2025	30.06.2025

For the three months ended	31.03.2026	31.12.2025	30.09.2025	30.06.2025
(Rs.'000)				
Income statement				
Interest income	**5,035,529**	4,686,082	4,527,275	4,311,818
Interest expenses	**(1,545,953)**	(1,343,820)	(1,133,389)	(1,071,790)
Net interest income	**3,489,576**	3,342,262	3,393,886	3,240,028
Operating lease income	**443,117**	420,453	424,204	402,891
Net income from financial instruments at FVTPL	**(48,111)**	44,609	261,670	214,848
Other income	**743,400**	372,032	393,182	625,912
Total operating income	**4,627,982**	4,179,356	4,472,942	4,483,679
Impairments (charge)/reversal and other credit losses	**228,310**	98,116	277,103	366,554
Net operating income	**4,856,292**	4,277,472	4,750,045	4,850,233
Operating expenses	**(2,098,319)**	(1,968,593)	(1,795,270)	(1,712,007)
Operating profit before taxes on financial services	**2,757,973**	2,308,879	2,954,775	3,138,226
Taxes on financial services	**(471,709)**	(464,012)	(561,403)	(584,014)
Profit before tax	**2,286,264**	1,844,867	2,393,372	2,554,212
Income tax expense	**(728,272)**	(690,303)	(807,625)	(812,382)
Profit for the quarter	**1,557,992**	1,154,564	1,585,747	1,741,830
Other comprehensive income for the quarter	**(166,436)**	-	-	-
Total comprehensive income for the quarter	**1,391,556**	1,154,564	1,585,747	1,741,830
Ordinary share information				
Market price per share (Rs)				
Highest	**310.00**	319.75	315.00	265.00
Lowest	**208.00**	265.00	255.00	167.00
Last traded	**228.00**	268.00	305.00	263.75
Net asset value per share	**262.17**	256.03	253.70	246.73
Financial measures				
Profitability				
Return on capital employeed (annualised) (%)	**12.16**	11.05	13.32	14.50
Return on average shareholders' equity (annualised) (%)	**10.58**	7.97	11.15	12.52
Return on assets (annualised) (%)	**4.63**	3.75	5.57	6.47
Productivity				
Non interest expenses to total revenue (%)	**33.99**	35.64	32.02	30.82
Cost to income (%)	**45.34**	47.10	40.14	38.18
Asset quality				
Gross NPA ratio (%)	**1.65**	1.84	1.99	2.35

INFORMATION ON SHARES AND DEBENTURES

SHARE INFORMATION

1. STOCK EXCHANGE

The ordinary shares of the Company are listed on the Colombo Stock Exchange.

The audited income statement for the year ended 31st March 2026 and the audited statement of financial position as at 31st March 2026 of the Company and of the Group are submitted to the shareholders and Colombo Stock Exchange within three months from the close of the financial year.

2. NUMBER OF ORDINARY SHAREHOLDERS AS AT 31ST MARCH 2026 – 6,424

(Stated capital of the Company consists solely of voting ordinary shares).

(Number of shareholders as at 31.03.2025 - 4,262)

Following tables show the pattern of distribution of shareholders

	Residents			*Non- Residents*			*Total*		
Number of Shares held	**No of Shareholders**	**No. of Shares**	**%**	**No of Shareholders**	**No.of Shares**	**%**	**No of Shareholders**	**No.of Shares**	**%**
1-1,000	4,170	929,208	0.41	20	7,937	0.00	4,190	937,145	0.41
1,001-10,000	1,557	5,286,086	2.33	17	81,467	0.04	1,574	5,367,553	2.37
10,001-100,000	489	14,823,437	6.52	20	709,716	0.31	509	15,533,153	6.83
100,001-1,000,000	121	35,535,841	15.63	8	1,527,490	0.67	129	37,063,331	16.30
1,000,001 and over	17	135,854,428	59.75	5	32,598,852	14.34	22	168,453,280	74.09
Total	6,354	192,429,000	84.64	70	34,925,462	15.36	6,424	227,354,462	100.00

There were 4,208 resident and 54 non-resident shareholders as at 31st March 2025

	31st March 2026			*31st March 2025*		
Categories of Shareholders	**No of Shareholders**	**No.of shares**	**%**	**No.of Shareholders**	**No.of shares**	**%**
Individuals	**6,068**	**104,771,900**	**46.08**	3,967	98,981,304	43.54
Institutions	**356**	**122,582,562**	**53.92**	295	128,373,158	56.46
Total	**6,424**	**227,354,462**	**100.00**	4,262	227,354,462	100.00

3. PUBLIC HOLDING - 31ST MARCH 2026

The company qualifies under option one of the minimum public holding requirement Rule 7.13.1.(a) of the Listing Rules of the Colombo Stock Exchange as of 31.03.2026 and relevant information is given below.

	Float adjusted market capitalization (Rs.Bn)		*Public holding percentage (%)*		*Number of public shareholders*	
	Minimum requirement	**Available amount**	**Minimum requirement**	**Public holding (%)**	**Minimum requirement**	**Available amount**
Option 01	Rs.10 Bn	Rs. 32.96 Bn	no minimum % required	63.60%	500	6,411

INFORMATION ON SHARES AND DEBENTURES

3.1. PUBLIC HOLDING - 31ST MARCH 2025

The company qualifies under option one of the minimum public holding requirement Rule 7.13.1.(a) of the Listing Rules of the Colombo Stock Exchange as at 31.03.2025 and relevent information is given below

	Float adjusted market capitalization (Rs.Bn)		*Public holding percentage (%)*		*Number of public shareholders*	
	Minimum requirement	**Available amount**	**Minimum requirement**	**Public holding (%)**	**Minimum requirement**	**Available amount**
Option 01	Rs.10 Bn	Rs.28.09 Bn	no minimum % required	63.59%	500	4,247

4. TWENTY LARGEST SHAREHOLDERS AS AT 31ST MARCH 2026

		31st March 2026		*31st March 2025*	
		No. of Shares	**%**	**No. of Shares**	**%**
1	Corporate Services (Pvt) Ltd. A/C No.01	**36,625,096**	**16.11**	36,625,096	16.11
2	E.H. Wijenaike	**35,039,742**	**15.41**	35,039,742	15.41
3	Employees Provident Fund	**22,735,446**	**10.00**	23,702,974	10.43
4	Thurston Investments Limited	**13,824,392**	**6.08**	13,849,392	6.09
5	Hallsville Frontier Equities Limited	**13,083,136**	**5.75**	13,083,136	5.75
6	E.W. Balasuriya & Co.(Pvt) Ltd. A/C No.01	**8,889,789**	**3.91**	8,889,789	3.91
7	A.J. Wijenaike	**7,091,476**	**3.12**	7,091,476	3.12
8	Ceylon Investment PLC A/C No.02	**3,121,045**	**1.37**	5,414,663	2.38
9	Ceylon Guardian Investment Trust PLC A/C No.02	**3,096,773**	**1.36**	5,088,801	2.24
10	C.R. Dunuwille	**2,923,384**	**1.29**	2,923,384	1.29
11	N.M. Gunawardana	**2,818,820**	**1.24**	2,818,820	1.24
12	P.R. Munasinha	**2,659,783**	**1.17**	2,659,783	1.17
13	S.N.P.Palihena	**2,195,953**	**0.97**	-	-
14	D.P.Pieris	**2,000,000**	**0.88**	-	-
15	S.K. Wedande	**1,847,633**	**0.81**	1,847,633	0.81
16	A.K.Gunaratne	**1,810,661**	**0.80**	1,810,661	0.80
17	H.Yusoof	**1,746,233**	**0.77**	1,234,256	0.54
18	N.M.Wahab	**1,526,448**	**0.67**	1,526,448	0.67
19	E.D.Pieris	**1,500,000**	**0.66**	-	-
20	Perera and Sons Bakers (Pvt) Limited	**1,500,000**	**0.66**	1,350,000	0.59
		166,035,810	**73.03**	164,956,054	72.55
	Others	**61,318,652**	**26.97**	62,398,408	27.45
	Total	**227,354,462**	**100.00**	227,354,462	100.00

*Comparative shareholdings as at 31st March 2025 held by the twenty largest shareholders as at 31st March 2026.

5. MARKET VALUE

	2025/2026	**2024/2025**	**2023/2024**
	Rs.	Rs.	Rs.
Highest	**319.75 (on 22.10.2025)**	226.00 (on 18.02.2025)	139.75 (on 21.08.2023)
Lowest	**167.00 (on 09.04.2025)**	100.25 (on 28.08.2024)	62.10 (on 02.05.2023)
Year end	**228.00**	194.25	106.75

6. DIVIDEND PAYMENTS

	2025/2026 Rs.	2024/2025 Rs.
Interim paid	**2.75**	2.75
Final - proposed	**3.75**	3.75
Total	**6.50**	6.50

	2025/2026 Rs.000	2024/2025 Rs.000
Dividend payout	**1,477,804**	1,477,804

7. SHARE TRADING

	2025/2026	2024/2025	2023/2024
No. of shares traded	**49,576,520**	48,102,412	31,699,715
Value of shares traded (Rs. '000)	**13,043,070**	7,246,639	3,375,853
Market capitalization (Rs. '000)	**51,836,818**	44,163,604	24,270,088

8. STATED CAPITAL IS REPRESENTED BY NUMBER OF SHARES IN ISSUE AS GIVEN BELOW

	31.03.2026 Rs.	31.03.2025 Rs.
Ordinary voting shares	**227,354,462**	227,354,462

9. DEBENTURES

Information on Listed Debentures

9.1. The company made no debenture issues during the year ended 31st March 2026.

9.2. The debentures issued by the Company to the value of Rs.6.5 Bn in June 2013, December 2013 and June 2015 have been fully redeemed by May 2020.

9.3. Objectives of the debentures issued in June 2013, December 2013 and June 2015 have been fully achieved.

10. CREDIT RATINGS

There was no change in the credit rating of the company during the year.

DECADE AT A GLANCE

Year ended 31st March	2017 Rs.'000	2018 Rs.'000	2019 Rs.'000	2020 Rs.'000
Group income	18,145,869	20,502,024	23,566,453	25,758,685
Interest income	14,104,260	16,114,759	18,571,815	20,116,816
Net income from financial instruments at FVTPL				216,267
Other revenue	2,823,108	2,786,351	3,340,097	3,753,158
Operating lease income	497,619	807,240	1,000,957	1,030,459
Other income	720,882	793,674	653,584	641,985
Interest expenses				
Interest on deposits	(3,301,687)	(4,314,616)	(4,760,353)	(5,624,498)
Interest on bank and other borrowings	(943,840)	(888,929)	(1,216,837)	(1,102,713)
Interest on lease liabilities	-	-	-	(41,816)
Cost of sales	(1,981,548)	(1,970,053)	(2,412,427)	(2,696,572)
Operating expenses	(4,653,890)	(4,801,213)	(4,948,269)	(5,254,740)
Impairment and other credit losses	(302,794)	(396,051)	(2,213,650)	(4,785,758)
Share of profit of equity accounted investees, net of tax	628,890	793,947	765,726	859,924
Taxes on financial services	(815,686)	(1,116,079)	(1,431,885)	(1,275,328)
Profit before income tax	6,775,314	7,809,030	7,348,758	5,837,184
Income tax expense	(2,020,285)	(2,303,003)	(2,220,004)	(1,727,880)
Net profit for the year	4,755,029	5,506,027	5,128,754	4,109,304
Attributable to equity holders of the parent	4,665,195	5,439,837	5,041,398	3,990,148
Attributable to non-controlling interest	89,834	66,190	87,356	119,156

	2017 Rs.'000	2018 Rs.'000	2019 Rs.'000	2020 Rs.'000
Statement of financial position				
Stated capital	1,337,564	1,337,564	1,527,778	1,696,898
Capital reserves	2,510,631	2,291,952	4,745,864	4,823,863
Reserve fund	1,599,000	1,824,000	2,037,000	2,213,000
OCI reserve / AFS reserve	(37,023)	19,637	17,993	111,767
Loan loss reserve	-	920,000	920,000	920,000
Revenue reserves	24,158,943	27,521,078	31,492,005	34,560,162
Funds attributable to equity holders of the parent	29,569,115	33,914,231	40,740,640	44,325,690
Non-controlling interest	884,232	865,255	1,119,290	1,197,191
	30,453,347	34,779,486	41,859,930	45,522,881

2021	2022	2023	2024	2025	2026
Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
23,994,266	24,580,234	24,473,972	26,868,940	26,695,001	**29,875,514**
16,604,313	14,219,402	17,911,950	19,500,264	17,232,398	**19,016,505**
1,094,480	678,734	67,093	350,244	609,367	**507,930**
4,628,028	7,160,077	4,748,924	4,767,099	5,821,879	**7,250,170**
1,015,166	1,055,079	1,026,926	1,186,002	1,469,016	**1,679,092**
652,279	1,466,942	719,079	1,065,331	1,562,341	**1,421,817**
(5,130,566)	(3,714,968)	(4,732,335)	(6,271,224)	(4,581,031)	**(4,247,896)**
(974,886)	(21,404)	(43,499)	(37,715)	(56,901)	**(676,022)**
(44,739)	(46,527)	(52,668)	(63,136)	(74,528)	**(90,152)**
(3,399,801)	(5,393,157)	(2,839,286)	(3,389,451)	(4,366,924)	**(5,348,759)**
(4,575,363)	(5,556,961)	(5,858,166)	(6,413,288)	(7,234,033)	**(8,407,435)**
(3,270,465)	(286,966)	(843,425)	(53,041)	1,901,575	**968,899**
1,069,144	1,388,131	1,886,915	2,664,448	3,664,776	**4,217,857**
(863,462)	(1,298,900)	(1,679,690)	(1,879,274)	(2,075,596)	**(2,081,138)**
6,804,128	9,649,482	10,311,818	11,426,259	13,872,339	**14,210,868**
(1,024,160)	(2,373,343)	(2,752,818)	(3,239,319)	(3,654,104)	**(3,615,245)**
5,779,968	7,276,139	7,559,000	8,186,940	10,218,235	**10,595,623**
5,544,132	7,002,786	7,226,880	7,842,275	9,923,975	**10,250,376**
235,836	273,352	332,120	344,665	294,260	**345,247**

2021	2022	2023	2024	2025	2026
Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
1,961,597	2,230,286	2,230,286	2,230,286	2,230,286	**2,230,286**
5,102,431	4,976,248	4,597,308	5,384,232	5,434,116	**5,250,036**
2,371,000	2,715,000	2,964,000	3,204,000	3,504,000	**3,807,000**
27,538	(398,492)	100,028	1,053,010	1,370,884	**825,240**
920,000	920,000	920,000	920,000	920,000	**920,000**
39,669,450	45,392,408	48,733,620	55,260,886	63,756,658	**72,276,525**
50,052,016	55,835,451	59,545,242	68,052,413	77,215,944	**85,309,087**
1,453,433	1,634,702	1,900,478	2,293,388	2,509,125	**2,770,322**
51,505,449	57,470,153	61,445,720	70,345,801	79,725,069	**88,079,409**

DECADE AT A GLANCE

	2017 Rs.'000	2018 Rs.'000	2019 Rs.'000	2020 Rs.'000
Assets				
Cash and other liquid assets	4,377,189	4,911,973	5,477,473	7,617,271
Financial assets held for trading	447,991	654,954	564,843	5,599,847
Investments in equity accounted investees	4,075,059	5,769,300	6,503,658	7,430,736
Advances to customers	62,782,169	68,880,573	81,747,336	78,510,364
Other assets	3,498,109	3,763,330	3,304,995	6,030,770
Property, plant and equipment	7,134,854	8,395,647	12,659,775	12,605,679
Total assets	82,315,371	92,375,777	110,258,080	117,794,667
Liabilities				
Deposits	35,527,936	40,570,199	45,149,518	52,912,500
Bank and other borrowings	9,050,927	8,167,277	13,137,443	11,165,090
Other liabilities	7,283,161	8,858,815	10,111,189	8,194,196
Total liabilities	51,862,024	57,596,291	68,398,150	72,271,786
Key indicators				
Group				
Earnings per share (Rs.)	21.52	24.88	22.85	17.81
Net asset value per share (Rs.)	135.23	155.10	184.62	197.86
Company				
No of shares	216,758,888	216,758,888	218,661,027	220,674,367
Earnings per share (Rs.)	18.05	20.65	18.50	12.92
Net asset value per share (Rs.)	111.81	127.57	150.94	159.06
Gross dividends paid (Rs.'000)	509,383	867,036	787,180	529,618
Dividend cover (times covered)	7.68	5.16	5.14	5.38
Market price per share (Rs.)	86.20	99.90	84.50	81.00
Price earnings ratio	4.78	4.84	4.57	6.27

2021 Rs.'000	2022 Rs.'000	2023 Rs.'000	2024 Rs.'000	2025 Rs.'000	2026 Rs.'000
6,192,421	24,213,144	26,503,163	29,482,149	13,606,935	**9,296,864**
15,669,893	1,655,884	649,071	3,908,515	1,807,449	**2,194,171**
8,276,910	9,221,337	11,121,423	14,532,496	18,297,316	**21,168,369**
64,514,535	58,626,258	46,327,586	50,161,453	66,130,736	**104,824,269**
7,434,991	9,455,617	9,881,603	10,220,814	16,080,526	**14,376,999**
12,308,748	12,433,609	12,246,039	13,228,686	14,230,125	**16,793,815**
114,397,498	115,605,849	106,728,885	121,534,113	130,153,087	**168,654,487**
52,152,495	48,715,464	38,228,102	43,737,485	41,675,987	**48,811,525**
3,129,256	932,834	299,399	482,278	469,257	**21,266,647**
7,610,298	8,487,498	6,755,664	6,968,549	8,282,774	**10,496,906**
62,892,049	58,135,796	45,283,165	51,188,312	50,428,018	**80,575,078**
24.39	30.80	31.79	34.49	43.65	**45.09**
220.15	245.59	261.90	299.32	339.63	**375.23**
224,024,987	227,354,462	227,354,462	227,354,462	227,354,462	**227,357,462**
18.19	23.56	21.84	21.08	26.31	**26.57**
175.72	195.58	201.99	221.32	242.82	**262.17**
784,087	795,741	966,256	1,023,095	1,477,804	**1,477,804**
5.20	6.73	5.14	4.69	4.05	**4.09**
80.70	68.10	72.40	106.75	194.25	**228.00**
4.44	2.89	3.32	5.06	7.38	**8.58**

INCOME STATEMENT IN US DOLLARS

For the year ended 31st March	Group		Company	
	31.03.2026	**31.03.2025**	**31.03.2026**	**31.03.2025**
	USD'000	USD'000	USD'000	USD'000
Income	**94,681**	90,088	**72,444**	69,867
Interest income	**60,267**	58,155	**58,822**	56,754
Interest expenses	**15,890**	15,903	**16,147**	16,057
Net interest income	**44,376**	42,252	**42,675**	40,697
Net income from financial instruments at FVTPL	**1,610**	2,056	**1,499**	1,756
Net other revenue	**6,026**	4,910	**-**	-
Operating lease income	**5,321**	4,958	**5,358**	5,005
Other income	**4,506**	5,272	**6,765**	6,352
Total operating income	**61,839**	59,448	**56,297**	53,810
Impairments and other credit losses	**3,071**	6,417	**3,074**	6,422
Net Operating Income	**64,910**	65,865	**59,371**	60,232
Operating expenses				
Personnel expenses	**13,710**	12,593	**12,150**	11,133
Premises, equipment, establishment and other expenses	**12,935**	11,820	**11,854**	11,169
	26,645	24,413	**24,004**	22,302
Operating profits before share of profit of equity accounted investee	**38,265**	41,452	**35,367**	37,930
Share of profit of equity accounted investee, net of tax	**13,367**	12,368		-
Operating profit before taxes on financial services	**51,632**	53,820	**35,367**	37,930
taxes on financial services	**6,595**	7,005	**6,595**	7,005
Profit before tax	**45,037**	46,815	**28,772**	30,925
Income tax expense	**11,458**	12,332	**9,630**	10,737
Profit for the year	**33,579**	34,483	**19,142**	20,188
Profit attributable to :				
Equity holders of the parent	**32,485**	33,490	**19,142**	20,188
Non-controlling interest	**1,094**	993	**-**	-
Profit for the year	**33,579**	34,483	**19,142**	20,188
Basic and diluted earnings per share -USD	**0.14**	0.15		
Dividend per share	**0.02**	0.02		

STATEMENT OF FINANCIAL POSITION IN US DOLLARS

As at	Group 31.03.2026 USD'000	Group 31.03.2025 USD'000	Company 31.03.2026 USD'000	Company 31.03.2025 USD'000
ASSETS				
Cash and cash equivalents	**3,255**	3,413	**2,740**	2,952
Fair value through profit or loss financial assets	**6,954**	6,100	**6,035**	4,950
Securities bought under repurchase agreements	**20,037**	11,480	**20,037**	11,480
Financial assets at amortised cost- Debt and other financial instruments	**32,859**	71,108	**23,282**	59,386
Financial assets at amortised cost- Loans and receivables from customers	**67,970**	32,310	**67,963**	32,286
Financial assets at amortised cost- Net investment in leases and hire purchase	**264,236**	190,863	**264,236**	190,863
Trade receivables	**6,264**	4,791	**-**	-
Investments in subsidiaries	**-**	-	**1,220**	1,377
Investments in equity accounted investees	**67,086**	61,749	**5,851**	6,189
Inventories and other stocks	**5,486**	3,559	**242**	243
Investment properties	**261**	225	**261**	225
Property, plant and equipment	**53,222**	48,022	**44,917**	39,126
Right of use assets	**2,377**	2,013	**2,985**	2,823
Intangible assets	**581**	833	**571**	820
Current tax assets	**-**	-	**-**	-
Deferred tax asset	**107**	119	**-**	-
Other assets	**3,786**	2,632	**3,106**	1,650
Real estates held for sale	**14**	15	**14**	15
Total assets	**534,495**	439,232	**443,460**	354,385
LIABILITIES				
Bank overdrafts	**1,843**	1,569	**1,814**	1,528
Financial liabilities at amortised cost -Deposits	**154,692**	140,645	**158,140**	142,151
Financial liabilities at amortised cost -Interest bearing borrowings	**65,555**	15	**65,555**	-
Lease liabilities	**2,383**	2,032	**3,044**	2,841
Employee benefit obligations	**7,739**	7,049	**7,034**	6,299
Current tax liabilities	**2,045**	2,680	**1,393**	2,042
Deferred tax liability	**8,649**	7,773	**7,037**	6,046
Other liabilities	**12,452**	8,418	**10,542**	7,174
Total liabilities	**255,356**	170,181	**254,560**	168,081
EQUITY				
Stated capital	**7,068**	7,527	**7,068**	7,527
Statutory Reserve fund	**12,065**	11,825	**12,065**	11,825
Revaluation reserve	**16,638**	18,339	**12,469**	13,310
Fair value reserve	**2,615**	4,626	**-**	-
Loan loss reserve	**2,916**	3,105	**2,916**	3,105
General reserve	**74,168**	78,979	**74,133**	78,941
Retained earnings	**154,889**	136,182	**80,250**	71,596
Total equity, excluding non-controlling interest	**270,359**	260,583	**188,900**	186,304
Non-controlling interest	**8,780**	8,468	**-**	-
Total equity	**279,139**	269,051	**188,900**	186,304
Total liabilities and equity	**534,495**	439,232	**443,460**	354,385
Net asset value per share - USD	**1.19**	1.15	**0.83**	0.82

USD Exchange rate was Rs. 315.54 as at 31 st March 2026

The Statement of financial position given on this page is solely for the convenience of the shareholders, bankers, investors,customers and other users of financial statements and do not from apart of the audited financial statements.

GLOSSARY OF FINANCIAL TERMS

A

Accounting policies - The specific principles, bases, conventions, rules and practices adopted by an entity in preparing and presenting financial statements.

Accrual basis - The system of accounting wherein revenue is recognised at the time it is earned and expenses at the time they are incurred, regardless of whether cash has actually been received or paid out.

Amortisation - The systematic allocation of the depreciable amount of an intangible asset over its useful life.

Associate company - An associate is an entity, including an unincorporated entity such as a partnership, over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture.

C

Cash equivalents - Short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Collective impairment provisions - Impairment is measured on a collective basis for homogeneous groups of lending facilities that are not considered as individually significant.

Consolidated financial statements - Financial statement of a holding company and its subsidiaries based on their combined assets, liabilities and operating results.

Contingencies - A condition or situation existing at the balance sheet date where the outcome will be confirmed only by the occurrence or non-occurrence of one or more future events.

Corporate governance - Process by which corporate entities are governed to promote stakeholder interest. Shareholders exert collective pressure on management to ensure equitable decision making on matters that may affect the value of their holdings and base their response on statutory requirements or on so called "Best Practice".

Credit risk - The risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

D

Deferred taxation - Sum set aside for tax in the Financial Statements that may become payable/receivable in a financial year other than the current financial year.

Dividend cover - Profit attributable to ordinary shareholders divided by gross dividends to ordinary shares; this indicates number of times dividend is covered by current year's distributable profits.

Dividend per share - Value of the total dividend paid out and proposed to ordinary shareholders divided by the number of ordinary shares in issue; this indicates the proportion of current year's dividend attributable to an ordinary share in issue.

E

Earnings per share (EPS) - Profit attributable to ordinary shareholders divided by the number of ordinary shares in issue; this indicates the proportion of current year's earnings attributable to an ordinary share in issue.

Effective interest method - Is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period.

Equity method - A method of accounting whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor's share of net assets of the investee. The profit or loss of the investor includes the investor's share of the profit or loss of the investee.

F

Fair value - Is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Financial asset - Any asset that is cash, an equity instrument of another entity or a contractual right to receive cash or another financial asset from another entity.

Financial instrument - Is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial liability - A contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity.

Finance lease - A lease that transfers substantially all the risks and rewards incidental to the ownership of an asset to the lessee. Title may or may not eventually be transferred.

G

Gross dividend - The proportion of profit distributed to shareholders including the tax withheld.

Group - A group is a parent and all its subsidiaries and associates.

H

Held-for-trading - Debt and equity investments that are purchased with the intent of selling them within a short period of time.

Held to maturity investment - Are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity.

Hire purchase - A contract between hirer and financier where the hirer takes on hire a particular article from the financier, with the option to purchase the article at the conclusion of the agreed rental payments.

I

Impairment - This occurs when recoverable amount of an asset is less than its carrying amount.

Individual impairment - Impairment is measured on an individual basis for Non homogeneous groups of lending facilities that are considered as individually significant.

Intangible asset - An intangible asset is an identifiable nonmonetary asset without physical substance

Interest cover - Earnings before interest and tax divided by interest expenses. This indicates the ability to cover or service interest charges of the debt holders.

L

Lease - An agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time.

Liquid assets - Assets that are held in cash or in a form that can be converted to cash readily, such as balances with banks and treasury bills.

Liquidity risk - The risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

Local currency (LCY) - Refers to Sri Lankan Rupees.

M

Market capitalisation - Number of ordinary shares in issue multiplied by market value of a share and indicates total market value of all ordinary shares in issue.

Market risk - The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market price. Market risk comprises three types of risks: currency risk, interest rate risk, and other price risk.

Non-controlling interest - Portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the parent.

Net asset value per ordinary share - Ordinary shareholders' funds divided by the number of ordinary shares in issue.

Non-performing advances - Loans and advances of which rentals are in arrears for more than 90 days.

O

Operating lease - An operating lease is a lease other than a finance lease.

P

Parent - A parent is an entity that has one or more subsidiaries.

Past due - A financial asset is past due when a counterparty has failed to make a payment when contractually due.

R

Related parties - Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Related party transactions - Is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged or not

Reverse repurchase agreement - Transaction involving the purchase of securities by a bank or dealer and resale back to the seller at a future date and specified price.

Return on average assets (ROA) - Profit after tax expressed as a percentage of average total assets.

Return on average equity (ROE) - Profit after tax less preference share dividends if any, expressed as a percentage of average ordinary shareholders' equity

S

Segmental analysis - Analysis of financial information by segments of an enterprise specifically the different industries and the different geographical areas in which it operates.

Shareholders' funds (Equity) - Total of issued and fully paid ordinary share capital and capital and revenue reserves attributable to ordinary shareholders

Subsidiary company - An entity, including an unincorporated entity such as a partnership, which is controlled by another entity, known as the parent.

Substance over legal form - The consideration that the accounting treatment and the presentation in financial statements of transactions and the events are governed by their financial reality and not merely by its legal form.

T

Tier I capital - Core capital representing permanent share holders' equity and reserves created or increased by appropriations of retained earnings or other surpluses

Tier II capital - Supplementary capital representing revaluation reserves, general provisions and other capital instruments, which combine certain characteristics of equity and debts, such as, hybrid capital instruments and unsecured subordinate term debts.

Transaction costs - Are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

CUSTOMER CENTRE NETWORK

KANDY - Head Office	COLOMBO - City Office	KATUGASTOTA - Showroom
No. 84, Raja Veediya, Kandy, Sri Lanka. Tel : 94-81-2227000 Fax : 94-81-2232047	No. 270, Vauxhall Street, Colombo 02, Sri Lanka. Tel : 94-11-2300555 Fax : 94-11-2300441, 94-11-2541212	No. 254, Katugastota Road, Kandy. Tel: 94-81-2234309, 94-81-2234234-5 Fax: 94-81-2228468

WESTERN PROVINCE - 36		
ALUTHGAMA No.140,Galle Road, Kaluwamodara, Aluthgama . Tel: 034-2018447	**KADUWELA** No. 133, Malabe Road, Kothalawala, Kaduwela . Tel: 011-2070530 , 011-2070531	**NEGOMBO** No. 367, Main Street, Negombo. Tel: 031-2222579, 031-2233456
ATHURUGIRIYA No. 308, Godagama Road, Athurugiriya. Tel: 011-2074040	**KALUTARA** No. 409, Galle Road,Kalutara South. Tel: 034 2018448	**NITTAMBUWA** No. 43, Kandy Road, Nittambuwa. Tel: 033-2296615, 033-2296614
AVISSAWELLA No. 1/79, Ratnapura Road, Avissawella. Tel: 036-2232750, 036-2233650, 036-2232950	**KIRIBATHGODA** No. 541, New Hunupitiya Road, Dalugama, Kelaniya. Tel: 011-2070620, 011-2070621	**NUGEGODA** No. 312, High Level Road, Colombo 06. Tel: 011-2815800, 011-2815801, 011-2815802,011-2815803, 011-2815804
BANDARAGAMA No. 37/A/6, Horana Road, Bandaragama. Tel: 038-2018200	**KIRINDIWELA** No. 68, Veyangoda Road, Kirindiwela. Tel: 033-2018220	**PANADURA** No.587 / 585, Galle Road, Panadura. Tel: 038-2241533, 038-2241270
DIVULAPITIYA No. 96, Colombo Road, Divulapitiya. Tel: 031-2018205	**MAHARAGAMA** No. 132, High Level Road, Maharagama. Tel: 011-2845855	**PILIYANDALA** No. 329/4, Colombo Road, Piliyandala. Tel: 011-2609000
GAMPAHA No.259, Colombo Road, Gampaha. Tel: 033-2234132, 033-2227621	**MALABE** No. 418, Athurugiriya Road, Malabe. Tel :011-2760893	**RAJAGIRIYA** No. 41, Rajagiriya Road, Rajagiriya. Tel : 011-2865161, 011- 2865162
HANWELLA No.131/1/B, Pahala Hanwella, Hanwella. Tel: 036-2253960	**MARADANA** No. 215, Maradana Road, Colombo 10. Tel: 011-2038000	**RAGAMA** No. 61/B Kadawatha Road,Ragama. Tel: 011-2061120, 011-2061121
HOMAGAMA No.138/1, High level Road, Homagama. Tel: 011-2892334	**MATUGAMA** No.146, Agalawatta Road (South) Matugama. Tel: 034-2248790, 034 2248795	**RATMALANA** No. 259/1/1, Galle Road, Ratmalana. Tel: 011-2715617
HORANA No.165, Ratnapura Road, Horana. Tel: 034-2265065, 034-2265066	**MINUWANGODA** No.152 A, Colombo Road, Galloluwa Junction, Minuwangoda Tel: 011-2294525	**THALAWATUGODA** No. 688/A, 688/A/1, Madiwela Road, Thalawatugoda. Tel: 011-2774916
JA-ELA No.173, Negombo Road, Ja-Ela. Tel: 011-2229180, 011-2229181	**MIRIGAMA** No 2/D,Danowita Road,Mirigama. Tel: 033-2018221	**WATTALA** No. 628, Negombo Road, Mabola, Wattala. Tel: 011-2949890
PADUKKA 79/1, Horana Road, Padukka. Tel: 011-2830923	**KADAWATHA** No. 579, Kandy Road, Eldeniya, Kadawatha. Tel: 011-2901677	**DEHIWALA** No.76,(Ground Floor), Galle Road , Dehiwala Tel - 011-2282828
KANDANA No.338, Negombo Road, Kandana Tel - 011 2201213	**KOCHCHIKADE** No. 37, Negombo Road, Kochchikade. Tel -031 2 018 206	**MORATUWA** No.493 & 493 1/1,Galle Road, Rawatawatta, Moratuwa. Tel-011-2201214

EASTERN PROVINCE - 7		
AMPARA No. 106, Regal Studio, Pandukabhaya Mawatha, Ampara. Tel : 063-2222238	**DEHIATTAKANDIYA** No. 18E, New Town Complex, Dehiattakandiya. Tel : 027-2250189	**KANTALE** No. 57, Trincomalee Road, Kantale. Tel: 026-2234447
BATTICALOA No. 570 H, 570 J, 570K, Trincomalee Road,Sinnaurani, Batticaloa. Tel : 065-2227823, 065-2227824	**KALMUNAI** No. 263, Batticaloa Road, Kalmunai. Tel: 067-2226132, 067-2226133	**TRINCOMALEE** No. 272, 4th Mile Post, Kandy Road,Trincomalee. Tel: 026-2242422, 026-2242423

EASTERN PROVINCE - 7		
POTTUVIL Roundabout, Main Street, Pottuvil. Tel : 063-2248080		

NORTHERN PROVINCE - 5		
JAFFNA No. 364, Main Street, Jaffna. Tel: 021-2221608, 021-2221942	**KILLINOCHCHI** No.426,A 9 Road, Killinochchi. Tel: 021-2280133, 021-2280134	**MANNAR** No. 513, Pallimunai Road, Uppukulam, Mannar. Tel: 024-2018200
VAVUNIYA No. 166, Station Road, Vavuniya. Tel: 024-2225814, 024-2227192	**NELLIADY** Kodikamam Road, Nelliady 021-2018321	

SOUTHERN PROVINCE - 9		
AKURESSA No. 129 A, Deniyaya Road, Akuressa. Tel: 041-2284154	**GALLE** No.16, Old Matara Road, Galle. Tel: 091-2223315	**TISSAMAHARAMA** No. 173, Hambantota Road, Kachcheriyagama, Tissamaharama. Tel: 047-2239145, 047-2239593
AMBALANGODA No.09, Kularathna Road, Ambalangoda. Tel: 091-2255802	**HAMBANTOTA** No: 58, Wilmot Street, Hambantota. Tel: 047-2222651, 047-2222652	**WALASMULLA** No. 115A,Beliatta Road, Walasmulla. Tel: 047-2245007
ELPITIYA No. 113, Ambalangoda Road, Igala, Elpitiya. Tel: 091-2290570	**MATARA** No. 78, Kumaratunga Mawatha, Matara. Tel: 041-2222914, 041-2227314	**HIKKADUWA** No. 167, Galle Road, Hikkaduwa. 091 - 2133000

UVA PROVINCE - 6		
BADULLA No. 04, Udayarajah Mawatha, Badulla. Tel: 055-2230541, 055-2229701	**MAHIYANGANAYA** No. 112, Girandurukotte Road, Mahiyanganaya. Tel: 055-2258100, 055-2258335	**WELIMADA** No. 218, Muluthu Kumbura Watta, Nuwaraeliya Road Welimada. Tel: 057-2018201
BANDARAWELA No. 03, Thanthiriya,Badulla Road, Bandarawela. Tel: 057-2233240, 057-2233241	**MONARAGALA** No. 150 A, Wellawaya Road, Moneragala. Tel: 055-2277346, 055-2277374	**WELLAWAYA** No. 208, Monaragala Road, Wellawaya. Tel: 055-2018211

NORTH WESTERN PROVINCE - 17		
CHILAW No. 54, Kurunegala Road, Chilaw. Tel: 032-2220636, 032-2221660	**MAHO** No. 163, Moonamalegama, Maho. Tel: 037-2018221	**PUTTALAM** No. 628, Colombo Road, Puttalam. Tel: 032-2269328
GIRIULLA No. 137/A, Negombo Road, Giriulla. Tel: 026-2018200	**MAWATAGAMA** 7th Mile Post, Kandy Road, Mawatagama. Tel: 037-2018222	**WARIYAPOLA** No.189, Kurunegala Road, Wilakatupotha, Wariyapola. Tel : 037-2018224
HIRIPITIYA No. 51, Wariyapola Road, Hiripitiya, Nikadalupotha. Tel: 037-2018225	**MELSIRIPURA** No. 227, Dambulla Road, Melsiripura. Tel: 037-2250014, 037-2250013	**WENNAPPUWA** No. 262/A, Chilaw Road, Dummaladeniya East, Wennappuwa. Tel: 031-2245260
KULIYAPITIYA No. 107, Kurunegala Road, Kuliyapitiya. Tel: 037-2283725, 037-2284553	**NARAMMALA** No. 40, Kuliyapitiya Road, Narammala. Tel: 037-2018223	**HETTIPOLA** No. 242A, Kurunegala Road, Hettipola. Tel: 037-2291428
KURUNEGALA No. 38, Mihindu Mawatha, Kurunegala. Tel: 037-2232313, 037-2222200, 037-2228020	**NIKAWERATIYA** No. 200, Puttalam Road, Nikaweratiya. Tel: 037-2260871, 037-2260872	**NATTANDIYA** No. 82C, Marawilla Road, Nattandiya. Tel. 032-2250042
ALAWWA No. 55A, Colombo Road, Alawwa. Tel: 037-2018220	**PANNALA** No.74, Kuliyapitiya Road, Pannala. 037- 2028512	

CUSTOMER CENTRE NETWORK

NORTH CENTRAL PROVINCE - 8		
ANURADHAPURA No. 62, Maithreepala Senanayake Mawatha, Anuradhapura. Tel: 025-223560	**HINGURAKGODA** No. 20, Airport Road, Hingurakgoda. Tel: 027-2247214	**POLONNARUWA** No. 570/1, Batticaloa Road, Polonnaruwa. Tel: 027-2225176, 027-2223589
ARALAGANWILA No. 14/36, Kolongas Junction, Aralaganwila. Tel: 027-2018260	**KEKIRAWA** No. 33, Yakalla Road, Kekirawa. Tel: 025-2018200	**THAMBUTTEGAMA** No. P26 -JA/5, New Town, Thambuttegama. Tel: 025-2275151, 025-2276978
BAKAMUNA No. 11, Elehera Road, Bakamuna. Tel: 066 2018245	**NOCHCHIYAGAMA** No. 25C, Puttalam Road, Nochchiyagama. Tel: 025 2018201	

CENTRAL PROVINCE - 10		
DAMBULLA No.21, Kurunegala Road, Dambulla. Tel: 066-2283021	**HATTON** No. 66, Dunbar Road, Hatton. Tel: 051-2222760	**NUWARA ELIYA** No. 76, Kandy Road, Nuwara eliya. Tel: Tel: 052-2235433
DIGANA No 40, Pallekele Bazzar, Kengalla,Digana. Tel: 081-2018235	**MATALE** No. 622, Trincomalee Street, Matale. Tel: 066-2231225, 066-2223005	**PILIMATHALAWA** No.148, Colombo Road, Embilimeegama Pilimathalawa. Tel: 081-2018237
GALEWELA No. 334/B, Dambulla Road, Galewela. Tel: 066-2018209	**NAWALAPITIYA** No. 125, Ambagamuwa Road, Nawalapitiya. Tel: 054-2018200	**RIKILLAGASKADA** No. 21, Rathmetiya Road, Rikillagaskada. Tel: 081-2018238
GAMPOLA No.11A Nawalapitiya Road, Gampola. Tel: 081-2018236		

SABARAGAMUWA PROVINCE - 9		
EHELIYAGODA No. 388, Main Street, Eheliyagoda. Tel. 036-2256380	**GODAKAWELA** No. 58/A, Rathnapura Road (South), Godakawela. Tel: 047-2261923	**RAMBUKKANA** No. 73, Kurunegala Road, Rambukkana. Tel: 035-2018201
BALANGODA No. 149 E, Barnes Ratwatta Road, Balangoda. Tel: 045-2289232	**KEGALLE** No. 311G, Colombo Road, Ranwala, Kegalle. Tel: 035-2232956, 035-2221083	**RATNAPURA** No. 143, Colombo Road, Moragahayata, Ratnapura. Tel: 045-2231409, 045-2222028
EMBILIPITIYA No.200,Rasika Building, Pallegama, Embilipitiya. Tel: 047-2261923	**MAWANELLA** No. 187, Kandy Road, Mawanella. Tel: 035-2018200	**WARAKAPOLA** No. 211 E & 211 F, Colombo Road, Warakapola. Tel: 035-2267010, 035-2268941

REQUEST FOR BENEFICIAL OWNERSHIP INFORMATION

Dear Shareholder,

We write with reference to the above.

Pursuant to the enactment of the Companies (Amendment) Act No 12 of 2025, which was brought into operation on 30th March 2026, Central Finance Company PLC (the "Company") is required, to inter alia,

1. within 30 days from the 30th of March 2026 verify, report, record and notify the Registrar of Companies ("ROC"),

2. within six (06) months from the 30th of March 2026 forward details relating to beneficial owners to the ROC,

3. maintain a Register of Beneficial Owners and submit the relevant details to the ROC once a year as well as whenever a change occurs.

A "beneficial owner" is any natural person who directly or indirectly:

- owns or controls ten percent (10%) or more of the shares or voting rights in the company; or
- exercises effective control through other means, including influence over management, strategic decisions, or the general direction of the company.

Accordingly, please let us know if the shares held by yourself/ [please insert the name of the body corporate if the shares are held by a legal person] in the Company, has an 'beneficial owner' within the definition set out above.

Please complete the Beneficial Ownership Information Questionnaire by downloading it from the following link http://cf.lk/ and return it to the Company at your earliest to enable the Company to comply with the obligations under the Companies Act. The information collected will be used solely for statutory compliance purposes in accordance with the said Companies Act.

Should you have any questions or require clarification, please contact the Company Secretary, A.R.L Gurusinghe at 0112 315 065.

We thank you for your cooperation in ensuring compliance with the Companies Act.

Yours faithfully,

A.R.L Gurusinghe
Company Secretary

Central Finance Company PLC

NOTICE OF MEETING

Notice is hereby given that the Sixty Eighth (68th) Annual General Meeting of Central Finance Company PLC will be held at Kandy Myst by Cinnamon, 273 Katugastota Road, Kandy on 30th June 2026 at 11.00 a.m. for the following purposes:

1. To receive and consider the Annual Report of the Board of Directors along with the financial statements of the Company for the year ended 31st March 2026 and the Auditors' report thereon.

2. To declare a final dividend as recommended by the Board of Directors and to consider and if thought fit, pass the following resolutions:

IT IS HEREBY RESOLVED THAT

(i) a final dividend of Rupees Three and Seventy Five Cents (Rs. 3.75) per share amounting to a total dividend of Rupees Eight Hundred Fifty Two Million Five Hundred Seventy Nine Thousand Two Hundred and Thirty Two and Fifty Cents (Rs. 852,579,232.50) be paid on the issued and fully paid shares of the Company for the financial year ended 31st March 2026.

(ii) the shareholders entitled to the final dividend would be those shareholders whose names have been duly registered in the register of shareholders and those shareholders whose names appear on the Central Depository Systems (Private) Limited (CDS) as at end of trading on the 02nd July 2026 (the 'Entitled Shareholders').

(iii) Accordingly, the management and company secretary be and are hereby authorized to attend to all matters pertaining to the previously mentioned final dividend.

3. To re-appoint Mr. E.H. Wijenaike, who has reached the age of seventy one (71) years, as a Director of the Company and to consider and if thought fit, pass the following resolution;

IT IS HEREBY RESOLVED THAT the age limit referred to in section 210 of the Companies (Amendment) Act No. 12 of 2025 shall not apply to Mr. E.H. Wijenaike who has reached the age of seventy one (71) years and that he be re-appointed as a Director of the Company.

4. To re-elect Mr. A.R. Fernando who retires by rotation in terms of Article 105 of the Articles of Association of the Company.

5. To re-elect Mr. M.H. de Silva who retires by rotation in terms of Article 105 of the Articles of Association of the Company.

6. To re-appoint KPMG, Chartered Accountants who are deemed to be re-appointed as auditors of the Company until the conclusion of the next AGM of the Company in terms of section 158 (1) of the Companies (Amendment) Act No. 12 of 2025, to audit the financial statements of the Company for the financial year ending 31st March 2027 and to authorize the directors to determine their remuneration therefor.

7. To authorize the directors to determine the contributions to charities for the ensuing year.

By order of the Board

Gurusinghe

A.R.L. Gurusinghe
Company Secretary

Colombo, on this 26th day of May 2026

Note:

1. Any shareholder entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote/speak in his/her stead and a form of proxy is sent herewith for this purpose. A proxy need not be a shareholder of the Company.

2. A completed form of proxy must be deposited with the company secretary at No. 270, Vauxhall Street, Colombo 02 or forwarded to avishkag@cf.lk not less than 48 hours before the time appointed for the holding of the meeting.

FORM OF PROXY

*I/We ....,

holder of NIC/Company Registration No. .... of ....

being *a shareholder/shareholders of CENTRAL FINANCE COMPANY PLC do hereby appoint:

1.	Arjun Rishya Fernando	or failing him,	6.	Chandika Kushan Hettiarachchi	or failing him,
2.	Arjuna Kapila Gunaratne	or failing him,	7.	Kuda Banda Herath	or failing him,
3.	Manjula Hiranya de Silva	or failing him,	8.	Mahen Senani De Saram	or failing him,
4.	Eranjith Harindra Wijenaike	or failing him,	9.	Subhashini Harshi Munasinghe	or failing her,
5.	Dhammika Prasanna de Silva	or failing him,	10.	Dr. Nisha Kanthimathie Arunatilake	or failing her,

....

holder of NIC No. .... of ....

as my/our proxy to attend and vote at the Annual General Meeting of the Company to be held on the 30th June 2026 and at any adjournment thereof.

	For	Against
1. To receive and consider the annual report of the board of directors together with the financial statements of the Company and the report of the auditors thereon for the financial year ended 31st March 2026.		
2. To approve a final divided of Rupees Three and Seventy Five Cents (Rs. 3.75) per share.		
3. To re-appoint Mr. E.H. Wijenaike, who has reached the age of seventy one (71) years, as a Director of the Company and to consider and if thought fit to pass the following resolution; IT IS HEREBY RESOLVED THAT the age limit referred to in section 210 of the Companies (Amendment) Act No. 12 of 2025 shall not apply to Mr. E.H. Wijenaike who has reached the age of seventy one (71) years and that he be re-appointed as a Director of the Company.		
4. To re-elect Mr. A.R. Fernando who retires by rotation in terms of Article 105 of the Articles of Association of the Company.		
5. To re-elect Mr. M.H. de Silva who retires by rotation in terms of Article 105 of the Articles of Association of the Company.		
6. To re-appoint KPMG, who are deemed to be re-appointed as auditors of the Company until the conclusion of the next AGM of the Company in terms of section 158 (1) of the Companies (Amendment) Act No. 12 of 2025, to audit the financial statements of the Company for the financial year ending 31st March 2027 and to authorise the directors to determine their remuneration therefor.		
7. To authorise the directors to determine the contributions to charities for the ensuing year.		

Signed this .... day of .... Two Thousand and Twenty Six

....

**Signature/s*

Note:

Please delete the inappropriate words.

INSTRUCTIONS AS TO COMPLETION

1. The instrument appointing a proxy may be in writing under the hands of the appointor or of its attorney duly authorised in writing or if such appointor is a corporation under its common seal or the hand of its attorney or duly authorised person.

2. The instrument appointing a proxy and the Power of Attorney or other authority, if any, under which it is signed or a notarially certified copy of that Power of Attorney or other authority will have to be deposited with the company secretary at No. 270, Vauxhall Street, Colombo 02 or forwarded to avishkag@cf.lk not less than 48 hours before the time appointed for the holding of the meeting.

INVESTOR FEEDBACK FORM

To request information or submit a comment/query to the Company, please complete the following and return this page to -

General Manager - Finance
Central Finance Company PLC,
270, Vauxhall Street, Colombo 2,
Sri Lanka.

Email: thiliniw@cf.lk

Name: ....

Permanent Mailing Address: ....

....

Contact Numbers (Tel): ....
Country code Area code Number

(Fax): ....
Country code Area code Number

Email: ....

Name of Company : ....
(If applicable)

Designation: ....
(If applicable)

Company Address: ....
(If applicable)

QUERIES/ COMMENTS

Please tick (ü) the appropriate box	Yes	No
Would you like to receive soft copies of the CF annual and interim reports via e-mail?	☐	☐
Would you like to receive news and press releases of CF via e-mail?	☐	☐
Would you like to receive any information on our products/services?	☐	☐

CORPORATE INFORMATION

NAME OF COMPANY

Central Finance Company PLC

LEGAL FORM

A Quoted Public Company with limited liability incorporated in Sri Lanka on 5th December 1957 and registered under the Companies Act No. 07 of 2007.

Registered under Finance Business Act No. 42 of 2011 and Finance Leasing Act No. 56 of 2000.

APPROVED CREDIT AGENCY UNDER

- Mortgage Act No. 6 of 1949
- Trust Receipt Ordinance No. 12 of 1947

COMPANY REGISTRATION NUMBER

PQ 67

DIRECTORS

A.R. FERNANDO
Chairman / Non-Independent Non-executive Director

M.H. DE SILVA
Senior Independent Non-executive Director

A.K. GUNARATNE
Managing Director/Chief Executive Officer

D.P. DE SILVA
Deputy Managing Director

C.K. HETTIARACHCHI
Director (Marketing)

K.B. HERATH
Independent Non-executive Director

E.H. WIJENAIKE
Non- Independent Non-executive Director

M.S. DE SARAM
Non- Independent Non-executive Director

S.H. MUNASINGHE
Independent Non-executive Director

DR. N.K. ARUNATILAKE
Independent Non-executive Director

STOCK EXCHANGE LISTING

The ordinary shares of the Company are listed on the Colombo Stock Exchange

HEAD/ REGISTERED OFFICE

84, Raja Veediya,
Kandy.
Telephone : 081 - 2227000

CITY OFFICE

270, Vauxhall Street,
Colombo 2.
Telephone : 011 - 2300555
E-mail : cenfin@cf.lk
Website : www.centralfinance.lk

BANKERS

Bank of Ceylon
Commercial Bank of Ceylon PLC
Hatton National Bank PLC
NDB Bank PLC
Nations Trust Bank PLC
People's Bank
Sampath Bank PLC
Seylan Bank PLC
DFCC Bank PLC
State Bank of India
MCB Bank Ltd
Union Bank of Colombo PLC

AUDITOR

KPMG
Chartered Accountants,
32A, Sir Mohamed Macan Markar Mawatha,
P.O. Box 186,
Colombo 03,
Sri Lanka.

LEGAL ADVISER

F. J. & G. de Saram
Attorneys-at-Law,
P.O. Box 212,
Colombo

CREDIT RATINGS

Rated A (lka) by Fitch Ratings Lanka Ltd

REGISTRARS

Corporate Services (Pvt) Limited
216, de Saram Place,
Colombo 10.
Telephone : 011 - 4605100

COMPANY SECRETARY

A.R.L. Gurusinghe
No. 270, Vauxhall Street,
Colombo 02.
Telephone : 011 - 2315065

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