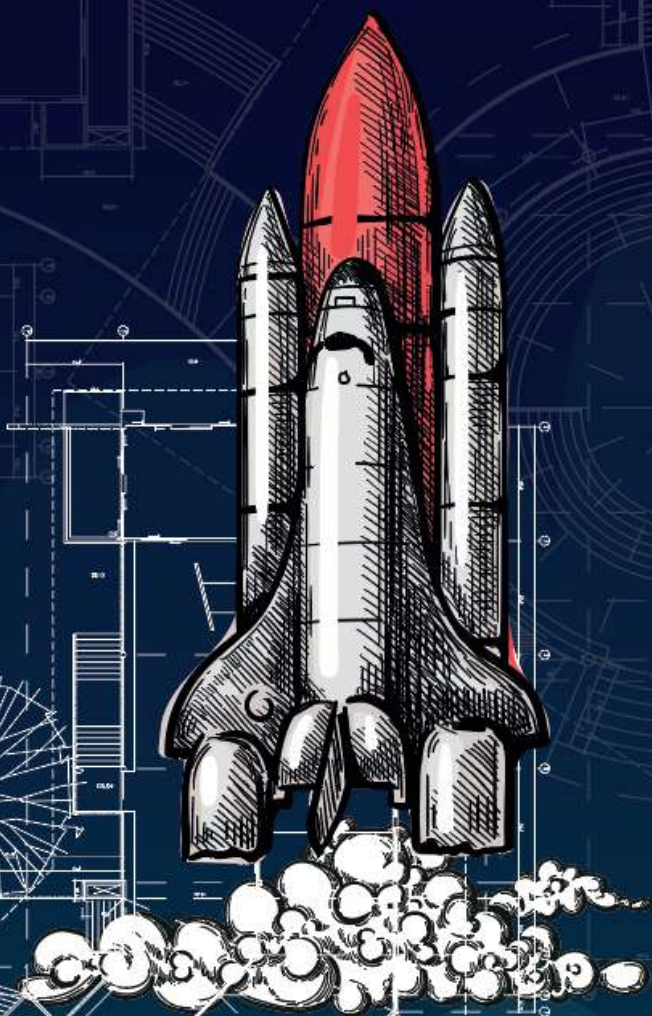


ANNUAL REPORT 2024/25

VANGUARD

THREE DECADES OF IMPACTFUL TRANSFORMATION





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read this report online

VANGUARD

THREE DECADES OF IMPACTFUL TRANSFORMATION

Noun:

- 1. the forefront of an action or movement*
- 2. a group of people leading the way in new developments or ideas.*

At CDB we have long served as a pioneer in our industry. As a trailblazing entity with a commitment towards innovation and creativity, we have always remained one step ahead of our peers, and constantly sought out new avenues for growth and expansion.

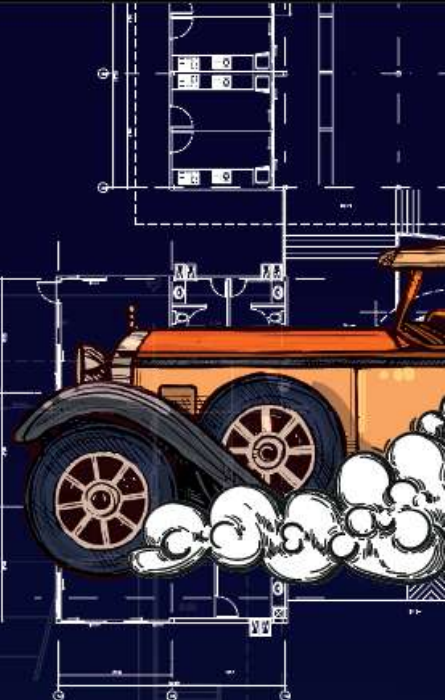
During the year, we are proud to share that we made significant strides towards advancing the future of financial services across the island. The report you hold outlines how we conquered new terrain, explored new horizons, and unlocked a vista of opportunities, both for ourselves and for our valued stakeholders.

Today, as we rewrite the future, we look forward to a whole new chapter of development and sustainable growth. We're in the vanguard of a new movement that's revolutionising the world around us – and leaving a legacy of change and transformation in our wake.



This report is a tribute to humanity's unending capacity for innovation, an inherent ability to reach far beyond our limits, and advance into a new dimension of transformation and growth. The pages that follow delve into innovations across history that have created a new paradigm of excellence, shaped society, and revolutionised the way we live.

As changemakers, at CDB we are spurred onwards by the same passion, indefatigable spirit, and ingenuity that inspired these creations. We're led by a vision to reach new heights of excellence, and redefine the future as we know it.



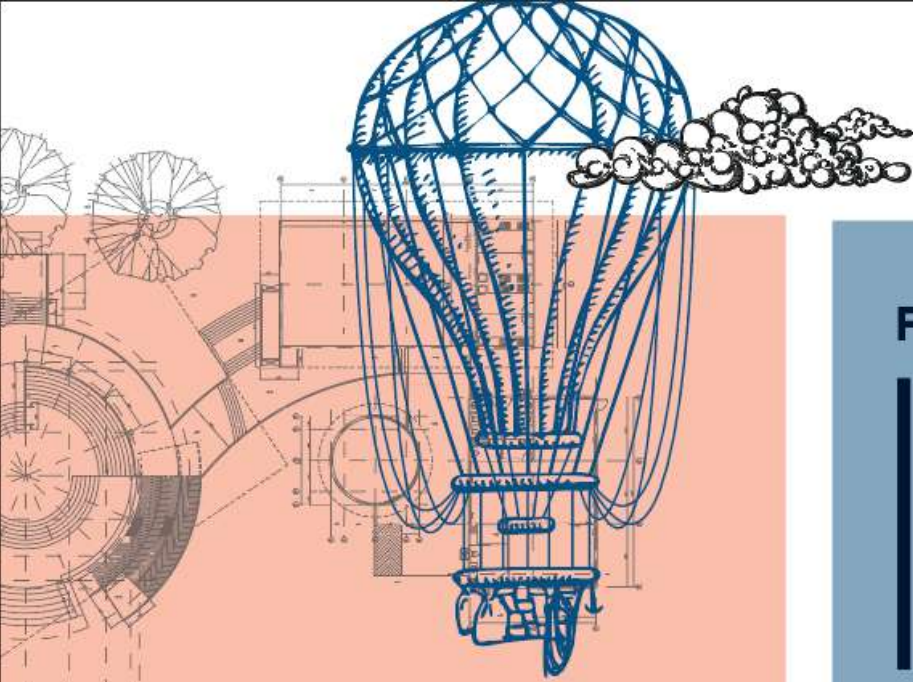
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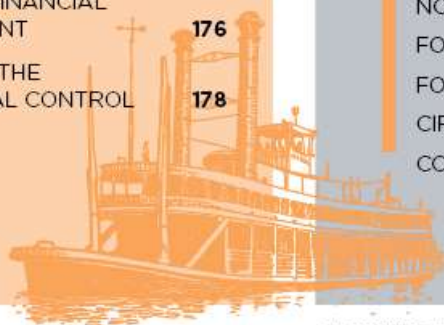


VALUE CREATION THROUGH OUR PERFORMANCE

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THE ANNUAL REPORT OF THE BOARD OF DIRECTORS

The Directors have pleasure in presenting to the shareholders, the Annual Report and the Audited Financial Statements for the year ended March 31, 2025, of Citizens Development Business Finance PLC (CDB).

This report conforms to the requirements of the Companies Act No. 07 of 2007 (as amended), the Listing Rules of the Colombo Stock Exchange (CSE) (as amended), other applicable laws and regulations, and recommended good governance disclosures.

THE FINANCIAL STATEMENTS

The Financial Statements are certified by the Chief Financial Officer and recommended by the Audit Committee and approved by the Board of Directors, and signed by the Chairman and the Managing Director, in conformance with the Companies Act No. 07 of 2007. The Board is of the view that the Financial Statements in pages 184-300 adhere to the Sri Lanka Accounting Standards (LKASs and SLFRSs) under the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, Companies Act No. 07 of 2007, Finance Business Act No. 42 of 2011, and related amendments, as well as the Listing Rules of the Colombo Stock Exchange (CSE) which include requirements for Related Party Transactions in Section 9.3.2 (c) and (d) and recommended best practices. The Statement of Directors' Responsibility for Financial Reporting on page 173 is an integral part of this Report.

BOARD OF DIRECTORS

Names of the persons holding office as Directors of the Company at the reporting date and the names of persons who ceased to hold office as Directors of the Company during the year, as required by the Section 168 (1) (h) of the Companies Act No. 07 of 2007, are given on pages 112-115 of this Annual Report. As required under Section 223 (1) of the Companies Act, the Company maintains a Register of Directors and Secretaries which contains information of each Director and the Secretary.

COMPLIANCE

All required payments to the Government, other regulatory bodies, and employees have been made on time, according to the Directors' understanding and belief. The Board of Directors has analysed the Company's business plans and concluded that sufficient resources are in place to sustain operations in the foreseeable future.

Therefore, the Financial Statements of the Company are formulated on the assumption of the Company's continued operation. The Board has considered matters material to the Company and its stakeholders in preparing this Report and acknowledges that reasonable care has been exercised in the preparation and presentation of this Annual Report, while preserving its integrity.

The detailed disclosure regarding the Company's compliance with the requirements stated in Section 168 of the Companies Act No. 07 of 2007, along with its amendments and other relevant statutes, can be found on pages 125-158 and 311-314 of the Annual Report. The Board of Directors carries out several of its duties and responsibilities through its Board subcommittees to ensure compliance with applicable laws, rules and regulations and the activities carried out during the year can be found on pages 159-172.

The Board affirms that the Annual Report has been prepared in a timely manner as mandated by Sections 166 (1) and 167 (1) of the Companies Act. The Financial Statements of the Company, covering the period ended on 31 March 2025, including comparative figures for 2023-24, have been duly approved and authorised for release by the Board of Directors.

The necessary copies of the Annual Report will be submitted to the CSE within the legal deadlines, and electronic versions will be made available on the Company's website at www.cdb.lk

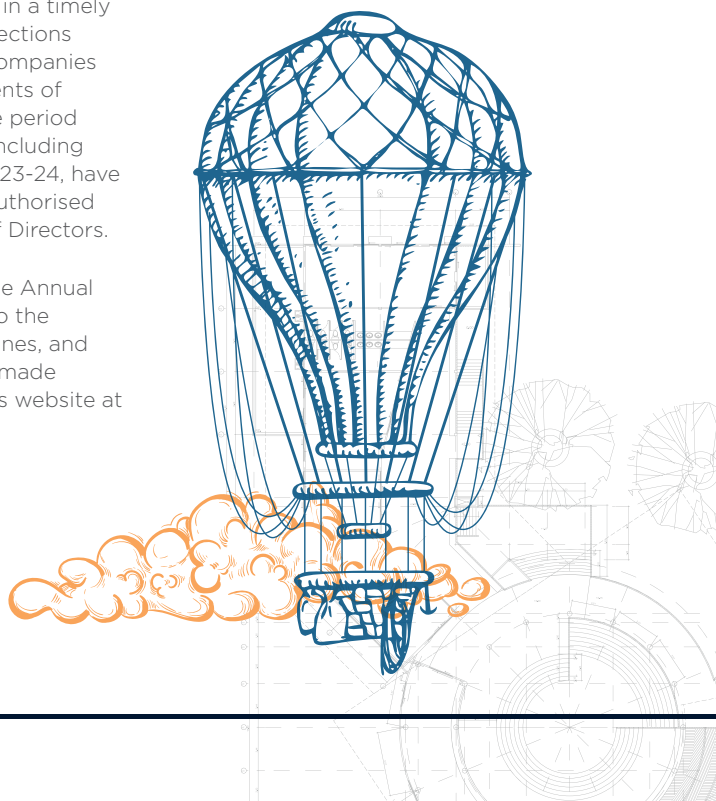
REPORTING STANDARDS AND PRINCIPLES

This report has been prepared in accordance with:

- The Companies Act No. 7 of 2007 and subsequent amendments
- The Finance Business Act No.42 of 2011 and directions of the Central Bank of Sri Lanka
- Listing Rules of the CSE
- The Integrated Reporting Framework of 2001
- The GRI standards 2022

RELATED PARTY TRANSACTIONS

As per Section 9.14.8 (Subsections 1 to 4) of CSE Listing Rules, there are no related party transactions which exceed 10 percent of the equity or 5 percent of the total assets, whichever is lower, and the Company has complied with the requirements of the Listing Rules of the Colombo Stock Exchange on Related Party Transactions. However, the Directors have disclosed the transactions that could be classified as related party transactions which are adopted in the presentation of the Financial Statements and accordingly given in Note 42 on pages 262 to 263 of this Annual Report and the summary of the said transactions carried out during the Financial Year is presented to the Board on 20 May 2025.



SCOPE AND BOUNDARY OF SUSTAINABILITY REPORTING

Entities included in the sustainability report	The sustainability reporting extends only to the activities of CDB.
Reporting period and frequency	The annual sustainability report covers the period 1 April 2024 to 31 March 2025
ii. Reporting period for financial reporting	Same as the sustainability reporting period
iii. Publication date of the report	05 June 2025
iv. Contact point for questions about the report	<p>Laavanya Paheerathan Company Secretary company.secretary@cdb.lk</p> <p>Vajeesha Edirisinghe Manager – Sustainability vajeesha.edirisinghe@cdb.lk</p>
Restatements of information made from previous reporting periods	There are no restatements from the previous reporting period of 1 April 2024 to 31 March 2025.
Policy and practice for seeking external assurance, including whether and how the highest governance body and senior executives are involved	<p>The policy of the CDB Board is to obtain independent external assurance for the sustainability reporting component for greater credibility and confidence in CDB's sustainability reporting. The external assurance provider is appointed by the Board.</p> <p>In the 2024/25 financial year, external assurance was obtained for sustainability reporting from Messrs Ernst and Young Chartered Accountants.</p>
ii. Location of the external assurance	Page No 318-319
iii. What has been assured and on what basis	Messrs Ernst & Young were engaged to conduct a limited assurance engagement, in accordance with the Sri Lanka Standard on Assurance Engagements (SLSAE 3000 – Revised), on CDB's sustainability indicators disclosed in the Integrated Annual Report. The assurance opinion is presented on pages 318-319
iv. Relationship between the organisation and the assurance provider	<p>Messrs Ernst and Young Chartered Accountants, are the shareholder approved, external financial auditors of the Company.</p> <p>There is no further affiliation between CDB and the external assurance provider.</p>

FORWARD-LOOKING STATEMENTS

This Report contains certain forward looking statements regarding the Company's plans, strategy, financial position, and operations. These statements and expectations carry risks and uncertainties given that they are dependent on circumstances that will take place in the future. As such, these factors may cause actual results or developments to deviate materially from CDB's forward- looking statements made at the time of release of our FY2024/25 results. CDB makes no representations or warranty, express or implied, that these forward- looking statements will be achieved. All forward-looking statements are presented without recourse or liability to the Board or other preparers of the Annual Report, given the considerable uncertainty associated with them.

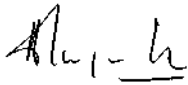
BOARD ACKNOWLEDGEMENT OF THE CONTENTS OF THIS ANNUAL REPORT

As required by Section 168 (1) (k) of the Companies Act No. 07 of 2007, the Board of Directors hereby acknowledges the contents of this Annual Report.

The Board of CDB undertakes full responsibility for the integrity and completeness of this integrated annual report. To the best of our knowledge, this report provides a fair and transparent account of all material issues underlying the sustainability of the Company and complies with Integrated Reporting principles.

THE ANNUAL REPORT OF THE BOARD OF DIRECTORS

The Board of Directors does hereby acknowledge the contents of this Annual Report as per the requirement of Section 168 (1) (k) of the Companies Act No. 07 of 2007. Signed in accordance with the resolution adopted by the Directors.



Alastair Corera
Chairman/ Non-Executive Independent Director



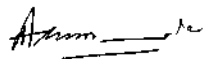
Mahesh Nanayakkara
Managing Director/ Chief Executive Officer



Senior Prof Sampath Amaratunge
Non-Executive Independent Director



Damith Tennakoon
Deputy CEO/ Executive Director



Roshan Abeygoonewardena
Executive Director



Sasindra Munasinghe
Executive Director



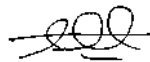
Dave De Silva
Executive Director



Jagath Abhayaratne
Non-Executive Director



Rajitha Perera
Non-Executive Independent Director



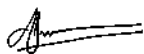
Samitha Hemachandra
Non-Executive Director



Sujeewa Kumarapperuma
Non-Executive Independent Director



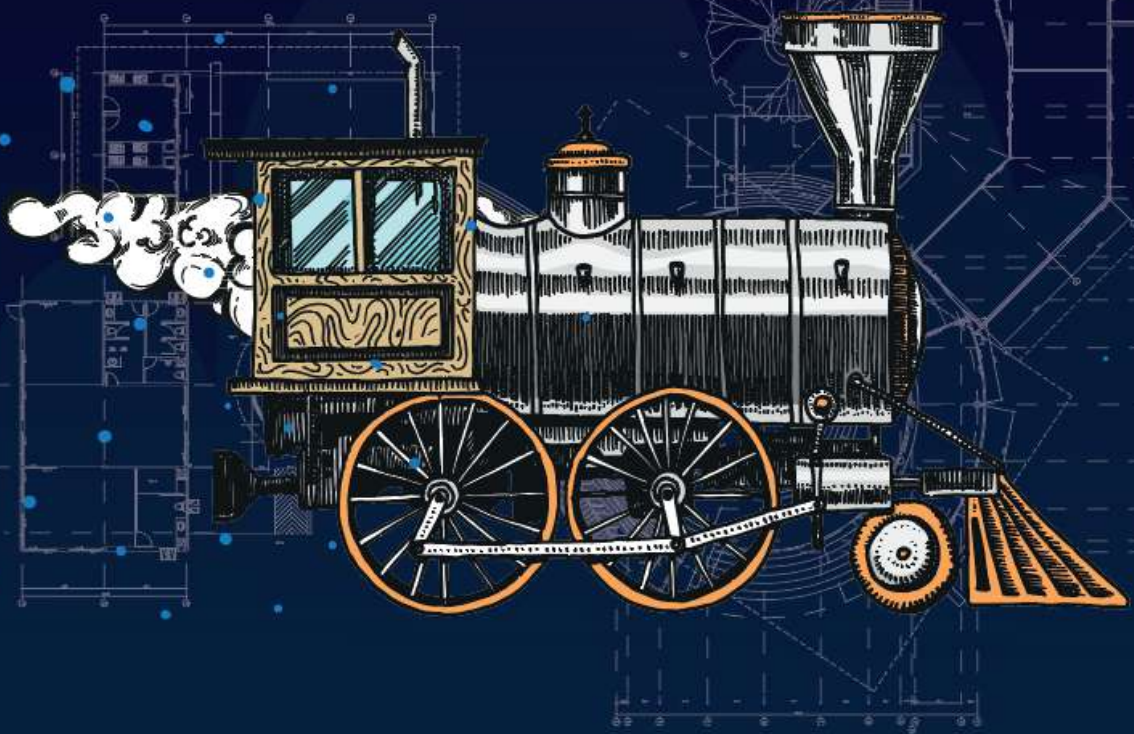
Senior Prof Prasadini Gamage
Non-Executive Independent Director



Jayomi Lokuliyana
Non-Executive Independent Director

05 June 2025
Colombo

Who We Are



PATHFINDER

Fueling Sustainable Journeys

We're a dynamic engine of growth that's driven by our purpose. We're designed to mobilise change, accelerate our collective journey, and advance into the future.

The steam engine was the driving force that fuelled innovation and progress across society. It paved the way for the emergence of diverse industries and was the linchpin that led to the creation of the automotive industry, that influences the way we move even today. CDB remains focused on taking this journey to the next level, by accelerating sustainable mobility solutions designed for the future.

PERFORMANCE HIGHLIGHTS



FINANCIAL CAPITAL

Revenue

RS. 26 BN

Net Interest Income

RS. 11 BN

Profit After Tax

RS. 4 BN

Net Interest Margin

7.97%

Cost to Income Ratio

48.40%

EPS

RS. 56.53

Return on Assets

2.80%

Return on Equity

18.15%

DPS

RS. 15.00

Total Assets

RS. 157 BN

Loan Book

RS. 111 BN

Deposit Base

RS. 87 BN

Total Equity

RS. 24 BN

NAVPS

RS. 337.84

MPS (Voting)

RS. 235.00

90 DPD

6.32%

Total CAR

18.09%

Credit Rating

BBB (LKA)/ STABLE

HUMAN CAPITAL

Team Members

1,948

Female Representation

35%

Employee Retention Rate

85%

Total Training Hours

153,813

Total Training Investment

RS. 52 MN

**Great
Place
To
Work.**



NATURAL CAPITAL

Energy Efficient Vehicle Portfolio

RS. 22 BN

CDB Advance Roof Solar Facility Approvals

RS. 450 MN

Total Carbon Footprint (tCO₂e)

50,340

(Scope 1, 2 & 3)

Paper Recycled

3,999 KG

Estimated GHG Emission Reduced Through eShift & Roof Solar (tCO₂e)

3,668

Climate Transition Plan with IFC

Conservation Initiatives

- LIFE
- Life to Our Mangroves
- Life to Our Beaches
- Life to Our Coral Reefs

SOCIAL AND RELATIONSHIP CAPITAL

Customer Satisfaction Score

97.7%

CSI Rating (out of 5)

4.86

Zero Customer Data Breaches

New Foreign Funding

USD 5 MN

Total CSR Investment

RS 39 MN

Cultural Partnership: Chitrasena Vajira Dance Foundation

Launch of Wings ecosystem

Key CSR projects

- 22 Smart Computer Labs
- Launch of Sisudiri Scholarship program Season 16 & 17
- SMB Fair

TECHNOLOGY CAPITAL

New Digital Customer Onboarding (CDB Self)

23,500+

Digital Transactions

RS 50 BN +

Number of Operational Processes Automated During the Year

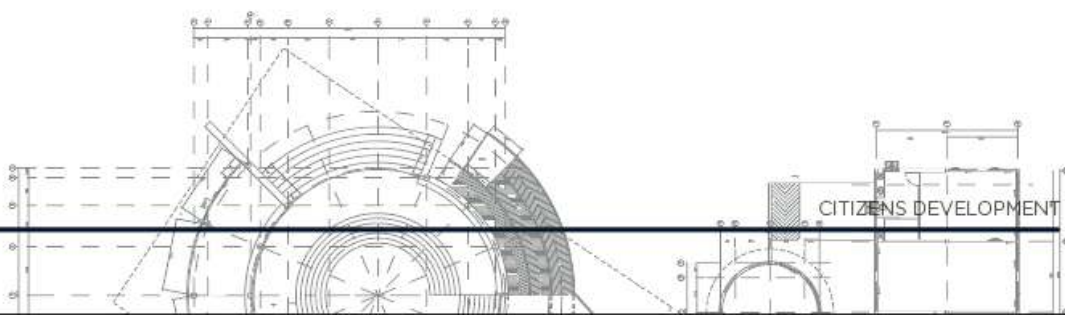
14

Recertification of ISO 27001:2022 for Information Security

Obtaining ISO 22301:2019 for Business Continuity Management

AI-Driven Credit Decisioning

Automated Risk Based Pricing Decisions



WHO WE ARE

Established in 1995, CDB has firmly established itself as a leading force within Sri Lanka's financial services sector, ranking among the top four Non-Bank Financial Institutions (NBFIs) in the country. As a pioneer in technological innovation, CDB has consistently introduced cutting-edge products and services, setting new benchmarks in the NBFI industry. This commitment is deeply embedded in the Company's strategic pillar, the 'Tech Disruption and Sustainability Agenda' (2021-2030).

As we proudly celebrate our 30th anniversary, CDB remains dedicated to delivering lasting value to our stakeholders while playing a meaningful role in the nation's development. Our focus continues to empower rural Micro, Small, and Medium Enterprises (MSMEs), promote gender equity, advance digital inclusion, and champion environmental sustainability — all central to our vision for a resilient and inclusive future.



Purpose

Empowering Aspirations :

Goals, hopes, dreams, ambitions; whatever you aspire to achieve, we exist to elevate your life.



Vision

To be the financial powerhouse that will foster entrepreneurial innovation and workmanship towards building our Nation's economy to make sustained gains in living standards of Sri Lankans.



Values

Perseverance

The passion and perseverance of our team has brought CDB to the forefront of the industry and continues to be our driving force.

Empathy

We care for the well-being of our stakeholders, while empowering their aspirations, with an aim of creating a more equitable society. We have never lost sight of our humble beginnings and continue to act with humility in everything we do.

Reliable

While being a respected, responsible, socially and environmentally conscious, public deposit-taking corporate citizen working in an open and transparent manner in all our dealings, we strive to be the most reliable partner for our stakeholders.

Innovation

We are constantly innovating to stay relevant and valuable to our customers.

We highly value and encourage thinking beyond traditional boundaries, embracing change, and exploring creative ways of empowering the aspirations of all our stakeholders.



CDB'S TEN-YEAR STRATEGY

CDB's 2021–2030 strategy is driven by a bold aspiration to evolve into a future-ready financial institution by this decade. At its core are two complementary pillars: Tech Disruption and Sustainability Agenda, which together strengthen our agility and resilience as we pursue our target of a quarter-trillion asset base.

We aim to evolve from a traditional financial services provider into a trusted lifestyle partner, powered by advanced analytics, robust systems, and a purpose-led culture. With a bold David vs. Goliath mindset, we challenge larger incumbents through innovation and determination—staying true to our purpose of Empowering Aspirations.

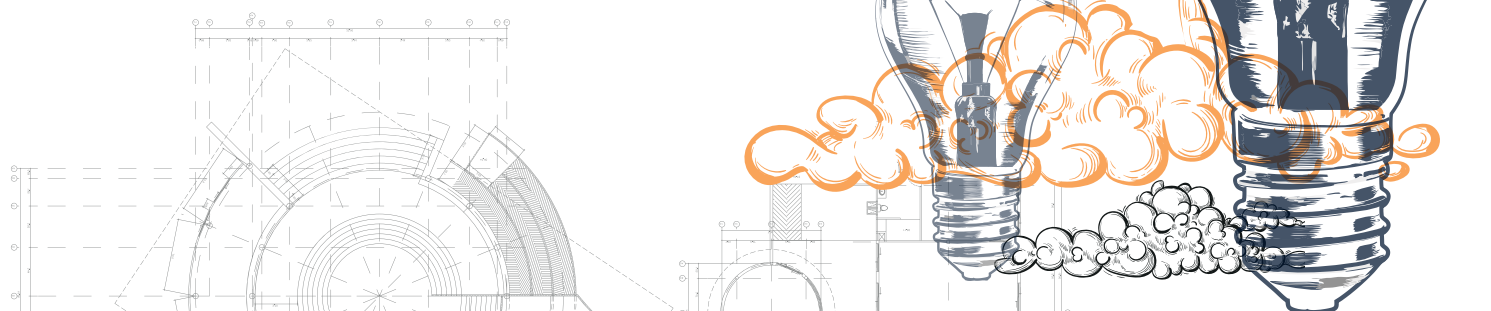
We have introduced solutions that go beyond business enablement—providing customers with seamless ways to stay connected with their families and supporting broader financial freedom. As part of our commitment to being a frontrunner in ESG practices, our Sustainability Agenda is anchored on material matters identified through engagement with both internal and external stakeholders. The sustainability pillar consists of two verticals: Net-Zero and Socially Conscious. These verticals aim to support clients in transitioning to a low-carbon economy, provide access

to value-based solutions, tap into ESG-related opportunities, empower communities, and equip our people with the capabilities to lead these efforts forward.

In response to increasing global concerns around climate change, we have adopted bolder, more decisive actions to embed sustainability into our core business strategy and drive collective impact. Our commitment extends to all stakeholders—from customers to communities—as we support their transition toward a sustainable future. We prioritise financial inclusion and community impact through a range of initiatives and projects, reflecting our deep sense of social responsibility.

A core enabler across both our innovation and sustainability strategies is the synergy between digital transformation and environmental responsibility. This integrated approach allows us to

expand operational capacity without increasing our physical footprint. It also enhances our ability to reach remote and underserved markets—reinforcing our role as a net lender to the rural economy and advancing our financial inclusion agenda. People centricity remains at the heart of our business strategy, reflecting our belief in achieving extraordinary results through ordinary people. As a responsible corporate citizen, we remain committed to upholding the highest standards of compliance with all applicable laws, regulations, and governance practices.



2021 FINANCIAL SERVICES



SUSTAINABILITY AGENDA



NET ZERO

Become a resource efficient organisation and contribute towards decarbonisation focusing on a Greener economy.

- Accelerate sustainable mobility solutions
- Accelerate affordable green housing and household renewable energy solutions
- Enabling shared economy
- Conservation and Biodiversity

SOCIALLY CONSCIOUS

Financial Inclusion

Reach out to most vulnerable, remote and base of the pyramid market segments.

Women Empowerment

Community Impact

- Child Health and Well-Being
- Child Education and Literacy
- Volunteerism
- Empower Entrepreneurs and Youth
- Preserving Art and Culture

Engage mindful team members

- Extraordinary results through ordinary people
- Green ambassadors

Socially impacting sustainability-driven brand positioning

Green assets and decarbonisation led business growth

2025 FINANCIAL SERVICES + TECHNOLOGY

Continuing to be a socially impacting organisation driving towards net zero status

2030 TECH MINDSET WITH FINANCIAL SERVICES LICENSE

QUARTER TRILLION

ASSET BASE



TECH DISRUPTION



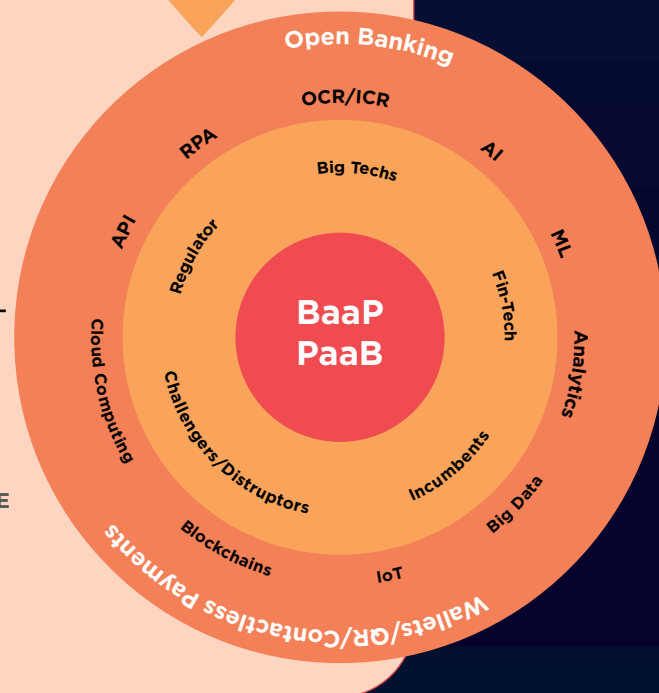
BUSINESS STRATEGY

David vs Goliath Mindset enabler

Enabler to compete with incumbents as disruptor

EMERGENT

DELIBERATE



Being a conduit to reach remote and base of the pyramid market segments

Being less dependent on brick and mortar distribution and driving through digital channels, contributing towards a more resource efficient organisation

Governance, compliance and assurance binding the Organisation as a listed public deposit-taking responsible corporate citizen

OUR VALUE CREATION JOURNEY

1995

CDB'S INCORPORATION

2001

Strategic refocus with new management team.

2004

Financial turnaround with Profit After Tax of LKR 10 Mn

2007

Registered under Finance Leasing Act

Initiated two flagship community projects:

- CDB Sisu Diri Scholarship scheme
- CDB Pariganaka Piyasa (in 2017 relaunched as CDB Smart Computer Labs)

2008/09

Major corporate crisis overcome; redefined corporate identity with CDB Small Miracle Plan

2009/10

Became a public deposit-taking institution

Rebranded as independent financial institution with new name, logo, and market positioning

Strategic Plan unveiled targeting balance sheet of LKR 100 Bn

2010/11

Listed on the Colombo Stock Exchange

Company profit reached Rs. 0.5 Bn., total asset base reached Rs. 10 Bn.

2012/13

First NBFI in Sri Lanka to:

- implement core banking platform
 - enable transactions via SLIPS
 - launch VISA Debit Card
- CDB savings product launched
- First ATM installed at Head Office
- Initiated Islamic Finance
- First international recognition for Annual Report by League of American Communication Professionals USA

2013/14

First foreign line of credit, worth USD 6 Mn, from the Belgian Investment Company for Developing Countries (BIO)

Published first Integrated Annual Report on GRI Index and IIRC guidelines

Operational footprint surpassed 50 outlets

2014/15

Relocating to our own Head Office building

- Acquisition of Laughs Capital Ltd under CBSL consolidation plan

2015/16

Company profit after tax reached Rs. 1 Bn.

- Total asset base reached Rs. 50 Bn
- Became the first ISO 14064-1 Carbon verified financial institution in South Asia by Sri Lanka Carbon Fund (Pvt) Limited
- Received Best Corporate Citizen Sustainability Award

2016/17

Initiated "Act early for Autism" project

- Winner of the Best Corporate Citizen Sustainability Award 2016 for best project on "GHG Emission Analysis" 2017/18 : Assets reached Rs. 75 Bn. and profit after tax Rs. 1.4 Bn.
- Winner of the Best Corporate Citizen Sustainability Award 2017 for the "Green Ninja Quiz Master 2017" programme
- Gold Award for People Development at the SLITAD People Development Awards
- Became a member of Biodiversity Sri Lanka (BSL)

2017/18

- Assets LKR 75 Bn; Profit After Tax LKR 1.4 Bn
- Launched Green Quiz - CDB Green Ninja Quiz Master Competition
- CDB G squared - GO GREEN CLUB launched to connect Team CDB with nature

2024/25

- Partnered Chitrasena Vajira Dance Foundation (CVDF) to preserve traditional dance forms
- First financial institution in Sri Lanka to disburse NCGI-backed SME loans
- ISO 22301:2019 Certification for Business Continuity Management
- Initiated Life to Our Coral Reefs for reef restoration, sustainable ecosystem management
- Launched AI-powered credit decisions

2018/19

- Profit Before Tax LKR 2 Bn
- Foreign funding of USD 60 Mn raised for SMEs
- First in Sri Lanka to:
 - enable fund transfers via social media (CDB iTransfer)
 - launch credit card self-care app (CDB iControl)
 - offer online Fixed Deposits (CDB iDeposit)
- First online auction through patpat.lk; launch of education, leisure verticals
- Launched patpat.lk mobile application
- Partnered "LIFE" project to restore degraded fern lands in Halgahawala, Opatha
- SMB Friday launched to enhance SME digital presence
- Therapeutic play area at Ampara District General Hospital opened
- Premier Customer segment launched
- Transitioned from traditional Contact Centre to omni-channel Contact Centre

2019/20

- Signatory to the United Nations Global Compact
- Adapted Robotic Process Automation (RPA) in goal to become Fintech Company
- Pragathi Children's Intervention Centre established at Teaching Hospital in Anuradhapura

2020/21

Ranked among the top 25 in the Business Today Top 30 Businesses in Sri Lanka

- Among Top 10 Corporate Citizens for the 3rd consecutive year by Ceylon Chamber of Commerce at the Best Corporate Citizens Sustainability Awards 2020
- Winner of Excellence in Automation at UiPath Automation Excellence Awards 2020
- Initiation of CDB Advance Sustainable Financing vertical

2021/22

Total assets base surpassed Rs. 100 Bn. during the year under review

- Overall 1st Runner up of Best Corporate Citizens Sustainability Awards 2021 awarded by Ceylon Chamber of Commerce
- Partnered Life to Our Mangroves to restore 10 hectares of degraded mangrove forests in Anawilundawa Wetland Sanctuary
- Customer base surpassed 300,000

2023/24

Launched eShift with VEGA Innovations

- Pragathi Southern Provincial Autism & Neurodevelopmental Intervention Centre at Karapitiya Teaching Hospital opened
- USD 30 Mn loan secured from DFC to support women entrepreneurs, MSMEs, sustainable financing
- Regional Office in Kurunegala opened
- Launched CDB Self App
- Introduced Wings Ecosystem
- Partnered IFC to develop Climate Transition Plan for climate resilience

2022/23

- Launched Life to Our Beaches
- Initiated Automated Credit Decisions
- National Winner for "Most Innovative Global Business Service/BPM" at National Ingenuity Awards 2022, hosted by Sri Lanka Association for Software and Services Companies (SLASSCOM)
- Winner of "Most Innovative Company of the Year" at Dare to Dream Awards 2023 Sri Lanka Edition
- Excellent performance at National Sales Awards by SLIM with 16 awards including two gold awards

MESSAGE FROM THE CHAIRMAN

Dear Stakeholders,

On behalf of the Board of Directors, it is my great pleasure to present the Annual Report and Financial Statements of CDB for the year ended 31 March 2025, and to announce the good news of CDB's spectacular comeback from the financial-crisis driven downturn of 2022.



PERFORMANCE HIGHLIGHTS

After experiencing a devastating five-year reversal in profitability during 2022/23 in the immediate aftermath of the financial crisis, with financial performance regressing to the 2028-19 levels, CDB has concluded 2024/25 by returning its best financial performance to date!

Your company achieved a net profit of Rs 4 Bn for the year under review, which is a year on year growth of 59%, and a growth of 11% against its previous best performance of Rs 3.6 Bn in 2021/22. This volte-face at the very start of national economic recovery, indicates on one hand CDB's exceptional resilience, and on the other hand, and more significantly, CDB's potential for growth when the country's economic growth momentum accelerates over the next few years.

CDB closed 2024/25 with almost all key financial indicators realigning towards a new, and I believe, more sustainable, growth path. Although the market demand for credit remained fairly subdued for much of the year and the leasing business remained depressed due to vehicle import restrictions, CDB has recorded a portfolio growth of 29%, to Rs 111 Bn. The return on assets and return on equity picked up from 2.15% and 13.10%, to 2.80% and 18.15% respectively, with an asset growth of 22% year on year, while total capital adequacy was maintained well above regulatory requirements at 18.09%

While macro environmental improvements were the driving force behind credit growth, I must stress that CDB's internal preparedness to expand business, was the key to success. It must also be noted that, in addition to substantially better profitability CDB has materially improved its portfolio quality, which had deteriorated during the period of financial crisis. The NPL ratio at year end was 6.32 %, an improvement of 5.74% compared to March 2024, and this trend has strengthened into the current financial year as well. CDB has also successfully disbursed funds from international funding partners, including the USD 30 mn loan from the US Development Finance

Corporation (DFC), obtained in the previous financial year. Much of these international funds were channelled towards women entrepreneurs, green financing and MSMEs, directly supporting inclusive economic recovery in the country.

This upturn to CDB's bottomline has generated greater value for shareholders. After stagnating for months, the share price is showing positive movement, moving from Rs 210.00 in March 2024, to Rs 235.00, by end March 2025, and while dividend pay-outs were curtailed to maintain the capital base during the past two years, for the financial year 2024/25, the Board announced an interim dividend of Rs 5.00 per share, for a total dividend pay-out of Rs 15.00 Commencing from the new financial year, CDB will return to its standard dividend policy to share the benefits of recovery with our shareholders.

APPLYING THE LEARNINGS

While CDB has now locked-on to a new growth path, this experience has not been in vein. In fact, I would like to stress that we did not treat the economic crisis as a mere episode, but as a once-in-a-life-time learning experience. We learned many valuable lessons from this experience, which have been translated into sharper risk management systems and more stringent governance structures, as is demonstrated by the improvement to our portfolio quality. Although the level of market disruption, and in particular, the spike in interest rates that eroded our bottomline in 2022 is not a commonplace occurrence, we implemented mandatory contingencies to better manage a recurrence of this nature, in the future. These measures, that have now been integrated into overall risk management oversight, and should enable CDB to better manage from such extraordinary shocks in the future. Monitoring of lending portfolios have been enhanced for better management of assets and liabilities and we are diversifying our portfolios to rebalance credit concentration risk in the vehicle finance sector, by expanding

RS 157 BN

Total assets

RS 24 BN

Shareholders' funds

lending into other areas. We are also increasing the share of specialised products, such as green financing and sustainable business financing, to increase CDB's footprint in the sustainable financing market in Sri Lanka.

Our technology systems have also been improved to enhance resilience to external shocks. We have infused technology solutions into the lending process for better control, compliance and capacity, and we are using new technologies such as big data in our operations for better credit decision making. Our automated credit approval system makes it possible for sales personnel to work at any time, from anywhere, and serve clients at their doorstep. In 2024, CDB also launched its new mobile banking app, CDB SELF, which is far superior to the previous app in terms of customer value. With more business processes being automated, CDB is benefiting from increased efficiency, while also expanding capacity. While we have not fully utilised CDB's current capacity, this makes it possible for CDB to rapidly expand business, when demand accelerates.

MAKING GOOD GOVERNANCE THE NORM

An indispensable aspect of our success has been the uncompromising attitude held by the leadership towards good governance practices and compliance across all activities. We have not only

I extend my fullest appreciations to my fellow directors, our Managing Director/CEO Mahesh Nanayakkara, and the leadership team, for their unstinting contributions in taking CDB to its present heights.

insisted on absolute compliance and stringent internal controls, but also adopted industry best practices. While ESG is now a trending topic and becoming more accepted in the industry, CDB adopted ESG practices well ahead of the pack. We have been investing in good governance, and environmentally and socially responsible business practices, as a part of our business model for many years.

The CDB Board comprises competent and experienced personnel with multidisciplinary insights, to develop and drive strategy. To ensure accountability and independence in decision-making, the Board comprises a mix of executive and nonexecutive members. These factors have been crucial to CDB's sustained performance, while transitioning rapidly into a technology based financial services provider.

While managing our daily business activities, CDB has also continued to invest time and funds into a range of environmental and social projects that are now well established and benefiting large numbers of people. I urge the reader to take a moment to peruse the Social and Relationship Capital and Natural Capital chapters of this report to read more on these activities.

PLANS FOR THE FUTURE

Overall, CDB is now better equipped than ever, to deliver services efficiently and uninterruptedly, and our customers are able to access our products and services from anywhere, at any time. Signals of demand

recovery are now unmistakable, and in the new financial year, we will put our new systems and processes to the test against an anticipated spike in business volumes.

As we expand, we will maintain our strategy of technology and sustainable business practices, which has now proved to be a highly effective combination. Our processes and capabilities will be continually upgraded to enable smooth capacity expansion to support growth. In the new financial year, we will also examine other funding instruments to sustain our growth over the short to medium term.

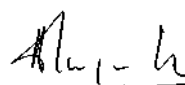
Looking back at how CDB has overcome the unprecedented challenges of the recent past, I am confident CDB has the internal capabilities to face any new challenges that may come its way in the future. Therefore, I can confidently assure our stakeholders that CDB can only go from strength to strength as we move forward.

APPRECIATIONS

I extend my fullest appreciations to my fellow directors, our Managing Director/CEO Mahesh Nanayakkara, and the leadership team, for their unstinting contributions in taking CDB to its present heights. Today,

CDB is once more on a fast track to growth, all thanks to its leadership and team. Any strategy is only as good as its execution, and in this regard I must congratulate each and every member of the CDB team for their part in CDB's resurgence. I express my gratitude to the external auditors, Messrs. Ernst & Young, for their valuable insights and recommendations. I also appreciate the support provided by our regulator, the CBSL and its personnel, for their guidance during this unpredictable period. As always, I am grateful to our customers, business partners and all other stakeholders for their continued loyalty and support. I look forward to working with all of you for a mutually beneficial future.

Sincerely



Alastair Corera
Chairman

05 June 2025
Colombo

The background is a dark blue architectural blueprint. It features various technical drawings, including a large circular structure with radial lines on the right, a rectangular building footprint at the top right, and a circular feature with concentric rings at the bottom right. A large, white-outlined speech bubble is positioned on the left side, containing the main text. The text is in a bold, white, sans-serif font, arranged in a single column within the speech bubble.

**OUR STRATEGY IS ANCHORED
ON TWO KEY PILLARS: A DEEP
COMMITMENT TO SUSTAINABILITY
AGENDA AND BOLD TECH
DISRUPTION. GUIDED BY OUR
PURPOSE OF EMPOWERING
ASPIRATIONS AND FOSTERING
INCLUSIVITY, WE PLAY A PIVOTAL
ROLE IN SRI LANKA'S GROWTH
JOURNEY. AS A CATALYST
FOR NATIONAL PROGRESS,
WE CHAMPION RESPONSIBLE
LENDING AND DEVELOPMENT-
FOCUSED INITIATIVES.
THROUGH PIONEERING DIGITAL
TRANSFORMATION, WE ENHANCE
ACCESSIBILITY AND ELEVATE
THE CUSTOMER EXPERIENCE. AT
THE HEART OF OUR STRATEGY
IS OUR BELIEF IN GENERATING
EXTRAORDINARY RESULTS
THROUGH ORDINARY PEOPLE
— WE INVEST IN TALENT AND
ACTIVELY EMPOWER YOUTH. AS
WE APPROACH OUR 30-YEAR
MILESTONE, WE REMAIN DRIVEN
BY PURPOSE, FUELLED BY
INNOVATION, AND UNWAVERING
IN OUR COMMITMENT TO
BUILDING A SUSTAINABLE,
INCLUSIVE FUTURE.**

MANAGING DIRECTOR/ CHIEF EXECUTIVE OFFICER'S REVIEW



Dear Stakeholders,

Our nation has recently stepped over the threshold of a new era. Having stood on the edge of the yawning abyss of the economic crisis which engulfed the nation's economy and people, Sri Lanka now faces a new era of endless possibilities.

Your Company has not only traversed safely across the crisis, but has emerged on the other side, with great success. CDB closed the financial year 2024/25 with a historic financial performance, reporting its highest profits to date.

The economy bounced back strongly with Sri Lanka's GDP recording a 5% growth in 2024. Key indicators including lower inflation, lower interest rates, a stable currency, a booming tourism industry, strong foreign remittances and foreign reserves at USD 6 Bn all pointed towards a strong recovery. The last phase of the import ban was also lifted in February 2025 and the recommencement of vehicle imports signalled the end of the import restriction regime.

FINANCIAL RESULTS

CDB optimised on the economic recovery, recording a historic year of financial results. Profit after tax recorded at LKR 4 Bn reflecting a growth of 59%, while profit before taxes recorded a figure of LKR 7.92 Bn, to an increase of 72%. Total assets surpassed the LKR 150 Bn mark standing at LKR 156.94 Bn, increasing 22%. Revenue surpassed LKR 26 Bn showcasing a growth of 7%, while net interest income recording at LKR 11.39 Bn, posted an increase of 25%. Cost to income ratio showed an improvement at 48.40%. Strong improvement in asset quality and excellent repayments in loan recoveries enabled a net impairment reversal of LKR 644 Mn.

Capital funds are at LKR 22.28 Bn at year-end, whilst Tier i & ii capital ratios stood at 14.47% and 18.09% , well above the regulatory minimum requirements. Liquidity ratio is at 19.52% as against the minimum regulatory requirement of 10%. Return

on Equity (ROE) is recorded at 18.15% and the return on assets (ROA) is 2.80%. Balance sheet assets consist 94% of the regular cashflow and income generating assets. Earnings per share (EPS) recorded a figure of LKR 56.53 and the net book value per share (NBV) shows at LKR 337.84.

Strong financial results reported during the year enabled board of directors to declare a final cash dividend of LKR 10 per share resulting a total cash dividend of LKR 15 per share for the Financial year with the interim cash dividend of LKR 5 paid on 24 January 2025

Asset quality continued to improve and your Company's benchmarks are above par on key indicators. 90DPD ratio is recorded at 6.32% on gross basis and 3.10% on net basis. Provision cover stood at 52.53% at the year end. The considerable shift in the asset quality paradigm could be attributed to several factors including improved macro-economic outlook, regulatory initiatives moving NPL industry classification from 180 days to 90 DPD, tightened credit underwriting framework and the automated credit approval framework introduced by your Company in 2022, strengthening post disbursement credit follow-up, and digitalization. This was coupled with segregating the portfolio in the pre and post cut-off date of 01 April 2022, at which point CDB introduced the automated credit approval framework. This also coincided with the post 01 April 2022 loan book being free of impacts of the stresses of COVID 19 and the impact of the economic crisis including moratoriums, lockdowns, rate hikes, fuel crisis and other severe impacts on the daily lives of people and business. In this context, we set very ambitious asset quality targets for the post 01 April 2022 loan book and worked towards this paradigm shift during the last three years, which we previously thought not possible. As we accelerate to expand our loan book, we are determined to not compromise the asset quality benchmarks we intend to work towards. This ecosystem will support CDB's intention to expand the asset base amidst a very competitive marketplace, where boundaries and market segments between NBFIs and banks become increasingly blurred.

Lending gathered momentum during the year under review, with approvals and disbursements posted at LKR 69 Bn and LKR 64 Bn respectively, reflecting a growth of 62%. These numbers resulted in the loan book growing by 29% YOY, recording a figure of LKR 110.9 Bn as at the year end. As per the Annual Economic Review 2024 of the Central bank of Sri Lanka, credit extended to the private sector by licensed commercial banks, licensed specialised banks and the finance companies (FCs) amounted to LKR 1,094.6 Mn. Of this total figure, FCs accounted for 25.32%. The CDB contribution to credit expansion to the private sector within the FC composition is 8% in 2024. This is ample evidence that your Company has contributed significantly to the country's economic recovery in 2024 predominantly supporting micro, small and medium (MSMEs) enterprises, by extending funds to acquire productive assets, providing working capital requirements, expand existing businesses and launch new businesses. Credit demand is expected to further accelerate in the future.

Main funding sources included deposits have grown by 19%, with the year-end deposit base notching LKR 86.8 Bn. Other funding sources including debt and bank funding stood at LKR 39.11 Bn reflecting an increase of LKR 8.47 Bn during the year. We expect a combination of deposits and savings, debt funding, securitization and foreign funding to meet funding requirements for the expected accelerated credit demand in the ensuing year. CDB's commendable deposit franchise and strong partnerships built over the years hold a solid track record with both local and foreign funding partners showcasing that your Company is well capable of supporting capacity expansion in the lending book.

During the year under review, we continued to strengthen our sustainability agenda, one of the key enabling pillars of our broader business strategy. It is heartening to note that this strategy framework which was first published in the CDB 2020/21 Annual Report encompasses embracing tech disruption and sustainability, making these pillars fully compatible with the recently launched Sustainable Finance Roadmap 2.0 by Central Bank of Sri Lanka.

RS 26 BN
Revenue

RS 4 BN
Profit After Tax

MANAGING DIRECTOR/ CHIEF EXECUTIVE OFFICER'S REVIEW

Under CDB's NetZero vertical, our collaboration with the International Finance Corporation (IFC) on our climate transition plan progressed significantly, with Phase One reaching its final stage during the year under review. This three-phase engagement began with a comprehensive assessment of CDB's internal operations and lending portfolio. This included reviewing and improving Scope 1 and 2 emissions data and setting a roadmap for achieving net-zero in operations by 2030. In Scope 3, financed emissions were analysed using global methodologies to identify high-emission segments and define transition strategies aligned with net-zero goals. Currently, under Scope 3, we are in the process of developing portfolio emission intensity indicators for CDB to further strengthen our measurement and management capabilities aligned with global best practices. By the next financial year, CDB will be fully prepared for the adoption of IFRS S1 and IFRS S2 directed by the International Sustainability Standards Board (ISSB), in line with evolving global sustainability standards.

During the year under review, your Company continued its initiatives under the NetZero pillar, accelerating sustainable mobility solutions, sustainable household energy solutions, and conservation & biodiversity initiatives. We expanded the Life to our Beaches initiatives with the addition of new stretches of beach and founded a new initiative for coral conservation. We also continued our initiatives under the socially conscious vertical in education, healthcare and women empowerment. SMB Friday for example, supports small businesses showcase products and services in the digital space and the CDB patpat.lk platform provides extensive market access to all businesses. We inked a new partnership with the Chithrasena-Vajira Dance Foundation to preserve Sri Lanka's pure traditional dance.

Our capacity building has now transitioned onto a technology platform, which empowers CDB's frontline and operations teams, while also empowering clients with interfaces that enable independence, convenience and speed. SELF launched last year, is a cutting-edge hybrid solution that embeds digital banking and a digital wallet in one app. Revolutionising client experience

in credit access, the credit approval process has also been automated ensuring speedy approvals anywhere anytime. These have all been instrumental in increasing the CDB market share in the tech disruption space and enhancing credit quality.

The data amassed through our digitalisation process has enabled us to create a continuous loop in machine learning, to make informed credit decisions in an AI based credit approval ecosystem. Risk based pricing will be added to this model, assisting us in pricing accuracy which keeps CDB competitive and enabling the Company to achieve targeted Weighted Average Lending Rate (WALR) in this intensely competitive market.

Our unwavering focus on digitalisation has led us to use technology across the Company, cutting across all functions, augmenting a tech-fuelled ecosystem. An example to this is our 24x7x365 tech-based surveillance, an imperative in risk management and audit functions which compliments the conventional approaches in place.

As we step into our 30th year, we are proud of our team who left no stone unturned to build and nurture your Company to where it stands today. Our team epitomises the formula of, 'extraordinary results through ordinary people', which is the secret ingredient to our expansive portfolio of innovative products and strong service fundamentals extended to our customers. The solid relationships we have founded with our business partners in Sri Lanka and overseas has been a truss upon which our consistent results have been built. As a responsible corporate citizen that believes in transparency and strong values, our contribution to the economy lies in both tangible and intangible figures – whether through our sustainability projects working with communities including children, youth, and women – the future of our country and the environment, or by adding to the country's treasury via direct taxes, which this year amounted to LKR 3.92 Bn. This, including other taxes, totalled LKR 5.16 Bn

The Value we have created for our shareholders reflects our strong performance. This year's total cash dividend of LKR 15 and our consistent

dividend track record which began with LKR 0.50 cash dividend in 2010 is evidence of this. CDB's capital appreciation over the years is also a commendable note, given that the book value per share at the time of listing in 2010 was LKR 15.

CDB is firm in its belief that as a country, Sri Lanka has immense potential leading to tremendous economic prosperity which will impact all Sri Lankans. As a passionate team committed to harness the maximum opportunity from this potential, we intend creating optimum value to all stakeholders. Each of our milestones, ambitious though they may have seemed at the time, have and are being achieved. We have surpassed total assets of LKR 150 Bn which places us closer to our aspiration of becoming a Quarter Trillion Asset base company.

We have set further goals and we know we can achieve these given our team's dedication and motivation. And we also know that our next generation leadership team is now gearing towards more challenging aspirations as we continue our journey.

THANK YOU

I extend a sincere 'thank you' to the CDB team, as the owners and drivers of our ambitious quarter trillion plan. You have indeed championed our success once more. Our Chairman and Board of Directors - thank you for your guidance and support at all times. We exist to serve our customers, who are our greatest strength. Our business partners have stood by us through the worst times, and we appreciate your loyalty.

Stay with us in and be a part of our journey of growth.

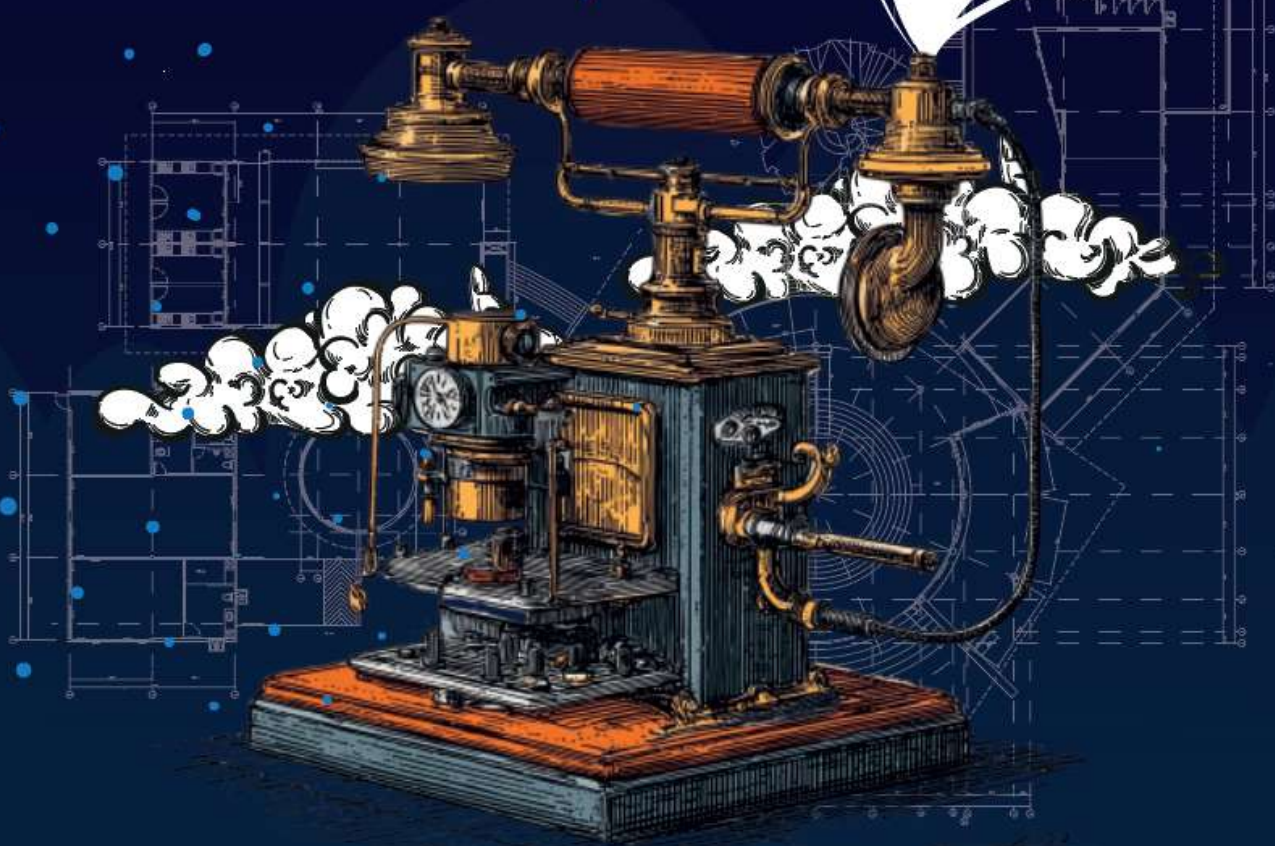
Sincerely



Mahesh Nanayakkara
Managing Director/ Chief Executive Officer

05 June 2025
Colombo

Our Approach and Key Enablers to Value Creation



NEXUS

Empowering Lasting Connections

We're built on a vast, interconnected network that facilitates meaningful engagement and communication. We're listening to the world around us, responding to evolving needs, and offering unmatched accessibility and convenience to those we serve.

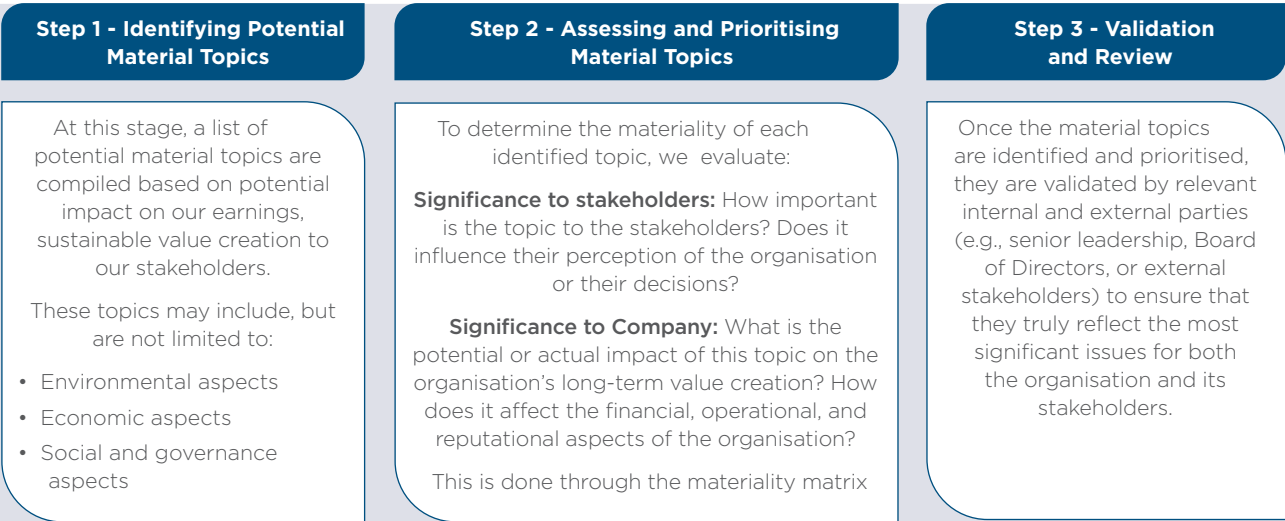
The telephone was a groundbreaking innovation that unlocked the potential for global communication and connectivity. It bridged gaps, brought people together and laid the foundation for the interconnected world we know today. CDB is actively relying on digital infrastructure to build stakeholder value, ensure uninterrupted continuity, and build a far-reaching community of value.

MATERIAL TOPICS

[GRI 3-1, 3-2]

PROCESS TO DETERMINE MATERIAL TOPICS

CDB has a four step process to determine material topics. The first three steps relate to CDB's ongoing identification and assessment of impacts. Within these steps, the Company identifies and assesses its impacts regularly, as part of its day-to-day activities, and while engaging with relevant stakeholders and experts. These ongoing steps allow the Company to actively identify and manage its impacts as they evolve, and as new ones arise. In each reporting period, the Company reviews its material topics from the previous reporting period to account for changes in the impacts. Changes in impacts can result from changes in the Company's activities and business relationships. This review helps ensure the material topics represent the Company's most significant impacts in each new reporting period.



Prioritisation of impacts

In order to prioritise the list of material topics, the level of impact on the Company and key stakeholders were measured by considering the factors below.

- Corporate strategy review, including a detailed business environment assessment, alongside risks and opportunities
- Financial and stakeholder impacts
- The likelihood of a risk or opportunity, and our risk appetite framework
- Responses to changing consumer needs and dynamics and potential impacts on the organisation's reputation and competitive edge
- Resource needs and relative availability
- Potential opportunities and prospects

Stakeholder involvement

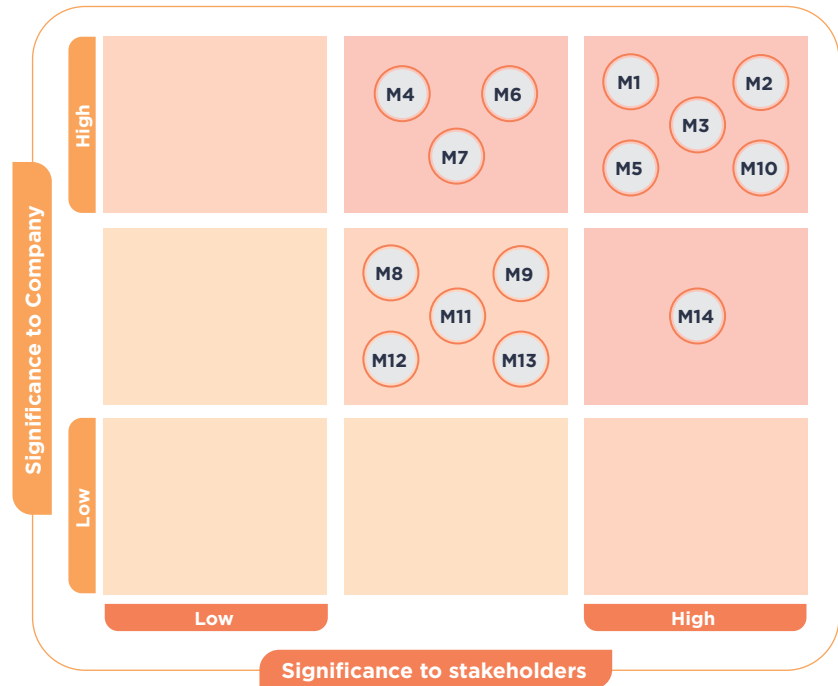
The key stakeholder groups that influenced our selection and prioritisation of material topics were:



MATERIALITY MAP

Step 4 - Integration, Execution and Monitoring

Integration into the Company's Business Strategy, Continuous and ongoing monitoring of material topics and disclose the material topics identified in the Company's integrated report.



List of material topics

Our list of material topics is listed below with the corresponding GRI topics. Where there is no corresponding GRI topic, we have developed our own measurement indicators and disclosures.

Topics material to CDB	Corresponding GRI topic	Disclosures when GRI topics are not available
M1 - Financial resilience, stability, and profitability	GRI 201: Economic Performance 2016	<ul style="list-style-type: none"> Capital position Liquidity position PAT
M2 - Sustainable financing	GRI 201: Economic Performance 2016	-
M3 - Macroeconomic turbulence	No direct GRI topic available	<ul style="list-style-type: none"> Major macroeconomic risks for 2024/25
M4 - Tech disruption, digitalization and process automations	No direct GRI topic available	<ul style="list-style-type: none"> Digitization targets and actual performance
M5 - Cybersecurity, data integrity, and privacy	GRI 418: Customer Privacy 2016	-
M6 - Corporate brand reputation and market presence	No direct GRI topic available	<ul style="list-style-type: none"> Market share Brand perception
M7 - Talent acquisition and retention	401- Employment 2016	
M8 - Career progression, learning and development	404-Training and education 2016	
M9 - Employee health and safety, and favourable work environment	GRI 403: Occupational Health and Safety 2018	
M10 - Anti-corruption practices, good governance and compliance	GRI 205: Anti corruption 2018	<ul style="list-style-type: none"> Status of compliance
M11 - Customer convenience	No direct GRI topic available	<ul style="list-style-type: none"> Customer satisfaction levels
M12 - Community development and social investments	GRI 413: Local communities 2016	
M13 - Contribution to SDGs	All material GRI topics	<ul style="list-style-type: none"> Contribution to SDGs
M14 - Reducing carbon footprint and being Net Zero	GRI 305: Emissions 2016 GRI 302: Energy 2016	

VALUE CREATION MODEL

[GRI 2-6]

OUR CAPITAL INPUTS



Financial Capital

The pool of funds available to our business including equity, debt, and other borrowings used to sustain daily operations and support strategic investments aimed at growing all forms of capital.

- Total equity: **Rs. 24 Bn**
- Deposits: **Rs. 87 Bn**
- Borrowings: **Rs. 39 Bn**
- Market Capitalisation: **Rs. 16 Bn**



Human Capital

The collective knowledge, skills, experience, and competencies of our team members, which are vital in executing CDB's strategy and delivering sustainable, long-term value.

- Extraordinary employee capabilities
- Diverse and multi-skilled workforce of **1,948 team members**
- Training investment: **52 Mn**
- Training Hours: **153, 813**
- Strong leadership team
- Corporate culture



Technology Capital

Our digital infrastructure, tools, and systems that drive operational efficiency, enable innovation, enhance resilience, and support sustainable business growth.

- Customer-centric digital innovations
- Strategic alliances with technology partners
- Automated and digitalized internal processes
- Digital ecosystem & Infrastructure



Social & Relationship Capital

The relationships and networks we cultivate with stakeholders including customers, investors, regulators, communities, and business partners that build trust, enhance reputation, and contribute to our long-term success.

- Diverse customer base
- Our Strong Brand Presence
- Business partners



Natural Capital

The natural resources we depend on in our operations and the ecosystems affected by our activities. We are committed to managing our environmental impact responsibly and sustainably.

- Energy consumption: **2,293,237 kWh**
- Water consumption: **24,431 m³**

VALUE TRANSFORMATION

OUR PURPOSE

EMPOWERING ASPIRATIONS

OUR VISION

To be the financial powerhouse that will foster entrepreneurial innovation and workmanship towards building our Nation's economy to make sustained gains in living standards of Sri Lankans.

OUR VALUES

KEY
ACTIVITY
SAVINGS
AND FIXED
DEPOSITS

KEY
ACTIVITY
LEASING AND
LOANS

STRATEGIC PILLARS



TECH DISRUPTION



SUSTAINABILITY
AGENDA

KEY
ACTIVITY
COMPLEMENTARY
SERVICES

KEY
ACTIVITY
PAYMENT
SERVICES

INNOVATION

RELIABLE

PERSEVERANCE

EMPATHY

IMPACTED
BY

MACRO TRENDS

OPERATING ENVIRONMENT

PRINCIPAL RISKS

OUTPUTS FOR CDB

VALUE ADDED OUTCOMES

SDGS & SHAREHOLDERS

STRATEGIC TRADE-OFFS

Financial Capital

- Loan book growth: **29%**
- Deposit portfolio growth: **19%**
- Profit after tax: **Rs. 4 Bn (+59%)**

- Earnings per share: **Rs. 56.53**
- Dividend per share: **Rs. 15**
- Return on equity: **18.15%**
- Return on assets: **2.80%**
- Net asset value per share: **Rs. 337.84**

- Investors
- Customers
- Employees



Human Capital

- Employee retention rate: **85%**
- Revenue per employee: **Rs 13 Mn**

- Payments to employees: **Rs. 2.7 Bn**
- Training hours per employee: **79**
- New recruits: **762**
- Promotions: **417**

- Employees



Technology Capital

- Number of digital transactions: **500,000+**
- Value of digital transactions: **Rs. 50 Bn+**

- New digital customer onboarding: **23,959**
- Key process automations: **14**
- Recertification of **ISO 27001:2022** on information security
- Obtained **ISO 22301:2019** for business continuity management

- Investors
- Employees
- Community



Social & Relationship Capital

- Customer Satisfaction: **CAST 97.76%**
- Net Promoter Score: **58.5%**
- CSI Average Rating: **4.86** (out of 5)

- Rs. 39 Mn** spent on CSR activities and benefits to local communities
- Taxes paid: **Rs. 3.8 Bn**
- Payments to suppliers: **Rs. 3.7 Bn**

- Community
- Business Partners
- Customers
- Regulators



Natural Capital

- Carbon Footprint: **50,340 tCo2e** (Scope 1,2,3)
- Energy efficient vehicles financing: **Rs. 22 Bn**
- Roof solar Financing: **Rs. 353 Mn**

- Estimated Emission Reduction from eShift and Roof Solar products: **3,688,606 kg of CO2**
- Paper recycled: **3,999 kg**
- Bio Diversity Conservation Projects: **4**

- Environment



CDB recognises the necessity of making strategic trade-offs to balance short term and long-term value creation. These decisions are made with a view to ensuring sustainable growth and resilience.

In a challenging economic environment, we may prioritise building a resilient balance sheet over short-term profitability. This involves maintaining strong liquidity and capital buffers to support future growth.

As we enhance our digital capabilities, we ensure that the human touch is not lost. Integrating digital and physical touchpoints helps us maintain personalised customer service.

While pursuing innovation, we carefully assess and manage associated risks. This ensures that our advancements are sustainable and aligned with our risk appetite

Equipping our team with the right tools and capabilities while fostering collaboration will yield improved productivity and financial returns over the longer term.

We strive to create meaningful change in the communities we serve by advancing financial inclusion, education and skills development.

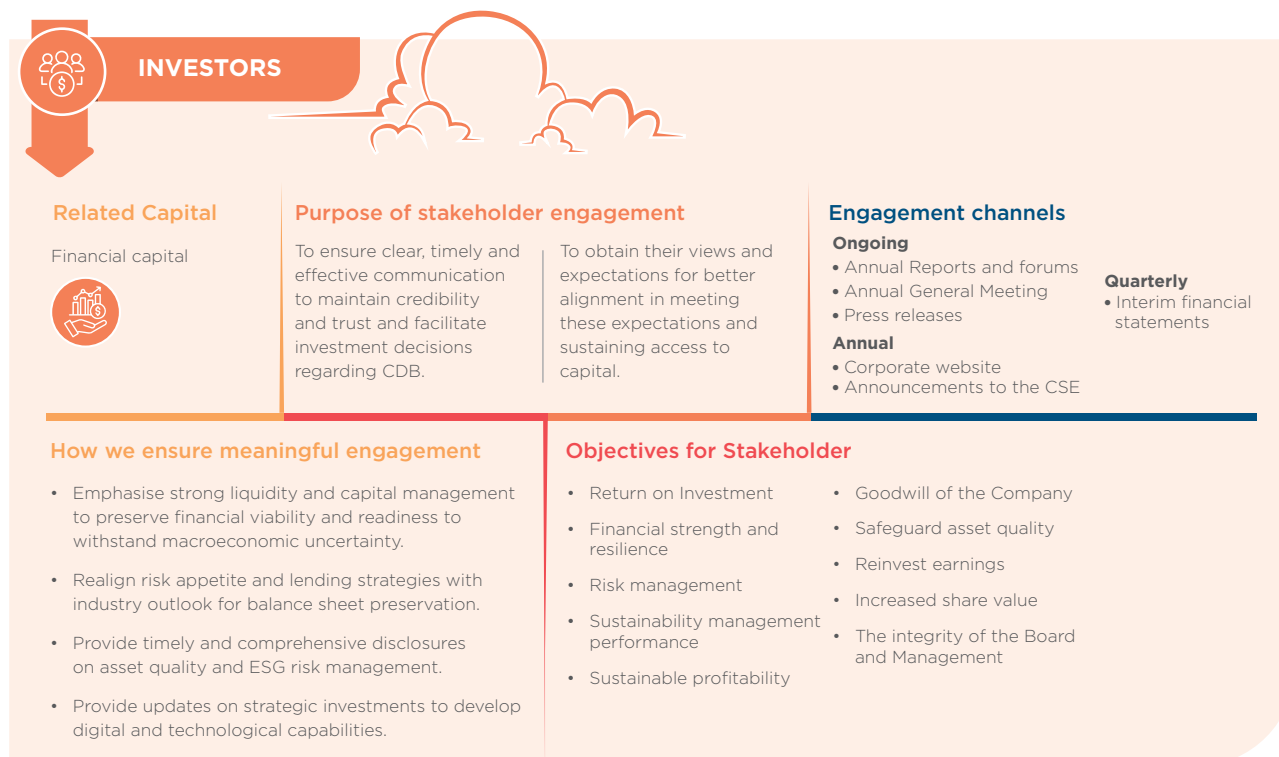
We balance growth ambitions with sustainability commitments. This means selectively pursuing opportunities that align with our environmental, social, and governance (ESG) criteria.

ENGAGING WITH OUR STAKEHOLDERS IN VALUE CREATION

[GRI 2-29]

Over the last three decades, we have been committed to creating lasting value for society by focusing on sustainable, shared growth over the long term. Our actions are driven by a clear purpose: to improve lives through responsible financial services while strengthening our connections with all stakeholders. At the heart of our approach is a dedication to integrity and fairness in every interaction with customers and partners. We also strive to be a conscientious corporate citizen, an attentive and supportive employer, and a guardian of resources for future generations.

Our efforts center on building and maintaining strong relationships with the stakeholders who play a vital role in our value creation. These include investors, customers, employees, the environment, communities, business partners, and regulatory bodies. By engaging openly and continuously with these groups, we better understand their expectations and needs, which enriches our decision-making by incorporating a range of viewpoints. Transparent communication fosters trust and credibility, helping to forge cooperative partnerships. This collaborative approach not only supports the resilience and success of our business but also ensures alignment between our organisational objectives and the interests of those we serve.





CUSTOMERS

Related Capital

Social and Relationship Capital



Purpose of stakeholder engagement

To understand their needs and expectations and identify and remedy gaps in our services. This helps us to serve them better and retain their loyalty.

Through engagement we enhance our customers' awareness of trends and issues that have a direct impact on them which enables them to make more informed decisions.

Engagement channels

Ongoing

- Island-wide customer Touchpoints
- Face-to-face interactions at CDB branches
- Customer Relationship Management (CRM) unit
- Media advertisements and website
- Online and social media interactions
- Call centre - 24x7
- Product launches
- Regular correspondence with account and facility holder

Annual

- Customer surveys

How we ensure meaningful engagement

- We offer the latest in technology-driven financial solutions.
- All our employees maintain secrecy and ensure high customer confidentiality.
- Avert unsolicited communication and intrusive surveillance.
- We insist on carrying on the company's brand values and code of conduct.
- Finally, we aim to provide positive customer experiences
- Support local businesses, microenterprises and underserved communities through digital solutions.

Objectives for Stakeholder

- Customer experience
- Convenience and speed of service
- Accessibility
- Reliability
- Real-time information
- Assurance of privacy
- Product innovation
- Technology-driven financial solutions
- Ethical lending practices
- Speedy complaint resolution



EMPLOYEES

Related Capital

Human Capital



Purpose of stakeholder engagement

To build an engaged, productive team and cultivate a thriving, ethical culture that is crucial for organisational success.

To maintain a positive work environment that attracts top talent, retain best talents, and enhances overall employee well-being and job satisfaction, leading to sustained business growth.

Engagement channels

Ongoing

- Virtual training programs
- WhatsApp/Viber groups
- Virtual staff meetings
- HR space integrated system
- Regular updates on company performance
- Comprehensive integrated HR system
- Annual social events
- Open door policy and a safe work environment
- Grievance handling procedures
- Weekly managers' meeting/ branch meetings, monthly regional review meeting

Annual

- Performance evaluation and reward mechanism

How we ensure meaningful engagement

- Providing opportunities for career progression and growth
- Recognising and rewarding excellence
- Digitalising HR management for enhanced performance
- Providing ongoing training through the CDB e-learning platform
- Implementing a zero-tolerance policy towards all forms of workplace violation of rights, including sexual harassment.
- Diversity and inclusivity for enhanced productivity
- Providing a diverse range of customised learning opportunities

Objectives for Stakeholder

- Career progression
- Remuneration and benefits
- Skills development
- Work-life balance
- Human Rights in the workplace
- Occupational health and safety
- Favourable working environment



ENGAGING WITH OUR STAKEHOLDERS IN VALUE CREATION



ENVIRONMENT

Related Capital

Natural Capital



Purpose of stakeholder engagement

We are dedicated to ensuring the continued well-being of the environment while helping to sustain and improve the way that we interact with it.

By analysing our impact on the environment, we take steps to reduce our carbon footprint while promoting a greener future and helping to reach the collective goals set by the UN in their SDG manifesto.

Engagement channels

Ongoing

- Engagement activities
- Green Ambassadors
- Conservation projects

How we ensure meaningful engagement

- Developing green financial products (loans for renewable energy, energy efficiency, sustainable businesses).
- Conducting thorough ESG evaluations of financed projects.
- Collaborating with industry stakeholders to promote sustainable financing.
- Developing and enforcing responsible lending policies
- Strengthening risk assessment capabilities for environmental and social risks.
- Enhancing transparency and reporting on environmental and social impact.
- Implementing an Environment and
- Social Management System (ESMS) for credit and risk assessment.
- Climate transition plan to Net zero in collaboration with IFC.

Objectives for Stakeholder

- Conservation practices
- Environmental protection
- Resource efficiency
- Energy conservation
- Environmental protection
- Reducing carbon footprint
- Contribution to SDGs



COMMUNITY

Related Capital

Social and Relationship Capital



Purpose of stakeholder engagement

To uphold our responsibility toward society as an organisation, whether through access to financing and service offerings or through social initiatives. We are constantly observing our community to identify any requirements that we will be able to fulfil with the resources available to us.

We aim to promote gender equality and economic empowerment, overcome socio-economic barriers, contribute to economic growth, while also breaking the cycle of poverty, fostering economic development, promoting social equality, and creating an inclusive society.

How we ensure meaningful engagement

- Leverage digital capabilities for rural entrepreneurship, provide virtual financial services, offer net lending to enrich lives in rural areas
- Provide resources, mentorship, and opportunities through "CDB SMB Friday" and "patpat" digital marketplace.
- Offer financial services for business ventures, collaborate with patpat.lk for "CDB SMB Friday" and a marketplace for women entrepreneurs, develop new products (CDB Wings) specifically for women's empowerment.
- Implement a recruitment policy focusing on youth from disadvantaged backgrounds, offer internship and management trainee programs.
- Collaborate with support organisations and advocate for policies, conduct awareness campaigns, establish therapeutic play areas and intervention centres.
- "CDB Sisu Diri" scholarship program, "CDB Smart Computer Lab" project to provide IT facilities to underprivileged schools.

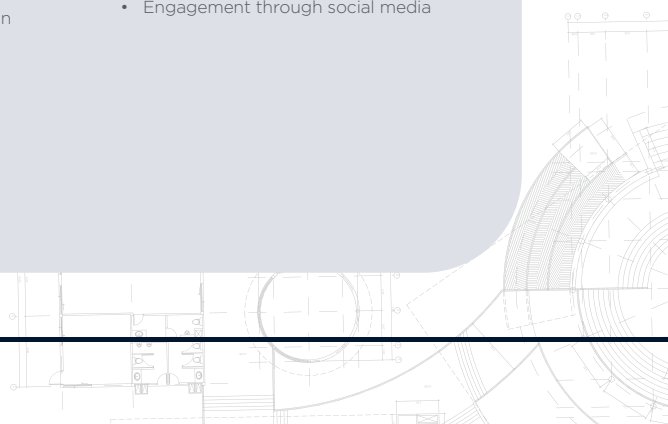
Objectives for Stakeholder

- Safety, health and welfare
- Education and literacy
- Societal health and well-being
- Living standard
- Social investment
- Community development
- Education and literacy
- Ethical sourcing
- Employment generation

Engagement channels

Ongoing

- Publications including the Company's sustainability reporting and other press releases
- Interaction with community through CSR projects
- Lending for rural economic development and capacity building programmes
- Engagement through social media





BUSINESS PARTNERS

Related Capital

Social and Relationship Capital



Purpose of stakeholder engagement

To build strong relationships with Business partners for a smooth Business operation, reduce risks, and foster innovation.

Partner with technology providers to deliver uninterrupted services, implement robust security, and embrace digital transformation

Build relationships with local and international funding partners to expand the business and meet stakeholder obligations.

Engagement channels

Ongoing

- Joint promotional campaigns
- Individual meetings
- Extended dealer network and marketing channels
- Supplier screening

Annual

- Business partner gatherings

How we ensure meaningful engagement

- Implement measures for open communication, due diligence, and local supplier preference.
- Uphold commitment to prompt payments and fulfilling obligations.
- Maintain strong relationships with technology providers for uninterrupted service and digital transformation.
- Build trust with local and international funding partners through transparency and ethical practices.
- Collaborate on renewable energy, conservation efforts, and green financing initiatives.
- Maintain memberships in industry organisations for knowledge sharing and collaboration.

Objectives for Stakeholder

- Ethical conduct
- Profitability
- Professionalism and on-time service
- Competitive advantage
- Accountability
- Sustainability and functionality of the supply chain
- Partner wealth maximisation



REGULATORS

Related Capital

Social and Relationship Capital



Purpose of stakeholder engagement

To remain informed on changes and developments impacting the sector and economy, run operations smoothly and be in compliance of legal and regulatory requirements.

Collaborate and contribute in policy formulation and national development initiatives that benefit the larger economy

Engagement channels

Ongoing

- Statutory reporting
- Compliance meetings
- Liaison with the regulatory bodies on matters concerning the sector
- Engagement through industry associations

How we ensure meaningful engagement

- Ensure to provide timely and accurate information
- Develop, communicate, and promote good governance and ethical behaviour at all levels within the organisation
- Ensure full compliance with rules and regulations
- Ensure that our employees are fully aware of the requirements of regulators to ensure full compliance
- Provide prompt and immediate responses to queries made by the authorities
- Adhere to laws and regulations, manage cyber risks, ensure monetary and financial stability, professional business conduct and fair treatment of financial consumers

Objectives for Stakeholder

- Good governance practices
- Ethically-driven business model
- A fair and transparent framework and work practices
- Legal compliance
- Promote voluntary compliance codes

LEADING THE CHARGE

Our unwavering commitment to innovation, transformation, and meaningful progress continues to earn us industry acclaim. Over our 30-year journey, we have consistently demonstrated leadership at the forefront of financial services driving new standards, pioneering bold solutions, and creating lasting value for all stakeholders. This year's accolades stand as a testament to that enduring legacy and our continued impact across the industry.

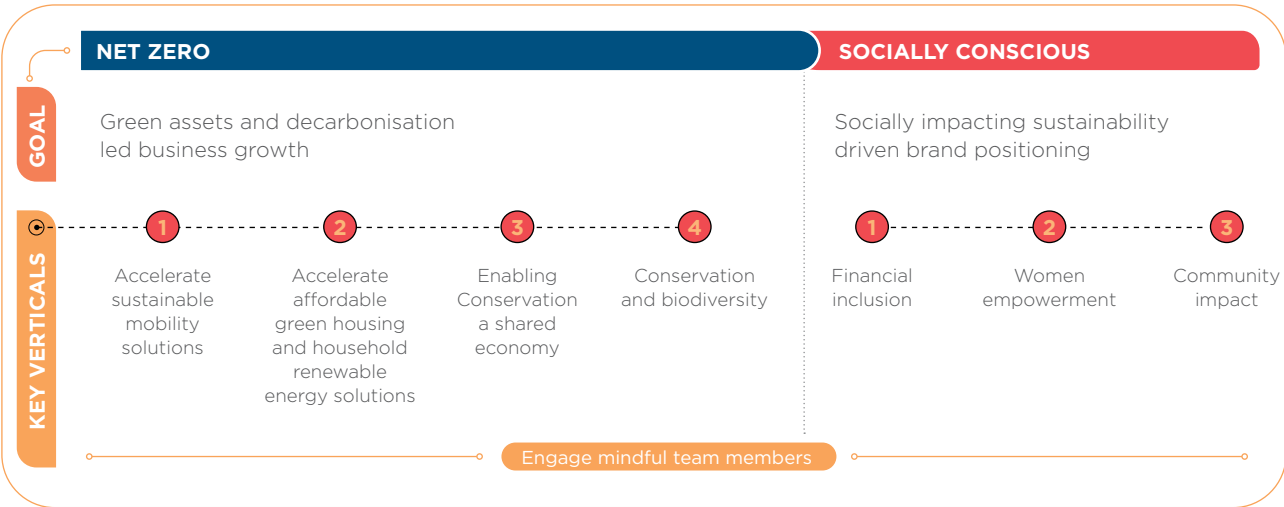


SUSTAINABLE GROWTH STRATEGY

[GRI 2-9, 2-12, 2-13, 2-14, 2-23, 2-24]

SUSTAINABILITY FRAMEWORK

CDB's sustainability framework sets out the Company's sustainability mission, goals, targets, governance and approach in all activities.



At the heart of our business strategy lies CDB Advance, our comprehensive sustainability approach designed to shape a greener economy and a more inclusive society. Anchored by the two strategic pillars of Net Zero and Social Conscious, CDB Advance is executed through eight key verticals that guide our efforts and define our long-term impact.

Advancing the Green Economy (Net Zero Pillar)

1. Accelerating sustainable mobility solutions
2. Accelerating affordable green housing and household renewable energy solutions
3. Enabling a shared economy
4. Conservation and biodiversity

FOSTERING A SOCIALLY CONSCIOUS BUSINESS

Complementing our environmental goals, we are equally committed to creating lasting social value through:

1. Promoting financial inclusivity
2. Empowering women
3. Implementing projects with high, positive community impacts

SUSTAINABILITY POLICY COMMITMENTS

In addition to internal Board approved operational policy commitments including the CDB sustainability framework, CDB complies with the National Environmental Act and the CBSL Green Finance Taxonomy.

CDB has also voluntarily adopted the UN Sustainable Development Goals (SDGs) to reflect our commitment to upholding human rights and sustainable development. We have also adopted the Global Reporting Initiative (GRI) standards to facilitate transparent disclosure on our environmental and social impacts.

Policy commitments are communicated to team members through our Four Pillars for Internalizing sustainability (see below). Policy commitments are also conveyed to business partners and customers.) Our contributions under the SDG's for the current financial year are tabulated at the end of this chapter.

EMBEDDING POLICY COMMITMENTS

Sustainability Governance

The Board oversees strategy alignment with the sustainability framework, while the corporate management drives implementation. A dedicated Sustainability Committee has been established to guide the sustainability priorities and our Sustainability Policy and Code of Conduct supports responsible practices. We monitor performance with industry-aligned KPIs, which reflect our commitment to continuous improvement.

Internalising Sustainability



PILLAR

1

Educate all employees on 'Triple Bottom Line' and CDB Advance Strategy



PILLAR

2

Eliminate all forms of waste
Zero use of single use plastic
Zero waste



PILLAR

3

Sustainable Energy and Transport
Driven by 100% renewable energy (Green Branch concept) Company fleet to be 100% EV or Hybrid



PILLAR

4

Employees walk the talk
Employee conversion to sustainable energy and transport

EMBEDDING POLICY COMMITMENTS FOR RESPONSIBLE BUSINESS CONDUCT

Environment, Social and Governance (ESG) Policy

ESG policy was formulated during the year focusing integrating Environmental, Social, and Governance (ESG) principles into our operations, investment decisions, and overall business strategy. This also outlines our commitment to sustainability, ethical practices, and responsible governance to drive long-term value and positive impact.

This policy will serve as a framework to ensure that our business activities are responsible, ethical, and contribute positively to both society and the environment.

Key highlights of the policy include:

- The establishment of an ESG Committee chaired by the CEO, comprising representatives from senior management and key departments.
- Environmental initiatives focusing on energy efficiency, waste reduction, and promoting green investments.
- Social commitments to diversity, inclusion, community engagement, and human rights.
- Governance standards centered on ethical conduct, risk management, and stakeholder engagement.

Environmental and social risk management system (ESMS)

ESG considerations have been embedded to our credit and risk assessment process for our lending activities through the ESMS. We are promoting credit lines to help households and businesses transition to a low carbon operations. CDB credit evaluation officers are trained to assess the compliance of all credit facilities with the exclusion list, project

categorisation, and risk management criteria. This also includes increasing customer awareness and engaging with them to minimise the adverse environmental impact of their business operations.

Sustainable Purchasing Policy

CDB has established a Sustainable Purchasing Policy, where suppliers are encouraged to adopt sustainable practices that minimise environmental impacts and deliver community benefits. This policy is envisaged to increase availability of eco-friendly and sustainable products and services and influence our supply chain to adapt more sustainable practices. CDB prioritises suppliers who have embedded sustainable and ethical practices within their organisation and who drive such practices within their own supply chain. CDB also supports the creation of jobs, provides equal opportunities and promotes inclusion of businesses owned and conducted by under-represented groups, minorities, small-and-medium-sized enterprises (SMEs), in our procurement process.

PROCESSES TO REMEDIATE NEGATIVE IMPACTS

CDB has established robust grievance handling and compliance processes to address and remediate any negative impacts associated with its operations. The company has adopted a Grievance Handling Policy to ensure that employee concerns are addressed promptly and fairly, preventing escalation of issues and promoting a harmonious work environment. This includes access to internal and external counsellors for support

To uphold ethical conduct and human rights, the company maintains a zero-tolerance approach towards workplace violations, including harassment and discrimination. Employees are educated on recognising and responding to such incidents through awareness

campaigns and training programs. A Whistle Blowing Policy allows anonymous reporting, with mechanisms in place to protect whistle-blowers from retaliation.

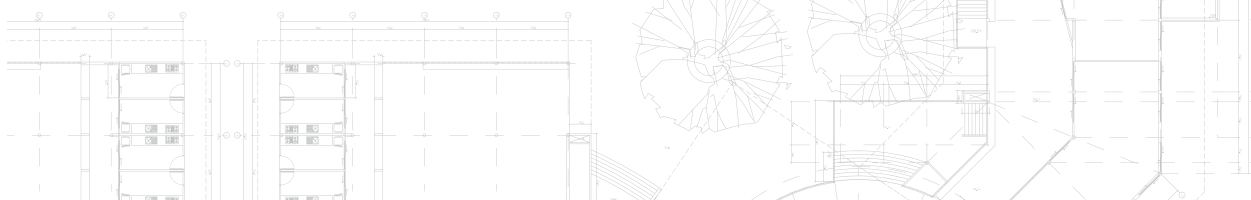
Furthermore, CDB's Environmental and Social Risk Management System (ESMS) integrates ESG factors into credit assessments to proactively manage and mitigate environmental and social risks. This system ensures responsible lending practices and is aligned with global standards, including IFC Performance Standards

Mechanisms to seek advice and raise concerns

CDB ensures that all team members and stakeholders have access to multiple channels to raise concerns and seek ethical or procedural guidance. The Whistle Blowing Policy, overseen by the Board Audit Committee, enables employees to report misconduct confidentially. This policy is reviewed regularly to ensure its effectiveness. Additionally, critical concerns can be escalated through various communication mechanisms with the Board, such as:

- Regular Board meetings
- Specialised sub-committees (e.g., BIRMC, BAC)
- Direct access to Board Members
- Internal audits
- Crisis management protocols

For governance-level concerns, Directors can also seek independent professional advice via the Company Secretary at the company's expense. This promotes transparency and helps ensure decisions are made ethically and in compliance with regulations.



COMMITMENT TO SDGS

Our primary SDG are SDGs 1,3,4,5,8,9,13,16 & 17 while secondary SDGs are 12, 14 and 15. Our contributions under the SDGs, which is a material topic (**M14**) to the Company are summarised below.



UNSDG Progress /Initiatives under the commitment

	<ul style="list-style-type: none"> • Provided affordable and accessible financial solutions for low-income customers, vulnerable groups, SMEs, and microenterprises. • Recognised as a Net Lender to the Rural Economy, directly supporting rural poverty alleviation. • Delivered tailored financial literacy programs to enhance financial decision-making among individuals and SMEs. • Offered Sisudiri Scholarships to high-performing students from low-income families, promoting long-term social mobility. • Supported economic resilience in marginalised communities through strategic SME assistance and inclusive financial access.
	<ul style="list-style-type: none"> • Promoted child health through the “Act Early for Autism” initiative focused on awareness, early detection, and timely intervention. • Conducted regular health programs, including medical checkups, blood donation campaigns, eye care, and dental clinics. • Fostered workplace wellness via: <ul style="list-style-type: none"> • Extended leave policies for illness or medical complications. • Flexible working arrangements and family-friendly facilities. • Internal health initiatives such as the Suwasampatha Facility and the Active Ninja program to encourage active, healthy lifestyles.
	<ul style="list-style-type: none"> • Donated 22 Smart Computer Labs to underprivileged schools under the CDB Smart Computer Lab initiative. • Awarded 1,009 scholarships through the Sisudiri Scholarship Programme since 2008. • Promoted lifelong learning through digital learning platforms and the CDB Academy. • Invested Rs. 52.3 million in training and development, averaging 79 hours of training per employee. • Allocated Rs. 2.1 million toward employee education reimbursements to support continuous development.
	<ul style="list-style-type: none"> • Established the Wings Ecosystem to support women with access to credit, mentoring, and financial services. • Conducted four Wings Capacity Building sessions to improve financial literacy and inclusion for women. • Launched Wings of CDB to champion gender equity and professional growth within the organisation. • Empowered women through targeted training and leadership development programs. • Expanded female representation in non-traditional roles and branch-level leadership positions. • Directed a significant portion of the lending portfolio toward women entrepreneurs and customers.
	<ul style="list-style-type: none"> • Provided formal, secure employment across Sri Lanka, with emphasis on rural and underserved regions. • Delivered structured learning and leadership programs such as Ignite, Shimmers, and Game Changer. • Promoted decent work through fair wages, inclusive policies, and ongoing skills development. • Supported job creation and business sustainability through SME financing and capacity-building initiatives.

SUSTAINABLE GROWTH STRATEGY

UNSDG Progress /Initiatives under the commitment



- Pioneered digital transformation with AI-driven credit decisions, smart onboarding, and the CDB SELF app.
- Invested in scalable, cloud-based infrastructure (Harmony SASE) to boost operational efficiency and cybersecurity.
- Championed green innovation by financing EVs, solar energy solutions, and modern transport systems.
- Launched the eShift ecosystem in partnership with VEGA Innovations to promote EV knowledge sharing and infrastructure.
- Advanced paperless processes and digital financial access to minimise environmental impact.



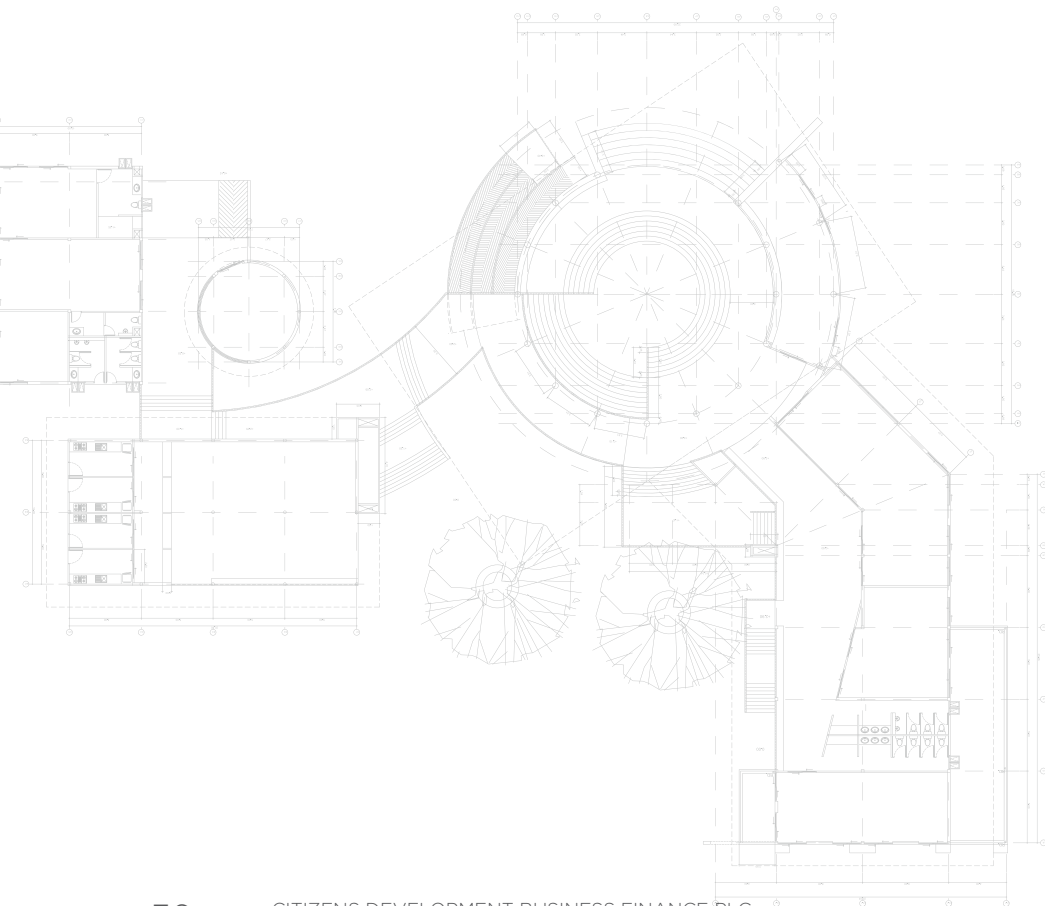
- Implemented a Climate Transition Plan with IFC, including carbon baseline analysis and a scalable green finance model.
- Expanded green financing offerings, including EV and rooftop solar solutions.
- Supported climate resilience through biodiversity conservation projects, including mangrove, forest, coastal, and coral reef restoration.



- Maintains ISO 27001 and 22301 certifications to ensure cybersecurity, data integrity, and business continuity.
- Utilises AI-based credit assessments to ensure fair, unbiased financial decisions and reduce fraud.
- Promotes transparency through multilingual service delivery and a strong customer grievance redress system.
- Enforces a zero-tolerance policy on bribery and corruption.
- Implements robust governance, compliance, and risk assessment frameworks.
- Enhances social justice by ensuring equitable access to financial services.
- Publishes comprehensive sustainability and financial reports to uphold public accountability.



- Actively collaborates with partners such as IFC, IUCN, Biodiversity Sri Lanka, and government agencies.
- Engages in ecosystem restoration, green finance development, and policy dialogue to scale social and environmental impact.
- Builds multi-stakeholder alliances to advance collective sustainability and innovation goals.



Value Creation through Our Performance



POWERHOUSE

Harnessing Endless Energy

We're empowered with the power of limitless energy, dynamism, and vitality. We're driven by a spirit of innovation and resourcefulness that illuminates the world around us.

The light bulb is considered the universal symbol of innovation, thereby representing its indisputable impact and influence on the modern world. It brought light to a world weighed down by darkness, and fundamentally reinvented the way we live, play, and work. Today, we are actively working towards harnessing the power of renewable energy to illuminate our surroundings, and create a more productive, sustainable future for all.

OPERATING ENVIRONMENT

GLOBAL ECONOMY

Despite increased geopolitical volatility, the global economy maintained growth in 2024 at 3.3%, albeit at below the historical (2000–19) average of 3.7% as reported by the World Economic Outlook (WEO) of the International Monetary Fund (IMF). Global growth is projected at 2.8% in 2025 and 3.0% in 2026, primarily on account of an upward revision in the United States offsetting downward revisions in other major economies. Global headline inflation is expected to decline to 4.3% in 2025 and to 3.6% in 2026, converging back to target earlier in advanced economies than in emerging market and developing economies.

Meanwhile, developments in January 2025, also indicated that 2025 would be a consequential year particularly for global trade, following the change in the US administration which has heralded a new global trade configuration under the proposed US tariff regime. Geopolitical conditions are also being recalibrated with tensions in the Middle East easing somewhat under the latest Israeli-Hamas ceasefire, and a possible cessation of the Russian-Ukraine war also being speculated in the media. As of April 2025, India and Pakistan are experiencing a severe diplomatic and security crisis following a deadly terrorist attack in Jammu and Kashmir.

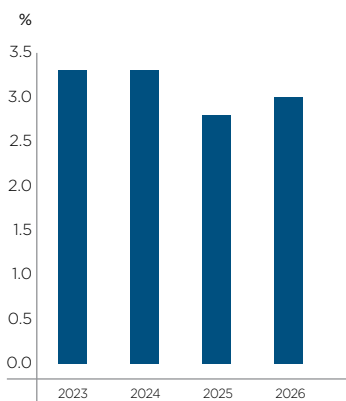
The situation has escalated tensions between the two nuclear-armed neighbours, with significant implications for regional stability in South Asia. However, the IMF revised its world trade volume expectations slightly downwards for 2025, claiming a sharp increase in trade policy uncertainty. Meanwhile, energy prices are expected to decline by

2.6% in 2025. This reflects a decline in oil prices (10%) driven by weak Chinese demand and strong supply from countries outside of OPEC+ (Organisation of the Petroleum Exporting Countries plus selected non-member countries, including Russia), partly offset by increases in gas prices as a result of colder-than-expected weather and supply disruptions, including the ongoing conflict in the Middle East and outages in gas fields.

The IMF expected growth of advanced economies to drop to 1.4% in 2025 and rise to 1.5% in 2026. However, from 2025 growth forecasts are divergent. In the United States Growth is projected to be at 1.5% in 2025. In the euro area, weaker-than-expected growth momentum is expected to lead to a 0.7% growth in 2025.

In emerging market and developing economies, growth in 2024 declined to 3.3% from 4.8% in 2024, and performance in 2025 and 2026 is expected to broadly match 2024 levels with growth in China for 2025 expected to reach 3.2% and remain stable at 4.2% in 2026. In India, growth is projected to stabilise at 6.2% in 2025 and 2026.

Economic growth 2023-2026



During 2024, climate change and global readiness for climate transition remained a key global topic of debate but became more polarised with volatility in energy prices making energy and climate change politically sensitive subjects for countries. Due to transitional difficulties and associated costs in transition towards low carbon economies, particularly within the present economic recovery conditions, global progress has been notably lacking in climate transition, which lost further momentum by

the US withdrawal from the Paris Agreement in January 2025. However, the recent energy price shock in the wake of Russia's invasion of Ukraine is expected to catalyse decarbonisation efforts globally, accelerating investments into renewable and clean alternative energy sources.

SRI LANKAN ECONOMY

In spite of this backdrop of global turbulence, the Sri Lankan economy continued to stabilise and align to its charted recovery trajectory in 2024 and 2025. Significant progress was made on the fronts of debt restructuring as well as the Extended Fund Facility (EFF) arrangement with the IMF. The completion of the Domestic Debt Optimisation (DDO) in 2023, and progress in External Debt Restructuring (EDR) in 2024, coupled with greater political stability following Presidential and General Elections in 2024, have contributed towards uplifting economic confidence, while declining interest rates and inflation rates contributed directly towards encouraging economic activities. In September 2023, the country's default credit rating of May 2022 was upgraded by Fitch Ratings from a Long-Term Local-Currency IDR to 'CCC-'. This was due to the successful completion of the DDO. Continuing the recovery journey, tourist arrivals in 2024 reached 2 million arrivals, which is only second to the record 2 million visitors in 2018 and the country is targeting 3 million tourists in 2025. The gross official reserves increased to around US dollars 6.1 billion by the end of 2024, compared to US dollars 4.4 billion at end 2023, effectively ending the country's foreign exchange crisis of 2022. In order to fast track the recovery momentum, in the national budget 2025, the Government is targeting a budget deficit of 6.7% of GDP, after achieving a 6.8% out-turn in 2025. For the year 2025, the bulk of revenue gains is expected to be delivered by the liberalisation of motor vehicle imports that took place on 1st February 2025, coupled with tax policy measures to meet the revenue targets of 15.1% of GDP in 2025. The national budget focused on developing agriculture and food security, energy and renewable energy, fostering innovation & Entrepreneurship, developing tourism and logistics, and Digital Economy Advancement. The SME sector will be developed as the backbone of

the economy, while MSMES will be facilitated to tap new export markets, expand existing markets, or to connect in the value chains of large-scale exporters.

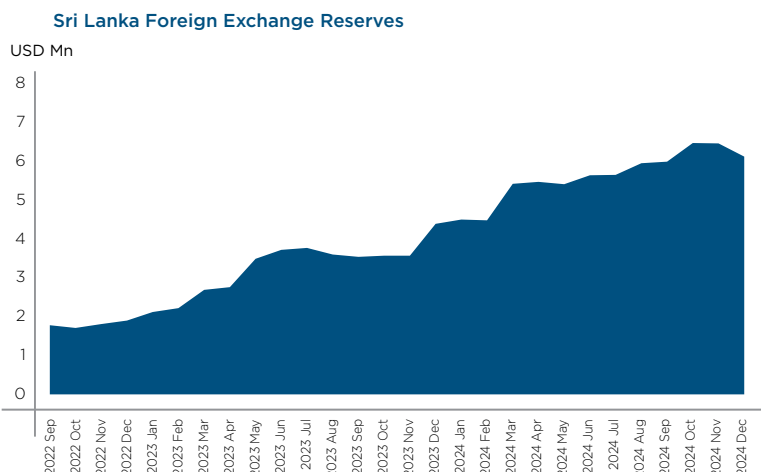
EXCHANGE RATE

The rupee appreciated against the USD during the first eight months of 2024 within the domestic foreign exchange market supported by enhanced inflows, particularly in the form of higher workers' remittances, tourist earnings and export conversions. However, the rate of appreciation of the rupee moderated after the first four months of 2024 amidst the increased demand for foreign exchange. This trend may exacerbate if adverse shifts in demand and supply conditions transpire. Reflecting the improved external position, the Sri Lankan rupee appreciated against the US \$ by 9% up to end March 2025 from LKR 323.92 as at end December 2023, to LKR 296.35 by end March 2025.

EXTERNAL SECTOR

Sri Lanka's Balance of Payments strengthened in 2024, and the current account is estimated to have recorded a surplus in 2024, which is a record of two consecutive years of surpluses in Sri Lanka's recent history. The Central Bank purchased the highest-ever annual amount of foreign exchange from the domestic foreign exchange market in 2024, exceeding US dollars 2.8 billion (net) and the gross official reserves increased to around US dollars 6.1 billion by the end of 2024, compared to US dollars 4.4 billion at end 2023. The flexible exchange rate policy was continued in 2024, complementing the Flexible Inflation Targeting (FIT) framework. With reserves building up, restrictions on investments made outside Sri Lanka by resident Sri Lankans and capital transfers by emigrants were significantly relaxed. These restrictions were in place since 2020. Similarly, the rules relating to the repatriation of export proceeds to Sri Lanka and their conversion into Sri Lanka rupees were relaxed.

Sri Lanka's export sector ended 2024 on a positive note, with merchandise exports reaching US \$ 12.7 billion, reflecting a 6.67% growth year-on-year (YoY) as stated by the Export Development Board and services exports also recorded an increase of 8.51% YoY to US \$ 3.46 billion during 2024.



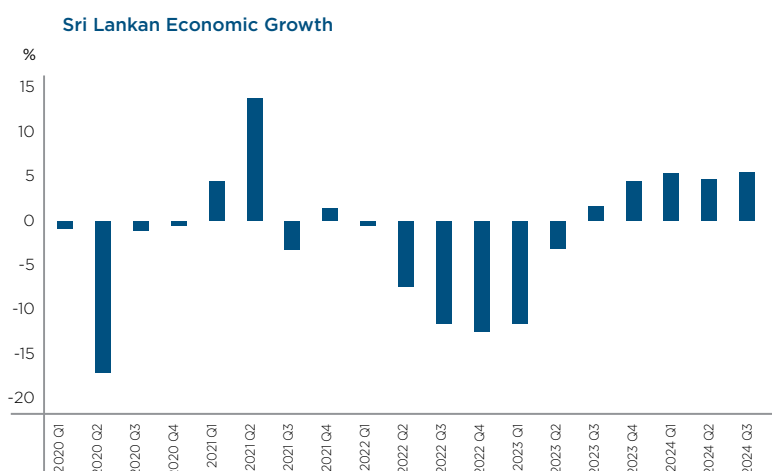
GOVERNMENT AND FISCAL POLICY

Presidential Elections in September 2024 and Parliamentary Elections in November 2024 resulted in a change of Government, with the NPP emerging as the new majority Government of Sri Lanka. The new government's fiscal policy is primarily focused on reducing the budget deficit through increased tax revenue collection, controlling operational expenditure, and maintaining public investment, aiming to achieve a sustainable debt level by prioritising debt restructuring and working with the IMF to implement structural reforms, with a medium-term goal of bringing the budget deficit down to around 4% of GDP by 2025.

Sri Lanka's government tax revenue in 2024 saw a significant increase, reaching LKR 1.95 trillion, a 25.1% rise from 2023's LKR 1.56 trillion. This growth was mainly driven by higher income taxes and VAT, which rose by LKR 112.1 billion and LKR 245.5 billion, respectively. Despite this growth, the government fell short of its revenue target of LKR 4.1 trillion, achieving only about LKR 3.57 trillion. This shortfall of approximately 14% marked the 33rd consecutive year Sri Lanka did not meet its revenue-to-GDP target.

ECONOMIC GROWTH

During the all four quarters of 2024, the Sri Lankan economy have grown notably more than 5% with key economic sectors recording expansions. Accordingly, real GDP is projected to have grown by around 5.0% in 2024, registering the highest annual growth since 2017.



OPERATING ENVIRONMENT

Sri Lanka's real GDP, although rising, remained below pre-pandemic levels, at 5.5% in the third quarter of 2024, as all three major economic sectors maintained growth, with the Agriculture sector expanding by 3%, Industries by 10.8% and the services sector expanding by 2.6%. The GDP growth rate for the second quarter reached 4.7%, while the first quarter DGP growth was 5.3%.

Reflecting the growing positive economic sentiments, in October 2024, the World Bank revised its growth forecast for Sri Lanka, doubling its previous projection to a 4.4% for 2024.

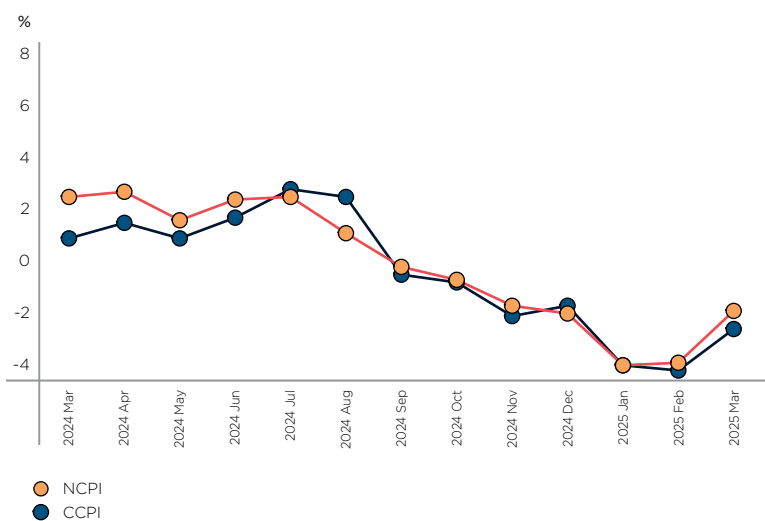
INFLATION

Sri Lanka's spike in inflation from 2022, was brought under control in 2024, reaching deflationary levels in September 2024, below the Central Bank target of 5%, driven by downward revisions to the energy prices, stronger currency and the decline in food prices. Consequently, in September 2024, headline inflation reached deflationary levels for the first time in nine years.

In March 2025, headline inflation, as measured by the year-on-year (Y-o-Y) change in the Colombo Consumer Price Index (CCPI, 2021=100) remained in the negative territory for the seventh consecutive month, recording a deflation of 2.6%, compared to the deflation of 4.2% in February 2025. Meanwhile, core inflation (Y-o-Y), which reflects the underlying inflation trends in the economy, remained unchanged at 0.7% in March 2025.

Headline inflation is expected to remain in the negative territory in the next few months, driven by the persistent effects of significant downward adjustments in energy prices and the reduction in volatile food prices, coupled with the considerable base effect, owing to the price increases experienced in early 2024 due to tax amendments. Nevertheless, inflation is expected to turn positive thereafter and gradually align with the targeted level of 5% over the medium term.

Inflation NCPI and CCPI



INTEREST RATES

The Central Bank eased monetary policy on three occasions during 2024, and between March and July, policy rates were cut by 75 basis points (bps) which was a cumulative 725 bps reduction, since May 2023, effecting considerable downward adjustments in market interest rates within the year. In November, the CBSL decided to relax the monetary policy stance once more, and set the Overnight Policy Rate (OPR) at 8.00%, compared to the current level of Average Weighted Call Money Rate (AWCMR) around 8.50%, which can be expected to stimulate demand, and support domestic economic activity.

Consequently, credit to the private sector continued to expand from May 2024 and by the third quarter, credit to the private sector demonstrated growth across all major economic sectors, which the CBSL expects will gain momentum. However, credit obtained by the public sector contracted, freeing up financial resources for private-sector investment.

A significant change in 2024, was the Central Bank adopting a single policy interest rate mechanism from its previous dual policy interest rate system. The "Overnight Policy Rate (OPR)" was the primary tool of monetary policy from November 2024.

BANKING SECTOR OVERVIEW

Reflecting the overall financial sector, the performance of the banking sector maintained an upward recovery trajectory in 2024. Credit growth in the banking sector continued to increase in 2024, with the gradual upswing in economic conditions and ongoing monetary easing, resulting in robust growth in the bank's loan portfolios. As Sri Lanka's fiscal scenario continued to improve and surpass the expectations and conditions set forth by the IMF, the treasury had greater space to utilise its excess cash buffers to paydown some of its debt and tame rates. Going forward if this trend continues it could further narrow the gap between G-sec yields and returns on private credit, encouraging the sector to allocate more funds towards private credit. Deposits in private sector LCBs continued to increase in the third quarter, although at a marginally lower pace amidst the lower rates that dominated the quarter, reflective of the improved liquidity in the economy as well as the heightened revival of economic activity. Profitability of the sector picked up on the back of lower impairment allocations, although interest income diminished marginally. The healthy operating environment that warranted both loan and deposit growth also ensured a concurrent improvement in asset quality. The sector brought down its impairment allocations in response,

which reflected positively on overall profitability. This trend can be outlined as the primary driver behind the uptick in profitability. Asset quality showcased heightened improvement in the third quarter as most banks saw Impaired Loans/Total Loans fall in the quarter. Central Bank data suggests that the Non-Performing Loans (NPL) of the LCB sector dipped in the third quarter supported by improved asset quality in all retail, corporate, SOE and SME segments.

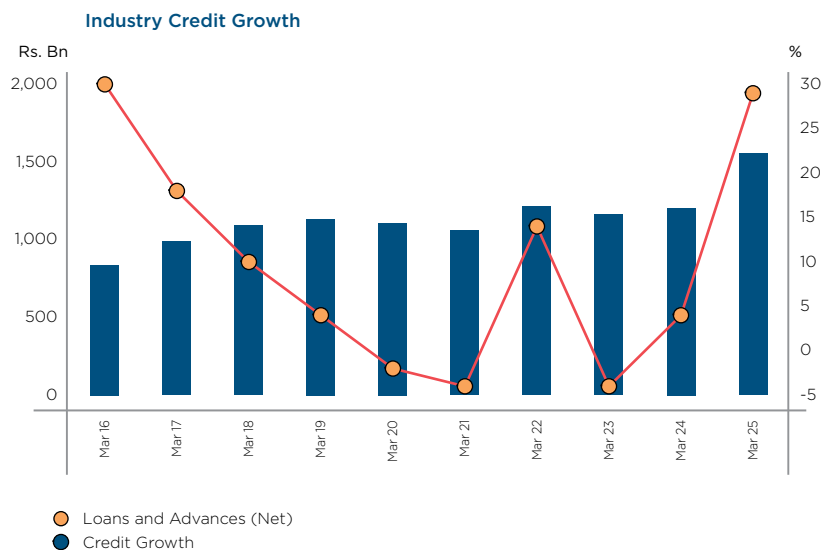
NBFI SECTOR PERFORMANCE

NBFI Sector asset growth

The NBFI sector echoed the banking sector in its recovery path in 2024. Assets of the sector improved, both in terms of quantity and quality, while liquid assets of the sector also recorded a growth with increased investments in Government securities. While total Assets of the Financial Sector as at end 2024 was Rs. 36.2 Tn, the finance company sector with 33 companies held 5% of this total, at Rs 1,931 Bn. As of March 2025, Loans accounted for 75% of NBFI sector assets at Rs. 1,568 Bn with 10 years CAGR of 6%. Investments represented Rs. 363 Bn of NBFI assets with a 10 years CAGR of 13%, with 47% of investments consisting of Government Securities. Deposits totalled to Rs. 1,120 Bn with a 10 years CAGR of 9% with 71% of deposits consisting of Retail Time Deposits. Borrowings of the NBFI sector was Rs. 357 Bn and 75% of borrowings consisted of Term Loans and Securitization Loans.

NBFI sector credit growth

The NBFI sector benefited from rapid credit growth in 2024, compared to 2023, reflecting the uptick in economic activities which caused demand for credit from businesses to increase, as well as a gradual demand growth from the household sector as consumers adjusted to new costs and the rate of inflation declined. Loans secured by gold, personal and housing loans, business and working capital loans and finance leases and vehicle loans, all gained momentum by October 2024.

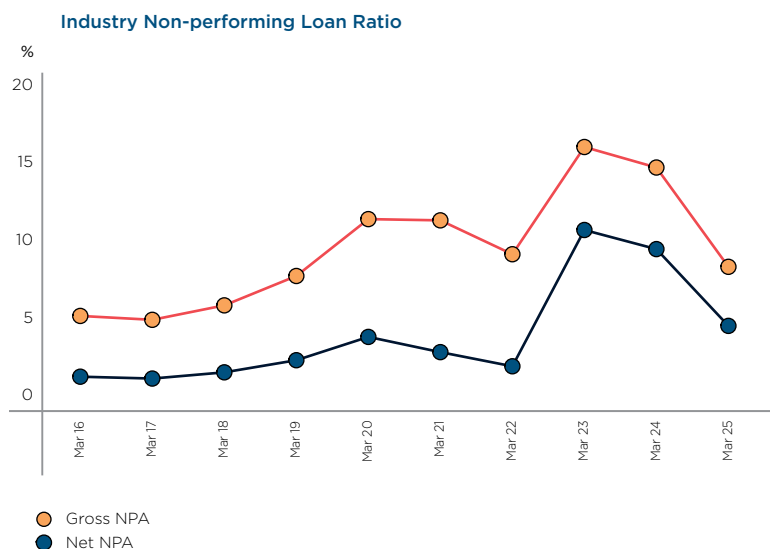


NBFI sector profit growth

Profitability of the NBFI sector continued to improve in 2024/25, against 2023/24. The sharp decline in interest costs during the year, due to Central Bank policy rate cuts, supported profit expansion. As at March 2025, the operating profit before VAT of the sector grew to Rs 123 Bn from Rs 91 Bn in March 2024, while the profit for the year increased to Rs 69 Bn from Rs 51.5Bn demonstrating significant improvements year-on-year.

NBFI sector credit quality

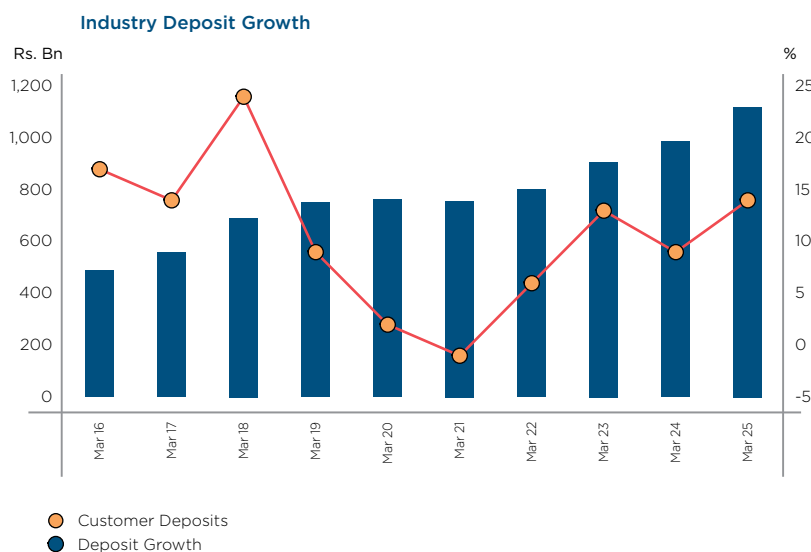
Credit quality in the NBFI sector continued to improve in 2024, resulting in lower impairment allocations, which also contributed towards increasing profitability. NPLs of the NBFI sector declined sharply from 14.69% in end-March 2024, to 8.3% by end March 2025. The total impairment coverage improved from 7.0% in March 2024 to 5.2% in March 2025.



NBFI sector deposit growth

Total deposits in the NBFI sector increased from Rs 987 Bn as at end March 2024 to Rs 1,121 Bn by end March 2025, although the year-on-year rate of deposit growth increased from 9% to 14%

OPERATING ENVIRONMENT



NBFI sector liquid assets and capital adequacy

The NBFI sector continued to maintain Liquid Assets at above the minimum requirement in 2024, and a majority of NBFIs maintained satisfactory levels of Capital Adequacy Ratios (CAR) supporting NBFI sector stability. Total sector available liquid assets were maintained at above Rs 247 Bn against the required liquid asset volume of Rs 124 Bn with surplus liquid assets at Rs 123 Bn. The Core (TIER 1) Capital Ratio and Total Capital Ratio were maintained at 19.7% and 20.5% respectively




FUTURE OUTLOOK

With regards to the global economy, the IMF warned that in addition to risks from economic policy shifts, geopolitical tensions could intensify in 2025, leading to renewed spikes in commodity prices. However, on the upside, global economic activity could rebound if governments can renegotiate existing trade agreements and forge new deals.

The World Bank in its Sri Lanka Development Update 2024, stated that inflation would gradually increase towards the target as demand picks up in 2025 and noted that Sri Lanka has an untapped export potential estimated at US \$10 billion annually, which could create approximately 142,500 new jobs. There is significant opportunity for diversifying and expanding exports in manufacturing, services and agriculture, provided the necessary reforms are implemented. Successful completion of the EDR in 2025, is expected to further improve the sovereign rating, reduce uncertainties and bolster investor confidence, which would pave the way for financial resources from the external sector.

Looking ahead, the CBSL projects a growth of 5% in 2025. Growth is then expected to follow a modest path over the medium term due to the scarring effects of the economic crisis. Poverty is expected to gradually decline but remain above 20% until 2026.



€CAPITALS



44 -- 51 FINANCIAL

52 -- 63 HUMAN

64 -- 70 TECHNOLOGY

71 -- 89 SOCIAL AND RELATIONSHIP

90 -- 99 NATURAL

FINANCIAL CAPITAL

As a leading financial institution, our capacity to generate, steward, and strategically deploy financial capital remains central to our long-term success and sustainable value creation. We are committed to delivering consistent, superior returns to our stakeholders by upholding financial resilience, optimising capital efficiency, and driving purposeful growth, CDB well-positioned to seize emerging opportunities, offering a robust portfolio of market-ready products and services. Backed by the most advanced digital financial Infrastructure in the industry, we continued to create meaningful value for all stakeholders while contributing positively to national economic recovery. Through disciplined capital allocation and rigorous risk management practices, we reinforced our role as a trusted engine of economic progress and long-term stability.

[GRI 3-3]

MATERIAL TOPIC

M1 - FINANCIAL RESILIENCE, STABILITY, AND PROFITABILITY

COMMITMENT TO SDGS



CDB's financial resilience and stability has made it possible to provide stable and secure direct employment to employees island wide, while opening up decent work opportunities for others along the Company's value chain. CDB's financial support has enabled businesses to continue operations fuelling economic recovery, while creating and retaining employment opportunities across the country.



Despite macro-economic uncertainty that prevailed as the country adjusted to its new growth trajectory in 2024/25, CDB has continued to invest in infrastructure, innovation, and capacity building to sustain national economic recovery through industrialisation and technological innovation.

MANAGEMENT OF MATERIAL TOPIC

M1

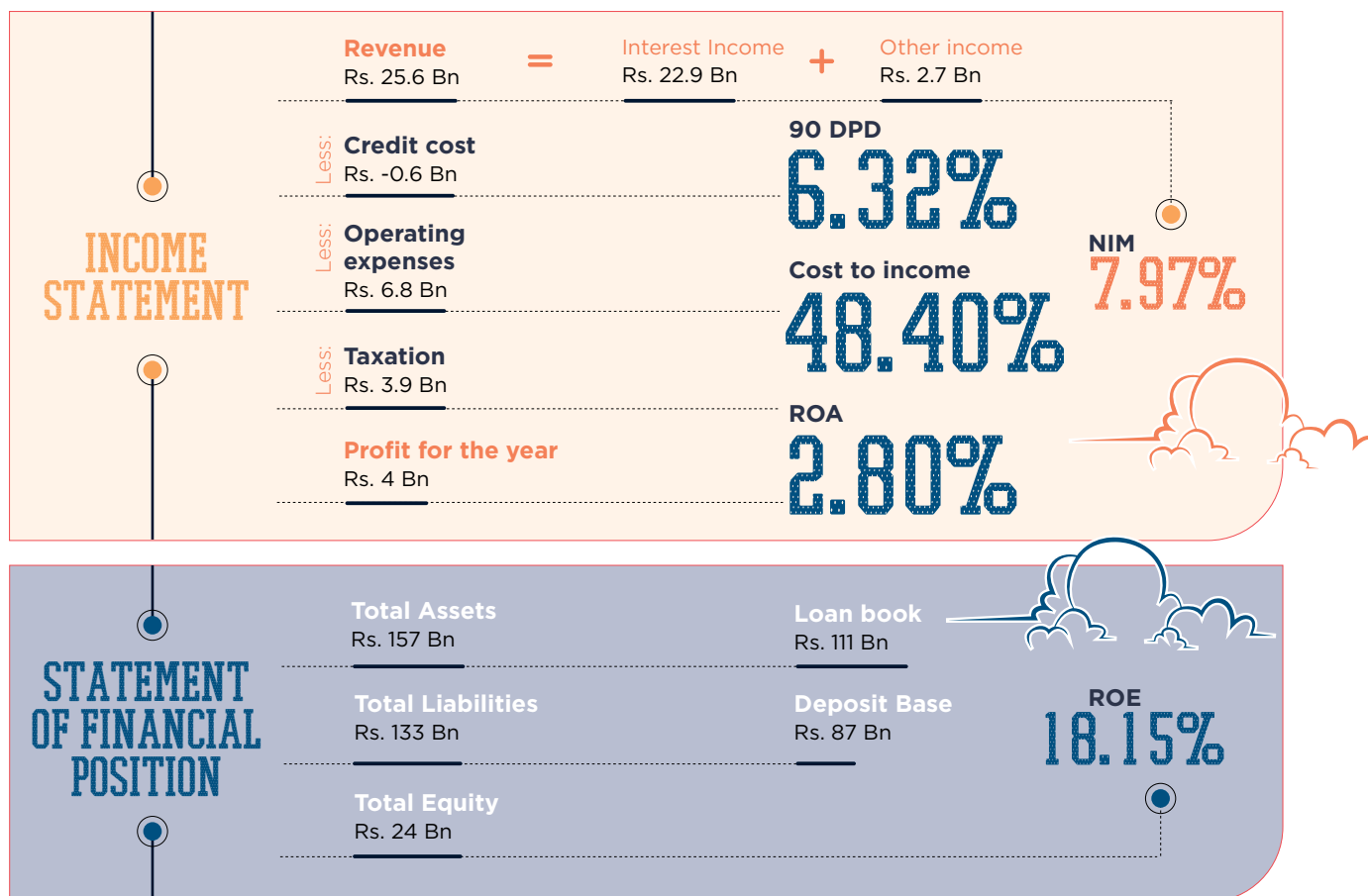
FINANCIAL RESILIENCE, STABILITY, AND PROFITABILITY

Since 2019, CDB has navigated significant challenges, including the COVID-19 pandemic and a national economic crisis, by strengthening its financial risk management framework. The Company adopted more prudent financial practices, maintained capital and liquidity above regulatory requirements, and actively engaged with stakeholders to ensure compliance, growth, and operational efficiency.

CDB diversified its product portfolio introducing margin trading, credit cards, green and home loans, and SME lending to bolster market resilience. Prudent lending practices led to reduced non-performing loan (NPL) ratios, lower impairment costs, and strong financial performance. In 2024/25, CDB recorded a 59% year-on-year net profit growth, reaching Rs 4 billion, and expanded its asset base by 22% to over Rs 150 billion.

The Company ensured transparent communication with shareholders and employees and reported no adverse environmental, social, or economic impacts. Climate-related risks and positive contributions are addressed in relevant GRI disclosures. CDB's resilience and financial stability are further detailed in its Capital and Liquidity Management sections.

KEY HIGHLIGHTS



Sri Lanka experienced a remarkable economic recovery in 2024, achieving a GDP growth rate of 5%. This rebound was evidenced by the Upgrade of the country's default rating, a accommodative monetary policy of CBSL, and the rebuilding of foreign reserves. Positive macroeconomic developments including the easing of import restrictions, declining market interest rates, and a stabilising cost of living fuelled this growth momentum and reflected the broader economic turnaround. Amid this encouraging backdrop, CDB swiftly capitalised on emerging opportunities, delivering a strong financial performance in the 2024/25 financial year.

In 2024, witnessed a significant easing of interest rates, reflecting the Central Bank of Sri Lanka's shift to a more accommodative monetary policy aimed at supporting economic recovery. By December 2024, the Average Weighted Prime Lending Rate (AWPLR) had declined sharply

to approximately 9.06%, following the introduction of a single Overnight Policy Rate (OPR) of 8.00% in November. This transition from the previous dual policy rate system established the OPR as the Central Bank's primary instrument to influence market interest rates and stimulate lending activity. By the end of the financial year, the AWPLR remained subdued, stabilizing below the 8.5% range, underscoring the prevailing low interest rate environment.

Revenue

Revenue grew by 7% year-on-year to reach Rs 25.6 billion, driven by increases in both interest income and fee-based income. While yields on liquid and loan assets continued to decline in line with the broader downward trend in market interest rates, the Company effectively capitalised on growth opportunities in the market, resulting in a strong financial performance for the 2024/25 financial year.

Net Interest Income (NII)

Despite the prevailing decline in interest rates throughout much of the year, CDB successfully increased its Net Interest Income (NII) from Rs. 9.1 billion in 2023/24 to Rs. 11.4 billion in 2024/25 supported by both increase in interest income and reduction in interest expense.

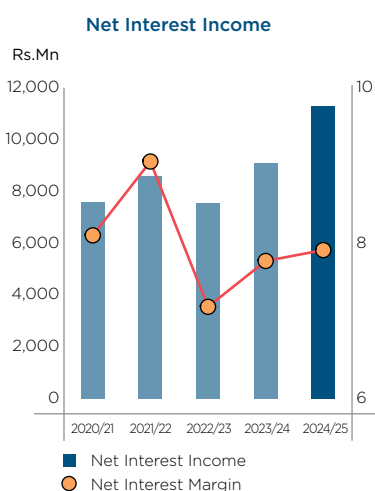
Total interest income for the year reached Rs. 22.9 billion, reflecting a modest 3% year-on-year increase. This restrained growth was primarily due to the declining interest rate environment, which tempered the impact of the significant expansion in lending activity an outcome largely attributed to the positive macroeconomic turnaround.

Total interest expenses decreased by 12% to Rs. 11.5 billion by year-end, down from Rs. 13.1 billion in the previous year. Interest on customer

FINANCIAL CAPITAL

depositors continues to be the largest component of these expenses. Notably, despite a 19% growth in the customer deposit portfolio, interest expenses on deposits declined by 22%, reflecting the repricing of customer deposits in response to the overall decline in market interest rates.

As a result of interest income growth outpacing the reduction in interest expenses, alongside a 22% increase in total assets, the Company's Net Interest Margin (NIM) improved slightly to 7.97% as of 31 March 2025, compared to 7.77% recorded at the end of the previous financial year.



The asset coverage ratio (interest-earning assets to interest-bearing liabilities) was maintained at 1.1 times, reflecting the company's prudent balance sheet management and strong ability to sustain positive net interest income.

Fee based income

Total non-fund based income increased to Rs. 2.7 billion by year-end, up from Rs. 1.7 billion in the previous year. This growth was primarily driven by income from the derecognition of financial assets, as well as fees and commissions related to credit and debit card services.

Asset quality

During the year, the Company recorded a remarkable improvement in asset quality, as evidenced by a substantial reduction in impairment and other credit losses which declined by Rs. 644 million, representing a 187% decrease compared to the previous year.

Based on 90 days past due (DPD), the NPA ratio (gross) exhibited a significant decrease of 574 basis points (bps) year-on-year to 6.32% in 2024/25 from 12.06% the previous year. Similarly, the NPA ratio (net) saw a remarkable decline of 378 bps to 3.10% during the current year, from 6.88%. This was mainly achieved through reversal of stage 3 loans and advances by Rs 3.9 billion.

This performance is particularly commendable when compared to the industry averages, where the gross NPA for the Non-Banking Financial Institutions (NBFI) sector stood at 8.3%, and the net NPA at 4.5%. Moreover, the 90 DPD-based provision coverage ratio strengthened to 52.53% in FY 2024/25, up from 46.14% in 2023/24. This also compares favourably against the industry average provision coverage of 41.6%.

31 March	2023	2024	2025
Gross NPA	15.71%	12.06%	6.32%
Net NPA	10.13%	6.88%	3.10%

Stage-wise Loan portfolio

31 March	2025	2024
Stage 1	93,151,638	66,421,935
Stage 2	12,692,102	11,741,355
Stage 3	8,774,008	12,746,639
Total gross loan portfolio	114,617,748	90,909,929
Impairment provision	(3,750,839)	(4,946,055)
Net loan portfolio	110,866,909	85,963,874
Provision cover	52.53%	46.14%

This significant positive development reflects the enhanced credit quality of the portfolio, achieved through the implementation of an automated credit decisioning process achieved through machine learning enabled by API connectivity to the Credit Information Bureau (CRIB). It also underscores the effectiveness of the stringent recovery and risk management strategies executed throughout the year.

Total operating expenses

Operating expenses increased by 26% year-on-year, rising to Rs. 6.8 billion from Rs. 5.4 billion. The primary driver of this increase was staff-related expenses, which grew by 41% due to an expansion in headcount, adjustments to compensation, and increased employee related costs. Strategic investments in talent and workforce development also contributed to the rise. Additionally, premises, equipment, and establishment expenses rose by 17%. Despite the overall increase in operating costs, the Company's cost-to-income ratio improved to 48.4%, down from 50.4% in the previous year,

reflecting effective income growth and prudent cost management throughout the 2024/25 financial year.

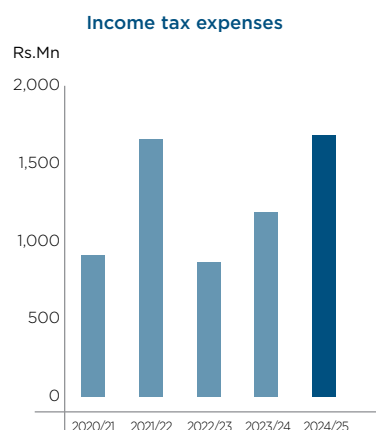
Tax management

Our Board oversees all tax related matters, ensuring compliance with laws and regulations. We prioritise ethical tax planning aligned with our business strategy. We optimise tax positions within legal boundaries, disclosing payments in our financial reports. Our practices aim for transparency and responsible tax management. We manage tax risks through regular reviews, constructive dialogue with regulatory bodies.

Strong Financial performance was accompanied by a notable increase in tax obligations. Value Added Tax (VAT) and other related taxes rose significantly, up 143% year-on-year to Rs. 2,172 million, reflecting the broader tax policy changes and increased profitability. Despite this, profit before tax climbed by a substantial 55%, reaching Rs. 5,751 million compared to Rs. 3,706 million in FY 2023/24. Income tax expenses also grew by 47%, rising from Rs. 1,191 million to Rs. 1,745 million. The effective rate of both direct and indirect taxes stood at 49%.

We have paid following direct and indirect taxes to the Government of Sri Lanka during the financial year:

For the year ended 31 March	2025 Rs. '000	2024 Rs. '000
Direct taxes		
Value Added Tax on Financial Services	1,075,801	670,445
Crop Insurance Levy	39,177	15,526
Social Security Contribution Levy	109,504	65,417
Income Tax	1,330,234	1,072,260
Indirect Taxes (Collected and paid)		
Value Added Tax	48,241	43,944
AIT/WHT	594,364	671,606
Stamp Duty	360,311	250,069
APIT	237,546	152,958
Total taxes paid during the financial year	3,795,178	2,942,225



Profitability

Profitability is managed through actions designed to balance revenue generation and cost control while managing risks. The Company conducts monthly and quarterly reporting on status of profitability and key indicators of profitability, while also maintaining contingent budgets and projections based on scenario analysis.

Following the continued macro-economic recovery in 2024, our operating profit before taxes on financial services, surged by 72% to Rs. 7.9 billion in 2024/25 from Rs. 4.6 billion in the preceding year. This growth was driven by the 25% increase in net interest income and a 70% rise in other operating income. The Company's tax on financial services increased by 143% year-on-year to Rs. 2.2 billion. Consequently,

profit before tax for FY 2024/25, increased by 55% to Rs. 5.8 billion compared to Rs. 3.7 billion in the previous year.

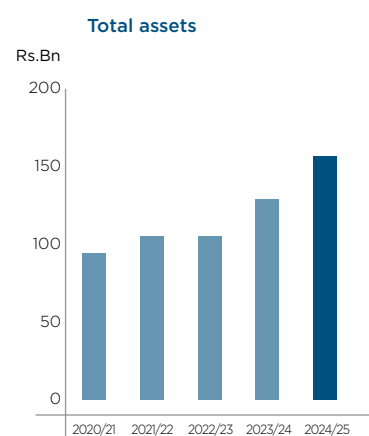
CDB recorded a profit after tax of Rs.4 billion for the year under review, marking a substantial 59% year-on-year increase from Rs. 2.5 billion in the previous year 2023/24.

Earnings per share increased to Rs. 56.53 from Rs. 35.95 in the preceding year. The substantial increase in profit after taxation 59% outpaced the relatively lower growth in equity 18% and total assets 22% during the year. Consequently, both return on average assets (after-tax) and return on average equity rose to 2.80% and 18.15% respectively for the year, compared to 2.15% and 13.10% reported in 2023/24



Total assets

During the year, the Company's asset base grew by an impressive 22%, rising from Rs. 129 billion to Rs. 157 billion. This growth notably outpaced the industry average. Interest-earning and regular cash flow generating assets made up approximately 94% of total assets, reflecting the Company's continued focus on core revenue-generating activities. The significant increase in the value of interest-earning assets was primarily driven by a substantial rise in loans and receivables to customers, as a result of a more aggressive growth strategy adopted during the year.



Loans and receivables

Loans and receivables to customers rose by Rs.25 billion, marking a 29% year-on-year increase to reach Rs. 111 billion as of 31 March 2025, compared to Rs. 86 billion in the previous year. The growth in the loan book was primarily driven by financing of motor vehicles, with leases experiencing a growth of Rs. 4.8 billion (8%, YoY) and term and vehicle loans growing by Rs. 11 billion (86% YoY). Due to the economic revival, there was a noticeable trend of customers seeking financial assistance to buy vehicles. A significant portion of newly granted facilities was directed toward MSMEs and self-employed customers, with a strong focus on those engaged in tourism and agri-related value chains. Consequently, we encountered frequent premature settlements of lending facilities, which is significantly higher than the last year.

The gold loan portfolio demonstrated considerable growth increasing by Rs 6.1 billion (37% YoY). Further, the margin trading and credit card portfolios also demonstrated considerable growth during the year, increasing by Rs. 304 million, Rs. 533 million respectively. We are

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seeing positive momentum in emerging sectors such as solar and home loans, which are creating exciting future growth opportunities. These areas grew by Rs. 254 million and Rs. 224 million, respectively, positioning us well for continued success. This expansion underscores our efforts toward portfolio diversification.

This surge was driven by a renewed economic optimism following the recession, which boosted credit demand. Favourable macroeconomic conditions, along with the outstanding performance of our team, played a key role in this growth. Additionally, the adoption of technology-driven credit evaluation and granting processes further strengthened our ability to capture a larger share efficiently and responsibly.

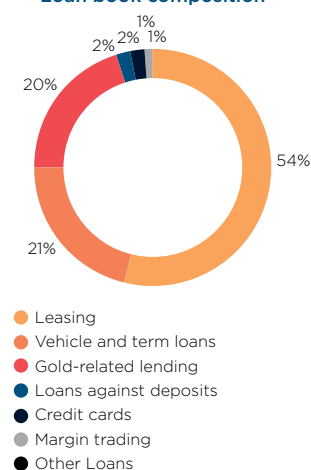
31 March	2025		2024		Difference	
	Rs.000	%	Rs.000	%	Rs.000	%
Leasing	61,869,715	54	57,117,651	63	4,752,064	8
Vehicle and term loans	24,100,660	21	12,934,041	14	11,166,619	86
Gold-related lending	22,562,301	20	16,486,801	18	6,075,500	37
Loans against deposits	2,476,805	2	1,762,646	2	714,159	41
Credit cards	2,069,166	2	1,536,042	2	533,124	35
Margin trading	831,921	1	528,083	1	303,838	58
Other Loans	707,180	1	544,665	1	162,515	30
	114,617,748		90,909,929		23,707,819	

Interest bearing liabilities

During the year, interest bearing liabilities increased by 21% year-on-year, driven primarily by a 19% growth in the customer deposit, which expanded from Rs. 73 billion in FY 2023/24 to Rs. 87 billion as of the end of March 2025. This growth was largely supported by time deposits, which rose by Rs. 12 billion, reflecting a 18% year-on-year increase. As a result of strong deposit franchise built over time through a steadfast focus on trust, product innovation, service quality, and exceptional customer experience, customer deposits remain the primary source of funding for the Company's growth. Borrowings, which accounted for approximately 31% of interest-bearing funds, increased by 28%. The Company strengthened its capital position by raising Rs. 5 billion through subordinated term loans during the year. Our robust relationship with funding partners both local and foreign will play a pivotal role in our growth strategy. By maintaining a well-balanced mix of customer deposits and corporate borrowings, we optimise our cost of funds while ensuring prudent management of maturity mismatches.

31 March	2025	Composition	2024	Composition
Deposit Base	86,849,204	69%	73,258,779	71%
Borrowings	39,111,705	31%	30,637,503	29%
	125,960,909		103,896,282	

Loan book composition



Foreign funding

Our foreign borrowings portfolio grew by 9%, reaching Rs. 11.5 billion in FY 2024/25, up from Rs. 10.5 billion in FY 2023/24. Despite the challenges posed by the pandemic and the difficult economic environment over the past few years, we successfully honoured our foreign loan repayment commitments, maintaining the trust of our international funding partners.

In line with our commitment to contribute to the national economic recovery, CDB secured a USD 5 million funding facility from Symbiotic. This facility is aimed at green financing and sustainable growth.

List of foreign funding

Foreign Lender	Amount Borrowed	Currency	Date Borrowed	Maturity Date	Status
BlueOrchard	25,000,000	USD	25-Feb-19	25-Feb-24	Fully Settled
Triodos Fair Share Fund	5,000,000	EURO	15-Mar-21	15-Feb-26	Active
US DFC	30,000,000	USD	19-Dec-23	15-Dec-30	Active
Symbiotics	5,000,000	USD	2-Jan-25	15-Jun-29	Active

Capital management

Capital management at CDB is a strategic, multi-dimensional process that ensures robust financial health, regulatory compliance, and future growth readiness. Key elements include:

1. Strengthened Equity: CDB's equity grew by 18% in 2024/25, reaching Rs. 23.9 Bn driven by improved profitability.
2. Capital Adequacy: We are in full compliance with Capital Adequacy Direction No. 03 of 2018, which aligns with Basel II principles. Our Tier I and Tier II capital ratios stood at 14.47% and 18.09%, respectively, comfortably exceeding the regulatory minimum requirements of 10% and 14%.
3. Risk-Based Capital Allocation: Capital is allocated based on risk profiles, considering regulatory requirements and the risk-adjusted returns of different operations.
5. Capital for Growth: CDB's capital strategy supports ongoing business development, market confidence, and investor trust.
5. Oversight and Review: Capital allocation and management policies are regularly reviewed by the Board of Directors to ensure alignment with strategic goals and regulatory changes.

In essence, CDB's capital management ensures it remains financially strong, compliant with regulations, and well-positioned for future growth.

Effectiveness of Capital Management

Capital management efforts during the year focused on maintaining adequate capital buffers, minimising risks, and optimising returns, while ensuring the Company's resilience in adverse economic conditions.

Our capital management framework is built on medium- to long-term financial projections, supported by a capital augmentation plan and a board-approved dividend policy. These are regularly monitored and reviewed at the board level to ensure alignment with the Company's strategic objectives.

As at 31 March	2021	2022	2023	2024	2025
Core capital adequacy ratio (Tier I)	12.10	15.16	16.23	15.51	14.47
Total capital adequacy ratio (Tier I and II)	15.34	17.07	17.35	15.89	18.09

Key highlights include:

- Throughout the year, CDB consistently maintained its Capital Adequacy Ratio (CAR) well above the regulatory minimum for both Tier I and Tier II capital, while regularly submitting detailed capital status reports to the Central Bank of Sri Lanka (CBSL).
- The ratio of Capital Funds to Total Liabilities was continuously monitored and reported to the CBSL, ensuring transparency and regulatory compliance.
- CDB conducted periodic stress testing, simulating extreme but plausible adverse scenarios such as economic shocks or credit crises to assess the sufficiency of capital under stress and strengthen financial stability.

Over the past years, we have consistently maintained our capital adequacy ratios, positioning ourselves comfortably to meet even more stringent capital adequacy requirements outlined in the guidelines on Sector Consolidation and the Prompt Corrective Action by the Central Bank of Sri Lanka.

Liquidity management

Our liquidity management strategy is designed to ensure the availability of ample liquid assets to meet short- and medium-term liquidity needs without interruption.

The strategy emphasizes maintaining an adequate ratio of net liquid assets to customer deposits, which includes cash, cash equivalents, and investment-grade debt securities. Key elements of this approach involve daily liquidity monitoring, rigorous stress testing, and sustaining a liquidity buffer to effectively manage short-term obligations and mitigate associated risks.

To support this, the Company prioritises holding high-quality, short-term investments that allow quick access to funds while minimising market risk. Additionally, a

comprehensive contingency liquidity plan is in place, detailing emergency funding sources and asset liquidation procedures to be activated in the event of a crisis.

Robust internal controls and governance structures underpin the strategy's execution, with oversight provided by the Liquidity Risk Committee and reinforced through regular audits to ensure its continued effectiveness.

Effectiveness of liquidity management

Throughout the year, liquidity management efforts were focused on ensuring the Company's ability to meet short-term obligations, withstand financial shocks, and avoid liquidity crises.

Liquidity levels were continuously monitored using several key tools and metrics, including:

- Compliance with liquidity ratios and minimum liquid asset requirements as mandated by the Central Bank of Sri Lanka (CBSL), consistently maintained at or above regulatory minimums.
- The ratio of liquid assets to external funding, ensuring sufficient liquid resources relative to liabilities.
- A comprehensive liquidity risk dashboard that tracks critical liquidity indicators and highlights potential shortfalls.
- Scenario analysis and stress testing, evaluating the Company's liquidity resilience under various adverse conditions to proactively address potential vulnerabilities.

Also refer "Liquidity risk" in the Notes to the Financial Statements on pages 290-293 for further information on liquidity management during the year.

We continued to maintain liquidity levels above the regulatory minimum and stringent ALCO targets were maintained during the year. With 94%

FINANCIAL CAPITAL

[GRI 201-1]

Interest-earning and regular cash flow generating assets we were able to maintain liquidity at compatible levels. The statutory liquid assets ratio of 19.52% (2023/24: 21.80%) stood well above the regulatory minimum requirement of 10%.

Liquidity ratio	2024/25	2024/23
As at 31 March	19.52	21.80
Average for the period year	17.89	17.30
Maximum for the period year	23.77	23.34
Minimum for the period year	13.26	14.77

Shareholder Capital and Returns

CDB's total equity strengthened, increasing by Rs. 3.7 billion during the year to reach Rs. 23.9 billion as at 31 March 2025, mainly due to improved profitability recorded in 2024/25.

The return on average shareholders' equity (after tax) improved to 18.15% as at the end of the year compared to 13.10% reported at the end of the year 2023/24. Net assets value of the share as of 31 March 2025 was Rs. 337.84 (2024 - Rs. 285.22). Market price of

the voting and non-voting shares were recorded at Rs. 235.00 and Rs. 180.00 respectively.

For the first time in its history, CDB declared an interim dividend of Rs 5.00 per share in January 2025. Further, the Board proposed a final dividend of Rs. 10.00 per share for the FY 2024/25, which is 43% increase of the dividend declared in the previous FY 2023/24 while maintaining a dividend payout ratio of 26.53%.

Sri Lanka's stock market witnessed a remarkable recovery in 2024, with the Colombo Stock Exchange (CSE) achieving its strongest performance since 2021. Similarly, CDB's market capitalisation also saw significant growth, increasing by 18% year-on-year. It rose from Rs. 13.6 billion in 2023/24 to Rs. 16.1 billion in FY 2024/25, demonstrating the solid performance amidst the overall market rally.

For further information related to investors, please refer to the Investor Capital section on pages 302-314.

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

Economic value created and distributed through our business activities has continued to increase in the financial year 2024/25, which has also increased benefits to all our stakeholders as illustrated below. Out of the total value created during the 12 months under review we redistributed 88% among our stakeholders with a share of 45% returning to our depositors and lenders in the form of interest payments and 15% going to the national exchequer in the form of taxes.

For the year ended 31 March	2025 Rs.000	2024 Rs.000	2023 Rs.000	2022 Rs.000	2021 Rs.000
Value Created					
Interest income	22,884,998	22,219,786	20,133,427	15,194,413	14,877,242
Fee Commission Income	272,909	240,497	242,015	311,128	406,234
Other Operating Income	2,440,625	1,433,683	1,185,752	2,066,613	1,339,315
Total Direct Economic Value Generated	25,598,532	23,893,966	21,561,194	17,572,154	16,622,791
Value Distributed					
Operating costs	3,403,943	4,160,470	4,040,715	3,809,628	3,826,397
To the Employees as salaries wages and other benefits	2,739,735	1,940,116	1,806,530	1,772,596	1,402,328
To the Government as Income tax and taxes on financial services	3,916,889	2,083,750	1,472,655	2,195,608	1,532,000
To providers of capital as dividend	850,205	349,280	261,960	523,447	523,446
To society as corporate social responsibility	38,806	67,309	37,396	25,384	22,613
To depositors and lenders as interest payments	11,493,679	13,126,771	12,577,015	6,156,858	7,282,499
Total Economic Value Distributed	22,443,257	21,727,696	20,196,271	14,483,521	14,589,283
Economic Value Retained	3,155,275	2,166,270	1,364,923	3,088,633	2,033,508

FINANCIAL IMPLICATIONS AND OTHER RISKS AND OPPORTUNITIES DUE TO CLIMATE CHANGE

As a financial institution, CDB recognises the significant risks and opportunities climate change presents. We are committed to aligning our financial practices with sustainable development, reducing climate-related risks, and seizing opportunities to support a low-carbon economy.

Risks Due to Climate Change

- Physical Risks:
 - o Acute Risks: Extreme weather events (floods) may disrupt operations, damage property, and affect customer financial stability, particularly in high-risk areas.
 - o Chronic Risks: Long-term climate shifts (rising sea levels, droughts) could impact property values, demand for loans, and creditworthiness, especially in sectors like agriculture, real estate, and energy.
- Transition Risks:
 - o Regulatory Risks: New climate-related policies may affect carbon-intensive industries.
 - o Technological Risks: Technological advancements in clean energy could disrupt fossil fuel-dependent sectors, requiring a reassessment of our investments and strategies.
 - o Market Risks: Shifting consumer preferences and investor demand for green products may affect asset values and financial offerings.

Opportunities Due to Climate Change

- Sustainable Finance Products: Demand for green bonds, loans, and sustainable investments is growing. We've expanded our offerings to support clean energy and climate-resilient projects, including:
 - o eShift: Financing for the transition to electric 3-wheelers.
 - o Hybrid and EV Leasing: Support for hybrid and EV vehicle purchases.
 - o Rooftop Solar: Financial packages for solar panel installation.
- o Green Bonds: Issuance of green bonds to meet growing sustainable investment demand.
- Green Technologies & Risk-Adjusted Returns: We continue to invest in climate innovation, renewable energy, and low-carbon technologies, offering long-term, stable returns aligned with ESG goals.

Financial Implications

- Operational Costs: Investment in climate-resilient infrastructure, such as energy-efficient buildings, will result in higher upfront costs but long-term savings.
- Credit Risk Adjustments: Credit models have been updated to address climate risks in high-exposure sectors, leading to a more cautious approach in lending.
- Capital Allocation: A larger portion of capital is being directed towards sustainable investments, generating returns while supporting global climate goals.
- Funding Risks: CDB has build strong relationships with foreign funding partners, helping to mitigate financial risks.

Governance and Risk Management

To better assess climate-related risks, we are developing advanced risk assessment tools to integrate climate factors into our decision-making processes.



FUTURE OUTLOOK

With a positive national economic outlook for 2025, CDB is poised for accelerated, sustainable growth. Having weathered past shocks with resilience, we will build on prudent management and align with our strategic priorities: TechFin Transformation, a one million customer base, and achieving a Quarter Trillion Asset Base (Q-TAB) by 2030.

Short term

- Focus on growing interest and non-interest income through diversified lending, fee-based services, and expanding high-demand financial products.
- Ensure stability in net interest margins by balancing asset-liability pricing and maintaining strong lending discipline.
- Strengthen cost management practices to improve efficiency ratios while continuing to invest in critical business areas such as talent and technology.
- Reduce non-performing assets through proactive credit risk management and recovery strategies, supported by advanced tech driven credit assessment tools.
- Expand and diversify funding through customer deposits and structured finance solutions, reinforcing liquidity and financial resilience.

Medium to long term

- Deliver consistently strong returns to shareholders by aligning profitability with long-term strategic goals and maintaining disciplined financial practices.
- Maintain a strong capital position well above regulatory thresholds to support growth, resilience, and investor confidence.
- Broaden the income base by scaling digital platforms, exploring new business models, and introducing innovative financial solutions.
- Expand the green finance portfolio and integrate sustainability considerations into capital allocation and lending decisions.
- Build shareholder value by enhancing market visibility, increasing institutional investor engagement, and sustaining a compelling dividend policy.

HUMAN CAPITAL

At CDB, our people are the cornerstone of our success. Guided by our core values perseverance, empathy, reliable, and innovation. We believe in “Achieving extraordinary results through ordinary people”. Our human capital strategy is deeply aligned with our business model, reflecting our belief that “Strategy bets on people.” We are committed to fostering a thriving, diverse, and inclusive workplace where every team member is valued and empowered. This people-centric approach continues to drive sustainable growth, strengthen our culture, and position CDB as an employer of choice in the financial services industry.

MATERIAL TOPICS

M7 - Talent acquisition and retention

M8 - Career progression, learning and development

M9 - Employee health and safety, and favourable work environment

COMMITMENT TO SDGS



At CDB, we are committed to fostering a culture of holistic well-being by prioritising both the physical and mental health of our team members. Through a range of policy-level and activity-based initiatives including regular medical checkups, eye care campaigns, and dental clinics we ensure accessible preventive healthcare within the workplace. Programs such as the Suwasampatha Insurance and the Active Ninja initiative further promote health awareness and encourage active lifestyles.



CDB is committed to nurturing talent through structured learning and development. Our Talent Development Blueprint outlines clear career pathways, supported by initiatives like the digital learning platforms and the CDB Academy. Training programs such as Ignite, Game Changer and Shimmers focus on leadership growth and empowering women at the branch level. These efforts ensure continuous learning, inclusive growth, and future-ready leadership across the organisation.



CDB is committed to fostering an inclusive workplace that promotes equal opportunities for all genders. We continue to expand female representation across non-traditional roles and empower women through targeted learning and development programs. A key milestone was the launch of Wings of CDB on International Women's Day to drive gender equity and holistic professional growth.



At CDB we recognise that our people are our greatest asset. We are committed to fostering a diverse, inclusive, and safe workplace that promotes decent work and economic growth. Our focus on continuous learning and skills development empowers team members to reach their full potential while driving innovation and productivity. We prioritise fair wages, equitable opportunities, and employee well-being, ensuring a supportive environment where everyone can thrive. Through targeted training programs, leadership development, and comprehensive health and safety initiatives, we create sustainable value.

MANAGEMENT OF MATERIAL TOPICS

M7

TALENT ACQUISITION AND RETENTION

During the year under review, CDB prioritised reskilling its geographically dispersed workforce to effectively navigate challenges in the financial services sector, including ongoing brain drain, increased talent movement, and the need to adapt to regulatory changes and technological advancements.

CDB remained committed to building its workforce by recruiting predominantly from rural areas and individuals from challenging family backgrounds. The organisation focused on hiring young talent, including school leavers and recent university graduates, offering them employment and equipping them with essential skills through a nurturing culture and comprehensive learning and development programs.

To support retention and promote decent employment, CDB provided competitive salaries, benefits, continuous development opportunities, and engaging workplace initiatives. These measures ensured long-term commitment and employee satisfaction. Further details on CDB's actions addressing this material topic can be found in the Retention section.

M8

CAREER PROGRESSION,
LEARNING AND DEVELOPMENT

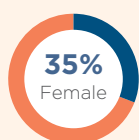
CDB's Talent Development Blueprint provides a clearly defined pathway for nurturing young and fresh talent through different career stages. This structured approach to learning and development has been instrumental in enhancing employee retention, fostering personal growth, and supporting succession planning. These efforts have, in turn, positively impacted our overall performance and contributed to meeting growth targets for the year. Further details on CDB's initiatives related to this material topic are outlined in the Learning and Development section of this report.

M9

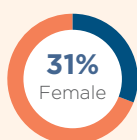
EMPLOYEE HEALTH AND SAFETY, AND
FAVORABLE WORK ENVIRONMENT

CDB maintains a comprehensive policy framework governing human resource management and employee welfare. This includes a formal, Board-approved HR policy covering anti-harassment, anti-discrimination, and compensation and benefits. Additionally, CDB has established Occupational Health and Safety (OHS) policies, a Green HRM Policy, a Remuneration Policy, a Succession Planning Policy, a Whistleblowing Policy, and a formal grievance handling procedure. An Employee Handbook further guides all aspects of HR administration and employee conduct. These policies are regularly reviewed and updated to ensure relevance and effectiveness. CDB's actions addressing this material topic are further detailed in the Compensation, Benefits and Well-being section of this report.

KEY HIGHLIGHTS



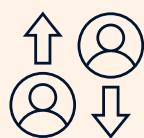
Our Team
1,948



New Recruitments
762



SLITAD People
Development
**Platinum & Gold
Awards 2023/24**



Retention
Rate
85%



Training Hours
153,813 Hours



Great Place to
Work

At CDB, our people are at the heart of our strategy. Our purpose "Empowering Aspirations" which they live out every day with pride and commitment. We foster a culture where our people feel a deep sense of belonging, are valued for who they are, and recognised for the contributions they make. While we are a performance-driven organisation, we are equally rooted in empathy and integrity, led by leaders who embody these values. With technology enhancing tasks—not replacing roles—we create more meaningful opportunities for growth, enabling our people to expand their skills and leverage their unique human potential.

HUMAN CAPITAL

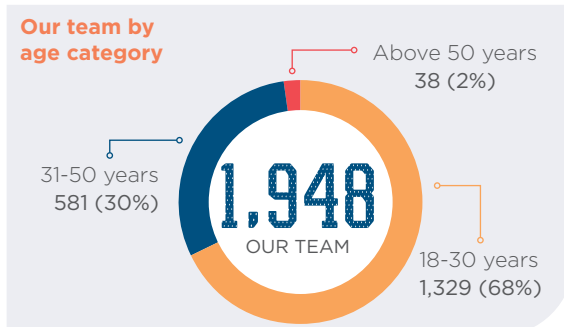
[GRI 2-7, 2-8]

OUR TEAM

CDB is committed to fair employment practices, offering equal and equitable opportunities to all, regardless of age, gender, location, religion, or background. Our workforce consists of 1,948 team members, located across all nine provinces of the country. Of these, 65% were men and 35% were women. All team members were engaged on a full-time basis. In terms of employment type 53% held permanent positions, while 47% were employed under fixed-term contracts. This diverse and inclusive team reflects our dedication to building a workplace where everyone can thrive.

Our Team-Province wise	Permanent		Contract		Total		Total
	Female	Male	Female	Male	Female	Male	
Central Province	12	36	22	54	34	90	124
Eastern Province	4	8	8	23	12	31	43
North Central Province	3	8	8	22	11	30	41
North Western Province	31	65	40	77	71	142	213
Northern Province	5	7	7	9	12	16	28
Sabaragamuwa Province	23	54	25	59	48	113	161
Southern Province	15	27	21	31	36	58	94
Uva Province	5	18	11	28	16	46	62
Western Province - Head Office	125	210	48	57	173	267	440
Western Province - Branch	133	241	136	232	269	473	742
TOTAL	356	674	326	592	682	1,266	1,948

Type of Employment	Total	%
Top Management	22	1
Senior Management	33	2
Managers	39	2
Middle Management	232	12
Junior Management	620	32
Front Line	1,002	51
TOTAL	1,948	100



Permanent Team Members

65%

35%

Contract Team Members

64%

36%

Outsourced Staff

CDB had a total of 325 members who are not direct employees but whose work is controlled by the Company. These include outsourced operational staff providing various support and utility services to the Company.

Outsourced staff - Category wise	Male	Female	Total
Operational Staff	58	44	102
Support Staff - Security	123	1	124
Support Staff - Janitorial & Tea Services	14	85	99
TOTAL	195	130	325

TALENT ATTRACTION AND RECRUITMENT

Talent acquisition is a cornerstone of CDB's corporate strategy, aimed at building a resilient and future-ready workforce. We position CDB as an employer of choice by promoting a strong employer brand that reflects our values. Our value proposition is built on providing purpose driven work, opportunities, career progression, inclusive and collaborative culture and our unwavering commitment to sustainability.

Our approach focuses on attracting, identifying, and recruiting individuals who align with the Company's values, ethical standards, and long-term strategic needs. We place particular emphasis on nurturing young talent, often recruiting school leavers and recent university graduates many from rural and economically challenging backgrounds providing them with meaningful employment opportunities.

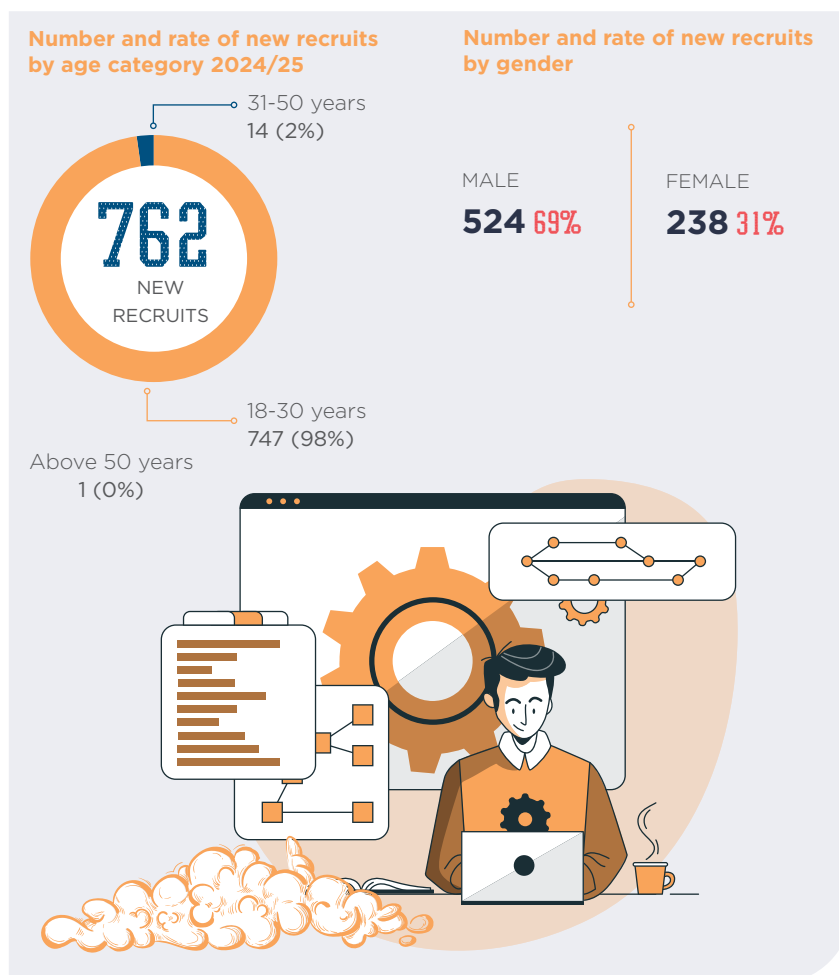
Through a robust recruitment policy, we seek to enhance organisational productivity while fostering inclusive growth. The first three months are recognised as critical for integration and engagement, and our onboarding and development programs are tailored to ensure that new team members transition smoothly and are equipped with the knowledge and skills required to thrive at CDB.

Key changes made during the year

- Revamped Talent Onboarding Day to deliver a more engaging and memorable experience for new team members.
- Introduced a structured mini-induction on the first day, supported by mentorship, subject-specialised on-the-job training, and access to e-learning modules.
- Reintroduced the Sales Orientation Program to equip new hires in the sales team with strong foundations in lending and technical competencies.
- Reassessed the internal talent pool in response to ongoing talent migration, identifying emerging talent for development.
- Initiated a comprehensive role clarification and succession planning exercise to pinpoint critical roles and groom high-potential team members for future leadership.

New recruitments during the year

During the 12 months under review we recruited 762 team members, including both permanent and contract staff with 4.46% being permanent staff. A majority 747 new recruits are in the age group of 18-30 years, maintaining our youthful workforce profile.



New recruits - Province wise	Female	Male	Total
Central Province	16	36	52
Eastern Province	9	24	33
North Central Province	9	24	33
North Western Province	24	81	105
Northern Province	6	8	14
Sabaragamuwa Province	14	56	70
Southern Province	17	29	46
Uva Province	7	24	31
Western Province - Head Office	40	55	95
Western Province - Branch	96	187	283
TOTAL	238	524	762

HUMAN CAPITAL

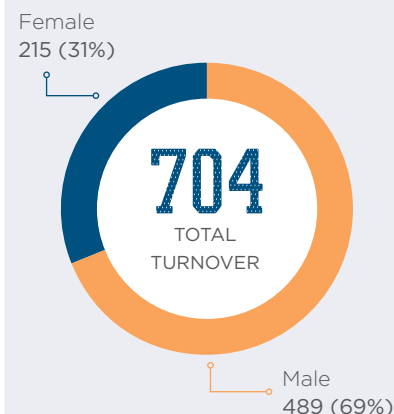
EMPLOYEE TURNOVER

Attracting and retaining skilled professionals, especially in the financial services industry, remains challenging due to competitive markets and various external factors. During the year, most team members exits were linked to new job opportunities, migration, and further education, with the highest attrition among 18-30-year-olds in sales trainees. Top performers are offered permanent roles to encourage retention. Targeted actions were implemented, as outlined in the talent retention section, to enhance engagement and support career development aiming to further reduce the employee turnover.

Employee turnover - Province wise	Permanent		Contract		Total
	Female	Male	Female	Male	
Central Province	1	2	10	35	48
Eastern Province	2	2	9	13	26
North Central Province	2	0	5	14	21
North Western Province	6	14	15	70	105
Northern Province	1	0	2	7	10
Sabaragamuwa Province	4	6	7	44	61
Southern Province	2	2	14	29	47
Uva Province	0	9	4	14	27
Western Province - Head Office	14	33	20	20	87
Western Province - Branch	21	26	76	149	272
TOTAL	53	94	162	395	704

[GRI 401-1, 404-1, 404-2]

Employee Turnover Gender wise



Turnover Rate

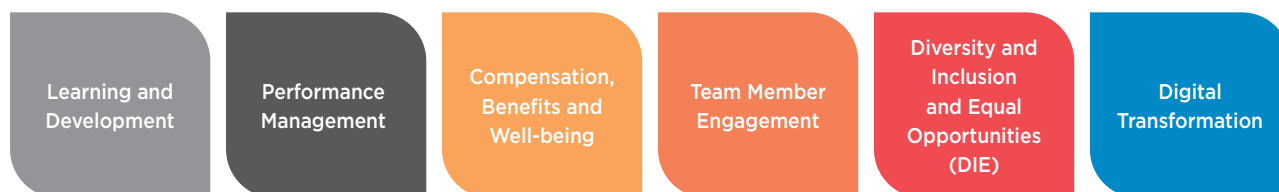
14.59%

Turnover Age-wise

18-30 YEARS 31-50 YEARS
630 89% **64 9%**
 ABOVE 50 YEARS
10 2%

EMPLOYEE RETENTION

CDB adopts a holistic people strategy focused on six key drivers. We build a purpose driven culture where our team members get connected to our purpose and corporate strategy. We place a great emphasis on upskilling and reskilling of our team members, job rotation and leadership development, while ensuring competitive benefits and a supportive, inclusive culture. Enhanced HR systems enable data-driven decision-making, and our people-first approach continues to transform ordinary individuals into high-performing professionals.



Learning and Development

At CDB, learning and development is guided by a comprehensive Talent Development Blueprint that outlines a structured pathway for nurturing young and fresh talent throughout different stages of their careers. This framework is central to our belief in fostering a culture of continuous learning and growth across the organisation supporting by generate extraordinary results through ordinary people. Building workforce capabilities and empowering team members to reach their full potential is a core component of our corporate strategy. We invest consistently

in the professional and personal development of our people, aiming to make them employable, agile, and future-ready. Our commitment to growing talent from within has delivered strong returns, with revenue per employee is staying at LKR 13 million. By building people, we build the business-ensuring that every team member is supported with a clear roadmap, training, and motivation to stay on track and succeed in their career journey.

During the financial year 2024/25, CDB invested LKR 52.3 million in learning and development initiatives, delivering a total of 153,813 training hours to our team members. This reflects our strong commitment to building capabilities across all levels of the organisation. We also ensured that women team members were given equal access to training opportunities, reinforcing our dedication to inclusive development and gender equality in the workplace.



53,551
Hours



100,262
Hours



Total Number of
Training Hours
153,813

Average Training
Hours Per Employee
79



Training
Investment
LKR 52.3 MN

	Front Line	Junior Management	Middle Management	Manager	Senior Management	Top Management	Total
Our Team as at 31 March 2025	1,002	620	232	39	33	22	1,948
Number of Training Hours	117,912	18,089	14,180	1,710	515	1,408	153,813
Average Training Hours Per Head	118	29	61	44	16	64	79

	Male	Female
Our Team as at 31 March 2025	1,266	682
Number of Training Hours	100,262	53,551
Average Training Hours Per Head	79	79

**Average Training
Hours Per Head**



79
Hours



79
Hours

The CDB Academy

The CDB Academy plays a pivotal role in talent development by offering a comprehensive range of training and development programmes, spanning from soft skills to technical expertise, and from preliminary to advanced levels. These programmes are strategically aligned with identified talent gaps across various employee categories, ensuring targeted capability building. Leveraging a structured curriculum and diverse delivery methods including in-house sessions, external training by subject matter experts, e-learning, on-the-job training, mentoring, and coaching, the Academy fosters continuous learning. Emphasising innovation, CDB integrates digital tools and platforms to create engaging, accessible, and impactful learning experiences that support both individual growth and organisational excellence.

Preliminary Level

Designed for new recruits and includes;

- Onboarding Day
- Common one-day mini-Induction Program
- Sales orientation program
- 6-month E-Learning course (LMS) based on the respective category
- Personal soft skill trainings
- Professional Development – Partnering with professional institutions

Executive Level

Designed for employees to level up and includes;

- Junior talent pool
- Guidance for higher education partnering with reputed institutions in the country.
- Re-imbursement of professional examination fees.
- Opportunity to attend various external trainings, seminars and workshops.

Advanced Level

Dedicated for the Senior Management/ Senior Members /Experienced Members and includes;

- Senior Talent Pool Development Program – ‘CDB Challengers’
- Local and Foreign External Trainings



HUMAN CAPITAL

Identify learning needs

During the year under review, our learning and development efforts were strategically designed based on changing demand of the operating environment, feedback received from multiple stakeholders, including internal team members across various levels, mystery customer survey outcomes as well as customers who helped identify service gaps. This inclusive approach ensured that all training programs were relevant and impactful. Customer feedback, for instance, directly led to the launch of a customer service training series targeting branch-level front-line and leadership roles. Similarly, second-officer knowledge enhancement training was introduced to strengthen gold loan operations, while technical skills development programs were designed for trainee marketing officers and executives based on internal insights. Team members also requested soft skills training, prompting sessions on business communication and Microsoft Excel. Additionally, monthly reviews by the CRM steering committee and findings from internal audit teams played a significant role in identifying training needs, particularly in product and process knowledge, which were subsequently addressed through targeted learning interventions.

Positive impact created during the year

Our training programs are purpose-driven and not conducted as standalone events. They are closely linked to performance management processes, helping to identify skill gaps, support employee motivation, set development goals, and contribute to succession planning. Training is also used as a tool to mitigate internal weaknesses and respond to external challenges. During the year, several key objectives were supported through learning and development initiatives. These included the enhancement of workforce skills through comprehensive programs covering customer service, sales, technical and soft skills, and leadership. Career progression and succession readiness were supported by initiatives such as the Game Changer Program, the Virtual Channel Heads Development Program, and various professional qualification programs. In support

of sustainability goals, we launched new e-learning content on green products, incorporating it into the onboarding process through our Learning Management System (LMS), which also contributed to greater productivity and efficiency, especially among new hires.

Specialised training programs in 2024/25

In 2024/25, we introduced several specialised training programs to meet strategic business needs.

Outbound training programs were successfully organised with the participation of 299 employees at the Academy of Adventure, Belihuloya, and the CHE Adventure Park, Avissawella. These programs were designed to foster a spirit of team building and enhance collaboration among team members.



Additionally, one senior management member was provided with the opportunity to attend a foreign training program at Harvard Business School in Boston, USA, as part of our commitment to continuous leadership development and global exposure.

The Game Changer Program, targeting high-performing tellers, proved effective in reducing turnover in credit roles. Virtual Channel Heads Development Programs, Lending Customer Service Officer training, and the Shimmers Program for women's leadership development at the branch level were also key initiatives. Furthermore, customer and audit feedback helped us design the Customer Service Development Program for front-line staff and other skill-building sessions including supervisory development, team-building, soft skills training, and effective communication. Refresher training programs were conducted for second officers and operations teams

to enhance credit knowledge. These comprehensive and strategically aligned training efforts have not only addressed identified gaps but also contributed to a more skilled, motivated, and future-ready workforce.

Leadership

At CDB, we believe exceptional performance stems from exceptional leadership. Our people leaders play a vital role in unlocking the full potential of our workforce and shaping their daily experience. Engaging, developing, and evaluating our leaders is a key driver of both performance and culture.

Our Leadership philosophy clearly defines expectations for leaders to aspire, inspire, and execute, serving as the foundation for our leadership development curriculum. We design leadership development programme for each managerial layer starting from our role clarification exercise which lays foundation for leadership development and succession planning. We design programmes helping them build critical capabilities such as coaching, performance management, transformational leadership, and navigating ambiguity tailored to their specific leadership stage and business context.

IGNITE" – the Transformational Leadership Development Program included a series of physical training sessions, with content covering self-target setting, and monthly evaluations to assess progress toward targets. Additionally, the team was divided into five sub-teams, each tasked with identifying and executing a potential business project. By consolidating the results, the program effectively enhanced leadership capabilities, and the business proposals provided a positive impact on the organisation.



How we track effectiveness of training

To ensure the effectiveness and continuous improvement of our training and development initiatives, we have implemented multiple feedback and evaluation mechanisms. After each training session, participants are required to complete immediate feedback forms, allowing us to gauge the relevance, quality, and impact of the program in real time. Internal audit findings also serve as a critical input; identified training gaps are addressed through targeted programs, and follow-up audits are conducted to assess improvements. Additionally, the CRM team conducts Mystery Customer Surveys at branches, which provide valuable insights into the quality of customer service and help measure the impact of training by comparing pre- and post-training performance. Monthly CRM steering committee meetings further support this process by analysing customer complaint trends, which serve as an indicator of how effectively training interventions have translated into improved service delivery and issue resolution.

Performance Management

Our performance management strategy is closely aligned with our corporate strategy, cascading down into clear goals for each department and individual. We operate on an annual performance appraisal cycle, complemented by a mid-year review to assess progress, support goal achievement, and make adjustments as needed. The appraisal process is integrated with our distinctive rewards and recognition program, as well as our training and development initiatives, ensuring fair treatment, equal opportunities for growth, and a consistent path for career advancement.



Percentage of employees that received performance evaluations in 2024



Total promotions in 2024

Category	Male	Female	Total
Top Management	3	0	3
Senior Management	19	4	23
Managers	25	8	33
Middle Management	87	23	110
Junior Management	99	101	200
Front-line Members	32	16	48
TOTAL	265	152	417

Compensation, Benefits and Well-being

Ensuring equitable compensation

CDB adopts a comprehensive Total Rewards strategy built on two key pillars: Total Compensation and Benefits & Well-being. We regularly review and refine our compensation and benefits offerings to ensure they remain competitive, equitable, and sustainable. Through periodic salary benchmarking and market surveys, we assess how our remuneration compares to industry standards, enabling informed decision-making by the Committee. Our compensation structures are strategically designed to support the achievement of corporate objectives while promoting talent retention. We also offer an enhanced retirement benefits policy and equity participation through an Employee Share Ownership Plan (ESOP), reinforcing our commitment to long-term value creation and employee loyalty.

Our holistic approach to total compensation is structured around two core elements, fixed pay and variable pay.

Fixed pay

This includes salary, fixed pay allowance, and other cash allowances in accordance with local market practices and is reviewed on an annual basis

Variable pay

Performance bonus: Based on the overall performance of individual, reinforcing a pay-for-performance culture

- Sales incentives: based on performance and target achievement
- Overtime: As per regulatory requirements and company policy.

BENEFITS AND WELL-BEING

CDB provides a robust benefits package designed to support team members' financial, physical, and emotional well-being:



Medical Coverage

- Hospitalisation & surgical coverage for team members and family
- Group life insurance (including critical illness)
- Reimbursement for outpatient and special medical tests
- Mobile eye and ear clinics



Well-being Initiatives

- Free gym and badminton facilities
- Wellness screenings for team members over 40
- Sponsorships for sports and recreational activities
- Foreign tours and access to holiday bungalows
- Enhanced parental leave (100 days maternity, 5 days paternity)



Maternity Leave

In compliance with the Shop and Office Employees Act of 1954, CDB provides comprehensive maternity benefits, including 84 days of maternity leave and a two-hour daily nursing break until the child reaches one year of age. During the year, 28 employees availed maternity leave, with 20 returning to work and 8 still on leave. Notably, there were no resignations following maternity leave, reflecting the effectiveness of our supportive policies for working mothers



Other Financial Assistance

- Staff loans and vehicle loan concessions
- Housing loan interest reimbursement
- Reimbursements for work-related travel and accommodation
- Gratuity schemes, profit-related bonuses, wedding/funeral assistance



Educational Benefits

- Professional membership fee reimbursement
- Honorarium for completing qualifications
- E-learning platform and foreign training



Retirement Benefits

- EPF/ETF contributions and extended gratuity benefits

Collective bargaining agreements

CDB does not have a collective bargaining agreement. All employees are given adequate notice regarding any significant operational changes.

Recognition and rewards

At CDB, team member recognition and performance incentives play a vital role in fostering motivation, reinforcing desired behaviors, and promoting a high-performance culture. A variety of recognition initiatives are in place to reward exceptional contributions across all levels. The prestigious CDB Infinity Awards honor outstanding performers through both monetary and non-monetary rewards, while Spot Rewards offer immediate recognition for proactive actions such as identifying process risks, lapses, or offering valuable suggestions. Team members who achieve their monthly performance targets are also acknowledged with special rewards, reinforcing goal-oriented excellence. The High Five Awards celebrate individuals who exemplify CDB's core values of Perseverance, Empathy, Reliable, and Innovation, promoting a values-driven workplace culture. Additionally, Anniversary Celebrations are held to recognise and appreciate the long-standing service of team members who have completed over 10 and 25 years with the organisation, highlighting CDB's commitment to loyalty and long-term team member engagement.



Occupational safety

CDB is fully compliant with all applicable Occupational Health and Safety (OHS) regulations, which has led to numerous positive outcomes, including the avoidance of legal penalties and fines. A well-established OHS system has significantly enhanced the company's brand image while contributing to a healthier, more productive workforce by reducing absenteeism and improving overall efficiency. This proactive approach also results in cost savings by minimising workplace accidents, illnesses, insurance costs, legal liabilities, and compensation claims. Moreover, improved workplace design and enhanced safety measures contribute to the sustainable use of resources, reinforcing CDB's commitment to responsible business practices.

Recognising the critical importance of team member safety, CDB is committed to fostering a secure and supportive working environment. The company has implemented robust fire safety protocols, advanced security systems, and conducts regular audits to ensure compliance and hazard awareness. New team members undergo health screenings before

completing their probation, and comprehensive support is provided for physical, mental, and emotional well-being. These efforts are managed centrally and detailed further in the Benefits and Well-being section of the report.

Actions to manage impacts

CDB has established a comprehensive OHS Management System supported by proactive communication, employee training, and awareness programs on workplace safety, emergency response, and first aid. All facilities are equipped with fire protection systems, and emergency preparedness training is regularly conducted. Within the company's Governance framework, the Business Continuity Planning (BCP) Steering Committee oversees OHS policies and procedures. This committee includes BCP coordinators from various branches and floors who are trained and assigned to carry out quarterly, bi-annual, and annual responsibilities such as call tree tests, evacuation drills, and scenario testing.

In addition, a structured incident reporting and investigation mechanism is in place to analyse root causes and implement corrective

actions. CDB maintains an insurance policy to provide medical assistance for team members affected by workplace accidents or occupational illnesses. Safety protocols are periodically reviewed and revised based on incident trends to prevent recurrence. A strong safety culture is promoted through visible leadership commitment, and exceptional safety performance is recognised through reward and recognition programs for individuals and teams.

Tracking effectiveness of actions

To ensure the effectiveness of these measures, CDB regularly analyses data from employee medical check-ups, especially for those aged 40 and above, to identify trends in health and well-being. Surveys are conducted to assess employee satisfaction, workplace conditions, and mental health, providing valuable feedback on the impact of stress management initiatives. Additionally, absenteeism and sick leave records are closely monitored, with a dedicated tracker maintained for team members on special medical leave. These measures reflect CDB's unwavering commitment to the health, safety, and overall well-being of team members, reinforcing a culture of care, compliance, and continuous improvement.

Work-related injuries

Workers covered by an occupational health and safety management system	All full time and outsourced staff members
The number and rate of fatalities as a result of work-related injury;	NIL
The number and rate of high-consequence work-related injuries (excluding fatalities);	NIL
The number and rate of recordable work-related injuries;	NIL
The main types of work-related injury;	NIL
The number of critical illnesses	NIL
The number of deaths	NIL
The number of hours worked.	NIL

Work-related hazards

The work-related hazards that pose a risk of high-consequence injury,	Travel related risks for Field Officers & Debt Collectors.
How these hazards have been determined	Hospitalisation records and medical tracker
Which of these hazards have caused or contributed to high-consequence injuries during the reporting period;	4 travel related minor accidents.
Any actions taken or underway to eliminate other work-related hazards and minimise risks using the hierarchy of controls.	Annual Medical Check Up is in place for those above Managerial level and this particular employee had not attended the medical check-up. In the past, there had been employees who had undergone medical treatments due to identifications resulted in the Annual Medical Check Up.
Actions taken to eliminate other work-related hazards	The Company has implemented a mandatory Annual Medical Check-Up for employees aged 40 and above.

HUMAN CAPITAL

Team member engagement

At CDB, Team member engagement is a fundamental pillar of our organisational culture, promoting both individual growth and collective success. We firmly believe that a motivated, connected, and purpose-driven workforce enhances not only personal development but also strengthens teamwork and organisational cohesion. Throughout the year, we continued to invest in a range of meaningful engagement initiatives that foster a sense of belonging, inclusivity, and collaboration among our team members.

A key highlight was the active participation in sustainability initiatives led by the CDB Advance Green Club, which conducted the CDB Advance Green Challenge and various environmentally conscious campaigns such as electronic and paper recycling, zero food waste initiatives, and reforestation projects. These activities saw strong Team member

involvement and reinforced our shared commitment to environmental responsibility. The Club also hosted regular Movie Nights, offering team members a casual space to unwind and connect outside of work.

In addition, the CDB Welfare Club organised diverse cultural and social events that celebrated the rich multicultural fabric of our workforce. The annual Bakthi Gee program evolved into a vibrant Vesak Kalapaya celebration, featuring a team members lantern competition and a Dansala that welcomed the public. Other inclusive events such as Christmas Carols, Iftar, and Deepavali observances helped foster mutual respect and cultural appreciation. The year concluded with a memorable Annual Get-Together held at the iconic Lotus Tower, which brought together over 1,900 team members and their families, celebrating achievements and reinforcing team spirit.

CDB also celebrated remarkable achievements in sports, reinforcing our commitment to holistic team member development. Three team members participated in the 1st South Asia Masters Athletics Open Championship 2025, proudly bringing home medals. At the 39th Mercantile Annual Athletic Championship, CDB secured an impressive 4th place overall, and the team triumphed as champions in the Mercantile League Netball Tournament 2025 (Open Mix Division).

These diverse engagement activities reflect our ongoing dedication to nurturing a vibrant, inclusive, and high-performing workplace where every team member has the opportunity to thrive, connect, and contribute meaningfully to the organisation's journey.



Diversity and Inclusion and Equal Opportunities (DIE)

At CDB, diversity, equity, and inclusion are at the heart of our people strategy. We foster a workplace where diversity in gender, ethnicity, age, race, and religion is celebrated. Our recruitment and performance management processes are rooted in meritocracy and fairness. Robust policies ensure non-discriminatory practices across recruitment, compensation, benefits, and work-life balance.

We designed a dedicated initiative to empower women and support individuals with disabilities. Through

our CDB Paralympians program, we proudly employ five differently abled individuals and continue to design suitable roles that accommodate their strengths and accessibility needs. Flexible work-from-home options are also made available where appropriate, ensuring an inclusive and supportive work environment.

Women's development and leadership remain key focus areas, with several initiatives launched to foster growth and empowerment. The Shimmers Empowerment Program grooms high-performing female team members for

Branch Head roles, paving the way for greater representation in leadership positions. We have expanded opportunities for women beyond traditional roles such as Customer Service and Gold Loan Officers, enabling them to take on Lending Customer Service roles within the Sales team, supported by structured training programs. A major milestone was the launch of the Wings of CDB initiative on International Women's Day, built on the pillars of "Support Her, Empower Her, Elevate Her," aimed at promoting gender equity and holistic development.

To mark International Women's Day, a special event was held featuring a keynote address by Senior Superintendent of Police Mrs. Darshika Kumari, who spoke on combating online victimisation of women. The event also included a grooming session and a themed photo competition, creating a platform to celebrate and uplift female empowerment within the organisation.

CDB is also proud of the accomplishments of our women in sports, with female teams excelling in the Mercantile Rugby Sevens, Netball Knockout Tournament, and Mercantile League Tournament, where they secured second runner-up positions. These collective efforts reflect our ongoing commitment to creating a workplace where all individuals are supported, celebrated, and empowered to thrive.



Digital Transformation

CDB has invested in systematic data collection and monitoring of human resources as well as modern digital solutions for HR administration, including the MINT HR system (Human Resources Information System), which is the primary information base regarding the Company's work force. CDB employs a structured and integrated approach to HR data collection and management, ensuring accuracy and consistency throughout the employee life cycle. At the time of recruitment, all personnel and employment data are captured and updated in the system. This data is

continuously maintained and updated throughout the employee's tenure, right up to the point of offboarding. Team members are empowered to manage their own personal information, including contact details, dependent information, and qualifications, through a self-service portal, promoting data accuracy and ownership. Additionally, primary employment data is synchronised in real-time through APIs and seamless integrations with enterprise systems such as Smart OPS (ERP) and the Core Banking System (CBS), enabling efficient and centralised data management across the organisation.

Furthermore, an eLearning platform has been introduced, specifically targeting newly recruited team members. The platform offers customised learning paths based on individual job roles and is made available during the first six months of employment. This initiative aims to support smooth onboarding, enhance role-specific knowledge, and accelerate the integration of new team members into the organisation.



FUTURE OUTLOOK

Short term

- Implement a structured succession plan for the Corporate and Senior Management teams, supported by focused leadership grooming initiatives to build a strong internal leadership pipeline.
- Strengthen the mid-level Leadership Pipeline and groom the next level of leaders.
- Strengthen the 1st tier and 2nd tier leadership at branch level.
- Implement a contribution-based branch performance and reward and recognition system.

Medium to long term

- Increase in female representation from 35% to 45% by end of 2027.
- Establish comprehensive talent management strategies.
- Foster a diverse and inclusive workplace culture to drive innovation and enhance organisational resilience.
- Develop advanced HR analytics and technological tools to improve decision making and optimise workforce performance, and align human capital strategies to meet business objectives.

TECHNOLOGY CAPITAL

Tech disruption is a core pillar of our corporate strategy, fueling a comprehensive digital transformation under our 2021–2030 Strategy. This transformation aims to enhance resilience, maintain competitiveness, and unlock long-term value in the rapidly evolving digital economy. We are evolving from a traditional, technology-enabled financial institution into a technology-driven fintech leader by investing in cutting-edge technologies, strengthening our digital infrastructure, and harnessing data analytics. At the heart of this shift is our commitment to delivering personalised, secure, and seamless end-to-end customer experiences across all digital platforms.

MATERIAL TOPICS

M4 - TECH DISRUPTION, DIGITALIZATION, AND PROCESS AUTOMATIONS

M5 - CYBERSECURITY, DATA INTEGRITY, AND PRIVACY

COMMITMENT TO SDGS



CDB driving innovation and building resilient financial infrastructure through its digital transformation. With investments in AI-driven credit decisions, process automation, and the integrated digital banking platform CDB SELF, it enhances operational efficiency and customer accessibility. Upgrading core infrastructure and adopting cloud-based network security (Harmony SASE) ensures scalability and high availability. These advancements foster sustainable industrial growth, reduce environmental impact via paperless processes, and promote inclusive digital financial services. By continuously innovating and strengthening technological capabilities, CDB contributes to a robust, future-ready fintech ecosystem that supports economic development and inclusive industrialisation in Sri Lanka.



CDB strengthening institutional integrity through robust IT governance, cybersecurity, and compliance. Maintaining ISO 27001 and ISO 22301 certifications demonstrates its commitment to secure, uninterrupted financial services and business continuity. AI-driven credit decisions ensure fair, unbiased assessments aligned with regulations, reducing fraud and corruption. Continuous cyber risk management, staff training, and board oversight reinforce a secure digital environment and transparency. These measures build trust and accountability, fostering a resilient, inclusive financial system that supports peace, justice, and strong institutions within Sri Lanka's evolving digital economy.

MANAGEMENT OF MATERIAL TOPICS

M4

Tech Disruption, Digitalization, and Process Automations

CDB drives tech disruption through continuous investments in digital platforms and process automation, notably with its integrated digital banking platform, CDB SELF. AI-driven credit decisioning, automated workflows, and end-to-end digital customer journeys boost speed, accuracy, and convenience. Process improvements like risk-based pricing and API-based fund transfers streamline operations, reduce manual effort, and support paperless working. These initiatives improve governance, transparency, and customer satisfaction while enabling rapid credit decisions and scalable operations. The long-term strategy centers on embedding technology deeply into business processes to maintain competitiveness and enhance operational resilience in a dynamic fintech landscape.

M5

Cybersecurity, Data Integrity, and Privacy

CDB manages cybersecurity through a comprehensive framework aligned with CBSL directives and global standards such as ISO 27001:2022, which it has maintained for seven consecutive years. At the core of this framework lies information security—the safeguarding of information assets to ensure their confidentiality, integrity, and availability. Security policies, multi-vendor solutions, and regular vulnerability assessments protect data integrity and privacy. Continuous staff training and awareness programs foster a vigilant security culture. The transition to Harmony SASE enhances network security with zero-trust protocols and centralised management. Board-level oversight, dedicated steering committees, and real-time risk monitoring ensure compliance and resilience, safeguarding customer information and enabling secure, uninterrupted digital financial services.

KEY HIGHLIGHTS

ENABLING CUSTOMER CENTRICITY

- New Digital Customer Onboarding – **23,959**
- Number of Operational Processes Automated During the Year – **14**
- Introduction of CDB Self – Integrated Digital Banking Platform
- Revamp of Corporate Website
- Revamp of Patpat.lk
- AI-Driven Credit Decisioning
- Automated risk based pricing decisions
- Salesforce automation enhanced with digitally equipped devices
- Automated Payment Gateways
- Workflow transformation through the SmartOps ERP platform

CERTIFICATIONS AND RECOGNITIONS

- AI-Driven Credit Decisioning recognised with a Silver Award at NBQSA 2024
- Merit Award received for AI-Based Vehicle Valuation at NBQSA 2024
- Recertification of ISO 27001:2022 and obtaining ISO 22301:2019 for Business Continuity Management
- Technology Resilient Company of the Year 2024 at the Digital Trust Awards

ENABLING INFRASTRUCTURE RESILIENCE AND INFORMATION SECURITY

- Migration from VPN to Harmony SASE
- Core infrastructure enhancements at the Tier III-certified primary data center.

Digital adoption has long been a cornerstone of CDB's operational and strategic framework. The Company's leadership and teams have consistently championed digital transformation, treating it not as a one-time initiative but as an ongoing journey of growth and innovation. This long-term commitment is reflected in continuous investments in emerging technologies, integration of secure digital solutions, and a strong emphasis on customer-centricity. CDB also focuses on upskilling our team members to embrace new technologies and work styles, reinforcing a culture of innovation and adaptability. By fostering strategic partnerships and expanding its digital ecosystems, CDB aims to stay ahead of emerging competition and build lasting relationships with customers based on trust, convenience, and technological excellence.

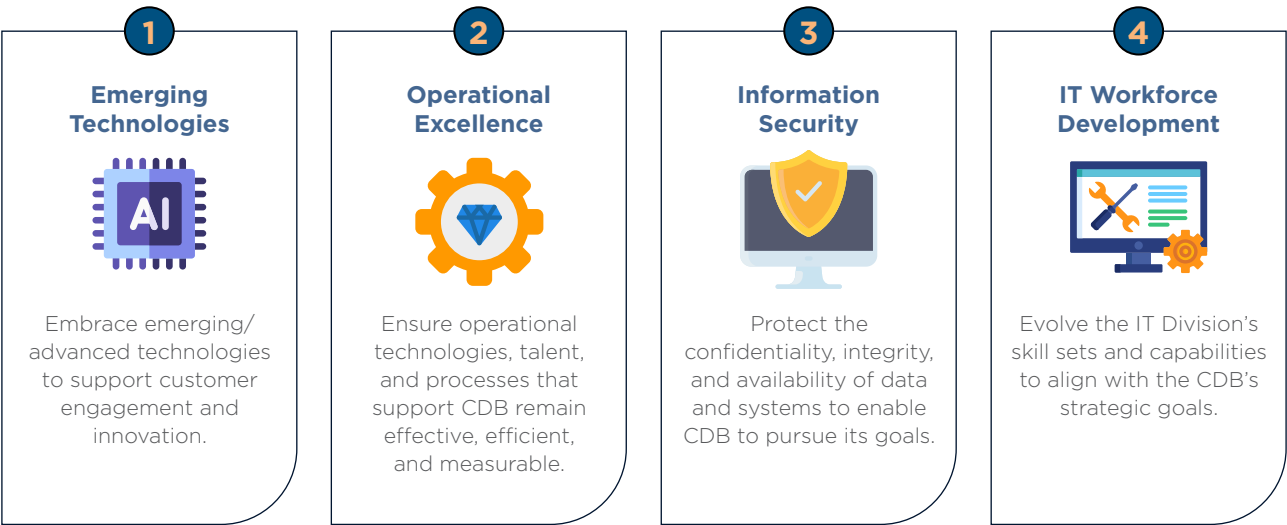
TECHNOLOGY CAPITAL

IT STRATEGY

Building on our commitment to innovation, we continue to evolve our ecosystem by integrating advanced solutions across our digital platforms. This approach ensures a secure, seamless experience that not only meets but anticipates the evolving needs of our customers, and empowering our team members for digitally driven decisions laying the foundation for the next phase of our IT strategy.

Our IT Strategy, developed through a comprehensive roadmap, outlines a clear vision for innovation, risk mitigation, and operational agility. Built on the dual pillars of Tech-Disruption and Sustainability, it provides the strategic direction for digital investments across the organisation. Recognising the fast-evolving nature of financial technologies, we ensure our IT strategy is regularly updated to keep CDB at the forefront of fintech transformation.

The IT strategy operates across four strategic dimensions



ENABLING CUSTOMER-CENTRICITY

CDB's digital strategy continues to drive a next-level customer experience through innovation, convenience, and personalisation. Key developments over the last financial year including enhancements to CDB Self, corporate web site, Patpat.lk, and the introduction of AI-driven credit decisioning have significantly improved efficiency, accessibility, and service quality.

CDB SELF: Driving the future of digital banking

In April 2024, CDB launched CDB SELF, a premier digital banking platform that has rapidly become a benchmark for convenience and financial empowerment. With over 23,500 users and 2,300+ daily sessions, SELF is redefining how customers interact with financial services.

Available across Android, iOS, Huawei, and web platforms—and supported in Sinhala, Tamil, and English—SELF ensures broad accessibility and inclusivity. The platform offers a full suite of

financial tools, including:

- Bill Payments – Secure settlement of utilities and merchant bills
- Fund Transfers – Instant and reliable transfers
- I-Deposit & Transactions – Seamless digital deposits
- Gold Loan Top-Ups – Convenient loan renewals
- QR-Based Payments – Cashless transactions via the SELF Merchant App

Designed for intuitive navigation, the app is optimised for performance across all devices. Security remains a top priority, with biometric and two-factor authentication ensuring the safety of every transaction. Ongoing development will further expand functionality, reinforcing CDB's role as a digital financial pioneer.





500,000+

Number of Transactions



RS. 50BN+

Value of Transactions



Corporate website relaunch

A New Digital Front Door

Coinciding with CDB's 29th anniversary, the revamped corporate website was launched in September 2024 to enhance user experience and digital accessibility.

Highlights include:

- Modern UI/UX – Clean, user-friendly design with improved navigation
- Responsive Design – Optimised across mobile and desktop platforms
- Performance Optimisation – Faster load times and smoother functionality
- Clear Structure – Easy access to services, support, and financial information

The new website aligns with CDB's digital transformation journey, offering customers a reliable and efficient digital experience that reflects the values of transparency and professionalism.

Reimagining Patpat.lk

Patpat.lk acts as a strategic digital platform by CDB, leveraging crowdsourcing and a customer-centric ecosystem to deliver seamless online financial services. Designed to promote financial inclusion, it plays a pivotal role in empowering entrepreneurs—particularly women—by providing easy access to financing and support tools. As an integral part of CDB's broader digital strategy, Patpat.lk enhances accessibility, fosters innovation, and supports sustainable economic growth across Sri Lanka. Demonstrating significant growth, the platform recorded 646,438 unique visitors in March 2025, more than double the figure from the previous financial year. Additionally, 23,984 ads were uploaded during the same month, again reflecting more than a twofold increase year-over-year—underscoring Patpat.lk's growing relevance and impact in the digital financial services landscape.



Ai-driven credit decisions

Developed in-house, the AI model integrates real-time CRIB data via API and advanced analytics to generate precise, rapid credit assessments. The system also evaluates collateral value through an AI-powered vehicle valuation engine.

Key benefits include

Enhanced Credit Accuracy
– Data-driven decisions
reduce default risk

Improved Operational Efficiency – Faster turnaround and increased volume capacity

Bias-Free Decisioning – Consistent, objective credit assessments

Regulatory Compliance
– Aligned with financial governance standards

Model Accuracy
94%

Approval Ratio
94%

AI Powered Automated Credit Decisions
75%

These advancements are further supported by our highly matured Robotic Process Automation (RPA) capabilities, which have optimised branch-level document handling and enabled seamless integration with AI-driven credit assessment processes.

Key process developments in 2024/25

- Risk-Based Pricing
- AI-Based Vehicle Valuation
- API-Based CRIB Assessment and Automated Credit Scoring
- Automation of Customer Due Diligence (CDD) Process
- Customer Letter Automation
- Fixed Deposit Process Automation using RPA
- RPA-Enabled Cash Back Loan Processing
- API-Connected Payment Automation Process
- SmartOps - ERP-Based Lending Workflow Automation
- API-Based Insurance Placements
- Digital Document Storage Automation
- Recovery and Collection Follow-Up Module
- API-Connected Biller Collection Module for Recovery
- Acquired Asset Management Automation

These initiatives have provided CDB with significant leverage across multiple operational areas. The implementation of single-time data entry with rule-based validations has improved efficiency and reduced errors, while minimising risks and compliance violations. Customer

convenience has been greatly enhanced by reducing processing times, and the shift toward a paperless environment supports both sustainability and operational efficiency. Accurate data capture and real-time availability have empowered better management decision-making, while queue-based operational processes have strengthened service level agreement (SLA) management and monitoring capabilities.

As a result, CDB has realised several key benefits. Credit decisions are now made rapidly, and the documentation required for cashback loans has been significantly reduced, enabling an instant processing experience. The generation of balance confirmation letters is now system-driven and instantaneous. Additionally, API-based payment disbursement processes—including third-party bank transfers—allow for faster, around-the-clock transactions without time barriers. Enhanced pricing management is also achieved through an ERP-integrated entry process, ensuring consistency and control.

ENABLING INFRASTRUCTURE RESILIENCE AND INFORMATION SECURITY

International certifications and recognition

CDB achieved two significant milestones in 2024/25, reinforcing our leadership in digital resilience and regulatory compliance:

- In September 2024, CDB successfully completed a recertification of ISO 27001:2022, maintaining our strong track

record in information security for the seventh consecutive year. The certification affirms our focus on digital trust as a business imperative—ensuring that customers can rely on secure, compliant, and uninterrupted financial services.

- In a historic achievement, CDB became the first NBFI in Sri Lanka to be certified with ISO 22301:2019 for Business Continuity Management in March 2025. This certification affirms our preparedness to sustain operations through crisis and unforeseen disruptions.

Together, these certifications demonstrate our proactive approach to protecting customer data and ensuring uninterrupted financial services. They reflect CDB's alignment with global standards and underscore our long-term commitment to responsible innovation.

CDB was honored as the 'Technology Resilient Company of the Year 2024' at the Digital Trust Awards, hosted by ISACA Sri Lanka. This accolade recognises CDB's excellence in infrastructure, cybersecurity, and business continuity.



Infrastructure resilience

Building for Performance and Continuity

To support greater digital scalability and ensure high availability, CDB enhanced its core infrastructure at the Primary Data Center while maintaining a robust Disaster Recovery system to ensure business continuity.

Key outcomes include:

- Increased Processing Power – Faster response times through optimised resource use
- Improved Load Balancing – Even workload distribution enhances system performance
- Higher Fault Tolerance – System continuity in the event of node failure
- Enhanced Business Continuity – Minimised disruption through robust DR architecture

This investment ensures uninterrupted digital operations, supporting our future-ready transformation and aligning with global best practices in infrastructure design.

Harmony SASE

Advancing Network Security and Agility

CDB's transition from VPN to Harmony Secure Access Service Edge (SASE) marked a strategic leap in modernising network architecture. This cloud-first platform enhances connectivity and security across distributed environments.

Benefits include:

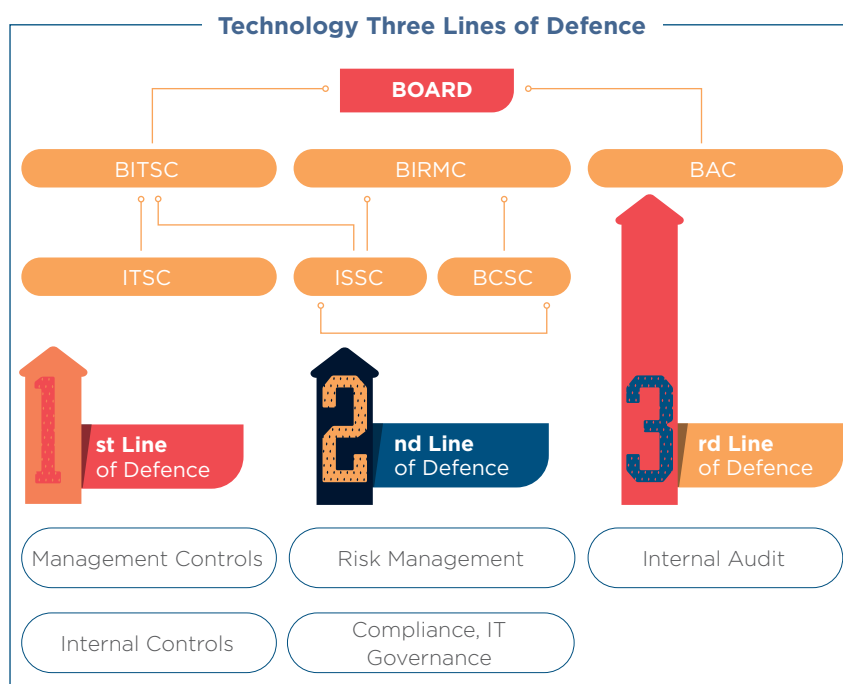
- Unified Security Framework – Firewalls, Zero Trust protocols, and secure web gateways
- Centralised Network Management – Reduced complexity and enhanced visibility
- Optimised Connectivity – SD-WAN integration for low-latency performance
- Cloud Scalability – Readiness for hybrid and multi-cloud operations

The adoption of SASE reinforces CDB's strategic focus on cybersecurity and performance, enabling seamless, secure digital services across all operations.

IT governance strategy

As we intensify to invest in technology and digital capabilities to build, scale and offer best-in-class experience at CDB, we recognise the need to have a robust IT governance framework to provide a balance mix of technology investments that are aligned with strategic and cross-functional business objectives. As part of the IT governance framework the three strategic steering committees, namely the Information Technology Steering Committee (ITSC), Information Security Steering Committee (ISSC) and Business Continuity Steering Committee (BCSC) have been established to promote, oversee and support the effective use of technology, information as well as information security across the organisation as well as to create strong security posture and cyber resilience.

In addition, the Board Integrated Risk Management Committee and the Board Audit Committee are also involved in IT governance apart from the Board Information Technology and Security Committee (BITSC).



Our cybersecurity strategy

Our cybersecurity strategy is developed in line with the CBSL Direction No.01 Finance Business Act (FBA) of 2022, and in collaboration with other public and private sector partners on a national and international level. CDB holds the ISO/ IEC 27001:2013 certification for its IT Services and has maintained the certification over the past six consecutive years and have been recertified with ISO27001:2022 marking the seventh consecutive year which demonstrates its commitment to ensuring the highest levels of customer information security through conformance to the robust information systems, practices and protocols, in accordance with global standards.

CDB has established security solutions and policy management protocols supported to align multi-vendor solutions which address cyber security challenges and the associated cyber risks. Security assessments are continually carried out to detect and evaluate vulnerabilities in systems and applications, promptly taking necessary corrective measures. Additionally, the Company is constantly on alert to emerging technologies, and new cyber threats emanating from a wide range of sources in creating resilience.

Team members are updated through e-flyers and staff announcements, while Cyber security training and awareness sessions are carried out for staff and Board members, with the help of industry experts, and continuous reminders and updates are circulated via email to ensure everyone stays vigilant.

TECHNOLOGY CAPITAL



Managing the impacts

Negative impacts of CDB's technology drive during the year was limited to e-waste which we continued to dispose in a responsible manner, through third parties. The Company has also invested in energy saving equipment to address increased electricity consumption due to increasing use of computers and other electrical equipment and is examining solar power options for electricity for its branch network.

CDB enjoys numerous benefits from the expanded use of technology within its business model. These include improved governance, enhanced compliance, and greater transparency, which collectively help reduce fraud and corruption. The adoption of technology also leads to increased customer convenience and satisfaction, while delivering significant cost savings by minimising manual operations and reducing the need for paper-based processes. Furthermore, the availability of data supports more informed and timely decision-making. In addition, technology enables better supply chain management and enhances transparency across the supply chain, contributing to greater overall efficiency and accountability.

Infrastrure Strength content

CDB has strengthened its IT infrastructure by integrating advanced technologies across Oracle and non-Oracle platforms, supported by a Tier III-certified primary data center for secure scalability and high availability. The institution is advancing cloud agility through Orel Cloud and virtualized environments. Embracing microservices architecture and enterprise-wide API connectivity enables seamless integration and rapid deployment. Harmony SASE enhances network security with zero-trust protocols and centralised management. Together, these innovations provide a resilient, cloud-optimised, and security-first foundation that powers CDB's digital transformation and delivery of secure, high-speed financial services.

IT workforce development

Key initiatives in our IT workforce development strategy focuses on continuous learning, upskilling, and knowledge-sharing across critical areas like cybersecurity, cloud architecture, AI, and DevOps. We provide structured training, industry-recognised certifications, and encourage participation in external forums to keep our teams up-to-date with the latest technological advancements. Additionally, we foster a culture of innovation and agility, ensuring our workforce is not only equipped to meet current demands but also adaptable to future challenges in a rapidly evolving digital landscape.



FUTURE OUTLOOK

Short term

- Expand features on CDB SELF and improve Patpat.lk and the corporate website to boost customer engagement and self-service.
- Automate more operational workflows, including onboarding, credit assessments, and document processing, to improve efficiency.
- Upgrade to zero-trust security with Harmony SASE and perform regular vulnerability assessments to safeguard digital assets.
- Improve AI-driven credit decisioning models for faster, fairer, and more accurate lending.
- Reduce physical documentation and invest in staff training in AI, cloud, ERP, and cybersecurity for a future-ready workforce

Medium to long term

- Achieve complete digitalization with AI-integrated processes to enhance speed, accuracy, and efficiency across all functions.
- Strengthen CDB's position as a technology-first financial institution through continuous innovation and digital excellence.
- Expand reach to underserved communities via platforms like CDB SELF and Patpat.lk, while fostering strategic fintech collaborations.
- Build resilient, future-ready systems through full cloud adoption, advanced cybersecurity, and modular IT frameworks.
- Integrate eco-friendly technologies, reduce digital footprint, and align with global standards to drive ethical growth.

SOCIAL AND RELATIONSHIP CAPITAL

As a financial services provider, our aspiration is to benefit society by creating long-term, shared, and sustainable value. This commitment is driven by our purpose-led strategy: advancing lives through sustainable financial services. Central to this approach is the continuous strengthening of relationships with all our stakeholders. Guided by our core values-perseverance, empathy, reliable, and innovation-we prioritise honest, fair, and transparent interactions with our key stakeholders, including customers, business partners, and the wider community. We are committed to being a responsible corporate citizen, and a trusted steward for future generations.

MATERIAL TOPICS

M5 - CYBERSECURITY, DATA INTEGRITY, AND PRIVACY

M11 - CUSTOMER CONVENIENCE

M6 - CORPORATE BRAND REPUTATION AND MARKET PRESENCE

M12 - COMMUNITY DEVELOPMENT AND SOCIAL INVESTMENTS

COMMITMENT TO SDGS



CDB contributes to poverty alleviation through inclusive finance models, rural lending, and the provision of financial services to underserved communities. Programs like the Sisudiri Scholarship and targeted SME support uplift low-income individuals and communities, fostering economic empowerment and resilience.



CDB champions well-being through initiatives like "Act Early for Autism" and the establishment of Pragathi Intervention Centres, which improve early childhood healthcare access in underserved regions. Internal mechanisms also ensure the safety, privacy, and responsible treatment of customers, enhancing holistic well-being.



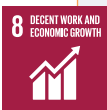
Through the Sisudiri Scholarship Program and Smart Computer Lab initiative, CDB enhances educational access and digital literacy for underprivileged students. These programs help bridge learning gaps, support academic excellence, and promote long-term educational equity across Sri Lanka.



CDB actively advances gender equality through the Wings Ecosystem, which provides women with access to financial services, credit, mentoring, and capacity-building programs. These efforts empower women entrepreneurs, enhance financial literacy, and promote women's leadership in economic development.

SOCIAL AND RELATIONSHIP CAPITAL

[GRI 3-3]



CDB drives inclusive economic growth by enhancing financial access through tailored SME lending, women-focused initiatives like the Wings Ecosystem, and digital onboarding. Strategic partnerships and capacity-building efforts empower entrepreneurs, promote job creation, and support sustainable livelihoods across Sri Lanka.



CDB fosters innovation through digital transformation introducing AI-driven credit decisions, the CDB Self app with e-wallet services, and smart onboarding technologies. These advancements enable scalable financial infrastructure, improve customer experience, and enhance operational efficiency while expanding digital access in remote and rural areas.



Customer trust is upheld through CDB's strict adherence to regulatory guidelines, a Board-approved Customer Charter, and robust data privacy frameworks. Transparent communication in all three national languages, inclusive service delivery, and grievance redress mechanisms ensure fairness, ethical conduct, and institutional integrity.

MANAGEMENT OF MATERIAL TOPICS

M5 CYBERSECURITY, DATA INTEGRITY, AND PRIVACY

CDB manages cybersecurity and data privacy through a robust Data Protection and Privacy Framework aligned with Sri Lanka's PDPA. The company enforces strict internal controls, regular audits, third-party risk assessments, and incident response systems to ensure data integrity. A dedicated Data Protection Committee overseeing compliance, employee training, and the effectiveness of controls. Customer privacy policies include a Master Privacy Policy and Data Subject Rights Policy. Demonstrating the strength of these measures, CDB reported no data breaches during the year. The company also engages regularly with regulators and privacy advocates to align with global best practices and maintain customer trust.

M11 CUSTOMER CONVENIENCE

CDB prioritises customer convenience by driving a technology-first approach across its service delivery. The CDB Self app, E-KYC onboarding, AI-based credit approvals, and digital tools like iControl offer users seamless, secure, and accessible financial experiences. Multichannel service options—branch network, digital channels, doorstep services, contact centers, and social media platforms ensure customer needs are met anytime, anywhere. Real-time service access, multilingual support, and inclusive digital interfaces particularly benefit underserved and rural communities. Customer feedback mechanisms and business intelligence tools guide continuous service improvements, making convenience a cornerstone of CDB's value proposition and customer loyalty strategy.

M6 CORPORATE BRAND REPUTATION AND MARKET PRESENCE

CDB's brand strategy is built on trust, innovation, and customer-centricity, guided by the purpose of "empowering aspirations." The company maintains a strong market presence through integrated marketing campaigns, digital outreach, and inclusive financial solutions. Initiatives such as CDB Wings and the SELF app reinforce its image as a progressive, inclusive, and sustainable financial institution. CDB's transparent communication, regulatory compliance, and community impact further strengthen its brand credibility. Strategic product promotions across multiple platforms enhance customer engagement, while consistent high customer satisfaction scores underscore the effectiveness of CDB's brand promise and market leadership in the financial services industry.

M12 COMMUNITY DEVELOPMENT AND SOCIAL INVESTMENTS

CDB demonstrates its commitment to social impact through targeted community investments in health, education, and entrepreneurship. The "Act Early for Autism" initiative and Pragathi Centres support child well-being and early intervention in underserved areas. The Sisudiri Scholarship and Smart Computer Lab programs promote equitable access to education and digital literacy. CDB Wings empowers women through financial literacy and entrepreneurial training, while the SMB Friday platform boosts small business visibility. These initiatives are guided by CDB's Sustainability Agenda and developed through stakeholder engagement and participatory processes, ensuring that community needs are met and long-term social value is delivered.

KEY HIGHLIGHTS

CUSTOMERS

- Customer Satisfaction : CSAT score of **97.76%** & CSI rating of **4.86%** (out of 5)
- Digital Experience Enhancements: CDB Self App, Video KYC, AI-based credit decisions, Risk-Based Pricing
- WINGS Ecosystem to empower women entrepreneurs

STRATEGIC PARTNERSHIPS

- ADB-Backed Credit Guarantee Scheme : First financial institution in Sri Lanka to disburse a loan under this scheme
- New Foreign Funding: Symbiotic **USD 5 Mn**

LOCAL COMMUNITY

- Launched Seasons 16 & 17 of Sisudiri Scholarship Program
- Opened **8** Smart Computer Labs (22 in total)
- Cultural Partnership: Chitrasena Vajira Dance Foundation
- SMB Fair

At CDB, effectively managing our social and relationship capital is essential to maintaining public trust and upholding our social credibility. We engage consistently and transparently with key stakeholders which discussed in detail in pages 28-31. In this section, we have outlined how we manage relationships with customers, business partners, and communities based on their influence on our operations and their role in long-term value creation.

CUSTOMERS

Centre of Everything We Do

For three decades, our journey to becoming one of Sri Lanka's most trusted financial institutions has been driven by a pioneering spirit and an unwavering focus on customer service. This enduring commitment is anchored in our purpose of empowering aspirations, and is deeply rooted in our four core values: empathy, innovation, perseverance, and reliability. These values continue to guide us in delivering exceptional service, fostering trust, and setting new benchmarks for customer experience in the financial services sector.

Customers remain at the heart of our business strategy-guiding every innovation, investment, and interaction. In an increasingly dynamic financial environment, we continue to uphold a customer-centric approach that prioritises deep understanding, meaningful engagement, and tailored solutions. Our ultimate goal is to instill financial confidence and support long-term growth by creating value at every stage of the customer journey. Over the past years, we significantly advanced this customer agenda by integrating cutting-edge technologies and data-driven innovation into our platforms.

A vital enabler of this strategy is our Customer Relationship Management (CRM) division, which serves as the dedicated custodian of our customers. This division plays a pivotal role in defining and elevating service standards across all touchpoints. Acting as the communication bridge between customers and the broader organisational strategy, the CRM team is instrumental in building lasting relationships grounded in trust, responsiveness, and consistent value delivery.

Our customer-centric philosophy goes beyond delivering quality service-it is also about collaborating with customers to shape the future of our products and services. Through co-creation forums, continuous feedback mechanisms, and human-centered design, we actively involve customers in our innovation process. This inclusive approach ensures our offerings address real needs, solve tangible challenges, and foster deep, long-term loyalty.

Maintaining integrity and ethical conduct remains fundamental to how we operate. Guided by a Board-approved Customer Charter, we are firmly committed to protecting the rights of our customers. All communications and marketing activities strictly adhere to the

guidelines issued by the Central Bank of Sri Lanka, ensuring fairness, transparency, and accountability. To support inclusivity, we communicate in all three national languages—Sinhala, Tamil, and English—where applicable. Reinforcing our commitment to compliance and customer well-being, we are proud to report no incidents of non-compliance relating to the health and safety impacts of our products and services during the year.

Customer onboarding

Our customer onboarding strategy is powered by a technology-first, product-led approach aimed at broadening access and deepening financial inclusion.

Key initiatives such as Video KYC enable customers to open accounts remotely and securely, breaking down traditional barriers and extending financial access to underserved communities. Complementing this are a suite of digital-first products, including entry-level savings accounts, credit cards, and the CDB Self all designed to provide convenience, accessibility, and empowerment to a new generation of users.

Our product portfolio

Our diverse product portfolio is designed to deliver meaningful financial solutions that foster inclusivity, empowerment, and sustainable living. We offer a wide array of customisable products tailored to meet the unique financial needs of our customers across different life stages. The Wings ecosystem is a key initiative that promotes women's empowerment and enhances access to finance, supporting greater financial independence. Additionally, sustainability-focused offerings such as CDB Roof Solar, e-Shift, EV Finance, Agri & Fishery Loans and the Green Home Loans contribute to eco-friendly living by encouraging the adoption of green technology and energy-efficient practices. Through these solutions, CDB continues to support a more inclusive and sustainable future for all.

Our Conventional and check-in Product Portfolio

Check-in Products



CDB Credit Cards



CDB Debit Cards



Core Products

Leasing and Loans



Core Products

Term Deposits

Omni Channels



Other Products and Services



CDB Self

The CDB Self app is a next-generation digital platform that seamlessly integrates e-wallet capabilities with comprehensive, full-service digital financial solutions, offering users a convenient and secure financial experience. The app empowers users to perform a wide range of financial tasks from fund transfers, bill payments, and gold loan top ups to cashless transactions at partnered merchants and QR code payments all in one place. With its intuitive interface and robust features like CDB iTransfer, CDB iDeposit for digital fixed deposits and biometric authentication for secure access, the app combines convenience, control, and peace of mind. The e-wallet component enhances financial inclusion and day-to-day ease by allowing customers to load, store, and spend money digitally, making the CDB Self app a vital tool in Sri Lanka's rapidly evolving fintech landscape.

Wings ecosystem

The CDB Wings Ecosystem is our dedicated initiative to empower women economically and socially by providing accessible, tailored financial services and support. At its core, Wings is a holistic platform that nurtures women's entrepreneurship, helping women overcome barriers to financial inclusion and unlock new opportunities for growth and independence.

Through a combination of digital innovation, customised financial products, and strategic community partnerships, the Wings Ecosystem delivers a seamless and supportive experience. This includes women-focused credit facilities, savings accounts, business loans, and digital tools accessible via the CDB Self app.

By leveraging technologies such as Video KYC for easy onboarding and providing targeted financial education and mentoring, Wings empowers women to confidently start, manage, and scale their businesses. Partnerships with women's groups, and social enterprises further strengthen the ecosystem, fostering a vibrant network that promotes entrepreneurship, financial literacy, and leadership among women.

As we expand the CDB Wings Ecosystem, our commitment is unwavering: to support women entrepreneurs in building sustainable businesses, drive inclusive economic growth, and create lasting social impact—enabling women to shape their own financial futures and contribute meaningfully to their communities.

Customer convenience

CDB continued to prioritise customer convenience as a key growth strategy during the year, advancing its digital transformation and expanding access to digital services. In strengthening its customer-centric approach, CDB remains firmly committed to inclusivity and accessibility by developing digital solutions that address the diverse needs of all customer segments, including those in rural and underserved communities. Our multifaceted customer touchpoints ensure that individuals can access financial solutions at their own convenience. Furthermore, CDB curates personalised products and services designed to deliver meaningful and accessible experiences throughout every stage of the customer lifecycle.

Branch network

CDB has a online connected network of 71 branches scattered across the entire country ensuring easy access for customers to CDB products and services. We also have dedicated sales force trained and digitally equipped to provide solutions spreading island-wide.

Relationship managers

Specially trained staff to build and maintain relationships with clients.

Mobile app

SELF – A digital platform combined e wallet and range of digital financial solutions which helps users to view, track, and manage funds, to manage their digital lifestyles with just a few taps.

Doorstep service

CDB delivers its services to the customer's doorstep.

CDB iControl self-care app

The CDB iControl self-care app is a custom-designed platform that gives clients complete control over their CDB credit card spends, allowing them to easily track their spending and manage their finances at their fingertips. Key features of this product includes, setting sub-limits on spend categories for better financial management, instantly blocking a lost or stolen card, viewing detailed transaction history, checking the outstanding balance and resetting their MPIN for added security.

Strategic partnerships

Strategic Partnerships with ATMs, CDM, CRMs service providers island wide

Contact centre

The Contact Centre serves as a central hub for personalised customer support, addressing account-related inquiries, providing product information, assisting with transactions, and resolving concerns efficiently.

Callback service

All dropped calls are followed up by the Contact Centre through the Callback service to ensure that customer requests or queries are properly addressed.

Priority hotline for premier customers

CDB has a dedicated hotline (011 767 8200) for premier elite and premier customers.



SOCIAL AND RELATIONSHIP CAPITAL

Service management unit

The Service management unit is a centralised section that handles all customer complaints and inquiries, which it directs through multiple channels. The Unit is tasked with redirecting complaints and inquiries to the appropriate department or branch, and ensuring their resolution within the stipulated Service-Level Agreements (SLAs).

Social media platforms

Social media platforms are now a significant channel of customer engagement and communication, enabling the Company to receive customer feedback and facilitating direct communications with customers as well as potential customers, which provides increasing opportunities for new product development and product customisation.



170,000+

visitors to CDB website



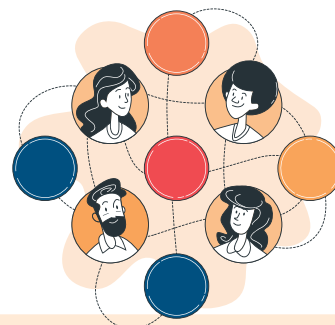
118,000+

followers on CDB Facebook page



11,000+

followers on CDB LinkedIn page



Total Offered Calls	242,500
Total Answered Calls	233,466
Answered Within Threshold	204,521
Total Abandon Calls	8,338
Average Waiting Time in Queue	17 seconds
Average Handling Time	3 minutes & 8 seconds
SLA (KPI - 85%)	85%
Abandon (KPI - 5%)	3.44%
Answered	96.27%

Feedback management

We value feedback from our stakeholders as a vital source of insight, helping us continuously enhance our service standards, address unmet needs, and exceed customer expectations. The Customer Relationship Management (CRM) Division takes full ownership of managing and responding to feedback received through multiple channels, including the Contact centre, in-branch interactions, emails, social media, the Central Bank of Sri Lanka (CBSL), feedback QR codes, and the Customer Feedback Registry.

All feedbacks are systematically reviewed and evaluated during regular meetings of the Customer Feedback Review Committee. Matters identified as high-impact are escalated to the Customer Steering Committee for further deliberation and strategic action. This structured approach ensures that customer voices directly influence decision-making and service improvements, reinforcing our commitment to responsiveness and customer-centricity.

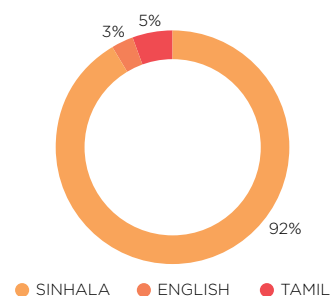
Contact centre

As one of CDB's primary customer touchpoints, the Contact centre plays a pivotal role in delivering seamless and responsive service experiences. Operating 24/7 with trilingual support in Sinhala, Tamil, and English, the Contact centre ensures inclusive and accessible communication, effectively catering to the diverse linguistic needs of our customers.

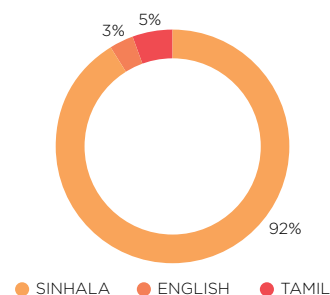
Customers can connect with our team via dedicated hotlines to receive professional, prompt, and personalised assistance across a wide range of services. The Contact centre consistently achieves key customer-oriented KPIs, underscoring its commitment to service excellence and customer satisfaction.

Beyond day-to-day support, the Contact centre serves as a strategic pillar in CDB's operational excellence and risk management frameworks. It facilitates purpose-driven, timely communication with customers whether to address urgent concerns, share critical updates, or engage in proactive service outreach reinforcing our customer-centric ethos and responsible banking practices.

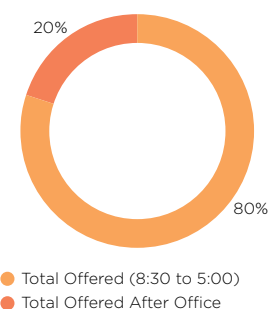
Total Answered Calls



Total Offered Calls



Calls answered during non office hrs



Customer data analysis

CDB leverages customer data analysis, led by our dedicated Business Intelligence (BI) unit, as a key enabler of strategic decision making and enhanced customer experiences. By analysing behavioral, transactional, and demographic data, the BI unit uncovers deep insights into customer preferences and evolving needs. This enables CDB to segment its customer base effectively by factors such as income level, geography, product usage, and lifecycle stage to deliver more relevant, personalised financial solutions. These insights also inform proactive engagement strategies, targeted marketing, and optimised product offerings. By maintaining rigorous standards of data privacy and security, CDB ensures that all customer data is managed responsibly and ethically, reinforcing trust while fostering a more responsive and inclusive business model.

Segmentation

Based on the data analysis, customers are categorised into five distinct segments: CDB Premier Elite, CDB Premier, CDB Platinum, CDB Gold, and CDB Silver, enabling more targeted customer identification and management.

Within these segments, CRM further analyses and classifies the more active customer base by grading them according to Customer Lifetime Value (CLV), from Grade A to E, to identify customers with strong growth potential. This segmentation approach supports the effective planning and execution of targeted loyalty and engagement programs as needed.

Targeting

By understanding our customer segments, we focus on customising our marketing strategies, products, and services to better meet the

specific needs and preferences of each customer group, ultimately leading to improved customer satisfaction and loyalty.

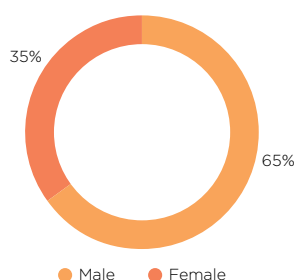
Customer base

During the current financial year, CDB's customer base recorded a steady growth of 5.24%, reflecting continued trust in our brand and service offerings. This growth was driven by an increase in both deposit and credit relationships across our diverse customer segments. We also maintained a healthy deposit holder retention rate of 76.78% year-on-year.

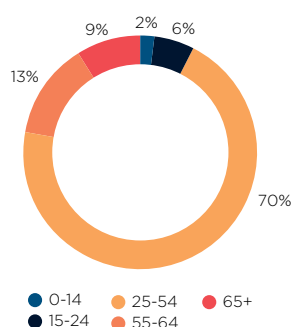
Customer profile by gender

The gender representation of CDB's customer base in 2024/25 comprised 35% women and 65% men, compared to 34% and 66% in the previous financial year.

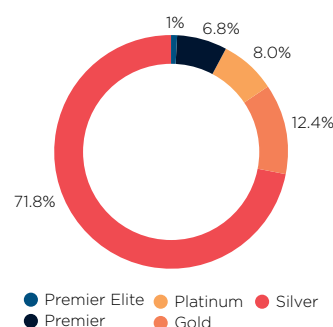
Customer profile by gender



Customers by Age

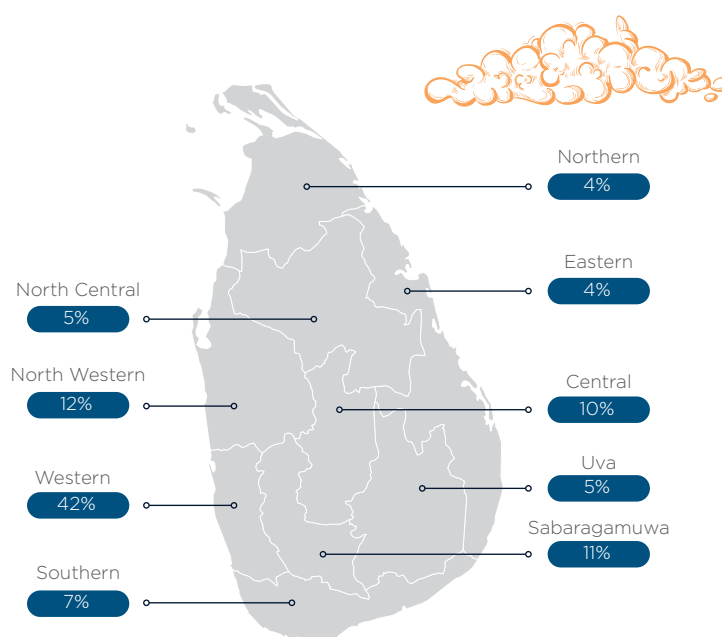
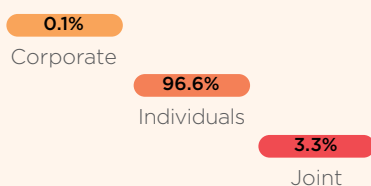


Customer Segments



Geographic dispersion

Through our network of branches as well as online and mobile platforms, we have ensured island wide accessibility of our services to communities and economic segments. Our clients are classified broadly as corporate, individual and joint clients and the dispersion of our customer base is illustrated below.



SOCIAL AND RELATIONSHIP CAPITAL

Digitization

CDB's primary strategy to enhance customer convenience is digitization. These activities are explained under the Technology Capital chapter, as digitization and technology incorporation is a primary corporate growth strategy of the Company.

Digitally enhanced customer experience

CDB Self - plays a pivotal role in transforming the customer experience within the digital landscape. By promoting customer autonomy and enabling self-service, the platform redefines traditional financial services boundaries and delivers a modern, user-centric alternative to conventional financial services.

E-KYC

Provides customers greater convenience while minimising the use of paper. Customers can digitally open accounts remotely without any physical interaction.

Video-based customer assistance

Customers who are unable to visit a branch in person or require support with technical issues can conveniently connect with CDB customer care officers via our video call solution to receive prompt and personalised assistance.

Missed call service

Customers can receive information on lending facilities, or obtain credit card billing details via SMS alerts, without requiring assistance from a branch, or the contact center.

Toll free call

Customers can simply give a missed call to 0117 121 111, and a CDB representative will promptly return the call to address any queries or concerns.

Affinity

Provides a 360 view of the customer lifecycle, allowing relationship managers to have a centralised view of the client's journey and use this data/tool for client engagement and retention strategies.

Payment channel

Partnerships with major banks in the country to facilitate customer seamless payments through their

branches and CRMs. Collaboration with the largest retail supermarket network to provide customers with the ease of fulfilling their commitments. E form account opening which eliminates manual paper work and physical engagement

CDB social listening

Regardless of the location, any CDB customer, or prospective customer, can get assistance, information, give feedback, make a complaint, etc. 24/7 via social media platforms.

Implementation of AI-Based Credit Decision System

- Enables speedy and accurate credit decisions through automation
- Credit decision turnaround time was reduced from 3 hours to machine-speed, enabled by automated processing
- Improves operational efficiency and enhances customer satisfaction

Pre-approved Loans through Automated Annual Credit Review

As part of CDB's continued efforts to enhance customer experience and streamline lending processes, an automated annual credit review mechanism was implemented during the year. This initiative enabled the proactive identification of eligible customers for pre-approved loan facilities based on system-driven evaluations.

Since its implementation, a conversion rate of approximately 16.82% reflected from the offers to disbursements, reflecting a positive uptake and conversion rate. This data-driven approach has significantly improved operational efficiency, accelerated credit decisions, and strengthened customer engagement through timely and tailored financial solutions.

Risk based pricing

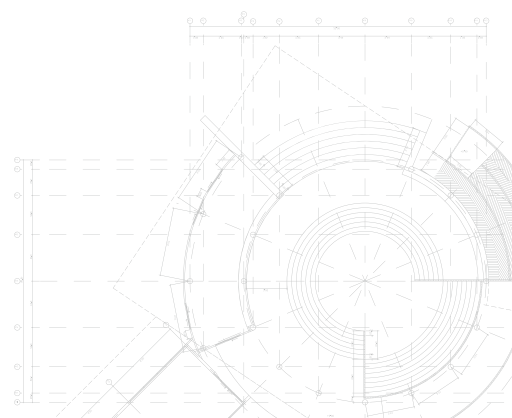
Leveraging AI-powered credit decision-making, CDB successfully implemented a risk-based pricing framework during the year promoting equitable pricing by integrating advanced data analytics and machine learning models. This enabled the company to tailor pricing strategies according to individual risk levels, thereby improving portfolio quality and market competitiveness, while also offering clients instant facility confirmations.

Customer Satisfaction

Our unwavering commitment to excellence in customer service is demonstrated through consistently outstanding customer satisfaction metrics. By strategically focusing on a passionate service team, data-driven insights, and the seamless integration of innovative technological solutions, we continuously elevate the customer experience. Our pursuit of best-in-class Net Promoter Scores (NPS) and Customer satisfaction score (CSAT) reinforces our ambition to set new industry benchmarks and firmly establish our position as a leader in service excellence within the financial services sector.

97.7%
CSAT Score

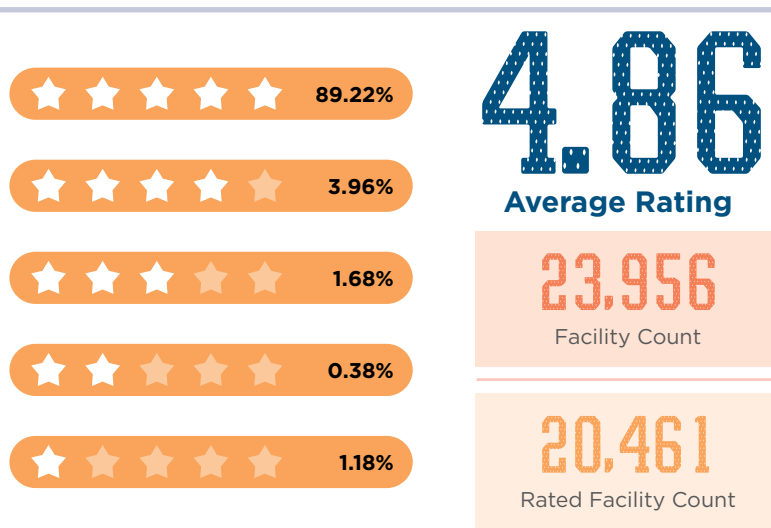
58.5%
Net Promoter Scores



CSI Rating

The Customer Satisfaction Index (CSI) is derived from telephone surveys conducted with customers who were granted lending facilities. The survey measures satisfaction with the service provided by individual marketing officers, using a 5-star rating scale.

During the financial year 2024/25, a total of 23,956 active facilities were granted. 20,461 customers responded to the survey, reflecting a high response rate of 85%. Customer feedback indicates exceptionally high satisfaction levels. Notably, 19,774 out of 20,461 respondents rated the service as Highly Satisfied, resulting in a satisfaction rate of 97%. This demonstrates that nearly 9 out of 10 customers were extremely satisfied with the service received an encouraging indicator of service quality, customer confidence, and service excellence.



CDB SME Lending - Empowering Entrepreneurs, Enabling Growth

At Citizens Development Business Finance PLC (CDB), empowering Small and Medium Enterprises (SMEs) is not just a business objective, it is a key driver of our commitment to building a more inclusive, resilient, and future-ready economy. During the financial year 2024/25, CDB significantly strengthened its SME portfolio through enhanced access to credit, targeted support across vital economic sectors, and strategic partnerships that address longstanding barriers to growth.

CDB's SME lending strategy focuses on bridging the credit gap across a wide spectrum of industries including agriculture, manufacturing, trade, services, tourism, healthcare, education, ICT, and renewable energy. To support the broader SME agenda, CDB has formed a dedicated team of industry-specialised graduates to craft customised financial solutions that cater to the unique challenges and opportunities in each sector.

In a landmark initiative, CDB became the first financial institution in Sri Lanka to disburse a loan under the National Credit Guarantee Institution (NCGI) Guarantee Scheme, which is a Public-Private Partnership between the Government of Sri Lanka and 13 leading financial institutions including CDB and the Asian Development Bank. The scheme provides partial credit guarantees, enabling financing to high-potential but underserved SMEs, particularly those from rural areas or those led by youth and women. Over the next three years, we aim to expand disbursements under this scheme, prioritizing key development sectors such as agriculture, ICT, fisheries, healthcare, education, and renewable energy.

In the past financial year, we strengthened our capacity-building initiatives, equipping entrepreneurs with the tools to grow through financial literacy programs, business advisory services, and personalised mentoring. These efforts have helped our SME clients enhance their financial acumen, navigate challenges, and build more resilient enterprises.

In parallel, CDB SMB Friday served as a vibrant platform to elevate the presence of small and medium businesses by showcasing success stories and promoting local entrepreneurs.



SOCIAL AND RELATIONSHIP CAPITAL

Our Brand

CDB is elevating our brand by clearly defining and living our brand intent: empowering smarter, sustainable Sri Lanka. This purpose guides everything we do, ensuring that our initiatives create a lasting positive impact on individuals and communities across the country.

Our approach canters on customer centricity, placing the needs and aspirations of our customers at the heart of our strategy. We embrace a digital first mindset, maintain a strong and engaging presence across all major social media platforms to connect authentically with our audience in the digital realm.

Complementing our digital efforts, we strengthen our physical presence through carefully chosen strategic partnerships and by integrating other communication mediums. This enables us to extend the CDB brand into communities and markets across Sri Lanka with maximum visibility and relevance. By integrating our marketing communications, we deliver consistent and compelling brand experience.

Guided by our brand intent, "Empowering a smarter and sustainable Sri Lanka," we strive

to create long-term value through inclusive financial solutions, impactful community initiatives, and forward-thinking practices that contribute to a more equitable and environmentally conscious future.

Marketing campaigns 2024/25

As the economy gained momentum and demand for credit improved during 2024/25, we capitalised on market opportunities and expanded market share through a number of targeted marketing campaigns. We also continued to promote our deposits, gold loans, home loans, and leasing facilities in all platforms aligning with the business requirements.

Smart Draft marketing campaign

We conducted a 360-degree campaign to raise consumer awareness about this product, utilising all communication platforms including above the line (ATL) (frequency driven on press, TV & radio), digital and below the line (BTL) channels. The campaign's key messaging was "CDB smart draft to keep life smart at every turn." Smart draft was marketed as a smart solution for immediate financial needs of customers through a hassle free service, with the convenience of paying only the interest



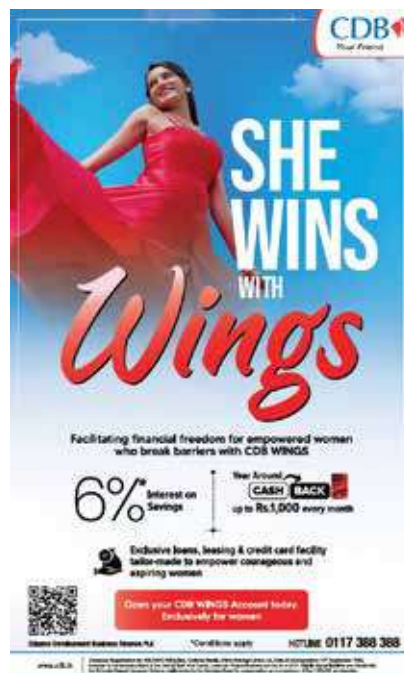
Gold Loan Top-Up

This is a 360-degree campaign utilising ATL, Digital and BTL channels to raise awareness on the use of CDB's SELF app, to self-increase gold loan amounts. Campaign was designed to attract attention with a touch of humour. The key messaging was "inna thanaka indan lesiyan pahasuwen ran nayak" (Easy, convenient gold loans where ever you are) The campaign educated customers on how to easily top-up their gold loans through the CDB SELF App, wherever they are located, to get instant cash into their savings accounts that can be withdrawn from the nearest ATM at any time. This service provides customers unmatched flexibility and convenience. Customers can also repay their loans and know about their loan facility using CDB SELF.



CDB Wings – a new women's empowerment product

We Launched the Wings eco system which is a new product, offering exclusive financial solutions for women, as a 360 major campaign, communicating the message "She wins with Wings." Creating awareness on TV, print, radio and digital channels. The campaign focus was to build awareness about the CDB Wings ecosystem as a financial enabler for women through growth and financial freedom. Aligning with CDB's corporate strategy under its sustainability agenda, CDB Wings actively promotes women's empowerment through financial inclusivity and entrepreneurial support. The ecosystem enhances financial literacy and provides opportunities for women to harness their untapped potential, ultimately contributing to a stronger, more resilient economy.



There were no negative impacts on environment, economy or people due to CDB's branding activities during the year or due to our business relationships during the year. Positive impacts were growth in customer base and market share and customer satisfaction levels.

Customer Privacy

Policies and commitments on customer privacy

- Master Privacy Policy
- Data subject rights policy

CDB manage any potential impacts that may arise from customer privacy related aspects through the implementation of a Data Protection and Privacy Framework which is based on PDPA, as well as third party risk assessments, incident response systems and remediation. The effectiveness of actions taken are tracked through the Data Protection Office Committee, which was established to take critical decisions regarding customer privacy, customer data, employee privacy and data

and etc. This Committee is also used to evaluate the effectiveness of the existing controls in place for data protection and privacy. In addition, we conduct regular audits and assessments and privacy impact assessments and have also put in place customer feedback and complaint mechanisms. We also conduct regular employee training to raise employee awareness regarding customer privacy and data protection.

Demonstrating the effectiveness of our actions to manage customer privacy, to date we have not experienced any data privacy violations. While we conduct regular third party assessments, no serious threats have been identified.

Stakeholder engagement in protecting customer privacy

We maintain ongoing engagements with regulatory bodies, industry associations, and privacy advocacy groups. Their guidance helps ensure that our policies are not only compliant with laws but also adhere to best practices. We also regularly engage with internal stakeholders, such as IT, legal, compliance, and risk management teams, to ensure a holistic approach to customer privacy. Their input informs the prioritisation of actions, and internal audits assess the effectiveness of these actions in reducing risks and maintaining customer trust.

Substantiated complaints concerning breaches of customer privacy and losses of customer data

During the year under review there were no substantiated complaints of leaks, thefts, or losses of customer data.

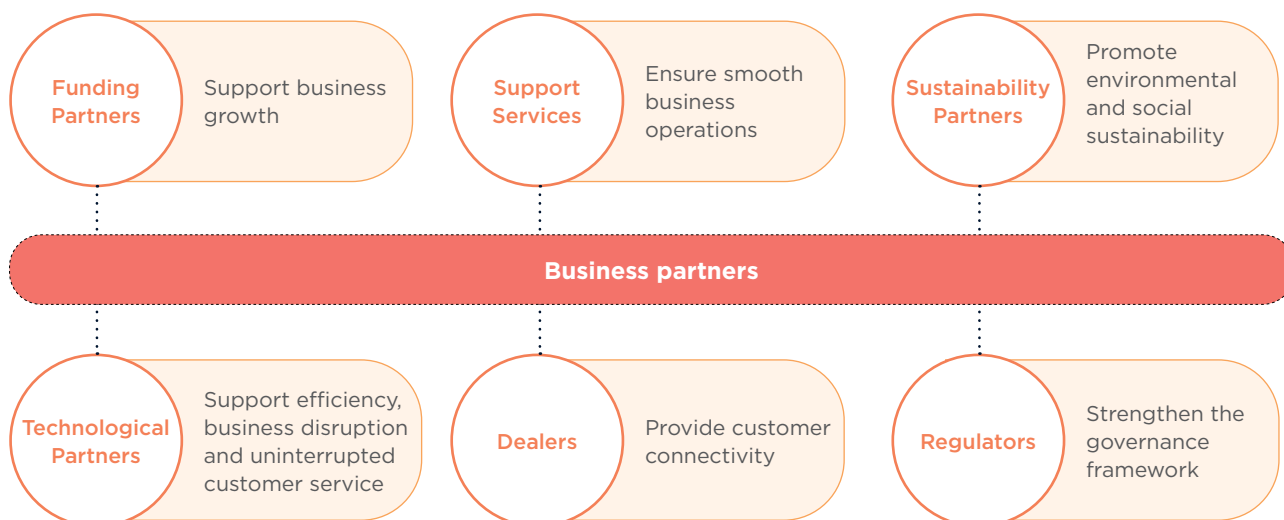
STRATEGIC PARTNERSHIPS

Catalysts for Growth and Innovation

At CDB, we view strong partnerships as a strategic advantage and a vital component of our long-term success. We believe that by fostering collaborative relationships, we can grow stronger together enhancing our ability to stay close to our customers, optimise capital allocation, and scale our operations more efficiently.

Our partnership philosophy is rooted in the power of co-creation. By working hand-in-hand with our business partners, we unlock new possibilities for innovation, expand access to financial services, and deliver more meaningful, value-driven solutions to our customers. These alliances enable us to extend our reach, diversify our capabilities, and accelerate our response to evolving market needs.

As we look to the future, we remain committed to cultivating mutually beneficial relationships that drive customer-centric innovation, operational excellence, and sustainable impact ensuring we continue to deliver value not just as a financial institution, but as a trusted ecosystem partner.



SOCIAL AND RELATIONSHIP CAPITAL

Funding partners

CDB's funding partners play a vital role in enabling the company to expand its business, grow its balance sheet, and meet obligations to all stakeholders. Over the years, CDB has cultivated strong, enduring relationships with both local and foreign funding partners by consistently honoring its commitments and fulfilling obligations on time.

We maintain a well-balanced funding mix between customer deposits and corporate funding. Corporate funding, in particular, plays a crucial role in ensuring a steady flow of capital to support ongoing business growth. It also contributes significantly to managing the maturity mismatch between assets and liabilities, thereby enhancing financial stability and operational resilience.

Local funding partners

These funding partners include banks and intermediary fund arrangers who provide essential capital to support CDB's business operations. Over 70% of the Company's total borrowings are sourced through local banks, reflecting the strength of these partnerships.

Foreign funding partners

Stringent compliance, a strong commitment to transparency, timely fulfilment of debt obligations, and adherence to ethical business practices have enabled CDB to earn the trust and confidence of its foreign funding partners. These efforts are a direct linked to CDB's socially conscious pillar—a core component of the Company's corporate strategy—which prioritises inclusive, sustainable development. By directing purpose-driven funding towards underserved communities, CDB actively supports equitable economic growth, with a particular focus on empowering women, advancing micro, small and medium enterprises (MSMEs), promoting sustainable agriculture, and expanding access to financial services. The Company has responsibly channelled funds in line with partner mandates. The long-standing relationships we have built

and the progress we have achieved underscore our commitment to a business model that not only delivers financial value but also creates meaningful social impact.

Funding partner	Amount	Status
BIO	USD 16 Mn	Fully settled
FMO	USD 25 Mn	Fully settled
BlueOrchard	USD 25 Mn	Fully settled
Triodos Fair Share Fund	EURO 5 Mn	Active
US DFC	USD 30 Mn	Active
Symbiotics	USD 5 Mn	Active



Credit guarantee scheme with ADB

In the financial year 2023/24 CDB qualified for the ADB's Credit guarantee program which helps financial institutions manage their credit risks by providing guarantees against loan non-repayments. The program also encourages access to finance and enhanced resource mobilization. CDB disbursed the very first loan in Sri Lanka under the National Credit Guarantee Institution (NCGI) Guarantee scheme. The loan, which was granted to farmer from Welimada will support the upgrade of his farming operations to smart agricultural practices. He who has 10 years of farming experience will construct a polytunnel with an inbuilt irrigation system to cultivate short-term crops with higher yields, adding to the country's food security and instilling protection against the challenges of climate change.

Technology partners

Technology plays a pivotal role in CDB's corporate strategy, underpinning our efforts to deliver enhanced value to customers, stakeholders, and the broader community. We deeply value the mutually beneficial relationships we have built with our technology partners, who work alongside us to deliver superior service and innovative solutions. Through collaboration and co-creation, we continue to set new industry benchmarks and standards, elevating the overall value of our business.

Our technology partners are strategic allies in driving business continuity and growth. They play a critical role in enhancing operational efficiency, strengthening risk management practices, and enabling the delivery of more streamlined and customer-centric products and services. These partnerships have also been instrumental in advancing CDB's disruptive innovation agenda, while ensuring the implementation of robust governance frameworks and cybersecurity protocols.

Furthermore, CDB collaborates with technology companies to design and deploy forward-looking solutions that address pressing environmental challenges. These initiatives support our commitment to environmental sustainability and accelerate progress towards achieving our long-term ESG goals. Technology, therefore, is not only a catalyst for operational excellence but also a powerful enabler of our broader purpose-driven strategy.

Infrastructure



Network and data



Information security



Assurance and advisor

Business



Regulators

At CDB, we view regulators as essential partners in our mission to create long-term value for society while operating with responsibility, integrity, and sustainability. We are fully committed to complying with all applicable laws, regulations, and industry standards, and we place the highest importance on ethical conduct, transparency, and accountability across all aspects of our operations.

Our strong compliance culture is supported by robust internal controls, regular audits, and well-established governance frameworks, ensuring that our activities consistently align with the highest standards of integrity. This commitment safeguards the interests of our stakeholders and reinforces public trust in our institution.

We maintain open and constructive dialogue with regulatory authorities, actively seeking their insights on

emerging trends, legislative changes, and evolving best practices. By participating in industry forums, advisory committees, and regulatory consultations, we contribute our knowledge and experience to help shape policies that balance regulatory objectives with practical business considerations.

CDB is dedicated to providing regulators with timely, accurate, and comprehensive information about our operations, including financial performance, risk management practices, environmental impact assessments, and product safety data. We uphold a policy of full and fair disclosure to enable informed regulatory oversight. Furthermore, we take full accountability for our actions and are proactive in addressing any compliance issues or regulatory concerns, reaffirming our commitment to responsible corporate citizenship and regulatory excellence.

Sustainability partners

Sustainability is a key pillar of CDB's corporate strategy, guiding our long-term vision and shaping the way we operate and grow. We actively partner with like-minded institutions to pursue shared goals that align with our strategic objectives—focusing on environmental stewardship, social equity, and economic prosperity. These collaborations are integral to advancing a more sustainable and inclusive future.

We engage with sustainability-focused organisations, stakeholders, and industry leaders to co-create impactful solutions. Our partnerships include working with energy providers and relevant enterprises to promote the adoption of renewable energy, scale up its supply and demand, and establish district energy systems. We also work closely with suppliers to procure clean energy, increase the share of renewables in our energy mix, and support innovative, sustainability-driven business models.

In 2020, CDB joined the United Nations Global Compact, reinforcing our commitment to uphold its 10 universally recognised principles covering human rights, labor, environment, and anti-corruption. To embed these principles into every aspect of our operations, we are currently developing comprehensive guidelines, policies, and action plans that ensure their effective integration across the organisation. Through these efforts, CDB reaffirms its role as a responsible corporate citizen and a catalyst for sustainable development.



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இலங்கை கொடுகடன் தகவல் பணியகம்
CREDIT INFORMATION BUREAU OF SRI LANKA

SOCIAL AND RELATIONSHIP CAPITAL

[GRI 2-28, 2-6]

Sustainability partners

Project	Partner	Project	Partner	Project	Partner
Chitrasena Vajira Dance Foundation Partnership		Act Early for Autism Project		Sisudiri Scholarship Programme	
Climate Transition Plan		Environment Conservation Efforts		eShift	
CDB Advance Roof Solar		ISO 14064-1 2018 GHG Verification		Paper and E-waste Recycling	

Membership associations

- Ceylon Chamber of Commerce
- National Chamber of Commerce
- Mercantile Cricket Association
- Mercantile Badminton Association

MANAGING OUR SUPPLIERS

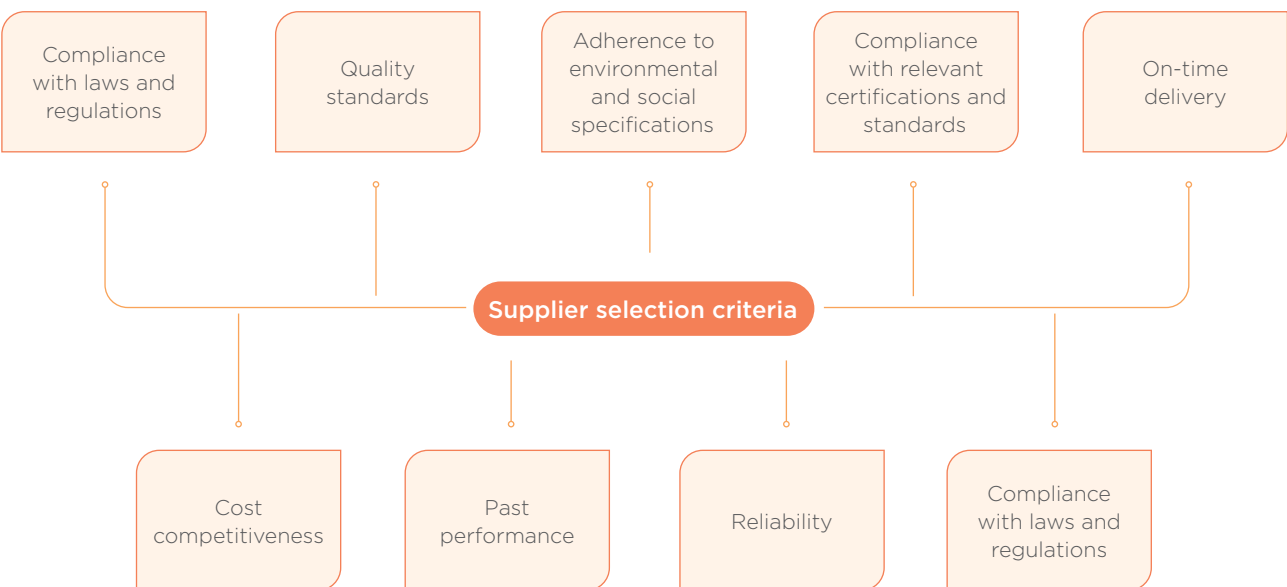
CDB operates a centralised procurement system through which over 90% of all procurements are sourced from local suppliers or local agents representing foreign suppliers, ensuring efficiency, transparency, and support for the local economy. The Company's Purchasing Committee is responsible to review and validate all suppliers based on the transaction authority limits which have been assigned. CDB has engaged its supply chain into its sustainable business model

through a Sustainable Purchasing Policy which is aimed at minimising environmental impacts along the supply chain, while delivering social and economic benefits through the responsible selection of products and services. Therefore, we prioritise suppliers who have embedded sustainable and ethical practices within their organisations and who drive such practices within their own supply chain. CDB also supports the creation of jobs, provides equal opportunities and promotes inclusion of businesses owned and conducted

by women, minority communities, underrepresented groups and small-and-medium-sized enterprises (SMEs), in our procurement process.

Our supplier policy is also envisaged to foster innovation in supply markets to enhance the effectiveness of sustainable behaviour in the procurement process. During the year 2024/25 total payments made to suppliers Rs. 3.7 Bn (2023/24 Rs. 2.3 Bn)

Suppliers and business partner evaluation criteria:



There were no significant changes to our supply chain and supply chain entities during the current financial year, compared to the previous year.

LOCAL COMMUNITIES

CDB's community investment strategy is closely aligned with our corporate strategy and rooted in local priorities. As a sustainable and responsible organisation, we leverage our partnerships, networks, and expertise to help transform the communities we serve. Our aspiration is to be recognised not only as a financial institution but as a force for positive and lasting change within society.

We understand that our long-term success is intrinsically linked to the wellbeing of the communities in which

we operate. With this in mind, we are committed to uplifting marginalised groups, particularly in rural areas, through a wide range of community development initiatives. These go beyond inclusive financial services and encompass critical areas such as child health and well-being, education and literacy, and the empowerment of youth, women, and entrepreneurs.

Oversight of these community initiatives is provided through CDB's Sustainability Agenda, which ensures that each project is selected and prioritised based on community needs, available resources, and access

to relevant expertise. This structured approach guarantees alignment with our broader strategic objectives while delivering tangible benefits to those who need it most.

At CDB, we believe community engagement extends beyond business operations. We actively encourage our team members to give back through three days of paid volunteering leave annually. We are also expanding our focus on skills-based volunteering, allowing our team members to contribute their professional expertise and deepen our collective impact in the communities we serve.

Priority Areas

CDB's Sustainability Agenda provides strategic oversight for the Company's community initiatives, ensuring they are prioritised and selected based on identified community needs. This approach is designed to foster more equitable, resilient, and prosperous communities around us.



Inclusive Finance

Making sure that people have access to financial services is especially crucial where a sizeable section of the population lives in rural regions.



Child Health and Well-being

We support early childhood development by addressing critical health issues such as Autism Spectrum Disorder (ASD), with reference to studies like the 2009 Sri Lanka prevalence study.



Child Education and Literacy

Despite high literacy rates, education in Sri Lanka still lags behind developed countries. We focus on enhancing educational outcomes to close this gap.



Empowerment of Youth and Entrepreneurs

By fostering youth-led initiatives and supporting SMEs, we drive sustainable economic growth and create resilient livelihoods.



Empowering Women

Promoting female entrepreneurship and guiding them towards financial independence is crucial for economic growth and social progress.



Preserving Art and Culture

Supporting the preservation of Sri Lanka's traditional dance forms, helping sustain cultural heritage and nurture future generations of performers.

Impact created for Local Communities

During the financial year 2024/25 there were no negative impacts reported to our local communities due to our business activities, or our business relationships. However, through our CSR activities we created a positive impact on our local communities.

Key initiatives during the year were:

- CDB collaborated with the Chitrasena Vajira Dance Foundation to preserve Sri Lanka's traditional dance forms, contributing to the legacy of the Chitrasena family and enriching the nation's cultural heritage
- Opened 3 smart computer labs in the Eastern Province, 2 in the Southern Province in Galle and Matara and 2 in the Matale, and Anuradhapura Districts.
- Conducting Capacity Building sessions for women under the Wings ecosystem
- SMB fair organised in celebration of International Women's Day giving a platform for WSMEs
- Launch of Sisudiri Scholarship Program Seasons 16 and 17

SOCIAL AND RELATIONSHIP CAPITAL

Feedback from initiatives have been used to refine strategies and improve impact measurement. We also conducted frequent meetings with the project stakeholders and effectiveness of actions was reviewed through stakeholder input and reporting frameworks, ensuring transparency and alignment with community needs.

CDB participatory processes

CDB adopts a participatory process that involves engagement with target communities to understand community needs and to mitigate negative impacts that could potentially arise through a proposed community project.

- CDB engaged with underserved communities to provide IT facilities to underprivileged schools.
- CDB collaborates with the Sri Lanka Association for Child Development (SLACD), which includes outreach programs targeting various stakeholders such as midwives, nurses, and primary teachers.
- The Sisudiri Scholarship Program involves a transparent and unbiased selection process to identify high achievers from low-income families across all 25 districts in Sri Lanka. This ensures that the program is inclusive and participatory, addressing the educational needs of disadvantaged children.
- The SMB Friday program is a participatory platform for small businesses and entrepreneurs in social media channels and the corporate website. Every Friday, a business is featured, including a summary of their unique story, special features of their products or services, and contact information.
- Employee participation in community activities is facilitated through CDB Hithwathkam, where employees are required to initiate sustainable CSR projects in collaboration with their respective branches or divisions, ensuring a participatory approach.

Environmental impact assessments

We continuously monitor environmental impacts to track the effectiveness of mitigation measures and ensure compliance with environmental regulations. We conduct comprehensive Impact

Assessments for all major projects to understand the potential environmental impacts. Results of all environmental and social impact assessments are publicly disclosed via the annual report and the website

Inclusive Finance

CDB places a strong emphasis on financial literacy and inclusion as essential pillars of its mission to empower communities, reduce poverty, and foster inclusive, sustainable development. Reflecting our unwavering commitment to making financial services accessible, affordable, and equitable for all, we recognise that financial inclusion is a powerful enabler of socio-economic progress.

Our business model is built on the integration of sustainable practices, urban funding, and rural lending enabling us to bridge financial gaps and extend meaningful access to underserved populations. With a substantial net lending position in the rural economy, CDB has emerged as a conscientious and influential leader in the financial services sector. We place special emphasis on reaching marginalised groups, including rural populations, women entrepreneurs, and SMEs segments often underserved by traditional banking systems.

Our impact is particularly significant in densely populated rural regions, where we work to uplift the poorest and most vulnerable. By leveraging digital capabilities and virtual operations, CDB delivers financial services to remote communities while empowering our team members to serve customers with greater efficiency and reach. These efforts support community-led sustainability, stimulate rural entrepreneurship, and build local resilience.

CDB's rural lending strategy not only enriches lives but also addresses regional development disparities, driving more balanced and inclusive growth across Sri Lanka and beyond. Through these initiatives, we aim to catalyze meaningful change in the socio-economic and cultural fabric of rural communities fostering equitable prosperity for all.

Net lending position of CDB outside the Western Province

Rs. Mn	2020/21	2021/22	2022/23	2023/24	2024/25
Lending portfolio	31,286	37,489	37,658	45,011	49,586
Deposit portfolio	10,119	14,586	18,039	22,919	25,407
Net lending	21,167	22,903	19,619	22,092	24,179

Community development programs

Child Health and Well Being

At CDB, we recognise that the foundation of a thriving society begins with the health and well-being of its children. Our commitment to child health goes beyond corporate responsibility it reflects our belief in nurturing the next generation to reach their fullest potential. Through targeted initiatives and strategic partnerships, we aim to address critical areas such as early childhood development, nutrition, healthcare access, and emotional well-being, with a focus on reaching underserved and vulnerable communities. By investing in the holistic well-being of children, we contribute to building healthier, more resilient communities for the future.

Act Early for Autism

To commemorate CDB's 20th anniversary, the "Act Early for Autism" initiative was launched in 2015 in collaboration with the Sri Lanka Association for Child Development (SLACD). This impactful project was a response to a 2009 Sri Lankan study revealing that 1 in 93 children aged 18 to 24 months are affected by Autism Spectrum Disorder (ASD). Recognising the critical importance of early diagnosis, the initiative is dedicated to raising awareness, promoting early detection, and ensuring timely intervention for children with ASD.

The overarching goal of the project is to improve developmental outcomes by identifying ASD at the earliest possible stage, thereby enabling children to receive support that can help bring them closer to near-normal functioning and reduce long-term challenges.

As part of our commitment, CDB has played a pivotal role in establishing the Autism Trust Fund and launching a dedicated support hotline to offer guidance and information to affected families. A nationwide mass media campaign was also created to educate the public, break stigmas, and encourage early screening.

To provide direct access to intervention services, we established three state-of-the-art Pragathi Intervention Centres located within government hospitals in Ampara, Anuradhapura, and Galle. These centres offer critical support to families in need, particularly in underserved regions, and reflect our long-term dedication to building a more inclusive and compassionate society.



Child Education and Literacy

CDB is deeply committed to advancing child education and literacy as a cornerstone of sustainable development. We believe that access to quality education empowers children to break the cycle of poverty, unlock their potential, and build brighter futures. Our initiatives focus on supporting under-resourced schools, enhancing learning environments, and providing educational tools and opportunities to children in underserved communities. By investing in education today, we help shape informed, capable, and resilient individuals who will drive positive change tomorrow.

Sisudiri Scholarship Program

Initiated in 2008, the Sisudiri Scholarship Program recognises high achievers of the Grade Five Scholarship Examination and the GCE Ordinary Level Examination. Held for the 15th consecutive year, the programme provides selected Grade Five Scholarship winners with an annual cash grant of Rs. 62,500 until they complete their GCE Ordinary Level Examination, while GCE Ordinary Level high achievers receive Rs. 35,000 annually until they complete their GCE Advanced Level Examination. The programme targets students from low-income families across all 25 districts, selected through a transparent and unbiased process. Since its inception, a total of 1,009 scholarships have been awarded, with an investment exceeding Rs. 45 million, supporting and uplifting the educational journeys of deserving children. During the reporting period, Seasons 16 and 17 of the program were successfully launched, further expanding its reach and impact. With these new seasons, the number of Grade Five scholars was increased from 100 to 125, and Ordinary Level scholars from 50 to 75, reinforcing our commitment to educational equity and access. The scholarship awarding ceremonies for Seasons 16 and 17 are set to take place soon, continuing our commitment to recognising academic excellence.



Smart Computer Lab

At CDB, we believe that information technology is a powerful enabler, equipping the younger generation with the tools they need to thrive in an increasingly digital world. In line with this belief, our Smart Computer Lab project aims to bridge the digital divide by providing state-of-the-art IT facilities to schools in remote and underserved areas.

Launched in 2007, the initiative has made significant strides in expanding digital access and literacy among students. To date, we have successfully established 22 Smart Computer Labs across the country. During the year under review, 8 new labs were opened, and preparations were finalised for the launch of 3 additional labs in the near future—further extending the program's reach and enhancing its impact on digital education.

Through this initiative, CDB remains committed to empowering youth with the digital skills necessary for academic success and future employability, helping to build a more inclusive and technologically capable society.



SOCIAL AND RELATIONSHIP CAPITAL

Preserving Art and Culture

Chitrasena Vajira Dance Foundation Partnership

CDB partnered with the Chitrasena Vajira Dance Foundation (CVDF) during the financial year to preserve Sri Lanka's traditional dance forms and support the Foundation's longstanding scholarship program. This collaboration helps sustain the Chitrasena family's legacy and enrich Sri Lanka's cultural heritage. The scholarship program, backed by CDB, is part of a six-year training course for aspiring dancers, teachers, choreographers, and theatre practitioners. Over the past 12 years, this program has played a crucial role in nurturing talent. With CDB's continued support, it ensures a structured pathway for students to refine their craft and contribute to Sri Lanka's cultural landscape.



Empowering women

WINGS Ecosystem

The Wings Ecosystem initiative aims to empower women with financial literacy and promote financial inclusion. Aligned with CDB's sustainability agenda, particularly in supporting women entrepreneurs, the initiative successfully launched four capacity-building sessions three conducted in-person in Colombo and Kurunegala, and one virtually.

In collaboration with the International Finance Corporation (IFC), the sessions focused on key aspects of entrepreneurial success, including financial management and digital marketing. The event went beyond a typical workshop, offering a platform for networking and collaboration, where participants shared experiences, insights, and forged valuable connections.

Building on the success of these sessions, CDB is committed to providing continued support, resources, and opportunities for women entrepreneurs, fostering a community of empowerment and growth.



Empowering Entrepreneurship

SMB Friday

Our CDB SMB Friday initiative is designed to support and promote small and medium-scale businesses (SMBs). Through our corporate website, social media, and the 'patpat' marketplace, which attracts an average of 35,000 views per video, we help entrepreneurs gain increased visibility and exposure for their products and services. Building on the success of the initial phase, we've launched CDB SMB Friday 2.0, focusing on supporting entrepreneurs, particularly those outside the Western Province, by boosting their digital presence through social media promotions and the patpat marketplace. In celebration of International Women's Day, we hosted an SMB Fair at Independence Arcade, Colombo 7, in collaboration with Wings Ecosystem and patpat.lk. The event showcased a diverse range of products and services from women-led SMEs, providing valuable visibility for their businesses.



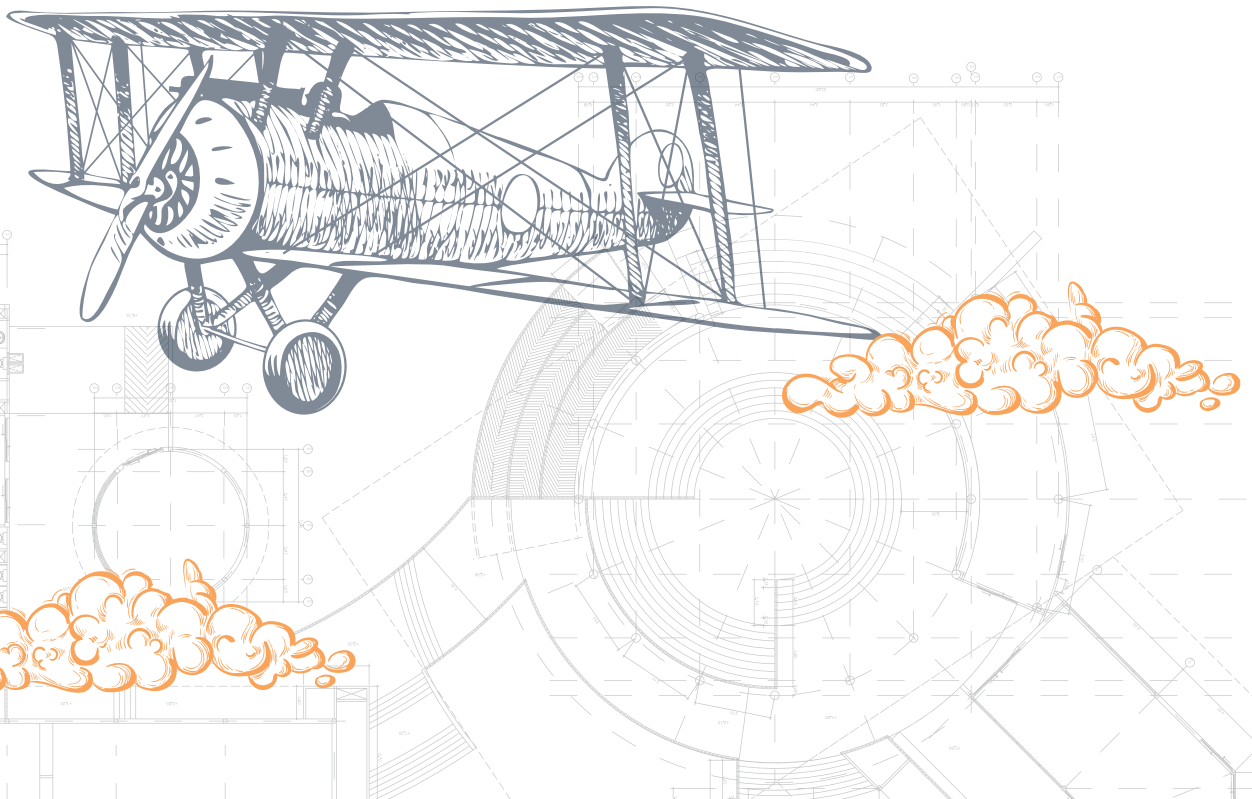
FUTURE OUTLOOK

Short term

- Expand the CDB Self and iControl platforms with enhanced features, multilingual support, and personalised dashboards for better financial management.
- Use feedback and data analytics from CRM systems to co-create new products and optimise customer journeys across all touchpoints.
- Scale E-KYC, Video KYC, and pre-approved loan models to reach more underserved communities, with focus on rural women, SMEs, and youth.
- Forge new alliances with fintechs and funding partners to boost credit access, digital services, and co-branded customer solutions.
- Expand Sisudiri Scholarships and Smart Computer Labs to more districts, prioritising underprivileged and digitally underserved schools.
- Deliver more capacity-building workshops and mentoring for women-led businesses while increasing access to gender-focused financial solutions.
- Strengthen internal privacy frameworks and ensure zero breaches, while rolling out awareness campaigns for customer data protection.

Medium to long term

- Position CDB as the go-to platform for seamless digital financial services across all customer segments, driven by AI and predictive analytics.
- Expand SME lending under ADB credit guarantee schemes, prioritising sectors like agriculture, ICT, healthcare, and renewable energy.
- Develop structured platforms (forums, digital labs) for customers to contribute to product development and service innovation.
- Scale up initiatives like Act Early for Autism and Pragathi Intervention Centres, targeting underserved regions for inclusive health and early intervention.
- Shift from transactional partnerships to long-term co-creation ecosystems with funders, tech companies, and community organisations.
- Position WINGS as a national-level platform supporting women's financial independence, entrepreneurship, and leadership.
- Institutionalize best-in-class standards in customer privacy, compliance, and social responsibility, setting benchmarks for the industry.



NATURAL CAPITAL

At CDB, sustainability is deeply embedded in our strategy stand as one of the two strategic pillars driving our business forward. As a leading financial services provider and a responsible corporate citizen, we are committed to addressing environmental challenges and social inequalities through sustainable practices. Our technology-driven disruption strategy also plays a vital role in this effort, complementing our commitment to creating long-term, positive impact. Our approach integrates sustainability into decision-making, investments, and operations to create long-term value. One of the two key verticals in our sustainability agenda is achieving net-zero broadly aligned with the Management of Natural Capital which focuses on becoming a resource-efficient organisation and supporting a greener economy. Through this, we actively contribute to national and global decarbonisation efforts.

MATERIAL TOPICS

M2 - SUSTAINABLE FINANCING

M14 - REDUCING CARBON FOOTPRINT & BEING NET ZERO

COMMITMENT TO SDGS



Through expanding our sustainable lending portfolio; including agri and fishery loans, EV financing, and green home loans, we facilitate access to finance for individuals and small businesses across diverse sectors. These solutions not only stimulate inclusive economic growth and job creation but also promote environmentally sustainable livelihoods, particularly in rural and underserved areas.



CDB actively supports the development of sustainable infrastructure and green innovation. Our eShift Project and partnerships in electric vehicle (EV) technology and charging infrastructure exemplify our commitment to modern, low-carbon transport systems. We also finance renewable energy solutions such as roof solar, empowering households to adopt innovative, clean energy technologies.



Our Climate Transition Plan, developed in collaboration with IFC, guides our efforts to reduce GHG emissions across operations and our lending portfolio. We promote renewable energy and low-carbon mobility through green financing, with measurable CO₂ reductions from EV conversions and solar initiatives. Additionally, our conservation and biodiversity projects; including forest, mangrove, coastal and coral reef restoration, which serve as nature-based climate solutions, enhancing resilience and supporting national climate goals.



Recognising that sustainability is a shared responsibility, we continue to collaborate with key stakeholders including IFC, Biodiversity Sri Lanka, IUCN, government agencies, and industry partners. These partnerships enable us to scale our environmental and social impact through collective action, whether through ecosystem restoration, policy dialogue, or co-developing green financing frameworks.

M2

SUSTAINABLE FINANCING

We view finance as a powerful enabler of sustainable development. Through our Environmental and Social Management System (ESMS) and strategic product offerings, we integrate environmental and social considerations into lending decisions. Our sustainable financing portfolio includes support for renewable energy, electric mobility, green housing, and rural development, ensuring that capital is channelled towards climate-positive, socially inclusive outcomes.

M14

REDUCING CARBON FOOTPRINT & BEING NET ZERO

We are committed to reducing our operational and financed emissions through both internal efficiencies and external impact. Our Climate Transition Plan developed in partnership with the International Finance Corporation (IFC), guides us in managing Scope 1, 2, and 3 emissions. We have adopted a 100% renewable energy model across our Green Branches and continue to invest in solar and EV initiatives to support Sri Lanka's transition to a low-carbon economy. Additionally, our conservation and biodiversity projects serve as nature-based climate solutions, contributing to national and global Net Zero goals.

KEY HIGHLIGHTS

EFFORTS ON REDUCING OPERATIONAL EMISSIONS

- Total carbon footprint: **50,340 tCO₂e** (Scope 1, 2 & 3)
- Paper recycled – **3,999 kg**
- Estimated GHG emission reduced through eShift & Roof Solar – **3,668tCO₂e**
- Climate Transition Plan with IFC
- Conservation initiatives

EFFORTS ON REDUCING FINANCED EMISSIONS

- Number of eShift EVs conversions completed – **72**
- Energy efficient vehicle portfolio – **Rs 22 Bn**
- Energy efficient vehicle portfolio **26 %** of the total vehicle lending portfolio
- **Rs 450 Mn** approved CDB Advance Roof Solar facilities

Our sustainability agenda is anchored on two key pillars: Net Zero and Socially Conscious Initiatives. Central to this is our commitment to the Net Zero concept, balancing and ultimately reducing greenhouse gas emissions from both our direct operations and the activities we finance.

Operational emissions

In terms of reducing operational emissions, we adopt a people-centered approach to carbon management. This includes optimising energy, waste and water management, fostering environmental awareness among our team, supporting biodiversity conservation, and enabling a shared economy model to promote resource efficiency and sustainability within our organisation.

Financed emissions

Regarding financed emissions, we focus on enabling sustainable financing through advancing sustainable mobility solutions, promoting the adoption of household renewable energy, and broadening our sustainable lending portfolio. By addressing the carbon emission embedded in our financing and investment portfolio a significant contributor to our overall emissions we actively drive the transition to a low-carbon economy.

Through these efforts, CDB not only supports global climate goals but also reinforces its commitment as a responsible financial institution dedicated to sustainable development and long-term environmental stewardship.

ENABLING SUSTAINABLE FINANCING

At CDB, we believe that financial innovation plays a vital role in driving environmental progress through reducing financed emission. Our sustainable financing strategy is designed to align capital flows with climate action, environmental responsibility, and inclusive green growth. Through dedicated products and partnerships, we are steering resources towards initiatives that reduce emissions, protect ecosystems, and support the transition to a low-carbon economy.

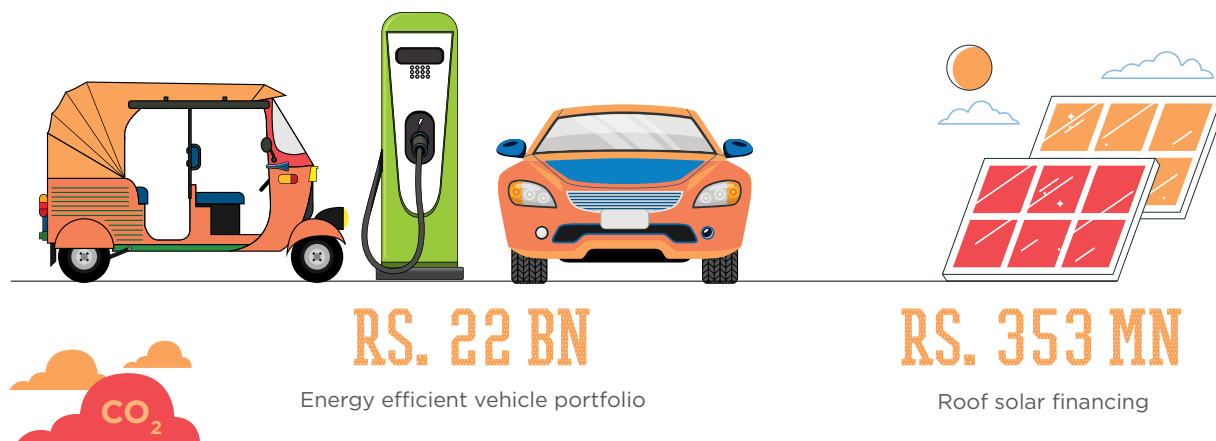
Responsible lending through ESMS

Our Environmental and Social Management System (ESMS) is a risk management framework embedded into our credit evaluation process. It enables us to assess and manage environmental and social risks associated with lending, ensuring that our financing decisions contribute positively to sustainable development. The ESMS is continuously being enhanced with support from the International Finance Corporation (IFC) to align with global best practices.

NATURAL CAPITAL

Green financing for climate action

CDB's Green Finance portfolio provides credit for sustainable mobility solutions and renewable household energy solutions through the eShift Project, EV financing and CDB Advance Roof Solar Project that contribute towards both energy conservation and controlling emissions, by encouraging the transition to renewable energy sources. As at end March 2025, the energy efficient vehicle portfolio was 26% of the total vehicle lending portfolio.



Each eShift EV conversion results in annual reduction of **3,236 kg of CO₂** emission

- **eShift Ecosystem:** CDB in collaboration with its technology partner Vega Innovations launched eShift, a landmark project to create a comprehensive ecosystem for EVs with a focus on knowledge sharing, EV charging and EV conversion. This objective is to speed up the adoption of electric-powered vehicles and reduce dependence on fossil fuels. The project reduces Sri Lanka's GHG emissions and Carbon footprint, with each eShift EV reducing 3,236 kg of CO₂ emissions, annually.
- **EV Financing:** CDB entered a partnership with BYD to support EV technology integration in Sri Lanka, and also plans to expand the EV and hybrid vehicle portfolio over the next few years, which will help reduce costs and inconvenience associated with EV use.
- **CDB Advance Roof Solar:** Provides credit facilities for households for the purchase and installation of solar panels. This initiative not only empowers energy independence but also promotes cleaner energy use at the domestic level.

Expanding Sustainable lending

We are broadening our sustainable lending portfolio by introducing tailored financial solutions for sectors that support livelihoods and environmental balance. These include:

- Agri and fishery loans that promote sustainable rural development,
- Green home loans for eco-friendly construction and renovations.

Climate Transition Plan: IFC Partnership

In FY2024/25, CDB partnered with the International Finance Corporation (IFC) to develop a comprehensive Climate Transition Plan. The collaboration is structured into three phases, with the first phase successfully completed during the year.



As part of the initial phase, CDB conducted a comprehensive assessment of its internal operations and lending portfolio with IFC's support. This included reviewing and improving Scope 1 and 2 emissions data and setting a roadmap for achieving Net Zero goals by 2030. Scope 3 financed emissions were analysed using global methodologies to identify high-emission segments and define transition strategies aligned with net-zero goals. The phase also featured a strategic workshop on transition finance and a review of CDB's Environmental and Social Management System (ESMS) to align with IFC standards. This partnership will shape our medium- and long-term climate action roadmap, placing CDB at the forefront of sustainable finance in Sri Lanka.



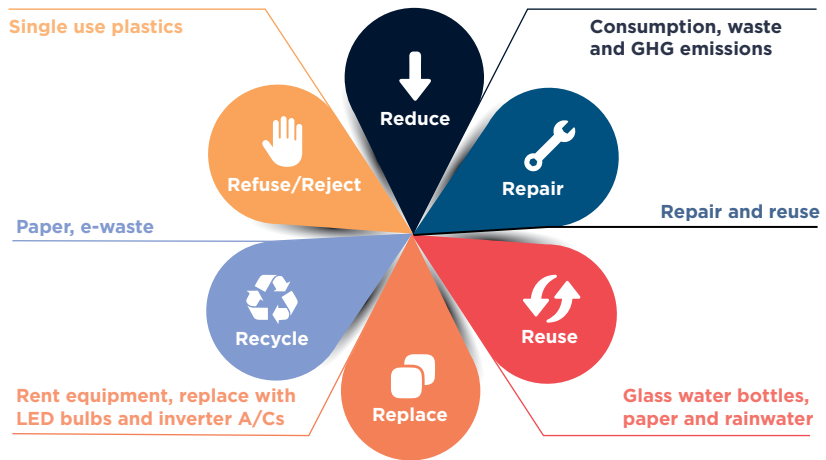
ENABLING INTERNAL TRANSITION TO NET ZERO

As part of our internal transition to Net Zero, we manage our operational emissions through the CDB Conservation Wheel; a holistic framework grounded in the 7R principles: Reduce, Repair, Reuse, Replace, Recycle, Refuse, and Reject. This concept promotes a circular economy approach, aiming to minimise environmental impact across all areas of our operations.

Beyond operational efficiencies, the Conservation Wheel also serves as a platform for team member engagement and awareness, encouraging our team to adopt sustainable practices in their everyday activities. Through this integrated approach, we are not only reducing emissions but also fostering a culture of environmental responsibility within our organisation.

CDB's Conservation Wheel

[GRI 302-1, 302-3, 302-4]



Energy management

CDB's energy consumption is limited to electricity consumption within its island wide premises and fossil fuel consumption by its fleet of vehicles and generators. As a financial services provider, CDB does not consume energy to the extent of manufacturing industries. However, CDB considers energy conservation and adoption of renewable energy as a material topic, due to wide reaching economic and environmental impacts on both the Company and the country.

In line with this commitment, CDB tracks and reports its energy efficiency. For the reporting year, the Company recorded an energy intensity of 0.0896 kWh per Rs. 1,000 of revenue, reflecting its continuous efforts to optimise energy usage.

Therefore, in addition to CDB's internal energy conservation efforts, the Company has also introduced two major renewable energy projects to the country; eShift and CDB Advance Roof Solar.

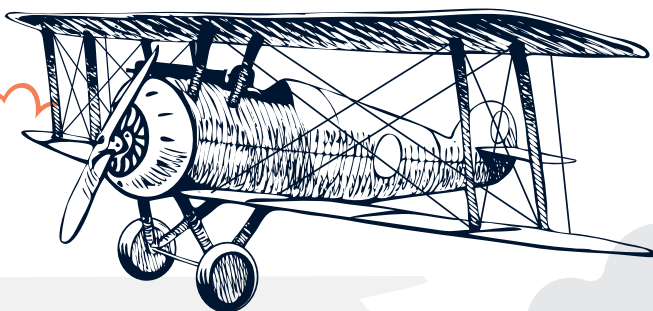
Internal energy conservation efforts

CDB aims to adopt a 100% renewable energy model for its internal energy consumption under its Green Branch concept. In addition, the Company's vehicle fleet will be gradually replaced by 100% EV or hybrid vehicles. CDB is also developing green financial products including loans for renewable energy, energy efficiency and sustainable businesses.

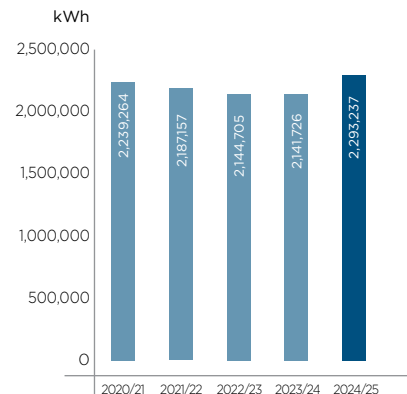
- CDB is collaborating with the IFC to develop strategies for reducing company-wide GHG emissions.
- CDB is setting energy efficiency standards, and regular energy audits.
- Adopting cost-effective technologies including using efficient lighting and electrical appliances as a compulsory requirement under the annual CDB GHG emission analysis process.
- Tracking and reporting energy consumption
- Installing solar power at CDB branches

2,293,237 kWh

Energy Consumption



Energy Consumption



NATURAL CAPITAL

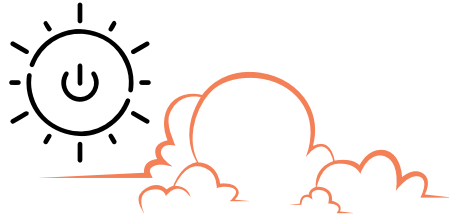
Impact of renewable energy projects

OVERALL ESTIMATED IMPACT OF eSHIFT

With over 72 conversions completed as at end March 2025, eShift is estimated to have eliminated **232,986 kg of CO₂** for the year.

OVERALL ESTIMATED IMPACT OF ROOF SOLAR

Estimated to have eliminated **3,455,620 kg of CO₂** for the year.



Rs. 450 Mn

Credit facilities approvals for roof solar financing

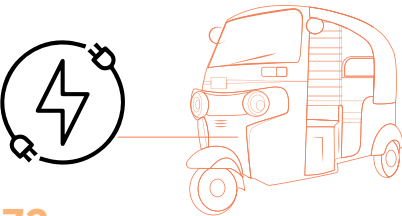
Driving Sustainable Mobility and Measurable Impact

CDB is committed to advancing the adoption of electric vehicles in Sri Lanka by addressing key challenges such as high initial costs and the need for robust infrastructure. To mitigate environmental risks, especially those related to battery disposal, CDB plans to introduce a Battery Recycling Plan for eShift, ensuring responsible management and minimising potential negative impacts.

Through this initiative, CDB supports Sri Lanka's transition to sustainable mobility, reducing reliance on fossil fuels while promoting cleaner and more efficient transportation solutions. Key efforts include expanding the EV charging network, offering flexible pricing options, and enhancing battery longevity with advanced cooling technologies.

The eShift project delivers wide-ranging benefits: it contributes to foreign exchange savings by lowering fossil fuel imports, reduces air and noise pollution, and plays a vital role in shaping national EV policies. Beyond environmental gains, the initiative promotes financial inclusion and women's empowerment, while serving diverse customer groups; such as B2B enterprises, MSMEs, and families, by improving access to affordable, clean transport and generating positive social and economic impact throughout the country.

To ensure accountability and continuous improvement, we track the effectiveness of our impact through a comprehensive set of indicators. These include carbon emission reduction metrics in collaboration with the IFC, monthly monitoring of energy usage, and annual sustainability audits covering emissions, energy efficiency, and social outcomes. We also monitor lifetime CO₂ reductions of eShift-converted vehicles, with over 72 conversions completed and more in progress. Customer engagement is tracked through social media insights, hotline inquiries, and visits to our eShift Concept Centre, ensuring we stay connected to the needs and experiences of the communities we serve.



72
Number of eShift EV conversions completed

Rs. 22 Bn
Energy efficient vehicle portfolio

Driving Household renewable energy solutions and Measurable Impact

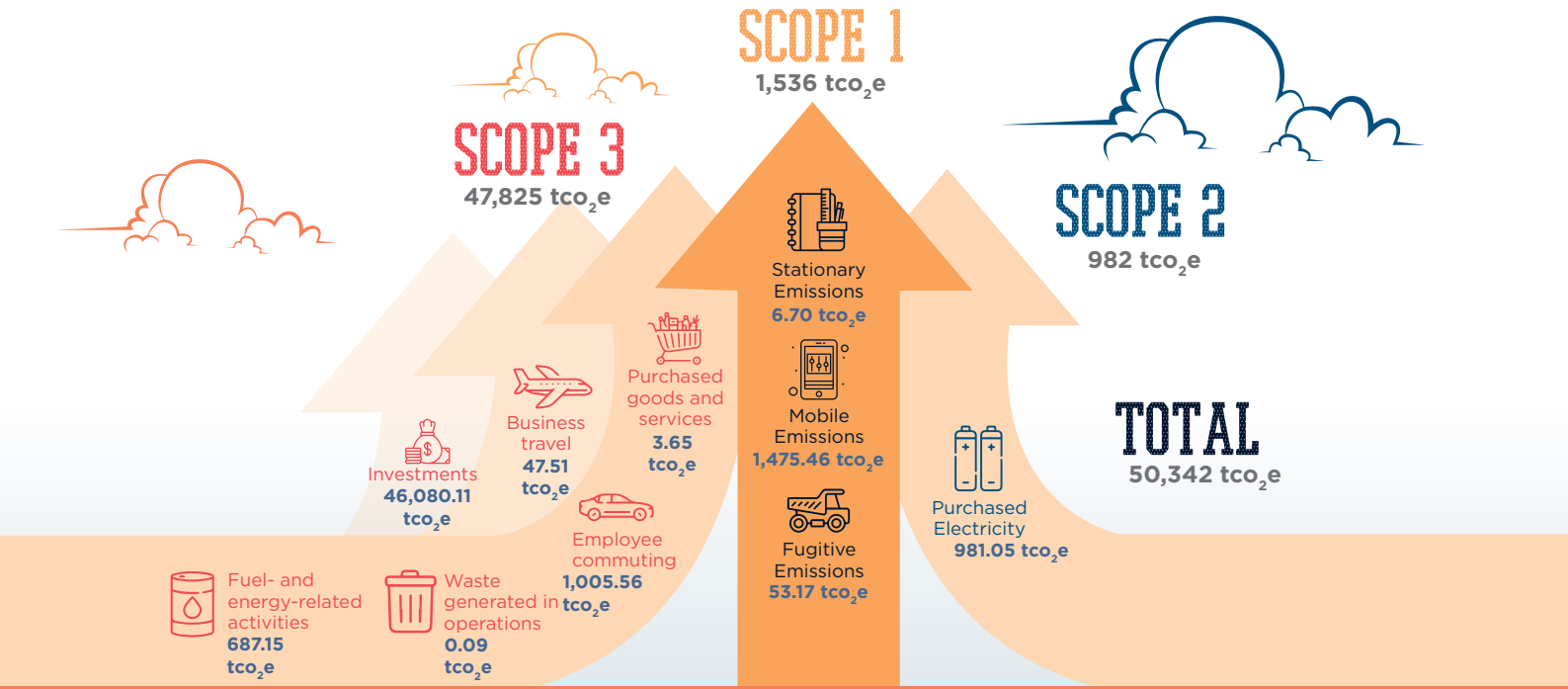
The CDB Advance Roof Solar promotes solar power adoption to reduce reliance on fossil fuels, benefiting Sri Lanka's economy, environment, and society. Economically, it contributes clean energy to the national grid, decreases dependency on fossil fuel, encourages renewable energy investment, and fosters public-private partnerships. Environmentally, it helps lower greenhouse gas emissions, supports Sri Lanka's Net Zero goals, and minimises ecosystem disruption and pollution. Socially, it offers affordable clean energy, reduces or eliminates energy bills, protects users from fluctuating electricity prices, and provides opportunities to earn income by selling excess energy.

CDB finances 75% of installation costs with no mortgage, providing convenient doorstep service. However, challenges include government incentive costs, seasonal power disruptions, risks to national energy security decentralisation, expensive panel disposal and recycling, hazardous manufacturing chemicals, high upfront costs, inconsistent energy generation in cloudy or rainy areas, and potential roof damage.

Effectiveness is tracked by measuring CO₂ reductions, number of installations and active customers, partnerships with solar suppliers, and customer engagement metrics such as social media and hotline activity.

Emissions management

As part of its long-standing commitment to environmental sustainability, CDB has measured its carbon footprint annually since 2015 in collaboration with the Sri Lanka Climate Fund, marking its tenth consecutive year of GHG emissions assessment. This year, CDB adopted a globally aligned reporting structure by categorising emissions under Scope 1, Scope 2, and Scope 3, enhancing transparency and enabling more targeted reduction strategies. For the financial year 2024/25, CDB's total carbon emissions amounted to 50,340 tCO₂e, comprising Scope 1 emissions of 1,535 tCO₂e, Scope 2 emissions of 981 tCO₂e, and Scope 3 emissions of 47,824 tCO₂e. The Company also recorded a GHG intensity of 1.966 tCO₂e per Rs. million of revenue, reflecting its efforts to track and manage emissions relative to its economic output. Reinforcing its dedication to environmental stewardship, CDB has pledged to achieve Net Zero emissions by 2030, reflecting its proactive role in climate action and sustainable natural capital management.



Reduction of GHG emissions

GHG emissions reduced as a direct result of reduction initiatives, in metric tons of CO₂ equivalent.

1,536

Gases included in the calculation; whether CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃, or all.

CO₂ CH₄
N₂O HFC_s

Base year or baseline, including the rationale for choosing it.

The 2024/25 financial year is set as the base year to align with CDB's shift to globally recognised Scope 1, 2, and 3 emissions reporting standards.

Standards, methodologies, assumptions, and/or calculation tools used.

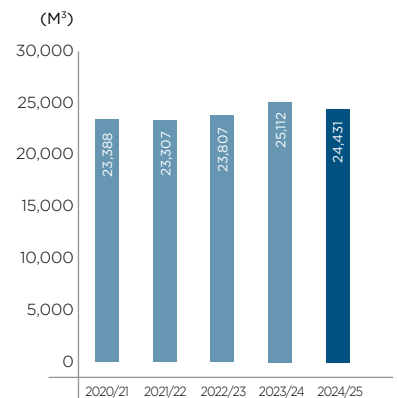
ISO 14064-1:2018
GHG Protocol Corporate Standard
IPCC fifth assessment report

Water management initiatives

As a primary natural resource utilised by the Company, CDB has already introduced mechanisms for water conservation. These include:

- Rainwater harvesting system set up for gardening
- Responsible disposal of sanitary products and medical waste, storage of cleaning equipment, and providing sanitation and hygiene training to team members.
- Providing safe and hygienic gender separate washroom facilities for team members
- Creating awareness among team members on water conservation

Water Consumption



NATURAL CAPITAL

Waste management initiatives

CDB does not generate biodegradable and toxic waste. The main types of waste are food waste, paper waste, e-waste and damaged office equipment.

Initiatives for waste management

- Food waste is segregated using colour coded bins, collected once in two days and sent to a piggery.
- Pledging for the complete elimination of single use plastics through the CDB Single-Use Plastic-Free Pledge.
- E-waste generated across the branch network is securely stored at head office, and disposed through a recycling partner, as and when required.
- Damaged office equipment throughout the branch network is collected upon the request of the respective branch/division, stored at a single unit in the head office and disposed to a registered supplier.

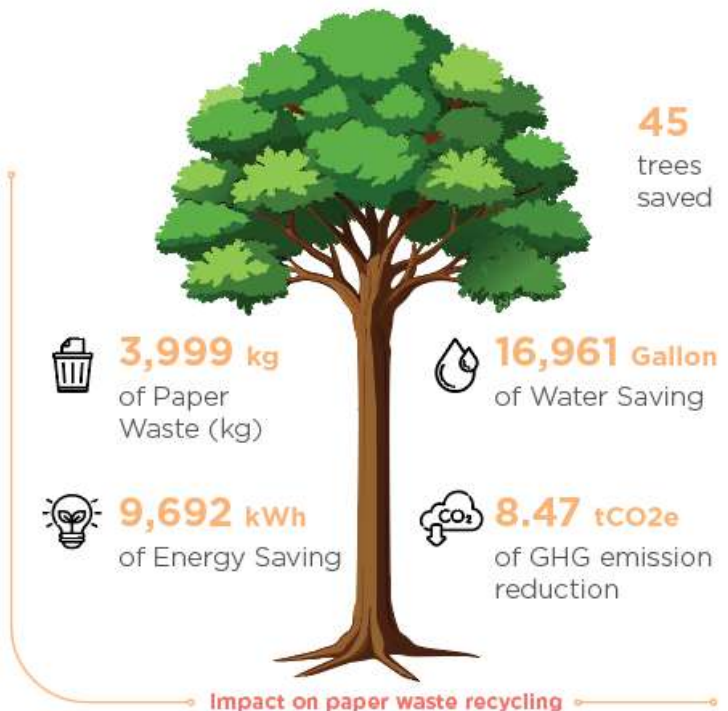


Building awareness among team members on responsible waste disposal

Maintaining waste disposal and recycling records at the head office

Paper management initiatives

- Transferring operational workflows from the traditional paper based medium to ERP-based integrated workflow with no paper usage.
- All the internal approvals are obtained via digital medium, the Digi App, thereby enabling paperless yet efficient decision making process.
- Paper waste is stored in the basement of the head office and recycled through recycling partners when required.
- Further, paper waste of 10 branches are periodically collected and recycled by our recycling partner under a pilot project. This initiative will be expanded across all branches.



FOSTERING ENVIRONMENTAL CONSCIOUSNESS AMONG TEAM MEMBERS

CDB Advance Green Club

The CDB Advance Green Club is at the forefront of embedding sustainability within our workplace culture. It champions the internalisation of our sustainability strategy through initiatives such as the CDB Advance Green Challenge, the CDB Green Family Event, and our organisation-wide pledge against single-use plastics. These activities continue to drive awareness, engagement, and behavioural change across our workforce.

CDB Advance Green Challenge

Launched as an evolution of the 2018 Green Ninja Quiz Master, the Green Challenge has become our flagship team member engagement initiative on climate action. Season 2 of the CDB Advance Green Challenge was successfully concluded during the financial year, under the theme "Engage Mindful Team Members." The program served as a powerful expression of CDB's Sustainability Agenda, encouraging team members to explore the intersection of climate action and their everyday roles. It

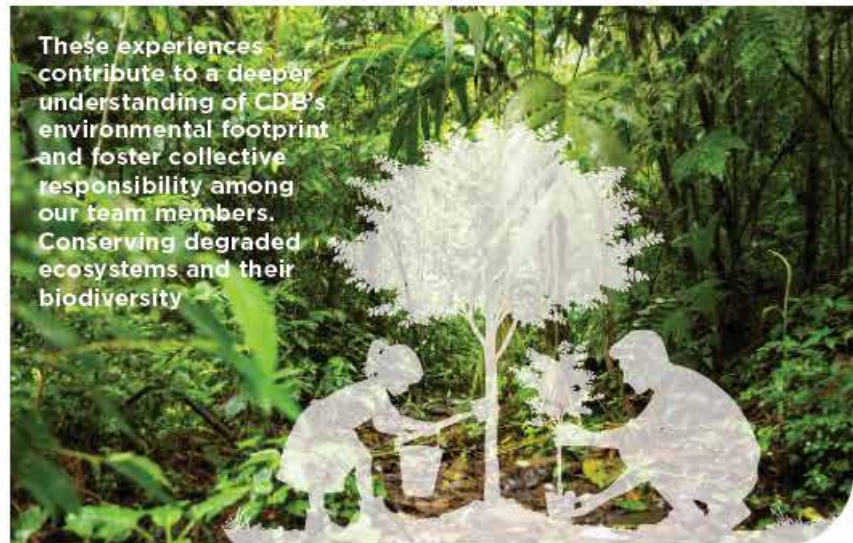
focused on instilling the right mindset and fostering proactive behaviours that align with our environmental commitments.

This initiative has become a platform not only for raising awareness, but for empowering our team members to be agents of change embedding sustainable thinking into our organisational culture and reinforcing our collective responsibility to advance environmental stewardship and social progress.

Field Engagement and Awareness Visits

As part of our ongoing efforts to instill sustainability values within our teams, field visits were conducted to immerse team members in on-ground conservation projects:

- Visits to Kanneliya and Anawilundawa RAMSAR wetland restoration sites engaged team members across the branch network, offering first-hand insight into ecosystem restoration work.
- A beach clean-up at Wellawatte, marking the expansion of the Life to Our Beaches project, mobilised over 120 employees and their families in coastal conservation efforts.



CONSERVING DEGRADED ECOSYSTEMS AND BIO DIVERSITY

LIFE Project - Kanneliya Rainforest Restoration

The LIFE Project is a pioneering public-private partnership to restore a 12-hectare degraded block in the Halgahawala-Opatha region within the Kanneliya rainforest. Abandoned after cultivation and overtaken by invasive fern species, *Dicranopteris linearis* (Kekilla), the site is now a model for wet-zone forest restoration in Sri Lanka.

Project Objective

To restore a 12-hectare degraded patch within the Kanneliya forest reserve, serving as a replicable model for wet zone forest restoration in Sri Lanka, and to pilot a biodiversity credit accrual system aligned with international standards.

Partners

Biodiversity Sri Lanka (BSL), IUCN Sri Lanka, Forest Department, and other likeminded corporate partners.

Key achievements include:

- Completion of 100% replantation, introducing over 22,000 native plants
- A remarkable increase in faunal species from 43 in 2017 to over 150 by the end of Phase 3, with 53 species endemic to Sri Lanka
- A total of 73 plant species have been recorded from the restoration site out of which 24 species (33%) are endemic to Sri Lanka
- Recognition as one of Asia's first ecosystem restoration verified projects under the Preferred by Nature standard
- Integration into the national restoration database and designation as a Forest Landscape Restoration (FLR) pilot site



The project also contributes to national and global environmental commitments, including the Bonn Challenge, SDGs, NBSAP, and NEAP. Looking ahead, we aim to scale up restoration efforts, formalise biodiversity credit systems, and integrate the site with the larger forest ecosystem for long-term sustainability.

NATURAL CAPITAL

Life to Our Mangroves

Recognised under the UN Decade on Ecosystem Restoration, this initiative contributes to Sri Lanka's 2024 World Restoration Flagship Award win. The project aims to conserve 13 hectares of mangrove ecosystems within Anawilundawa, a designated RAMSAR site, affected by abandoned shrimp aquaculture ponds.

Project Objective

To implement a science-based Nature-based Solution (NbS) for mangrove regeneration that delivers both ecological and socio-economic benefits while enhancing climate resilience.



Partners

Biodiversity Sri Lanka (BSL), Wayamba University of Sri Lanka, Department of Wildlife Conservation, and other corporate partners.



Key achievements include:

- Over 2,700 mangroves replanted with 80% survival rate
- Establishment of a plant nursery and ongoing biodiversity assessments
- Inclusion of additional land plots for restoration, including Plot 5 (3 hectares)



Future plans include a Total Ecosystem Carbon Assessment, a Climate Adaptation Plan, and the establishment of a visitor and research center to further conservation knowledge and community engagement.

Life to Our Beaches

Launched in 2022, this project began with a 350m stretch in Modara–Polwatte and has since expanded to three additional high-footfall beaches in Colombo–Wellawatte, Dehiwala, and Mount Lavinia—covering nearly 5km in total.

Project Objective

To preserve Sri Lanka's coastal ecosystems while supporting vulnerable coastal communities through livelihood opportunities and environmental education.



Partners

Biodiversity Sri Lanka (BSL), Marine Environment Protection Authority (MEPA).



Key achievements include:

- Collected and recycled over 2,700kg of waste in total from the Modara-Polwatte beach by the end of phase 2
- Appointed six local beach caretakers to maintain the extended beach stretches, providing livelihood opportunities and enhancing community ownership
- Kick-starting the project extension with a beach clean-up at the Wellawatte beach stretch with the participation of over 120 team members and their families



Planned enhancements include installing a waste strainer along the Kirulapone Canal to capture inland waste before it reaches Wellawatte Beach, placing segregated waste bins and awareness boards, and providing capacity-building training for caretakers to improve beach conservation outcomes.

Life to Our Coral Reefs

Launched in 2024, this five-year project aims to restore 953 hectares of degraded coral reef in Kayankerni, Batticaloa one of the island's most biologically diverse marine ecosystems. The reef's capacity to provide Nature-based Solutions (NbS) has been severely impacted by harmful human activities, including coral mining for lime production and destructive, illegal fishing practices.

Project Objective



To enhance reef resilience as a Nature-based Solution (NbS) against climate threats, while improving ecosystem services and supporting local livelihoods.

Partners



Biodiversity Sri Lanka (BSL), Blue Resources Trust (BRT), IUCN Sri Lanka, Department of Wildlife Conservation.

Key achievements include:

- Facilitating focus group discussions with fisheries societies to raise awareness
- Conducting educational and awareness programs for local communities and schools
- Initiating biodiversity assessments and ongoing monitoring of coral reefs within the Kayankerni Marine Sanctuary



The site has been nominated as one of three priority seascapes under the upcoming Sri Lanka Coral Reef Initiative (SLCRI). Future plans include establishing a research database, addressing socio-economic challenges, and declaring the site as a Blue Flag Beach—a first for Sri Lanka.



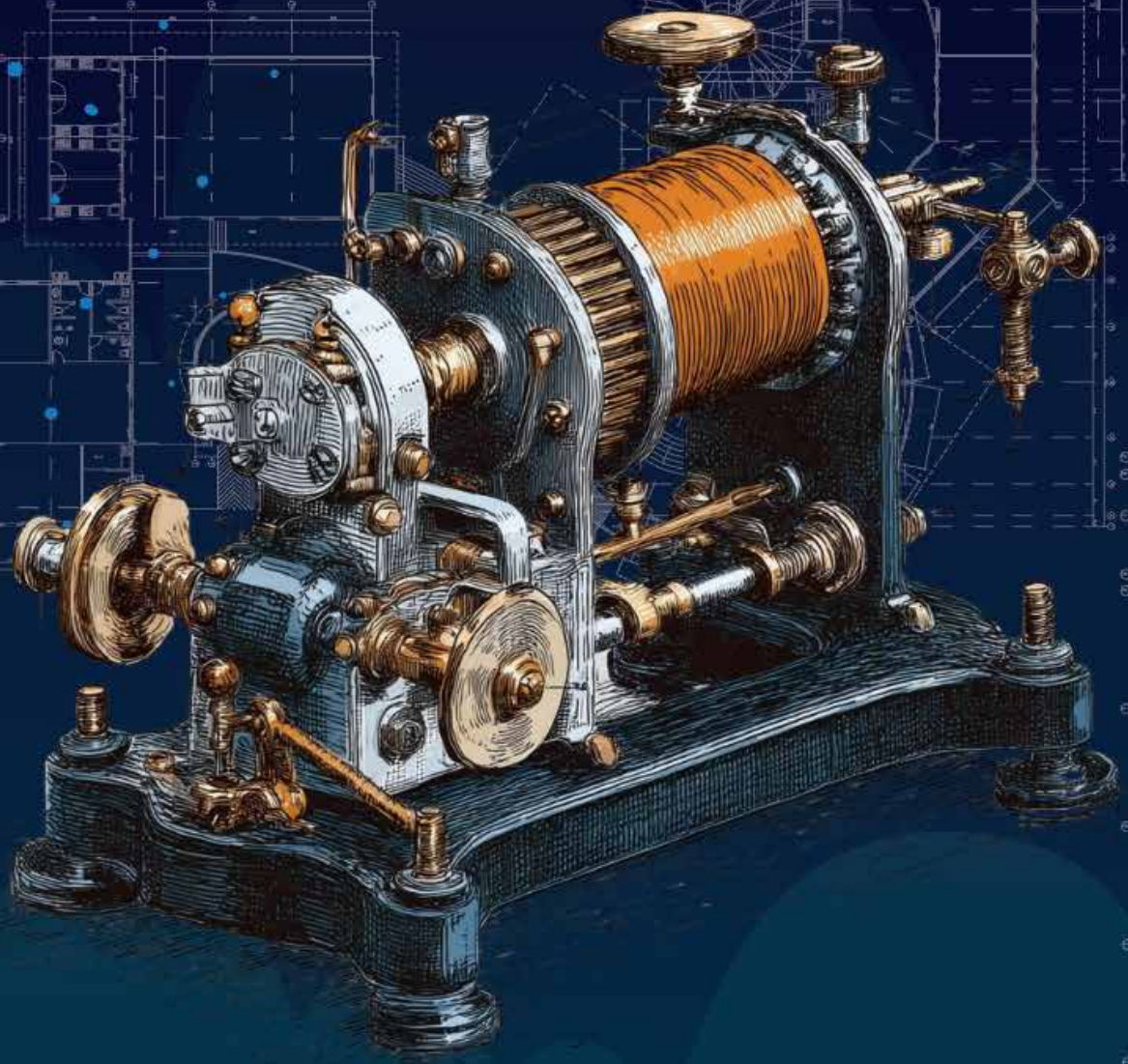
FUTURE OUTLOOK

Short term

- Increase EV conversions and expand charging infrastructure, while setting measurable KPIs. We will also look at the possibility of calculating carbon emission savings through these conversions
- Commit to clean and maintain selected beaches of 10kms
- Conduct the third season of CDB Advance Green Challenge
- Reactivate the CDB Green Family event, to connect our team members and their families to nature and create the "Green Family" Concept

Medium to long term

- Expand climate finance offerings and strengthen environmental and social management systems in partnership with IFC
- Develop a business model for carbon credit aggregation



The background of the entire page is a dark blue gradient. Overlaid on this are white technical drawings, including a large circular diagram with concentric circles and radial lines on the left, and a rectangular floor plan with various rooms and corridors on the right. Scattered across the top half of the page are numerous small blue dots of varying sizes, some of which are aligned with the technical drawings.

Responsive Leadership and Risk Management

PIONEER

Revolutionising Continuous Innovation

We are a forward-thinking entity powered by intelligent systems and structures, purposeful innovation, and a drive to transform. Our foundation is built on adaptability, precision, and an unwavering pursuit of operational excellence.

The Turing Machine marked a turning point in human history—ushering in the age of artificial intelligence, machine learning, and automation. It redefined how problems are solved and sparked a wave of innovation that continues to shape the future. Today, CDB builds on that legacy by embedding intelligent technologies into our operations to drive productivity, elevate performance, and simplify complexity.

RISK LANDSCAPE

As domestic economic recovery gradually gained momentum, the risk landscape of the financial services sector evolved rapidly in 2024/25, propelled mainly by regulatory and policy adjustments, including changes to monetary policy position, new financial sector regulations and fiscal policies. The previous elevated risk environment, stemming from the 2022 economic-crisis and foreign exchange crisis, began realigning into a new risk landscape by mid-2024. Within this changing risk environment, it was imperative that financial institutions proactively anticipate deviations to their risk profile, while enhancing internal agility in responding to such fluctuations, in order to avoid potential downsides from the resultant market impacts.

MACROECONOMIC TURBULENCE

Due to the nature of CDB's business activities and customer segments, the primary risks faced during 2024/25 stemmed through turbulence in the market risk factors of interest rates, inflation and foreign exchange fluctuations. Cyber security threats increased and compliance risk also remained elevated due to the slew of ongoing and impending regulatory changes targeting the financial services sector.

Despite the higher taxes which discouraged demand in the previous financial year, in 2024/25, the Central Bank's policy of continuous monetary easing caused a significant year on year decline in lending and deposit rates, which encouraged credit demand from individuals as well as businesses. Although deposit rates continued to decline in 2024/25, deposit growth and demand for credit were also encouraged by the lowering rate of inflation, as well as relaxation of import restrictions, and rapid recovery in remittances. Risks related to the digitization of CDB's business model continued to increase, as attempts at cybercrimes and data theft increased during the

year. However, overall, CDB's risk management systems which were continually updated, were adequately resilient and agile in responding to changes in the risk landscape during 2024/25. In fact, as described in the Financial Capital chapter, CDB was ready and equipped to capitalise on market opportunities and minimise downside risks to strengthen its portfolios and expand its bottomline.

MANAGEMENT APPROACH

Integrated Approach of Managing Risk

CDB's risk management system adopts a topdown approach, with the Board driving risk appetite setting and overall risk strategy. The Board fulfils its risk management function through the Board Integrated Risk Management Committee (BIRMC).

The BIRMC defines risk appetite statements at functional and enterprise levels, oversees and reviews risk management structures, metrics, limits, and issues across CDB. The BIRMC guides our risk strategy framework, emphasizing sound risk management governance, value enhancing and business enabling risk methods and processes. It ensures

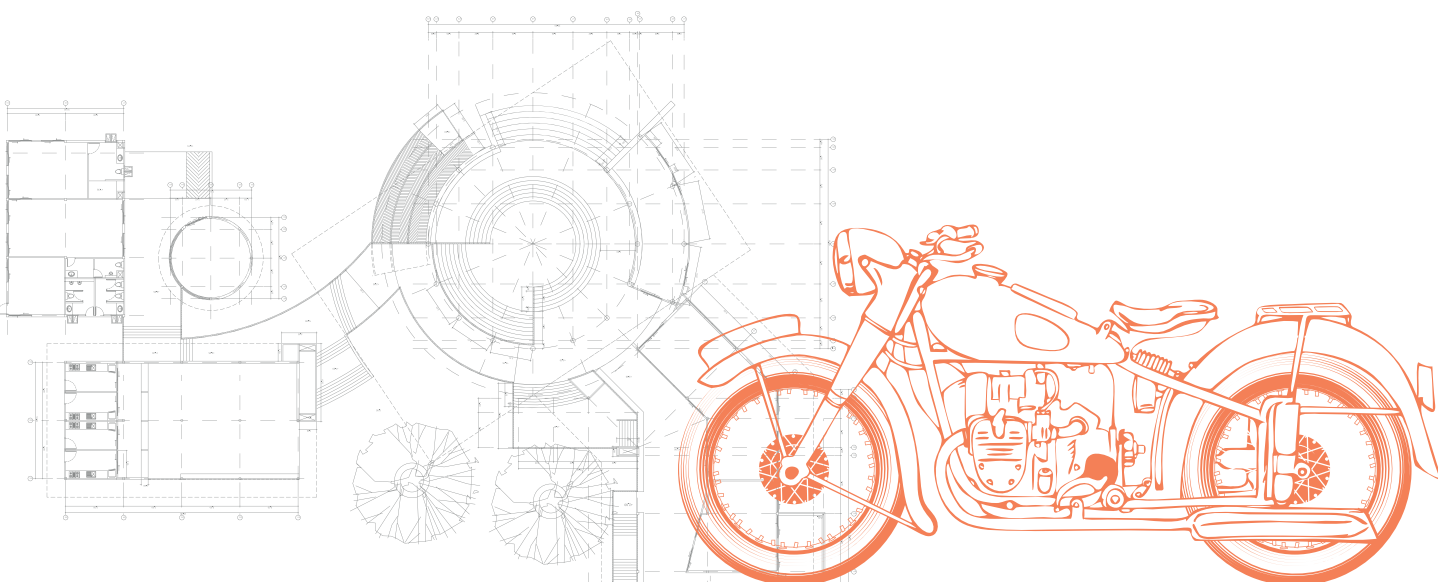
oversight on risks, monitors regulatory and internal capital adequacy vis-à-vis risk exposures, and promotes a strong risk culture across CDB.

RISK UNIVERSE

As a rapidly digitizing financial services provider, CDB's broadly categorises its risk universe into traditional risks and new emergent risks to enable greater specialization in managing the full range of risks faced by the Company. Traditional risks refer to risks faced by financial institutions in their operations, while new emergent risks are those risks linked to digitization as well as other emergent social and environmental risks such as climate change, ESG risks and regulatory risks.

RISK CULTURE

CDB instils a risk culture of responsibility and ownership across the organisation through clear responsibilities, controls and risk reporting lines, as well as targeted training for all employees categories to identify and manage risks or to escalate to the next level.



GOVERNANCE STRUCTURE

Board of Directors

Integrated Risk Management Committee

Information Technology Steering Committee | Information Security Steering Committee | Credit Committee | Asset and Liability Committee

Three Lines of Defence

1

1st Line
Business Line

- Business lines (risk owners) are responsible for identifying potential risk within their immediate operating environment
- Self-assurance of Risk and control

2

2nd Line
Risk Management Compliance

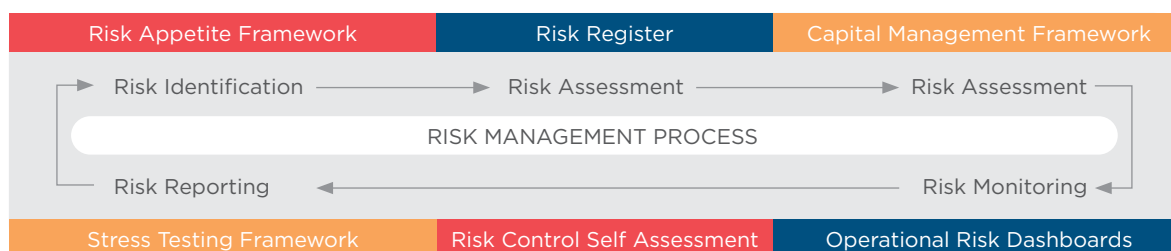
- They are responsible for developing and implementing the risk management framework and policies with a focus on monitoring and review of key risk of CDB
- Oversight and objectively challenge first line

3

3rd Line
Internal Audit/ External Audit

- Internal audit provides independent and objective assurance on the Risk Management processes and practices in place.
- External audit provides true and fair view on the financial statement

VALUE PROTECTION



VALUE CREATION

Risk Universe

Traditional Principle risks

Business risk (Macro-economic, geopolitical risks)

Credit risk

Market risks

Liquidity & Funding risk

Capital risk

Operational risk

Newer C-Suite risks (New major emerged/emerging risks)

Cyber risk & data privacy risk

Conduct risk

Climate risk

Crime & corruption risk

Compliance risk

Environmental, social and governance (ESG) risks

IMPROVEMENTS TO RISK MANAGEMENT IN 2024/25

- Fully complied with the requirements of the Finance Business Act Directions No 04 of 2024, Operational Risk Management, which is issued by Central Bank of Sri Lanka
- Obtained ISO 22301:2019 Business Continuity Certification reinforcing CDBs' commitment to resilience, security and customer trust
- Adopted/ improved stress testing and scenario analysis framework in managing CAR (based on consultancy project with IFC) under challenging environment.

RISK APPETITE STATEMENT

Risk appetite criteria	Risk Appetite	2025
Credit risk		
90 DPD ratio - Gross	< 13%	6.32%
90 DPD ratio - Net	< 8%	3.10%
Impairment to Stage 3 loans ratio	> 40%	52.53%
Collection ratio - Cum	> 90%	100.67%
Credit concentration risk		
Maximum exposure to single borrower - Individual - Secured	10% of core capital	2.88%
Maximum exposure to aggregate unsecured financing	5% of core capital	2.29%
Gold loan portfolio LTV	< 80%	67.56%
Exposure to any sub sector out of total loan portfolio	< 10%	4.70%
Liquidity risk		
Liquid assets ratio	> 12%	19.52%
12 Months cum Maturity Gap	< -15%	-3.19%
Maximum single depositor/group exposure	< 3%	0.62%
Maximum exposure to bulk deposits (Over 50Mn per client)	< 25%	13.94%
Capital Adequacy		
Tier 1 CAR	> 14%	14.47%
Tier 2 CAR	> 16%	18.09%
Capital funds to deposit liabilities	> 10%	25.65%
Credit worthiness - Fitch rating	BBB-	BBB (Ika)/ Stable
Strategic risk		
NIM	> 7%	7.97%
ROA (before tax)	> 1%	4.03%
ROE	> 8%	18.15%
Market Risks (Interest rate risk, Equity price risk, Exchange rate risk, Commodity price risk)		
Repricing gap ratio (up to 12 months)	> -30%	-3.17%
Unhedged open foreign currency ratio	> 0%	0.76%
Exposure to foreign currency borrowings out of total assets	< 15%	7.33%
Investment in Equity securities out of total Capital	< 20%	12.15%
Operational risk		
No of cyber incidents with business impact	0	0
Overall staff turnover ratio - Permanent (Annualised)	< 15% - 20%	15.00%
No of high severity compliance issues	0	0
Penalty/action by a regulatory body	0	Nil
Cost to income (Ex. VAT on FS)	< 60%	48.40%

MAJOR RISKS, IMPACTS AND RESPONSES

Business and strategic execution risk

Year on year trend

Anticipated short term trend

Impact on CDB	CDB's strategic response	Future focus
<p>Loan book increased by 29%, total asset grown by 22%, cost to income managed at 48.40% within the FY.</p> <p>Bottom line growth by 59% recording PAT surpassing Rs. 4Bn.</p> <p>New Business verticals as a part of sustainability agenda & tech disruption</p> <p>Solar, EV operating leases, agri, fisheries.</p>	<ul style="list-style-type: none"> Positive macroeconomic environment helped CDB to execute its strategic objectives and was able to gain maximum out of economic revival Expanded our product offering focusing on different market segments such as agri, fisheries, MSME, and improved our digital presence in generating leads. Launch of CDB new wings product dedicated to women who are on boarded to CDB with special features/benefits. Continued to invest in latest technology such as BOT, API, AI and ML with objective of improving efficiency and quality of credit decision making. Ongoing monitoring over KRIs covering strategic risk and performance at ALCO and BIRMC meetings ensuring CDB is on the track in achieving set strategic objectives. 	<ul style="list-style-type: none"> Ongoing monitoring of market developments and immediately respond to maintain and improve our competitive position Improve risk dashboards and monitoring tools to measure and monitor the strategic risk status of the Company Expand use of big data and data analytics, leveraging AI, ML technologies to support decisions

Related material matters



Related capitals



Related stakeholders



Credit risk

Year on year trend

Anticipated short term trend

Impact on CDB	CDB's strategic response	Future focus
<p>90DPD ratio was improved by approx. 50%. whereas year-end ratio was stood at 6.24%</p> <p>Cumulative collection ratio was recorded at 100.67%</p> <p>Provision coverage ratio improved from 47% to 52.53%</p> <p>Gold loan portfolio LTV was managed at 67% level with no significant financial implication during gold auctions held during the FY.</p>	<ul style="list-style-type: none"> Continues adjustments to credit score card to enhance the quality of automated credit decision based on the changes in external and internal landscape and risk appetite Adopted a risk based pricing mechanism during the financial year enabling us to optimise margins by aligning interest rates with the underlying credit risk of borrowers. Significant improvement in credit quality and DPD ratios as a result of strong recovery follow up and efficient management of yard stocks/ disposals User friendly dashboards with credit quality helped officers to access their performance and rewards on a real time basis and has encouraged officers to deliver their optimum performance Ongoing monitoring over market gold prices and revised gold loan advance levels based on risk appetite maintaining the portfolio LTV levels at an acceptable level 	<ul style="list-style-type: none"> Implement credit underwriting processes/ systems for new product verticals (Agri, fisheries, EV etc.) Continuous revision and review of credit evaluation criteria based on evolving external market environment variables and in line with the risk appetite of the company. Credit risk management policy was reviewed and updated accordingly Portfolio NPL levels and age movement to be closely monitored giving special focus to special products, sectors, geographical areas etc. to identify contracts which are vulnerable to default Credit risk management framework to be further strengthen ensuring alignment with the newly issued Finance Business Act Direction No. 02 of 2024 Credit and concentration risk monitoring framework to be further improved establishing clearly defined quantitative risk appetite levels

Related material matters



Related capitals



Related stakeholders



CDB's level of control ● High ● Medium ● Low

RISK REPORT

Operational risk

Year on year trend 

Anticipated short term trend 

Impact on CDB	CDB's strategic response	Future focus
<p>No any material damage caused due to lapses in operational risk management framework within the FY</p> <p>Residual financial impact due to operational risk incidents materialised was negligible due to adequate insurance coverage and minimal impact resulting from strong risk mitigation framework which is in place</p>	<ul style="list-style-type: none"> Continuously improve the internal control structure and promote a risk reporting culture via appointing risk representatives for each division. Successfully renewed the company wide insurance policy for the calendar year 2024 with a comprehensive analysis of business requirements and adjusting insurance coverage appropriately and reviewing insurance warranties consulting a specialised insurance broker. Improved BCP and DR planning to ensure our operational resilience against unforeseen incidents and obtained ISO 22301:2019 Business continuity certification Improved incident response process by adopting a centralised method of recording all the risk incidents and following up required mitigation action plans to ensure that materialised risks were effectively managed. Automated controls were introduced to key operational areas to fully avoid manual processing errors and to eliminate continuous monitoring requirements. Initiated developing comprehensive operational risk reporting dashboards based on international best practices. Increased focus on complying with the requirements defined under the personal data protection act and took several steps towards the journey of overall compliance such as appointing data protection officer (DPO), creating awareness among top management and BOD, putting required frameworks in place at respective lines of defence etc RCSA was implemented to key functional areas ensuring efficiency and effectiveness of control framework Fully adhered to the requirements of Finance Business Act Directions No 04 of 2024, Operational risk Management which is issued by Central bank of Sri Lanka 	<ul style="list-style-type: none"> Continue to replicate the operational risk reporting dashboard to all the operational functions across the Company Continue to enhance our team awareness in identifying and proactively responding to operational risks via ongoing trainings Risk incident reporting and responding process to be automated ensuring every risk area been followed up properly until risk mitigation measures are effectively implemented Enhance our capability in fraud prevention via improved data analytics, AI and behavioural EWI covering operational risks.

Related material matters



Related capitals



Related stakeholders



Liquidity and funding risk

Year on year trend 

Anticipated short term trend 

Impact on CDB	CDB's strategic response	Future focus
<p>Liquidity ratio was maintained at 19.52% and well above minimum regulatory requirement.</p> <p>Return on investments/ liquid assets was well above the risk free rate of return emphasising the effectiveness of liquidity management</p>	<ul style="list-style-type: none"> Continued to diversify funding mix including local and foreign funding and maturity profiles and concentration. Continued to perform stress testing on liquidity risk to prudently manage liquidity position ahead of a liquidity crisis Maturity mismatch position/ gaps were maintained at controllable levels throughout the FY and closely monitored considering behavioural aspects Cash flow forecasts were maintained and reviewed on a weekly basis to ensure that the liquidity position is maintained at an acceptable level determining optimum strategies Pre-approved facilities with the banks were maintained throughout the year ensuring that sufficient funds are available in a contingency scenario. 	<ul style="list-style-type: none"> Contingency funding plan to be improved defining thresholds and authorities Adopt Fund transfer pricing, BASEL 3 scenario analysis for analysing liquidity position Counterparty and investment risk management methodology to be improved along with independent cost benefit and feasibility analysis by Risk management team

Related material matters



Related capitals



Related stakeholders



Market risks

Year on year trend ▼

Anticipated short term trend ○

Impact on CDB

Interest expense to interest income was recorded at 50.22% in 2024/25 whereas 59.08% in 2023/24

NIM for FY2024/25 improved to 7.97% against 7.77% in 2023/24.

1-year cumulative maturity gap was improved to -3.19% from -4.83% in 2023/24

Recorded a gain of 0.6 Bn from equity securities portfolio during the FY.

No any financial impact due to currency exchange rate fluctuation as all the foreign borrowings were fully hedged

CDB's strategic response

- Continue to diversify the portfolio with the objective of minimising the repricing risk by improving our portfolio composition in terms of fixed and variable interest term basis
- All foreign currency related exposures (borrowings) were hedged against rupee depreciation.
- Stress testing was carried out measuring financial implications from market risks specifically to our CAR to ensure that CAR is maintained at well capitalised category amidst market stress scenarios.
- Close monitoring over the maturity mismatch position, asset liability matching and conducted forecast based analyses on margins/ spread under interest rate stress scenarios to ensure that an adequate return is generated to cover up overheads
- Ongoing monitoring over product pricing and immediately response to market interest rate fluctuation to be competitive in the market while maintaining an optimum margin/ spread
- Incentivize branch level achievement based on contribution generated which was computed via fund transfer pricing mechanism

Future focus

- Improve our portfolio stance in terms of fixed and variable interest composition to further minimise any possible impact from repricing risk
- Diversify the portfolio on niche segments/ high yielding products with objective of improving the margins
- Continue to improve branch wise contribution focusing on increasing branch wise margins/ spread

Related material matters



Related capitals



Related stakeholders



Capital risk

Year on year trend ○

Anticipated short term trend ○

Impact on CDB

Tier 2 CAR as of March 2025 was recorded as 18.09% which is in the well capitalised category

Ability to enhance our business/ asset base aggressively due to availability of capital buffer

CDB's strategic response

- Maintained capital adequacy in line with CDB's capital plan with the ALCO routinely monitoring capital adequacy
- Comprehensive forecasting and stress testing under various scenarios to inform capital planning and management
- Dividend management to ensure dividend levels were sustainable.
- Issuance of subordinated debt to boost the capital position

Future focus

- Improve internal capital generation through robust earning profile and risk management practices.
- Apply international best practices and BASEL directives in capital stress testing and implement ICAAP process

Related material matters



Related capitals




Related stakeholders



CDB's level of control ● High ● Medium ● Low

RISK REPORT

IT and cyber risk

Year on year trend 

Anticipated short term trend 

Impact on CDB

Inadequate system controls, system failures and cyber-attacks may result in financial and reputational losses to the company.

No any material incident noticed during the FY resulting from IT system failures or a cyber attack

CDB's strategic response

- Invested in technological enhancements and virus guards to further safeguard our systems from sophisticated and evolving cyber attacks.
- Role-based training programs for user awareness.
- Improved incident management process with established lines of reporting and responsibilities.
- Risk assessments, security testing, internal and external audits were conducted in scheduled intervals.
- Detailed analysis of internal business processes to identify any gaps in compliance with the Personal Data Protection Act.
- Cyber drills to enhance awareness among team members on phishing attacks, ransomware etc.
- ISO 22301:2019 certified as the first NBF in 2025
- Recertified with ISO 270001 in 2024

Future focus

- Monitor new developments, resources and specialist knowledge to ensure proper management of IT and cyber risk.
- Implementation of DLP (Data Loss Prevention)
- Continue to monitor controls and implementation of leading and lagging Key Risk Indicators (KRIs) to provide early warnings with Partnered Security Listening Tools (CTM360)
- implement the ISACA Risk IT Framework (COBIT 2019)
- Continue staff training to address emerging threats by formulating internal certification tests.

Related material matters




Related capitals



Related stakeholders



Regulatory and compliance risk

Year on year trend 

Anticipated short term trend 

Impact on CDB

CDB maintained compliance and AML/CFT risk at manageable levels throughout the year, with no regulatory sanctions or penalties imposed.

While regulatory expectations and the complexity of AML/CFT obligations continue to evolve, CDB has remained compliant and resilient.

CDB's strategic response

- Comprehensive compliance and ML/TF risk management: Strong governance, adaptive compliance framework, continuous risk assessments, advanced monitoring systems, ongoing staff training, proactive regulatory engagement, and efficient issue resolution.
- Automated and digitized CDD process: Integrated with Lexis Nexis Risk Solutions and the ERP system for streamlined risk profiling, KYC, verification, approvals, and digital archival. System controls ensure accuracy, completeness, and support for periodic renewals and enhanced due diligence (EDD).
- Enhanced transaction monitoring: Forestpin-powered system now covers fixed deposits, savings, and loan products, in addition to credit cards. KYC data is integrated with transaction patterns for more meaningful alerts, enabling daily monitoring, timely escalation, and resolution of anomalies.
- Risk-based compliance program: Driven by comprehensive ML/TF risk assessments and regular compliance posture reviews to inform risk mitigation, resource allocation, and targeted compliance activities.

Future focus

- In line with national efforts to prepare for Sri Lanka's next Mutual Evaluation of AML/CFT by the APG and FATF in 2026, CDB is taking proactive steps to strengthen its compliance framework. Key initiatives include:
- Enhancing compliance reviews: Strengthen oversight across departments and branches with targeted spot reviews, thematic reviews, and assessments using core system data.
- Agile risk assessments: Continuously adapt to emerging regulatory risks and threats.
- Expanding staff capabilities: Offer e-learning with multilingual modules, interactive videos, quizzes, and engaging formats for continuous development.

Related material matters



Related capitals



Related stakeholders



Environmental, social and governance (ESG) risk

Year on year trend

Anticipated short term trend

Impact on CDB

As a socially and environmentally responsible organisation, we maintained a steadfast commitment to ESG stewardship during the financial year. Our operations were conducted in alignment with sustainable practices, ensuring no adverse impact on the environment or local communities.

CDB's strategic response

- Embedded ESG in credit assessments and developed climate risk methodologies.
- Initiated Climate Transition Plan with IFC, covering emissions data, green finance, and carbon credit model.
- Expanded Green Finance through eShift, EV loans, and solar projects.
- Aligned annual GHG assessments with global Scope 1, 2, and 3 standards.

Future focus

- Complete Climate Plan Phases 2 & 3 with sector strategies and Scope 3 targets.
- Introduce green bonds, ESG loans, and boost low-carbon financing.
- Update ESMS per IFC standards.
- Strengthen E&S risk tools across lending and supply chains.

Related material matters**Related capitals****Related stakeholders****CDB's level of control**

● High ● Medium ● Low

ANTI-CORRUPTION

During the financial year under review, there were no reported impacts from corruption due to CDB's business operations or due to CDB's activities with its business partners. However, due to the wide reaching potential negative impacts of corruption, CDB maintains a zero tolerance policy with regards to corruption and has in place multiple preventive measures to manage the risk of corruption internally, as well as along its value chain.

Anti-corruption policies and commitments

- CDB has an Employee Code of Conduct that specifies expected standard of behavior which acts as a preventive measure
- CDB's HR policy contains a component on an anti-corruption.
- All related party disclosures are made public as per CSE rules
- All conflicts of interest are monitored and disclosed as per CSE regulations
- As a policy CDB does not provide any form of political funding

Managing the risk of corruption

- Training is provided on anti-corruption compliance requirements including on:

- Prevention of Money Laundering Act, No. 5 of 2006 (PMLA),
- Financial Transactions Reporting Act, No. 6 of 2006 (FTRA),
- Convention on the Suppression of Terrorist Financing Act, No. 25 of 2005 (CSTFA)
- Hacking and cyber attacks on customer data
- Fraud
- The credit approval process
- All credit approvals are stringently monitored against manipulation
- Automation of the credit approval process has increased transparency and enabled closer monitoring across the branch network
- Centralised, transparent procurement process with approved/registered central supplier data base of selected suppliers that comply with CDB's sustainability criteria.
- Established formats to secure external expertise/consultants in line with global standards
- Independent external audits
- Independent audits by funding partners

The credit approval process is transparent and automated enabling tracking of each step of credit approval along the approval hierarchy.

In addition, all customer complaints, including any complaints regarding potential incidents of corruption or fraud are recorded and reviewed and followed up. The same is done for supplier complaints of unfair or corrupt practices. Any compliance related errors flagged by regulators are immediately followed up with necessary corrective action, including training. Potential corruption along the supply chain is discouraged through systematic and transparent procurement procedures.

Indicators used to measure potential corruption

- Number and type of compliance errors by location
- Number of fines
- Number and type of customer complaints regarding corruption by location
- Number and type of supplier complaints regarding corruption by locations

Operations assessed for risks related to corruption

CDB's Risk Division conducts monthly anticorruption risk assessments on all operational aspects of the Company. During the year under review there were no significant risks identified related to corruption.

BOARD OF DIRECTORS





BOARD OF DIRECTORS

[GRI 2-9]



Alastair Corera

Chairperson | Non-Executive
Independent Director

Date of appointment 16-May-2019

Membership of Board Subcommittees

BIRMC

BNGC

Alastair Corera serves as the Executive Director of Orion Fund Management (Pvt) Ltd. Prior to this role, he held several key positions at Fitch Ratings Lanka Ltd., where he led the rating team for Financial Institutions and served as Country Head from 2004 to 2006. He also served as the General Manager at Forbes ABN AMRO Securities (Pvt) Ltd.

He is a Chartered Financial Analyst (USA) and a Fellow of the Chartered Institute of Management Accountants (UK).



Mahesh Nanayakkara

Managing Director | Chief Executive Officer

Date of appointment 03-Feb-2005

Membership of Board Subcommittees

BCC

BITSC

Mahesh Nanayakkara joined CDB in 2001 and possesses over 35 years of experience in the field of financial services. Over the past 25 years, he led a vibrant team of professionals who played a pivotal role in transforming CDB from a company with negative net worth to the thriving entity it is today. He played a significant role in establishing the Autism Trust Fund, a collaborative effort between CDB and the Sri Lanka Association for Child Development (SLACD), with a primary focus on raising awareness, early detection, acceptance and intervention for autism in Sri Lanka.

He holds a BSc. in Business Administration, and a Masters degree (PIM) from the University of Sri Jayawardenepura. He is a Fellow of the Chartered Institute of Management Accountants (UK). He has completed an Executive Development Programme at the Harvard Business School, Boston and has attended training at Cambridge Centre for Alternative Finance (CCAF), University of Cambridge



Senior Professor Sampath Amaratunge

Non-Executive Independent Director

Date of appointment 20-Oct-2016

Membership of Board Subcommittees

BNGC

BHRRC

Prof. Amaratunge has served as a distinguished academic in Sri Lanka for over three and a half decades. He is the immediate past Chairperson of the University Grants Commission (UGC). Additionally, he serves as a Director in various organisations including Laugfs Gas PLC, Laugfs Power PLC, Raigam Wayamba Salterns PLC, Southern Salt Company (Pvt) Ltd., and Raigam Wayamba Cereals (Pvt) Ltd.

He previously served twice as Vice-Chancellor of the University of Sri Jayawardenepura and as Chairperson of the Federation of University Teachers Association (FUTA).

His contributions to research are notable, with over 75 articles published in international and national refereed journals and proceedings. In 2002, he received the prestigious Research Excellence Award from the Kyushu Society of Rural Economics, Japan—the highest ordinary conferred order to a foreign national. In 2021, he was honoured with “The Order of the Rising Sun” by His Majesty the Emperor of Japan, recognising his distinguished contributions to fostering friendly relations with Japan.

He holds a BA (Hons.) in Economics from the University of Sri Jayawardenepura, an MA in Economics from the University of Colombo, an MSc in Economics of Rural Development from Saga National University, and a PhD from Kagoshima National University in Japan.



Damith Tennakoon

Deputy Chief Executive Officer |
Executive Director

Date of appointment 01-Apr-2011

Membership of Board Subcommittees

BCC

BITSC

Damith Tennakoon has over 30 years of experience across a wide range of fields including Finance, Treasury, Risk Management, Compliance, Recovery, and Strategic Planning.

He is a Fellow of the Chartered Institute of Management Accountants (UK) and a Chartered Global Management Accountant (CGMA).



Roshan Abeygoonewardena

Executive Director – Corporate Finance

Date of appointment 01-Apr-2011

Membership of Board Subcommittees

BCC

BITSC

Roshan Abeygoonewardena has over 30 years of experience in the financial services industry and three years in the manufacturing sector. He has served as the Chairperson of the Finance Houses Association of Sri Lanka (FHASL), the apex body representing Registered Finance Companies in Sri Lanka.

He is a Fellow of the Chartered Institute of Management Accountants (UK), a Fellow Member of the Institute of Certified Management Accountants of Sri Lanka, and a Fellow of the Sri Lanka Institute of Credit Management.



Sasindra Munasinghe

Executive Director – Sales and
Business Development

Date of appointment 01-Apr-2011

Membership of Board Subcommittees

BCC

BITSC

With over 30 years of experience in the leasing industry, Sasindra Munasinghe has played a pivotal role in establishing and developing CDB's leasing operations, overseeing credit evaluations, recoveries, operations, and marketing.

He holds an MBA from the Federation University of Australia.

BOARD OF DIRECTORS



Dave De Silva

Executive Director – Business Operations

Date of appointment 01-Jan-2012

Membership of Board Subcommittees

BCC

BITSC

He has over 24 years of experience in the financial services sector and additional experience in oil and gas, pharmaceuticals, and telecommunications.

He holds a BSc (Honours) in Business Administration from the University of Sri Jayewardenepura and is an Associate Member of the Chartered Institute of Management Accountants (UK).



Jagath Abhayaratne

Non-Executive Director

Date of appointment 01-Jan-2020

Membership of Board Subcommittees

BAC

With a career spanning over 30 years, he has extensive experience in the life insurance industry, including the past 20 years. He currently holds the position of General Manager – Operations at Ceylinco Life Insurance PLC.

He holds an MBA from the UK, a Bachelor's degree in Business Administration from the USA, a Certificate in Insurance from the Chartered Insurance Institute (UK), and a Diploma in Business Administration from the UK.



Rajitha Perera

Non-Executive Independent Director

Date of appointment 16-Aug-2020

Membership of Board Subcommittees

BAC

BHRRC

BRPTRC

Rajitha Perera is a Partner at Gomes & Company, Chartered Accountants. She previously served as a Senior Manager in the Assurance Division at Ernst & Young Chartered Accountants and as Chief Financial Officer (CFO) of a diversified group of companies.

She also held the position of Independent Non-Executive Director at Unisons Capital Leasing Limited (UCL), a CDB subsidiary, until UCL merged with CDB.

She is a Fellow of the Institute of Chartered Accountants of Sri Lanka and an Associate Member of the Institute of Certified Management Accountants of Sri Lanka.



Samitha Hemachandra

Non-Executive Director

Date of appointment 31-Dec-2020

Membership of Board Subcommittees

BHRRC

BNGC

BRPTRC

With a career spanning over 25 years, Samitha Hemachandra has experience in Brand Management, Customer Relationship Management, Marketing, and Strategic Planning. He is currently the Director / Chief Operating Officer at Ceylinco Life.

He has served as the Chairperson of the Marketing and Sales Forum of the Insurance Association of Sri Lanka and has been a long-time member of the judging panel for the SLIM Brand Excellence Awards. He also serves as a Director of Ceylinco Healthcare Services Ltd., a wholly-owned subsidiary of Ceylinco Life.

He is a Fellow (FCIM) and Chartered Marketer of the Chartered Institute of Marketing (UK), a Certified Management Accountant (Australia), and holds an MBA from the University of Western Sydney, Australia.



Sujeewa Kumarapperuma

Non-Executive Independent Director

Date of appointment 25-Oct-2020

Membership of Board Subcommittees

BIRMC

BNGC

Sujeewa Kumarapperuma has over 28 years of experience in the actuarial field. He is a founder member of the Actuarial Association of Sri Lanka and a life member of the MBA Alumni Association of the University of Colombo.

He holds a BSc in Physical Science (Second Class Upper) and an MBA from the University of Colombo, and a Postgraduate Diploma in Actuarial Science from City University, UK.



Senior Professor Prasadini Gamage

Non-Executive Independent Director

Date of appointment 31-Jan-2021

Membership of Board Subcommittees

BAC

BRPTRC

Senior Prof. Prasadini Gamage is affiliated with the Department of Human Resource Management at the University of Kelaniya. With over 25 years of experience as a lecturer, she has published more than 100 research papers and authored several textbooks. She is also an Attorney-at-Law of the Supreme Court of Sri Lanka.

She holds a PhD in HRM from the Management and Science University (MSU), Malaysia, a first-class honours BSc in Business Administration, and an MSc in Management from the University of Sri Jayewardenepura.



Jayomi Lokuliyana

Non-Executive Independent Director

Date of appointment 01 Apr 2024

Membership of Board Subcommittees

BIRMC

BITSC

Jayomi Lokuliyana is a multiple award-winning entrepreneur with over 23 years of experience in mobile-led technology and product innovation. She is the Founder and CEO of zMessenger and the visionary behind Adstudio. cloud, an innovative programmatic AdTech platform.

She has founded several other ventures, including DigitalX Pvt Ltd, MyMed International, and Kurunduketiya Pvt Ltd. She pioneered mobile marketing in Sri Lanka in 2003 and helped develop secure A2P messaging solutions that revolutionized communication in the banking and finance sector.

She has earned global recognition with awards such as the APAC Media Festival Gold, SLT Zero One Digital Excellence, and the GSM Awards in Cannes. In 2025, she was appointed G100 Country Chair for Sri Lanka under the Humanity, Technology and Innovation wing.

She serves on national digital economy committees and was formerly Chairperson of the Women's Chamber for Digital Sri Lanka. An alumna of Singapore Management University and Melbourne Business School, she holds an MBA from the University of Sri Jayewardenepura (PIM) and a Postgraduate Diploma in Marketing from CIM (UK). She was named Ernst & Young Winning Woman APAC (2019), Women Entrepreneur of the Year (2015), and South Asia's Best Female Entrepreneur (2016).

EXECUTIVE COMMITTEE





CORPORATE MANAGEMENT TEAM



Hasitha Dassanyake

Chief Sales and Digital Business Officer
(Director Designated)



Nayanthi Kodagoda

Chief Support Services Officer



Ruwan Chandrajith

Chief Financial Officer



Senaka Attygalle

Chief Information Officer



Isanka Kotigala

General Manager - Sales & Business
Development



Ranjith Gunasinghe

General Manager - Post Disbursement
Follow-Up



Sudath Fernando

General Manager - Credit Evaluation



Aruni Panagoda

Deputy General Manager - Business
Operations



Herath Dharmadasa

Deputy General Manager - Agri, Fishery
& MSME Business Development



Nadee Silva

Deputy General Manager - Gold Loan



Sanjeewa Ranathunga

Deputy General Manager - Post
Disbursement Follow-Up



Lalith Peiris

Deputy General Manager - Lending
Asset Portfolio Sales



Rizvi Kareem

Deputy General Manager - Information Systems



Sarath Kumara

Deputy General Manager - Branch Operations



Darshana Amarasinghe

Deputy General Manager - Compliance



Dassana Chandrananda

Deputy General Manager - Liability Portfolio Sales



Mahesh Pathmalal

Deputy General Manager - Internal Audit

CORPORATE MANAGEMENT TEAM

Hasitha Dassanayake

Chief Sales and Digital Business Officer (Director Designate)

Hasitha Dassanayake serves as the Chief Sales and Digital Business Officer at CDB, bringing over 19 years of experience in the financial services industry, all of which have been at CDB. He leads the company's digital transformation and sales strategy, driving innovation, expanding market reach, and fostering digital adoption.

He holds a Bachelor of Commerce (Hons) from the University of Colombo and an MBA from the Postgraduate Institute of Management, University of Sri Jayewardenepura. He is also an Associate Member of CIMA (UK), a Chartered Global Management Accountant (CGMA), and has completed executive education at Harvard Business School on Leadership Development.

Nayanthi Kodagoda

Chief Support Services Officer

Nayanthi Kodagoda serves as the Chief Support Services Officer at CDB, with over 28 years of experience in the finance industry, all of which have been at CDB. She possesses deep expertise in operational finance, human resources, credit administration, and branch operations.

She holds an Executive MBA from the University of Colombo and is an Associate Member of the Sri Lanka Institute of Credit Management.

Ruwan Chandrajith

Chief Financial Officer

Ruwan Chandrajith serves as the Chief Financial Officer at CDB, bringing over 20 years of professional experience in financial management and auditing, including more than 15 years at CDB.

He holds a BSc in Accountancy (Special) from the University of Sri Jayewardenepura and an MSc in Business and Innovation from the University of Southern Queensland (Australia). He is also an Associate Member of the Institute of Chartered Accountants of Sri Lanka.

Senaka Attygalle

Chief Information Officer

Senaka Attygalle serves as the Chief Information Officer at CDB, with a distinguished career spanning over 40 years in the information technology sector.

He holds an MBA from the University of Lincoln (UK) and is a Member of the British Computer Society (UK), the Institute of Management Information Systems (UK), and the Australian Computer Society.

Isanka Kotigala

General Manager – Sales and Business Development

Isanka Kotigala serves as the General Manager – Sales and Business Development at CDB, with over 27 years of experience, including 19 years at CDB and prior leadership roles in multinational organisations.

He holds an MBA from the University of Wales and plays a key role in driving business growth, expanding market presence, and nurturing client relationships.

Ranjith Gunasinghe

General Manager – Post Disbursements Follow-up

Ranjith Gunasinghe serves as the General Manager – Post Disbursements Follow-up at CDB, bringing over 26 years of industry experience, including 23 years at CDB. He counts multi-disciplinary industry expertise span in Business operations, CRM, Governance, Risks, Compliance, and Recovery. He holds a Master of Financial Economics from the University of Colombo, an MBA from the University of Southern Queensland (Australia), and postgraduate qualifications in business, finance, and marketing. He is also a Certified Professional Marketer of the Asia Marketing Federation.

Sudath Fernando

General Manager – Leasing/Credit

Sudath Fernando serves as the General Manager – Leasing/Credit at CDB, with 34 years of experience in the banking and finance sector, including over 16 years at CDB.

He is a seasoned professional with deep knowledge of credit and leasing operations.

Aruni Panagoda

Deputy General Manager – Business Operations

Aruni Panagoda serves as the Deputy General Manager – Business Operations at CDB, bringing over 25 years of experience in financial services.

She holds an MBA from Cardiff Metropolitan University (UK) and is an Associate Member of the Sri Lanka Institute of Credit Management. Her areas of expertise include credit, insurance, and deposit operations.

Herath Dharmadasa

Deputy General Manager – Agri, Fishery & MSME Business Development

Herath Dharmadasa serves as the Deputy General Manager – Agri, Fishery & MSME Business Development at CDB, with more than 29 years of experience in sales, marketing, and financial services.

He holds an MBA from Cardiff Metropolitan University (UK) and a Bachelor of Arts from the University of Peradeniya.

Nadee Silva

Deputy General Manager – Gold Loan

Nadee Silva serves as the Deputy General Manager – Gold Loan at CDB, with over 27 years of experience in sales and marketing in the financial sector, including more than 14 years in gold loan management.

She has been with CDB since 1998 and is a recipient of several awards, including "Best Female Salesperson of the Year" and "Territory Manager – Silver" at the SLIM NASCO Awards 2013, as well as the "National Champion" at the Sri Lanka Vanithabhimana Awards 2021.

Sanjeewa Ranathunga

Deputy General Manager – Post Disbursement Follow-up

Sanjeewa Ranathunga serves as the Deputy General Manager – Post Disbursement Follow-up at CDB, with 27 years of experience, all of which have been at CDB.

He is an Associate Member of the Sri Lanka Institute of Credit Management, the Institute of Certified Professional Managers, and the UK Association of

Professionals. He also holds a Diploma in Agriculture from Aquinas College of Higher Education.

Lalith Peiris

Deputy General Manager – Lending Asset Portfolio

Lalith Peiris serves as the Deputy General Manager – Lending Asset Portfolio at CDB, with over 19 years of experience in the financial services industry, all at CDB.

He holds an MBA in Marketing from Cardiff Metropolitan University (UK) and is a member of both CIM (UK) and SLIM. He received the NASCO Gold Award for Territory Manager – Financial Services in 2017.

Rizvi Kareem

Deputy General Manager – Information Systems

Rizvi Kareem serves as the Deputy General Manager – Information Systems at CDB, bringing over 25 years of experience in financial services and IT.

He holds a Postgraduate Diploma in Information Systems from SLIIT and is a Member of the British Computer Society. His areas of expertise include digital banking, e-commerce platforms, MIS, software engineering, and project management.

Sarath Kumara

Deputy General Manager – Branch Operations

Sarath Kumara serves as the Deputy General Manager – Branch Operations at CDB and has been with the company since March 2000.

He holds a Bachelor of Business Management in Accounting from the University of Kelaniya and brings extensive expertise in branch-level operations and administration.

Darshana Amerasinghe

Deputy General Manager – Compliance

Darshana Amerasinghe serves as the Deputy General Manager – Compliance at CDB, with over 16 years of experience in financial reporting, auditing, tax planning, and compliance.

He is an Associate Member of the Institute of Chartered Accountants of Sri Lanka and the Institute of Certified Management Accountants of Sri Lanka. Prior to joining CDB in 2014, he worked at Ernst & Young Sri Lanka.

Dassana Chandrananda

Deputy General Manager – Liability Portfolio Sales

Dassana Chandrananda serves as the Deputy General Manager – Liability Portfolio Sales at CDB, with 20 years of service at the organisation and prior experience in the insurance sector.

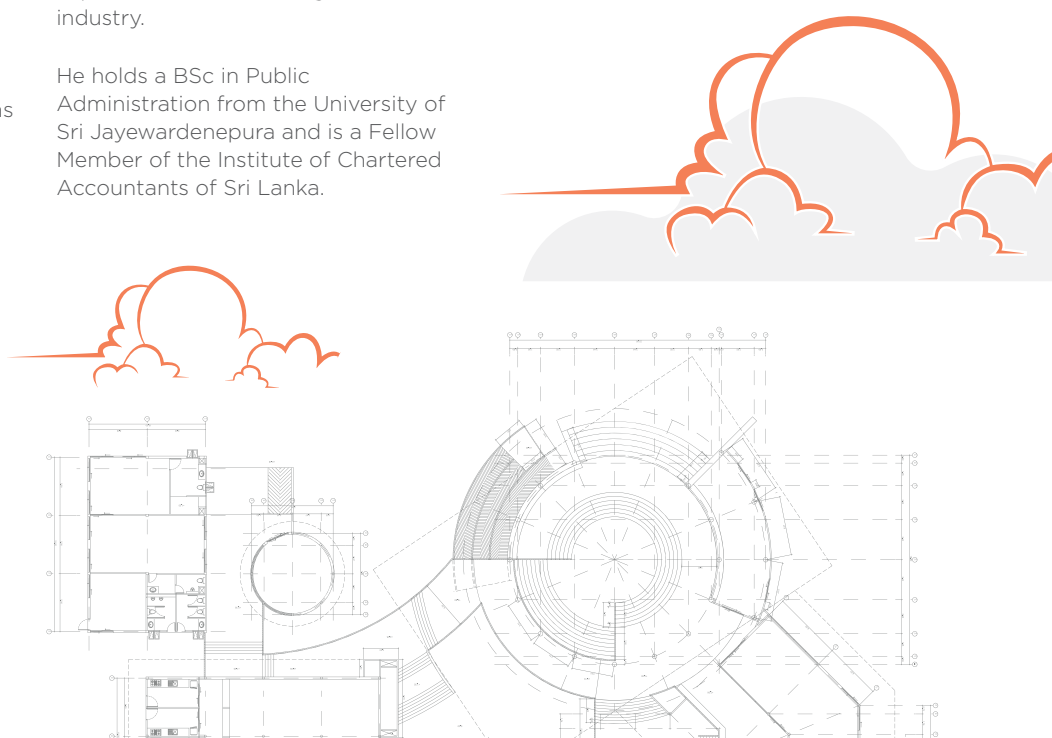
He holds an MBA (UK) and is an Associate Member of the Sri Lanka Institute of Marketing.

Mahesh Pathmalal

Deputy General Manager – Internal Audit

Mahesh Pathmalal serves as the Deputy General Manager – Internal Audit at CDB, with 20 years of experience in the banking and finance industry.

He holds a BSc in Public Administration from the University of Sri Jayewardenepura and is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka.



MANAGEMENT TEAM



Aravinda Perera

Senior Assistant General Manager – Savings Portfolio Sales



Chamath Siriwardana

Senior Assistant General Manager- Finance



Bandula Kumara

Assistant General Manager – Business Development (Region 4)



Chamil Silva

Assistant General Manager – Business Development (Region 1)



Chamith Samarasena

Assistant General Manager - Corporate Finance



Dhanushka De Silva

Head of Risk



Dilruk Abeydiwakara

Head of Operations - IT



Garry Reith

Assistant General Manager – Business Development (Region 3)



Kathiravel Sivagar

Assistant General Manager - Credit



Laavanya Paheerathan

Company Secretary / Head of Legal



Lahiru Thrikawala

Assistant General Manager - Post Disbursements Follow-up



Ravindra Subashkumar

Assistant General Manager - Business Development



Shavindra Fernando

Chief Information Security Officer



Steve Gabriel

Assistant General Manager - Card Sales



Suneth Senadheera

Assistant General Manager - Marketing and Sustainability



Tharanga Suraweera

Head of Green Products



Tharanga Udawaththa

Head of Network and Security



Yenara Udayanga

Assistant General Manager - Business Development (Region 2)



Asanka Suraweera

Senior Manager - IT Governance



Asantha Algama

Senior Manager - Business Development (Region 5)



Dhammika Nawarathna

Senior Manager - Finance Reporting



Dulanga Gamage

Senior Manager - Human Resources



Hansika Nawarathna

Senior Manager - Branch Operation



Jagath Dissanayake

Senior Manager - Credit

MANAGEMENT TEAM



Janani Philip

Head of Card Centre



Janendra Bandara

Head of CRM and Contact Centre



Nadun Sooriyaarachchi

Senior Manager - Operations



Narmadha Malwatte

Senior Manager - Human Resources



Pandaram Pradeepkumar

Senior Manager - Credit



Priyantha Kumara

Senior Manager - Finance



Rangana Pragharathna

Head of Home & Personal Loans



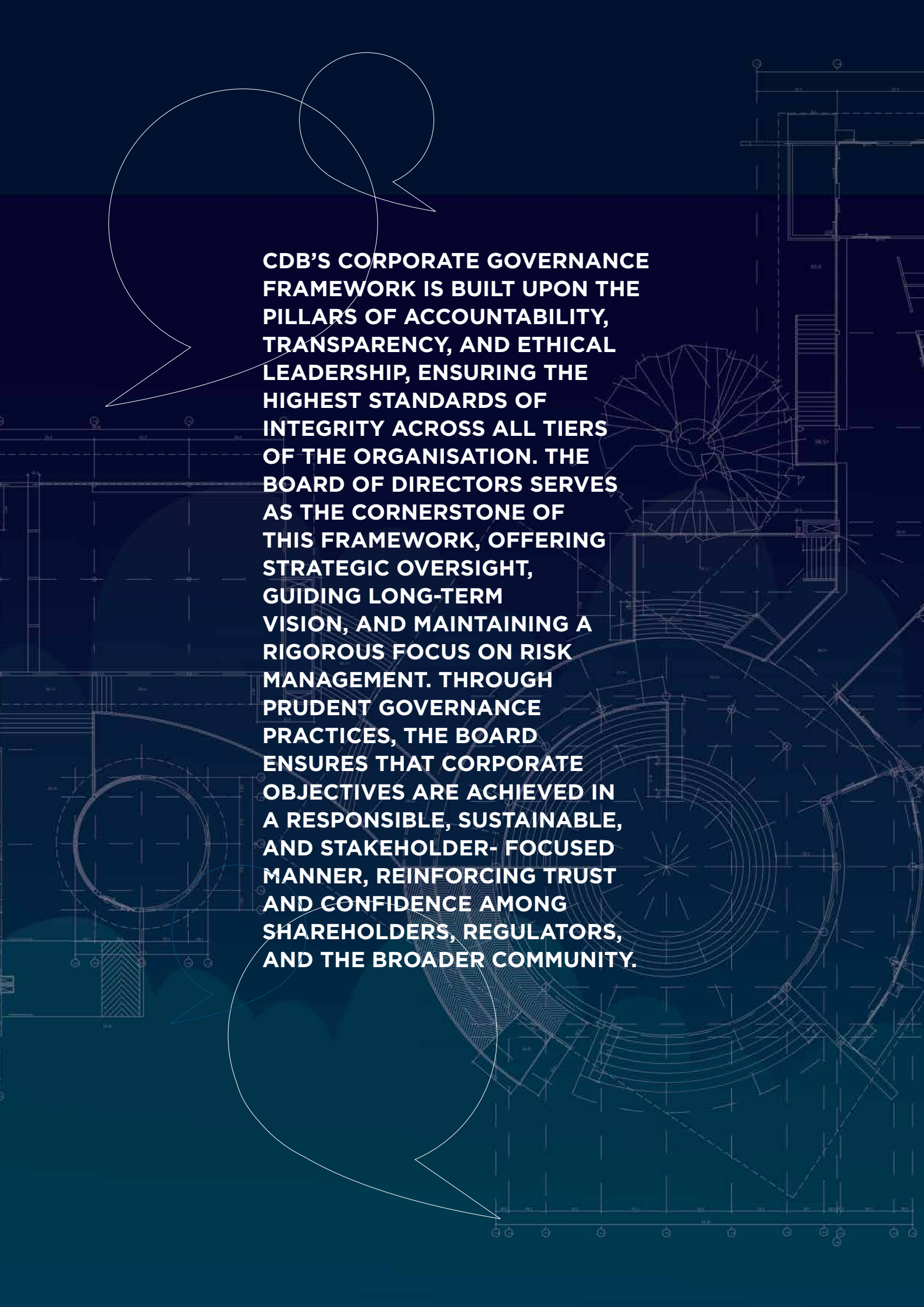
Sajith Sanjeewa

Head of Business Intelligence



Shabni Mohideen

Senior Manager - Operations

The background is a dark blue architectural blueprint. It features various technical drawings, including a large circular structure with concentric rings and radial lines, resembling a dome or a large wheel. There are also rectangular structures with internal details, possibly representing buildings or infrastructure. A large, white, hand-drawn speech bubble is positioned on the left side, with its tail pointing towards the top left corner. The text is written in a bold, white, sans-serif font, centered within the speech bubble.

**CDB'S CORPORATE GOVERNANCE
FRAMEWORK IS BUILT UPON THE
PILLARS OF ACCOUNTABILITY,
TRANSPARENCY, AND ETHICAL
LEADERSHIP, ENSURING THE
HIGHEST STANDARDS OF
INTEGRITY ACROSS ALL TIERS
OF THE ORGANISATION. THE
BOARD OF DIRECTORS SERVES
AS THE CORNERSTONE OF
THIS FRAMEWORK, OFFERING
STRATEGIC OVERSIGHT,
GUIDING LONG-TERM
VISION, AND MAINTAINING A
RIGOROUS FOCUS ON RISK
MANAGEMENT. THROUGH
PRUDENT GOVERNANCE
PRACTICES, THE BOARD
ENSURES THAT CORPORATE
OBJECTIVES ARE ACHIEVED IN
A RESPONSIBLE, SUSTAINABLE,
AND STAKEHOLDER- FOCUSED
MANNER, REINFORCING TRUST
AND CONFIDENCE AMONG
SHAREHOLDERS, REGULATORS,
AND THE BROADER COMMUNITY.**

CORPORATE GOVERNANCE

During the Financial Year 2024/25, CDB made significant strides in enhancing its corporate governance framework, ensuring alignment with emerging regulatory requirements and best practices within the financial sector. This year saw substantial changes, particularly with the Colombo Stock Exchange (CSE) revising its Listing Rules, with a specific focus on Corporate Governance (CG). Additionally, new Guidelines on Remuneration Policies and Disclosure Requirements were introduced by the Central Bank of Sri Lanka (CBSL). Further, CDB committed to adopting improved sustainability governance practices and reporting standards. These changes required a well-coordinated and integrated approach to meet the increased expectations.

Despite these substantial changes, CDB did not need to overhaul its existing governance structure. Instead, we seamlessly integrated these new requirements within the robust framework which was already in place. The Board conducted an extensive review of the governance arrangements, leading to the transformation of key policy frameworks and the Terms of Reference for Board Committees. Our governance infrastructure proved sufficiently agile to accommodate these regulatory demands without requiring fundamental changes to the structure. This enabled us to continue upholding high standards of transparency, accountability, and stakeholder engagement, ensuring compliance with the evolving regulatory landscape.

CDB's governance structure and processes are designed to align with the applicable regulatory framework, while also accommodating industry best practices and sustainable business practices.

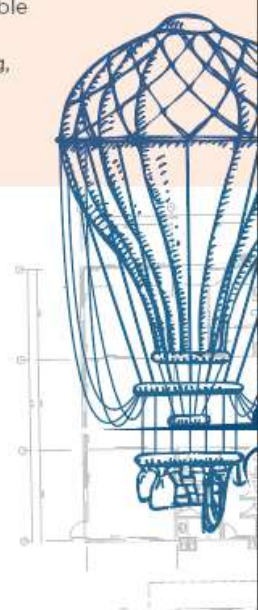
Improvements to governance system during 2024-25

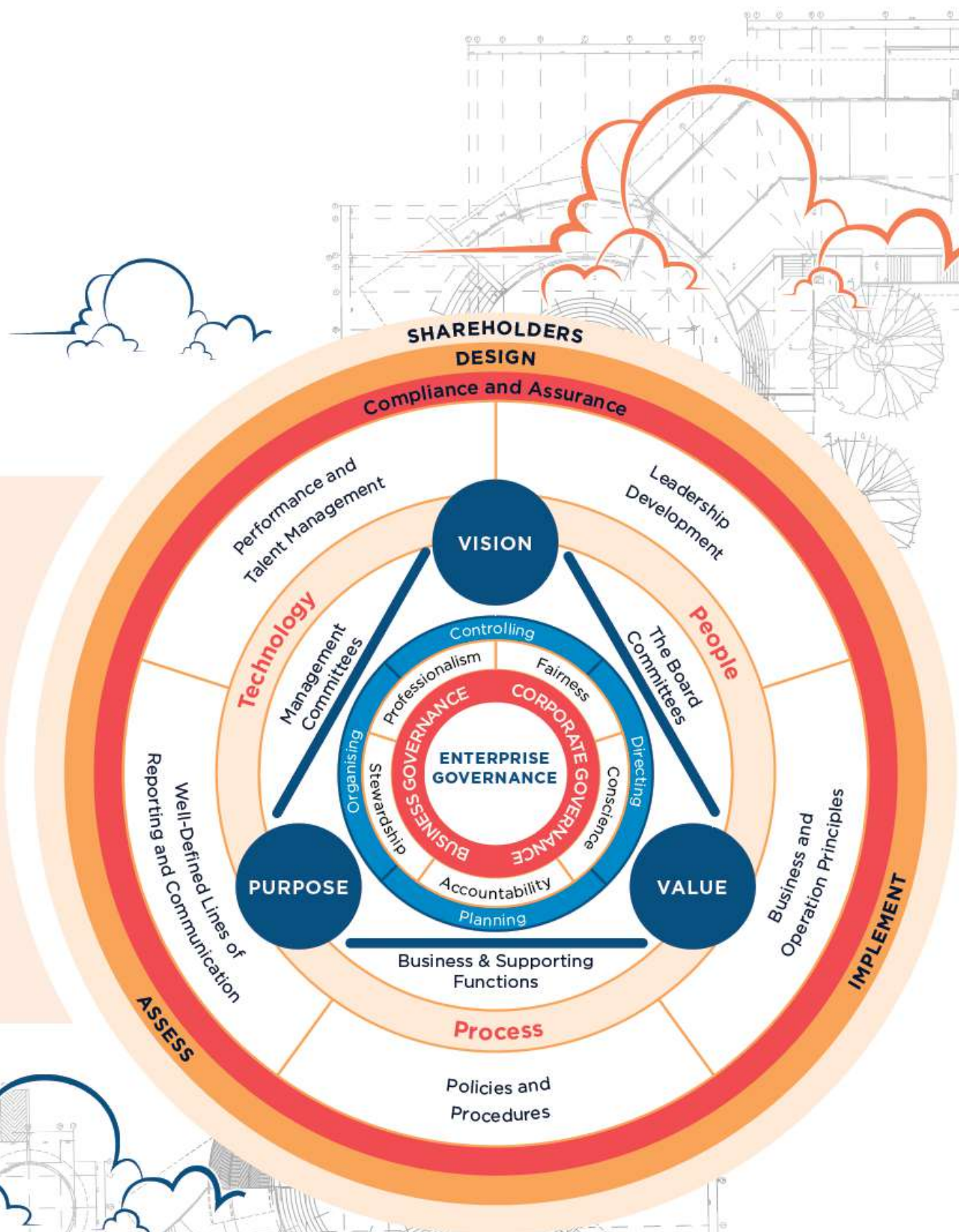
- Adoption of the amended Corporate Governance Section and the Listing Rules of the CSE
- Introduction of the Policy on Relations with Shareholders and Investors, Environmental, Social and Governance (ESG) Policy, Policy on Control and Management of Company Assets and Shareholder Investments and Policy on Corporate Disclosures
- Establishment of BITSC (Board Information Technology Steering Committee) to oversee the existing Steering Committees (ITSC & ISSC)
- Strengthening the compliance status with the new Code on Best Practices of Corporate Governance by CA Sri Lanka which was voluntarily adopted in its inaugural year

ENTERPRISE GOVERNANCE

CDB's enterprise governance model, is built upon a firm foundation of compliance and assurance, integrating both business and corporate governance in a unified framework.

These two dimensions are interlinked seamlessly, enabling value creation and long-term sustainability in line with stakeholder expectations. The model is assessed, designed, and implemented with agility, ensuring that it remains dynamic and adaptable to evolving internal and external operating environments. Policies and procedures, business and operation principles, leadership development, performance and talent management, and well-defined lines of reporting and communication are five principles that are embedded to this framework, in order to effectively interlink corporate strategy with ground level strategy execution. The Company's vision, values and purpose, provide overarching guidance in strategy formulation, execution and maintaining the highest level of business ethics in all operations. The business units are structured to facilitate optimum value creation in a compliant and sustainable fashion. Consistent good governance is maintained across all operations through the continuous cycles of planning, controlling, directing and organising.





GOVERNANCE STRUCTURE

Designed to align with all applicable legal and regulatory requirements, CDB’s governance structure reflects industry best practices and evolving sustainability standards. It ensures that strategic direction, operational execution, and risk oversight are seamlessly integrated across the organisation. Through this robust and dynamic model, CDB fosters a culture of transparency, accountability, and continuous improvement, positioning itself as a responsible and future-ready financial institution.

Board of Directors

Provides strategic direction, reviews and monitors its implementation; Manages principal business risks and ensures effective monitoring systems; Regularly reviews internal controls for current and emerging risks; Oversees governance framework; Provides for the effective compliance function; Monitors financial performance and reviews funding requirements; Ensures effective communication with shareholders and stakeholders.



Board Integrated Risk Management Committee (BIRMC)

Oversight responsibility for all areas of risk management including credit, market, operational, liquidity, cyber/IT and strategic risks and ensures the effectiveness of the compliance function

Board Audit Committee (BAC)

Identifying and addressing deficiencies in financial reporting, risk management, internal controls, and legal and regulatory frameworks

Board Related Party Transactions Review Committee (BRPTRC).

Consider, review, evaluate and provide oversight of related party transactions of all types and to approve, ratify, disapprove or reject a related party transaction ensuring they are conducted on fair and transparent terms in compliance with applicable regulations.

Board Nominations and Governance Committee (BNGC)

Manages the Board appointment process and provides recommendations on Board composition, governance structures, and succession planning

Board Human Resource and Remuneration Committee (BHRC)

Reviews and monitors matters related to executive remuneration, performance evaluation, and human resource policies, ensuring alignment with strategic goals

Board Credit Committee (BCC) (Voluntary Board Sub Committee)

Oversees credit management at both policy and operational levels, including reviewing high-value credit proposals, updating credit policies, monitoring portfolio performance, and ensuring regulatory compliance

Board Information Technology Steering Committee (BITSC) (Voluntary Board Sub Committee)

Provides strategic oversight, direction, and governance over the organisation’s information technology initiatives and investments, ensuring they align with overall business goals and deliver value while managing risk.

Division of responsibilities between the Chairman and the Managing Director / CEO

The Chairperson of CDB is a Non- Executive, Independent Director. The roles of Chairman and highest level executive are separate and segregated.

Responsibilities of the Chairperson

- Promotes the highest standards of corporate governance standards, and provides effective leadership to the Board.
- Sets the Board’s agenda, and establishes the tone for its culture, and values while exercising strong strategic oversight on the Board.
- Leads Board discussions by constructively challenging management proposals and promotes candid and fruitful discussion among Directors.
- Annually assesses, recommends and makes arrangements to the Board, on the effectiveness and performance of the Board, the Committees of the Board and individual Directors.
- Ensures appropriate steps are taken to maintain effective communication with shareholders and that their views are appropriately represented to the Board.

Responsibilities of the CEO/MD

- Leads and guides the execution of CDB's business strategy, while fostering a culture aligned with the organisation's core values.
- Leads and oversees the Company's daily operations through the management team, under the authority delegated by the Board.
- Monitors organisational performance, ensures compliance with applicable legal and regulatory obligations and keeps the Board informed.
- Builds and maintains relationships with key internal and external stakeholders, including the Board, the Chairperson, the regulators, the government bodies and the investors.
- Oversees succession planning ensuring leadership continuity and evaluates their performance.

Executive Committee/ Corporate Management Committee

Functioning as the highest management level committees in CDB, it reviews the entire performance of CDB, with a view to supporting the formulation of strategies and management of deviations.

Risk and Compliance Committee

Reviews overall risk and compliance functions at CDB.

Asset-Liability Management Committee

Assessing the funding approach, handling liquidity, balancing assets and liabilities, monitoring market risks, and effectively managing liquidity and interest rate risks are key priorities

IT Steering Committees (ITSC & ISSC)

Directs, reviews and approves IT strategic plans and maintains regular oversight.

Investment Committee

Assists the Board to discharge its statutory duties and its oversight responsibilities in relation to investment activities.

Delegation of Authority

Board Sub-committees

CDB has established seven (7) Board sub-committees to dedicate additional time and resources to specific areas of focus. This includes five (05) mandatory sub-committees and two (02) voluntary sub-committees, aligned to CDB's strategic aspirations and regulatory requirements. The Terms of Reference (TOR) for each sub-committee delineates their respective scope and responsibilities.

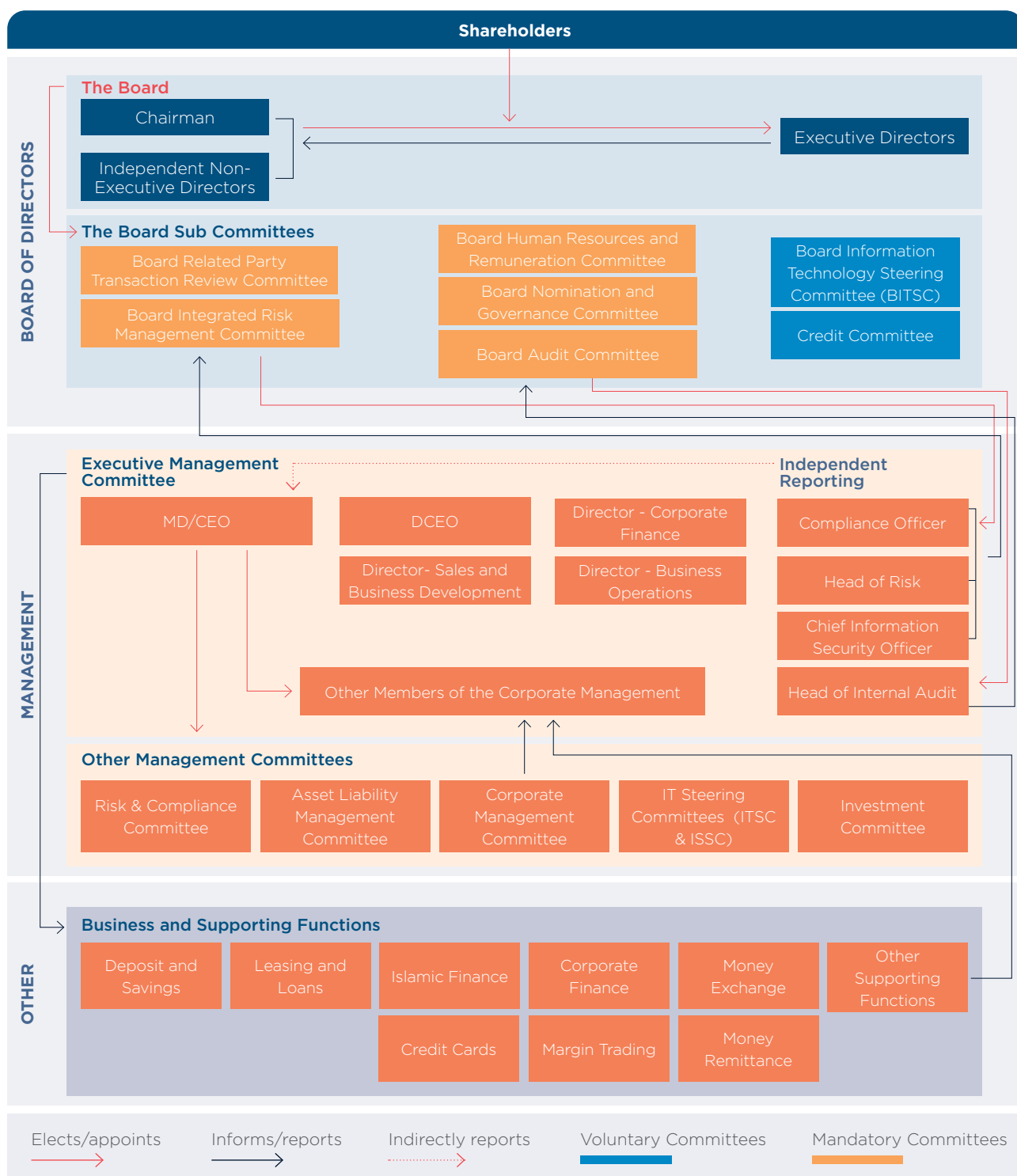
Please refer to the Reports of the Board Sub-committees from page 159 to page 172 for further information.

Executive Committee

The Executive Committee derives its authority from the Board and is responsible for executing the objectives, strategies, and policies delineated by the Board, thereby ensuring the efficient functioning of the Company. The Management Committees consisting the Managing Director (MD/CEO), Executive Directors and Senior Management convene regularly to manage the administration of business and operational affairs.

CORPORATE GOVERNANCE

CDB GOVERNANCE FRAMEWORK



THE BOARD

Composition of the Board

During the financial year 2024/25, the Board of Directors at CDB comprised of 13 members who brought a broad range of expertise and experience across various sectors. The Board maintained its diversity across gender, age, professional background, and experience—enriching its deliberations and reinforcing CDB's commitment to inclusive, forward-looking governance. The current Board composition continues to support strategic decision-making aligned with the Company's long-term objectives and strong governance principles.

Criteria	Number
Executive/Non-Executive	Executive Directors: 5 Non Executive Directors: 8
Independence	Independent Directors: 6
Gender diversity	Women: 3 Men : 10

Board Members and Attendance at Board Meetings	Tenure as at March 31st 2025	Number of Other Significant Positions Held and Nature of the Commitments as at March 31st 2025
Alastair Corera (12/12) Chairperson/ Non-Executive Independent Director	5 Years & 11 Months	BIRMC BNGC
Mahesh Nanayakkara (12/12) Managing Director/ Chief Executive Officer	20 years & 2 months	BCC (VC) BITSC (VC)
Damith Tennakoon (12/12) Deputy CEO/ Executive Director	14 years	BCC (VC) BITSC (VC)
Dave De Silva (12/12) Executive Director – Business Operations	13 years and 4 months	BCC (VC) BITSC (VC)
Jagath Abhayaratne (12/12) Non-Executive Director	5 years 4 months	BAC (VC)
Jayomi Lokuliyana (10/12)* Non-Executive Independent Director	1 year	BIRMC BITSC (VC)
Senior Professor Prasadini Gamage (12/12) Non-Executive Independent Director	4 years and 2 months	BAC BRPTRC
Rajitha Perera (12/12) Non-Executive Independent Director	4 years and 8 months	BAC BHRRC BRPTRC
Roshan Abeygoonewardena (12/12) Executive Director – Corporate Finance	14 years	BCC (VC) BITSC (VC)
Samitha Hemachandra (12/12) Non-Executive Director	5 years and 4 months	BNGC BRPTRC BHRRC
Senior Professor Sampath Amaratunge (12/12) Non-Executive Independent Director	8 years and 5 months	BNGC BHRRC
Sasindra Munasinghe (12/12) Executive Director – Sales and Business Development	14 years	BCC (VC) BITSC (VC)
Sujeewa Kumarapperuma (12/12) Non-Executive Independent Director	4 years and 5 months	BNGC BIRMC

VC - Voluntary Committee

* Absent for Board meetings on the months of July 2024 and February 2025

Changes to the Board in 2024/25

New appointments:

- Ms. Jayomi Lokuliyana - Independent Non-Executive Director appointed w.e.f. 01st April 2024

Re-election/reappointments:

- Senior Prof. S. P. P. Amaratunga – Independent Non-Executive Director
- Mr. Jagath Abeyaratne – Non-Executive Director

Retirements/resignations (None)

Independent judgment

At CDB 46% of the Board Members are INEDs which reflects CDB's commitment to governance practices that prioritise independence and objectivity.

Directors exercise independent judgment on aspects relating to strategy, resource allocation, performance and key appointments as well as standards of business conduct.

The Board composition and representation ensures that there is a sufficient balance of power within the Board, minimising the likelihood of one or few members dominating the decision making.

Balanced Leadership

The Board composition and representation ensures a balanced distribution of power preventing dominance by any single member or group. The roles of Chairperson and the Chief Executive Officer are distinct and segregated. The Chairperson of the Company is a Non-Executive, Independent Director and he oversees the Board's effectiveness and governance responsibilities, while the CEO leads the company's operational execution.

The Board of Directors also ensures that procedures and processes are in place in order to comply with all applicable laws and regulations. Both individually and collectively, all Directors act in accordance with the regulatory framework governing the business.

Collective knowledge of the Board

On appointment, Directors are given an induction programme to familiarise with the Company's business operation and internal control system. Additionally, in recognition of the need for continuous professional development, all Directors are encouraged to engage in appropriate trainings considered beneficial towards carrying out their duties as Directors.

Some of the key areas in which Board Members, collectively or individually, have gained additional understanding during the financial year 2024-25 are :

- Economic Outlook of Sri Lanka
- The Personal Data Protection Act (PDPA), No. 9 of 2022 and its Impact
- Amended Continuous Listing Rules of the Colombo Stock Exchange
- Sri Lanka's third Mutual Evaluation of its Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) framework
- ESG reporting, sustainability and climate action
- Expansion of Financial leasing services
- Financial Markets
- Optimum Recovery Operations and Practices

Nomination and selection of the Board and Board-Subcommittees

The appointment and selection process for the Board of Directors and Board Committees is governed by a structured, transparent, and merit-based approach. This process is overseen by the Nominations and Governance Committee to ensure alignment with CDB's strategic goals, regulatory compliance, and good governance standards.

All appointments to the Board are initiated by the Nominations and Governance Committee upon identification of a vacancy or strategic requirement. The Committee evaluates potential candidates against a comprehensive role specification that outlines the qualifications, experience, and competencies required. This includes compliance with the "Fit and Proper" criteria as set out in the Direction No. 06 of 2021 issued by

the Central Bank of Sri Lanka (CBSL), along with any other applicable statutory and regulatory obligations.

A thorough due diligence process is carried out, including background checks, qualification verification, and regulatory clearances. Shortlisted candidates are then assessed by the Nominations and Governance Committee, with final recommendations submitted to the Board for approval.

Appointments to the Board become effective only upon receiving written no-objection or approval from the Central Bank of Sri Lanka. Following regulatory clearance, the appointee receives a formal letter of appointment and undergoes an induction programme covering CDB's governance framework, compliance requirements, and strategic orientation.

For appointments to Board Committees, members are selected based on their subject matter expertise, independence (where applicable), and alignment with the specific responsibilities of the committee. The composition of each committee is reviewed periodically to ensure it remains appropriate and effective.

Statement Of Compliance on The Fit and Proper Assessment Criteria

The Board of Directors of CDB affirms that all current Directors, the Chief Executive Officer (CEO) and Key Responsible Persons (KRPs) meet the Fit and Proper Assessment Criteria as stipulated by the regulatory authorities and internal governance policies. This assessment encompasses evaluations of honesty, integrity, reputation, competence and capability, experience, financial soundness and level of performance and contribution to the success of the Company ensuring that the leadership of CDB adheres to the highest standards of professionalism and ethical conduct.

Evaluation of the Performance of the Board

CDB has instituted a formal and rigorous annual evaluation process to assess the performance of the Board, its Subcommittees, individual Directors, and the MD/CEO. This

process is aligned with regulatory requirements and corporate governance best practices, with a focus on continuous improvement and sustainable value creation.

Board and Subcommittee Evaluations

At the beginning of each financial year, the Board sets annual objectives and subsequently evaluates its collective performance against these benchmarks. This includes an assessment of sustainability-related aspects of the Company's operations.

The performance of the Board's subcommittees is also reviewed through this framework. Evaluation results are discussed at Board meetings to identify areas for enhancement and reinforce effective governance.

Individual Director Evaluations

Each Director undergoes an annual self-evaluation to reflect on their contribution and effectiveness. In addition, the Chairperson and the Human Resources and Remuneration Committee conduct formal evaluations of individual Directors. These evaluations consider:

- Attendance and participation
- Quality of contribution to Board and Committee discussions
- Peer feedback and demonstrated leadership
- Relevant skills and expertise
- Evaluation against predetermined criteria aligned with the Board Charter and responsibilities

These assessments are also used during the Director re-election process to ensure continued alignment with Board expectations.

MD/CEO Evaluation

The performance of the MD/CEO is reviewed annually against financial and non-financial targets set at the beginning of the financial year. These targets are aligned with the Company's medium and long-term strategic goals, including business sustainability. The evaluation is an ongoing process, culminating in a formal performance review by the Board at the end of the financial year.

Record Keeping and Transparency

All evaluation records are systematically maintained by the Company Secretary to ensure transparency, accountability, and adherence to governance standards

REMUNERATION POLICIES AND PROCESSES

CDB's remuneration policy is designed to attract, retain, and motivate high-calibre individuals, while ensuring alignment with corporate objectives, shareholder interests and long-term value creation. The policy is guided by principles of fairness, transparency, and compliance with regulatory expectations and best practices on governance.

Executive Directors and Corporate Management

The Board Human Resources and Remuneration Committee (BHRRRC) assists the Board in formulating and overseeing the remuneration policy for Executive Directors and members of the Corporate Management. The remuneration structure for Executive Directors, including the MD/CEO, is comprised of fixed and performance-linked components designed to drive both corporate and individual performance.

- The MD/CEO's remuneration is determined within a broad policy framework approved by the Board, incorporating both financial and non-financial performance targets aligned with the Company's medium and long-term sustainability goals.
- An ongoing evaluation of the MD/CEO's performance is conducted by the Board, with a formal review at the end of each financial year.
- Executive share options have been granted in line with the CSE Listing Rules, and were not exercised during the financial year 2024/25.

The MD/CEO, by invitation, participates in meetings related to the determination of remuneration for the Corporate Management, ensuring that compensation packages are competitive and in line with market practices to attract and retain talent.

Non-Executive Directors

The remuneration for Non-Executive Directors is determined by the Board as a whole, reflecting:

- The scope of responsibilities
- Time commitment
- Benchmarking against market practices

Non-Executive Directors receive a fixed fee, and where applicable, additional compensation for chairing or participating in Board Subcommittees or special committees. They do not receive share options, performance-related incentives, or any variable pay components. These provisions ensure that their independence and objectivity are maintained.

Remuneration Determination Process

The BHRRRC reviews all key human resource-related policies, including salary structures, promotions, and employment terms applicable to Senior Management. Recommendations from the MD/CEO and Head of HR are also considered in this process.

In accordance with the Company's governance framework:

- No Director is involved in deciding their own remuneration.
- The BHRRRC remains cognizant of broader remuneration and employment conditions across the Company when determining executive compensation.
- The Committee annually reviews performance-based remuneration of the MD/CEO and Executive Directors against pre-approved targets, recommending revisions where appropriate.

Performance-Linked Remuneration and Share Option Schemes

Performance-related components are crafted to incentivize Executive Directors to deliver sustainable value while maintaining alignment with stakeholder interests.

Executive share options are granted at market value, in compliance with applicable stock exchange regulations,

and are not exercisable within a minimum period of three years. The Committee also encourages shareholding by Executive Directors to foster a sense of ownership.

The Company's performance-linked remuneration schemes include provisions to:

- Recover sums paid or
- Withhold a portion of variable pay in specific circumstances, ensuring accountability and prudent risk-taking.

Governance and Accountability

- The Chairperson and the BHRRRC conduct annual evaluations of individual Directors, while the Board evaluates its overall effectiveness and performance.
- All remuneration-related decisions and processes are fully documented and maintained by the Company Secretary to ensure transparency and compliance.
- No early termination payments were made during the reporting period.

CDB remains committed to a formal, transparent, and merit-based remuneration process that supports long-term organisational success and upholds the highest standards of corporate governance.

POLICIES AND PROCEDURES

CDB has proactively aligned with the Colombo Stock Exchange (CSE) Listing Rule 9.2.3 by establishing and disclosing a comprehensive suite of governance policies, prior to the rule's effective date. These policies are accessible through the Investor Relations section of the CDB website: <https://cdb.lk/about-us/investor-relations>. This initiative underscores CDB's commitment to transparency, accountability, and adherence to best practices in corporate governance:

1. Policy on Matters Relating to the Board of Directors

Outlines the roles, responsibilities, and expectations of the Board to ensure effective oversight and strategic guidance.

2. Policy on Board Committees

Defines the structure, functions, and responsibilities of various Board committees to facilitate specialised oversight.

3. Policy on Corporate Governance, Nominations, and Re-election

Establishes the framework for nominating and re-electing Directors, promoting transparency and accountability.

4. Policy on Remuneration

Details the principles and procedures for determining remuneration for Directors and senior management, ensuring fairness and competitiveness.

5. Policy on Internal Code of Business Conduct and Ethics

Sets the ethical standards and professional conduct expected from all employees and Directors.

6. Policy on Risk Management and Internal Controls

Outlines the approach to identifying, assessing, and managing risks, along with the internal control mechanisms in place.

7. Policy on Relations with Shareholders and Investors

Describes the methods for engaging with shareholders and investors, ensuring their views are considered in decision-making processes.

8. Environmental, Social, and Governance (ESG) Policy

Highlights the company's commitment to sustainable practices and responsible corporate citizenship.

9. Policy on Control and Management of Company Assets and Shareholder Investments

Provides guidelines for the effective management and safeguarding of company assets and shareholder interests.

10. Policy on Corporate Disclosures

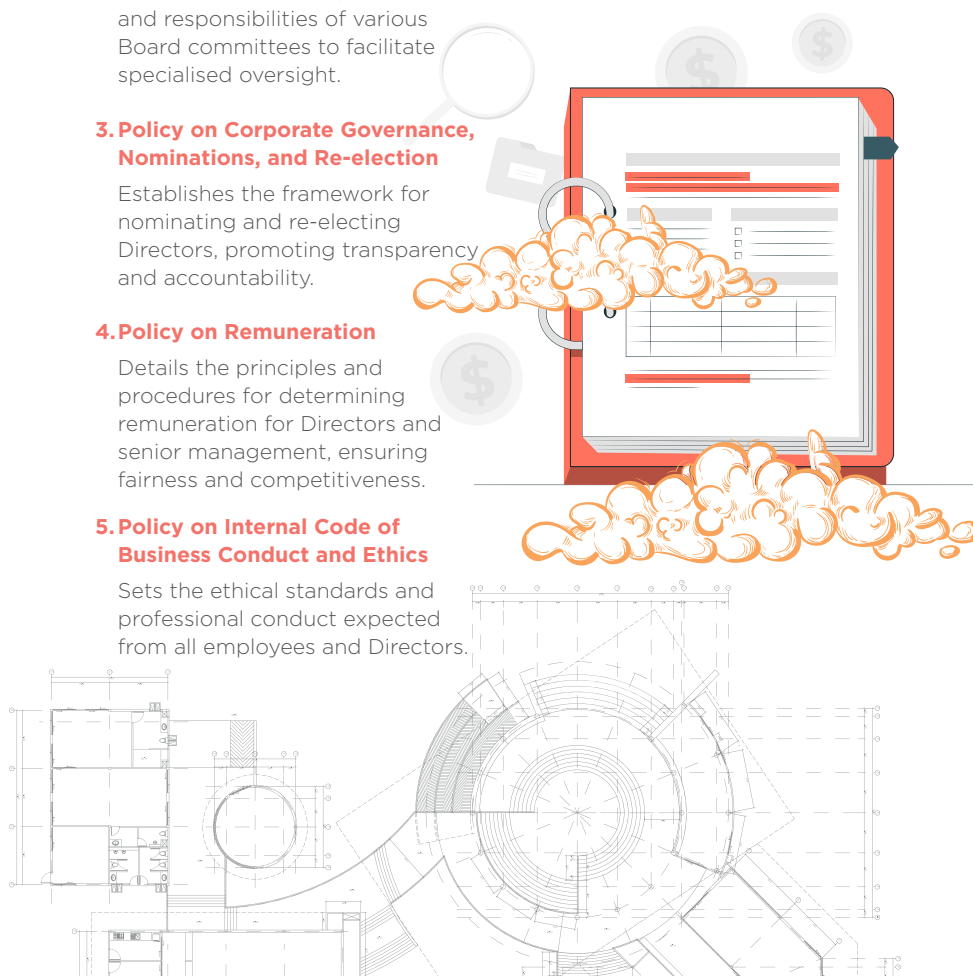
Ensures that all corporate disclosures are made transparently, accurately, and in a timely manner, adhering to best practices.

11. Policy on Whistleblowing

Establishes a secure and confidential mechanism for reporting unethical or unlawful activities within the organisation.

12. Policy on Anti-Bribery and Corruption

Defines the company's stance against bribery and corruption, outlining preventive measures and reporting procedures.



These policies are regularly reviewed and updated to remain in compliance with evolving regulations and to reflect the dynamic needs of the business. Only selected policies are published in their entirety on CDB's website, while others are presented in summary form, highlighting their core principles and intent. However, in line with CDB's commitment to transparency and sound governance, shareholders and other stakeholders may request access to the full versions of these policies through the Company Secretary as stated in the Corporate Website under the summary policies. This process ensures that all parties have the opportunity to obtain more detailed information where necessary, while maintaining appropriate confidentiality and regulatory compliance.

SUSTAINABILITY GOVERNANCE AND REPORTING

CDB's Enterprise governance model incorporates sustainability concepts starting at the highest level of governance. The Board overlooks the Company's transition towards sustainable operations and provides leadership in framing the Company's Sustainability Agenda, with due consideration to material Environmental, Social and Governance impacts.

ESG principles are embedded into operations and considered in formulating the business strategy and reported annually by adopting the Integrated reporting Standard and GRI Standards.

Role of the Board in Overseeing the Management of Impacts

Sustainability is a core pillar of CDB's corporate strategy, with the Board of Directors serving as the highest decision-making authority on related matters. The Board ensures strategic alignment and oversight, while Corporate Management drives implementation. A dedicated Sustainability Steering Committee, chaired by the MD/CEO, supports this framework by guiding priorities and monitoring performance against industry-aligned KPIs.

The Board oversees due diligence processes, including the Environmental and Social Risk Management System (ESMS), which integrates ESG considerations into lending decisions. In FY 2024/25, 100% of credit facilities complied with ESMS requirements and were categorised as low-risk.

Stakeholder engagement is central to our governance approach. Feedback from employees, customers, investors, and communities is regularly considered to enhance decision-making and long-term value creation. The Board reviews the effectiveness of these processes annually.

Delegation of Responsibility for Managing Sustainability Impacts

Responsibility for managing sustainability impacts is delegated through a clear governance hierarchy. Senior executives and business unit leaders, under the direction of the Sustainability Steering Committee, are accountable for implementing ESG-related initiatives. Operational teams—including credit and procurement—are empowered to manage environmental and social risks, guided by the ESMS and Sustainable Purchasing Policy.

Role of the Board in Sustainability Reporting

The Board is responsible for reviewing and approving CDB's sustainability disclosures, including material topics. Draft reports are vetted by the Sustainability Steering Committee and relevant Board sub-committees before final Board approval. Reporting aligns with the GRI Standards and UN SDGs, ensuring transparency, accountability, and strategic relevance.

Sustainability Steering Committee

The Sustainability Steering Committee's purpose is to anchor sustainability principles within all aspects of CDB and to ensure that the company's short, medium and long-term business growth strategies are innately aligned to sustainable practices. This steering committee was reinforced by realigning directors and corporate management to have a prudent approach to sustainability and to respond proactively to Economic, Climate, Social Emergencies, new Technology Disruption and Governance aspects. Under the directions of the MD/CEO, the committee meets monthly to review and monitor the performance of the Company's Sustainability Agenda.

IT GOVERNANCE

Information Technology is a key strategic growth pillar of the Company and as CDB continues to integrate Information Technology across its business model. As such, IT governance is the ultimate responsibility of CDB's Board of Directors, which exercises oversight by evaluating the alignment and effectiveness of the Company's IT strategy and approving necessary improvements. The Board is well supported by the IT Governance Team which operates as the second line of defense ensuring that IT policies and controls are adhered to. The execution of the IT strategy, however, falls under the purview of CDB's IT Department, which is responsible for its implementation and operational management.

ETHICS AND INTEGRITY

CDB upholds the highest standards of ethics and integrity in all business activities through its Board approved Code of Conduct and Ethics. The Code reinforces the values of perseverance, empathy, and reliability, to empowering the staff to counter corruption at a more personal level. Every member of CDB including new recruits and Directors are required to strictly adhere to this Code, ensuring a culture of accountability and principled conduct throughout the organisation

CONFLICTS OF INTEREST

All Directors, executives, and employees are required to promptly disclose any situations that may give rise to a conflict of interest. Oversight of Conflicts of Interest is authorised through:

- The Board Charter
- The Code of Business Conduct and Ethics.
- The Related Party Transaction Review Committee is also entrusted under its duties and responsibilities to manage potential conflicts of interest arising on related party transactions.

Once a potential conflict is identified, appropriate measures are taken to mitigate any adverse effects. This may involve recusal from decision-making processes, restructuring responsibilities, or other actions deemed necessary to ensure unbiased and fair outcomes.

The Board Audit Committee reviews conflicts of interest cases and recommends suitable resolutions.

The Compliance Unit, in collaboration with the Internal Audit function, under the oversight of the Audit Committee ensures adherence to conflict of interest policies, and reports any findings directly to the Board.

Conflicts of interest identified under the Colombo Stock Exchange (CSE) Listing Rules are disclosed to the CSE.

If any significant conflicts are identified, these, along with the steps taken to address such conflicts, are disclosed as required and in CDB's annual report.

CDB's Directors and / or their close family members did not have any material business relationships with other Directors of the Company during the financial year under review.

COMMUNICATION OF CRITICAL CONCERNS

Mechanisms to facilitate communication of critical concerns to the Board are:

- Regular Board Meetings
- Specialised Sub-Committees (BIRMC, BAC) and Management reporting
- Whistle-blowing Policy
- Direct Access to Board Members
- Crisis Management Protocols
- Internal Audits

During the reporting period, there were no critical concerns communicated to the Board. Similarly, there were no sustainability related critical concerns communicated.

Company secretary

In accordance with the Company's Act No. 07 OF 2007, Laavanya Paheerathan, appointed at the senior management level serves as the Company Secretary of the Company. She provides guidance to the Board and ensures compliance with the Companies Act, Board processes, and other relevant laws and regulations. As stipulated in the Board Charter and related procedures, all Directors have unrestricted access to the counsel and services of the Company Secretary to ensure that Board operations adhere to the applicable laws, regulations, rules and instructions.

The Company Secretary is responsible for preparing agenda of the Board Meetings in cooperation with the Chairperson. She also maintains detailed minutes of Board proceedings, which are available for review by any Director upon request. These minutes, along with all other Board submissions, are securely maintained for a minimum period of six years. .

Communication with shareholders

Policy on Relations with Shareholders and Investors, primarily sets out the manner in which CDB ensures effective communication with its shareholders. It recognises the Annual Report of the Company as the key document conveying information of the Company to shareholders and other stakeholders whereas the AGM

of the company as an opportunity for the shareholders to engage with the affairs of the company. It also facilitates the arrangement of investor forums as necessary. Shareholders may, at any time, request for information through the Company Secretary. The Company Secretary maintains a record of all correspondence received and delivers as soon as practical such correspondence to the Board or individual Director/s as applicable, for a response. The Company focuses on open communication and fair disclosure, with emphasis on the integrity, timeliness and relevance of the information provided. The Company welcomes any suggestions from the shareholders prior to the AGM and the Board of Directors is prepared to provide comprehensive explanations for queries of shareholders at the AGM.

The AGM conforms to all regulatory requirements. The notice of the AGM, form of proxy and all relevant papers are sent to the shareholders at least 15 working days prior to the date of the AGM as required by the regulators. Separate resolutions are proposed for each significant item on the Agenda.

If shareholders feel that their concerns have not been adequately addressed through regular communication channels or find them unsuitable for resolving certain issues, they may escalate their concerns to the Chairperson of the Board via the Company Secretary at the specified company address. This ensures an alternative route for addressing unresolved matters or sensitive issues. The Policy on Relations with Shareholders and Investors and the Board Charter have stipulations to ensure that all Directors are made aware of significant shareholder issues and concerns, and is also one of the key responsibilities of the Chairperson to ensure that shareholders' views are effectively communicated to the Board, reinforcing CDB's commitment to transparency and stakeholder engagement.

Furthermore, CDB has established and actively practices a robust Policy on Corporate Disclosures, which ensures that all communications are made in accordance with best practices. The policy is designed to deliver disclosures that are timely,

accurate, and meaningful, meeting both regulatory expectations and the informational needs of shareholders.

Stakeholder engagement

The Board assigns high priority to stakeholder engagement. Towards this end a wide range of targeted engagement strategies are adopted in order to maximise the outcomes derived from the engagement process. Refer pages 28-31 for further details.

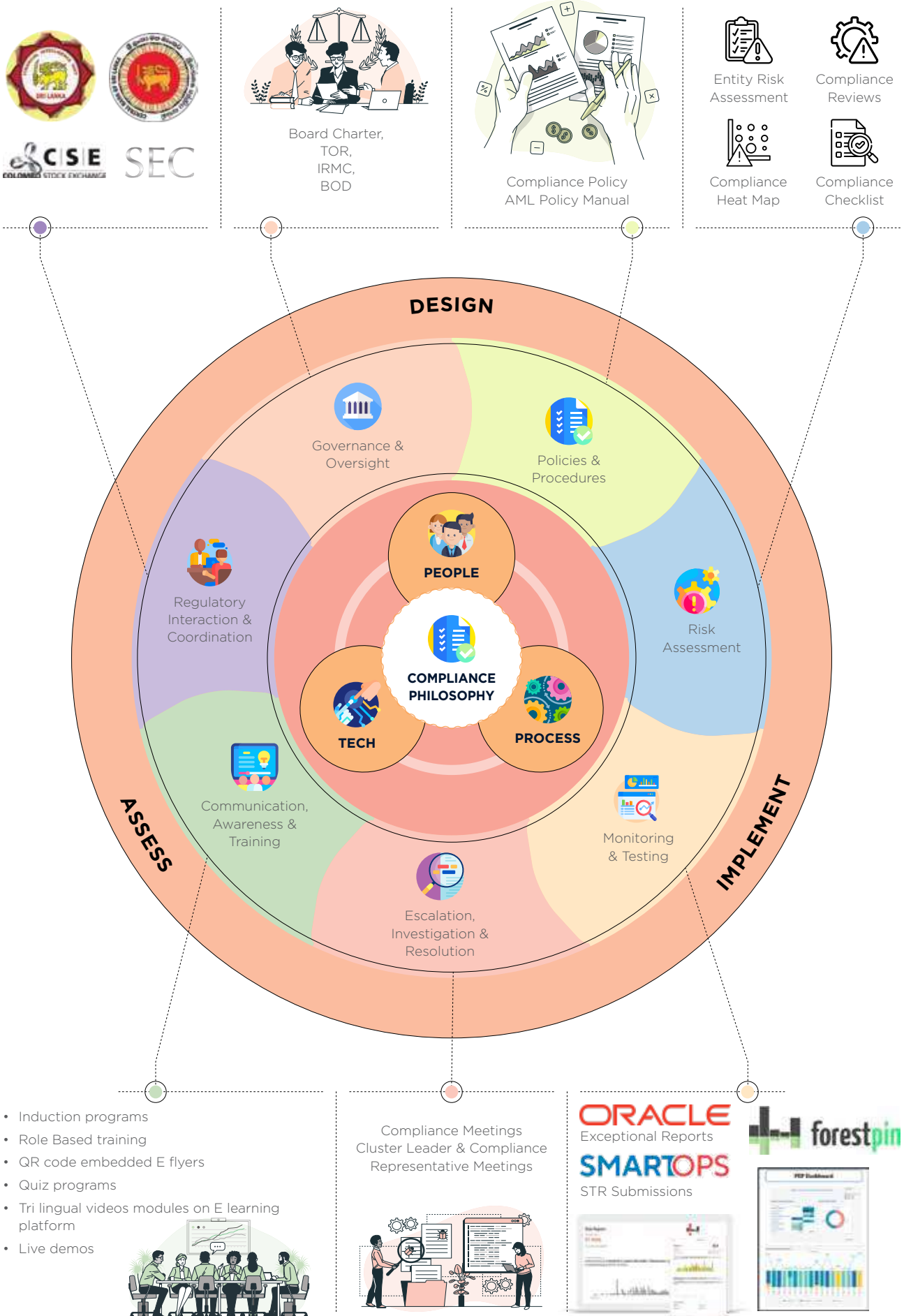
Compliance with laws and regulations

No significant issues/fines/penalties/regulatory findings.

COMPLIANCE FUNCTION 2025

Governance and Oversight

At CDB, the Board of Directors holds ultimate responsibility for compliance governance. The Compliance Unit, operating independently within the second line of defence, focuses primarily on mitigating Non-compliance Risk and Money Laundering/Terrorist Financing (ML/TF) Risk. Core policy documents such as the Compliance Policy Manual and the AML/CFT policies define the compliance framework and obligations for all stakeholders. Collaborative risk assessments with Risk, Audit, and other departments, address both ongoing and emerging risks. Advanced monitoring and testing mechanisms, including technology-enabled compliance systems and proprietary platforms, ensure adherence to regulatory requirements and facilitate the efficient investigation and resolution of noncompliance issues.



CORPORATE GOVERNANCE

Evolving Compliance Landscape - FY 2024/25

During FY 2024/25, the compliance landscape was notably influenced by changes in local and global governance expectations.

A key national focus was the Third Mutual Evaluation of Sri Lanka's AML/CFT framework by the Asia/Pacific Group on Money Laundering (APG). Though initially planned for 2025, the evaluation was postponed to 2026,

giving financial institutions more time for alignment.

CDB actively supported national readiness efforts led by the Central Bank of Sri Lanka (CBSL) and the Financial Intelligence Unit (FIU). Compliance officials participated in specialised training conducted by CBSL, Association of Compliance Officers of Banks in Sri Lanka (ACOBSL), and the Finance Houses Association of Sri Lanka (FHASL).

CDB also enhanced its internal AML/CFT systems and controls, aiming not just for compliance, but to embed a deeper AML/CFT risk-aware culture. We recognise that during this preparatory period, institutions are expected to both familiarise themselves with the mutual evaluation process and reinforce their control environments. CDB has already begun this process, ensuring our systems, procedures, and trainings are aligned to deliver resilient compliance outcomes.

Significant Regulatory Developments

Corporate Governance Enhancements

Colombo Stock Exchange (CSE): Amended Listing Rules through Rule No. 9, introducing stronger requirements for governance, Board accountability, and stakeholder engagement.

CBSL Remuneration Guidelines: Issued standards for remuneration, emphasizing transparency and accountability (effective from 1st April 2025).

Directions on Finance Business Act No. 42 of 2011

Directions No. 01 of 2024 - Periodic Reporting Requirements: Updated reporting mechanisms to strengthen CBSL's regulatory oversight.

Directions No. 03 of 2024 - Deposit Solicitation: Introduced controls for the solicitation and acceptance of public deposits.

Directions No. 02 & No. 04 of 2024 - Credit and Operational Risk Management: Mandated strong internal controls led by first-line business units, with Risk Department oversight, to address credit and operational risks comprehensively.

CDB has complied with these enhanced regulatory requirements during the FY 2024/25, ahead of the official effective dates, demonstrating our commitment to responsible governance and regulatory alignment. Our proactive engagement with regulators, continued staff training, and structured policy implementation help ensure that our practices meet the highest standards of governance, integrity, and accountability.

Our Compliance Journey: Building a Culture Beyond Regulations

From its inception, CDB has treated compliance not merely as a regulatory requirement, but as a foundational principle rooted in integrity, accountability, and responsible governance. Long before compliance became a regulatory mandate, CDB recognised it as a critical enabler of sustainable growth and ethical conduct. This early recognition shaped our foundational belief that compliance is not just a function—it is a culture embedded across the organisation.

Philosophy and Culture of Compliance

Our Compliance Philosophy, codified in the Compliance Policy and Procedure Manual, applies uniformly across all business units, covering every product, service, and operational process. It emphasizes:



Shared Compliance Responsibility

Every employee, from frontline staff to senior leadership, is engaged in compliance efforts.



Compliance Culture

Ethical behavior, regulatory understanding, and proactive risk mitigation are deeply embedded across the organisation.



Compliance Performance Assessment

Compliance behaviors are directly tied to individual and organisational performance assessments.



Ownership of Compliance

The Board of Directors actively oversees compliance risk governance.



Independence of the Compliance Function

The Compliance Unit functions with authority, autonomy and independence, allowing objective oversight.

This framework created a compliance-conscious environment where policies are not just followed, but internalized and practiced consistently.

Investing in In-House Compliance Capabilities

CDB's compliance journey has been marked by strategic investments in technology and process optimisation, allowing us to stay ahead of evolving regulatory expectations. A strong focus on in-house capability development and seamless system integration with external solutions have played a central role in transforming compliance from a support function into a business enabler

Key Milestones:

- Custom-built compliance platforms: Business Intelligence (BI) dashboards and exceptions monitoring tools tailored to operational needs.
- Automation of CDD and KYC processes: Reducing manual effort while maintaining consistent regulatory compliance.
- API integration with Lexis Nexis Risk Solutions (LNRS): Real-time screening, watchlist filtering, and risk profiling for customer onboarding and lifecycle management.
- Full KYC digitization: Embedded in the ERP system to cover due diligence, verification, approvals, and record-keeping.

Technology advancements in 2025/26

- In line with this trajectory, the start of FY 2025/26 marked a significant leap forward with the integration of an enhanced transaction monitoring and alert system, matching customer profile with their transactions patterns. This advancement was made possible by consolidating the entire CDD lifecycle within the ERP. As a result, the Forespin alert generation tool, developed by an external vendor, is now fully functional—leveraging centrally available digital customer data to trigger, rule-based scenario alerts.

- These integrated platforms have significantly enhanced efficiency, traceability, and responsiveness in compliance monitoring. More importantly, they reinforce CDB's capacity to effectively manage risks related to money laundering and terrorist financing, in line with both local regulations and international best practices.

Compliance Culture and Staff Training

CDB emphasises a company-wide culture of compliance. Designated compliance representatives are embedded within business units and branches, serving as local champions for compliance awareness and action.

- Role-based training: Begins at induction and continues regularly, tailored for specific roles; eg. Branch Managers, Gold Loan Officers, and frontline staff.
- Multi-format delivery: Includes in-person workshops, on-line training, use of Company's E Learning Platform, with compliance modules, videos in all three languages and live demos.
- Ongoing reinforcement: Through online quizzes, video tutorials, QR Code embedded e-flyers, and recognition of top performers.
- Senior Management and the Board are regularly updated on compliance trends via structured presentations.
- Staff are encouraged to participate in external training hosted by the Central Bank of Sri Lanka and other regulatory bodies to benchmark industry best practices.

Compliance Priorities for 2025/26

1. Sri Lanka's Third Mutual Evaluation (AML/CFT)

- Active involvement in Central Bank readiness initiatives.
- Strengthening of internal AML/CFT controls to align with FATF standards.

- Enhanced internal awareness of the mutual evaluation process.
- Proactive self-assessments and simulations to identify and close compliance gaps.

2. Training & Capacity Building

- Continuation of role-specific training for all staff, including compliance representatives.
- Use of digital learning tools (e-learning, quizzes) to ensure ongoing knowledge development.
- Deeper integration of compliance into performance metrics and KPIs.

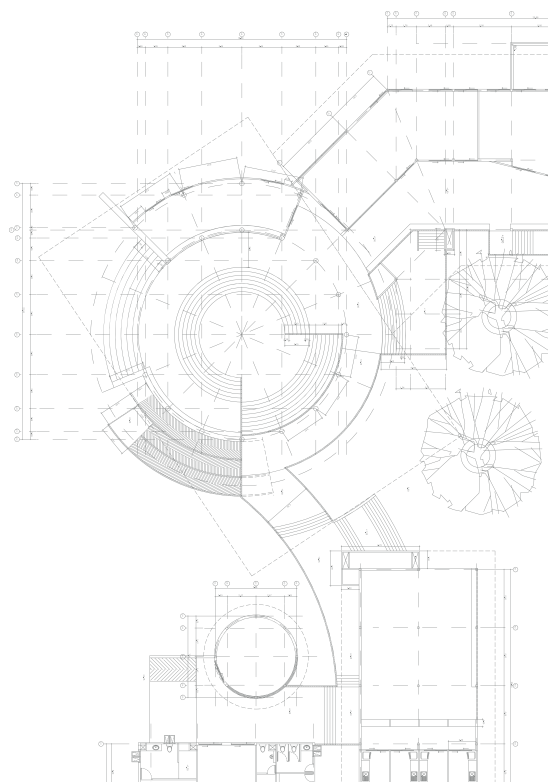
3. Customer Awareness

Our objective is to build trust and improve customer protection, by enhancing customer knowledge, through educational campaigns focused on:






- Digital safety
- Fraud prevention
- Customer rights under regulatory frameworks





4. Digital Compliance Integration

- Full rollout of integrated compliance tools within ERP.
- Froetspin transaction monitoring system to enhance alert generation and risk detection.












CORPORATE GOVERNANCE DISCLOSURES

Caption	CASL Reference	CBSL Section	Principle, Compliance and Implementation	Status of Compliance
The Board				
Board Meetings	A.1.1	7.1 – 7.4	Board Meetings are held on a monthly basis with due notice and structured arrangements to ensure comprehensive deliberation of matters and proposals. Board Meetings primarily focus on reviewing the company's performance and addressing matters raised by/referred to the heads of respective divisions, while special Board Meetings are convened whenever necessary. These meetings ensure timely action so that the business processes are consistent with the expectations of all stakeholders. Comprehensive information—covering both financial and non-financial performance, future projections, and strategic considerations—is provided in advance to facilitate informed discussion and decision-making. The agenda typically includes key topics such as risk management, compliance, internal control systems, sustainability, Information Technology, cyber security and decisions made by the CEO among other areas.	
The Quorum		7.5	The quorum for Board Meetings is specified in the Board Charter in accordance with the provision and details of attendance are available on page 131.	
Manner of Attendance		7.9	For all scheduled and ad-hoc meetings, members have participated in person unless general or individual circumstances demand otherwise. Participation via audio-visual means is facilitated for Ad-hoc meetings on short notices and upon prior notice by a member if he/she wishes to participate to a scheduled meeting virtually.	
Governance Framework		2	The Board approved governance structure of CDB as depicted in pages 128-130 which is subject to ongoing rigorous review comprehensively addresses all the aspects outlined in the provision.	
Responsibilities of the Board	A.1.2	1.1	The Board takes full responsibility for leading, governing, guiding and monitoring the entire performance of the Company and enforces standards of accountability, all with a view to enable the Management to execute its responsibilities effectively.	
		Business Strategy and Governance Framework 1.2	The Board leads the Company over a three-year strategic plan approved by it, monitors the implementation of it by the management and reviews the Company's strategic direction. The company's governance framework is based on regulatory, statutory and structural directions. The governance framework is set up by the Board Charter, and the Board oversee the implementation of the Company's governance framework periodically reviewing the adequacy and the integrity of the framework to ensure that it remains appropriate to the conditions and the complexities of the Company's operations. Also, Board appoints the Chairperson and CEO with well-defined roles and responsibilities as its agents.	
		Corporate Culture and Values 1.3	The Board at the top, sets up a sound corporate culture and values which are then cascaded to all levels of the organisation through shared ownership and responsibility. The Company's Policy Framework operationalises these embedded values and culture. Key policies—including the Board Charter, Code of Conduct and Ethics, Policy on Relations with Shareholders and Investors, Whistleblowing Policy, Anti-Bribery and Corruption Policy, among others—are approved by the Board and serve as a guideline to abide by. Conflicts of interest are managed within this overarching framework, as illustrated on page 135. CDB's commitment to sustainable finance is also rooted in its vision and values, as illustrated in pages 33-36.	





Caption	CASL Reference	CBSL Section	Principle, Compliance and Implementation	Status of Compliance
		Risk Appetite, Risk Management and Internal Controls 1.4	The Board together with its appointed Subcommittees ensures that the Company's risk appetite is aligned with its strategic objectives. Rigorous oversight and continuous monitoring are conducted to assess the adequacy and effectiveness of the Company's risk management systems and internal controls across the three lines of defences. A comprehensive Board-approved Business Continuity and Disaster Recovery Plan (BCP) is in place and reviewed continuously.	
		Board Commitment and Competency 1.5, 2.1 i & 2.1 j	The Board is comprised of experienced, skilled and knowledgeable professionals, satisfying the regulatory criteria (as depicted in Director profiles at pages 112-115) and have attended the meetings, in which the deliberations made are properly documented. The Board of Directors dedicates sufficient time to address matters related to the affairs of the Company. The Board maintains full control over the Company's affairs and remains fully aware of its obligations to all shareholders and other stakeholders. The Board Charter also enables obtaining external independent professional advice when required. The Board, each Director, and Board Subcommittees are directed to an annual self-assessment of which the records are duly maintained. The summary of the self-assessment is submitted to the Board, enabling Directors to discuss relevant matters, if any. The Directors recognise the importance of continuous training and actively engage in professional development as necessary to effectively fulfil their responsibilities. The Board obtains insights from market experts and professional service providers to stay informed of emerging trends and best practices. Relevant training programs are communicated to the Board to facilitate participation by the Directors.	
		Oversight of Senior Management 1.6	Key Responsible Persons are identified as per the regulatory requirements and their specific job roles, responsibilities and authority are clearly defined. Senior Management also satisfy the fit and proper criteria and drive the management-level committees of the Company in addition to their active engagement at Board Meetings when required, in its deliberations. They are accountable to the Board for the Company's operational and financial performance, in accordance with the policies set by the Board. Further oversight of the management is ensured through the Managing Director/CEO who then reports to the Board. The Company adheres to a rigorous recruitment process for all Senior Management positions, in accordance with the framework set by the BNGC, HR Policy and regulatory framework. Job descriptions clearly define the required qualifications, skills, experience, and knowledge for each role. For roles within independent functions, the recruitment process is reviewed by the relevant Board Subcommittee to ensure transparency and their inputs are obtained. A Board-approved succession plan is also in place for senior management.	
		Adherence to the Existing Legal Framework 1.7	Via the governance framework and the Board-approved Corporate Disclosures Policy, and Policy on Relations with Shareholders and Investors, the Board ensures that all stakeholders are treated equitably. The Company adheres to all laws, regulations, rules, directions and guidelines issued by CBSL and other regulatory authorities which are monitored by the independent compliance function. The compliance culture practiced at the Organisation promotes the shared ownership and responsibility of all individuals in adhering to the set policies and guidelines. The Board assures that the Company has upheld its responsibilities and has not undertaken any actions that could negatively impact its obligations towards stakeholders and their interests. The Board of Directors exercises due care, sound judgment, and integrity in steering the Company towards sustainable growth.	









CORPORATE GOVERNANCE

Caption	CASL Reference	CBSL Section	Principle, Compliance and Implementation	Status of Compliance
Compliance with Laws and Access to Independent Professional Advice	A.1.3	1.5 e), 1.7 & 2.1 h)	The Board collectively and individually abide by the legal framework. A procedure has been put in place for Directors to seek independent professional advice, in furtherance of their duties, at the Company's expense. This will be coordinated through the Board Secretary, as and when it is required. In addition, the Board is assisted by several Board Subcommittees on various matters.	
Advice and Services of the Company Secretary	A.1.4	2.1 i), 8	In terms of the Company's Act Laavanya Paheerathan, appointed at the senior management level acts as the Company Secretary of the Company and provides guidance to the Board and oversees compliance with the Companies Act, Board processes, and other relevant laws and regulations. By the Board Charter and procedures, all Directors are provided access to the counsel and services of the Company Secretary and to guarantee that all Board procedures, applicable laws, rules, instructions, and regulations are followed. The Company Secretary is responsible for preparing agenda of the Board Meetings in cooperation with the Chairperson. The minutes of the Board Meetings are kept by the Company Secretary and are sufficiently detailed. Any Director may review the minutes upon request which along with other Board submissions, are kept filed for a minimum of six years.	
Independent judgment of Directors	A.1.5	2.1 e), 3.6 a)	In addition to the Independent Directors that are tasked with bringing in independent judgment, the governance structure, Board culture and values enables all Directors to exercise their independent judgments free from any unwanted encumbrances hindering efficiency. The Company Secretary meticulously documents the various arguments and perspectives presented, ensuring that the rationale behind each decision is clearly recorded and traceable.	
Dedication of Adequate Time and Effort for Matters of the Board	A.1.6	1.5 a) & 7.4	<p>The Board Members dedicate adequate time and effort to fulfil their duties as Directors of the Company (both before and after the Board Meetings) to ensure that the duties and responsibilities owed to the Company are discharged accordingly. Board papers and all necessary information for effective deliberation are provided to the Board well in advance of the meetings. In addition to Board Meetings, they have attended Subcommittee Meetings and also have made decisions via circular resolutions where necessary.</p> <p>The Board Subcommittees include:</p> <ul style="list-style-type: none"> Board Audit Committee (BAC) Board Integrated Risk Management Committee (BIRMC) Board Human Resources and Remuneration Committee (BHRRC) Board Nomination and Governance Committee (BNGC) Board Related Party Transaction Review Committee (BRPTRC) Board Credit Committee (BCC) Board Information Technology and Security Committee (BITSC) <p>Further meetings and additional discussions are held with the management whenever the need arises.</p>	
Resolutions to be Presented	A.1.7		One-third of the Directors can call for a resolution to be presented to the Board.	





Caption	CASL Reference	CBSL Section	Principle, Compliance and Implementation	Status of Compliance
Training for New and Existing Directors	A.1.8	1.5 c)	<p>The Board, through the office of the Chairperson and Company Secretary conducts a comprehensive induction program with a review of background material, meetings with senior management and visits to the CDB's facilities. Both new and existing Directors of the Company are provided governance related education, training and development in areas specific to the roles undertaken by the Directors in their capacities within the Board Committees and in general on common regulatory matters. The Board also ensures that Directors and Senior management take part in technical training programs as well as in personal development programs. The Corporate Management, along with external experts, delivers presentations on the business environment to keep the Board informed and up to date.</p> <p>Refer page 132 on Corporate Governance Section for more details.</p>	
Delegation of Functions by the Board		9	<p>The Board Charter and the approved Governance framework stipulate the delegation of authority limits and provide for the delegated functions. The Board Subcommittees as well as Management Committees function with defined limits, controls and reporting lines as depicted in pages 128-130, and the Board's capacity to perform its duties has not been impacted by such delegation. Formal schedule of matters reserved for the Board in the Board Charter sets out the matters that can be approved by the Board before decisions are made by the Senior Management, on behalf of the Company. The roles and responsibilities of the Committees and their entire structure is reviewed periodically considering the business conditions and complexities, including the Board Policies that stipulate the delegation of functions.</p>	
Board Subcommittees		10	<p>Board Subcommittees are formed abiding by the regulatory framework and meetings are held sufficiently regularly as stipulated from pages 159-172. Performance, duties, and functions of all Subcommittees are disclosed on pages 159-172 of the Annual Report. Each Subcommittee has a written Terms of Reference in place that clearly outlines its role, authority and responsibilities. The recommendations from these committees are submitted directly to the Board, and the minutes of their meetings are presented and discussed during the Board meetings. All Board Subcommittees currently consist of a minimum of three Board Members who possess appropriate experience, skills and knowledge. The Chairpersons and Members of the Board's Subcommittees shall be considered for rotation as needed. The Company Secretary is the Secretary to all Board Subcommittees except for BIRMC, BAC and BRPTRC where Head of Risk, Internal Audit and compliance officer function as the Secretaries in line with the provisions. The secretarial functions are discharged under the supervision of the Chairperson of the Subcommittees and the Board receives minutes from each of the aforementioned Committees for evaluation.</p>	
Chairperson and Chief Executive Officer (CEO)				
Division of Responsibilities of the Chairperson and MD/CEO	A.2.1	6.1	<p>The Board of Directors refrains from interfering in the Company's daily operations, maintaining a clear separation of responsibilities between the Board's oversight role and the Executive Management's, management of day-to-day business activities. The roles of the Chairperson and the MD/CEO are separated and documented. The Chairperson is a Non-Executive Director while the MD/CEO serves as an Executive Director of the Company ensuring a balance of authority in strategic and operational decisions making. The Chairperson is responsible for leading, directing and managing the Board to ensure that it operates effectively discharging its legal and regulatory responsibilities while the MD/CEO's role is primarily to conduct the business operations of the Company with the support of the Corporate Management as depicted in pages 128-129 and the two subsequent sections herein.</p>	









CORPORATE GOVERNANCE

Caption	CASL Reference	CBSL Section	Principle, Compliance and Implementation	Status of Compliance
Responsibilities of the CEO		6.5	The MD/CEO's duties and obligations approved by the Board are in place. He serves as the apex executive responsible for the day-to-day operations of the Company and functions as the direct link between the Board and Management.	
Chairperson's Role				
Role of the Chairperson	A.3	6.4	<p>The Chairperson's main role is to lead and manage the Board and ensure effectiveness in all aspects of its role. The Chairperson of CDB is a Non-Executive Director whose key responsibilities and duties have been approved by the Board ensuring that the Chairperson does not engage in direct supervision of senior management or any other day-to-day operational activities. The Chairperson's role encompasses that;</p> <ul style="list-style-type: none">• The views of Directors on issues under consideration are ascertained• The Board is in complete control of the Company's affairs and alert to its obligations to all shareholders and other stakeholders• All Directors are encouraged to make an effective contribution within their respective capabilities, for the benefit of the Company• A balance of power between Executive and Non-Executive Directors is maintained• Annual assessment of the Performance and contribution during the past 12 months of the Board and the CEO is conducted.• Ensuring that the views of the Boards are effectively communicated to shareholders and the public, and that feedback or concerns from the stakeholders are duly conveyed to the Board. <p>Moreover, the self-evaluation process ensures that the above are fulfilled.</p> <p>For communication with all stakeholders, including depositors, creditors, shareholders, and borrowers, the Board-approved Policy on Relations with Shareholders and Investors and Policy on Corporate Disclosures are in place.</p> <p>The Chairperson has delegated the responsibility of preparing the agenda of Board meetings to the Company Secretary and the same is carried out in consultation with the Chairperson.</p>	
Financial Acumen				
Availability of Sufficient Financial Acumen and Knowledge	A.4	1.5 (b), 3.1, 3.7b	Board appointments are recommended by the Board Nomination and Governance Committee. All Directors, including Non-Executive Directors, are equipped with the requisite qualifications, skills, knowledge, and experience to effectively fulfill their responsibilities. All members of the Board possess vast experience, qualifications, adequate skills, and knowledge in the relevant fields and satisfy the specified regulatory criteria. Directors' profiles are provided on pages 112-115	
Balance of the Board				
Presence of Non-Executive Directors	A.5.1	3.6	During the FY 2024/25, eight of the thirteen Directors are Non-Executives (NED).	
Executives vs Non-Executives				
		5	8	


Caption	CASL Reference	CBSL Section	Principle, Compliance and Implementation	Status of Compliance
Independent Directors	A.5.2	3.7 a) & b)	During the FY 2024/25, six out of eight Non-Executive Directors are independent as defined by the applicable regulatory framework and CA Sri Lanka Code of Best Practice on Corporate Governance 2023 .	
Independent vs Non-Independent <div> <div>6</div> <div>7</div> </div>				
Independence Evaluation Review	A.5.3 & A.5.5	3.7 (c)	The Board conducts an annual assessment of Directors' independence, primarily based on self-declarations submitted by each Director. In evaluating the independence of Non-Executive Directors, the Board adheres to the criteria outlined in the applicable regulatory guidelines. All six independent Directors are independent of management and free of any business or other relationship that could impair their independence.	
Signed Declaration of Independence	A.5.4		All Non-Executive Directors of the Company have made written submissions as regards their independence against the specified criteria set out by the Company, which is in line with the Direction and Corporate Governance Code.	
Determination of independence of the Directors by the Board	A.5.5	3.7 (d)	The Board has determined the independence of Directors based on the declarations submitted by the NEDs, as to their independence, as a fair representation and will continue to evaluate their independence annually in line with all situations of independence provided by the Direction and Code. During the annual evaluation process, the Board Nomination and Governance Committee (BNGC), along with the Board, assess whether any circumstances or relationships—beyond those stipulated in the regulatory directions—exist that could affect a Director's independence or give rise to a perception of compromised independence. Therefore, No circumstances have arisen for the determination of independence by the Board, beyond the criteria specified by the Code and CBSL regulations.	
Duty on Immediate Self-disclosure of any Change to Independence		3.7 e)	No such circumstance transpired during the financial year.	
Appointment of Alternative Director	A.5.6	3.8	No such circumstance transpired during the financial year	
Senior Independent Director	A.5.7 & A.5.8	6.2 & 6.3	The Chairperson of the Company Mr J R A Corera is a Non-Executive Independent Director hence provisions on senior Independent Director are not applicable and required.	
Meeting with Non-Executive Directors	A.5.9	7.6	The Chairperson meets with the Non-Executive Directors without the presence of Executive Directors at least twice a year and on a need basis.	
Executive Directors		3.5	Five Executive Directors report through the CEO with functional reporting lines as per the governance framework in addition to heading their respective divisions. The position of Managing Director/CEO is held by Mr W P C M Nanayakkara and Company's Executive Directors do not hold any executive directorships or senior management positions in any other Company. CDB has exceeded the maximum stipulated Executive Directors' composition as per the Provision.	







CORPORATE GOVERNANCE

Caption	CASL Reference	CBSL Section	Principle, Compliance and Implementation	Status of Compliance
Recording of Concerns in Board Minutes	A.5.10	8.6 & 10.1 d	Minutes of all meetings are duly recorded in sufficient detail and retained by the Company Secretary under the supervision of the Chairperson. These records demonstrate that the Board has exercised due care and prudence in fulfilling its responsibilities and serve as a reference point for regulatory and supervisory authorities to evaluate the extent and depth of deliberations at Board meetings. The minutes contain the discussions and decisions of the Board, key deliberations and a summary of data and information used along with the explanations and confirmations of relevant parties, rationale for each decision made, any significant concerns and dissenting views expressed. The minutes also specify if any Director abstained from voting or excused himself from deliberating on a particular matter.	
Supply of Information				
Information to the Board by the Management	A.6.1	2.1 (h)	The Board was provided with timely and appropriate information by the Management by way of Board Papers and proposals. The Board sought additional information as and when required. Corporate and Senior Management made presentations on issues of importance. The Chairperson ensured that all Directors were briefed on matters arising from Board Meetings. The Directors have free and open contact with Corporate and Senior Management of the Company.	
Facilitation for Effective Conduct of Board Meetings	A.6.2	7.2,7.3 & 8.7	A Board-approved process is in place to ensure all Directors have equal opportunities to propose items and matters for inclusion in the agenda of Board meetings. Monthly meetings are scheduled in advance and communicated to the Board with adequate notice, allowing sufficient time for the submission of proposals. All minutes of previous meetings, the agenda, and relevant Board papers are circulated well ahead of each meeting. Additionally, the agenda and Board documents are uploaded via a secure link to Directors' iPads, enabling remote and secure access. The Board sought additional information as and when necessary. The Company Secretary prepares the agenda and keeps the minutes of meetings open for inspection at any time for the Directors. Further, refer to pages 131 to 136 for further information on Board Meetings.	
Appointments to the Board				
Procedure for the Appointment of Board Directors and Establishment of the Nomination and Governance Committee	A.7.1, A.7.6 & A. 1.8	2.1 (f), 4.1, 5.1, 10.1 (b) & 10.4 (c)	Nomination and Governance Committee established with specific terms of reference ensures the formal and transparent procedure for Board appointments. Selection, nomination, appointment, election, and retirement are subject to the Company Policies which are aligned with the Finance Business Act Direction No.06 of 2021, on the assessment of fitness and propriety of key responsible persons. The desired attributes and experience for prospective Board appointees are identified and agreed upon in advance, taking into account the collective expertise, experience, and diversity of the Board in alignment with the strategic objectives and any identified gaps. Factors such as responsibilities of the role, time commitment, potential conflicts of interest, and required competencies are considered by the BNGC during the selection process for director appointments and by the candidates when accepting the appointment. The final selection is made by the Board through a formal and transparent procedure approved for the appointment of new Directors. Following this process, the proposed names are submitted to the Director of the Non-Bank Supervision Department of the Central Bank of Sri Lanka for "fit and proper" approval prior to formal appointment. Ms. Jayomi Lokuliyana - Non Executive Independent Director was appointed to the Board w.e.f. 1st April 2024.	










Caption	CASL Reference	CBSL Section	Principle, Compliance and Implementation	Status of Compliance
Composition of the Nomination Committee	A.7.1	10.4 a) & b)	The Committee is comprised of four Non-Executive Directors of whom three are independent. The committee is chaired by a Non Executive Independent Director. The Company Secretary functions as the secretary of the Committee.	
Assessment of Board Composition by Nomination Committee	A.7.2	10.4 (d) - (f) & 10.4 (i)	An annual assessment of the Board-composition is conducted to ascertain whether the combined knowledge and experience of the Board match the strategic demands of the Company. It also ensures that the composition of the Board is not in any manner dominated by an individual or a small group of individuals. The findings of such assessment should be taken into account when new Board appointments are considered and when incumbent Directors come up for re-election.	
Cooling off Periods Prior to Appointments		3.9	All appointments to the Board as Directors and CEO including being designated as Independent Directors are subject to the cooling off periods and during the financial year, no such requirement arose.	
Other Duties of the Nomination Committee	A.7.3	10.4 g) & j)	The job descriptions (JDs) for CEO/MD and senior management developed in accordance with the Board Charter and Policies on appointment, set out the eligibility criteria. A Board approved succession plan is in place and the Committee identifies and recommends suitable candidates for Directors and Senior Management Furthermore, the Committee has identified the training and development needs required for individuals selected as part of the succession plan, ensuring they are adequately prepared to assume future leadership roles. The Committee also regularly review the composition and structure of the Board in order to identify and recommend additional or new expertise.	
Independence of the Committee	A.7.2	10.4 k)	The Committee does not participate in decision-making relating to its own appointment matters and the Chairperson on the appointing of the successor. The Committee is independent of the Management and is totally free from any business, personal or any other relationships that may interfere in making independent judgements.	
Common Directorships and Limits for Directorships		3.10 & 3.11	No such circumstance/requirement transpired in 2024/25.	
Disclosure of Details of new Directors to Shareholders	A.7.4	10.4 (h)	When new Directors are appointed to the Board, a brief resume of each such Director including the nature of his/her experience, qualifications and the names of Companies in which the Director holds Directorship, membership, and etc., are presented at shareholder meetings and are forwarded to the Central Bank of Sri Lanka and Colombo Stock Exchange (CSE) in addition to disclosing the information in the annual report.	
Disclosures on the Nomination and Governance Committee	A.7.5	16.1 Vi	The Report by BNGC on pages 164-165 includes its Composition and Work undertaken.	





CORPORATE GOVERNANCE

Caption	CASL Reference	CBSL Section	Principle, Compliance and Implementation	Status of Compliance
Re-election				
Terms of Appointment of Non-Executive Directors	A.8.1		Articles of Association of the Company require each Director to retire by rotation once in every three years and is required to stand for re-election by the shareholders at the Annual General Meeting. The proposed re-election of Directors is subjected to prior review by the Board and its Subcommittees.	
Election and Re-election of all Directors by the Shareholders	A.8.2		Refer comment above.	
The Total Period of Service of a Director		3.3 & 3.4	The period of service of all current Directors is below nine years except for the CEO and Executive Directors.	
Age Limit		4.2 & 4.3	All the Directors of the Company are below the age of 70 years.	
Early Resignation of Director	A.8.3	4 (2)/4 (11) & 5 (1)	No such incidents occurred in financial year 2024/25.	
Non-Attendance of Board Meetings		7.8	Provision is reflected in the company policies and not applicable for financial year 2024/25, since Directors have attended the meetings, as required.	
Appraisal of Board Performance				
Annual Appraisal of Board Performance and that of its Committees	A.9.1 & A.9.2	1.5(d) & 6.4(j),	The Board annually evaluated its performance against the annual objectives set at the beginning of the year. The Board has implemented a formal and rigorous process for the annual evaluation of its own performance as well as that of its Subcommittees. This process is designed to ensure effective functioning, highlight areas for enhancement, and maintain alignment with best practices on corporate governance. The review incorporates self-assessments, individual feedback from Directors, and evaluation against predefined performance benchmarks. The Chairperson and the Board of Directors oversee the overall Board evaluation, while each Subcommittee conducts an annual self-assessment to assess its efficiency and effectiveness. A summary of the Board and Subcommittee evaluations is presented at the Board meeting for discussion and continuous improvement.	
Review Process at the Time of Re-election of a Director	A.9.3	10.4 (e)	The Board has a process in place to review each Director's participation, contribution, and engagement at the time of re-election. This includes assessing attendance, involvement in discussions, at Board Subcommittees contributions, peer feedback, and relevant skills. Directors also complete self-assessments to ensure alignment with the Board's objectives.	
Disclosure of Performance Evaluations	A.9.4	16.1 iii	Refer pages 166-167 for the "Report of the Human Resources and Remuneration Committee" in the Annual Report, and pages 132-133 on Corporate Governance Report for details of the criteria considered for performance evaluation of the Board.	
Disclosure of Information in Respect of Directors				
Information set out in relation to each Director in the Annual Report	A.10	16.1 ii	Details of Directors are given in this annual report. (Refer page 112-115)	





Caption	CASL Reference	CBSL Section	Principle, Compliance and Implementation	Status of Compliance
Appraisal of CEO				
Financial and Non-financial Targets for CEO	A.11.1		MD/CEO's performance objectives are aligned with the business sustainability of the Company. The performance targets for the MD/CEO are set at the commencement of every financial year by the Board which are in line with the medium and long-term objectives of the Company.	
Annual Evaluation of the Performance of CEO	A.11.2	6.4 j & 10.5 g	There is an ongoing process to evaluate the performance of MD/CEO against the set financial and non-financial targets as described above which is followed by a formal annual review by the Board at the end of each financial year.	
Directors' Remuneration				
Remuneration Committee	B.1., B.2.1 & B.2.16	10.1 a) & b), 10.5 c) - h)	<p>The Committee reviews all key human resource policies and initiatives on Human Resources, including salary structures, promotions, and terms and conditions applicable to Senior Management. These reviews are conducted based on information and recommendations provided by the MD/CEO and the Head of HR. The Committee's Terms of Reference are detailed in the Committee Report on pages 166-167. The Remuneration Committee is responsible for assisting the Board with regard to the Remuneration Policy for the Executive Directors and the Corporate Management, and for making all relevant disclosures.</p> <p>The Committee determines and agrees with the Board, the broad policy framework for the remuneration of the MD/CEO as well. The MD/CEO participates in meetings by invitation in deciding the remuneration of the Corporate Management with a view to recruit, retain and motivate the Corporate Management Team.</p>	
Composition of the Human Resources and Remuneration Committee	B.2.2	10.5 a) & b)	The Three member Committee consists of Non-Executive Directors of whom two are Independent Non-Executive Directors and is chaired by an Independent Non-Executive Director, Refer the Remuneration Committee Report on pages 166 to 167.	
Remuneration of Non-Executive Directors	B.2.13 & B.2.14	10.5 c)	The Board as a whole decides the remuneration of the Non-Executive Directors with strict adherence to Company Policy reflecting the regulatory framework. The Non-Executive Directors receive a fee considering the time commitment and responsibilities of their role and market practices for being a Director of the Board and an additional fee for either chairing or being a member of a Committee and /or working on special Committees. Share options are not part of the remuneration. Non-Executive Directors receive a nominal fee as disclosed in this Annual Report and do not participate in performance-related incentive schemes.	
Consultation of the Chairperson and Access to Professional Advice	B.2.3	10.5 e) - g)	Inputs of the Chairperson are obtained regularly and external professional advice is sought by the Remuneration Committee, on a need basis through the Board Secretary.	

CORPORATE GOVERNANCE







Caption	CASL Reference	CBSL Section	Principle, Compliance and Implementation	Status of Compliance
Level and make-up of remuneration	B.2.4 – B.2.8 & B.2.10	10.5 c) , f) & g)	The Board is mindful of the fact that the remuneration of Executive and the Non-Executive Directors should reflect the expectation of the Company while been sufficient enough to attract and retain the personnel of highest standards. The remuneration package of the MD/CEO is structured to link rewards to corporate and individual performance. The Company's remuneration framework is designed to create and enhance value for all of CDB's stakeholders and to ensure that there is strong alignment between the short-term and long-term interests of the Company. Provisions on recovering sums paid or withholding a portion of such performance related remuneration including the circumstances and conditions are to be included in the schemes of performance-related remuneration.	
Remuneration of the Executive Directors	B.2.4 & B.2.5	10.5 c)	In accordance with the Company's Remuneration Policy, the Board Human Resources and Remuneration Committee (BHRRRC) is responsible for determining the salaries, allowances, and other financial benefits applicable to the Directors and Senior Management.	
Executive Share Options	B.2.9		Employee Share Option Schemes of CDB are in accordance with the CSE Listing Rules and Executive Directors have not exercised Employee Share options during the financial year 2024/25.	
Compensation Commitments on Early Termination	B.2.11 & b.2.12		No early termination event has occurred during the financial year. The Remuneration Committee to review the Compensation Commitments as per the Code.	
Disclosure of remuneration				
Disclosure of Directors' Remuneration	B.3.1 & B.3.2	16.1 iv)	Details regarding the composition of the Committee, its scope, and the number of meetings held during the year are provided in the BHRRRC Report on pages 166 to 167 of the Annual Report. For information on the aggregate remuneration paid to Executive and Non-executive Directors and senior management, please refer to Note 11.1 of the Financial Statements on page 204.	
Disclosure of Composition of the Human Resources and Remuneration Committee	B.2.15		The details of the chairperson and members of the Human Resources and Remuneration Committee are listed and the work undertaken are contained on pages 166 to 167.	
Relations with Shareholders				
Notice of AGM for Shareholders	C.1.1		Company ensures that all the notices relevant to the AGM are disseminated well before the meeting and as per the stipulated regulatory timeline.	
Proposing Separate Resolution	C.1.2		Separate resolutions are proposed for all substantially separate issues to provide shareholders with the opportunity to deal with each significant matter distinctly where separate proxy forms are provided and all mannerisms of voting complied with. This mechanism promotes better stewardship while assuring transparency in all activities of the Company.	
Use of Proxy Votes and Records of Votes	C.1.3		The Company has an effective mechanism to record all proxy appointments and votes as well as total votes for and against and the number of shares in respect of which the votes were withheld for each resolution. Additionally, if the Board in its opinion recognises a substantial deviation, the reasons for the same are identified and addressed accordingly.	


Caption	CASL Reference	CBSL Section	Principle, Compliance and Implementation	Status of Compliance
Availability of all Chairpersons of Board Subcommittees at the AGM	C.1.4		The Chairperson of the Company ensures that the Chairpersons of all Board-appointed Subcommittees are present at the AGM to respond to all queries under their purview.	
Circulation of a Summary of the Procedures Governing Voting	C.1.5		A form of proxy and a copy of the Annual Report are dispatched to all shareholders together with the notice of meeting, detailing the summary of the procedure as per the legal requirements. The sufficient and adequate notice presents the opportunity for all shareholders to attend the AGM based on their voting status and obtain clarifications for matters of interest to them.	
Communication with shareholders	C.2.1 - C.2.7	1.3 d)	The Company has implemented the relevant communication channels and disclosed the policy and methodology along with other requirements. Policy on Relations with Shareholders and Investors and Policy on Corporate Disclosures are made available on the corporate website in full.	
Major and Material transactions	C.3.1 - C.3.2	2.1 n), 10.1 a), 12 & 16.1 v)	During the year there were no major transactions as defined by Section 185 of the Companies Act No 7 of 2007 which materially affected CDB's net asset base. Transactions, if any, which materially affect the net assets of the Company, will be disclosed in the quarterly/annual financial statements in addition to CSE disclosures. Further, aforementioned transactions are subjected to review by the Board-Related Party Transaction Committee headed by an Independent Non-Executive Director of CDB.	

Financial and Business Reporting





Reports to Public and, Regulatory and Statutory Reporting	D.1.1 - D.1.3	10 (1), 16	CDB has reported a true and fair view of its financial position and performance for the year ended 31st March 2025 and at the end of each Quarter of the financial year 2024/25. In the preparation of Financial Statements, CDB had strictly complied with the requirements of the Companies Act No. 07 of 2007, the Finance Business Act No. 42 of 2011 and Finance Leasing Act, No.56 of 2000 and are in conformity with Sri Lanka Accounting Standards. CDB has also complied with the reporting requirements prescribed by regulatory authorities such as the Central Bank of Sri Lanka, the CSE, and the Securities and the Exchange Commission of Sri Lanka. Financial statements are published in newspapers in all three languages.	
Declarations by Directors in the Annual Report	D.1.4	16.1 viii	Refer pages 4 to 6 for the Directors Report which covers all aspects under the provision and the Code.	
Responsibility of Directors and Auditors and Report/ Statement on Internal Controls	D.1.5 & D.2.2.4	10.2 d) vii, 16	Addressing the regulatory provision, Annual Report of the Company contains Statement of Directors' Responsibility and Directors' Statement on Internal Controls over financial reporting along with auditors' assurance report on the Directors' Statement on Internal Control and Independent Auditors' report.	
Management Discussion and Analysis	D.1.6	10.1 c), 16	The Annual Report provides a comprehensive Management Discussion and Analysis (MD&A), which is presented as an integrated report covering all aspects outlined in the Code. For detailed insights, please refer to the value creation through our performance section on pages 37 to 99.	



CORPORATE GOVERNANCE

Caption	CASL Reference	CBSL Section	Principle, Compliance and Implementation	Status of Compliance
Communication with Shareholders in the Event of Net Assets Falling Below the Threshold	D.1.7		The likelihood of such an occurrence is remote. However, should the situation arise, an EGM will be called for and all mannerisms will be followed on for communication with the shareholders.	
Disclosure of Related Party Transactions	D.1.8	12, 15.1 b) v 16.1 v)	Relevant related party transactions are adequately and accurately disclosed in the Annual Report in addition to prompt CSE disclosures. Further, all the related party transactions are reviewed by the BRPTRC.	
Risk Management and Internal Control				
Responsibilities of BOD on Risk Management	D.2.1 -D.2.1.2 & D.2.2- D.2.2.1	1.4,10.3. 11.1 & 11.2	<p>The Board holds ultimate responsibility for overseeing a robust risk management framework that supports the Company's strategic, operational, and financial objectives. It plays an active role in defining and approving the Company's Risk Appetite Statement (RAS), ensuring alignment with the overall business strategy, capital planning, and governance framework. The RAS is reviewed and monitored on a regular basis through the Board Integrated Risk Management Committee (BIRMC).</p> <p>The BIRMC, appointed by the Board, is tasked with reviewing and recommending risk policies and procedures, defining the Company's risk appetite, identifying key risks, and establishing appropriate governance structures. This committee ensures that risk management systems are effectively implemented in line with the Integrated Risk Management Framework, which is developed based on internal policies, regulatory requirements, and industry best practices.</p> <p>A comprehensive and a well-defined risk management framework has been implemented across the Company, enabling the identification, evaluation, monitoring, and mitigation of principal risks. Responsibilities within the framework are clearly delegated, facilitating its effective execution and integration into day-to-day operations. This proactive approach ensures continuous risk mitigation, adaptability, and resilience in the face of changing business conditions—safeguarding the Company's sustainability and growth. Risk assessments are conducted on an ongoing basis, with reports submitted to the Board for thorough deliberation. Scenario analysis and stress testing are also performed periodically to evaluate the potential impact of risks under different adverse conditions, further enhancing the Company's preparedness and risk resilience.</p>	
Responsibility of all Employees		11.3	The Company promotes the risk management culture and all employees share the responsibility for ensuring effective internal controls.	
Directors' Confirmation of Risk Assessment and Management	D.2.2	16.1 viii, ix & xii	The Directors Report, Statement of Internal Control and Management Report addresses the risk management aspect of the company where Board undertaking is depicted.	
Internal Audit Function	D.2.2.2	10.2 g)	An Internal Audit Department (IAD), established in-house operates independently to provide assurance to the Committee regarding the effectiveness and quality of the Company's internal control systems, risk management, governance practices, and related processes.	



Caption	CASL Reference	CBSL Section	Principle, Compliance and Implementation	Status of Compliance
Review of Risk Management and Internal Control System	D.2.2.1	10.2 d) vi-viii, e), f) & g) i & iii (ii)	The Board Audit Committee supports the Board in evaluating the adequacy and integrity of the Company's internal control systems, Management Information Systems (MIS), and financial reporting processes. The Internal Audit Department contributes to this process by conducting regular audits to assess controls over financial reporting and MIS. Critical internal audit findings and management information reports are reviewed by the Board to ensure robust internal control mechanisms. Additionally, the External Auditors provide independent assurance on the "Directors' Responsibility Statement on Internal Controls over Financial Reporting" as disclosed in the Annual Report, with their opinion formally submitted to the Board for review.	
Board Integrated Risk Management Committee				
Establishment of a Risk Committee	D.2.1.3 & D.2.1.4	10.1 a)	Company has established a Board Integrated Risk Management Committee to oversee risk management as per the applicable regulatory framework.	
Composition and Secretary of the Committee	D.2.1.5, D.2.1.8, D.4.1 & D.4.3	10.3 a) & b)	The Committee chaired by an Independent Non-Executive Director consists of two other Independent Non-Executives including the Chairperson of the Company. The Head of Risk functions as the secretary of the Committee in consultation with the Chairperson of the Subcommittee. Within the parameters of the authority and responsibility delegated to the Committee, the Committee closely collaborates with Key Responsible Personnel when arriving at their decisions. Further details on the Committee are found in the BIRM Report in the Annual Report pages 162 to 163.	
Duties and Responsibilities	D.2.1.6 & D.4.2.	10.3 c) - h)	The Committee through a methodical approach evaluates the impact of all risks on a regular basis using designated risk indicators and management information. The Committee also make recommendations to the Board on risk appetite and risk management. Risk appetite guides the Company in deciding the types and levels of risk on an overall basis as well as on granular levels to meet its strategic business goals. Key risks such as credit, operational, market, liquidity and strategic risks are assessed through the Risk Heat Map and the Risk Dashboard which include both quantitative and qualitative measures. The Committee evaluates the capability and efficiency of management committees to manage risks within quantitative and qualitative risk limitations as part of its duties which includes inter alia, information security matters and sustainability related aspects. Business Continuity and Disaster Recovery Plan is reviewed by the Committee. Also, the Committee assesses the performance of the Head of Compliance and Head of Risk annually.	
Compliance Function		10.3 i)	An independent compliance function is in place within the approved governance structure and a compliance officer is appointed at the senior management level void of other encumbrances hindering the independence. The responsibilities of the Compliance Officer are clearly articulated. Board-approved compliance policies and procedures are in place to ensure compliance with all laws, regulations, directions, rules, regulatory guidelines and approved policies. Compliance philosophy and culture at CDB through shared ownership and responsibility enable the function to be more effective. Periodic reviews are carried out to assess and maintain the level of compliance. The compliance function assesses the compliance requirements when a new product, system or any other development takes place and implements all new legal and regulatory developments promptly. Relationships with all regulatory bodies are well maintained while prompt communication and reporting are ensured.	

CORPORATE GOVERNANCE



Caption	CASL Reference	CBSL Section	Principle, Compliance and Implementation	Status of Compliance
Risk Management Function	D.4	10.3 j)	An Independent Risk Management function is in place within the approved governance structure where a separate unit of the department is established under the Head of Risk. The responsibilities of the Chief Risk Officer are clearly articulated. Department submits its observations and reports to the Committee promptly in line with the Board approved Risk management framework and policies. The Company has implemented integrated risk management controls in accordance with the Direction. A risk heat map is incorporated with stress testing and testing results are regularly communicated and discussed at the Committee level. A risk register is maintained. Continuous reviews are also conducted. The head of Risk is involved in the strategic planning process. The Risk Management function actively participates in Asset and Liability Committee (ALCO) meetings, contributing to the planning and management of capital and liquidity. Additionally, all new products and services are reviewed to identify potential risks and implement appropriate mitigation measures. The minutes of BIRMC Meetings and risk reports are presented at the subsequent Board Meeting. The Chairperson of BIRMC provides an overview of significant issues discussed and decisions taken at Committee Meetings to the Board facilitating informed decision-making by the Board.	
Access to External Professional Advice	D.4.4	1.5. e) & 2.1 h)	Committee has authority to seek external professional advice when required through the established channels based on its requirement.	
Disclosures of BIRMC	D.2.1.7 & D.4.5	16.1. xii.	Refer the Report by BIRMC on pages 162 to 163.	
Audit Committee				
Composition	D.3.1	10.1 a) & e), 10.2 a) & b)	<p>The Company's Audit Committee comprises of three Non-Executive Directors, including two Independent Directors. The Committee is chaired by one of the Independent Directors, ensuring objectivity and independence in its oversight responsibilities. The Committee operates within clearly defined terms of reference.</p> <p>Details of the members, invitees and the secretary of the Committee are found in the Audit Committee Report in this Annual Report on pages 159 to 161.</p>	

Caption	CASL Reference	CBSL Section	Principle, Compliance and Implementation	Status of Compliance
Duties	D.3.2 & D.2.2.3	10.1 b) & 10.2 d)-h)	<p>The Chief Internal Auditor reports directly to the Board Audit Committee (BAC), ensuring independence in the Internal Audit function. The Internal Audit team operates under a clear mandate to perform its duties. The BAC regularly reviews and confirms that the Internal Audit function possesses the necessary expertise, authority, and resources to conduct its work independently, effectively, and objectively. Additionally, a Board-approved Internal Audit Procedure Manual is in place to guide the department in efficiently fulfilling its responsibilities. BAC has thoroughly reviewed the risk-based audit plan and concluded that the scope, functions, skills, and resources of the Internal Audit Department (IAD) are adequate to effectively perform its duties. The Committee has confirmed the independence of the Internal Audit function from the activities it audits and has granted it the necessary authority to carry out its responsibilities objectively and efficiently.</p> <p>The BAC reviewed and approved the Internal Audit Plan for the financial year and meets once in two months to ensure diligent oversight. During these meetings, the Committee examines the internal audit programs and reports presented by the Chief Internal Auditor, ensuring that management takes appropriate action on audit recommendations. Relevant Senior Management personnel are invited to participate in these discussions. The BAC also follows up with the IAD to track progress until all identified issues are fully addressed as per the agreed action plan.</p> <p>The Committee has evaluated the performance of the Chief Internal Auditor and senior audit staff reporting directly below the Chief Internal Auditor during the year.</p> <p>To uphold impartiality and professionalism, the BAC ensures that audits are conducted with due professional care, proficiency, confidentiality, and complete independence from the activities under review. The Internal Audit staff report directly to the Chief Internal Auditor, who in turn reports to the BAC. These reporting lines and processes are clearly defined in the Governance Framework and the Internal Audit Procedure Manual to maintain consistency across all audit engagements.</p> <p>The IAD also conducts periodic reviews of regulatory reporting submitted to bodies such as the Central Bank of Sri Lanka (CBSL), Financial Intelligence Unit (FIU), and Inland Revenue Department (IRD). The annual audit plan included a review of the Compliance function.</p> <p>BAC monitors the progress of implementing time-bound action plans arising from statutory investigation reports issued by the CBSL during its monthly meetings. The Committee ensures that corrective actions are taken promptly and effectively.</p> <p>The Committee maintains an appropriate relationship with the External Auditors, to ensure their objectivity and independence. The payments to External Auditors for audit and non-audit services are disclosed in the Directors' Report of the Annual Report. In addition, the Company has established an internal audit function which operates independently and has direct access to the Audit Committee. The External Auditors do not have any relationship (other than that of the Auditor) or any interest in the Company.</p>	
Disclosures on the Audit Committee	D.3.3	10.1 c) 16.1 vi	Audit Committee Report contained in the Annual Report covers all disclosures under the provision (Pages 159 to 161).	

CORPORATE GOVERNANCE

Caption	CASL Reference	CBSL Section	Principle, Compliance and Implementation	Status of Compliance
The secretary to the Committee		10.2 c)	The Head of Internal Audit functions as the secretary of the Committee in consultation with the Chairperson of the Subcommittee.	
Meetings of the Committee		10.2 (i)	<p>The Board Audit Committee (BAC) schedules its meetings in advance, with dates agreed upon by all Committee members. The Committee meets regularly, at least once a month, and all relevant materials—including the agenda, minutes, and supporting documents—are uploaded via a secure link to iPads, ensuring members have access at least seven days prior to each meeting. Minutes of the meetings are meticulously recorded and maintained by the Head of Internal Audit. These minutes' capture detailed discussions, key deliberations, and the conclusions reached in the course of fulfilling the Committee's duties and responsibilities.</p> <p>The Committee held 13 meetings in the financial year which included 2 meetings with the External Auditors without the presence of the Executive Directors and Management with due notice of issues to be discussed after which the conclusions arrived at are duly recorded in discharging its duties and responsibilities. The Committee invited members of the Senior Management as well as external auditors of the Company to participate in the meetings from time to time on a need basis.</p>	

Related Party Transaction Review Committee

Establishment and Composition	D.5.1 & D.5.2	10.1 a) & e), 12.1 a)	The Board Related Party Transactions Review Committee comprises of three Non-Executive Directors out of whom two are independent and is chaired by a Non-Executive Independent Director. Please refer the BRPTRC report on pages 168 to 169 for more information.	
Duties	D.5.3	12.1 b) & c) , 12.2 & 12.3	<p>The Committee is guided by its Terms of Reference, the Board Charter and procedures that are in place depicting the mannerisms of reporting and reviewing related party transactions. As outlined in these policies, all related party transactions are subject to prior review and recommendation by the Board Related Party Transactions Review Committee (BRPTRC). The Related Party Transactions Policy clearly defines the types of transactions permitted, aiming to prevent non-compliance and conflicts of interest. It includes a comprehensive list of related party transactions in line with regulatory directions.</p> <p>The BRPTRC ensures that all transactions with related parties adhere to best practices. The policy specifies that any Director who is a related party must abstain from participating in discussions or decisions regarding that transaction.</p> <p>A robust monitoring and reporting system has been established to track these transactions, ensuring no preferential treatment is granted. The Committee reviews all related party transactions to confirm they occur within the ordinary course of business. These transactions are fully disclosed in the financial statements under 'Related Party Disclosures' (Note 42 on pages 262 and 263).</p> <p>The BRPTRC maintains an updated list of related parties in compliance with applicable regulations and conducts periodic reviews as needed.</p> <p>To prevent favourable treatment in related party dealings, the Board-approved Related Party Transactions Review Policy requires all such transactions to be conducted at arm's length. The Company has implemented a dedicated system to monitor related party transactions, ensuring terms are no more favourable than those extended to third parties. Furthermore, all related party transactions require prior approval from the BRPTRC or the Board before execution.</p> <p>Please refer the BRPTRC report on pages 168 to 169 and the related party transaction disclosures on pages 262 to 263 for more information.</p>	

Caption	CASL Reference	CBSL Section	Principle, Compliance and Implementation	Status of Compliance
Code of Business Conduct and Ethics				
Code of Business Conduct and Ethics	D.6.1	1.3 b),14.1 & 16.1 xi	The Company has developed a Code of Business Conduct and Ethics for all employees, which primarily addresses conflict of interest, corporate opportunities, confidentiality of information, fair dealing, protection and proper use of the Company's assets, compliance with applicable laws and regulations and the reporting of any illegal or unethical behaviour.	
Implementation of the Code and Its Monitoring	D.6.6	14.2	Records of breaches of Code of Conduct are maintained and the breaches are addressed as per the set procedure. No waivers and exemptions are provided without Board approval. Human Resources Division with Management Committees and Board oversight ensures its implementation and monitoring mechanism with the assistance of internal audit.	
Training on Code of Conduct	D.6.5		The Code is made available to all employees and its provisions are included in the training programs. Confirmation on the understanding and adherence to the Code is obtained upon employment and a session is conducted at the induction program. Additionally, Human Resources Division is designing a process to obtain the confirmation of compliance annually from all employees.	
Reporting Material, Price-Sensitive Information	D.6.2	12.1 c) 4 & 12.3 e)	The management of related party transactions and conflicts of interest includes material and price-sensitive information and therefore ensures prompt identification and management.	
Purchase of Shares by BOD, KMPs and staff Involved in Financial Reporting	D.6.3		The management of related party transactions and conflict of interests includes and therefore addresses the purchase of shares by BOD, Key Management and Employees involved in financial reporting enabling prompt identification and management in addition to the disclosure requirements of CSE.	
Whistle Blowing Policy and its Implementation	D.6.4	14.3	The Whistle Blowing Policy has been adopted by the Board. All staff are urged to bring up any issue they sincerely believe involves prospective or ongoing misconduct, such as a violation of the Company's Code of Conduct. Additionally, the process is evaluated and reviewed via the Audit Committee. The Complaints Handling Policy addresses all complaints received from customers and other parties covering their resolution, escalation, recording, availability of complaints handling mechanisms, its details and etc.	
Non-Violation of the Code of Conduct and Ethics	D.6.7	16.1 xi)	Refer the Chairperson's Statement in the Annual Report for details.	
Conflict of Interest		7.7 & 15	At the Board level, all Directors are well aware and guided by Board Charter and Company policies where any conflicting interest will be disclosed immediately and will abstain from any engagement giving rise to conflicts of interest. The Directors are guided by professional conduct and Board cohesively ensures that no Director acts with undue influence and coercion in addition to the monitoring mechanisms that are in place. Managing conflicts of interest is covered under page 135 and addresses the requirements in the provision.	
Corporate Governance Disclosures				
Adherence to Principles and Practices of Good Corporate Governance	D.7.1	16.1 x	This section on Corporate Governance details the current practices of CDB and the level of compliance with the regulations and adherence to best practices.	

CORPORATE GOVERNANCE

Caption	CASL Reference	CBSL Section	Principle, Compliance and Implementation	Status of Compliance
Institutional investors				
Shareholder Voting	E.1	1.3 d), 1.7 a), 6.4 i) & 16.1 xiii)	Institutional shareholders are required to make considered use of their votes and are encouraged to ensure their voting intentions are translated into practice. Annual General Meeting is used to have an effective dialogue with the shareholders on matters which are relevant and of concern to the general membership. .	
Evaluation of Governance Disclosures	E.2	1.3 d), 6.4 i) & 16.1 xiii)	Institutional investors are encouraged to give due weight to all relevant factors drawn to their attention, especially on the Board structure and composition.	
Other investors				
Investing/ Divesting Decision	F.1	1.3 d), 1.7 a), 6.4 i) & 16.1 xiii)	Individual shareholders are encouraged to carry out an adequate analysis or seek independent advice on their investing or divesting decisions.	
Shareholder Voting	F.2	1.3 d), 1.7 a), 6.4 i) & 16.1 xiii)	Individual shareholders are encouraged to participate in General Meetings and exercise their voting rights.	
Internet of Things and Cyber Security				
Cyber Security Risk Management Process	G.1 – G.5	10.3 c) & f)	During the financial year, CDB carried out internal and external IT vulnerability tests with the assistance of external parties in order to mitigate cyber security threats. Further, these external parties conducted several Board presentations on the findings along with local/ global best practices. Please refer pages 64-70 for more information	
Sustainability : ESG Risk and Opportunities				
	H.1	16.1 xii	Please refer Report Sustainable Growth Strategy on pages 33 to 36 and ESG Risk on page 109	
	H.2.1	1.3 (c)		
	H 3.1	1.3 (c)		
	H.4.1-4.3	1.3 (c)		
	H.5.1-5.4	1.3 (c)		
Special Considerations For Listed Entities				
Establishment and Maintenance of Policies	I.1		Complied with the Code. Please refer below for the CSE Listing Rules Corporate Governance Disclosure Table on Pages 134 and 311	
Policy on Matters Relating to the Board of Directors	I.2		Complied with the Code. Please refer below for the CSE Listing Rules Corporate Governance Disclosure Table on Pages 134 and 311	
Group Governance				
Responsibilities as a Holding Company / a Subsidiary		13.1, 16.1 vii, 13.2 & 16.1 vii	Not applicable as of the current financial year.	
Transitional provisions				
Transitional and other general provisions		3.2, 3.5(a), 3.7, 8.1(b) & 10.1 & 12.1 (a)	The Company has complied with transitional provisions when applicable	

REPORT OF THE BOARD AUDIT COMMITTEE

COMPOSITION OF THE BOARD AUDIT COMMITTEE

The Board Audit Committee is appointed by, and responsible to, the Board of Directors of Citizens Development Business Finance PLC. The Committee consists of three Non-Executive Directors who are members of recognised professional bodies and possess wide ranging financial, commercial and management experience. The biographical details of the members of the Board Audit Committee are set out in the directors' profiles section of the Annual Report. Ms. P.R.W. Perera, the Chairperson of the Board Audit Committee, is a fellow member of the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

There were no changes in the membership of the Committee during the financial year. The Committee Members as at 31st March 2025 were:

Ms. P.R.W. Perera
Independent, Non-Executive Director

Senior Prof. P.N. Gamage
Independent, Non-Executive Director

Mr. J.P. Abhayaratne
Non-Executive Director

TERMS OF REFERENCE OF THE COMMITTEE

The Terms of Reference of the Committee, which is subject to review periodically by the Board of Directors, clearly defines the mandate and role of the Committee. The Terms of Reference of the Committee was last reviewed and approved by the Board in January 2025. The Committee is responsible to the Board of Directors and reports on its activities regularly.

The functions of the Committee are structured and regulated in line with the Finance Business Act Direction No. 05 of 2021 - Corporate Governance, the Rules on Corporate Governance as per revised Section 9 of Listing Rules issued by the Colombo Stock Exchange and the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

The Committee assists the Board of Directors in fulfilling its general oversight of financial reporting, internal controls and functions relating to internal and external audits.

ROLE AND KEY RESPONSIBILITIES OF THE COMMITTEE

The main objective of the Board Audit Committee is to assist the Board of Directors in exercising its fiduciary responsibilities towards its stakeholders. The Committee is empowered by the Board to:

- Ensure that the financial reporting systems in place are effective and well managed to provide accurate, appropriate and timely information to the Board, Regulatory Authorities and other stakeholders.
- Review the Annual Financial Statements and Interim Financial Statements prior to publication to ensure compliance with statutory and regulatory requirements, Accounting Standards and Accounting Policies of the Company which are consistently applied.
- Evaluate the adequacy, effectiveness of Risk Management Systems and Internal Controls of the Company.
- Assess the independence and review adequacy of the scope, functions and resources of the Internal Audit Department.
- Review and monitor the External Auditors' independence, objectivity and effectiveness of the audit process.
- Review the engagements of external auditors for the provision of non audit services.
- Ensure that the Company adopts and adheres to high standards of corporate governance practices, conforming to the highest ethical standards, and good industry practices, in the best interests of all stakeholders.
- Assess the Company's ability to continue as a going concern in the foreseeable future.

MEETINGS

The Board Audit Committee held 13 meetings during the period under review. The quorum for a meeting of the Committee is a minimum of two (2) Independent Directors of the Board Audit Committee or a majority of the members, whichever is higher shall be Independent Directors.

The Chief Executive Officer, the Chief Financial Officer, and other Directors attend meetings of the Committee by standing invitation. The Committee also invited members of the Senior Management of the Company to participate in the meetings from time to time on a need basis. The External Auditors also attend meetings whenever they are invited to be present.

The Head of Internal Audit functions as the Secretary to the Board Audit Committee. Proceedings of these meetings with adequate details of matters discussed are regularly reported to the Board.

The attendance of the Committee members at the meetings was as follows:

Member	Attendance
Ms. P.R.W Perera	13/13
Senior Prof. P.N. Gamage	13/13
Mr. J.P. Abhayaratne	13/13

REPORTING TO THE BOARD

The Minutes of the Committee meetings were tabled at Board Meetings at least every quarter, enabling all Board members to have access to them.

ACTIVITIES IN THE FINANCIAL YEAR 2024/2025

The Committee carried out the following activities.

Financial Reporting

- The Committee reviewed the Company's financial reporting process on behalf of the Board to ensure that Financial Statements are prepared in accordance with the Company's accounting records,

REPORT OF THE BOARD AUDIT COMMITTEE

in compliance with regulatory provisions including the Sri Lanka Accounting Standards, Companies Act No. 7 of 2007, and Finance Business Act No. 42 of 2011 and reflect a true and fair view on the financial position and performance of the Company.

- The Committee reviewed and recommended the interim and annual financial statements prior to submitting to the Board for approval. These reviews facilitated the Committee to monitor compliance with SLFRS/ LKAS and the other regulations and also to ensure the integrity of the information provided to the Company's stakeholders. The Committee examined the assumptions and judgments applied in financial reporting. The Committee encourages the continuous strengthening of the processes, internal controls, management information system, risk management and reports required for validation and compliance in line with SLFRS 9 on "Financial Instruments".
- The Committee reviewed and assessed the Company's ability to continue as a Going Concern and the adequacy of its resources to be in business for the foreseeable future.
- The Committee obtained and reviewed the assurance statement from the MD/CEO and the CFO that the financial records have been properly maintained and the financial statements provide a true and fair view of the Company's operations and finances in line with the requirement of listing rules.

Internal Control over Financial Reporting

- In line with Section 16 (1)(ix) of the Finance Business Act Direction No. 05 of 2021, the Company is required to comply with the said direction and assess the effectiveness of the Internal Control Over Financial Reporting as at 31 March 2025.
- The Internal Audit Department evaluated the Internal Controls Over Financial Reporting and Management Information Systems. Assessments were carried out by the Internal Audit Department to determine if documented procedures were being followed

by the respective process owners and to ensure the effectiveness of the procedures, and the operating efficiency of the Internal Controls and the Management Information Systems, as well as to identify areas for improvements on an ongoing basis.

- The Committee obtained and reviewed the assurance received from the Key Management Personnel who are responsible, regarding the adequacy and effectiveness of the Company's risk management and internal control systems.
- Based on the assessments of Internal Auditors, the Board has concluded that as at 31 March 2025, the Company's Internal Controls over Financial Reporting were effective. The Directors' Statement on the Company's Internal Control Over Financial Reporting is provided on pages 174 and 175 of this Annual Report.
- The External Auditors have assessed the effectiveness of the existing system of Internal Control Over Financial Reporting. The External Auditors' Assurance Report on the Company's system of Internal Control Over Financial Reporting is provided on page 178 of the Annual Report.

Internal Audit

The Committee ensures that the Internal Audit function is independent of the activities it audits and the audits are performed with impartiality, proficiency and due professional care. The Head of Internal Audit reports directly to the Board Audit Committee. The Committee has had sufficient interaction with the Head of Internal Audit throughout the financial year. The Committee also evaluated the performance of Head of Internal Audit.

The Committee approved the Internal Audit Plan for the financial year and also monitored and reviewed the scope, extent and effectiveness of the activities of the Internal Audit Department. The Committee also reviewed and monitored the progress of the Internal Audit Plan during the financial year, along with its resource requirements.

During the financial year the Committee reviewed the internal audit reports covering matters pertaining to Financial Reporting, Regulatory Compliance, Branch operations, Department operations, Credit Risk Reviews, IT General Controls, IT Application Control Reviews, Business Continuity Management System and Information Security Management System (ISMS), External & Internal Vulnerability Assessments, Secure Configuration Reviews and Special Investigations, and also followed up on the implementation of audit recommendations. The Committee also reviewed the progress of adoption of the CBSL Regulatory Framework on Technology Risk Management and Resilience for strengthening of Information Security.

Further, Internal Audit carried out testing and data analytics related to potential fraud risk areas on a continuous basis. Audit findings presented in the reports were prioritised based on the level of risk involved. The Board Audit Committee advised the Corporate Management to take precautionary measures on significant audit findings. Internal Audit reports were made available to the External Auditors as well.

The material concerns highlighted by the Internal Audit function of the Company were taken up by the Committee for further discussion and deliberation at the Board where necessary.

The Committee reviewed and approved the Internal Audit Charter document in January 2025.

External Auditors

The Board Audit Committee assisted the Board in engaging the External Auditors for the audit service in compliance with regulatory provisions. The Committee reviewed and monitored the independence and objectivity of the External Auditor and also assessed the effectiveness of their audit process considering the relevant professional and regulatory requirements. To ensure that the External Auditor had the independence to discuss and express their opinions on the matter, they were granted opportunities to meet the Committee separately, without the presence of the Executive Directors and the Management.

Prior to the commencement of the annual audit, the Committee discussed with the External Auditors, their audit plan, audit approach, and matters relating to the nature and scope of the audit. The Committee met the External Auditors on two occasions during the financial year without the Executive Directors and the Management being present, to ensure that there was no limitation of scope in relation to the Audit and to allow for full disclosure of any matters, which could have had a negative impact on the effectiveness of the external audit. The Committee concluded that there was no such cause for concern.

The Committee obtained a written assurance from the External Auditor confirming that they have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant regulatory and professional requirements. The Committee has evaluated the external auditor in line with applicable standards, relevant regulatory requirements and industry best practices, and satisfied with the status of the independence, objectivity and performance of the external auditor.

The Committee also reviewed the non-audit services provided by the External Auditors to ensure that they do not lead to impairment of the External Auditors' independence and objectivity. The non-audit services policy is a Board approved policy that sets out the guidelines for the engagement of External Auditors for non-audit services in line with regulatory requirements. The BAC is satisfied that the independence and objectivity of the External Auditor has not been impaired by the provision of those services.

The Committee also reviewed the audit fees, non audit services fees and expenses for other services paid and payable to them.

The Management Letter issued by the External Auditors in respect of the financial year ended 31 March 2024 was considered by the Committee and corrective action is being pursued wherever such action is warranted.

In line with Corporate Governance Direction issued by CBSL, the Committee ensured that engagement of an audit partner shall not exceed five years and that the particular audit partner is not re-engaged for

the audit for audit before the expiry of three years from the date of the completion of the previous term, and service from same external audit firm should not be obtained more than 10 years consecutively. Messrs Ernst and Young, Chartered Accountants has been appointed as the external auditor of the Company in August 2023.

The Committee has recommended to the Board that Messrs Ernst and Young, Chartered Accountants, to be re-appointed for the financial year ending 31st March 2026, subject to the approval of shareholders at the forthcoming Annual General Meeting.

STATUTORY AND REGULATORY COMPLIANCE

The Committee reviewed the procedures established by management for compliance with the requirements of the regulatory bodies and also reviewed the compliance status with the Sri Lanka Accounting Standards. The Compliance Officer also submitted a report to the Board Audit Committee on a quarterly basis, indicating the extent to which the Company complied with mandatory statutory requirements. Due compliance with all requirements are monitored through this process. Further, the Internal Audit Department of the Company performs independent test checks on regulatory compliance requirements.

The Committee reviewed and monitored the progress on implementation of the recommendations made in the Statutory Examination Report of the Central Bank of Sri Lanka (CBSL) through regular follow-up reports submitted to the Committee meetings.

The Committee is satisfied with the status of the compliance with Financial Reporting Requirements, Companies Act, CBSL regulatory requirements, information requirements under CSE Listing Rules, the SEC Act and other relevant financial reporting related regulations and requirements.

WHISTLEBLOWING POLICY

The Whistleblowing Policy was reviewed by the BAC during the financial year (2024/25) with recommendations made to

further strengthen the policy as a communication channel to raise any genuine concerns. The Company's Whistleblowing Policy was put in place and all members of staff were educated and encouraged to resort to whistleblowing if they had reasonable grounds to believe that there were wrongdoings or other improprieties. All appropriate procedures are in place to conduct independent investigations into incidents reported through this process or if identified through other means. Concerns raised are investigated and the identity of the person raising the concern is kept confidential. Even anonymous complaints are investigated. This process is monitored by the Board Audit Committee.

BOARD AUDIT COMMITTEE EVALUATION

An independent evaluation of the effectiveness of the Committee was carried out by the members of the Board during the financial year. Considering the overall conduct of the Committee and its contribution to the overall performance of the Company, the Committee has been rated as highly effective.

CONCLUSION

Based on the review of reports submitted by the External and Internal auditors, the information obtained by the Committee and after examination of the adequacy and effectiveness of the internal controls which have been designed to provide reasonable assurance to the Board of Directors that the assets of the Company are safeguarded, the Board Audit Committee is satisfied that the financial position of the Company is regularly monitored and that steps are being taken to continuously improve the control environment in which the Company operates.



P R W Perera
Chairperson

Board Audit Committee

05 June 2025
Colombo

REPORT OF THE BOARD INTEGRATED RISK MANAGEMENT COMMITTEE

The Board Integrated Risk Management Committee (BIRMC) a subcommittee established in accordance with the Corporate Governance Finance Business Act Direction No 5 of 2021 issued by the Central Bank of Sri Lanka, is primarily responsible for developing and maintaining the organisation's risk management framework. The committee plays a key role in overseeing and ensuring compliance with established risk policies and frameworks, while also supporting the Board of Directors in monitoring the entity's overall risk management function.

COMPOSITION OF THE BOARD INTEGRATED RISK MANAGEMENT COMMITTEE

The Board appointed Integrated Risk Management Committee comprises of the following members:

Chairman

Mr. Sujeewa Kumarapperuma
(Independent Non-Executive Director)

Other Members

Mr. Alastair Corera
(Independent Non-Executive Director)

Ms. Jayomi Lokuliyana
(Independent Non-Executive Director)

Regular attendees by Invitation

Mr. Mahesh Nanayakkara
(Managing Director/CEO)

Mr. Damith Tennakoon
(Executive Director/Deputy CEO)

Mr. Roshan Abeygoonewardena
(Executive Director – Corporate Finance)

Mr. Sasindra Munasinghe
(Executive Director – Sales and Business Development)

Mr. Dave De Silva
(Executive Director – Business Operations)

Mr. Hasitha Dassanayake
(Chief Sales & Digital Business Officer)

Mr. Ruwan Chandrajith
(CFO)

Mr. Tharinda Amerasinghe
(DGM – Compliance)

Mr. Shavindra Fernando
(CISO)

Secretary to the committee

Mr. Dhanushka De Silva
(Head of Risk)

TERMS OF REFERENCE OF THE BOARD INTEGRATED RISK MANAGEMENT COMMITTEE

Summarised responsibilities

- Assist in the formulation of risk strategies and policies that align with the organisation's defined risk tolerance and appetite levels. Support the Board of Directors (BoD) in fulfilling its risk oversight responsibilities by reviewing and recommending updates to the organisation's risk policies, including the Risk Appetite Statement, on a quarterly basis.
- Ensure that the impact of key risk areas is continuously assessed using appropriate risk indicators and relevant management information. Based on these assessments, make recommendations to the BoD on appropriate risk strategies and adjustments to the organisation's risk appetite, where necessary.
- Monitor external developments and changes in the broader risk landscape. Assess the potential impact of associated, emerging, and prospective risks on the organisation, and ensure that adequate mitigation measures are implemented to safeguard the organisation from such threats.
- Review the structure, adequacy, and effectiveness of key management-level committees, such as the Credit Committee, Asset-Liability Management Committee (ALCO), and Information Security Steering Committee. Confirm that these committees are addressing relevant risks effectively and are operating within the approved risk limits.
- Regularly review key risk areas and indicators, where risks exceed the organisation's established tolerance levels—based on internal policies and external regulatory or supervisory requirements, propose corrective measures to management to mitigate potential adverse effects.
- Support the BoD in meeting its disclosure obligations regarding risk management in the organisation's annual report. Acknowledge and reinforce the BoD's accountability

for the effective functioning of the risk management framework. Oversee the establishment and independence of a compliance function responsible for ensuring the organisation's adherence to applicable laws, regulations, directives, guidelines, internal controls, and approved policies governing its operations.

COMMITTEE MEETINGS AND METHODOLOGY

During the financial year under review, five meetings of the Board Risk Management Committee were held. Both financial and non-financial risks including credit, operational, market, liquidity, and strategic risks were comprehensively assessed using tools such as the Risk Heat Map and Risk Dashboards. These assessments facilitated in-depth discussions on the organisation's overall risk profile and emerging threats.

Attendance

Member	Attendance
Mr. Sujeewa Kumarapperuma	5/5
Mr. Alastair Corera	5/5
Ms. Jayomi Lokuliyana	4/5

COMMITTEE ACTIVITIES DURING THE FINANCIAL YEAR

Risk appetite statement

The actual movement of KRIs covering all the principle risk areas i.e. Credit risk, Liquidity risk, Market risks, Strategic risk and Operational risk were monitored against the risk appetite levels. Any deviations were assessed along with probable implications to CDB and necessary directions were provided to manage KRIs within the set tolerance levels.

Risk Heat Map

The organisation's risk matrix was assessed using a Risk Heat Map, which incorporates stress testing analysis for key financial risks to evaluate their potential impact. The results were reported to both the Board Risk Management Committee and the Board of Directors to provide a comprehensive view of CDB's overall risk profile. The aggregate impact of financial risks was assessed primarily in terms of their effect on capital funds, and the Committee

reviewed CDB's capacity to withstand severely adverse and unexpected risk scenarios, ensuring resilience under stress conditions.

Credit risk

- Reviewed the credit quality of the portfolio segmenting to different products, sectors making recommendations to further strengthen the credit quality
- Macro and micro economic variables were discussed along with their anticipated impact to CDB in order to promptly react on any adverse scenarios
- Credit concentration risk was reviewed with a focus on specific products that carried higher risk exposure to ensure that CDB effectively manages its portfolio concentrations at optimum levels, aligning with the organisation's risk appetite and regulatory requirements.

Liquidity and Market risks

- The Committee reviewed the company's liquidity position on an ongoing basis to ensure that a sufficient liquidity buffer was maintained. This was aimed at enabling the organisation to withstand potential liquidity stresses or unexpected financial shocks, in line with regulatory requirements and internal risk appetite thresholds.
- Stress testing results were reviewed to advise the management on maintaining adequate liquidity and capital buffers to digest possible financial impacts in a stressed scenario
- The Committee maintained oversight of gold price movements and other key macroeconomic variables, which were closely monitored and discussed in detail during Asset-Liability Committee (ALCO) meetings.

Operational, IT and Information security risk

- Key risk incidents related to operational aspects including system related, IT security related along with Information security audit findings were reported and mitigation plans were reviewed accessing adequacy of control framework.
- Ongoing reviews regarding the status of implementation and necessary security control measures as demanded by the Technology Risk Management and Resilience Direction (Finance Business Act Directions No.01 of 2022) and Personal Data Protection Act No. 09 of 2022.
- Reviewed BCP and DR plans along with drills, conducted stressing such areas and provided necessary directions for further improvement ensuring CDB's operational resilience against any unforeseen incidents.

Compliance related

Committee continuously reviewed the requirements outlined in the Finance Business Act Direction No. 1 of 2022 on Technology Risk Management and Resilience, with particular focus on ensuring CDB's alignment with the provisions of the Personal Data Protection Act. In addition, the Committee reviewed and ensured the organisation's preparedness for the early adoption of the Operational Risk Management Direction (Finance Business Act Directions No.04 of 2024) issued by the Central Bank of Sri Lanka (CBSL), effective from 1st April 2025. Compliance with all other applicable laws, regulations, and regulatory directions was monitored on an ongoing basis, with reviews conducted as and when relevant to ensure full adherence.

Updates from Committees

The Committee reviewed periodic updates from key management-level committees involved in the risk management process, namely the Asset-Liability Committee (ALCO), the Credit Committee, and the Information Security Steering Committee. These reviews included oversight of key decisions taken to

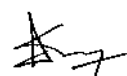
manage credit risk, liquidity risk, and market risk, ensuring that such risks were addressed within the approved risk appetite and regulatory guidelines.

Board Reporting

The Board of Directors was regularly updated on the overall risk profile of the company, including adherence to the defined Key Risk Indicator (KRI) thresholds and risk appetite limits. The Committee adequately facilitated and supported the Board in making timely, informed decisions related to the company's risk management function, thereby strengthening overall governance and strategic oversight.

THE YEAR AHEAD

The Committee remains committed to continuously strengthening the organisation's risk management framework by aligning with globally accepted best practices in operational risk management, as well as capital and liquidity risk management. Looking ahead, the Committee aims to further enhance operational risk identification tools and methodologies by leveraging emerging technologies, including big data analytics, artificial intelligence (AI), and machine learning (ML). These advancements are expected to improve the precision, timeliness, and effectiveness of risk detection and mitigation across the organisation.



Sujeewa Kumarapperuma
Chairman

Integrated Risk Management
Committee

05 June 2025
Colombo

REPORT OF THE BOARD

NOMINATION AND GOVERNANCE COMMITTEE [GRI 2-10]

COMPOSITION OF THE COMMITTEE

The Nomination and Governance Committee (BNGC) appointed by the Board comprises four Non-Executive Directors, three of whom are Independent. The Committee is chaired by Senior Prof. S. P. P. Amaratunga, an Independent Non-Executive Director. All members appointed to BNGC from 1st January 2021, bring a wealth of experience and business acumen, enabling the Committee to discharge its duties effectively.

Members of the Committee:

- Senior Prof. S. P. P. Amaratunga – Chairperson / Independent Non-Executive Director (Appointed as Chairperson from 1 May 2024)
- Mr. J. R. A. Corera – Member / Independent Non-Executive Director
- Mr. S. Kumarapperuma – Member / Independent Non-Executive Director
- Mr. E. R. S. G. S. Hemachandra – Member / Non-Executive Director

Independence of the Committee

The Committee functions independently of management and is free from any business, personal, or other relationships that may compromise its objectivity or ability to make independent decisions.

Terms of Reference

The Committee operates under an approved Terms of Reference, is responsible for:

- Recommending suitable candidates for Board appointment, aligned with succession planning and strategic needs.
- Periodically reviewing the size, structure, and composition of the Board and its committees.
- Ensuring the Board has the required diversity of experience, skills, and independence.
- Reviewing and recommending amendments to the Director appointment and reappointment framework.

Meetings

The Committee met once during the year under review, with full attendance.

Member	Attendance
Mr J R A Corera	1/1
Senior Prof S P P Amaratunga	1/1
Mr S Kumarapperuma	1/1
Mr E R S G S Hemachandra	1/1

KEY OUTCOMES

Recommendation of Appointment:

The Committee recommended the appointment of Ms. Jayomi Lokuliyana as an Independent Non-Executive Director, effective 1 April 2024. Her appointment aligns with the Company's governance standards and adds valuable expertise and an independent perspective to the Board.

In addition to the induction programme, as per the Committee's recommendations it was ensured that she is familiarised with corporate governance principles, Listing Rules, securities market regulations, and other relevant legal requirements.

Director Re-elections:

All Non-Executive Directors should be required to submit themselves for re-election at regular intervals and at least once in every three (3) years. In accordance with Section 24(6) and 24(7) of the Company's Articles of Association, and best practices on governance, the Committee considered and recommended the reappointment of the following Directors:

1. Senior Prof. S. P. P. Amaratunga – Independent Non-Executive Director
 - Date of Appointment: 20/10/2016
 - Other Directorships in Listed Entities: Sanasa Development Bank, Laugfs Gas PLC, Laugfs Power PLC, Raigam Wayamba Salterns PLC and Prime Lands Residencies PLC
 - Relationships with Directors/Major Shareholders: None

2. Mr. Jagath Abeyarathne – Non-Executive Director
 - Date of Appointment: 01/01/2020
 - Other Directorships in Listed Entities: None
 - Relationships with Directors/Major Shareholders: None

Senior Prof Sampath Amaratunga did not participate in the Committee's deliberations regarding his re-election, in accordance with regulatory requirements and Company Policies. All recommendations were submitted to and approved by the Board.

Implementation of Policies and Processes

The Committee confirms the effective implementation of documented policies and processes relating to Director appointments and reappointments:

- Candidates are evaluated against defined role specifications and assessed for regulatory and strategic fit.
- Each nominee undergoes detailed due diligence, including compliance with the CBSL Fit and Proper criteria (Direction No. 06 of 2021).
- Appointments are subject to CBSL's no-objection or approval, followed by a formal appointment letter and induction.
- Reappointments consider individual performance, ongoing compliance, and strategic relevance.
- Board and Committee composition is reviewed annually to ensure it reflects the evolving needs of the Company.

Governance Awareness and Board Independence

The Committee acknowledges that the current Directors possess a thorough understanding of Corporate Governance, Listing Rules and other relevant laws and regulations. To support and enhance this knowledge, the Compliance Team and other departments conduct presentations to the Board and programs organised by regulators and industry experts, are utilised, particularly when there are updates or changes in the regulatory framework.

All six independent Directors are independent of management and free of any business or other relationship that could impair their independence. The Board has determined the independence of Directors based on the declarations submitted by the NEDs, as to their independence, as a fair representation and will continue to evaluate their independence annually in line with all situations of independence underpinned in the regulatory framework. No circumstances have arisen for the determination of independence by the Board, beyond the criteria specified by the regulators.

Board Performance and Diversity

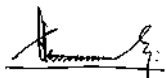
The Committee oversees periodic evaluations of the Board and CEO performance, as detailed in the Annual Report. Board diversity—across experience, skills, age, and gender—is prioritised in succession planning and annual reviews to ensure the Board's composition continues to support the strategic direction of the Company.

COMPLIANCE

CDB complies with the corporate governance requirements under the Listing Rules of the Colombo Stock Exchange, as detailed in the Corporate Governance section of this Annual Report and Disclosure Tables on pages 311-314.

THE YEAR AHEAD

The Committee will continue to enhance governance practices and propose strategies to attract and retain top talent by ensuring fair, transparent, and inclusive nomination processes.



Senior Prof. S. P. P. Amaratunga

Chairman

Nomination and Governance
Committee

05 June 2025
Colombo

REPORT OF THE BOARD HUMAN RESOURCES AND REMUNERATION COMMITTEE

[GRI 2-19, 2-20]

COMPOSITION OF THE COMMITTEE

The Board-appointed Human Resources and Remuneration Committee (BHRRC) comprises a majority of Independent Non-Executive Directors and is chaired by an Independent Non-Executive Director. The members of the Committee possess diverse experience and in-depth knowledge of the business and the financial services industry.

Committee Members:

- Senior Prof. S. P. P. Amaratunga – Chairperson / Independent Non-Executive Director
- Mrs. P. R. W. Perera – Member / Independent Non-Executive Director
- Mr. E. R. S. G. S. Hemachandra – Member / Non-Executive Director

The Committee operates independently of management and is free from any business, personal, or other relationships that may compromise its ability to make unbiased decisions.

PURPOSE AND RESPONSIBILITIES OF THE COMMITTEE

The BHRRC is responsible for:

- Recommending a market-oriented remuneration policy for its staff to ensure the selection of the best talent and create incentives for staff for their performance and loyalty.
- Evaluating the performance of the MD/CEO and Key Management Personnel against predetermined goals.
- Reviewing and recommending rewards, increments, bonuses, and incentive schemes.
- Overseeing recruitment, promotions, and succession planning for senior management roles.
- Ensuring the remuneration structure aligns with corporate strategy, governance standards, and stakeholder interests.

MEETINGS

The Committee met once during the year with full participation. The CEO and Director of Corporate Finance attended the meeting by invitation to provide relevant insights. However, they were not involved in any decisions regarding their own remuneration.

Attendance

Member	Attendance
Senior Prof S P P Amaratunge	1/1
Mrs P R W Perera	1/1
Mr E R S G S Hemachandra	1/1

Key Functions Performed During the Year Under Review

- Recommended revisions to remuneration packages based on individual and organisational performance, cost-of-living adjustments, and industry benchmarks.
- Evaluated and recommended individual remuneration packages for the Managing Director/CEO, Executive Directors, and Senior Management.

EVALUATIONS

Individual Director Evaluations

Each Director undergoes an annual self-evaluation assessing their contribution and effectiveness. Formal evaluations are conducted by the Chairperson and BHRRC, based on:

- Attendance and participation
- Quality of input in Board and committee meetings
- Peer feedback and leadership
- Relevant expertise

These evaluations contribute for the Director reappointment decisions and support continuous Board development.

MD/CEO Evaluation

The performance of the MD/CEO is reviewed annually by the Board against pre-set financial and non-financial targets, which are aligned with the Company's medium and long-term strategy, including its sustainability objectives. The review is part of an ongoing process culminating in a formal evaluation at year-end.

COMPANY REMUNERATION POLICY

Our Remuneration Policy aims to reward competitively the achievement of long-term sustainable performance and attract and motivate the very best people who are committed to maintaining a long-term career with appropriate professional, managerial and operational expertise required to achieve the Company's short term and long term objectives. The remuneration Policy attempts to guarantee that the total remuneration package is sufficiently competitive to attract the best individuals to the Company.

In designing competitive compensation packages, the policy is to appreciate and reward high performers while ensuring that what we pay our people is aligned to our business strategy and performance is judged not only on what is achieved over the short and long term but also importantly on how it is achieved, as we believe the latter contributes to the long-term sustainability of the business.

Remuneration Structure and Governance

Executive Directors and Corporate Management

- Remuneration comprises fixed and performance-based components.
- The MD/CEO's package is reviewed within a Board-approved framework.
- Executive share options were not exercised during FY 2024/25, however the procedure for

exercising the same is in line with CSE Listing Rules.

- The MD/CEO participates in determining Corporate Management remuneration, without involvement in their own package.

Non-Executive Directors

- Remuneration is a fixed fee, with additional fixed amounts for participation at Board Committees.
- No share options or performance incentives are awarded to preserve independence.

The aggregate remuneration of the Executive and Non-Executive Directors is Rs. 308mn for the financial year 2024/25.

THE YEAR AHEAD

The Committee will continue to refine remuneration frameworks and adopt best practices to:

- Attract and retain top talent
- Support CDB's long-term goals
- Maintain alignment with evolving governance and regulatory standards



Senior Prof S P P Amaratunge

Chairman

Human Resources and Remuneration Committee

05 June 2025
Colombo

REPORT OF THE BOARD RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

[GRI 2-15]

BOARD COMPOSITION

The Board established the Board Related Party Transaction Review Committee (BRPTRC) based on the Section 09 Sub Section 9.14 of the Listing Rules issued by the Colombo Stock Exchange (CSE) and the Finance Companies Corporate Governance Direction No. 05 of 2021; Section 12. The Board Related Party Transactions Review Committee comprises of two Independent-Non-Executive Directors, and one Non-Executive Director. The details of the Members serving on the Committee are as below.

The Committee as at the end of the financial year 2024/25 consisted of the following members:

- Senior Prof. P.N. Gamage (Committee Chairperson/ Independent Non-Executive Director)
- Ms. Rajitha Perera (Independent Non-Executive Director)
- Mr. E.R.S.G.S. Hemachandra (Non-Executive Director)

The above composition is inline with the provisions of the CSE Section 09 and CBSL Corporate Governance Direction related to Board Related Party Transactions Review Committee.

OBJECTIVES

This Committee's primary objectives are to:

- Consider, review, evaluate and provide oversight of related party transactions of all types and to approve, ratify, disapprove or reject a related party transaction.
- To ensure compliance under Corporate Governance Direction No. 05 of 2021 Section 12 and Section 9.14 of the Listing Rules of CSE.
- Determine whether the related party transaction is fair and in the best interests of CDB.
- Review, revise, formulate and approve policies on related party transactions.
- At least once a year conduct a review of all related party transactions concluded during the financial year.

Scope of the Committee Includes:

- Adopting policies and procedures to review related party transactions of the Company and reviewing and overseeing existing policies and procedures, primarily the Related Party Transactions Policy and the Terms of Reference of the BRPTRC ;
- Ensure Compliance under Section 12 of Corporate Governance Direction No. 05 of 2021, which comprise of Sub Sections 12.1, 12.2 and 12.3.
- Reviewing in advance, all proposed related party transactions of the Company except those explicitly exempted under Section 9.14.10 of the Listing Rules of CSE;
- Determining whether related party transactions that are to be entered into by the Company require the approval of the Board or Shareholders of the Company;
- If related party transactions are 'recurrent in nature' the Committee establishes set of guidelines for senior management as explained in the Section 9.14 to follow in its ongoing dealings with the relevant related party.
- Ensuring that no Director of the Company shall participate in any discussion of a proposed related party transaction for which he or she is a related party, unless such Director is requested to do so by the Committee for the specific purpose of providing information concerning the related party transaction to the Committee.
- If there is any potential conflict in any related party transaction, the Committee may recommend the creation of a special committee (including obtaining the services of an independent consultant if necessary) to review and approve the proposed related party transaction.
- Ensuring that immediate market disclosures and disclosures in the Annual Report as required by the Section 9.14 of the listing rules are made in a timely and detailed manner.

In carrying out its mandate the BRPTRC must at least consider the following matters:

- Transaction and Transacting Parties: the nature, scope and identity of all the parties involved in the transaction or relationship in order to determine whether it is a related party transaction or not.
- Related Party: a full description of the nature, extent and scope of the related party's interest in the transaction including the related party's position or relationship with, or ownership in, a company, partnership or other legal entity that is a party to or has an interest in the transaction.
- Terms and Conditions: whether the terms of the transaction or relationship are not less favourable than terms generally offered to an unrelated third party given the same facts and circumstances.
- Purpose and Rationale: consideration must be given to the business purpose, timing, rationale and benefits of the transaction or relationship.
- Value: the monetary value of the related party's interest in the transaction must be accurately ascertained.
- Valuation Method: the method used to determine the value of the transaction.

MEETINGS

During the financial year 2024/2025 the committee held 4 meetings. Attendance by the Committee members at each of these meetings is given as follows:

Attendance

Member	Attendance
Senior Prof. P.N. Gamage	4/4
Ms. Rajitha Perera	4/4
Mr. E.R.S.G.S. Hemachandra	4/4

REVIEW OF TRANSACTIONS FOR THE FINANCIAL YEAR 2024/25

All related party transactions that had taken place during 2024/2025 were reviewed by the BRPTRC. There were no non- recurrent or recurrent related

party transactions that exceeded the respective thresholds mentioned in the Listing Rules Section 9.14.8 of the CSE and the Committee further reviewed the compliance requirements under Corporate Governance Direction No. 05 of 2021 Section 12 of the said Direction. The List of Related Parties were reviewed along with the policy and procedure framework of reviewing related party transactions. Further, all the related party transactions which occurred during the financial year are disclosed in the audited financial statements and reported to Board on 20 May 2025. Please refer pages 262-263 for RPTs published in the Note 42 to the Financial Statements.

DECLARATION

A declaration by the Board of Directors in the Annual Report in the manner of a negative statement that no any related party transaction falling within the ambit of the Listing Rules Section 9.14.8 (4) was entered into by the Company during 2024/25 is given on page 4 of the Annual Report.



Senior Prof. P.N. Gamage

Chairperson

Board Related Party Transactions
Review Committee

05 June 2025
Colombo

REPORT OF THE CREDIT COMMITTEE (VOLUNTARY COMMITTEE)

The Credit Committee (the “Committee”) of Citizens Development Business Finance PLC (CDB) is responsible for overseeing the Company’s credit risk management framework. It operates within the guidelines approved by the Board of Directors, ensuring that all credit exposures align with CDB’s risk appetite and regulatory expectations outlined by the Central Bank of Sri Lanka.

COMPOSITION OF THE COMMITTEE

The Board-appointed Credit Committee consists of Executive Directors chaired by the MD/CEO. The Committee comprises members with extensive experience across credit underwriting, portfolio management, and risk governance. It works closely with senior management and risk teams to uphold asset quality and support sustainable business growth. The Committee consists of the following members.

Mr Mahesh Nanayakkara
(Managing Director/Chief Executive Officer)

Mr Damith Tennakoon
(Executive Director/Deputy Chief Executive Officer)

Mr Dave De Silva
(Executive Director – Business Operations)

Mr Roshan Abeygoonewardena
(Executive Director – Corporate Finance)

Mr Sasindra Munasinghe
(Executive Director – Sales and Business Development)

THE COMPANY’S CREDIT RISK MANAGEMENT POLICY

The Board of Directors have approved the credit risk management policy of the Company, where all product guidelines and exposure limits have been highlighted. The credit risk management policy of the Company is the communication tool of the Company’s credit strategy, the objective of which is to ensure that the credit quality of the Company’s credit portfolio is at its highest.

DIGITAL INNOVATIONS

Key developments during the year:

- Implementation of AI-powered credit decisioning to automate and enhance customer evaluation
- Introduction of dynamic credit scoring models based on machine learning outputs, leading to more predictive and consistent credit assessments.

These advancements have significantly reduced manual credit assessment biases, improved turnaround time, and enhanced early risk detection.

MAIN RESPONSIBILITIES OF THE CREDIT COMMITTEE

- Overseeing the credit management of the Company including reviewing of internal credit policies.
- Analysis and review of credit control techniques and external risks associated with credit policies of the Company.
- Provide credit guidance and conduct a more intensive and comprehensive credit analysis when necessary.
- Review and approve credit proposals in line with Board approved credit policies and standards, where required recommended credit requests for Board approval.
- Ensure compliance of all regulatory and statutory requirements prescribed by regulatory and supervisory authorities.
- Set lending directions based on the current economic environment.
- Ensure post credit monitoring and post reviews are performed where necessary.

ACCOUNTABILITY OF THE CREDIT COMMITTEE

The accountability of the Credit Committee is demonstrated through the minutes of the Credit Committee meeting, the circulated decision-memoranda, and periodic Credit Committee reports.

METHODOLOGY USED BY THE CREDIT COMMITTEE

- The Committee approves credit proposals based on limits set by the Board. Credit proposals and other credit reports intended for Board approval are examined.
- Credit proposals are evaluated in line with the Company’s risk appetite and credit policies.
- Members of the Corporate Management of the Company are invited to participate at the meetings as and when required.
- Monitor the resulting shifts in the composition and the quality of the portfolio and recommended new exposure limits for each sectors/ product lines as appropriate.

COMMITTEE MEETINGS

Meetings are taken up quarterly to review overall credit strategy of the Company. All other meetings were conducted to review and approve credit proposals recommended by the Management.

ACTIVITIES DURING 2024/25

Key activities during the year included:

- Approval of credit proposals and other specific reports which require the approval of the Board in line with the credit policies and credit risk appetite of the Company, in order to ensure the efficient and effective performance over the credit direction of the Company.
- Strategic portfolio reviews in response to macroeconomic conditions.
- Stress testing portfolio resilience under adverse economic scenarios.
- Monitoring of the implementation of AI-powered automated credit decisioning platforms, which significantly enhanced credit evaluation accuracy, reduced turnaround times, and supported responsible scaling of lending.

OUTLOOK FOR FY 2025/26

The Committee will focus on:

- Expanding the use of AI and data analytics across broader credit portfolios.
- Deepening credit portfolio monitoring with predictive risk indicators.
- Supporting green financing initiatives aligned with national sustainable development goals.
- Continuing refinement of underwriting standards to proactively manage emerging credit risks.

The Committee remains committed to maintaining CDB's strong asset quality, promoting responsible credit growth, and embedding innovation across the credit risk lifecycle.



Mahesh Nanayakkara

Chairman

Board Credit Committee

05 June 2025
Colombo

BOARD INFORMATION TECHNOLOGY STEERING COMMITTEE (VOLUNTARY COMMITTEE)

OVERVIEW

The Board Information Technology Steering Committee (BITSC) functions as an independent subcommittee of the Board of Directors, providing governance, strategic oversight, and assurance on the organisation's technology initiatives. BITSC ensures that IT serves as a key enabler of business strategy, innovation, and operational excellence.

COMPOSITION:

Formed in August 2024, the Committee is currently chaired by Ms. Jayomi Lokuliyana – Independent Non-Executive Director and other members of the Committee include:

- Mr Damith Tennakoon (Executive Director/Deputy Chief Executive Officer)
- Mr Roshan Abeygoonewardena (Executive Director – Corporate Finance)
- Mr Dave De Silva (Executive Director – Business Operations)
- Mr Hasitha Dassanayake (Chief Sales & Digital Business Officer)

In addition to the core committee members, the Committee is supported by all members of the Information Technology Steering Committee (ITSC), with secretarial assistance provided by the IT Governance team.

The Chief Information Officer (CIO) and the Deputy General Manager – IT play a key role in presenting project status updates, strategic initiatives, and risk assessments to the Committee, enabling informed decision-making and oversight. In addition, the Chief Information Security Officer (CISO) contributes insights on cybersecurity, compliance, and information risk, further supporting the Committee's holistic oversight responsibilities.

MANDATE AND RESPONSIBILITIES

The Committee's responsibilities, as defined in its Terms of Reference, include:

- Monitoring the strategic alignment of IT initiatives to ensure they contribute effectively to the overall business strategy.
- Providing final approvals and recommendations on proposed IT projects, especially those with high investment or strategic value, to ensure they meet business objectives and financial constraints.
- Evaluating and endorsing the IT strategy, digital transformation roadmap, and major technology investments.
- Overseeing IT risk, cybersecurity, and regulatory compliance frameworks.
- Ensuring proper governance around large and substantial IT investments through evaluation, verification, and structured decision-making processes.

BITSC also reviews the work of the Information Technology Steering Committee (ITSC), which plays a key role in operationalising IT strategy. ITSC ensures that IT plans, investments, and operations are cost-effective, value-driven, and delivered within the said budget and timeline. It also facilitates open communication between IT and other business units and oversees relationships with external technology partners—ensuring collaboration, vendor alignment, and delivery integrity.

Through this oversight model, BITSC ensures that strategic direction from the Board is effectively translated into implementation by senior management.

MEETINGS HELD

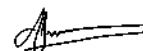
BITSC convened four (4) formal meetings during the financial year. Each session involved strategic deliberations on key IT initiatives, cybersecurity posture, budget approvals, and project governance.

VALUE CREATION

BITSC continues to strengthen the organisation's digital governance by ensuring:

- Strategic IT alignment with enterprise goals.
- Investment in technology that delivers long-term business value.
- Robust oversight of IT risk, resilience, and innovation.
- A structured governance bridge between Board-level decision-making and operational IT execution through the ITSC.

The Committee remains committed to supporting the organisation's transformation and digital maturity journey while safeguarding stakeholder interests through informed and responsible technology governance.



J Lokuliyana

Chairperson

Board Information Technology Steering Committee

05 June 2025
Colombo

STATEMENT OF DIRECTORS' RESPONSIBILITY

The responsibility of the Directors in relation to the Financial Statements of Citizens Development Business Finance PLC (Company) is set out in the following statement. The responsibility of the Auditors in relation to the Financial Statements is set out in the Report of the Auditors given on Independent Auditors' report.

These Financial Statements are prepared in compliance with the requirements of the following rules, regulations, and guidelines.

Companies Act No. 07 of 2007;

- Finance Business Act No. 42 of 2011;
- Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995;
- Listing Rules of the Colombo Stock Exchange;
- Code of Best Practice on Corporate Governance issued jointly by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka; and
- Directions, Rules, Determinations, Notices, and Guidelines issued under the Finance Business Act No. 42 of 2011 by the Department of Supervision of Non-Bank Financial Institutions of Central Bank of Sri Lanka.

In preparing these Financial Statements, the Directors are required to ensure that the appropriate accounting policies have been selected and applied in a consistent manner and material departures, if any have been disclosed and explained;

The Financial Statements are presented in accordance with; Sri Lanka Accounting Standards (SLFRSs/LKASs);

Reasonable and prudent judgements and estimates have been used so that the form and substance of transactions are appropriately reflected;

These Financial Statements provide the information required by and otherwise comply with the Companies Act No. 07 of 2007, Finance Business Act No. 42 of 2011 and the Listing Rules of the Colombo Stock Exchange.

In terms of the Companies Act No. 07 of 2007, the Directors of the Company are responsible for ensuring that the Company keep proper books of accounts and prepare Financial Statements that give true and fair view of the state of affairs of the Company as at the end of each Financial year and of the Statement of Income of the Company for each financial year and place them before the General Meeting.

The Financial Statements comprise the Statement of Financial Position, Statement of Comprehensive Income, and Statement of Changes in Equity, Cash Flow Statement and the Notes to the Financial Statements. The Directors have taken reasonable measures to safeguard the assets of the Company to prevent and detect frauds and other irregularities. Accordingly, the Directors have taken steps to establish appropriate systems of internal controls comprising of internal audit reviews, risk assessment tests and financial and other controls to mitigate, prevent and detect fraud and other irregularities.

Further, the Board of Directors wishes to confirm that the Company has met requirements under the Section 7 of the continuing Listing Requirements of the Listing Rules of the Colombo Stock Exchange where applicable.

The Board of Directors also wishes to confirm that, as required by the Sections 166 (1) and 167 (1) of the Companies Act, they have prepared this Annual Report in time and ensured that a copy thereof is sent to every shareholder of the Company, who have expressed desire to receive a hard copy within the stipulated period of time as required by the Rule No. 7.5 (a) and (b) on Continuing Listing Requirements of the Listing Rules of the Colombo Stock Exchange. The Directors also wish to confirm that all shareholders in each category have been treated equitably in accordance with the original terms of issue.

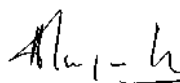
The Company's External Auditors Messrs Ernst & Young were appointed, in terms of the Companies Act No. 07 of 2007 and in accordance with a resolution passed at the last Annual General Meeting. They carried out reviews, and sample checks on the system of internal controls as they considered required and appropriate

and necessary for expressing an opinion on the Financial Statements and internal controls. They were provided with every opportunity to undertake the inspections they considered appropriate.

The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Company, all contributions, levies and taxes payable on behalf of and in respect of the employees of the Company, and all other known statutory dues as were due and payable by the Company as at the reporting date have been paid or where relevant, provided.

The Directors further confirm that after considering the financial position, operating conditions, regulatory and other factors, reasonable expectation that the Company and its subsidiaries have adequate resources to continue in operation for the foreseeable future. Accordingly, we continue to adopt the going concern basis in preparing the Financial Statements.

By Order of the Board,



J R A Corera
Chairman



W P C M Nanayakkara
Managing Director/CEO

05 June 2025
Colombo

DIRECTORS' STATEMENT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

REQUIREMENT

In line with section 16 (1) (ix) of the Finance Business Act Direction No. 05 of 2021 – Corporate Governance, and principle D1.5 of Code of Best Practice on Corporate Governance 2023, issued by The Institute of Chartered Accountants of Sri Lanka, the Board of Directors presents this report on internal control mechanisms of Citizens Development Business Finance PLC ('the Company') over Financial Reporting.

RESPONSIBILITY

The Board of Directors ('Board') is responsible for the adequacy and effectiveness of the internal controls in place at Citizens Development Business Finance PLC. However, such a system is designed to manage the Company's key areas of risk within an acceptable risk profile, rather than to eliminate the risk of failure to achieve the business objectives and policies of the Company. 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 Board is of the view that the system of internal control over financial reporting 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.

The Management assists the Board in the implementation of the Board's policies and procedures on risk and control by identifying and assessing the risks faced, and in the design, operation and monitoring of suitable internal controls to mitigate and control these risks.

Key features of the process adopted in applying and reviewing the design and operating 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 with respect to financial reporting include the following;

- Establishment of Board Subcommittees to assist the Board in ensuring the effectiveness of the Company's day to day operations and to ensure that all such operations are carried out in accordance with the corporate objectives, strategies and the annual budget as well as the policies and business directions that have been approved by the Board.
- Policies/Procedures are developed covering all functional areas of the Company and these are approved by the Board or Board -approved committees. Such policies and procedures are reviewed and approved periodically.
- Internal Audit Department checks compliance with policies and procedures and the effectiveness of the internal control system on an on-going basis using samples and rotational procedures and highlights significant findings in respect of any non-compliances. The annual audit plan is reviewed and approved by the Board Audit Committee. Audits are carried out on all departments and branches including IT General Controls, IT Application Controls and Cybersecurity Reviews. Further, offsite audits were continued in the current financial year for selected business operations of the Company. The frequency of these audits is determined by the level of risk assessed. The findings of the audits are submitted to the Board Audit Committee for review at their periodic meetings.
- The Board Audit Committee reviews internal control issues identified by the Internal Audit Department, the External Auditors, Regulatory Authorities and the Management, and evaluates the adequacy and effectiveness of the risk management and internal control systems. The Board Audit Committee reviews the effectiveness of internal audit functions with particular emphasis on the scope of audits and the quality of the same. The Minutes of the Board Audit Committee meetings are forwarded to the Board on a quarterly basis. Further, details of the activities undertaken by the Board Audit Committee are set out in the Board Audit Committee Report of this Annual Report.
- The Board Integrated Risk Management Committee (BIRMC) is established to assist the Board to oversee the overall management of principal areas of risk 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 the business operations. These Committees include the Assets and Liability Management Committee, Credit Committee, Treasury Committee and Information Technology Steering Committee.

In assessing the internal controls over financial reporting, identified officers of the Company continued to review and update all procedures and controls that are connected with significant accounts and disclosures of the financial statements of the Company. The Internal Audit Department continued to verify the suitability of design and operating effectiveness of these procedures and controls on an ongoing basis.

With the early adoption of SLFRS 9 – "Financial Instruments" on 01 April 2017 which become effective from 01 January 2018, Company introduced Policies and Procedures to ensure compliance with the requirements of the standard. These Policies and Procedures are continuously strengthen over the period based on the feedback received from stakeholders including External Auditors, Internal Auditors and regulators.

Company have developed a model in computing expected credit loss under SLFRS 9. A number of key assumptions were made by the Company in applying the requirements of SLFRS 9 to the

models, including selection and input of forward looking information. These models are inherently complex and judgment is applied in determining the correct construction of the same. These models were developed over the past years and reviewed by the management and amendments were made to the initial assumptions where necessary to reflect the recent and updated data and such amendments made were independently reviewed by External Auditors. The Company is developing the model into an automated solution, whereby human intervention will be minimised. Further, the Board Audit Committee reviewed the related Policies on principles, methodologies and assumptions made during the financial year 2024/2025.

The Company continues to focus on strengthening the review and testing process of the models developed, and the Company's Internal Audit Department will also continue to review the same with a more focused and a robust approach in the future.

The Comments made by the External Auditors in previous financial year, in connection with the internal control system over financial reporting, were reviewed during the year and appropriate steps were taken to implement the recommendations.

CONFIRMATION

Backed by the Internal Audit, Information System Audit, and the Risk Management Division's continued review and verification of the suitability and effectiveness of pre-existing procedures and controls, the Board of Directors confirms that the financial reporting system of the Company has been designed to provide a reasonable assurance of the reliability of financial reporting system and that the preparation of financial statements for external purposes has been done in accordance with Sri Lanka Accounting Standards, and comply with regulatory requirements including the Companies Act No. 07 of 2007 and the Finance Business Act No. 42 of 2011.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

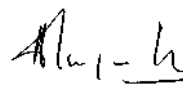
The External Auditor, Messrs Ernst & Young, has reviewed the above Directors' Statement on Internal Control over Financial Reporting for the year ended 31 March 2025 and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in the review of the design and operating effectiveness of the internal control system over financial reporting of the Company. Their independent assurance report on the "Directors' Statement on Internal Control over Financial Reporting" is given on page 178 of this Annual Report.

STATEMENT ON PRUDENTIAL REQUIREMENTS, REGULATIONS AND LAWS

There were no material non-compliances with prudential requirements, regulations, laws and internal controls during the financial year.

There were no supervisory concerns reported by the Director of Non-Bank Supervision of the Central Bank of Sri Lanka, 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.

By order of the Board



J.R.A. Corera
Chairman



P.R.W. Perera
Chairperson - Board Audit Committee



W.P.C.M. Nanayakkara
Managing Director/CEO



T.M.D.P. Tennakoon
Director/Deputy CEO

05 June 2025
Colombo

MANAGING DIRECTOR'S AND CHIEF FINANCIAL OFFICER'S RESPONSIBILITY STATEMENT

The Financial Statements of Citizens Development Finance PLC ("the Company") as at 31st March 2025 have been prepared in conformity with the requirements of the following:

- Sri Lanka Accounting Standards (SLFRSs & LKASs) issued by the Institute of Chartered Accountants of Sri Lanka,
- Companies Act No. 07 of 2007 and amendments thereto,
- Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995,
- Finance Business Act No. 42 of 2011,
- Directions, Determinations, Orders, Circulars and Guidelines issued under the Finance Business Act No. 42 of 2011 by the Department of Supervision of Non-Bank Financial Institutions of Central Bank of Sri Lanka (CBSL),
- The Listing Rules of the Colombo Stock Exchange (CSE),
- The Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka.

The Company presents its financial results to its shareholders on a quarterly basis. The formats used in the preparation of the Financial Statements and disclosures made in the annual report and the interim Financial Statements comply with the formats prescribed by the Central Bank of Sri Lanka, which are also in compliance with the disclosure requirements of the Sri Lanka Accounting Standard – LKAS 1 (Presentation of Financial Statements).

The significant Accounting Policies of the Company is in compliance with Sri Lanka Accounting Standards (SLFRS/LKAS) issued by the Institute of Chartered Accountants of Sri Lanka. Further such Accounting Policies are appropriate and are consistently applied. The significant accounting policies and estimates that involve a high degree of judgment and complexity were discussed with the Board Audit Committee and External Auditors. Comparative information has been restated wherever necessary to comply with the current presentation.

There were no changes to the Accounting Policies and methods of computation since the publication of the Annual Report for the year ended 31 March 2024. Accordingly, there was no requirement to amend the comparative information to comply with the current presentation.

The Board of Directors and the Management of the Company accept responsibility for the integrity and objectivity of these Financial Statements.

We confirm that to the best of our knowledge, the Financial Statements give a true and fair view of the assets, liabilities, financial position, results of the operations and the cash flows of the Company. We have reasonable grounds to believe that the Company have adequate resources to continue in operational existence for the foreseeable future.

The estimates and judgments relating to the Financial Statements were made on a prudent and reasonable basis; in order to ensure that the Financial Statements reflect in a true and fair manner, the form and substance of transactions and that the Company's state of affairs are reasonably presented. To ensure this, the Company have taken proper and sufficient care in installing a system of internal controls and procedures for safeguarding assets, preventing and detecting frauds and/or errors as well as other irregularities which are reviewed, evaluated and updated on an ongoing basis.

We confirm, based on our evaluations, that there were no significant deficiencies and material weaknesses in the design or operation of internal controls of the detection of fraud that involves management or other employees. Our Internal Auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures were consistently followed. However, there are inherent limitations that should be recognised in weighing the assurances provided by any system of internal control and accounting.

The Annual Report of the Directors on pages 4 to 6 briefly covers the Company's Internal Control Over Financial Reporting. In addition, the Directors' Statement on Internal Control Over Financial Reporting is also provided on pages 174 and 175. The Company's External Auditors, Messrs Ernst & Young, have audited the effectiveness of the Company's Internal Controls Over Financial Reporting and have given an unqualified opinion on page 178 of this Annual Report.

The Financial Statements of the Company were audited by Messrs Ernst & Young, Chartered Accountants, the independent External Auditors. Their Report is given on pages 184 to 187 of this Annual Report. The Board Audit Committee of the Company meets periodically with the Internal Auditors and the independent External Auditors to review the manner in which these auditors are performing their responsibilities and to discuss issues relating to auditing, internal controls and financial reporting. To ensure complete independence, the External Auditors and the Internal Auditors have full and free access to the members of the Board Audit Committee to discuss any matter of substance. The Board Audit Committee report is given on pages 159 to 161.

The Board Audit Committee approves the audit and non-audit services provided by Messrs Ernst & Young, in order to ensure that the provision of such services does not impair Messrs Ernst & Young's independence.

It is also declared and confirmed that the Company has complied with and ensured compliance with the guidelines for the audit of listed companies where mandatory compliance is required.

We confirm that to the best of our knowledge:

- The Company has complied with all applicable laws, regulations, guidelines and prudential requirements;
- There are no material non-compliances;

- There is no material litigation that is pending against the Company other than those disclosed in Note 41 on page 262 to the Financial Statements in the Annual Report; and
- All taxes, duties, levies and all statutory payments payable by the Company and all contributions, levies and taxes payable on behalf of and in respect of the employees of the company as at 31 March 2025 have been paid, or where relevant provided for.



Ruwan Chandrajith
Chief Financial Officer



C M Nanayakkara
Managing Director/CEO

05 June 2025
Colombo

AUDITORS' ASSURANCE REPORT ON THE DIRECTORS' STATEMENT ON INTERNAL CONTROL



Ernst & Young
Chartered Accountants
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Colombo 03, Sri Lanka

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TO THE BOARD OF DIRECTORS OF CITIZENS DEVELOPMENT BUSINESS FINANCE PLC

Report on the Statement on Internal Control Over Financial Reporting included in the Directors' Statement on Internal Control

We were engaged by the Board of Directors of Citizens Development Business Finance PLC ("The Company") to provide assurance on the Statement of Internal Control Over Financial Reporting included in the Directors' Statement on Internal Control for the year ended 31 March 2025 ("The Statement") included in the annual report for the year ended 31 March 2025.

Management's responsibility

Management is responsible for the preparation and presentation of the Statement in accordance with the "Guidance for Directors of License Finance Companies/ Finance Leasing Companies on the Directors' Statement on Internal Control" issued in compliance with section 16 (1) (ix) of Finance Companies Corporate Governance Direction No 05 of 2021, by the Institute of Chartered Accountants of Sri Lanka.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements 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 Control 1 and accordingly maintains a comprehensive system of quality control including documented

policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibilities and compliance with SLSAE 3051

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 License Finance Company/Finance Leasing Company on Directors' Statement on Internal Control, issued by the Institute of Chartered Accountants of Sri Lanka.

This Standard required 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 purpose of this engagement, we are not responsible for updating or reissuing any reports, nor have we, in the course of this engagement, performed an audit or review of the financial information.

Summary of work performed

We conducted our engagement to assess whether the Statement is supported by the documentation prepared by or for directors; and appropriately reflected the process the directors have adopted in reviewing the system of internal control over financial reporting of the Company.

The procedures performed were limited primarily to inquiries of Company personnel and the existence of documentation on a sample basis that supported the process adopted by the Board of Directors.

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 judgement, 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 in the annual report is inconsistent with our understanding of the process the Board of Directors has adopted in the review of the design and effectiveness of internal control over financial reporting of the Company.

05 June 2025

Colombo

Partners: D K Hulangamuwa FCA FCMA LLB (London), A P A Gunasekera FCA FCMA, Ms. Y A De Silva FCA, Ms. G G S Menatunga FCA, W K B S P Fernando FCA FCMA FCCA, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, Ms. N A De Silva FCA, N M Sulaiman FCA FCMA, Ms. L K H L Fonseka FCA, Ms. P V K N Sajewani FCA, A A J R Perera FCA ACMA, N Y R L Fernando ACA, D N Gamage ACA ACMA, C A Yalagala ACA ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), B Vasanthan ACA ACMA, W D P L Perera ACA

Principals: T P M Ruberu FCMA FCCA MBA (USJ-SL), G B Goudian ACMA, D L B Karunathilaka ACMA, W S J De Silva BSc (Hons) - MIS Msc - IT, V Shaktivel B.Com (Sp)

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Financial Statements



CATALYST

Empowering Inclusive Growth

We are an agent of financial empowerment—driving inclusive growth through accessible, future-ready solutions. At the heart of our purpose is the belief in shared progress and a future of equal opportunity and socio-economic development for all.

The invention of currency—from shells and coins to digital platforms—transformed trade and enabled economic progress. Today, digital transactions continue this legacy, making finance more accessible and convenient. At CDB, we're building on this journey by fostering inclusive financial ecosystems. Through digital innovation, financial literacy, and a strong physical and digital presence, we make financial services easier to access and more relevant—empowering individuals and communities to grow and thrive.

FINANCIAL CALENDAR

Dividend Payments

For the financial year 2025

Final dividend will be paid on	Monday, 21 July 2025
Interim dividend paid on	Friday, 24 January 2025

For the financial year 2024

Final dividend paid on	Wednesday, 07 August 2024
------------------------	---------------------------

*Subject to confirmation by shareholders at Annual General Meeting

Audited Financial Statements and Annual General Meeting

	2025	2026 (Proposed)
Audited Financial Statements	Thursday, 5 June 2025	Friday, 5 June 2026
Annual General Meeting	Monday, 30 June 2025	Tuesday, 30 June 2026

Interim Financial Statements to CSE*

	2025	2026 (Proposed)
Quarter ended 30 June	Friday, 26 July 2024	Friday, 15 August 2025
Quarter ended 30 September	Wednesday, 16 October 2024	Thursday, 14 November 2025
Quarter ended 31 December	Friday, 24 January 2025	Friday, 13 February 2026
Quarter ended 31 March	Friday, 30 May 2025	Friday, 29 May 2026

* In terms of the Rule 7.4 of the CSE and as per the requirements of the Central Bank of Sri Lanka.

Paper Publication

	Newspaper	2025	2026 (Proposed)
Year ended 31 March (Audited)	Lankadeepa	Friday, 27 June 2025***	Tuesday, 30 June 2026
	Virakesari	Friday, 27 June 2025***	Tuesday, 30 June 2026
	DailyFT	Friday, 27 June 2025***	Tuesday, 30 June 2026
Six months ended 30 September (Unaudited)**	Lankadeepa	Thursday 28 November 2024	Friday, 28 November 2025
	Virakesari	Thursday 28 November 2024	Friday, 28 November 2025
	DailyFT	Thursday 28 November 2024	Friday, 28 November 2025

** In terms of the requirements in Direction No. 2 of 2006, Central Bank of Sri Lanka.

*** Proposed

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FINANCIAL HIGHLIGHTS

Key Performance Indicator	2025	2024	%
Financial Performance (Rs Mn)			
Revenue	25,599	23,894	7
Net interest income	11,391	9,093	25
Total operating income	14,105	10,767	31
Profit before taxes	7,922	4,599	72
Profit before income tax	5,751	3,706	55
Profit after tax	4,005	2,516	59
Position as at the year end (Rs Mn)			
Loans and receivables to customers	110,867	85,964	29
Total assets	156,936	128,778	22
Total equity	23,936	20,208	18
Deposits from customers	86,849	73,259	19
Financial Ratios (%)			
Profitability perspective			
Operating profit margin	30.95	19.25	
Net interest margin	7.97	7.77	
Cost to income ratio	48.40	50.40	
Return on average assets (ROA) - After tax	2.80	2.15	
Investor Perspective			
Earnings per share (Rs)	56.53	35.95	
Earnings yield (%)	24.06	17.12	
Return on Equity (ROE) % - After Tax	18.15	13.10	
Dividend per share (Rs)*	15.00	7.00	
Dividend yield - Ordinary voting shares (%)	6.38	3.33	
Dividend Cover (Times)	3.77	5.14	
Dividend Payout (%)	26.53	19.47	
Net Asset Value per share (Rs)	337.84	285.22	
Market Value per share - Closing - Voting	235.00	210.00	
Market Value per share - Closing - Non Voting	180.00	85.80	
Market Capitalization (Rs Mn)	16,081	13,594	
Price to Earnings - Ordinary voting shares (Times)	4.16	5.84	
Statutory Ratios (%)			
Capital Adequacy			
Tier I (Minimum Requirement - 10%)	14.47	15.51	
Tier I & II (Minimum Requirement - 14%)	18.09	15.89	
Statutory liquidity ratio	19.52	21.80	
Non - Performing Advances Ratio (90 DPD) (%)			
Gross NPL (Net of IIS)	6.32	12.06	
Net Non - Performing Loans (Net of IIS and provisions)	3.10	6.88	

* For the financial year 2025, the dividend per share comprises an interim dividend of Rs. 5 and a proposed final dividend of Rs. 10.

Revenue

Rs. 25.6 Bn.

Profit after tax

Rs. 4 Bn.

Earning per share

Rs. 56.53

Total assets

Rs. 156.9 Bn.

Loan book

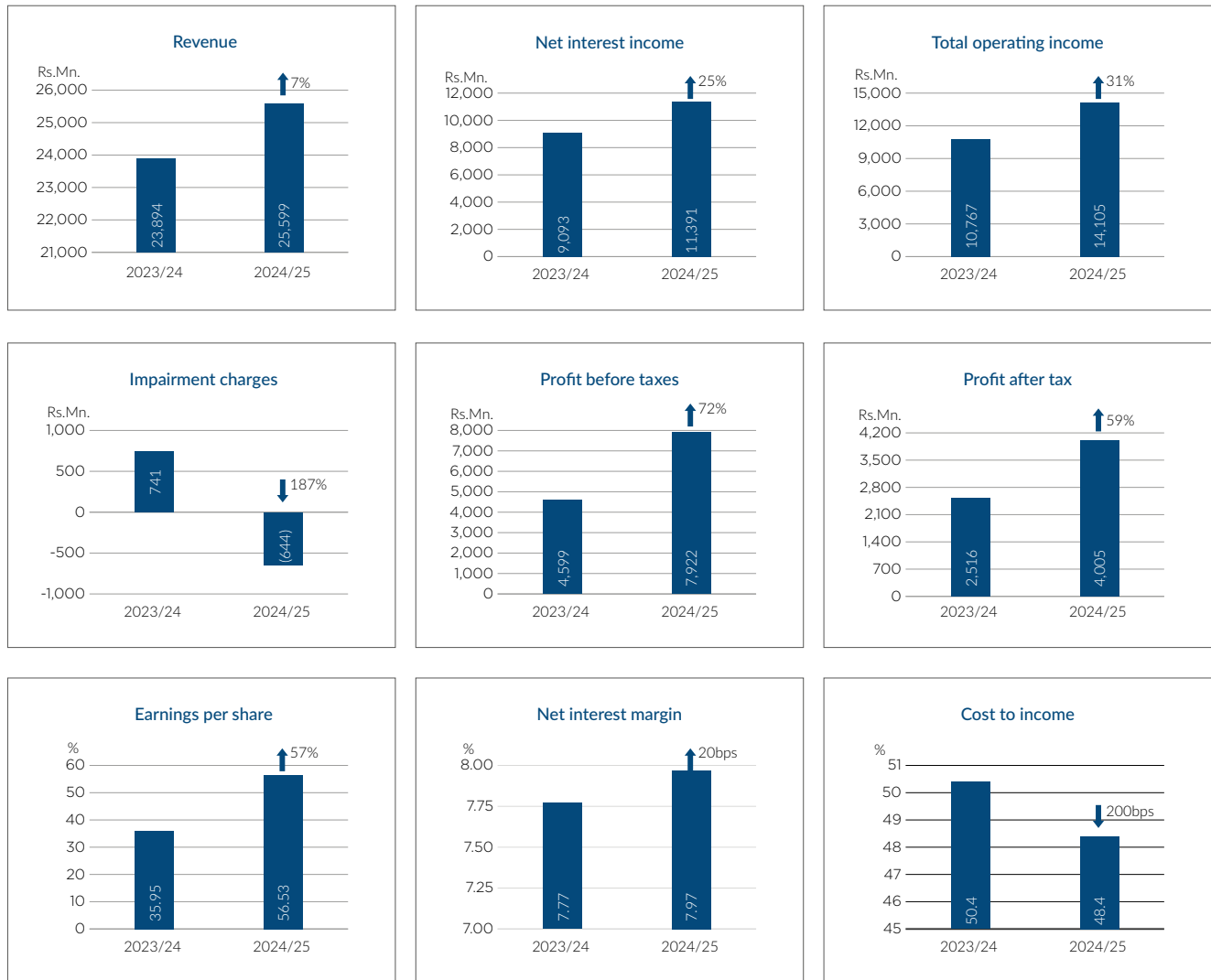
Rs. 110.9 Bn.

Net asset value per share

Rs. 337.84

FINANCIAL STATEMENT HIGHLIGHTS

Statement of Profit or Loss



Statement of Financial Position



INDEPENDENT AUDITORS' REPORT



Ernst & Young
Chartered Accountants
Rotunda Towers
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TO THE SHAREHOLDERS OF CITIZENS DEVELOPMENT BUSINESS FINANCE PLC

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Citizens Development Business Finance PLC (the Company), which comprise the statement of financial position as at 31 March 2025, 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 policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2025 and of its financial performance and its 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 Company 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Partners: D K Hulangamuwa FCA FCMA LLB (London), A P A Gunasekera FCA FCMA, Ms. Y A De Silva FCA, Ms. G G S Manatunga FCA, W K B S P Fernando FCA FCMA FCCA, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, Ms. N A De Silva FCA, N M Sulaiman FCA FCMA, Ms. L K H L Fonseka FCA, Ms. P V K N Sajeewani FCA, A A J R Perera FCA ACMA, N Y R L Fernando ACA, D N Gamage ACA ACMA, C A Yalagala ACA ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), B Vasanthan ACA ACMA, W D P L Perera ACA

Principals: T P M Ruberu FCMA FCCA MBA (USJ-SL), G B Goudian ACMA, D L B Karunathilaka ACMA, W S J De Silva Bsc (Hons) - MIS Msc - IT, V Shakhthivel B.Com (Sp)

A member firm of Ernst & Young Global Limited

Key Audit Matter	How our audit addressed the key audit matter
<p>Allowances for impairment and other credit losses of loans and receivables to customers</p> <p>Allowances for impairment and other credit losses of loans and receivables to customers as stated in Note 22, is determined by management on the accounting policies described in Note 10 to the financial statements.</p> <p>This was a key audit matter due to</p> <ul style="list-style-type: none"> the involvement of significant management judgements, assumptions and level of estimation uncertainty associated in estimating future cash flows to recover such loans and receivables to customers; and the materiality of the reported amount of allowances impairment and other credit losses. <p>Key areas of significant judgements, assumptions and estimates used by management in the assessment of the allowances for impairment and other credit losses of loans and receivables to customers include forward-looking macroeconomic scenarios and their associated weightages. These are subject to inherently heightened levels of estimation uncertainty and subjectivity.</p> <p>Further information on the key estimates, assumptions and judgements is disclosed in Note 47.A.I.</p>	<p>In addressing the adequacy of the allowances for impairment and other credit losses of loans and receivables to customers, our audit procedures included the following key procedures:</p> <ul style="list-style-type: none"> Assessed the alignment of the Company's allowances for impairment and other credit losses computations and the underlying methodology including responses to economic conditions with its accounting policies, on the best available information up to the date of our report. Evaluated the design, implementation and operating effectiveness of controls over estimation of impairment and other credit losses, which included assessing the level of oversight, review and approval of allowances for impairment and other credit losses, policies and procedures by the Board and the management. Tested the completeness, accuracy and reasonableness of the underlying data used in the impairment and other credit losses computations by cross checking to relevant source documents and accounting records of the Company. Evaluated the reasonableness of credit quality assessments and related stage classifications. Tested the key inputs and the calculations used in the impairment and other credit losses. Assessed the reasonableness of judgements, assumptions and estimates used by the Management in the underlying methodology and the management overlays. Our testing included evaluating the reasonableness of forward-looking information used, economic scenarios considered, and probability weighting assigned to each scenario. Assessed the adequacy of the related financial statement disclosures set out in notes 22 and 47.A.

INDEPENDENT AUDITORS' REPORT

Key Audit Matter	How our audit addressed the key audit matter
<p>Information Technology (IT) systems related internal controls over financial reporting</p> <p>Company's financial reporting process is significantly reliant on multiple IT systems and related internal controls. Further, key financial statement disclosures are prepared using data and reports generated by IT systems, that are compiled and formulated with the use of spreadsheets.</p> <p>Accordingly, IT systems related internal controls over financial reporting were considered a key audit matter.</p>	<p>Our audit procedures included the following key procedures:</p> <ul style="list-style-type: none">• Obtained an understanding of the internal control environment of the relevant significant processes and test checked key controls relating to financial reporting and related disclosures.• Involved our internal specialized resources and;<ul style="list-style-type: none">• Obtained and understanding IT Governance Structure of the Company• Identified, evaluated and tested the design and operating effectiveness of IT systems related internal controls over financial reporting, relating to user access and change management, and• Obtained a high-level understanding of the cybersecurity risks affecting the Company and the actions taken to address these risks primarily through inquiry.• Tested source data of the reports used to generate disclosures for accuracy and completeness, including review of the general ledger reconciliations.

Other Information included in the Company's 2025 Annual Report

Other information consists of the information included in the Company's 2025 Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

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 Company'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 Company or to cease operations, or has no

realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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 scepticism 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'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 Company'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 Company 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.

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.

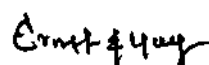
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the

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 4839.



05 June 2025
Colombo

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March			2025	2024
	Note	Page No.	Rs.000	Rs.000
Revenue	6	197	25,598,532	23,893,966
Interest income	7.1	198	22,884,998	22,219,786
Less: Interest expense	7.2	199	11,493,679	13,126,771
Net interest income	7	197	11,391,319	9,093,015
Fee and commission income	8	199	272,909	240,497
Other operating income	9	200	2,440,625	1,433,683
Total operating income			14,104,853	10,767,195
Less: Impairment charges/(reversal) and other credit losses	10	201	(644,228)	740,916
Net operating income			14,749,081	10,026,279
Less : Operating expenses				
Personnel expenses	11.1	203	2,739,735	1,940,116
Premises, equipment and establishment expenses	11.2	203	3,390,872	2,901,290
Other expenses	11.3	205	696,105	585,573
Total operating expenses	11	203	6,826,712	5,426,979
Operating profit before taxes on financial services			7,922,369	4,599,300
Less: Taxes on financial services	12	206	2,171,700	893,116
Profit before tax			5,750,669	3,706,184
Less : Income tax expense	13	206	1,745,189	1,190,634
Profit for the year			4,005,480	2,515,550

OTHER COMPREHENSIVE INCOME

Items that are or may be reclassified subsequently to profit or loss

Changes in fair value of hedge reserve	38.4	259	17,760	(102,705)
Deferred tax charge / (reversal) on hedge reserve	38.4	259	(5,328)	-
Net Change in fair value of hedge reserve			12,432	(102,705)

Items that will not be reclassified to profit or loss

Change in revaluation surplus	38.2	258	691,061	-
Deferred tax charge / (reversal) on revaluation surplus	38.2	258	(207,318)	-
Net change in revaluation surplus			483,743	-

Change in fair value of Financial investments at FVOCI	38.3	258	624,551	267,959
Deferred tax charge / (reversal) on Financial investments at FVOCI	38.3	258	-	(73,418)
Net change in fair value of Financial investments at FVOCI			624,551	194,541

Net actuarial gain/(loss) on defined benefit plan	35	253	(567,257)	(405,732)
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Total other comprehensive income			553,469	(313,896)
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Total comprehensive income for the year			4,558,949	2,201,654
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Earnings per share

Basic earnings per share (Rs.)	14	208	56.53	35.95
Diluted earnings per share (Rs.)	14	208	55.05	34.57

The notes to the Financial Statements on pages 193 to 300 form an integral part of these Financial Statements.

STATEMENT OF FINANCIAL POSITION

As at 31 March	Note	Page No.	2025 Rs.000	2024 Rs.000
Assets				
Cash and cash equivalents	18	222	4,582,802	3,642,333
Derivative financial assets	19	222	31,712	-
Loans and receivables to banks	20	224	3,671,842	8,013,219
Deposits with financial institutions	21	225	18,069,873	14,908,971
Loans and receivables to customers	22	225	110,866,909	85,963,874
Other investment securities	23	229	9,498,082	7,126,742
Investment properties	24	233	558,091	535,000
Property, plant and equipment	25	235	4,657,677	3,402,042
Right-of-use asset	26	242	955,841	912,303
Intangible assets	27	244	333,470	308,553
Goodwill on amalgamation	28	245	-	19,628
Other assets	29	246	3,710,047	3,945,320
Total assets			156,936,346	128,777,985
Liabilities				
Due to banks and financial institutions	30	247	32,142,375	27,849,165
Deposits from customers	31	249	86,849,204	73,258,779
Debt securities issued and subordinated debt	32	249	6,969,330	2,788,338
Lease liabilities	26	242	982,001	912,177
Current tax liabilities	33	251	2,950,940	1,289,562
Deferred tax liabilities	34	251	565,271	560,581
Retirement benefit obligation	35	253	553,890	66,419
Other liabilities	36	255	1,987,046	1,845,126
Total liabilities			133,000,057	108,570,147
Equity				
Stated capital	37	255	2,550,492	2,550,492
Reserves	38	257	7,352,802	5,806,374
Retained earnings	39	260	14,032,995	11,850,972
Total equity			23,936,289	20,207,838
Total liabilities and equity			156,936,346	128,777,985
Net assets value per share (Rs.)	40	260	337.84	285.22
Contingencies and commitments	41	260	5,252,610	6,012,503

The notes to the Financial Statements on pages 193 to 300 form an integral part of these Financial Statements.

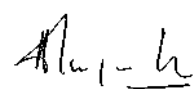
I certify that these Financial Statements have been prepared in compliance with the requirements of the Companies Act No 7 of 2007.



Ruwan Chandrajith
Chief Financial Officer

The Board of Directors is responsible for the preparation and the presentation of these Financial Statements.

Approved and signed for and on behalf of the Board.



J R Alastair Corera
Chairman



C M Nanayakkara
Managing Director/CEO

05 June 2025
Colombo

STATEMENT OF CHANGES IN EQUITY

As at 31 March

	Note	Page No.	Stated Capital Rs.000	Reserves		
				Other Capital Reserve Rs.000	Revaluation Reserve Rs.000	Fair Value Reserve Rs.000
Balance as at 1 April 2023			2,361,947	30,854	761,406	(114,307)
Total comprehensive income for the year						
Profit for the year			-	-	-	-
Other comprehensive income for the year (net of tax)						
Fair value changes in hedge reserve	38.4	259	-	-	-	-
Net change in fair value of Financial investments at FVOCI	38.3	258	-	-	-	194,541
Net actuarial gain/(loss) on defined benefit plan	35	253	-	-	-	-
Total comprehensive income for the year 2023/24			-	-	-	194,541
Transactions with equity holders of the Company						
Exercise of share options			188,545	(34,428)	-	-
Share options cost	38.1	258	-	11,126	-	-
Dividend to equity holders for the year - 2022/23	15	209	-	-	-	-
Transfers during the year			-	-	-	(59,680)
Total transactions with equity holders			188,545	(23,302)	-	(59,680)
Balance as at 31 March 2024			2,550,492	7,552	761,406	20,554
Balance as at 1 April 2024			2,550,492	7,552	761,406	20,554
Total comprehensive income for the year						
Profit for the year			-	-	-	-
Other comprehensive income for the year (net of tax)						
Net Change in fair value of hedge reserve	38.4	259	-	-	-	-
Net change in fair value of Financial investments at FVOCI	38.3	258	-	-	-	624,551
Net change in revaluation surplus	38.2	258	-	-	483,743	-
Net actuarial gain/(loss) on defined benefit plan	35	253	-	-	-	-
Total comprehensive income for the year 2024/25			-	-	483,743	624,551
Transactions with equity holders of the Company						
Final Dividend to equity holders for the year - 2023/24	15	209	-	-	-	-
Interim Dividend to equity holders for the year - 2024/25	15	209	-	-	-	-
Share options cost	38.1	258	-	19,707	-	-
Transfer of cost of expired ESOP shares			-	(675)	-	-
Transfers during the year			-	-	-	(126,350)
Total transactions with equity holders			-	19,032	-	(126,350)
Balance as at 31 March 2025			2,550,492	26,584	1,245,149	518,755

The notes to the Financial Statements on pages 193 to 300 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

Reserves				
Hedge Reserve	Statutory Reserve Fund	Regulatory Loss Allowance Reserve	Retained Earnings	Total Equity
Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
102,705	2,143,943	1,606,402	11,297,271	18,190,221
-	-	-	2,515,550	2,515,550
(102,705)	-	-	-	(102,705)
-	-	-	-	1 94,541
-	-	-	(405,732)	(405,732)
(102,705)	-	-	2,109,818	2,201,654
-	-	-	-	154,117
-	-	-	-	11,126
-	-	-	(349,280)	(349,280)
-	503,110	763,407	(1,206,837)	-
-	503,110	763,407	(1,556,117)	(184,037)
-	2,647,053	2,369,809	11,850,972	20,207,838
-	2,647,053	2,369,809	11,850,972	20,207,838
-	-	-	4,005,480	4,005,480
12,432	-	-	-	12,432
-	-	-	-	624,551
-	-	-	-	483,743
-	-	-	(567,257)	(567,257)
12,432	-	-	3,438,223	4,558,949
-	-	-	(495,953)	(495,953)
-	-	-	(354,252)	(354,252)
-	-	-	-	19,707
-	-	-	675	-
-	801,096	(268,076)	(406,670)	-
-	801,096	(268,076)	(1,256,200)	(830,498)
12,432	3,448,149	2,101,733	14,032,995	23,936,289

STATEMENT OF CASH FLOWS

ACCOUNTING POLICY

In accordance with LKAS 7 – “Statement of Cash Flows”. The Statement of cash flows has been prepared using the “Direct Method”. Cash and cash equivalents comprise short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

The cash and cash equivalents include cash in hand, balances with banks, money at call and money market funds.

For the year ended 31 March			2025	2024
	Note	Page No.	Rs.000	Rs.000
Cash flow from operating activities				
Interest receipts			23,424,777	21,689,884
Commission receipts			240,262	279,653
Other income receipts			2,424,607	1,493,020
Interest payments			(11,718,730)	(13,974,773)
Fee and business promotion expenses			(523,295)	(448,807)
Employee related payments			(2,609,522)	(1,923,116)
Supplier payments			(3,057,865)	(1,724,462)
Financial expenses			(28,790)	(23,567)
Operating profit before changes in operating assets			8,151,444	5,367,832
(Increase)/decrease in operating assets				
Investments in Licensed Commercial Bank and other financial institutions			1,180,475	(14,537,436)
Investments in government securities			-	51,137
Net funds advanced to customers			(24,798,586)	(9,727,763)
Changes in other short term assets			(276,688)	(409,594)
Changes in inventories			510,876	(347,412)
Net (increase)/decrease in operating assets			(23,383,923)	(24,971,068)
Increase/(decrease) in operating liabilities				
Amount borrowed during the year	30.5	248	24,317,988	33,503,858
Borrowing repayments during the year	30.5	248	(20,177,904)	(21,734,949)
Deposits from customers			13,815,476	11,231,555
Net increase/(decrease) in operating liabilities			17,955,560	23,000,464
Net cash generated/(used in) from operating activities			2,723,081	3,397,228
Contribution to plan asset	35	253	(210,000)	(25,000)
Income tax paid	13.2	208	(1,330,234)	(1,072,260)
			1,182,847	2,299,968
Cash flow from investing activities				
Dividend receipts	9	200	48,641	49,363
Proceed from the rights issue			-	154,117
Investment in other investment securities			(2,371,340)	393,226
Purchase of Intangible assets	27	244	(82,754)	(91,748)
Purchase of property, plant and equipment	25	235	(866,394)	(230,135)
Proceed from sale of property, plant and equipment			9,613	15,977
Net cash (used in)/from investing activities			(3,262,233)	290,800
Cash flow from financing activities				
Dividend paid	15	209	(850,205)	(349,280)
Debentures and subordinated debts obtained/issued during the year	32.3	250	5,000,000	-
Repayments of debentures and subordinated debts	32.3	250	(1,283,066)	(1,336,087)
Net cash inflows/(out flows) from financing activities			2,866,729	(1,685,367)
Net Increase/(Decrease) In cash and cash equivalents			787,343	905,401
Cash and Cash Equivalents at the beginning of the year			3,448,973	2,543,572
Cash and cash equivalents at the end of the year			4,236,316	3,448,973
Cash and cash equivalents at the beginning of the year				
Cash and cash equivalents	18	222	3,642,333	3,267,193
Bank overdrafts	30	247	(193,360)	(723,621)
			3,448,973	2,543,572
Cash and cash equivalents at the end of the year				
Cash and cash equivalents	18	222	4,582,802	3,642,333
Bank overdrafts	30	247	(346,486)	(193,360)
			4,236,316	3,448,973

The notes to the Financial Statements on pages 193 to 300 form an integral part of these Financial Statements.

Figures in brackets indicate deductions

NOTES TO THE FINANCIAL STATEMENTS

[GRI 2-1]

1 Reporting Entity

1.1 Corporate information

Citizens Development Business Finance PLC ("CDB") is a public limited liability company listed on the Main Board of the Colombo Stock Exchange, incorporated on 7 September 1995 (Domiciled) in Sri Lanka. The Registered Office is situated at No. 123, Orabipasha Mawatha, Colombo 10. The Company was re-registered under the new Companies Act No. 07 of 2007.

CDB is licensed by Governing Board of the Central Bank of Sri Lanka under the Finance Business Act No. 42 of 2011, and also registered under the Finance Leasing Act No. 56 of 2000 and Consumer Credit Act No. 29 of 1982.

CDB is an approved credit agency under Mortgage Act No. 06 of 1949 and Trust Receipt Ordinance No. 12 of 1947. The staff strength of the Company as of 31 March 2025 – 1,948 (2024 – 1,916)

1.2 Principal activities and nature of operation

Company provides a vast range of financial services which includes accepting term and savings deposits, leasing, hire purchase, loan facilities, gold loan, foreign exchange, foreign remittances, and issuance of international debit cards, credit cards, margin trading, Islamic finance products and other financial services.

2 Basis of preparation

2.1 Financial Statements

The Company does not have an identifiable parent/subsidiary of its own and accordingly the financial statements are only prepared for the Company.

2.2 Statement of compliance

The Financial Statements of the Company which comprise Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Notes have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRSs and LKASs) laid down by the Institute of Chartered Accountants of Sri Lanka and in compliance with the requirements of the Companies Act No. 07 of 2007 and Finance Business Act No. 42 of 2011 and amendments thereto and provides appropriate disclosures required by the Listing Rules of the Colombo Stock Exchange.

2.3 Responsibility for Financial Statements

The Board of Directors is responsible for the preparation and presentation of the Financial Statements of the Company as per the provisions of the Companies Act No. 07 of 2007 and Sri Lanka Accounting Standards.

The Board of Directors acknowledges this responsibility as set out in the Report of the Directors under "Directors' Responsibility for Financial Statements".

Financial Statements include the following components:

- Information on the financial performance of the Company for the year under review.
- Information on the financial position of the Company as at the year end.
- Information showing all changes in shareholders' equity during the year under review of the Company.
- Information to the users on the movement of the cash and cash equivalents of the Company.
- Notes to the Financial Statements including the accounting policies and other explanatory notes.

2.4 Approval of Financial Statements by Directors

The Company's Financial Statements for the year ended 31 March 2025 were authorised for issue by the Board of Directors in accordance with the Resolution of the Directors on 05 June 2025.

2.5 Basis of measurement

The Financial Statements have been prepared on a historical cost basis except for the following material items:

Item	Basis of measurement	Note	Page No.
Debt investments measured at fair value through other comprehensive income (FVOCI)	Fair value	23	229
Equity investments measured at fair value through other comprehensive income (FVOCI)	Fair value	23	229
Freehold land	Fair value	25	235
Retirement benefit obligation	Fair value of plan assets less the present value of the defined benefit obligation	35	253
Equity settled share based payment arrangements	Fair value on grant date	37	255

2.6 Functional and presentation currency

Items included in the Financial Statements of the Company are measured using the currency of the primary economic environment in which the Company operates. Financial Statements are presented in Sri Lankan Rupees, which is the Company's functional currency. There was no change in the Company's presentation and functional currency during the year under review.

NOTES TO THE FINANCIAL STATEMENTS

2.7 Presentation of Financial Statements

The assets and liabilities of the Company presented in its Statement of Financial Position are grouped by nature and listed in an order that reflects their relative liquidity and maturity pattern. No adjustments have been made for inflationary factors affecting the Financial Statements.

Financial assets and financial liabilities are offset and the net amount 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 liability simultaneously. Income and expenses are not offset in the Statement of Profit or Loss and Other Comprehensive Income unless required or permitted by an Accounting Standard or interpretation, and as specifically disclosed in the Accounting Policies of the Company.

2.8 Materiality and aggregation

Each material class of similar items are presented separately in the Financial Statement. Items which dissimilar in nature or function are presented separately unless they are immaterial as permitted by the Sri Lanka Accounting Standard – LKAS 1 – “Presentation of Financial Statements”.

2.9 Offsetting of income and expenses

Income and expenses are not offset unless required or permitted by accounting standards.

2.10 Offsetting of assets and liabilities

Assets and liabilities are offset and the net amount reported in the Statement of Financial Position only where there is a legal right to set-off the recognised amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.11 Rounding

The amounts in the Financial Statements have been rounded off to the nearest Rupees thousands, except where otherwise indicated.

2.12 Use of estimate and judgement

The preparation of the Financial Statements in conformity with Sri Lanka Accounting Standards (SLFRSs/LKAS) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual amount may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the Financial Statements are described in Notes below:

Assumptions and estimation uncertainties

(a) Going concern

The Directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that it has the resources to continue in business for the foreseeable future. The Directors have considered the impact of the present macro-economic conditions, in making this assessment. Furthermore, the Board is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern and they do not intend either to liquidate or to cease operations of the Company. Therefore, the Financial Statements continue to be prepared on the going concern basis.

(b) Fair value of financial instruments

The determination of fair values of financial assets and financial liabilities recorded on 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 valuation of financial instruments are described in more detail in Note 19 on page 222. The Company measures fair value using the fair value hierarchy that reflects the significance of input used in making measurements.

(c) Useful Life of property, plant and equipment

The Company reviews the residual values, useful life and method of depreciation for Property, Plant and Equipment at each reporting date. Judgement of the Management is exercised in the estimation of these values, rate, methods and hence subject to uncertainty.

(d) Deferred tax

Deferred taxation is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax base of assets and liabilities, which is the amount attributed to those assets and liabilities for tax purposes. Significant Management judgements are required to determine the amount of deferred tax assets/liabilities that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(e) Revaluation of property, plant and equipment

The Company measures land at revalued amounts with changes in fair value being recognised in equity through other comprehensive income. The Company engages independent professional valuer to assess fair value of land. The key assumptions used to determine fair value is provided in Note 25.1 on page 238.

(f) Contingencies and commitments

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events on present obligations where the transfer of economic benefit is not probable or can't be reliably measured. Summary of legal cases against the Company have been disclosed in the Notes to the Financial Statements. However, based on the available information and the available legal advice, the Company do not expect the outcome of any action to have any material effect on the financial position of the Company. Commitments of the Company are disclosed in Note 41 on page 260.

(g) Provision for employee defined benefit obligation

The provision for defined benefits obligations and the related charge for the year is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rate, future salary increase, mortality rate etc. All the assumption are reviewed at each reporting date. Due to the long-term nature of such obligation, these estimates are subject to significant uncertainty.

(h) Expected Credit Losses (ECL) on financial assets

The Company measures loss allowances using both lifetime ECL and 12-month ECL. When estimating ECL Company determines whether the credit risk of a financial asset has increased significantly since initial recognition. For 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, informed credit assessment and including forward-looking information.

(i) Goodwill on Amalgamation

For the purpose of impairment testing, goodwill acquire was considered as a separate cash generating unit (CGU) and the recoverable amounts of the CGU have been calculated based on its value in use. The value in use is determined by discounting the future cash flows expected to be generated from the continuing use of the CGU.

(j) Share based payment plans

Board of directors of the Company has duly resolved to establish an employee share option plan to grant total number of share options of 2,972,453 ordinary voting shares for the period commencing from 1 September 2021. The scheme was approved by shareholders at the Extraordinary General Meeting held on 30 July 2021.

Shares under the scheme will be offered to the qualified employees at a volume weighted average price of all share transactions during the thirty market days immediately preceding the grant date and the Company has used Binominal Option Pricing Model to value the share options as at 1 September 2021 under the requirements of SLFRS 2 - "Share Based Payments".

(k) Derivative financial instruments

A derivative financial instruments usually has a notional amount, which is an amount of currency, a number of shares, a number of units of weight or volume or other units specified in the contract. However, a derivative instrument does not require the holder or writer to invest or receive the notional amount at the inception of the contract. Alternatively, a derivative could require a fixed payment or payment of an amount that can change (but not proportionally with a change in the underlying) as a result of some future event that is unrelated to a notional amount.

3 New accounting standards issued but not yet effective

The new and amended standards and interpretations that are issued up to the date of issuance of the Company's financial statements but are not effective for the current annual reporting period, are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

(a) Lack of exchangeability – Amendments to LKAS 21

The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

This amendment does not have a material impact on the Financial Statements of the Company.

NOTES TO THE FINANCIAL STATEMENTS

4 General accounting policies

4.1 Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the operations at the spot exchange rates at the dates of the transactions. All differences arising on non-trading activities are taken to "Other Operating Income" in the Statement of Profit or Loss. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the spot exchange rate at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Unrealised gains and losses are dealt under "Other Operating Income" in the Statement of Profit or Loss.

5 Material accounting policies information

Set out below is an index of the material accounting policies, the details of which are available on the pages that follow:

	Note	Page No.		Note	Page No.
Material accounting policies - Income and expense					
1 Revenue	6	197	23 Property, Plant and Equipment	25	235
2 Net Interest Income	7	197	24 Rights-of-use Assets	26	242
3 Fee and Commission Income	8	199	25 Intangible Assets	27	244
4 Other Operating Income	9	200	26 Goodwill on Amalgamation	28	245
5 Impairment Charges/(reversal) and Other Credit Losses	10	201	27 Other Assets	29	246
6 Operating Expenses	11	203	28 Due to banks and financial institutions	30	247
7 Personnel Expenses	11.1	203	29 Deposits from Customers	31	249
8 Premises, Equipment and Establishment Expenses	11.2	205	30 Debt Securities Issued and Subordinated Debt	32	249
9 Other expenses	11.3	206	31 Lease Liabilities	26	242
10 Taxes on Financial Services	12	206	32 Current Tax Liabilities	33	251
11 Income Tax Expense	13	206	33 Deferred Tax Liabilities	34	251
12 Earnings Per Share	14	208	34 Retirement Benefit Obligation	35	253
13 Dividend Per Share	15	209	35 Other Liabilities	36	255
Material accounting policies - Assets and liabilities			Material accounting policies - Equity		
14 Classification of Financial Assets and Liabilities	16	210	36 Stated Capital	37	255
15 Fair Value Measurement of Financial Instruments	17	215	37 Reserves	38	257
16 Cash and Cash Equivalents	18	222	38 Retained Earnings	39	260
17 Derivative Financial Instruments	19	222	Material accounting policies - Other		
18 Loans and Receivables to Banks	20	224	39 Net Assets Value per share (Rs.)	40	260
19 Deposits with Financial Institutions	21	225	40 Contingencies and Commitments	41	260
20 Loans and Receivables to Customers	22	225	41 Related Party Disclosures	42	262
21 Other Investment Securities	23	229	42 Events that Occurred after the Reporting Date	43	264
22 Investment Properties	24	233	43 Segmental Analysis	44	264
			44 Maturity Analysis	45	266
			45 Comparative information	46	270
			46 Financial Risk Management	47	270

6 Revenue

Accounting Policy

Revenue is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably.

For the year ended 31 March	Note	Page No.	2025 Rs.000	2024 Rs.000
Interest income	7.1	198	22,884,998	22,219,786
Fee and commission income	8	199	272,909	240,497
Other operating income	9	200	2,440,625	1,433,683
Revenue			25,598,532	23,893,966

7 Net interest income

Accounting Policy

Interest income and expense are recognised in Statement of Profit or Loss using the effective interest rate (EIR) method.

Effective Interest Rate (EIR)

The "effective interest rate" is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to: the gross carrying amount of the financial asset; or the amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including expected credit losses.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received 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.

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

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.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

For credit-impaired financial assets (Stage three) Interest income is calculated on the net carrying amount that is reduced for expected credit losses. For information on when financial assets are credit-impaired, see Note 10 on page 201.

NOTES TO THE FINANCIAL STATEMENTS

Presentation

Interest income and expense presented in the statement of profit or loss include

- Interest on financial assets and financial liabilities measured at amortised cost
- Interest on financial assets measured at fair value

For the year ended 31 March	Note	Page No.	2025 Rs.000	2024 Rs.000
Interest income	7.1	198	22,884,998	22,219,786
Less Interest expense	7.2	199	11,493,679	13,126,771
Net Interest Income			11,391,319	9,093,015

7.1 Interest income

For the year ended 31 March	Note	Page No.	2025 Rs.000	2024 Rs.000
Placements with financial institutions			1,165,851	1,096,909
Loans and receivables to banks			307,277	351,867
Loans and receivables to customers	7.1.1	198	20,295,021	19,610,641
Other financial investments	7.1.2	198	1,116,849	1,160,369
Total interest income			22,884,998	22,219,786

7.1.1 Interest on loans and receivables to customers

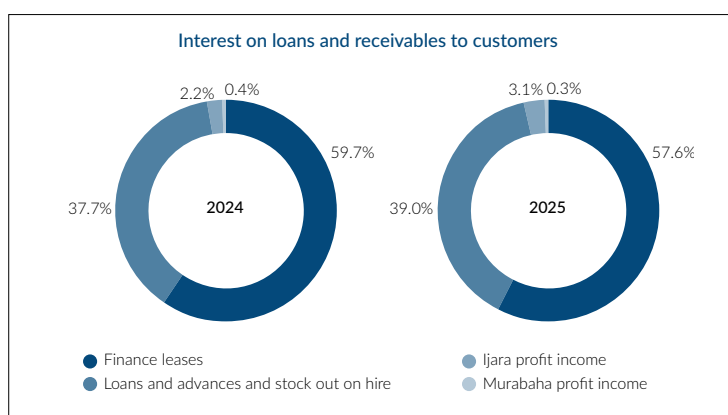
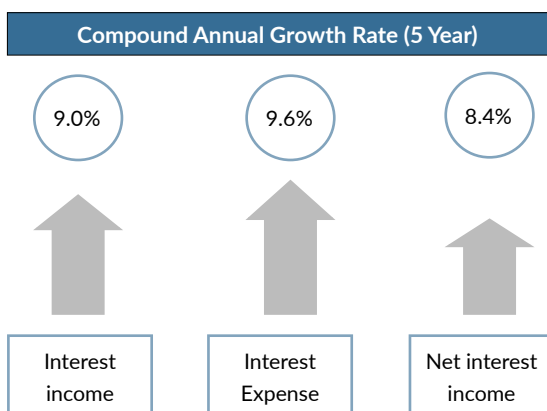
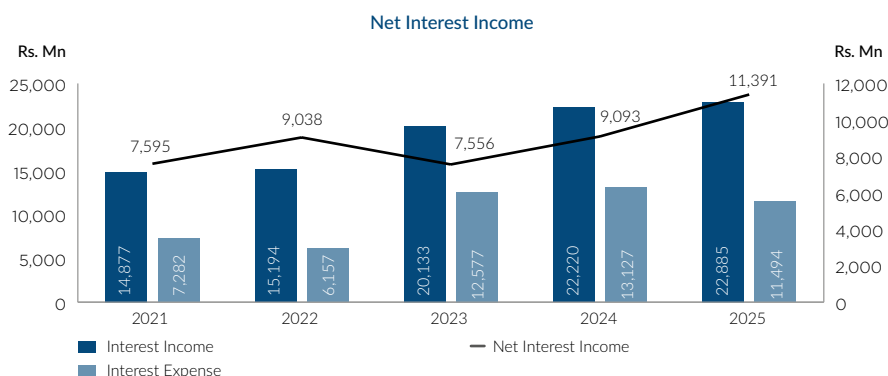
For the year ended 31 March	Note	Page No.	2025 Rs.000	2024 Rs.000
Finance Leases			11,695,729	11,703,458
Loans and advances and Stock out on hire			7,907,404	7,399,401
Ijara profit income			625,253	436,939
Murabaha profit income			66,635	70,843
Total interest income from loans and receivables to customers			20,295,021	19,610,641

7.1.2 Interest on other financial investments

For the year ended 31 March	Note	Page No.	2025 Rs.000	2024 Rs.000
Government Treasury Bond investments			-	106,615
Government Treasury Bill investments			640,346	899,899
Other investments			476,503	153,855
Total interest income from other financial investments			1,116,849	1,160,369

7.2 Interest Expense

For the year ended 31 March			2025	2024
	Note	Page No.	Rs.000	Rs.000
Term deposits from customers			7,652,198	9,869,946
Savings deposits from customers			141,807	175,648
Mudharaba investments from customers			282,737	360,200
Debentures			106,157	274,243
Foreign borrowings			688,677	432,108
Other borrowings			2,622,103	2,014,626
Total interest expenses			11,493,679	13,126,771



8 Fee and commission income

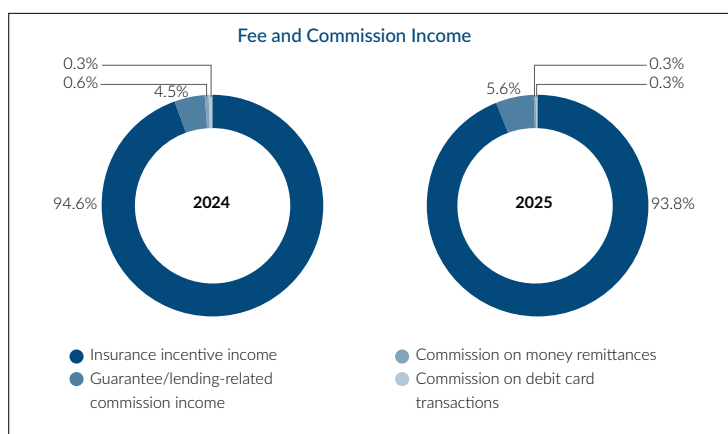
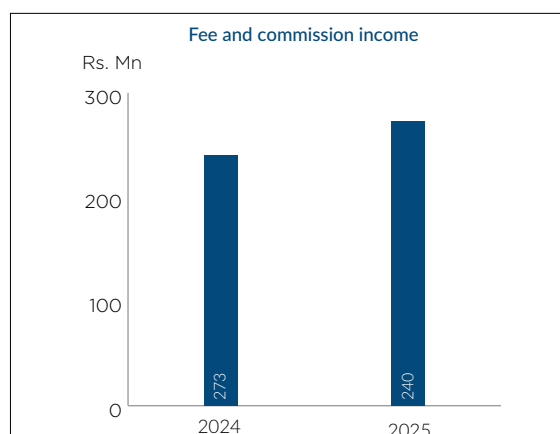
Accounting Policy

Fees and commission that are integral to the effective interest rate on financial asset or liability are included in the effective interest rate of respective asset or liability. Fees and commission income, including commission, service fees are recognised as the related services are performed.

A contract with a customer that results in a recognition of a financial instrument in the Company's Financial Statements may be partially in the scope of SLFRS 9 and SLFRS 15. If this is the case the Company first applies SLFRS 9 to separate and measure the part of the contract that is in the scope of SLFRS 9 and then applies SLFRS 15 to the residual.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March		2025	2024
	Note Page No.	Rs.000	Rs.000
Insurance incentive income		256,192	227,485
Guarantee/lending-related commission income		842	1,406
Commission on money remittances		706	897
Commission on debit card transactions		15,169	10,709
Total fee and commission income		272,909	240,497
Less: Fee and commission expense		-	-
Fee and commission income		272,909	240,497



9 Other operating income

Accounting Policy

Profit/loss from sale of fixed assets is recognised in the period in which the sale occurs and is classified as other income/expense.

Income from derecognition of financial assets and other income is recognised once the contract is derecognised due to closure.

Dividend income from equity investments at FVTPL is recognised in the Statement of Profit or Loss on an accrual basis when the Company's right to receive the dividend is established.

Foreign exchange gain/loss includes gain or losses from foreign transactions and fair value changes in the derivative contracts and gains/losses of settlement and translation of monetary items.

For the year ended 31 March		2025	2024
	Note Page No.	Rs.000	Rs.000
Dividend income from quoted equity investments		48,641	49,363
Other net income from trading portfolio	9.1 201	-	12,590
Profit on sale of fixed assets		9,613	16,236
Other income		537,992	412,539
Other income from credit cards		226,427	199,894
Income from derecognition of financial assets		1,646,235	836,832
Effect of cash flow hedge to the foreign currency borrowing		13,952	-
Foreign exchange income/(loss)	9.2 201	(42,235)	(93,771)
Total other operating income		2,440,625	1,433,683

9.1 Other net income from trading portfolio

For the year ended 31 March		2025	2024
	Note Page No.	Rs.000	Rs.000
Trading Income - Treasury Bonds		-	(1,506)
Mark to market adjustment			
Treasury Bonds		-	14,096
Total net income from trading portfolio		-	12,590

9.2 Foreign exchange gain/(loss)

For the year ended 31 March		2025	2024
	Note Page No.	Rs.000	Rs.000
Foreign exchange gain/(loss) on transactions*		5,303	(6,350)
Exchange gain/(loss) on foreign borrowings		(47,538)	(87,421)
Total foreign exchange gain/(loss)		(42,235)	(93,771)

* Foreign exchange gain or loss on transaction represent exchange differences arising from settlement of monetary items and retranslation of foreign currency denominated monetary items.

10 Impairment charges/(reversal) and other credit losses

Accounting Policy

The Company recognises loss allowances for ECL on loans and receivables, other financial assets measured at amortised cost and debt investments at FVOCI.

Accordingly, this note covers expected loss and impairment allowances for

- Loans and receivables to customers
- Other financial assets measured at amortised cost
- Other non-financial assets

No impairment loss is recognised on investments in equity instruments classified under FVTPL.

Loans and receivables to customers

The Company measures loss allowances using both lifetime ECL and 12 months ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, 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 assessment and including forward looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

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 financial asset is more than 90 days past due.

12 months ECL are the portion of ECL that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

NOTES TO THE FINANCIAL STATEMENTS

Measurement of ECLs

ECL are a probability weighted estimate of credit losses. Credit losses are measured 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 Company expects to receive).

ECL are discounted at the effective interest rate of the respective financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is "credit impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 90 days past due;
- The restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- It is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for a security due to financial difficulties

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, 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 will result 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. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Other financial assets measured at amortised cost and debt investments at FVOCI

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12 months ECL:

- Debt investment securities that are determined to have low credit risk at the reporting date; and
- Other financial instruments on which credit risk has not increased significantly since their initial recognition

The Company considers a debt security to have low credit risk when their credit risk rating is equivalent to the globally understood definition of "investment grade". This policy is applicable to loans and receivables to banks, deposits with licensed commercial banks and other investment securities measured at amortised cost as well.

Expected Credit Losses (ECL) as per SLFRS 9 - "Financial instruments"

For the year ended 31 March			2025	2024
	Note	Page No.	Rs.000	Rs.000
Expected credit losses (ECL) loans and receivables to customers				
Finance leases receivables			(1,248,843)	(377,068)
Hiring contracts			39,087	(2,110)
Loans and advances			14,540	395,918
Total impairment charges on loans and receivables to customers			(1,195,216)	16,740
Net deficit from disposal of leased assets			560,119	698,579
Impairment of goodwill	28	245	19,628	25,597
Reversal of impairment of deposits with financial institutions			(28,759)	-
Total impairment charges on assets			(644,228)	740,916

Refer Note 22.2 for more details on allowance for impairment and other credit losses.

Refer Note 47.A.I for more details on inputs, assumptions and techniques used for estimating ECL.

11 Operating expenses

Accounting Policy

All the expenditure incurred in the running of the business and in maintaining the Property, Plant and Equipment in a state of efficiency has been charged in arriving at the profit for the year.

For the year ended 31 March			2025	2024
	Note	Page No.	Rs.000	Rs.000
Personnel expenses	11.1	203	2,739,735	1,940,116
Premises, equipment and establishment expenses	11.2	205	3,390,872	2,901,290
Other expenses	11.3	206	696,105	585,573
Total operating expense			6,826,712	5,426,979

11.1 Personnel expenses

Accounting Policy

Personnel expenses includes salaries and bonus, terminal benefit expenses and other employee related expenses.

Short term employee benefits

Short term employee benefits are measured on an undiscounted basis and expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short term benefits as a result of past service provided and where the Company has legal or constructive obligation to pay.

The provision for bonus is recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made on the amount of the obligation.

Defined benefit plans - Retiring gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The defined benefit obligation is calculated annually using the Projected Unit Credit method as specified by the Sri Lanka Accounting Standard LKAS 19 – “Employee Benefits” and valuation of the defined benefit obligation is carried out by a qualified actuary. The key assumptions used in determining the defined benefit obligations are given in Note 35 on page 253. Actuarial gains or losses are recognised in the Other Comprehensive Income in the period in which they arise. The defined benefit obligation recognised in the Statement of Financial Position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service cost. When the benefits of a plan are changed, the portion of the changed benefit relating to past service by employees is recognised in the Statement of Profit or Loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the Statement of Profit or Loss.

Gratuity payments are being made by the Company according to the Payment of Gratuity Act No. 12 of 1983. As per the present policy of the Company the employees are entitled to payment of gratuity as follows:

- 5-10 years Service – 1/2 month basic salary for each year of service
- 10-15 years Service – 1 month basic salary for each year of service
- 15-20 years Service – 1 1/2 months basic salary for each year of service
- Over 20 years Service – 2 months basic salary for each year of service

Defined contribution plan Employees' Provident Fund:

The Company and employees contribute 12% and 8% respectively on the salary of each employee to the approved Employees' Provident Fund.

Employees' Trust Fund:

The Company contributes 3% of the salary of each employee to the Employees' Trust Fund.

Share based payment plans

The Company has recognized an employee cost of Rs. 20Mn arising from the above in financial statements as at 31 March 2025 (Rs.11Mn - as at 31 March 2024).

Accounting policy on share based payments plan is disclosed in the note 37.1 to these financial statements.

Personnel expenses includes the following significant items:

For the year ended 31 March			2025	2024
	Note	Page No.	Rs.000	Rs.000
Salary and bonus			1,922,234	1,405,374
Employees' defined benefit plan service expenses	35	253	130,215	17,001
Contribution to employees' provident fund and trust fund			210,067	166,099
Directors' and senior management emoluments			501,895	429,926

11.2 Premises, equipment and establishment expenses

Accounting Policy

Depreciation of property, plant and equipment

The Company provides depreciation from the date the assets are available for use up to the date of disposal, at the following rates on a straight-line basis over the periods appropriate to the estimated useful lives based on the pattern in which the asset's future economic benefits are expected to be consumed by the Company of the different types of assets, except for which are disclosed separately. Depreciation is determined separately for each significant component of an item of Property, Plant and Equipment. Management reviews the assets residual value, useful life and depreciation method at each reporting date. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held-for-sale or the date that the asset is derecognised. Depreciation does not cease when the assets become idle or is retired from active use unless the asset is fully depreciated.

- Freehold buildings – 2.5%
- Motor vehicles - 20%
- Computer equipment – 20%
- Office equipment – 20%
- Furniture and fittings – 20%
- Depreciation is not provided for freehold lands.

All classes of property, plant and equipment together with the reconciliation of carrying amounts and accumulated depreciation at the beginning and at the end of the year together with other relevant information are given in Note 25 on pages 235 to 241.

Amortisation of intangible assets

Intangible assets are amortised on a straight-line basis in the Statement of Profit or Loss from the date when the asset is available for use, over the best estimate of its useful economic life based on a pattern in which the asset's economic benefits are consumed by the Company. The estimated useful life of software is eight years. Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Changes in estimates

Useful lives and residual values of the assets are reassessed at each reporting date and adjust if appropriate. During the year Company conducted an operational review and no estimates were revised.

Premises, equipment and establishment expenses includes the following significant items:

For the year ended 31 March		2025	2024
	Note Page No.	Rs.000	Rs.000
Depreciation and amortisation		560,995	432,046
Contribution to deposit insurance scheme of CBSL		119,605	98,876
Legal expense and professional charges		110,955	57,269
Auditor's remuneration			
Audit fees and expenses		8,690	7,700
Audit-related fees and expenses		1,785	1,375
Non-audit services		7,050	850

NOTES TO THE FINANCIAL STATEMENTS

11.3 Other expenses

Other expenses includes the following significant items:

For the year ended 31 March		2025	2024
	Note Page No.	Rs.000	Rs.000
Advertising and communication		315,754	311,627
Activities on corporate social responsibility		38,806	67,309
Interest cost for lease liabilities	26.2 243	144,020	121,891

12 Taxes on financial services

Accounting Policy

Value Added Tax (VAT) on financial services

VAT on financial services is calculated in accordance with the Value Added Tax (VAT) Act No. 14 of 2002 and subsequent amendments thereto. The base for the computation of VAT on Financial Services is the accounting profit before VAT on Financial Services, Social Security Contribution Levy (SSCL) on supply of financial services and Income Tax adjusted for economic depreciation and emoluments to employees including cash benefits, non-cash benefits and provisions relating to terminal benefits.

VAT on Financial Services rates applied for the current financial year is 18% with effect from 01.01.2022.

Social Security Contribution Levy (SSCL)

Social Security Contribution Levy shall be paid by any person carrying on the business of supplying financial services on the liable turnover specified in the Part II of the Social Security Contribution Levy Act No.25 of 2022 at the rate of 2.5%, with effect from 01st of October 2022. SSCL is payable on 100% of the value addition attributable to the financial services.

The Value addition attributable to financial services shall be computed for the purpose of payment of the SSCL is based on the attributable method referred under Chapter III A of the VAT Act No.14 of 2002.

Crop Insurance Levy (CIL)

As per the provisions of the section 14 of the Finance Act No. 12 of 2013, the Crop Insurance Levy was introduced with effect from 1 April 2013 and is payable to the National Insurance Trust Fund. Currently, the Crop Insurance Levy is payable at 1% of profit after tax.

For the year ended 31 March		2025	2024
	Note Page No.	Rs.000	Rs.000
Value added tax on financial services (VAT)		1,922,772	797,616
Crop insurance levy (CIL)		38,650	15,000
Social Security Contribution levy (SSCL)		210,278	80,500
Total taxes on financial services		2,171,700	893,116

13 Income tax expense

Accounting Policy

Income tax expense comprises current and deferred taxes. Income tax expense is recognised in the Statement of Profit or Loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted on the reporting date and any adjustment to tax payable in respect of previous years.

The Company has determined that interest and penalties related to income taxes including uncertain tax treatments, do not meet the definition of income taxes and therefore accounted them under LKAS 37 - Provisions, Contingent Liabilities and Contingent Assets.

Deferred tax

Deferred taxation is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax base of assets and liabilities, which is the amount attributed to those assets and liabilities for tax purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted as at the reporting date.

The initial recognition of assets and liabilities in a transaction that is not business combination and that affects neither accounting nor taxable profit nor differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future.

Temporary differences in relation to the right-of-use assets and lease liability for a specific lease are regarded as a net package (rights-of-use assets) for the purpose of recording deferred taxes.

Deferred tax assets, including those related to temporary tax effects of income tax losses and credits available to be carried forward, are recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. 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. Current and deferred tax assets and liabilities are offset only to the extent that they relate to income taxes imposed by the same taxation authority, there is a legal right and intention to settle on a net basis and it is allowed under the tax law of the relevant jurisdiction.

For the year ended 31 March			2025	2024
	Note	Page No.	Rs.000	Rs.000
Current income tax expense	13.1	207	1,822,380	1,107,372
Under provision in respect of prior years	33.1	251	130,765	-
Deferred tax expense	34.1	252	(207,956)	83,262
Income tax charge for the year			1,745,189	1,190,634

13.1 Reconciliation between income tax expenses and the accounting profit

A reconciliation between income tax expense and the accounting profit multiplied by the statutory tax rate is given below:

For the year ended 31 March			2025	2024
	Note	Page No.	Rs.000	Rs.000
Accounting profit before tax			5,750,669	3,706,184
Tax expenses as per accounting profit			1,725,200	1,111,857
Adjustments				
Tax effect of capital portion of lease rentals			32,685	106,225
Income from non-taxable sources			(224,617)	(124,077)
Tax effect of disallowed expenses			507,736	512,183
Tax effect of deductible expenses and tax losses			(218,624)	(498,816)
Tax on business profit (Based on taxable profit)			1,822,380	1,107,372
Under provision in respect of prior years	33.1	251	130,765	-
Deferred tax expenses	34.1	252	(207,956)	83,262
Income tax expense			1,745,189	1,190,634

NOTES TO THE FINANCIAL STATEMENTS

13.2 Summary of the taxes paid during the year

We have paid following direct and indirect taxes to the Government of Sri Lanka during the financial year:

For the year ended 31 March	Note	Page No.	2025 Rs.000	2024 Rs.000
Direct taxes				
Value added tax on financial services			1,075,801	670,445
Crop insurance levy			39,177	15,526
Social security contribution levy			109,504	65,417
Income tax			1,330,234	1,072,260
Direct taxes paid			2,554,716	1,823,648
Indirect taxes (Collected and paid)				
Value added tax			48,241	43,944
Advance income tax			594,364	671,606
Stamp duty			360,311	250,069
PAYE tax			237,546	152,958
Indirect taxes paid			1,240,462	1,118,577
Total taxes paid during the financial year			3,795,178	2,942,225

14 Earnings Per Share (EPS)

Accounting Policy

The Company computes basic and diluted EPS for its ordinary shares. Basic EPS is calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding.

Diluted EPS is computed by dividing the profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding adjusted for the effects of all dilutive potential ordinary shares.

For the year ended 31 March	Note	Page No.	2025	2024
Amount used as numerator:				
Net profit attributable to equity holders (Rs.)			4,005,479,698	2,515,550,370
Amount used as denominator:				
Weighted average number of ordinary shares*			70,850,422	69,971,539
Basic earnings per ordinary share (Rs.)			56.53	35.95

*994,379 Ordinary shares were listed during the period ended 31 March 2024, consequent to the exercising of options under employee share option schemes.

Diluted earnings per share

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the Company (after adjusting for outstanding share options) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

For the year ended 31 March	Note	Page No.	2025	2024
Amount used as numerator:				
Net profit attributable to equity holders (Rs.)			4,005,479,698	2,515,550,370
Amount used as denominator:				
Average weighted average number of ordinary shares			72,765,202	72,765,202
Diluted earnings per ordinary share (Rs.)			55.05	34.57

15 Dividend Per Share (DPS)

Accounting Policy

Provision for dividend is recognised in the financial statement at the time the dividend is recommended and declared by the Board of Directors and approved by the shareholders. However an interim cash dividend is recognised in the financial statement when the Board approves such dividend in accordance with Companies Act No. 07 of 2007.

Dividend payments during the year.

For the year ended 31 March	Note	Page No.	2025 Rs.000	2024 Rs.000
Final dividends for the year 2022/23			-	349,280
Final dividends for the year 2023/24			495,953	-
Interim dividends for the year 2024/25			354,252	-
Dividend paid during the year			850,205	349,280

For the year ended 31 March	Note	Page No.	2025	2024
Gross dividend per share (Rs.)			15.00	7.00
Dividend payout ratio (%)			26.53	19.47

* Company paid a interim dividend of Rs. 5.00 per share for its voting and non-voting shares for the year ended 31 March 2025. The Board has proposed a final cash dividend of Rs. 10.00 per share for its voting and non-voting shares for the year ended 31 March 2025, subject to the approval of the shareholders at the Annual General Meeting.

In accordance with the provisions of LKAS 10 – “Events after the reporting period” this proposed dividend has not been recognised as a liability in the Financial Statements for the year ended 31 March 2025 and 31 March 2024.

NOTES TO THE FINANCIAL STATEMENTS

16 Classification of financial assets and financial liabilities

Accounting Policy

i Recognition and initial measurement

The Company initially recognises loans and receivables, deposits, debt securities issued and subordinated liabilities on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus transaction costs. For an item at FVTPL, transaction costs that are directly attributable to its acquisition or issue charge to Profit or Loss.

Subsequent measurement of financial assets depends on their classification.

ii Classification

Financial assets

SLFRS 9 – “Financial Instruments” contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under SLFRS 9 – “Financial Instruments” is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Under SLFRS 9 – “Financial Instruments”, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

Business model assessment

The Company makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment whether contractual cash flows are solely payments of principal and interest (SPPI Test)

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Company considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Company's claim to cash flows from specified assets (e.g. nonrecourse asset arrangements); and
- features that modify consideration of the time value of money – (e.g. periodical reset of interest rates.)

Financial assets measured at 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.

Debt instruments measured at FVOCI

A debt instrument is measured at FVOCI only 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 achieved by both collecting contractual cash flows and selling financial assets; 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.

Equity instruments

Investments in equity instruments are always measured at fair value. Equity instruments are those that meet the definition of "equity" from the perspective of the issuer as defined in LKAS 32 – "Financial instrument: Presentation". For all other equity instruments, management has the ability to make an irrevocable election on initial recognition, on an instrument-by instrument basis, to present changes in fair value in OCI rather than profit or loss. If this election is made, all fair value changes, excluding dividends that are a return on investment, will be included in OCI. There is no recycling of amounts from OCI to profit and loss (for example, on sale of an equity investment), nor are there any impairment requirements. However, the entity might transfer the cumulative gain or loss within equity.

- All the equity instrument for which the irrecoverable option is not made should be measured at fair value through profit or loss.

Other

All other financial assets are classified as financial assets measured at FVTPL

Financial liabilities

The Company classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost or FVTPL.

NOTES TO THE FINANCIAL STATEMENTS

iii Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets. An entity shall not reclassify any financial liability.

iv Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

From 1 April 2017 any cumulative gain/loss recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Company is recognised as a separate asset or liability.

The Company enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised.

When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction similar to sale and repurchase transactions, because the Company retains all or substantially all of the risks and rewards of ownership of such assets.

In transactions in which the Company neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Company continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

In certain transactions, the Company retains the obligation to service the transferred financial asset for a fee. The transferred asset is derecognised if it meets the derecognition criteria. An asset or liability is recognised for the servicing contract if the servicing fee is more than adequate (asset) or is less than adequate (liability) for performing the servicing.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

v Modifications of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, the Company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value plus any eligible transaction costs.

Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- other fees are included in profit or loss as part of the gain or loss on derecognition.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Company recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss.

If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Company plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place (see below for write off policy). This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

Financial liabilities

The Company derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

vi Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them 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 IFRS, or for gains and losses arising from a group of similar transactions such as in the Company's trading activity.

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2025			Financial assets			Financial liabilities		Total
			Fair value through profit or loss	Fair value through OCI	Amortised cost	Fair value through profit or loss	Amortised cost	
	Note	Page No.	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Assets								
Cash and cash equivalents	18	222	-	-	4,582,802	-	-	4,582,802
Derivative financial assets	19	222	31,712	-	-	-	-	31,712
Loans and receivables to banks	20	224	-	-	3,671,842	-	-	3,671,842
Deposits with financial institutions	21	225	-	-	18,069,873	-	-	18,069,873
Loans and receivables to customers	22	225	-	-	110,866,909	-	-	110,866,909
Other investment securities	23	229	-	2,745,267	6,752,815	-	-	9,498,082
Total financial assets			31,712	2,745,267	143,944,241	-	-	146,721,220
Other non-financial assets			-	-	-	-	-	10,215,126
Total assets			31,712	2,745,267	143,944,241	-	-	156,936,346
Liabilities								
Due to banks and financial institutions	30	247	-	-	-	-	32,142,375	32,142,375
Deposits from customers	31	249	-	-	-	-	86,849,204	86,849,204
Debt securities issued and subordinated debt	32	249	-	-	-	-	6,969,330	6,969,330
Lease liabilities	26	242	-	-	-	-	982,001	982,001
Total financial liabilities			-	-	-	-	126,942,910	126,942,910
Other non-financial liabilities			-	-	-	-	-	6,057,147
Total liabilities			-	-	-	-	126,942,910	133,000,057

As at 31 March 2024

As at 31 March 2024			Financial assets			Financial liabilities		
			Fair value through profit or loss	Fair value through OCI	Amortised cost	Fair value through profit or loss	Amortised cost	Total
	Note	Page No.	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Assets								
Cash and cash equivalents	18	222	-	-	3,642,333	-	-	3,642,333
Loans and receivables to banks	20	224	-	-	8,013,219	-	-	8,013,219
Deposits with financial institutions	21	225	-	-	14,908,971	-	-	14,908,971
Loans and receivables to customers	22	225	-	-	85,963,874	-	-	85,963,874
Other investment securities	23	229	-	1,956,857	5,169,885	-	-	7,126,742
Total financial assets			-	1,956,857	117,698,282	-	-	119,655,139
Other non-financial assets			-	-	-	-	-	9,122,846
Total assets			-	1,956,857	117,698,282	-	-	128,777,985
Liabilities								
Due to banks and financial institutions	30	247	-	-	-	-	27,849,165	27,849,165
Deposits from customers	31	249	-	-	-	-	73,258,779	73,258,779
Debt securities issued and subordinated debt	32	249	-	-	-	-	2,788,338	2,788,338
Lease liabilities	26	242	-	-	-	-	912,177	912,177
Total financial liabilities			-	-	-	-	104,808,459	104,808,459
Other non-financial liabilities			-	-	-	-	-	3,761,688
Total liabilities			-	-	-	-	104,808,459	108,570,147

17 Fair value measurement of financial instruments

Accounting Policy

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 Company has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the assets or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the 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 financial instrument at initial recognition is normally the transaction price – i.e., the fair value of the consideration given or received. If the Company determines that the fair value at 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 that uses only data from observable markets, then the financial instrument is initially measured at a fair value, adjusted to defer the deference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss 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.

NOTES TO THE FINANCIAL STATEMENTS

If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolio of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Company on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. These portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The Company recognises transfer between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Accounting estimates

The determination of fair values of financial assets and financial liabilities recorded on 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 Company measures fair value using the fair value hierarchy that reflects the significance of input used in making measurements.

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17.a Valuation models

Financial instruments are measured on an ongoing basis either at fair value or at amortised cost. The Company measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

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. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premium used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations.

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 Company uses widely recognised valuation models for determining the fair value of common and simple financial instruments. Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determining fair values. 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.

Model inputs and values are calibrated against historical data and published forecasts and, where possible, against current or recent observed transactions in different instruments and against broker quotes. This calibration process is inherently subjective and it yields ranges of possible inputs and estimates of fair value and management uses judgement to select the most appropriate point in the range.

The Company's methodology for valuing asset backed securities uses a discounted cash flow technique that takes into account the probability of default and loss severity by considering the original underwriting criteria, vintage borrower attributes, LTV ratios, expected house price movements and expected prepayment rates. These features are used to estimate expected cash flows, which are then allocated using the "waterfall" applicable to the security and discounted at a risk-adjusted rate.

The discounted cash flow technique is often used by market participants to price asset backed securities. However, this technique is subject to inherent limitations, such as estimation of the appropriate risk-adjusted discount rate, and different assumptions and inputs would yield different results.

17.b Valuation control framework

The Company has established a control framework with respect to the measurement of fair value which is independent from the treasury division and followings are some specific controls that exists:

- verification of observable pricing;
- reperformance of model valuations;
- review of significant unobservable inputs, valuation adjustments and significant changes to the fair value of measurement of Level 3 instruments compared with the previous month.

When third party information, such as broker quotes or pricing services, is used to measure fair value and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of SLFRS. This includes:

- verifying that the broker or pricing service is approved by the Company for use in pricing the relevant type of financial instrument;
- understanding how the fair value has been arrived at, the extent to which it represents actual market transactions and whether it represents a quoted price is an active market for an identical instrument;
- when prices of similar instruments are used to measure fair value, how these prices have been adjusted to reflect the characteristics of the instrument subject to measurement; and
- if a number of quotes for the same financial instrument have been obtained, then how fair value has been determined using those quotes.

Any significant valuation issues are reported to the Board Audit Committee.

NOTES TO THE FINANCIAL STATEMENTS

17.c Valuation summary

As at 31 March	Note	Page No.	2025 Rs.000	2024 Rs.000
Assets disclosed at fair value – Fair value hierarchy	17.d	218	5,724,674	4,141,107
Assets not disclosed at fair value – Fair value hierarchy	17.f	219	151,243,384	124,636,878
Total assets			156,968,058	128,777,985
Liabilities disclosed at fair value – Fair value hierarchy	17.d	218	-	-
Liabilities not disclosed at fair value – Fair value hierarchy	17.f	219	133,000,057	108,570,147
Total liabilities			133,000,057	108,570,147

17.d Financial instruments measured at fair value – Fair value hierarchy

The following table analyses financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the Statement of Financial Position. The fair values include any differences between the transaction price and the fair value on initial recognition when the fair value is based on a valuation technique that uses unobservable inputs.

As at 31 March 2025	Note	Page No.	Level 1 Rs.000	Level 2 Rs.000	Level 3 Rs.000	Total Rs.000
Financial assets						
Derivative financial assets	19	222	-	31,712	-	31,712
Other investment securities measured at FVOCI						
– Equity instruments – Quoted shares	23.3	231	2,707,357	-	-	2,707,357
– Equity Instruments – Unquoted Shares **	23.2	230	-	-	37,910	37,910
Total financial assets disclosed at fair value			2,707,357	31,712	37,910	2,776,979
Other non-financial assets						
Property, plant and equipment – Freehold land	25	235	-	-	2,947,695	2,947,695
Total non-financial assets at fair value			-	-	2,947,695	2,947,695
Total assets at fair value			2,707,357	31,712	2,985,605	5,724,674

As at 31 March 2024	Note	Page No.	Level 1 Rs.000	Level 2 Rs.000	Level 3 Rs.000	Total Rs.000
Financial assets						
Other investment securities measured at FVOCI						
– Equity instruments – Quoted shares	23.3	231	1,956,733	-	-	1,956,733
– Equity Instruments – Unquoted Shares **	23.2	230	-	-	124	124
Total financial assets disclosed at fair value			1,956,733	-	124	1,956,857
Other non-financial assets						
Property, plant and equipment – Freehold land	25	235	-	-	2,184,250	2,184,250
Total non-financial assets at fair value			-	-	2,184,250	2,184,250
Total assets at fair value			1,956,733	-	2,184,374	4,141,107

17.e Level 3 fair value measurements

17.e.i Reconciliation

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy:

Property, plant and equipment – freehold land	Rs.000
Balance as at 1 April 2024	2,184,250
Purchases/Additions	72,384
Disposals during the year	-
Revaluation surplus	691,061
Balance as at 31 March 2025	2,947,695
Balance as at 1 April 2023	2,184,250
Purchases/Additions	-
Disposals during the year	-
Revaluation surplus	-
Balance as at 31 March 2024	2,184,250

17.e.ii Unobservable inputs used in measuring fair value

Refer Note 25.1 on page 238 for information about significant unobservable inputs used in 31 March 2025 to measure the fair value of freehold lands categorised under Level 3 in the fair value hierarchy.

17.e.iii The effect of unobservable inputs on fair value measurement

Table below shows the effect of changes in assumptions used above for fair value determination:

	Effect on total comprehensive income	
	Favourable 1% Increase in fair value	Unfavourable 1% Decrease in fair value
	Rs.000	Rs.000
2025	29,477	(29,477)
2024	19,569	(19,569)

17.e.iv Recurring and non-recurring basis valuation

The Company is using recurring basis valuation for assets categorised under Level 3 and details relating to fair valuation is given in Note 25.1 on page 238.

17.f Assets and liabilities not measured at fair value – Fair value hierarchy

The following table sets out the fair values of financial instruments not measured at fair value and analysed them by the level in the fair value hierarchy into which each fair value measurement is categorised. The fair values in the table below are stated as at 31 March and may be different from the actual amount that will be received/paid on the settlement or maturity of the financial instrument:

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2025			Level 1	Level 2	Level 3	Carrying amount	Fair value
	Note	Page No.	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Assets							
Cash and cash equivalents	18	222	4,582,802	-	-	4,582,802	4,582,802
Derivative financial assets	19	222	-	31,712	-	31,712	31,712
Loans and receivables to banks	20	224	-	3,671,842	-	3,671,842	3,671,842
Deposits with financial institutions	21	225	-	18,069,873	-	18,069,873	19,308,351
Loans and receivables to customers	22	225	-	110,866,909	-	110,866,909	94,445,057
Other investment securities							
– Treasury Bills	23	229	6,031,187	-	-	6,031,187	6,035,744
– Unit trusts	23	229	-	141,898	-	141,898	141,898
– Securitization	23	229	-	52,305	-	52,305	52,290
– Commercial papers	23	229	-	527,425	-	527,425	525,884
Other assets			-	-	7,267,431	7,267,431	7,267,431
Total assets not disclosed at fair value			10,613,989	133,361,964	7,267,431	151,243,384	136,063,011

Liabilities

Due to banks and financial institutions	30	247	-	32,142,375	-	32,142,375	32,142,375
Deposits from customers	31	249	-	86,849,204	-	86,849,204	84,723,547
Debt securities issued & Subordinated Debt	32	249	-	6,969,330	-	6,969,330	6,969,330
Lease liabilities	26	242	-	982,001	-	982,001	982,001
Other liabilities			-	-	6,057,147	6,057,147	6,057,147
Total liabilities not disclosed at fair value			-	126,942,910	6,057,147	133,000,057	130,874,400

As at 31 March 2024			Level 1	Level 2	Level 3	Carrying amount	Fair value
	Note	Page No.	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Assets							
Cash and cash equivalents	18	222	3,642,333	-	-	3,642,333	3,642,333
Loans and receivables to banks	20	224	-	8,013,219	-	8,013,219	7,993,091
Deposits with financial institutions	21	225	-	14,908,971	-	14,908,971	14,916,306
Loans and receivables to customers	22	225	-	85,963,874	-	85,963,874	78,082,672
Other investment securities							
– Treasury Bills	23	229	5,028,838	-	-	5,028,838	5,083,233
– Unit trusts	23	229	-	141,047	-	141,047	141,047
Other assets			-	-	6,938,596	6,938,596	6,938,596
Total assets not disclosed at fair value			8,671,171	109,027,111	6,938,596	124,636,878	116,797,278

Liabilities

Due to banks and financial institutions	30	247	-	27,849,165	-	27,849,165	28,343,719
Deposits from customers	31	249	-	73,258,779	-	73,258,779	72,003,902
Debt securities issued & Subordinated Debt	32	249	-	2,788,338	-	2,788,338	2,788,338
Lease liabilities	26	242	-	912,177	-	912,177	912,177
Other liabilities			-	-	3,761,688	3,761,688	3,761,688
Total liabilities not disclosed at fair value			-	104,808,459	3,761,688	108,570,147	107,809,824

17.f.i. Methodology

The fair value calculated in this section are only for disclosure purposes and do not have any impact on the Company's reported financial position and performance. The following section consist with the methodologies and assumptions used in determining fair value for financial instruments not disclosed at fair value in the face of Financial Statements:

Asset/Liability	Methodology and assumptions
Cash and cash equivalents	Carrying value of the financial instruments which are typically short-term in nature and which are repriced to current market rates frequently are considered reasonable approximation to fair value.
Loans and receivables to banks	Carrying value of the financial instruments which are typically short-term in nature and which are repriced to current market rates frequently are considered reasonable approximation to fair value.
Deposits with financial institutions	The fair value of deposits with banks is estimated using discounted cash flow techniques, applying the rates that are offered for deposits of similar maturities and terms.
Loans and receivables to customers	Where available, fair value of loans and advances is based on observable market transactions. Where observable market transactions are not available, fair value is estimated using valuation models, such as discounted cash flow techniques. Input into the valuation techniques includes incurred credit losses, interest rates, prepayment rates and primary origination or secondary market spreads. For collateral dependent impaired loans, the fair value is measured based on the value of the underlying collateral.
Investment securities at amortised cost	The fair value of investment securities at amortised cost is estimated by applying the active market prices for similar or identical instruments. Discounted cash flow techniques are used to arrive at the value of these instruments by using observable market rates as valuation inputs.
Investment properties	Fair value has been determined by using market comparable method which 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.
Due to banks and financial institutions	Discounted cash flow techniques are used to arrive at the value of these instruments by using observable market rates as valuation inputs.
Deposits from customers	The fair value of deposits from customers is estimated using discounted cash flow techniques, applying the rates that are offered for deposits of similar maturities and terms.
Debt securities issued and subordinated debt	Discounted cash flow techniques are used to arrive at the value of these instruments by using observable market rates as valuation inputs.

NOTES TO THE FINANCIAL STATEMENTS

18 Cash and cash equivalents

Accounting Policy

Cash and cash equivalents include cash in hand and balance with banks. They are brought to account at the face value or the gross value where appropriate.

Bank overdraft that is repayable on demand and forms an integral part of the Company's cash resources and it is only included as a component of cash equivalents for the purpose of the Cash Flow Statements.

Cash and cash equivalents are carried at amortised cost in the Statement of Financial Position.

As at 31 March	Note	Page No.	2025	2024
			Rs.000	Rs.000
Local currency in hand			1,244,168	1,225,360
Foreign currency in hand			185,447	173,449
Demand/savings deposit balances with Banks			3,153,187	2,243,524
Total cash and cash equivalents			4,582,802	3,642,333

Maturity analysis of cash and cash equivalents is given in Note 45 on page 266.

19 Derivative financial instruments

Accounting Policy

Derivative contract is a financial instrument or other contract with all three of the following characteristics.

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the "underlying").
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

A derivative usually has a notional amount, which is an amount of currency, a number of shares, a number of units of weight or volume or other units specified in the contract. However, a derivative instrument does not require the holder or writer to invest or receive the notional amount at the inception of the contract. Alternatively, a derivative could require a fixed payment or payment of an amount that can change (but not proportionally with a change in the underlying) as a result of some future event that is unrelated to a notional amount.

Derivatives are recorded at fair value with corresponding gains or losses are recognised in net gains/(losses) on trading in the Income Statement.

Derivative financial instruments are classified as fair value through profit or loss if they are acquired principally for the purpose of selling or repurchasing it in the near term.

Derivative financial instruments are subject to hedge accounting if those instruments are satisfying the hedge effectiveness criteria.

Hedge Accounting

The Company designates certain derivatives held for risk management as hedging instruments in qualifying hedging relationships.

On initial designation of the hedge, the Company formally documents the relationship between the hedging instrument and hedged item, including the risk management objective and strategy in undertaking the hedge, together with the method that will be used to assess the effectiveness of the hedging relationship. The Company makes an assessment, both at inception of the hedge relationship and on an ongoing basis, of whether the hedging instrument is expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged item during the period for which the hedge is designated, and whether the actual results of each hedge are within a range of 80-125%.

Currently, the Company has only cash flow hedging relationships. The Company normally designates a portion of the cash flows of a financial instrument for cash flow or fair value changes attributable to a benchmark interest rate risk, if the portion is separately identifiable and reliably measurable.

Cash Flow Hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in OCI and presented in the hedging reserve within equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss. The amount recognised in OCI is reclassified to profit or loss as a reclassification adjustment in the same period as the hedged cash flows affected profit or loss, and in the same line item in the Statement of Profit or Loss and Other Comprehensive Income.

If the hedging derivative expires or is sold, terminated or exercised, or the hedge no longer meets the criteria for cash flow hedge accounting, or the hedge designation is revoked, then hedge accounting is discontinued prospectively. However, if the derivative is notated to a central counterparty by both parties as a consequence of laws or regulations without changes in its terms except for those that are necessary for the novation, then the derivative is not considered expired or terminated. If the hedged cash flows are no longer expected to occur, then the Company immediately reclassifies the amount in the hedging reserve from OCI to profit or loss. For terminated hedging relationships, if the hedged cash flows are still expected to occur, then the amount accumulated in the hedging reserve is not reclassified until the hedged cash flows affect profit or loss; if the hedged cash flows are expected to affect profit or loss in multiple reporting periods, then the Company reclassifies the amount in the hedging reserve from OCI to profit or loss on a straight-line basis.

The Company's Risk Management Division closely monitors the hedging activities that are been carried out by the Treasury Front Office for their compliance and effectiveness, as a Risk Management Strategy. The Company enters into hedging transactions for exposures that pose a material risk to the Company's financial health or threaten the strategic decisions. These hedging transactions are entered within the Bank's approved limits such as Per Transaction Limits Counter Party Limits, Currency Exposure Limits and Gap Limits, and always study the Market Outlook prior to entering into such transactions.

As at 31 March		2025	2024
	Note Page No.	Rs.000	Rs.000
Forward exchange contracts – Financial assets		31,712	-

Maturity analysis of derivative financial instruments is given in Note 45 on page 266.

Company has entered into forward contracts to cover the exchange rate risk exposed from the foreign borrowings obtained from Micro, Small & Medium Enterprises Bonds S.A. as at 31 March 2025 and this is designated as Cash Flow Hedge.

NOTES TO THE FINANCIAL STATEMENTS

Hedging Instrument	Line item in the statement of financial position	Carrying Amount Rs.000	Amount Set off/ charged in the income statement Rs.000
Hedge of foreign exchange risk arising from foreign currency denominated long term liabilities using currency SWAP	Derivative financial asset	31,712	26,688
Hedge Item			
Foreign currency borrowings	Due to banks and financial institutions (Note: 30.2)	1,472,927	12,736
Impact on Income statement			
Amortization of hedge reserve			13,952

20 Loans and receivables to banks

Accounting Policy

Company classifies non-derivative financial assets with fixed or determinable payments that are not quoted in an active market under loans and receivables to banks. Accordingly, Loans and receivables to banks comprise repurchase agreements with banks.

Recognition

Loans and receivables to banks are measured initially at fair value plus transaction costs.

Measurement

Loans and receivables to banks are subsequently measured at amortised cost using EIR. Amortised cost is calculated by taking into account any discount or premium on acquisition and other fees and cost that are an integral part of EIR.

Expected credit losses

The Company recognises loss allowances for ECL on assets subsequently measured at amortised cost. Company measures loss allowance at an amount equal to life time ECL, except financial investments that are determined to have low credit risk at the reporting date.

Classification of financial assets are given in Note 16 on page 210.

As at 31 March	Note	Page No.	2025 Rs.000	2024 Rs.000
Securities purchased under resale agreements			3,671,842	8,013,219
Net loans and receivables to banks			3,671,842	8,013,219

No expected credit losses (ECL) were recognised for repurchased agreements on Government securities since those are rated as risk free investments.

Maturity analysis of loans and receivables to banks is given in Note 45 on page 266.

21 Deposits with financial institutions

Accounting Policy

Deposits with financial institutions comprises the fixed deposits with licensed commercial banks and other financial institutions.

Recognition

Deposits with financial institutions are measured initially at fair value plus transaction costs..

Measurement

Deposits with licensed financial institutions subsequently measured at amortised cost using EIR. Amortised cost is calculated by taking into account any discount or premium on acquisition and other fees and cost that are an integral part of EIR.

Expected credit losses

The Company recognises loss allowances for ECL on assets subsequently measured at amortised cost. Company measures loss allowance at an amount equal to life time ECL, except financial investments that are determined to have low credit risk at the reporting date.

Classification of financial assets are given in Note 16 on page 210.

As at 31 March	Note	Page No.	2025	2024
			Rs.000	Rs.000
Term deposits with financial institutions			18,069,873	14,937,730
Less: Allowance for expected credit losses			-	(28,759)
Total deposits with financial institutions			18,069,873	14,908,971

Maturity analysis of deposits with financial institutions is given in Note 45 on page 266.

22 Loans and receivables to customers

Accounting Policy

Amount receivable under finance lease, hire purchase and loans net of prepaid rentals, unearned lease income and allowance for expected credit losses are presented in the loans and receivable to customers.

Recognition

Loans and receivables to customers are measured initially at fair value plus transaction costs.

Measurement

After initial recognition loans and receivables from customers are subsequently measured at amortised cost using the effective interest rate less loss allowance based on expected credit losses. Amortised cost is calculated by taking into account any fee and cost that are integral part of EIR. The amortisation is included in interest income in the Statement of Profit or Loss.

Expected credit losses

Refer Note 10 for impairment policy based on Expected Credit Losses (ECL).

Classification of financial assets are given in Note 16 on page 210.

As at 31 March	Note	Page No.	2025	2024
			Rs.000	Rs.000
Gross loans and receivables to customers	22.1	226	114,617,748	90,909,929
Less: Allowance for impairment and other credit losses	22.1	226	(3,750,839)	(4,946,055)
Net loans and receivables to customers			110,866,909	85,963,874

Maturity analysis of loans and receivables from customers is given in Note 45 on page 266 and pre terminations may cause actual maturities differ from contractual maturities.

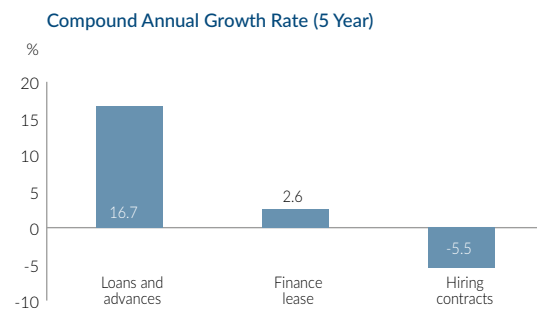
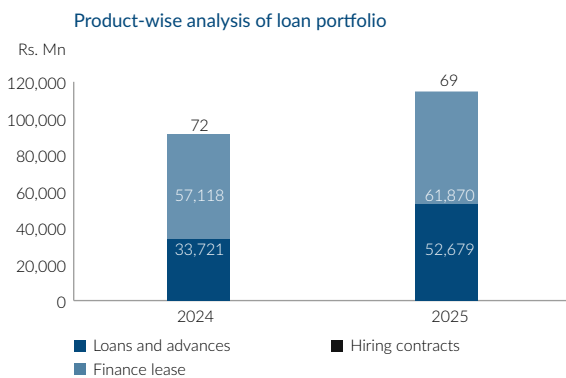
NOTES TO THE FINANCIAL STATEMENTS

22.1 Analysis

Product-wise analysis

As at 31 March	Note	Page No.	2025 Rs.000	2024 Rs.000
Loans and advances to customers	22.1.1	226	52,678,864	33,720,741
Finance lease receivables	22.1.2	226	61,869,715	57,117,651
Hiring contracts	22.1.3	227	69,169	71,537
Gross loans and receivables to customers			114,617,748	90,909,929
Less: Allowance for impairment and other credit losses	22.2	227	(3,750,839)	(4,946,055)
Net loans and advances to customers			110,866,909	85,963,874

Further analysis on loans and receivables to customers is given in Note 47 on page 270 (Financial Risk Management).



22.1.1 Loans and advances to customers

As at 31 March	Note	Page No.	2025 Rs.000	2024 Rs.000
Short-term loans			3,325,254	2,235,774
Term and vehicle loans			24,100,660	12,934,041
Staff loans			621,483	528,083
Gold-related lending			22,562,301	16,486,801
Credit card			2,069,166	1,536,042
Gross loans and advances to customers			52,678,864	33,720,741
Less: Allowance for impairment and other credit losses	22.2	227	(1,179,433)	(1,164,893)
Net loans and advances to customers			51,499,431	32,555,848

22.1.2 Finance lease receivables

As at 31 March	Note	Page No.	2025 Rs.000	2024 Rs.000
Gross investment in finance leases				
Receivable within one year			31,027,586	27,946,364
Receivable after one year before five years			48,896,696	47,945,935
Receivable after five years			3,952	372,043
Total finance lease receivables			79,928,234	76,264,342
Unearned finance income			(18,058,519)	(19,146,691)
Gross finance lease receivables			61,869,715	57,117,651
Less: Allowance for impairment and other credit losses	22.2	227	(2,506,621)	(3,755,465)
Net finance lease receivables			59,363,094	53,362,186

22.1.3 Hiring contracts

As at 31 March	Note	Page No.	2025 Rs.000	2024 Rs.000
Gross investment in hiring contracts			69,169	71,537
Less: Allowance for impairment and other credit losses	22.2	227	(64,785)	(25,697)
Net investment in hiring contracts			4,384	45,840

22.2 Allowance for impairment and other credit losses

Provision for Expected Credit Losses (ECL) as per SLFRS 9 – “Financial instruments”

As at 31 March 2025	Loans and advances Rs.000	Finance lease Rs.000	Hiring contracts Rs.000	Total Rs.000
Balance as at the beginning of the year	1,164,893	3,755,465	25,697	4,946,055
Charge/(Reversal) for the year	14,540	(1,248,844)	39,088	(1,195,216)
Balance as at the end of the year	1,179,433	2,506,621	64,785	3,750,839

As at 31 March 2024	Loans and advances Rs.000	Finance lease Rs.000	Hiring contracts Rs.000	Total Rs.000
Balance as at the beginning of the year	768,975	4,132,533	27,807	4,929,315
Charge/(Reversal) for the year	395,918	(377,068)	(2,110)	16,740
Balance as at the end of the year	1,164,893	3,755,465	25,697	4,946,055

Refer Note 47.A.I for more details on inputs, assumptions and techniques used for estimating ECL.

ECL stage wise provision movement

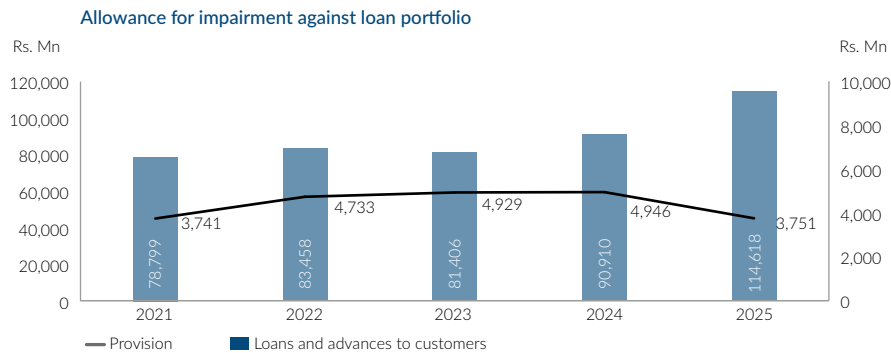
As at 31 March 2025	Stage 1: 12 months ECL Rs.000	Stage 2: lifetime ECL not credit impaired Rs.000	Stage 3: lifetime ECL redit impaired Rs.000	Total ECL Rs.000
Balance as at the beginning of the year	1,169,788	607,947	3,168,320	4,946,055
Changes due to loans and receivables recognised in opening balance that have:				
Transferred from 12 months ECL	(121,473)	98,583	22,890	-
Transferred from lifetime ECL not credit-impaired	152,371	(221,323)	68,952	-
Transferred from lifetime ECL credit-impaired	135,733	128,666	(264,399)	-
Net remeasurement of loss allowance	(989,313)	(355,652)	149,749	(1,195,216)
Balance as at the end of the year	347,106	258,221	3,145,512	3,750,839

NOTES TO THE FINANCIAL STATEMENTS

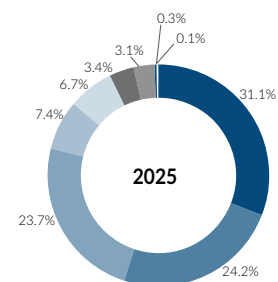
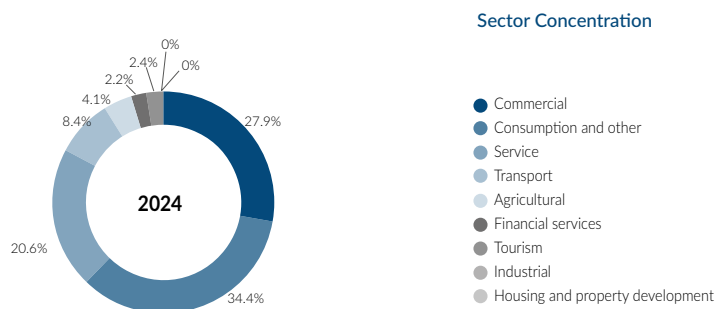
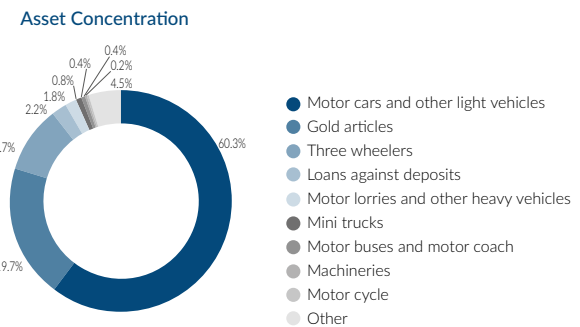
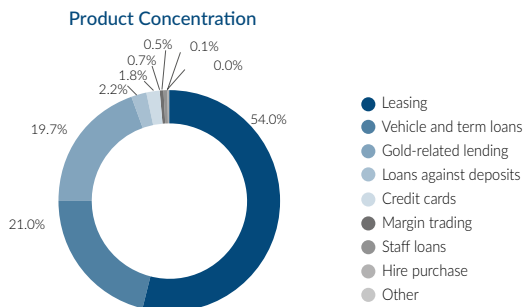
As at 31 March 2024

	Stage 1: 12 months ECL	Stage 2: lifetime ECL not credit impaired	Stage 3: lifetime ECL redit impaired	Total ECL
	Rs.000	Rs.000	Rs.000	Rs.000
Balance as at the beginning of the year	1,149,296	893,185	2,886,834	4,929,315
Changes due to loans and receivables recognised in opening balance that have:				-
Transferred from 12 months ECL	(311,908)	192,888	119,020	-
Transferred from lifetime ECL not credit-impaired	169,449	(428,523)	259,074	-
Transferred from lifetime ECL credit-impaired	95,305	68,398	(163,703)	-
Net remeasurement of loss allowance	67,646	(118,001)	67,095	16,740
Balance as at the end of the year	1,169,788	607,947	3,168,320	4,946,055

22.3 Allowance for impairment against loan portfolio



22.4 Analysis of loans and receivables to customers



23 Other investment securities

Accounting Policy

Other Investment securities comprise with debt investments measured at amortised cost and equity investments measured at FVOCI.

Recognition

Debt investment securities measured at amortised cost

Debt investments measured at amortised cost are initially measured at fair value plus incremental direct transaction costs.

Equity investment securities measured at FVOCI

Equity investments measured at FVOCI are initially measured at fair value plus incremental direct transaction costs.

Measurement

Debt investments measured at amortised cost

Debt investments subsequently measured at their amortised cost using the effective interest method.

The Company recognises loss allowances for ECLs on assets subsequently measured at amortised cost. Company measures loss allowance at an amount equal to life time ECL, except financial investments that are determined to have low credit risk at the reporting date. Refer Note 2.12 for further details on ECL policy.

Equity investments at FVOCI

The Company elects to present in OCI changes in the fair value of certain investments in equity instruments that are not FVTPL. The election is made on an instrument-by-instrument basis on initial recognition and is irrevocable.

Gains and losses on such equity instruments are never reclassified to profit or loss and no impairment is recognised in profit or loss. Dividends are recognised in profit or loss unless they clearly represent a recovery part of the cost of the investment, in which case they are recognised in OCI. Cumulative gains and losses recognised in OCI are transferred to retained earnings on disposal of an investment.

Classification of financial assets is given in note 16 on page 210.

No impairment loss is recognised on equity investments classified quoted under FVOCI.

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March	Note	Page No.	2025 Rs.000	2024 Rs.000
Debt investments measured at amortised cost	23.1	230	6,752,815	5,169,885
Unquoted equity investments measured at FVOCI	23.2	230	37,910	124
Quoted equity investments measured at FVOCI	23.3	231	2,707,357	1,956,733
Total other investment securities			9,498,082	7,126,742

Maturity analysis of other investment securities is given in Note 47.

23.1 Debt investments measured at amortised cost

As at 31 March	Note	Page No.	2025 Rs.000	2024 Rs.000
Treasury Bills			6,031,187	5,028,838
Unit trusts			141,898	141,047
Securitization			52,305	-
Commercial Paper			527,425	-
Debt investments measured at amortised cost			6,752,815	5,169,885

23.2 Unquoted equity investments measured as at FVOCI

As at 31 March 2025	Number of shares	Cost at acquisition Rs.000	Cost Rs.000	Carrying amount Rs.000	Fair value Rs.000
Unquoted shares					
Middleway Limited – Ordinary shares*	416,455	4,165	4,165	-	-
Middleway Limited – Preference shares*	2,050,000	20,500	20,500	-	-
Credit Information Bureau of Sri Lanka (CRIB)	100	124	124	124	124
National Credit Guarantee Institution Limited	3,778,603	-	-	37,786	37,786
Total unquoted equity investments		24,789	24,789	37,910	37,910
As at 31 March 2024					
	Number of shares	Cost at acquisition Rs.000	Cost Rs.000	Carrying amount Rs.000	Fair value Rs.000
Unquoted shares					
Middleway Limited – Ordinary shares*	416,455	4,165	4,165	-	-
Middleway Limited – Preference shares*	2,050,000	20,500	20,500	-	-
Credit Information Bureau of Sri Lanka (CRIB)	100	124	124	124	124
National Credit Guarantee Institution Limited	10	-	-	-	-
Total unquoted equity investments		24,789	24,789	124	124

*These unquoted investments were fully impaired

23.3 Quoted equity investments measured as at FVOCI

As at 31 March 2025	Sector as per CSE classification	No of shares	Market price	Market value	Cost of the investment	Mark to market gain/(loss)
			Rs.	Rs.000	Rs.000	Rs.000
Commercial Bank PLC - Voting	Banks	475,892	147.50	70,194	71,830	(1,636)
National Development Bank PLC - Voting	Banks	66,787	107.00	7,146	8,647	(1,501)
Hatton National Bank PLC - Non Voting	Banks	340,352	255.25	86,875	89,227	(2,352)
Access engineering PLC - Voting	Capital Goods	536,099	38.50	20,640	20,982	(342)
Vallibel One PLC- Voting	Capital Goods	663,062	58.90	39,054	37,759	1,295
Teejay Lanka PLC- Voting	Consumer Durables	907,264	51.00	46,270	49,793	(3,523)
John Keels Hotels PLC - Voting	Consumer Services	500,000	20.20	10,100	8,882	1,218
Marawila Resorts PLC - Voting	Consumer Services	100,000	6.80	680	702	(22)
John Keels Holdings PLC - Voting	Diversified Holdings	2,100,000	20.20	42,420	48,204	(5,784)
Aitken Spence PLC - Voting	Diversified Holdings	404,276	127.75	51,646	57,451	(5,805)
Hayleys PLC - Voting	Diversified Holdings	257,778	137.00	35,316	32,858	2,458
Lanka IOC PLC - Voting	Energy	150,000	127.00	19,050	17,338	1,712
Panasian Power PLC - Voting	Energy	119,281	6.90	823	1,025	(202)
SMB Leasing PLC - Voting	Finance	2,287,965	0.60	1,373	1,851	(478)
LOLC Finance PLC - Voting	Finance	3,000,000	5.90	17,700	21,842	(4,142)
Melstacorp PLC - Voting	Food Beverage & Tobacco	24,802	127.00	3,150	2,145	1,005
Ceylon Cold Stores PLC - Voting	Food Beverage & Tobacco	94,737	82.00	7,768	7,759	9
Browns Investments PLC - Voting	Food Beverage & Tobacco	2,000,000	7.30	14,600	17,999	(3,399)
Ceylon Tea Brokers PLC - Voting	Food Beverage & Tobacco	560,611	6.40	3,588	3,949	(361)
Ceylinco Holdings PLC - Voting	Insurance	682,464	3,038.25	2,073,373	1,550,605	522,768
Lanka Aluminium Industries PLC - Voting	Materials	495,528	34.10	16,898	18,810	(1,912)
Kalani Cables PLC - Voting	Materials	25,000	519.50	12,988	12,274	714
Haycarb PLC - Voting	Materials	349,223	82.10	28,671	30,171	(1,500)
Dipped Products PLC - Voting	Materials	316,868	55.00	17,428	19,217	(1,789)
Swisstek (Ceylon) PLC - Voting	Materials	770,759	46.60	35,917	32,592	3,325
Prime Lands Residencies PLC - Voting	Real Estate	1,000,000	11.70	11,700	13,357	(1,657)
R I L Property PLC - Voting	Retailing	2,118,500	15.10	31,989	31,886	103
Total equity investments				2,707,357	2,209,155	498,202

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As at 31 March 2024	Sector as per CSE classification	No of shares	Market price	Market value	Cost of the investment	Mark to market gain/(loss)
			Rs.	Rs.000	Rs.000	Rs.000
Hatton National Bank PLC - Voting	Banks	165,000	180.00	29,700	28,766	934
ACL Cables PLC - Voting	Capital Goods	450,000	84.10	37,845	38,232	(387)
John Keels Holdings PLC - Voting	Capital Goods	250,000	194.00	48,500	47,208	1,292
Hemas Holdings PLC-Voting	Capital Goods	538,359	80.40	43,284	38,005	5,279
Hayleys PLC-Voting	Capital Goods	479,536	82.10	39,370	43,123	(3,753)
Royal Ceramics Lanka PLC - Voting	Capital Goods	130,000	31.10	4,043	3,768	275
Richard Pieris and Company PLC - Voting	Capital Goods	149,641	20.50	3,068	3,134	(66)
Vallibel One PLC- Voting	Capital Goods	20,100	50.50	1,015	1,016	(1)
Hayleys Fabric PLC-Voting	Consumer Durables	200,000	41.10	8,220	8,696	(476)
Teejay Lanka PLC- Voting	Consumer Durables	639,091	37.60	24,030	21,698	2,332
John Keels Hotels PLC - Voting	Consumer Services	393,426	18.60	7,318	8,444	(1,126)
LOLC Holdings PLC- Voting	Diversified Financials	15,002	397.50	5,963	5,626	337
Lanka IOC PLC-Voting	Energy	325,000	116.75	37,944	55,738	(17,794)
Melstacorp PLC - Voting	Food Beverage & Tobacco	65,426	88.00	5,757	5,882	(125)
Sunshine Holdings PLC - Voting	Food Beverage & Tobacco	220,693	59.50	13,131	11,758	1,373
Lanka Milk Foods (CWE) PLC - Voting	Food Beverage & Tobacco	250,047	27.20	6,801	6,605	196
Ceylinco Holdings PLC - Voting	Insurance	682,464	2,272.07	1,550,604	1,497,885	52,719
CIC Holdings PLC - Voting	Materials	700,000	70.50	49,350	49,812	(462)
CIC Holdings PLC - Non Voting	Materials	444,429	52.50	23,333	22,470	863
Tokyo cement company (lanka) PLC - Voting	Materials	232,595	51.50	11,979	11,251	728
Swisstek (Ceylon) PLC - Voting	Materials	286,803	19.10	5,478	5,229	249
Total equity investments				1,956,733	1,914,346	42,387

The company designated the investments shown above as equity securities of FVOCI because these equity securities represent investments that the Company intends to hold for a long term for a strategic purpose. The cumulative gain amounted to Rs. 126 Mn from the disposal of investments has been transferred to retain earnings as disclosed in the changes in equity. Refer Note 38.3.

24 Investment properties

Accounting Policy

Recognition

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 recognised if it is probable that future economic benefits that are associated with the investment property will flow to the Company and cost of the investment property can be reliably measured.

Measurement

Investment properties are initially measured at its cost and transaction costs shall be included in the initial measurement. Subsequent to the initial recognition the investment properties are stated at cost model which is in accordance with LKAS 16 – "Property, Plant and Equipment".

Depreciation is provided on a straight-line basis over the estimated life of the class of asset from the date of purchase up to the date of disposal. The land is non-depreciated. Accordingly, land classified as investment properties are stated at cost less any accumulated impairment losses.

However entity measure the fair value of investment property for the purpose of disclosure and the Company obtain a valuation by an independent valuer who holds recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

Transfers to/from investment properties

Transfers to, or from, investment property shall be made when, and only when, there is a change in use, evidenced by commencement of owner occupation, for a transfer from investment property to owner occupied property, commencement of development with a view to sale, for a transfer from investment property to inventories, end of owner occupation, for a transfer from owner-occupied property to investment property; or commencement of an operating lease to another party, for a transfer from inventories to investment property.

When the use of property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified as investment property.

Any gain arising on remeasurement is recognised in Statement of Profit or Loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in Other Comprehensive Income and presented in revaluation reserve in equity. Any loss is recognised immediately in the Statement of Profit or Loss.

Derecognition

An investment property shall be derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal.

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As at 31 March	2025			2024		
	Land Rs.000	Building Rs.000	Total Rs.000	Land Rs.000	Building Rs.000	Total Rs.000
Cost/Valuation						
Balance as at the beginning of the year	464,090	70,910	535,000	464,090	70,910	535,000
Additions during the year	31,000	-	31,000	-	-	-
Balance as at the end of the year	495,090	70,910	566,000	464,090	70,910	535,000
Accumulated depreciation						
Balance as at the beginning of the year	-	-	-	-	-	-
Charged during the year	-	7,909	7,909	-	-	-
Balance as at the end of the year	-	7,909	7,909	-	-	-
Carrying value						
Balance as at the end of the year	495,090	63,001	558,091	464,090	70,910	535,000

In the financial year 2025, the Company acquired property situated at No. 28, Kandy Road, Nittambuwa.

24.1 Information on investment properties

Location	Land Extent	Number of Building	Building Area	Cost	Fair value 2025	Fair value 2024
	Perch		Sqft.	Rs.000	Rs.000	Rs.000
No. 79/81, Colombo Street, Kandy	17.56	1	8,580	535,000	540,000	540,000
No. 28, Kandy Road, Nittambuwa	12.12	-	-	31,000	30,960	-

24.2 Information on investment properties – Valuations

The Company engages independent professional valuer for revaluation of its investment property and the valuation is carried out every financial year.

Valuation of investment property of the Company was carried out by A. R. Ajith Fernando (FRICS), Chartered Valuation Surveyor, BSc Estate Management (London), Diploma in Valuation (SL). Comparison method of valuation has been used for the valuations. Investment property is considered under Level 3 of fair value hierarchy.

Name of Professional Valuer/Location and Address	Method of Valuation and Significant Unobservable Inputs Rs.000	Range of Estimates for Unobservable Inputs	Fair Value of the Investment Property Rs.000
A. R. Ajith Fernando No. 79/81, Colombo Street, Kandy.	Profit method DRD method Prince per perch	Rs. 22,000,000 per perch	540,000
A. R. Ajith Fernando No. 28, Kandy Road, Nittambuwa.	Profit method DRD method Prince per perch	Rs. 3,000,000 per perch	30,960

24.3 Valuation Techniques and Sensitivity of the Fair Value Measurement of the Investment Properties

Valuation Technique	Method of Valuation and Significant Unobservable Inputs Rs.000	Range of Estimates for Unobservable Inputs
Profit method This method considers converts future amounts (cash flows or income and expenses) to a single current (discounted) amount, reflecting current market expectations about those future amounts.	Price per perch for land	Estimated fair value would increase/ (decrease) if; price per perch for land would increase/ (decrease)
DRC method This method reflects the amount that would be required currently to replace the service capacity of the asset.		

There were no restrictions on the realisability of investment property as at the reporting date.

There were no income or expense recognised in the statement of profit or loss during the year.

25 Property, plant and equipment

Accounting Policy

Property, plant and equipment are tangible items that are held for use in the production or supply of goods or services, for rental to others or for administrative purposes and are expected to be used during more than one period.

Recognition

Property, plant and equipment are recognised if it is probable that future economic benefits associated with the assets will flow to the Company and cost of the asset can be reliably measured.

Measurement

An item of property, plant and equipment that qualifies for recognition as an asset is initially measured at its cost. Cost includes expenditure that is directly attributable to the acquisition of the asset and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of self-constructed assets includes the cost of materials and 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. Purchased software that is integral to the functionality of the related equipment is capitalised as part of computer equipment.

Cost model

The Company applies cost model to property, plant and equipment except for freehold land and records at cost of purchase or construction together with any directly attributable expenses thereon less accumulated depreciation and any accumulated impairment losses.

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Revaluation model

The Company applies the revaluation model to the freehold land. Revaluation is performed frequently and if material value difference is observed such difference is taken to revaluation reserve. Such properties are carried at a revalued amount, being their fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Freehold land of the Company is revalued to ensure that the carrying amounts do not differ materially from the fair values at the reporting date. On revaluation of an asset, any increase in the carrying amount is recognised in other comprehensive income and accumulated in equity, under capital reserve or used to reverse a previous revaluation decrease relating to the same asset, which was charged to the Statement of Profit or Loss. In this circumstance, the increase is recognised as income to the extent of the previous write down. Any decrease in the carrying amount is recognised as an expense in the Statement of Profit or Loss or debited in the Other Comprehensive Income to the extent of any credit balance existing in the capital reserve in respect of that asset. The decrease recognised in Other Comprehensive Income reduces the amount accumulated in equity under capital reserves.

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.

Company revalued all of its freehold land as at 31 March 2025. Method and significant assumptions including unobservable market inputs employed in estimating fair value is given in Note 25.1.

Based on the management assessment, there were indications to identify significant fair value changes as at 31 March 2025 hence the Company has performed an external independent valuation to determine the fair value of the freehold land as at 31 March 2025.

Subsequent cost

The subsequent cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within that part will flow to the Company and its cost can be reliably measured. The carrying amount of those parts that are replaced is derecognised. The costs of day-to-day servicing of property, plant and equipment are charged to the Statement of Profit or Loss as incurred. Costs incurred in using or redeploying an item are not included under carrying amount of an item.

Derecognition

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment is included in Statement of Profit or Loss when the item is derecognised. When replacement costs are recognised in the carrying amount of an item of property, plant and equipment, the remaining carrying amount of the replaced part is derecognised. Major inspection costs are capitalised. At each such capitalisation, the remaining carrying amount of the previous cost of inspections is derecognised.

Useful life time of property, plant and equipment

The Company reviews the residual values, useful lives and method of depreciation of property, plant & equipment at each reporting date. Judgement of the management is exercised in the estimation of these values, rates, methods and hence they are subject to uncertainty.

Capital work-in-progress

Capital work-in-progress is stated at cost less any accumulated impairment losses. These are expenses of a capital nature directly incurred in the construction of buildings, major plant and machinery and system development, awaiting capitalisation. Capital work-in-progress would be transferred to the relevant asset when it is available for use i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset have been capitalised as part of the cost of the asset in accordance with LKAS 23 – “Borrowing Costs”.

A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use are completed.

Impairment of property, plant and equipment

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU subject to an operating segment ceiling test. The Company's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGUs to which the corporate asset is allocated. Impairment losses are recognised in Statement of Profit or Loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amount of the other assets in the CGU on a pro rata basis. Assets impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

	Land	Buildings	Furniture and fittings	Computer equipment	Office equipment	Motor vehicles	Capital work in Progress	Total
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Cost/Valuation								
Balance as at 1 April 2024	2,184,250	829,974	1,196,438	717,534	343,361	346,598	58,003	5,676,158
Additions during the year	72,384	3,883	185,013	10,923	70,207	523,984	-	866,394
Disposal during the year	-	-	-	-	-	(36,022)	-	(36,022)
Revaluation during the year	691,061	-	-	-	-	-	-	691,061
Balance as at 31 March 2025	2,947,695	833,857	1,381,451	728,457	413,568	834,560	58,003	7,197,591
Accumulated depreciation								
Balance as at 1 April 2024	-	156,894	956,857	631,162	268,622	260,581	-	2,274,116
Charged during the year	-	20,823	90,480	43,402	25,621	121,494	-	301,820
Disposal during the year	-	-	-	-	-	(36,022)	-	(36,022)
Balance as at 31 March 2025	-	177,717	1,047,337	674,564	294,243	346,053	-	2,539,914
Carrying value								
Balance as at 31 March 2025	2,947,695	656,140	334,114	53,893	119,325	488,507	58,003	4,657,677

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	Land Rs.000	Buildings Rs.000	Furniture and fittings Rs.000	Computer equipment Rs.000	Office equipment Rs.000	Motor vehicles Rs.000	Capital work in Progress Rs.000	Total Rs.000
Cost/Valuation								
Balance as at 1 April 2023	2,184,250	819,767	1,051,141	695,153	308,323	355,457	57,991	5,472,082
Additions during the year	-	10,207	145,297	22,381	35,038	17,200	12	230,135
Disposal during the year	-	-	-	-	-	(26,059)	-	(26,059)
Balance as at 31 March 2024	2,184,250	829,974	1,196,438	717,534	343,361	346,598	58,003	5,676,158
Accumulated depreciation								
Balance as at 1 April 2023	-	136,183	877,332	586,588	249,079	240,835	-	2,090,017
Charged during the year	-	20,711	79,525	44,574	19,543	43,422	-	207,775
Disposal during the year	-	-	-	-	-	(23,676)	-	(23,676)
Balance as at 31 March 2024	-	156,894	956,857	631,162	268,622	260,581	-	2,274,116
Carrying value								
Balance as at 31 March 2024	2,184,250	673,080	239,581	86,372	74,739	86,017	58,003	3,402,042

Maturity analysis of property, plant and equipment given in Note 45 on page 266.

25.1 Revalued properties

The fair values of property, plant and equipment were determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued.

Details of the revalued properties is as follows:

Property as at 31 March 2025	Extent (Perches)	Date of valuation	Effective date	Rs.000
Land - No. 123, Orabipasha Mawatha, Colombo 10	85.2	31-Mar-25	31-Mar-25	1,491,000
Land - No. 40, Sri Sangaraja Mawatha, Colombo 10	4	31-Mar-25	31-Mar-25	68,000
Land - No. 377/2, Kandy Road, Mahara, Kadawatha	39	31-Mar-25	31-Mar-25	163,800
Land - No. 79, Mihindu Mawatha, Kadawatha	76	31-Mar-25	31-Mar-25	152,000
Land - Madapatha, Piliyandala Lot 1A	11.85	31-Mar-25	31-Mar-25	17,775
Land - Madapatha, Piliyandala Lot X	11	31-Mar-25	31-Mar-25	13,200
Land - No. 119, Galle Road, Moratuwa	5.2	31-Mar-25	31-Mar-25	32,240
Land - No. 79, Colombo Road, Kurunegala	25.1	31-Mar-25	31-Mar-25	283,200
Land - No. 63, Ananda Coomaraswamy Mawatha, Colombo 03	29	31-Mar-25	31-Mar-25	638,000
Land - No. 572, Dalupitiya Road, Mahara	31.6	31-Mar-25	31-Mar-25	88,480
				2,947,695

Valuer	Valuation technique	Significant unobservable inputs	Sensitivity
Land – No. 123, Orabipasha Mawatha, Colombo 10			
A R Ajith Fernando (FRICS), Chartered Valuation Surveyor, BSc Estate Management (London), Diploma in Valuation (SL)	Market Comparable Method*	The reference rage of value for the properties in the area range from Rs. 17,000,000/- to Rs. 18,000,000/- per perch.	Estimated fair value would increase if the market value of the per perch land value increases.
Land – No. 40, Sri Sangaraja Mawatha, Colombo 10			
A R Ajith Fernando (FRICS), Chartered Valuation Surveyor, BSc Estate Management (London), Diploma in Valuation (SL)	Market Comparable Method*	The reference rage of value for the properties in the area range from Rs. 15,000,000/- to Rs. 17,000,000/- per perch.	Estimated fair value would increase if the market value of the per perch land value increases.
Land – No. 377/2, Kandy Road, Mahara, Kadawatha			
A R Ajith Fernando (FRICS), Chartered Valuation Surveyor, BSc Estate Management (London), Diploma in Valuation (SL)	Market Comparable Method*	The reference rage of value for the properties in the area range from Rs. 4,000,000/- to Rs. 4,500,000/- per perch.	Estimated fair value would increase if the market value of the per perch land value increases.
Land – No. 79, Mihindu Mawatha, Kadawatha			
A R Ajith Fernando (FRICS), Chartered Valuation Surveyor, BSc Estate Management (London), Diploma in Valuation (SL)	Market Comparable Method*	The reference rage of value for the properties in the area range from Rs. 1,500,000/- to Rs. 2,000,000/- per perch.	Estimated fair value would increase if the market value of the per perch land value increases.
Land – Madapatha Lot 1A, Piliyandala			
A R Ajith Fernando (FRICS), Chartered Valuation Surveyor, BSc Estate Management (London), Diploma in Valuation (SL)	Market Comparable Method*	The reference rage of value for the properties in the area range from Rs. 1,300,000/- to Rs. 1,600,000/- per perch.	Estimated fair value would increase if the market value of the per perch land value increases.
Land – Madapatha Lot X, Piliyandala			
A R Ajith Fernando (FRICS), Chartered Valuation Surveyor, BSc Estate Management (London), Diploma in Valuation (SL)	Market Comparable Method*	The reference rage of value for the properties in the area range from Rs. 1,100,000/- to Rs. 1,300,000/- per perch.	Estimated fair value would increase if the market value of the per perch land value increases.
Land – No. 119, Galle Road, Moratuwa			
A R Ajith Fernando (FRICS), Chartered Valuation Surveyor, BSc Estate Management (London), Diploma in Valuation (SL)	Market Comparable Method*	The reference rage of value for the properties in the area range from Rs. 6,000,000/- to Rs. 6,500,000/- per perch.	Estimated fair value would increase if the market value of the per perch land value increases.
Land – No. 79, Colombo Road, Kurunegala			
A R Ajith Fernando (FRICS), Chartered Valuation Surveyor, BSc Estate Management (London), Diploma in Valuation (SL)	Market Comparable Method*	The reference rage of value for the properties in the area range from Rs. 10,000,000/- to Rs. 12,000,000/- per perch.	Estimated fair value would increase if the market value of the per perch land value increases.

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Valuer	Valuation technique	Significant unobservable inputs	Sensitivity
Land - No. 63, Ananda Coomaraswamy Mawatha, Colombo 03			
A R Ajith Fernando (FRICS), Chartered Valuation Surveyor, BSc Estate Management (London), Diploma in Valuation (SL)	Market Comparable Method*	The reference rage of value for the properties in the area range from Rs. 21,000,000/- to Rs. 22,000,000/- per perch.	Estimated fair value would increase if the market value of the per perch land value increases.
Land - No. 572, Dalupitiya Road, Mahara			
A R Ajith Fernando (FRICS), Chartered Valuation Surveyor, BSc Estate Management (London), Diploma in Valuation (SL)	Market Comparable Method*	The reference rage of value for the properties in the area range from Rs. 2,500,000/- to Rs. 3,000,000/- per perch.	Estimated fair value would increase if the market value of the per perch land value increases.

*Market Comparable Method - Valuation of the property have been arrived at with reference prevailing land sales and in the area adjusted for the specific conditions of the above property.

Valuer has been selected with reference to the "guideline on property, plant and equipment and biological assets valuation" for the purpose of financial reporting issued by CA Sri Lanka.

25.2 Cost of the revalued properties

Property as at 31 March 2025	Cost Rs.000
Land - No. 123, Orabipasha Mawatha, Colombo 10	196,628
Land - No. 40, Sri Sangaraja Mawatha, Colombo 10	31,308
Land - No. 377/2, Kandy Road, Mahara, Kadawatha.	15,234
Land - No. 79, Mihindu Mawatha, Kadawatha.	23,000
Land - Madapatha, Piliyandala Lot 1A	1,635
Land - Madapatha, Piliyandala Lot X	1,528
Land - No. 119, Galle Road, Moratuwa	15,600
Land - No. 79, Colombo Road, Kurunegala	181,999
Land - No. 63, Ananda Coomaraswamy Mawatha, Colombo 03	634,467
Land - No. 572, Dalupitiya Road, Mahara	72,384
Total cost of the revalued properties	1,173,783

Above table includes the original cost of the properties which carries at revalued amounts as at 31 March 2025.

25.3 Title restriction on property, plant and equipment

There were no restrictions existed on the title of the property, plant and equipment of the Company as at the reporting date

25.4 Compensation from third parties for property, plant and equipment

There were no compensation received or pending for property plant and equipment as at the reporting date.

25.5 Fully depreciated property, plant and equipment

The Company is having Rs. 1,855 Mn fully depreciated assets available within the Company as at the reporting date. (2024 - 1,653 Mn)

25.6 Temporary idle property, plant and equipment

There were no any temporary idle property, plant and equipment as at the reporting date.

25.7 Property, plant and equipment retired from active use

There were no property plant and equipment retired from active use as at the reporting date.

25.8 Borrowing cost

There were no capitalised borrowing cost related to the acquisition of property, plant and equipment during the year.

25.9 Number of buildings in lands held by the Company

There are five buildings in the following lands, held by the Company

- Land - No. 123, Orabipasha Mawatha, Colombo 10
- Land - No. 79, Mihindu Mawatha, Kadawatha
- Land - No. 377/2, Kandy Road, Mahara, Kadawatha
- Land - No. 119, Galle Road, Moratuwa
- Land - No. 79, Colombo Road, Kurunegala

NOTES TO THE FINANCIAL STATEMENTS

26 Right-of-use assets/ lease liabilities

Accounting Policy

At inception of a contract, the Company 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 Company uses the definition of a lease in SLFRS 16.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Company 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 Company has elected not to separate non lease components and account for the lease and non lease components as a single lease component.

The Company 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 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 Company by the end of the lease term or the cost of the right of use asset reflects that the Company 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 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 Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments 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 Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company 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 Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company 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 profit or loss 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 Company has elected not to recognise right of use assets and lease liabilities for leases of low value assets and short term leases, including IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight line basis over the lease term.

Presentation

As per SLFRS 16 Right-of-use assets are either presented separately from other assets on the balance sheet or disclosed separately in the notes. Similarly, lease liabilities are either presented separately from other liabilities on the balance sheet or disclosed separately in the notes.

The Company has elected to present Right-of-use assets separately from other assets on the Statement of financial position. Similarly, lease liabilities are presented separately from other liabilities on the Statement of financial position. Depreciation expense and interest expense cannot be combined in the income statement. In the cash flow statement, principal payments on the lease liability are presented within financing activities; interest payments are presented based on an accounting policy election in accordance with LKAS 7 Statement of Cash Flows.

26.1 Right-of-use assets movement during the year

As at 31 March	Note	Page No.	2025 Rs.000	2024 Rs.000
Cost				
Balance as at the beginning of the year			1,761,652	1,488,058
Additions and improvements during the year			237,790	273,594
Disposals during the year			(425)	-
Balance as at the end of the year			1,999,017	1,761,652
Rent paid in advance			31,165	31,562
Total			2,030,182	1,793,214
Accumulated depreciation				
Balance as at the beginning of the year			880,911	705,525
Charge during the year			193,430	175,386
Balance as at the end of the year			1,074,341	880,911
Carrying value				
Total Right-of-use assets			955,841	912,303

26.2 Lease liabilities movement during the year

As at 31 March	Note	Page No.	2025 Rs.000	2024 Rs.000
Balance as at 1 April			912,177	832,102
Additions and improvements during the year			185,043	197,604
Disposals during the year			(262)	-
Accretion of interest during the year			144,020	121,891
Payments during the year			(258,977)	(239,420)
Balance as at 31 March			982,001	912,177

NOTES TO THE FINANCIAL STATEMENTS

26.3 Amounts recognised in profit or loss

For the year ended 31 March	Note	Page No.	2025 Rs.000	2024 Rs.000
Depreciation of Right-of-use assets			193,430	175,386
Interest on lease liabilities			144,020	121,891
Total cost recognised in profit or loss			337,450	297,277

26.4 Amounts recognised in statement of cash flows

For the year ended 31 March	Note	Page No.	2025 Rs.000	2024 Rs.000
Total cash outflow for leases			(258,977)	(239,420)

26.5 Maturity analysis – Contractual undiscounted cash flows

As at 31 March	Note	Page No.	2025 Rs.000	2024 Rs.000
Less than one year			259,177	242,820
Between one and five years			873,962	837,677
More than five years			438,555	431,001
Total undiscounted cash flows			1,571,694	1,511,498

27 Intangible assets

Accounting Policy

An intangible asset is an identifiable non-monetary asset without physical substance held for use in the production or supply of goods or services, for rental to others or for administrative purposes.

Recognition

An intangible asset is recognised if it is probable that the future economic benefits that are attributable to the asset will flow to the entity and the cost of the assets can be measured reliably. An intangible asset is initially measured at cost.

Computer software

All computer software costs incurred, licensed for use by the Company, which are not integrally related to associated hardware, which can be clearly identified, reliably measured and its probable that they will lead to future economic benefits, are included in the Statement of Financial Position under the category Intangible Assets and carried at cost less accumulated amortisation and any accumulated impairment losses.

a) Subsequent expenditure

Expenditure incurred on software is capitalised only when it is probable that this expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standard of performance and this expenditure can be measured and attributed to the asset reliably. All other expenditure is expensed as incurred.

b) Amortisation

Intangible assets are amortised on a straight-line basis in the Statement of Profit or Loss from the date when the asset is available for use, over the best estimate of its useful economic life based on a pattern in which the asset's economic benefits are consumed by the Company. The estimated useful life of software is eight years. Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Derecognition

An intangible asset shall be derecognised on disposal; or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an intangible asset shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset. It shall be recognised in profit or loss when the asset is derecognised.

As at 31 March	Note	Page No.	2025 Rs.000	2024 Rs.000
Cost				
Balance as at the beginning of the year			568,406	476,658
Additions and improvements during the year			82,754	91,748
Balance as at the end of the year			651,160	568,406
Accumulated depreciation				
Balance as at the beginning of the year			259,853	210,967
Charge during the year			57,837	48,886
Balance as at the end of the year			317,690	259,853
Carrying value				
Balance as at the end of the year			333,470	308,553

Intangible assets comprise computer software and licenses acquired by the Company to be used in its operation.

There is no restrictions on the title of the intangible assets of the Company as at the reporting date. Further, there were no items pledged as securities. There were no capitalised borrowing cost during the financial year.

As at the reporting date, the Company does not have development costs capitalised as an internally-generated intangible assets and no software under development.

The Company is having Rs. 122 Mn. fully depreciated assets available within the Company as at the reporting date. (2024 - 111 Mn)

Maturity analysis of intangible assets is given in Note 45 on page 266.

28 Goodwill on amalgamation

Accounting Policy

Goodwill on amalgamation

The results of amalgamation of two entities under common control are economically the same before and after the amalgamation as the amalgamated entity will have identical net assets. Accordingly Citizens Development Business Finance PLC continues to record carrying values including the remaining goodwill that resulted from the original acquisition of subsidiaries that has been consolidated since its acquisition.

Goodwill on consolidation

Goodwill is initially measured being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable asset acquired and liabilities assumed. Subsequent to initial recognition, Goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing goodwill acquired in a business combination is allocated to each of the Company's cash-generating units that are expected to benefit from the combination irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Impairment test for goodwill on amalgamation

Goodwill shall be tested for impairment annually, and whenever there is an indication that the unit may be impaired, by comparing the carrying amount of the unit, including the goodwill, with the recoverable amount. If the recoverable amount exceeds the carrying amount, the goodwill shall be regarded as not impaired. If the carrying amount exceeds the recoverable amount, the entity shall recognise the impairment loss.

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As at 31 March	Note	Page No.	2025 Rs.000	2024 Rs.000
Balance as at the beginning of the year			19,628	45,225
Impairment charge during the year			(19,628)	(25,597)
Balance as at the end of the year			-	19,628

28.1 Impairment test on goodwill

Goodwill acquired through business combination is tested for impairment annually as at the reporting date. For the purpose of impairment testing, amalgamated companies were considered as a separate cash-generating unit (CGU) and the recoverable amounts of the CGU have been calculated based on its value in use. The value in use is determined by discounting the future cash flows expected to be generated from the continuing use of the CGU. Impairment loss of Rs. 20 Mn recognised during 2024/25 as a result the recoverable amount has been reduced to zero.

29 Other assets

Accounting Policy

Other assets mainly comprise insurance premium receivable, insurance commission receivable, advance payments and inventory carried at historical cost.

Inventories

Inventories include mainly the vehicle inventory, gift items purchased for the savings value added scheme. Those inventories are valued at cost or net realisable value whichever is lower. The cost of an inventory is the purchase price. Net realisable value is the estimated realisable value less estimated cost necessary to make the sale.

As at 31 March	Note	Page No.	2025 Rs.000	2024 Rs.000
Insurance premium receivable and capitalised charges			2,208,563	2,461,706
Insurance referral income receivable			58,950	63,503
Unamortised cost on staff loans			197,028	126,341
Gift stock			3,399	5,862
Other stocks			305,008	813,422
Other receivables and advances			1,160,662	698,049
Gross other assets			3,933,610	4,168,883
Less : Allowance for impairment	29.1	246	(223,563)	(223,563)
Net other assets			3,710,047	3,945,320

Maturity analysis of other assets is given in Note 45 on page 266.

29.1 Allowance for impairment

As at 31 March	Note	Page No.	2025 Rs.000	2024 Rs.000
Balance as at the beginning of the year			223,563	223,563
Provision for impairment			-	-
Balance as at the end of the year			223,563	223,563

30 Due to banks and financial institutions

Accounting Policy

These represent borrowings from financial institutions, due to foreign institutions, securitisation, commercial papers and other borrowings. These facilities are initially recognised at fair value net of transaction cost. Subsequent to initial recognition borrowings are measured at their amortised cost using the effective interest method. Amortised cost is computed by taking into account any discount or premium identified at initial recognition which are an integral part of EIR. Interest paid/payable on these borrowings are recognised in profit or loss.

As at 31 March	Note	Page No.	2025 Rs.000	2024 Rs.000
Due to banks	30.1	247	21,128,075	16,402,796
Due to foreign institutional lenders	30.2	248	9,862,545	8,866,185
Securitisation	30.3	248	805,269	2,386,824
Bank overdraft			346,486	193,360
Total			32,142,375	27,849,165

Maturity analysis of other interest – bearing borrowings is given in Note 45 on page 266.

30.1 Due to banks

As at 31 March	Loan obtained Rs.000	2025 Rs.000	2024 Rs.000
Cargills Bank Limited - Term Loan	500,000	344,157	469,042
Commercial Bank - Term Loan	1,500,000	1,343,598	-
DFCC Bank PLC - Term Loan	750,000	212,377	362,265
DFCC Bank PLC - Short Term Loan	200,000	200,838	-
Hatton National Bank PLC - Term Loan 1	1,500,000	-	94,001
Hatton National Bank PLC - Term Loan 2	1,500,000	156,789	532,805
Hatton National Bank PLC - Term Loan 3	1,449,988	1,455,990	1,457,224
Hatton National Bank PLC - Term Loan 4	1,000,000	875,968	-
Hatton National Bank PLC - Short Term Loan 1	1,500,000	-	1,501,650
Hatton National Bank PLC - Short Term Loan 2	2,000,000	2,003,515	-
Hatton National Bank PLC - Short Term Loan 3	2,000,000	2,001,753	-
Nations Trust Bank PLC - Term Loan 1	1,000,000	-	332,344
Nations Trust Bank PLC - Term Loan 2	1,000,000	476,598	811,475
Nations Trust Bank PLC - Term Loan 3	9,600,000	7,917,473	9,289,436
Nations Trust Bank PLC - Term Loan 4	2,000,000	1,995,237	-
Nations Trust Bank PLC - Short Term Loan	200,000	200,843	-
Seylan Bank PLC - Term Loan 1	400,000	-	19,962
Seylan Bank PLC - Term Loan 2	1,500,000	-	175,512
Seylan Bank PLC - Term Loan 3	1,500,000	281,188	656,008
Seylan Bank PLC - Short Term Loan 1	200,000	200,678	-
Seylan Bank PLC - Short Term Loan 2	250,000	251,243	-
Nations Development Bank PLC - Term Loan 1	1,500,000	-	500,830
Union Bank of Colombo PLC - Term Loan 1	200,000	-	200,242
Union Bank of Colombo PLC - Term Loan 2	1,000,000	808,316	-
Union Bank of Colombo PLC - Short Term Loan 1	200,000	200,826	-
Union Bank of Colombo PLC - Short Term Loan 2	200,000	200,688	-
Total due to banks		21,128,075	16,402,796

Details of the assets pledged as security for liabilities are disclosed in Note 47.B.IV (Page 291) to these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

30.2 Due to foreign institutional lenders

As at 31 March	Loan obtained Rs.000	2025 Rs.000	2024 Rs.000
U.S. International Development Finance Corporation (DFC)	9,600,000	8,389,618	8,866,185
Micro, Small & Medium Enterprises Bonds S.A	1,468,000	1,472,927	-
Total due to foreign institutional lenders		9,862,545	8,866,185

30.3 Securitisation

As at 31 March	Face value Rs.000	Maximum period (Months)	Trustee	2025 Rs.000	2024 Rs.000	Security
SEC 01	1,241,084	24	NDB	542,282	1,327,641	Mortgage over lease and hire purchase receivables
SEC 02	535,000	24	NDB	262,987	569,237	Mortgage over lease and hire purchase receivables
SEC 03	465,000	24	NDB	-	489,946	Mortgage over lease and hire purchase receivables
	2,241,084			805,269	2,386,824	

30.4 Analysis of interest-bearing funding mix



30.5 Movement of Due to banks and financial institutions

As at 31 March	Note	Page No.	2025 Rs.000	2024 Rs.000
Balance as at 1 April			27,655,805	15,886,896
Amount borrowed during the year			24,317,988	33,503,858
Repayments during the year			(23,127,130)	(24,087,182)
Interest expense during the year			2,949,226	2,352,233
Sub total			31,795,889	27,655,805
Bank overdraft			346,486	193,360
Balance as at 31 March			32,142,375	27,849,165

31 Deposits from customers

Accounting Policy

These include savings deposits and term deposits. Customer deposits are initially recognised at fair value net of transaction cost. Subsequent to initial recognition deposits are measured at their amortised cost using the effective interest rate (EIR) method. Interest paid/payable on these deposits is recognised in the Statement of Profit or Loss.

As at 31 March	Note	Page No.	2025 Rs.000	2024 Rs.000
Term deposits			80,177,629	67,801,002
Savings deposits			3,886,196	3,180,897
Mudharabah			2,785,379	2,276,880
Total deposits from customers			86,849,204	73,258,779

Maturity analysis of deposits from customers is given in Note 45 on page 266 and pretermination of fixed deposits and renewal of fixed deposits may cause actual maturities differ from contractual maturities.

Deposit insurance scheme

As per the Direction No. 01 of 2010, Sri Lanka Deposit Insurance Scheme, which was effected from 1 October 2010 all licensed finance companies are required to pay an insurance premium calculated at the rate of 0.15% per annum payable monthly for all eligible deposits as at the end of the month. Eligible deposits includes all the time deposits held by CDB except for

- Deposit liabilities to member institutions
- Deposit liabilities to the Government of Sri Lanka inclusive of Ministries, Departments and Local Governments.
- Deposit liabilities to Directors, Key Management Personnel and other related parties as defined by the Finance Companies Act (Corporate Governance) Direction No. 03 of 2008.
- Deposit liabilities held as collateral against any accommodation granted.
- Deposits falling within the meaning of abandoned property in terms of the Finance Companies Act, Funds which have been transferred to the Central Bank of Sri Lanka in terms of the relevant directions issued by the Monetary Board.

32 Debt securities issued and subordinated debt

Accounting Policy

Debt securities issued include debentures and subordinated loans obtained issued by the Company. Subsequent to the initial recognition these are measured at amortised cost using EIR method in the Statement of Financial Position. Interest paid/payable (Effective interest rate method) on debt securities is recognised in the Statement of Profit or Loss.

As at 31 March	Note	Page No.	2025 Rs.000	2024 Rs.000
Listed debentures			-	1,118,738
Subordinated debt			6,969,330	1,669,600
Total debt securities issued and subordinated debt			6,969,330	2,788,338

Debt securities issued would be subordinated to the claims of depositors and all other creditors of the issuer in the event of the winding-up of the issuer. The subordinated debt instrument was issued in March 2021 with a maturity period of five years. During the year 2025, the subordinated debt instrument was issued with a maturity period of four years and five years.

The Company has not had any defaults of principal or interest or other breaches with respect to any subordinated liability during the year ended 31 March 2025. (2024 – Nil)

Maturity analysis of debt securities issued is given in Note 45 on page 266.

NOTES TO THE FINANCIAL STATEMENTS

32.1 Details of listed debentures issued

Debenture issue – 2019 December

Initial issue of five million (5,000,000) Subordinated, Unsecured, Listed, Redeemable, Rated (BBB) debentures at a price of Rs. 100/- each with the option to issue two million five hundred thousand (2,500,000) debentures in the event of an oversubscription of the initial issue.

As at 31 March	Face Value	Amortised cost		Allotment date	Maturity date	Term	Interest rate	Repayment term
	Rs.000	2025 Rs.000	2024 Rs.000					
						Years	%	
Issued in 2019 (December)								
Type A	387,900	-	403,264	10-Dec-19	09-Dec-24	5	13.43	Semi-annually
Type B	687,300	-	715,474	10-Dec-19	09-Dec-24	5	13.88	Annually
Total debt securities issued	1,075,200	-	1,118,738					

32.2 Utilisation of funds raised via capital market

Objective as per prospectus	Amount allocated as per prospectus in Rs.000	Proposed date of utilisation as per prospectus	Amount allocated from proceeds in Rs.000 (A)	Total proceeds %	Amounts utilised in Rs.000 (B)	Utilisation against Allocation (B/A) %
Issued in 2019 (December)						
* Supporting the general business growth opportunities of the Company	1,075,200	Within the next 12 months from the date of allotment	1,075,200	100	1,075,200	100
* Reduce the asset and liability mismatch						
* Strengthen the Tier II capital base						

Details of the asset pledged as security for liabilities are disclosed in note 47.B.IV financial assets available for future funding in risk managements note (page 291) to these financial statements.

32.3 Movement of debt securities issued and subordinated debt

As at 31 March	Note	Page No.	2025 Rs.000	2024 Rs.000
Balance as at 1 April			2,788,338	3,850,182
Amount borrowed during the year			5,000,000	-
Repayments during the year			(1,283,066)	(1,336,087)
Interest expenses during the year			464,058	274,243
Balance as at 31 March			6,969,330	2,788,338

33 Current tax liabilities

Accounting Policy

A provision is recognised if, as a result of past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Refer Note 13 on page 206 for more details on income tax expense.

The Company is subject to income taxes and other taxes including VAT on financial services.

As at 31 March	Note	Page No.	2025 Rs.000	2024 Rs.000
VAT on financial services			1,264,062	257,091
Advance income tax payable			32,390	35,946
Provision for income tax			1,466,376	879,181
Other taxes on financial services			188,112	117,344
Total current tax liabilities			2,950,940	1,289,562

Maturity analysis of current tax liabilities is given in Note 45 on page 266

33.1 Provision for income tax

As at 31 March	Note	Page No.	2025 Rs.000	2024 Rs.000
Balance as at the beginning of the year			879,181	844,069
Current tax for the year	13.1	207	1,822,380	1,107,372
Over provision in respect of prior years	13.1	207	130,765	-
Advance income tax setoff in respect of prior years			(35,716)	-
Self-assessment payment of tax	13.2	208	(1,330,234)	(1,072,260)
Balance as at the end of the year			1,466,376	879,181

34 Deferred tax liabilities

Accounting Policy

A provision is recognised if, as a result of past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Deferred taxation is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax base of assets and liabilities, which is the amount attributed to those assets and liabilities for tax purposes. Management judgements are required to determine the amount of deferred tax assets/liabilities that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Refer Note 13 for more details on taxation.

As at 31 March	Note	Page No.	2025 Rs.000	2024 Rs.000
Deferred tax liabilities	34.1	252	752,545	570,012
Deferred tax assets	34.1	252	(187,274)	(9,431)
Total net deferred tax liabilities			565,271	560,581

Maturity analysis of deferred tax asset and liabilities are given in Note 45 on page 266.

NOTES TO THE FINANCIAL STATEMENTS

34.1 Summary of net deferred tax liability

As at 31 March	2025		2024	
	Temporary difference	Tax effect	Temporary difference	Tax effect
	Rs.000	Rs.000	Rs.000	Rs.000

Deferred tax liabilities on:

Accelerated depreciation for tax purposes – owned assets	710,468	213,140	667,597	200,278
Accelerated depreciation for tax purposes – leased assets	6,344	1,903	115,296	34,589
Revaluation surplus	1,773,912	532,174	1,082,851	324,856
Expected credit losses on loans and receivables from customers	-	-	34,296	10,289
Hedge reserve	17,760	5,328	-	-
Total deferred tax liabilities	2,508,484	752,545	1,900,040	570,012

Deferred tax assets on:

Right-of-use assets	(26,160)	(7,848)	(31,436)	(9,431)
Expected credit losses on loans and receivables from customers	(598,088)	(179,426)	-	-
Total deferred tax assets	(624,248)	(187,274)	(31,436)	(9,431)
Net deferred tax liability	1,884,236	565,271	1,868,604	560,581

As at 31 March	2025			2024		
	Total movement	Effect on income statement	Effect on other comprehensive income	Total movement	Effect on income statement	Effect on other comprehensive income
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000

Net deferred tax liability as at 1 April	560,581	-	-	403,901	-	-
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Changes in net liability:

Accelerated depreciation for tax purposes – Owned assets	12,861	12,861	-	75,681	75,681	-
Accelerated depreciation for tax purposes – Leased assets	(32,685)	(32,685)	-	(106,225)	(106,225)	-
Right-of-use assets	1,583	1,583	-	5,441	5,441	-
Expected credit losses on loans and receivables from customers	(189,715)	(189,715)	-	108,365	108,365	-
Fair Value adjustment – Treasury Bond	-	-	-	73,418	-	73,418
Revaluation reserve	207,318	-	207,318	-	-	-
Derivative financial assets	5,328	-	5,328	-	-	-
Total effect on total comprehensive income	4,690	(207,956)	212,646	156,680	83,262	73,418
Net deferred tax liability as at 31 March	565,271			560,581		

35 Retirement benefit obligation

Accounting Policy

A provision is recognised if, as a result of past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Plan asset comprises the assets held by a long-term employee benefit fund that is legally separate from the reporting entity and exists solely to pay or fund employee benefits.

Refer Note 11.1 on page 203 for Company's policy on retirement benefit obligation/ asset.

As at 31 March 2025	Defined benefit obligation	Fair value of plan asset	Net defined benefit liability/(Asset)
	Rs.000	Rs.000	Rs.000
Balance as at the beginning of the year	1,321,295	1,254,876	66,419
Recognised in profit or loss			
Current service cost	122,044	-	122,044
Interest cost/Income	162,519	154,349	8,170
	284,563	154,349	130,214
Recognised in other comprehensive income			
Actuarial gain/loss	559,199	(8,058)	567,257
	559,199	(8,058)	567,257
Others			
Contributions made during the year	-	210,000	(210,000)
Benefits paid by the plan asset	(91,840)	(91,840)	-
	(91,840)	118,160	(210,000)
Balance as at the end of the year	2,073,217	1,519,327	553,890

As at 31 March 2024	Defined benefit obligation	Fair value of plan asset	Net defined benefit liability/(Asset)
	Rs.000	Rs.000	Rs.000
Balance as at the beginning of the year	955,220	1,286,534	(331,314)
Recognised in profit or loss			
Current service cost	76,637	-	76,637
Interest cost/Income	171,940	231,576	(59,636)
	248,577	231,576	17,001
Recognised in other comprehensive income			
Actuarial gain/(loss)	203,908	(201,824)	405,732
	203,908	(201,824)	405,732
Others			
Contributions made during the year	-	25,000	(25,000)
Benefits paid by the plan asset	(86,410)	(86,410)	-
	(86,410)	(61,410)	(25,000)
Balance as at the end of the year	1,321,295	1,254,876	66,419

Maturity analysis of retirement benefit obligation is given in Note 45 on page 266.

NOTES TO THE FINANCIAL STATEMENTS

35.1 Plan assets

Plan assets comprise the followings and all equity investments are quoted:

As at 31 March	Note	Page No.	2025 Rs.000	2024 Rs.000
Cash and cash equivalents			14,803	832
Quoted equity securities			989,205	571,706
Term deposits			259,954	430,255
Other financial assets			255,365	252,083
Total plan assets			1,519,327	1,254,876

35.2 Actuarial valuation

An actuarial valuation of the retirement benefit obligation was carried out as at 31 March 2025 and 31 March 2024 by Actuarial and Management Consultants (Private) Limited, a firm of professional actuaries. The valuation method used by the actuaries is the "Projected Unit Credit Method", the method recommended by LKAS 19 – "Employee Benefits".

Assumption		2025	2024
Non-financial assumptions			
Mortality	A 1967/70 mortality table issued by the Institute of Actuaries, London	A 67/70	A 67/70
Staff turnover	The probability of employee leaving the organisation other than death, illness and normal retirement	14.00%	11.00%
Normal retirement age	Age which employee is normally retired	60 years	60 years
Duration	Weighted Average duration of Defined Benefit Obligation	6.2 Years	6.9 Years
Financial assumptions			
Discount rate	Determined based on the long-term Government Bond rate and expected inflation in long-term	11.00%	12.30%
Future salary growth	Normal annual salary increment rate per employee was considered	12.00%	10.30%

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions (financial), holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

As at 31 March		2025		2024	
Assumption	Change	Adjusted present value of net defined benefit liability Rs.000	Net Effect on present value of defined benefit liability Rs.000	Adjusted present value of net defined benefit liability Rs.000	Net Effect on present value of defined benefit liability Rs.000
Discount rate	1% increase	1,961,724	(111,493)	1,244,166	(77,129)
	1% decrease	2,197,259	124,042	1,407,479	86,184
Future salary growth	1% increase	2,203,895	130,678	1,414,222	92,927
	1% decrease	1,953,683	(119,534)	1,236,911	(84,384)

Although the analysis does not take account of the full distribution of cash flows expected under the plans, it does provide an approximation of the sensitivity of the assumptions shown.

Expected benefits to be paid out in future years

As at 31 March	Note	Page No.	2025 Rs.000	2024 Rs.000
Within next year			169,321	108,252
Between 2 and 5 years			1,153,243	665,286
Beyond 5 years			750,653	547,757
Total benefits			2,073,217	1,321,295

36 Other liabilities

Accounting Policy

A provision is recognised if, as a result of past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Other liabilities mainly comprise accrued expenses, supplier payable, insurance premium payable, rental received in advance and etc.

As at 31 March	Note	Page No.	2025 Rs.000	2024 Rs.000
Accrued expenses			150,799	248,896
Supplier payable			833,525	498,578
Insurance premium payable			311,450	368,352
Rentals received in advance from loans and advances to customers			474,183	518,819
Other liabilities			217,089	210,481
Total other liabilities			1,987,046	1,845,126

37 Stated capital

Ordinary shares

Ordinary shares of the Company are recognised at the amount paid per ordinary shares net of directly attributable issue cost.

As at 31 March	2025		2024	
	Number of shares	Value Rs.000	Number of shares	Value Rs.000
Balance as at the beginning of the year	70,850,422	2,550,492	69,856,043	2,361,947
Issued during the year				
Exercise of share options – Voting	-	-	994,379	188,545
Balance as at the end of the year	70,850,422	2,550,492	70,850,422	2,550,492
Composition of number of shares				
Voting	60,506,754	2,075,661	60,506,754	2,075,661
Non-voting	10,343,668	474,831	10,343,668	474,831
Total stated capital	70,850,422	2,550,492	70,850,422	2,550,492

Rights, preferences and restrictions of ordinary shares

The shares of the Citizens Development Business Finance PLC are quoted on the Main Board of Colombo Stock Exchange. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Dividend paid during the year

The Company has paid a first and final cash dividend of Rs. 7.00 per share for its voting and non-voting shares for the year ended 31 March 2024. The Company has paid a interim cash dividend of Rs. 5.00 per share for its voting and non-voting shares for the year ended 31 March 2025. The board has proposed a final dividend of Rs. 10.00 per share for its voting and non-voting share holders for the Financial Year ended 31 March 2025, subject to approval of shareholders in the Annual General Meeting.

NOTES TO THE FINANCIAL STATEMENTS

37.1 Share based payments plan

Accounting Policy

The Company applies SLFRS 2 Share Based Payments in accounting for employee remuneration in the form of shares.

Accounting judgements, estimates and assumptions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments on the date at which they are granted. Estimating fair value for share-based payment transactions require determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires the determination of the most appropriate inputs to the valuation model, including the expected life of the share option, volatility and dividend yield and making assumptions about them.

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome either.

Employee Share Option Plan – 2021

The Company obtained the approval of the shareholders at an Extraordinary General Meeting held on 30 July 2021, to introduce an Employee Share Option Plan for the benefit of qualified employees by creating up to 5% of the ordinary voting shares at the rate of 1.5% shares in the first two years and 2% share in the last year over a period of three to five years.

Key terms and conditions related to the offer are detailed below;

	Tranches		
	Tranche 1	Tranche 2	Tranche 3
Percentage of issue of new voting shares (Max.) %	1.5	1.5	2.0
Date granted	Wednesday, 1 September 2021	Thursday, 1 September 2022	Friday, 1 September 2023
Exercise price (Rs.)	145.78	199.82	191.21
Exercisable between	1 September 2021 to 31 August 2024	1 September 2022 to 31 August 2025	1 September 2023 to 31 August 2026
Date of vesting	1 September 2021	1 September 2022	1 September 2023

The Shares under this scheme will be offered to the Qualified Employees at a Volume Weighted Average Price (VWAP) taking into consideration all share transactions of the relevant security during the thirty (30) market days immediately preceding the Grant Date.

Measurement of fair value

As required by SLFRS 2 on “Share based payment”, the fair value of the ESOP was estimated at the grant date using the Binomial Valuation Model taking into consideration various terms and conditions upon which the share options are granted.

The inputs used in measurement of fair value at the grant date of ESOP were as follows;

Description of the valuation input as at grant date	Tranches		
	Tranche 1	Tranche 2	Tranche 3
Risk free rate (%)	5.96	28.16	13.26
Probability of share price increase (%)	87.82	70.00	45.00
Probability of share price decrease (%)	12.18	30.00	55.00
Size of annual increase of share price (%)	7.88	20.00	30.00
Size of annual reduction of share price (%)	7.88	20.00	30.00
Weighted average share price at the grant date (Rs.)	159.75	188.50	190.25
Expected life of share option (Years)	3.00	3.00	3.00
Weighted average remaining contractual life for the share options outstanding (Years)	0.42	1.42	2.42
Weighted average fair value of options granted during the year (Rs.)	67.10	132.75	78.62
Exercise price for options outstanding at the end of the year (Rs.)	145.78	199.82	191.21

Reconciliation of outstanding share option

	Tranche 1		Tranche 2		Tranche 3	
	2025	2024	2025	2024	2025	2024
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Exercisable at the beginning of the year	18,114	802,564	799,372	891,736	1,097,293	-
Exercisable during the year	-	-	-	-	-	1,188,981
Exercised during the year	-	784,450	-	92,364	-	91,688
Expired during the year	(18,114)	-	-	-	-	-
Exercisable at the end of the year	-	18,114	799,372	799,372	1,097,293	1,097,293

There were no shares listed during the year ended 31 March 2025. 994,379 Ordinary shares were listed during the year ended 31 March 2024, consequent to the exercising of options under employee share option schemes.

38 Reserves

As at 31 March	Note	Page No.	2025	2024
			Rs.000	Rs.000
Other capital reserve	38.1		26,584	7,552
Revaluation reserve	38.2		1,245,149	761,406
Fair value reserve	38.3		518,755	20,554
Hedge reserve	38.4		12,432	-
Statutory reserve fund	38.5		3,448,149	2,647,053
Regulatory loss allowance reserve	38.6		2,101,733	2,369,809
Total reserves			7,352,802	5,806,374

NOTES TO THE FINANCIAL STATEMENTS

38.1 Other capital reserve

The other capital reserve is used to recognise the value of equity settled share-based payments provided to employees, including key management personnel, as part of their remuneration.

As at 31 March	Note	Page No.	2025 Rs.000	2024 Rs.000
Balance as at the beginning of the year			7,552	30,854
Employee share options exercised during the year			-	(34,428)
Transferred to the reserve during the year			19,707	11,126
Transfer of cost of expired ESOP shares			(675)	-
Balance as at the end of the year			26,584	7,552

Board of directors of the Company has duly resolved to establish an employee share option plan to grant total number of share options of 2,972,453 ordinary voting shares for the period commencing from 1 September 2021. The scheme was approved by shareholders at the Extraordinary General Meeting held on 30 July 2021.

Shares under the scheme will be offered to the qualified employees at a volume weighted average price of all share transactions during the thirty market days immediately preceding the grant date and the Company has used Binominal Option Pricing Model to value the share options as at 1 September 2021 under the requirements of SLFRS 2 - "Share Based Payments".

Accordingly, the Company has recognized an employee cost of Rs. 20 Mn arising from the above in the year ended 31 March 2025 (31 March 2024 - Rs.11 Mn).

38.2 Revaluation reserve

This revaluation reserve relates to revaluation of freehold land and represent the fair value changes as at the reporting date.

As at 31 March	Note	Page No.	2025 Rs.000	2024 Rs.000
Balance as at the beginning of the year			761,406	761,406
Revaluation of lands during the year			691,061	-
Deferred tax on revaluation of lands during the year			(207,318)	-
Balance as at the end of the year			1,245,149	761,406

38.3 Fair value reserve

This fair value reserve relates to fair value adjustments of equity investments measured at fair value through other comprehensive income.

As at 31 March	Note	Page No.	2025 Rs.000	2024 Rs.000
Balance as at the beginning of the year			20,554	(114,307)
Change in fair value during the year			624,551	267,959
Deferred tax on Financial investments at FVOCI			-	(73,418)
Net transfers during the year			(126,350)	(59,680)
Balance as at the end of the year			518,755	20,554

38.4 Hedge reserve

The effective portion of changes in the fair value of the derivative is recognised in OCI and presented in the hedging reserve within equity.

As at 31 March	Note	Page No.	2025 Rs.000	2024 Rs.000
Balance as at the beginning of the year			-	102,705
Fair value changes in hedge reserve			17,760	(102,705)
Deferred tax effect on Hedge Reserve			(5,328)	-
Balance as at the end of the year			12,432	-

38.5 Statutory reserve fund

Statutory reserve fund is maintained by the Company in order to meet the legal requirements.

As at 31 March	Note	Page No.	2025 Rs.000	2024 Rs.000
Balance as at the beginning of the year			2,647,053	2,143,943
Transfers during the year			801,096	503,110
Balance as at the end of the year			3,448,149	2,647,053

The Reserve Fund is maintained in compliance with Direction No. 1 of 2003 Central Bank of Sri Lanka (Capital Funds) issued to finance companies.

Capital funds to deposit liabilities	Percentage of transfer to reserve fund (%)
Not less than 25%	5
Less than 25% and not less than 10%	20
Less than 10%	50

Accordingly, the Company has transferred 20% of its net profit after taxation to the reserve fund as Company's capital funds to deposit liabilities, belongs to less than 25% and not less than 10% category. (2024 - Not less than 25%).

38.6 Regulatory loss allowance reserve

As per the Section 7.1 of the Finance Business Act (Classification and measurement of Credit Facilities) Direction No. 01 of 2020, requires to create a non-distributable regulatory loss allowance reserve through an appropriation of retained earnings, where the loss allowance for expected credit loss (impairment) falls below the regulatory provision. Accordingly, the company has transferred Rs. 268 Mn from regulatory loss allowance reserve to retained earning during the year.

As at 31 March	Note	Page No.	2025 Rs.000	2024 Rs.000
Balance as at the beginning of the year			2,369,809	1,606,402
Transfers during the year			(268,076)	763,407
Balance as at the end of the year			2,101,733	2,369,809

NOTES TO THE FINANCIAL STATEMENTS

39 Retained earnings

As at 31 March	Note	Page No.	2025 Rs.000	2024 Rs.000
Balance as at the beginning of the year			11,850,972	11,297,271
Profit for the year			4,005,480	2,515,550
Net actuarial gain/(loss) on defined benefit plan			(567,257)	(405,732)
Final dividend to equity holders for the year - 2023/24			(495,953)	(349,280)
Interim dividend to equity holders for the year - 2024/25			(354,252)	-
Transfers during the year			(406,670)	(1,206,837)
Transfer of cost of expired ESOP shares			675	-
Balance as at the end of the year			14,032,995	11,850,972

40 Net assets value per share

As at 31 March	Note	Page No.	2025	2024
Numerator				
Total equity attributable to equity holders (Rs.)			23,936,289,117	20,207,838,398
Denominator				
Total number of shares			70,850,422	70,850,422
Net assets value per share (Rs.)			337.84	285.22

41 Contingencies and commitments

Accounting Policy

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events on present obligations where the transfer of economic benefit is not probable or can't be reliably measured.

Summary cases against the Company have been disclosed in the Notes to the Financial Statements. However, based on the available information and the available legal advice, the Company do not expect the outcome of any action to have any material effect on the financial position of the Company.

As at 31 March	Note	Page No.	2025 Rs.000	2024 Rs.000
Contingencies				
- Guarantees	41.1	261	43,258	54,900
- Litigations against the Company	41.2	261	79,366	92,006
Commitments				
- Undrawn commitments	41.3	262	4,225,946	4,788,886
- Capital commitments	41.4	262	904,040	1,076,711
Total contingencies and commitments			5,252,610	6,012,503

41.1 Guarantees

Guarantee provided by the Company with the request of Fixed Deposits customers to third party and assure to make the obligations at the time of customer is unable to settle the payment.

41.2 Litigations against the Company

Litigation is a common occurrence in the financial services industry due to the nature of the business undertaken. Provision for legal matters typically require a higher degree of judgement. When matters are at an early stage, accounting judgements can be difficult because of the high degree of uncertainty involved. Company has established a formal controls and policies for managing legal claims. Once the professional advice has been obtained and the amount of loss reasonably estimated Company make adjustments to the accounts for any adverse effect, if any, which the claim may have on Company's financial position. As at the reporting date Company had unresolved legal claim as explained below. The significant unresolved legal claims against the Company for which legal advisor of the Company is of the opinion that there is a probability that the action will not succeed. Accordingly no provision has been made in these Financial Statements.

- A. Court action has been filed by a customer in Anuradhapura District Court bearing no 26288/M for the amount of Rs.16,952,175/- citing CDB as the second and third defendant. The case is fixed for Trial on 04th August 2025. There is an appeal with regard to an interim order in this matter bearing Case No. LA05/2025 in the Anuradhapura Civil Appellate Court citing CDB as the second and third Defendant-Respondent. The matter is fixed for Notice Returnable on the 1st Defendant-Respondent and Support on 20th June 2025.
- B. Court action has been filed by a customer in Commercial High Court bearing No. CHC/505/15/MR for the amount of Rs.8,000,000/- citing CDB as the defendant. The case is fixed for Trial on 9th and 16th of September 2025.
- C. Court action has been filed by a customer in Commercial High Court bearing No. CHC 136/2016/MR for the amount of Rs. 20,000,000/- citing CDB as the defendant. The case is fixed for trial on 29th September 2025.
- D. Court action has been filed by a customer in Colombo District Court bearing no DMR/2748/23 for the amount of Rs.4,090,000/- citing CDB as the defendant. The case is fixed for Replication on 01st August 2025.
- E. There are 5 cases pending bearing case numbers DCL/15/22 and DCL 16/22 in the District Court of Kandy, CL/6167/23 in the District Court of Trincomalee, CL 51 in the District Court of Minuwangoda and 8/ CL /24 in the District Court of Anuradhapura where the Plaintiffs have filed claim cases against CDB after the writ was executed based on the order received in favour of the lending facilities granted by CDB. The total value of the said cases is Rs. 2,343,579/- and the cases are at hearing stage.
- F. There are 7 cases pending bearing case numbers DSP 14/16 in the District Court of Kandy, DSP 513/15, DSP 71/23, DHP/1525/23 and DSP 59/21 in the District Court of Colombo, 597/17M in the District Court of Jaffna, and Special 2490 in the District Court of Balapitiya relating to lending facilities claiming a total sum of Rs. 22,835,536/- which are at the hearing stage.
- G. The Applicant –Appellant-Petitioner has made an application in the Supreme Court bearing case number SC SPL LA 58/25 against the order received in favour of CDB in the High Court of Western Province with regard to a Pawning Facility. The case is fixed for hearing on 1st December 2025.
- H. There are 2 cases pending bearing case numbers SCC/062 in the Small Claim Court of Dehiyattekandiya and 8888/M/24 in the District Court of Kalutara where CDB has been made a Defendant due to an accident caused by a vehicle leased by CDB claiming a sum of Rs.1, 104,250/-.
- I. In Case No. DTR/08/2018 in the District Court of Colombo settlement terms have been entered and in HCR/18/2019 in the High Court of Kurunegala which has been filed for transportation of illegal goods in the vehicle leased by CDB, we do not have any interest in the matter, as the lending facility is settled in full.
- J. There are 3 cases pending bearing case numbers, MR/53/23 in the District Court of Welisara, MISC 36/23 in the District Court of Vavuniya and Special 4783/ in the District Court of Kalutara where CDB has been made a Defendant in the case for a dispute between the Plaintiff and the 3rd Party, as CDB was the absolute owner at the time of the dispute. The cases are at hearing stage. The total value of the cases is Rs.4,040,744/-.

Other than matters disclosed above there were no material capital commitments and contingent liabilities that require adjustment to or disclosure in the Financial Statements as at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

41.3 Undrawn commitments

As at 31 March	Note	Page No.	2025 Rs.000	2024 Rs.000
Direct credit facilities				
Undrawn credit card balances			3,464,797	3,007,341
Unutilised margin trading balances			761,149	1,781,545
Total undrawn commitments			4,225,946	4,788,886

41.4 Capital commitments

As at 31 March	Note	Page No.	2025 Rs.000	2024 Rs.000
Commitments in relation to property, plant and equipment				
– Approved and contracted for			-	-
– Approved but not contracted for			635,239	911,536
Commitments in relation to intangible assets				
– Approved but not contracted for			268,801	165,175
Total capital commitments			904,040	1,076,711

41.5 Tax assessment against the company

A tax assessment for the Surcharge Tax amounting to Rs. 392 million for the year 2020/21 is currently at the hearing stage at the Tax Appeals Commission.

42 Related party disclosures

42.1 Parent and ultimate controlling party

The Company (CDB) does not have an identifiable parent of its own.

42.2 Transactions with Key Management Personnel (KMP)

Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly.

KMP of the Company The Board of Directors (Including Executive Directors and Non-Executive Directors) of the Company has been Classified as KMP of the Company

As at 31 March	Note	Page No.	2025 Rs.000	2024 Rs.000
Short-term employment benefits			301,882	276,507
Share-based payment			-	13,203
Total compensation			301,882	289,710

42.2.1 Transactions, Arrangements and Agreements Involving KMP and their Close Family Members (CFM)

CFM of KMP are those family members who may be expected to influence or be influenced by, that KMP in their dealings with the entity. They may include KMP's domestic partner and children of the KMPs domestic partner and dependants of the KMPs domestic partner. CFM are related party to the Company. The Company carries out transactions with KMPs and their close family members in the ordinary course of its business on an arms length basis at commercial rates. Aggregate value of the transactions with KMPs and their CFMs are described below:

For the year ended 31 March	Note	Page No.	2025 Rs.000	2024 Rs.000
Interest income			-	-
Interest expense			5,767	17,042
Total transactions during the year			5,767	17,042

For the year ended 31 March	Note	Page No.	2025 Rs.000	2024 Rs.000
Liabilities				
Deposits placed by KMP and CFM			149,405	127,813
Other credit facilities			-	-
Total liabilities			149,405	127,813

No loans and receivables and other credit facilities have been granted for KMP & CFM during the year.

Dividend paid to KMP and CFM

For the year ended 31 March	Note	Page No.	2025	2024
Number of ordinary shares (Voting) held			6,571,761	6,571,761
Number of ordinary shares (Non-voting) held			131,083	131,083
Cash dividends paid (Rs.'000)			83,786	36,344

42.3 Transactions with other related entities

Other related entities include significant investors that have nominated Board members or having common directorships with CDB and their respective entity.

As at 31 March				2025	2024
Related company	Holding %	Common Directors	Nature of Transaction	Rs.000	Rs.000
Ceylinco Holdings PLC	34.66	Samith Hemachandra	Deposits	500,000	500,000
Asia Management Consultancy (Pvt) Ltd	18.61	None	None	-	-
Aseki Insurance Brokers (Pvt) Ltd	6.61	None	Insurance referral	58,950	63,503
			Income Receivable		
			Insurance referral	254,471	223,228
			Income		

Aseki Insurance Brokers (Pvt) Ltd is a fully own subsidiary of Asia Management Consultancy (Pvt) Ltd. Combined shareholding is 25.22% as at 31 March 2025.

Terms and Conditions

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 with similar credit standing.

NOTES TO THE FINANCIAL STATEMENTS

43 Events that occurred after the reporting date

Accounting Policy

Events after the reporting date are those favourable and unfavourable events that occur between the reporting date and the date when Financial Statements are authorised for issue.

All material events after the reporting date have been considered and where appropriate adjustments to/or disclosures have been made in the respective Notes to the Financial Statements.

Dividend

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are recommended and declared by the Board of Directors and approved by the shareholders. Interim dividends are deducted from equity when they are declared and no longer at the discretion of the Company.

Dividends for the year that are approved after the Reporting date are disclosed as an event after the reporting period in accordance with the Sri Lanka Accounting Standard 10 – (LKAS 10) “Events after the Reporting Period”.

Proposed dividend

The board has proposed a final dividend of Rs. 10.00 per share for its voting and non-voting share holders for the Financial Year ended 31 March 2025 subject to the approval of the shareholders at the Annual General Meeting.

No circumstances have arisen since the reporting date which would require adjustments or disclosure in the financial statements other than disclosed above.

44 Segmental analysis

Accounting Policy

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity) whose operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

Reportable segments

Reportable segments are operating segments or aggregations of operating segments that meet specified criteria:

- its reported revenue, from both external customers and inter segment sales or transfers, is 10% or more of the combined revenue, internal and external, of all operating segments; or
- the absolute measure of its reported profit or loss is 10% or more of the greater, in absolute amount, of
 - (i) the combined reported profit of all operating segments that did not report a loss and
 - (ii) the combined reported loss of all operating segments that reported a loss; or its assets are 10% or more of the combined assets of all operating segments.

Two or more operating segments may be aggregated into a single operating segment if aggregation is consistent with the core principles of the standard, the segments have similar economic characteristics and are similar in various prescribed respects.

If the total external revenue reported by operating segments constitutes less than 75% of the entity's revenue, additional operating segments must be identified as reportable segments (even if they do not meet the quantitative thresholds set out above) until at least 75% of the entity's revenue is included in reportable segments.

For the Management purposes, the Group has identified four operating segments based on products and services, as follows:

- Leasing and stock out on hire
- Loans and advances
- Others

Operating Segment	Type of the product and services offered
Leasing and stock out on hire	Finance lease business and hire purchases of the Company.
Loans and advances	Loans and advances given to customers other than leasing and hire purchases of the Company
Others	Other products and services which is not included in above two segments included here.

Segment performance is evaluated based on operating profits or losses which, in certain respects, are measured differently from operating profits or losses in the financial Statements. Income taxes are managed on a Group basis and are not allocated to operating segments.

The following tables presents the income, profit, asset and liability information on the Company's strategic business divisions for the year ended 31 March 2025 and comparative figures.

For the year ended 31 March	Lease and stock out on hire		Loans and advances		Other		Total	
	2025 Rs.000	2024 Rs.000	2025 Rs.000	2024 Rs.000	2025 Rs.000	2024 Rs.000	2025 Rs.000	2024 Rs.000
Interest income	12,321,087	12,140,391	7,973,934	7,470,250	2,589,977	2,609,145	22,884,998	22,219,786
Non-interest income							2,713,534	1,674,180
Segmented revenue	12,321,087	12,140,391	7,973,934	7,470,250	2,589,977	2,609,145	25,598,532	23,893,966
Interest cost							11,493,679	13,126,771
Charges for impairment and other credit losses	(260,729)	(379,178)	(226,174)	395,918	(157,325)	724,176	(644,228)	740,916
Segment contribution							14,749,081	10,026,279
Depreciation and amortisation	227,043	179,502	196,953	109,419	136,999	143,125	560,995	432,046
Unallocated expenses							6,265,717	4,994,933
Taxes on financial services							2,171,700	893,116
Profit from before tax							5,750,669	3,706,184
Income tax expenses							1,745,189	1,190,634
Profit for the year							4,005,480	2,515,550

As at 31 March

Segment assets	59,367,478	53,408,026	51,499,431	32,555,848	35,822,599	33,691,265	146,689,508	119,655,139
Additions of property, plant and equipment during the year	350,643	102,721	304,172	62,615	211,579	64,799	866,394	230,135
Unallocated assets	-	-	-	-	-	-	9,380,444	8,892,711
Total assets	59,718,121	53,510,747	51,803,603	32,618,463	36,034,178	33,756,064	156,936,346	128,777,985
Segment liabilities	51,375,729	46,781,216	44,566,839	28,516,354	31,000,342	29,510,889	126,942,910	104,808,459
Unallocated liabilities	-	-	-	-	-	-	6,057,147	3,761,688
Total Liabilities	51,375,729	46,781,216	44,566,839	28,516,354	31,000,342	29,510,889	133,000,057	108,570,147

NOTES TO THE FINANCIAL STATEMENTS

45 Maturity analysis

Accounting Policy

The Company has disclosed an analysis of assets and liabilities in to relevant maturity baskets based on the remaining period as at the reporting date to the contractual maturity date.

Remaining contractual period to maturity as at the date of Statement of Financial Position of the assets, liabilities and share holders' funds is detailed below:

Maturity analysis is as at 31 March 2025

		Maturity period less than 12 months			
	Note	Up to 1 month	2-3 months	4-6 months	7-12 months
		Rs.000	Rs.000	Rs.000	Rs.000
Assets					
Cash and cash equivalents	18	4,582,802	-	-	-
Derivative financial assets	19	31,712	-	-	-
Loans and receivables to banks	20	2,917,583	578,662	175,597	-
Deposits with financial institutions	21	65,540	7,296,496	1,051,698	2,416,038
Loans and receivables to customers	22	16,582,161	19,643,565	8,468,008	20,209,675
Other investment securities	23	149,265	4,303,220	1,767,238	533,092
Investment properties	24	-	-	-	-
Property, plant and equipment	25	-	-	-	-
Right-of-use asset	26	18,180	35,974	51,170	95,632
Intangible assets	27	-	-	-	-
Goodwill on amalgamation	28	-	-	-	-
Other assets	29	899,997	1,373,722	919,626	516,702
Total assets		25,247,240	33,231,639	12,433,337	23,771,139
Percentage of total assets (%)		16.09	21.18	7.92	15.15
Cumulative percentage (%)		16.09	37.26	45.19	60.33
Liabilities					
Due to banks and financial institutions	30	1,858,856	5,495,836	1,868,195	4,061,128
Deposits from customers	31	20,412,922	27,347,586	11,179,048	20,161,039
Debt securities issued and subordinated debt	32	-	-	-	1,268,507
Lease liabilities	26	18,679	36,958	52,570	98,249
Current tax liabilities	33	-	2,950,940	-	-
Deferred tax liabilities	34	84,546	100,156	43,175	103,042
Retirement benefit obligation	35	-	553,890	-	-
Other liabilities	36	676,327	107,911	879,074	323,734
Total liabilities		23,051,330	36,593,277	14,022,062	26,015,699
Shareholders' funds					
Stated capital		-	-	-	-
Reserves		-	-	-	-
Retained earnings		-	-	-	-
Total equity		-	-	-	-
Total equity and liabilities		23,051,330	36,593,277	14,022,062	26,015,699
Percentage of total liabilities and equity (%)		14.69	23.32	8.93	16.58
Cumulative percentage (%)		14.69	38.01	46.94	63.52
Maturity gap		2,195,910	(3,361,638)	(1,588,725)	(2,244,560)
Cumulative gap		2,195,910	(1,165,728)	(2,754,453)	(4,999,013)
Asset/Liability gap – Cumulative (%)		1.40	(0.74)	(1.76)	(3.19)

Maturity period more than 12 months					
13-24 months	25-36 months	37-60 months	More than 60 months	>60 months / Unclassified	Total
Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
-	-	-	-	-	4,582,802
-	-	-	-	-	31,712
-	-	-	-	-	3,671,842
1,524,232	1,524,232	2,667,405	1,524,232	-	18,069,873
17,958,344	13,635,975	13,332,689	1,036,492	-	110,866,909
-	-	-	-	2,745,267	9,498,082
-	-	-	-	558,091	558,091
-	-	-	-	4,657,677	4,657,677
160,431	133,346	211,331	249,777	-	955,841
-	-	-	-	333,470	333,470
-	-	-	-	-	-
-	-	-	-	-	3,710,047
19,643,007	15,293,553	16,211,425	2,810,501	8,294,505	156,936,346
12.52	9.75	10.33	1.79	5.29	
72.85	82.59	92.92	94.71	100.00	
5,241,270	4,768,163	6,185,496	2,663,431	-	32,142,375
4,405,602	2,574,200	768,807	-	-	86,849,204
-	-	5,700,823	-	-	6,969,330
164,822	136,995	217,115	256,613	-	982,001
-	-	-	-	-	2,950,940
91,563	69,525	67,979	5,285	-	565,271
-	-	-	-	-	553,890
-	-	-	-	-	1,987,046
9,903,257	7,548,883	12,940,220	2,925,329	-	133,000,057
-	-	-	-	2,550,492	2,550,492
-	-	-	-	7,352,802	7,352,802
-	-	-	-	14,032,995	14,032,995
-	-	-	-	23,936,289	23,936,289
9,903,257	7,548,883	12,940,220	2,925,329	23,936,289	156,936,346
6.31	4.81	8.25	1.86	15.25	
69.83	74.64	82.88	84.75	100.00	
9,739,750	7,744,670	3,271,205	(114,828)	(15,641,784)	
4,740,737	12,485,407	15,756,612	15,641,784	-	
3.02	7.96	10.04	9.97		

NOTES TO THE FINANCIAL STATEMENTS

Maturity analysis as at 31 March 2024

	Note	Maturity period less than 12 months			
		Up to 1 month	2-3 months	4-6 months	7-12 months
		Rs.000	Rs.000	Rs.000	Rs.000
Assets					
Cash and cash equivalents	18	3,642,333	-	-	-
Loans and receivables to banks	20	7,148,615	696,379	168,225	-
Deposits with financial institutions	21	9,288	3,428,275	2,303,691	-
Loans and receivables to customers	22	16,364,633	12,718,092	5,714,237	12,485,405
Other investment securities	23	296,141	3,092,386	1,502,897	278,461
Investment properties	24	-	-	-	-
Property, plant and equipment	25	-	-	-	-
Right-of-use asset	26	17,353	34,335	48,839	91,276
Intangible assets	27	-	-	-	-
Goodwill on amalgamation	28	-	-	-	-
Other assets	29	1,033,760	1,645,572	884,282	381,706
Total assets		28,512,123	21,615,039	10,622,171	13,236,848
Percentage of total assets (%)		22.14	16.78	8.25	10.28
Cumulative percentage (%)		22.14	38.93	47.17	57.45
Liabilities					
Due to banks and financial institutions	30	2,193,349	1,054,315	2,207,171	3,255,761
Deposits from customers	31	15,912,105	24,744,110	8,983,533	17,298,269
Debt securities issued and subordinated debt	32	-	-	-	1,351,358
Lease liabilities	26	17,352	34,330	48,832	91,263
Current tax liabilities	33	-	1,289,562	-	-
Deferred tax liabilities	34	107,273	83,452	37,706	81,625
Retirement benefit obligation	35	-	66,419	-	-
Other liabilities	36	535,697	133,994	773,453	401,982
Total liabilities		18,765,776	27,406,182	12,050,695	22,480,258
Shareholders' funds					
Stated capital		-	-	-	-
Reserves		-	-	-	-
Retained earnings		-	-	-	-
Total equity		-	-	-	-
Total equity and liabilities		18,765,776	27,406,182	12,050,695	22,480,258
Percentage of total liabilities and equity (%)		14.57	21.28	9.36	17.46
Cumulative percentage (%)		14.57	35.85	45.21	62.67
Maturity gap		9,746,347	(5,791,143)	(1,428,524)	(9,243,410)
Cumulative gap		9,746,347	3,955,204	2,526,680	(6,716,730)
Asset/Liability gap – Cumulative (%)		7.57	3.07	1.96	(5.22)

Maturity period more than 12 months						Total Rs.000
13-24 months	25-36 months	37-60 months	More than 60 months	>60 months / Unclassified		
Rs.000	Rs.000	Rs.000	Rs.000	Rs.000		
-	-	-	-	-	3,642,333	
-	-	-	-	-	8,013,219	
-	-	-	9,167,717	-	14,908,971	
15,585,654	12,018,169	10,433,592	644,092	-	85,963,874	
-	-	-	-	1,956,857	7,126,742	
-	-	-	-	535,000	535,000	
-	-	-	-	3,402,042	3,402,042	
153,123	127,272	201,705	238,400	-	912,303	
-	-	-	-	308,553	308,553	
-	-	-	-	19,628	19,628	
-	-	-	-	-	3,945,320	
15,738,777	12,145,441	10,635,297	10,050,209	6,222,080	128,777,985	
12.22	9.43	8.26	7.80	4.83		
69.67	79.11	87.36	95.17	100.00		
5,663,399	3,058,074	5,124,870	5,292,226	-	27,849,165	
3,542,948	383,262	2,394,552	-	-	73,258,779	
1,436,980	-	-	-	-	2,788,338	
153,102	127,254	201,677	238,367	-	912,177	
-	-	-	-	-	1,289,562	
100,938	77,834	67,579	4,174	-	560,581	
-	-	-	-	-	66,419	
-	-	-	-	-	1,845,126	
10,897,367	3,646,424	7,788,678	5,534,767	-	108,570,147	
-	-	-	-	2,550,492	2,550,492	
-	-	-	-	5,806,374	5,806,374	
-	-	-	-	11,850,972	11,850,972	
-	-	-	-	20,207,838	20,207,838	
10,897,367	3,646,424	7,788,678	5,534,767	20,207,838	128,777,985	
8.46	2.83	6.05	4.30	15.69		
71.13	73.96	80.01	84.31	100.00		
4,841,410	8,499,017	2,846,619	4,515,442	(13,985,758)		
(1,875,320)	6,623,697	9,470,316	13,985,758	-		
(1.46)	5.14	7.35	10.86			

NOTES TO THE FINANCIAL STATEMENTS

46 Comparative information

Accounting Policy

Comparative information including quantitative, narrative and descriptive information is disclosed in respect of the previous periods for all the amounts reported in the Financial Statements to enhance the understanding of the current period's Financial Statements and to enhance the inter period comparability.

Comparative information is reclassified whenever necessary to conform with the current year's classification in order to provide better presentation.

Other than disclosed in below, there were no any other significant reclassifications have been made during the reporting periods of 2024/25 and 2023/24.

	Current presentation Rs.000	As disclosed previously Rs.000	Reclassification amount Rs.000
Statement of financial Proposition			
Right-of-use asset	912,303	880,741	31,562
Other assets	3,945,320	3,976,882	(31,562)

Rent paid in advance related to Right-of-Use asset previously disclosed under Other assets in the financial statements have been reclassified to the Right-of-Use asset for better presentation.

47 Financial risk management

Financial Risk Management Framework

Introduction and overview

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established the Company Integrated Risk Management Committee (IRMC), which is responsible for developing and monitoring Company's risk management policies.

The Company's board risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

The risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The 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 Company Audit Committee oversees how Management monitors compliance with the Company's risk management policies, procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company's Board Audit Committee is assisted in its oversight role by internal audit division. Internal audit division undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Company Board Audit Committee.

The Company has exposure to the following risks from the financial instruments:

- A. Credit risk
- B. Liquidity risk
- C. Market risk
- D. Operational risk

This Note presents the information about the Company's objectives, policies and processes for measuring and managing risk.

Future outlook and going concern

Sri Lanka's economy continues to recover from the unprecedented challenges it faced in recent years. While significant progress has been made, the path forward requires sustained reforms and strategic international support. In 2024, Sri Lanka remained engaged with the International Monetary Fund (IMF) under the Extended Fund Facility (EFF), which has provided essential financial backing and facilitated the gradual implementation of structural reforms. These efforts, combined with enhanced fiscal discipline and improved revenue generation, have contributed to stabilizing the economy and preventing further deterioration.

The reforms supported by the IMF, encompassing fiscal consolidation, monetary tightening, and structural adjustments, are beginning to yield positive outcomes. The country experienced a notable recovery in 2024, with Real GDP growth of 2.4% year-on-year. Inflation, which had been a significant concern, has moderated substantially, reflecting the effectiveness of monetary policy and improvements in supply chain conditions. This has fostered a recovery in investor confidence, bolstered by the government's ongoing commitment to fiscal responsibility and reform.

Looking ahead to 2025, the economic outlook remains cautiously optimistic. Continued international support and the successful execution of structural reforms are expected to further advance Sri Lanka's progress towards debt sustainability. While challenges persist, particularly with respect to managing public debt and encouraging private sector investment, the country's ongoing reforms provide a strong foundation for continued recovery. The prospect of debt relief and potential improvements in the nation's credit ratings will play a critical role in reinforcing economic stability and restoring investor confidence over the medium term.

Further the decrease of policy rates and subsequent decrease in treasury bills rates compelled the market rates to decrease significantly. The Company is currently implementing the risk mitigation strategies to reduce the impact from repricing risk. Moreover the current the turnaround in Country's economic stance may result in positive atmospheres on funding and liquidity. The Company has always maintained its capital and liquidity buffers over and above the regulatory minimum levels. Hence the Company's ability to withstand the shocks, stands at a higher level.

During the preparation of financial statements for the year ended 31 March 2025 management has made an assessment of an entity's ability to continue as a going concern using the all available information about the future and capturing the current economic uncertainties and market volatility. During this exercise Management has paid special attention to below factors

- Management has used best estimates to identify the risk factors in different possible outcomes in current economic uncertainty and market volatility caused by prevailing economic and political condition
- Evaluation of plans to mitigate events or conditions that may cast significant doubt on the entity's ability to continue as a going concern.
- Assessment of the availability of finance and ensure these plans are achievable and realistic despite of having difficulties in collections of dues and the difficulties in getting funding lines from banks and other financial institutions. Based on the assessment conducted it was concluded that the Company was able to maintain a stable liquidity position and safeguard the interest of the stakeholders.

Further the Company has made the assessment of going concern considering a wide range of factors in multiple scenarios such as best case, most likely and worst case. The major factors include retention and renewal of deposits, relaxation of regulatory aspects, profitability based on income and cost management projections, excess liquidity, strengthening recovery actions, undrawn loan facilities and potential funding lines.

Having evaluated the above by the Management concludes that the Company has adequate resources to continue as a going concern.

A. Credit Risk

"Credit risk" is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's loans and receivables to customers and other banks, and investment debt securities. For risk management reporting purposes, the Company considers and consolidates all elements of credit risk including contingent or potential credit exposure (such as individual obligor default risk, country and sector risk).

The market risk in respect of changes in value in trading assets arising from changes in market credit spreads is managed as a component of market risk; for further details, see (C) below.

NOTES TO THE FINANCIAL STATEMENTS

i. Settlement risk

The Company's activities may give rise to risk at the time of settlement of transactions and trades. "Settlement risk" is the risk of loss due to the failure of an entity to honour its obligation to deliver cash, securities or other assets as contractually agreed.'

For certain types of transactions, the Company mitigates this risk by conducting settlements through a settlement/clearing agent to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations. Settlement limits form part of the credit approval/limit monitoring process described earlier. Acceptance of settlement risk on freesettlement trades requires transaction-specific or counterparty-specific approvals from the Company credit committee.

ii. Management of credit risk

The principal objective of risk management is to maintain strong risk culture across the Company which is responsible for leading and robust risk policies and control framework to reinforcement and challenge in defining, implementing and controlling evaluating our risk appetite under both actual and simulated scenarios and to establish independent evaluation of cost and their mitigation.

In order to achieve this the Board of Directors has delegated responsibility for the oversight of credit risk of the Company to Board Credit Committee (BCC).

A separate Credit evaluation department, reporting to the Company Credit Committee, is responsible for managing the Company's credit risk, including the following:

- Formulating credit policies in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.
- Establishing the authorisation structure for the approval and renewal of credit facilities. Authorisation limits are allocated to business unit Credit Officers. Larger facilities require approval by the Head of credit, the Credit Committee or the Board of Directors as appropriate.
- Reviewing and assessing credit risk: Credit Committee assesses all credit exposures in excess of designated limits, before facilities are committed to customers by the business unit concerned. Renewals and reviews of facilities are subject to the same review process.
- Limiting concentrations of exposure to counterparties, geographies and industries (for loans and receivables, financial guarantees and similar exposures), and by issuer, credit rating band, market liquidity and country (for investment securities).
- Reviewing compliance of business units with agreed exposure limits, including those for selected industries, country risk and product types. Regular reports on the credit quality of local portfolios are provided to Company Credit Committee, which may require appropriate corrective action to be taken.

Company is required to implement credit policies and procedures, with credit approval authorities delegated from the Credit Committee. Each business unit has a Head of business Unit who reports on all credit-related matters to management and the Credit Committee. Each business unit is responsible for the quality and performance of its credit portfolio and for monitoring and controlling all credit risks in its portfolios, including those subject to central approval.

Regular audits of business units and credit processes are undertaken by internal audit.

B. Liquidity Risk

"Liquidity risk" is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

i. Management of liquidity risk

The objective of the Company's liquidity risk management framework is to ensure that the Company can fulfil its payment obligations at all times and can manage liquidity and funding risk within risk appetite.

The Company's Board of Directors sets the Company's strategy for managing liquidity risk and delegates responsibility for oversight of the implementation of this policy to Asset and Liability Committee (ALCO). ALCO approves the Company's liquidity policies and procedures. Treasury department manages the Company's liquidity position on a day-to-day basis and reviews daily reports covering the liquidity position of the Company. A summary report, including any exceptions and remedial action taken, is submitted regularly to ALCO.

The Company's approach to managing liquidity is to ensure, that it will always have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The key elements of the Company's liquidity strategy are as follows:

- Maintaining a diversified funding base consisting of customer deposits (both retail and corporate) and wholesale market deposits corporate funding parties both local and foreign and maintaining contingency facilities.
- Carrying a portfolio of highly liquid assets, diversified by currency and maturity.
- Monitoring liquidity ratios, maturity mismatches, behavioural characteristics of the Company's financial assets and financial liabilities, and the extent to which the Company's assets are encumbered and so not available as potential collateral for potential funding.
- Carrying out stress testing of the Company's liquidity position.

Treasury division receives information from other business units regarding the liquidity profile of their financial assets and financial liabilities and details of other projected cash flows arising from projected future business. Treasury division then maintains a portfolio of short-term liquid assets, largely made up of short-term liquid investment securities, loans and advances to banks and other inter-bank facilities, to ensure that sufficient liquidity is maintained within the Company as a whole. Cost of liquid assets also been considered while assessing treasury performance based on fund transfer pricing ratios at treasury and ALCO committee.

Regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions. The scenarios are developed taking into account both Company specific events (e.g., a rating downgrade) and market-related events (e.g., prolonged market illiquidity, reduced fungibility of currencies, natural disasters or other catastrophes).

C. Market Risk

"Market risk" is the risk that changes in market prices – such as 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 Company's income or the value of its holdings of financial instruments.

i. Management of market risk

The objective of the Company's market risk management is to manage and control market risk exposures within acceptable parameters to ensure the Company's solvency while optimising the return and risk.

Overall authority for market risk is vested in ALCO and Investment committee. ALCO sets up limits for each type of risk aggregate and for portfolios, with market liquidity being a primary factor in determining the level of limits set for trading portfolios. ALCO is responsible for the development of detailed risk management policies and for the day-to-day review of their implementation.

ii . Exposure to market risk

The principal risk to which portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for repricing bands. ALCO is the monitoring body for compliance with these limits and is assisted by Central Treasury in its day-to-day monitoring activities. Equity price risk is subject to regular monitoring by investment committee and corporate finance, but is not currently significant in relation to the overall results and financial position of the Company. In respect of foreign currency, the Company monitors any concentration risk in relation to any individual currency with regard to the translation of foreign currency transactions and monetary assets and liabilities into the functional currency of the Company. All the other significant foreign currency exposures were fully hedged using different mechanisms to minimize financial impact from adverse fluctuation in foreign currencies.

D. Operational Risk

"Operational risk" is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks, such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and innovation. In all cases, Company policy requires compliance with all applicable legal and regulatory requirements.

The Board of Directors has delegated responsibility for operational risk to its Company Risk Committee, which is responsible for the development and implementation of controls to address operational risk.

NOTES TO THE FINANCIAL STATEMENTS

This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorisation of transactions;
- Requirements for the reconciliation and monitoring of transactions;
- Compliance with regulatory and other legal requirements;
- Documentation of controls and procedures;
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- Requirements for the reporting of operational losses and proposed remedial action;
- Development of contingency plans;
- Training and professional development;
- Ethical and business standards; and
- Risk mitigation, including insurance where this is cost effective.

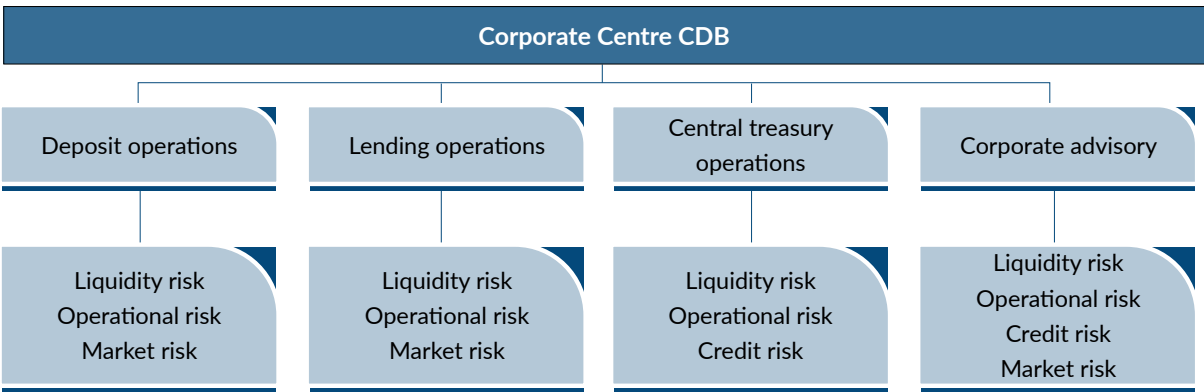
Compliance with Company standards is supported by a programme of periodic reviews undertaken by internal audit. The results of internal audit reviews are discussed with the Company Operational Risk Committee, with summaries submitted to the Audit Committee and Senior Management of the Company.

Integrated risk management division

Primarily, business divisions and respective risk owners are responsible for risk management. The risk management division acts as the Second Line of Defence in managing the risks faced by the Company. Division has taken leadership in building a strong risk culture which is embedded through clear and consistent communication and appropriate training for all employees. Chief Risk Officer reports risk identified through robust risk reporting framework, risk measurement techniques, stress testing and other risk measures to the relevant Management level Committees and BIRMC.

Financial risk review of the Company

This presents information about the Company's exposure to financial risks and the Company's management of capital.



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A. Credit risk

A.I Credit quality analysis

The tables below sets out information about the credit quality of financial assets held by Company net of allowance for expected credit losses against those assets.

Expected Credit Losses (ECL)

As per SLFRS 9 – “Financial Instruments” the Company manages credit quality using a three stage approach.

Stage	Description
Stage One	12 months expected credit losses (ECL)
Stage Two	Life time expected credit losses (ECL) – Not credit impaired
Stage Three	Lifetime expected credit losses (ECL) – Credit impaired

Stage 1 : 12 months ECL

For exposures where there has not been a significant increase in credit risk since initial recognition, the portion of the lifetime ECL associated with the probability of default events occurring within next 12 months from the reporting date is recognised.

Stage 2 : Lifetime ECL – Not credit impaired

For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, a lifetime ECL is recognised.

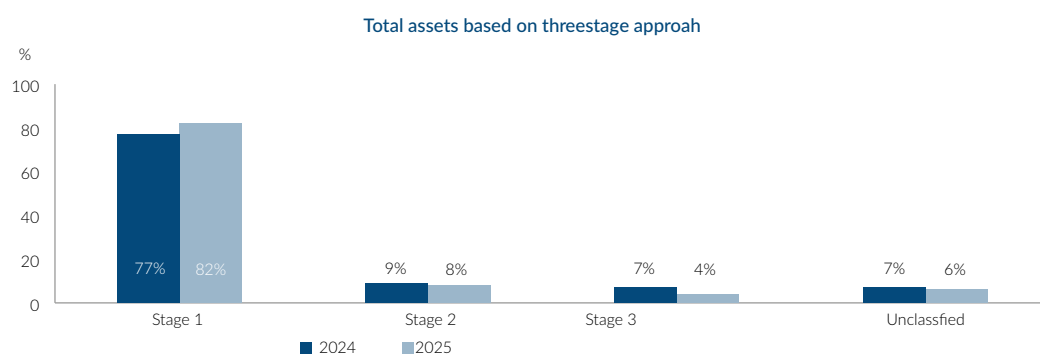
Stage 3 : Lifetime ECL – Credit impaired

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.

Table below shows the classification of assets and liabilities based on the above-mentioned three stage model:

As at 31 March 2025			12 months ECL	Life Time ECL – Not credit impaired	Life time ECL – Credit impaired	Total
	Note	Page No.	Rs.000	Rs.000	Rs.000	Rs.000
Cash and cash equivalents	18	222	4,582,802	-	-	4,582,802
Loans and receivables to banks	20	224	3,671,842	-	-	3,671,842
Deposits with financial institutions	21	225	18,069,873	-	-	18,069,873
Loans and receivables to customers	22	225	92,804,532	12,433,881	5,628,496	110,866,909
Other investment securities	23	229	9,498,082	-	-	9,498,082
Total assets			128,627,131	12,433,881	5,628,496	146,689,508

As at 31 March 2024			12 months ECL	Life Time ECL – Not credit impaired	Life time ECL – Credit impaired	Total
	Note	Page No.	Rs.000	Rs.000	Rs.000	Rs.000
Cash and cash equivalents	18	222	3,642,333	-	-	3,642,333
Loans and receivables to banks	20	224	8,013,219	-	-	8,013,219
Deposits with financial institutions	21	225	14,908,971	-	-	14,908,971
Loans and receivables to customers	22	225	65,252,147	11,133,409	9,578,318	85,963,874
Other investment securities	23	229	7,126,742	-	-	7,126,742
Total assets			98,943,412	11,133,409	9,578,318	119,655,139



Amounts arising from Expected Credit Losses (ECL)

This note highlights inputs, assumptions, and techniques used for estimating expected credit losses (ECL) as per SLFRS 9 – “Financial Instruments”.

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 historical experience and expert credit assessment and including forward-looking information.

Credit risk

Assessment of credit risk is based on a variety of data by applying experienced credit judgement. Credit risk is evaluated using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower.

Each exposure is assessed at initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade based on 3-stage model. The monitoring typically involves use of the following data:

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Corporate exposures	Retail exposures	All exposures
Information obtained during periodic review of customer files – e.g. Audited financial statements, management accounts, budgets and projections.	Internally collected data on customer behaviour	Payment record – this includes overdue status as well as a range of variables about payment ratios
Data from credit reference agencies, press articles, changes in external credit ratings.	Affordability metrics	Requests for and granting of for bearance
Actual and expected significant changes in the political, regulatory and technological environment of the borrower or in its business activities.	External data from credit reference agencies including industry-standard credit scores	Existing and forecast changes in business, financial and economic conditions

Generating the term structure of probability of default (PD)

Days past due has taken as the primary input into the determination of the term structure of PD for exposures. The Company collects performance and default information about its credit risk exposures analysed by the type of product and the borrower. For some portfolios, information gathered from external credit agencies is also used. (Debt Investments)

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.

This analysis includes the identification and calibration of relationships between changes in default rates and changes in key macroeconomic factors as well as in-depth analysis of the impact of certain other factors (e.g. forbearance experience) on the risk of default.

Using variety of external actual and forecasted information, the Company formulates a “base case” view of the future direction of relevant economic variables (GDP growth, inflation, interest rates and unemployment, with lag effect of these variables) as well as a representative range (Best Case and Worst Case) of other possible forecast scenarios. The Company then uses these forecasts to adjust its estimates of PDs.

Determining whether credit risk has increased significantly

The assessment of whether credit risk on a financial asset has increased significantly will be one of the critical judgements used in expected credit loss model prescribed in SLFRS 9 – “Financial Instruments”. The criteria for determining whether credit risk has increased significantly vary by portfolio and include qualitative factors, including a backstop based on delinquency.

Using its expert credit judgement and, where possible, relevant historical experience, the Company may determine that an exposure has undergone a significant increase in credit risk based on particular qualitative indicators that it considers are indicative of such and whose effect may not otherwise be fully-reflected in its quantitative analysis on a timely basis.

As a backstop, the Company considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

The Company monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews.

Modified financial assets

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan whose terms have been modified may be derecognised and the renegotiated loan recognised as a new loan at fair value.

When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly by analysing both qualitative and based on the delinquency status before the modification of terms of the contract.

The Company renegotiates loans to customers in financial difficulties (referred to as "forbearance activities") to maximise collection opportunities and minimise the risk of default. Under the Company's forbearance policy, loan forbearance is granted on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms.

The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants. Both retail and corporate loans are subject to the forbearance policy. The Company Audit Committee regularly reviews reports on forbearance activities.

For financial assets modified as part of the Company's forbearance policy, the estimate of PD reflects whether the modification has improved or restored the Company's ability to collect interest and principal and the Company's previous experience of similar forbearance action. As part of this process, the Company evaluates the borrower's payment performance against the modified contractual terms and considers various behavioural indicators.

Generally, forbearance is a qualitative indicator of a significant increase in credit risk and an expectation of forbearance may constitute evidence that an exposure is credit-impaired/in default. A customer needs to demonstrate consistently good payment behaviour over a period of time before the exposure is no longer considered to be credit-impaired/in default.

Definition of default

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 past due more than 90 days on any material credit obligation to the Company. In determination of default the Company largely aligns with the regulatory definition of default.
- 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 issuer to the Company; and
 - based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

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 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.

NOTES TO THE FINANCIAL STATEMENTS

The base case represents a most-likely outcome and is aligned with information used by the Company for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. Periodically, the Company carries out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios.

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 and credit risk and credit losses. The Economic variables used by the Company based on the statistical significance include the followings:

Economic Variables	Scenarios
Unemployment rate	
Interest rate	Base case scenario along with two other scenarios has been used (Best Case and Worst Case)
GDP Growth rate	
Inflation rate	
Exchange Rate	

As at 31 March 2025, the base case assumptions have been updated to reflect the rapidly evolving situation with respect to current economic condition of the country by using the economic forecast. In addition to the base case forecast which reflects the negative economic consequences, greater weighting has been applied to the worst scenario given the Company's assessment of downside risks. The assigned probability weightings are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected.

Management 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 the company's lending portfolios. Emerging local or global macroeconomic, microeconomic or political events, and natural disasters that are not incorporated into the current parameters, risk ratings, or forward-looking information are examples of such circumstances. The use of management temporary adjustments may impact the amount of ECL recognised.

The key inputs into the measurement of ECL are the term structure of the following variables:

- Probability of default (PD)
- Loss given default (LGD)
- Exposure at default (EAD)

These parameters are generally derived from internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information as described above.

Probability of Default (PD)

PD estimates are estimates at a certain date, which are calculated based on statistical models, and assessed using various categories based on homogenous characteristics of exposures. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. Where it is available, market data may also be used to derive the PD for large corporate counterparties.

Loss Given Default (LGD)

LGD is the magnitude of the likely loss if there is a default. The Company estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, product category and recovery costs of any collateral that is integral the financial asset. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

Exposure at Default (EAD)

EAD represents the expected exposure in the event of a default. The Company derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount. For lending commitments and financial guarantees, the EAD includes the amount drawn, as well as potential future amounts that may be drawn under the contract. For some financial assets, EAD is determined by considering contractual cash flows, prepayments and other factors.

As described above, and subject to using a maximum of a 12 months PD for financial assets for which credit risk has not significantly increased, the Company measures ECL considering the risk of default over the maximum contractual period over which it is exposed to credit risk, even if, for risk management purposes, the Company considers a longer period. The maximum contractual period extends to the date at which the Company has the right to require repayment of an advance or terminate a loan commitment or guarantee.

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. The groupings are subject to regular review to ensure that exposures within a particular company remain appropriately homogeneous.

Loss allowance

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instruments.

As at 31 March 2025	Stage 1: 12 months ECL Rs.000	Stage 2: lifetime ECL not credit-impaired Rs.000	Stage 3: lifetime ECL credit-impaired Rs.000	Total ECL Rs.000
Balance as at the beginning of the year	1,169,788	607,947	3,168,320	4,946,055
Changes due to loans and receivables recognised in opening balance that have:				
Transferred from 12 months ECL	(121,473)	98,583	22,890	-
Transferred from lifetime ECL not credit-impaired	152,371	(221,323)	68,952	-
Transferred from lifetime ECL credit-impaired	135,733	128,666	(264,399)	-
Net remeasurement of loss allowance	(989,313)	(355,652)	149,749	(1,195,216)
Balance as at the end of the year	347,106	258,221	3,145,512	3,750,839

As at 31 March 2024	Stage 1: 12 months ECL Rs.000	Stage 2: lifetime ECL not credit-impaired Rs.000	Stage 3: lifetime ECL credit-impaired Rs.000	Total ECL Rs.000
Balance as at the beginning of the year	1,149,296	893,185	2,886,834	4,929,315
Changes due to loans and receivables recognised in opening balance that have:				
Transferred from 12 months ECL	(311,908)	192,888	119,020	-
Transferred from lifetime ECL not credit-impaired	169,449	(428,523)	259,074	-
Transferred from lifetime ECL credit-impaired	95,305	68,398	(163,703)	-
Net remeasurement of loss allowance	67,646	(118,001)	67,095	16,740
Balance as at the end of the year	1,169,788	607,947	3,168,320	4,946,055

NOTES TO THE FINANCIAL STATEMENTS

Loans and receivables to customers – Credit grade based on delinquency

The following table shows the loans and receivables to customers based on delinquency and expected credit losses for each stage of loss allowances:

As at 31 March 2025	Stage 1: 12 months ECL Rs.000	Stage 2: lifetime ECL not credit-impaired Rs.000	Stage 3: lifetime ECL credit-impaired Rs.000	Total ECL Rs.000
Grade 1 – Low risk	73,431,470	-	-	73,431,470
Grade 2 – Low risk	19,720,168	-	-	19,720,168
Grade 3 – Watch list	-	8,519,729	-	8,519,729
Grade 4 – Watch list	-	4,172,373	-	4,172,373
Grade 5 – Default	-	-	1,508,952	1,508,952
Grade 6 – Default	-	-	588,865	588,865
Grade 7 – Default	-	-	324,228	324,228
Grade 8 – Default	-	-	6,351,963	6,351,963
Gross loans and receivables to customers	93,151,638	12,692,102	8,774,008	114,617,748
Expected credit loss allowance	(347,106)	(258,221)	(3,145,512)	(3,750,839)
Net loans and receivables to customers	92,804,532	12,433,881	5,628,496	110,866,909

As at 31 March 2024	Stage 1: 12 months ECL Rs.000	Stage 2: lifetime ECL not credit-impaired Rs.000	Stage 3: lifetime ECL credit-impaired Rs.000	Total ECL Rs.000
Grade 1 – Low risk	52,998,648	-	-	52,998,648
Grade 2 – Low risk	13,423,287	-	-	13,423,287
Grade 3 – Watch list	-	7,091,348	-	7,091,348
Grade 4 – Watch list	-	4,650,007	-	4,650,007
Grade 5 – Default	-	-	1,842,853	1,842,853
Grade 6 – Default	-	-	1,080,590	1,080,590
Grade 7 – Default	-	-	736,841	736,841
Grade 8 – Default	-	-	9,086,355	9,086,355
Gross loans and receivables to customers	66,421,935	11,741,355	12,746,639	90,909,929
Expected credit loss allowance	(1,169,788)	(607,947)	(3,168,320)	(4,946,055)
Net loans and receivables to customers	65,252,147	11,133,408	9,578,319	85,963,874

Stage transition on loans and receivables to customers

The following table shows the net loans and receivables to customers based on 3-stage approach:

As at 31 March 2025	Stage 1: 12 months ECL Rs.000	Stage 2: lifetime ECL not credit-impaired Rs.000	Stage 3: lifetime ECL credit-impaired Rs.000	Total ECL Rs.000
Loans and receivables to customer				
Balance as at beginning of the year	65,252,147	11,133,408	9,578,319	85,963,874
Changes due to loans and receivables recognised in opening balance that have				
- Transferred from 12 months ECL	(5,369,509)	4,474,519	894,990	-
- Transferred from lifetime ECL not credit impaired	2,463,204	(3,432,691)	969,487	-
- Transferred from lifetime ECL credit impaired	542,933	514,662	(1,057,595)	-
Financial assets that have been derecognised	(31,147,357)	(5,170,665)	(4,047,869)	(40,365,891)
Net change in expected credit loss allowance	(989,313)	(355,652)	149,749	(1,195,216)
Other net changes in portfolio	62,052,428	5,270,300	(858,586)	66,464,142
Balance as at the end of the year	92,804,533	12,433,881	5,628,495	110,866,909
As at 31 March 2024				
	Stage 1: 12 months ECL Rs.000	Stage 2: lifetime ECL not credit-impaired Rs.000	Stage 3: lifetime ECL credit-impaired Rs.000	Total ECL Rs.000
Loans and receivables to customer				
Balance as at beginning of the year	60,168,507	8,723,395	7,584,987	76,476,889
Changes due to loans and receivables recognised in opening balance that have				
- Transferred from 12 months ECL	(8,765,757)	6,114,059	2,651,698	-
- Transferred from lifetime ECL not credit impaired	1,313,176	(3,009,594)	1,696,418	-
- Transferred from lifetime ECL credit impaired	383,414	264,790	(648,204)	-
Financial assets that have been derecognised	(26,371,595)	(4,327,063)	(2,680,422)	(33,379,080)
Net change in expected credit loss allowance	67,646	(118,001)	67,095	16,740
Other net changes in portfolio	38,456,756	3,485,822	906,747	42,849,325
Balance as at the end of the year	65,252,147	11,133,408	9,578,319	85,963,874

NOTES TO THE FINANCIAL STATEMENTS

Maximum exposure to credit risk – based on aging

Table below shows the maximum exposure to credit risk based on the aging of each instrument:

As at 31 March	Lease and stock out on hire		Loans and receivables to banks		Deposits with financial institutions		Other investment securities and financial assets measured at FVTPL	
	2025 Rs.000	2024 Rs.000	2025 Rs.000	2024 Rs.000	2025 Rs.000	2024 Rs.000	2025 Rs.000	2024 Rs.000
Financial assets measured at amortised cost								
0-30 day	93,151,638	66,421,934	3,671,842	8,013,219	18,069,873	14,937,730	9,498,082	7,126,743
31-60 days	8,519,729	7,091,349	-	-	-	-	-	-
61-90 days	4,172,373	4,650,007	-	-	-	-	-	-
Above 90 days	8,774,008	12,746,639	-	-	-	-	-	-
Total gross amount	114,617,748	90,909,929	3,671,842	8,013,219	18,069,873	14,937,730	9,498,082	7,126,743
Allowance for impairment	(3,750,839)	(4,946,055)	-	-	-	(28,759)	(1)	(1)
Net carrying amount	110,866,909	85,963,874	3,671,842	8,013,219	18,069,873	14,908,971	9,498,081	7,126,742

Financial assets measured at FTVPL

0 days	-	-	-	-	-	-	-	-
Total gross amount	-	-	-	-	-	-	-	-
Allowance for impairment	-	-	-	-	-	-	-	-
Net carrying amount	-	-	-	-	-	-	-	-
Maximum exposure	110,866,909	85,963,874	3,671,842	8,013,219	18,069,873	14,908,971	9,498,081	7,126,742

Age represents the period in days which any amount uncollected or due beyond their contractual due date. For rescheduled loans age is calculate based on the initial due date of the original contract.

A.II Impaired financial instruments

Impaired loans and receivables and other financial instruments

The Company regards a loan and receivable or a other financial instrument impaired when there is an objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s), and that the loss event has an impact on the future cash flows of the asset(s). As per SLFRS 9 – "Financial Instruments" stage three assets are considered as credit impaired.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be 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.

As at 31 March	2025 Rs.000	2024 Rs.000
Impaired financial instruments		
Loans and receivables to customers	5,628,496	9,578,319
Total credit impaired value	5,628,496	9,578,319

Loans and receivables with renegotiated terms and the Company's forbearance policy

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan whose terms have modified may be derecognised and the renegotiated loan recognised as a new loan at fair value.

The Company renegotiates loans to customers in financial difficulties (referred to as 'forbearance activities') to maximise collection opportunities and minimise the risk of default, there is evidence that the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms.

The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants.

The table below set out information about the loans and receivables with renegotiated terms:

As at 31 March	2025	2024
Gross carrying amount (Rs. '000)	6,899,205	8,359,884
Total gross loans and receivables (Rs. '000)	114,617,748	90,909,929
Percentage of renegotiated loans (%)	6.02	9.20

Write-off policy

The Company writes-off a loan or an investment debt/equity security balance and any related allowances for impairment losses, when it determines that the loans security is uncollectible. This determination is made after considering information such as the occurrence of significant changes in the borrower's/issuer's financial position such that the borrower/ issuer can no longer pay the obligation or that proceeds from collateral will not be sufficient to pay back the entire exposure. For smaller balance standardised loans, write-off decisions generally are based on a product-specific past due status. The Company's policy is to pursue timely realisation of the collateral in an orderly manner.

A.III Collateral held and other credit enhancements

The Company holds collateral and other credit enhancements against certain of its credit exposures. The table below sets out the principal types of collateral held against types of loans and receivables.

As at 31 March	Percentage of exposure that is subject to collateral requirements				Type of collateral Held
	Note	Page No.	2025	2024	
			%	%	
Loans and receivables to banks					
Securities purchased under resale agreements	20	224	100	100	Marketable Securities
Loans and receivable to customers					
Lease and hiring contracts	22	225	100	100	Vehicles
Mortgage loan	22	225	100	100	Property and equipment
Personal loans and staff loans	22	225	100	100	Vehicles and guarantors
Loans against deposits	22	225	100	100	Lien deposits
Gold loans	22	225	100	100	Pawning articles
Margin trading	22	225	100	100	Equity securities

A.IV Concentration of credit risk

Company reviews on regular basis its concentration of credit granted in each of the products offered. The diversification was made to ensure that an acceptable level of risk in line with the risk appetite of the Company is maintained. The diversification decisions are made at the ALCO, where it sets targets and present strategies to the Management in optimising the diversification. The product development team of the Company is advised on the strategic decisions taken to diversify the portfolio to align their product development activities accordingly.

NOTES TO THE FINANCIAL STATEMENTS

The Company monitors concentration of credit risk by product, by sector and by geographical location. An analysis of concentrations of credit risk of loan and receivable to customers and other financial investments is shown below:

Product concentration

The Company monitors concentration of credit risk by product categories and analysis is shown below:

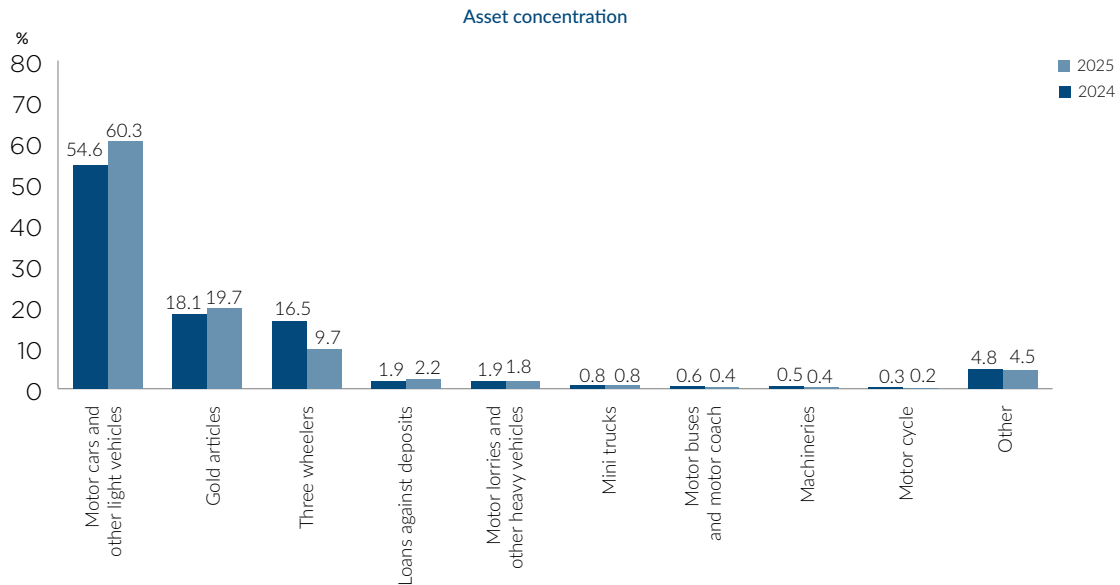
As at 31 March	2025		2024	
	Rs.000	%	Rs.000	%
Leasing	61,869,715	54.0	57,117,651	62.8
Vehicle and term loans	24,100,660	21.0	12,934,041	14.2
Gold-related lending	22,562,301	19.7	16,486,801	18.1
Loans against deposits	2,476,805	2.2	1,762,646	1.9
Credit cards	2,069,166	1.8	1,536,042	1.7
Margin trading	831,921	0.7	450,831	0.5
Staff loans	621,483	0.5	528,083	0.6
Hire purchase	69,169	0.1	71,537	0.1
Other	16,528	0.0	22,297	0.0
Gross loans and receivables to customers	114,617,748	100.0	90,909,929	100.0



Asset concentration

The Company monitors concentration of credit risk by asset categories and an analysis is shown below:

As at 31 March	2025		2024	
	Rs.000	%	Rs.000	%
Motor cars and other light vehicles	69,142,016	60.3	49,595,260	54.6
Gold articles	22,562,301	19.7	16,486,801	18.1
Three wheelers	11,095,876	9.7	15,009,378	16.5
Loans against deposits	2,476,805	2.2	1,762,646	1.9
Motor lorries and other heavy vehicles	2,018,703	1.8	1,764,202	1.9
Mini trucks	935,267	0.8	741,012	0.8
Motor buses and motor coach	453,874	0.4	526,661	0.6
Machineries	407,813	0.4	411,157	0.5
Motor cycle	191,292	0.2	267,462	0.3
Other	5,333,801	4.7	4,345,350	4.8
Gross loans and receivables to customers	114,617,748	100.0	90,909,929	100.0



Geographical concentration

Company reviews its geographical diversification on regular basis at the credit committee / ALCO and sets long-term target in achieving a geographically well-diversified credit portfolio. Company's strategy on geographical diversification was executed through the establishment of a distribution network for the Company. The geographical concentration is considered when selecting prospective locations for new branches as well. The credit concentration of the economy is mostly affected by the wealth distribution of the country where high concentration was seen in the Western Province.

As at 31 March	2025		2024	
	Rs.000	%	Rs.000	%
Western	59,262,770	51.7	45,898,595	50.5
North Western	15,613,905	13.6	11,862,127	13.0
Central	10,395,624	9.1	8,095,069	8.9
Sabaragamuwa	8,896,388	7.8	7,776,127	8.6
Southern	8,864,675	7.7	6,672,226	7.3
Uva	4,757,699	4.2	4,428,988	4.9
North Central	3,638,314	3.2	3,352,085	3.7
Eastern	2,195,726	1.9	1,854,862	2.0
North	992,647	0.9	969,850	1.1
Gross loans and receivables to customers	114,617,748	100.0	90,909,929	100.0

NOTES TO THE FINANCIAL STATEMENTS

Sector-wise analysis of credit exposures

Company manages its credit exposure to a single industry by regularly reviewing the portfolio. As there is more concentration on the vehicle-related financing of the Company there is an inherent concentration on the transportation sector. Company has set targets to bring down the exposures to risk elevated industries to a level accepted by the Company based on its risk appetite.

As at 31 March	2025		2024	
	Rs.000	%	Rs.000	%
Consumption and other	35,610,057	31.1	25,366,939	27.9
Transport	27,783,838	24.2	31,254,629	34.4
Commercial	27,121,999	23.7	18,760,043	20.6
Service	8,472,582	7.4	7,601,358	8.4
Housing and property development	7,666,574	6.7	3,692,459	4.1
Agricultural	3,903,303	3.4	2,005,151	2.2
Tourism	3,512,003	3.1	2,170,129	2.4
Financial services	427,324	0.4	41,659	0.0
Industrial	120,068	0.1	17,562	0.0
Gross loans and receivables to customers	114,617,748	100.0	90,909,929	100.0

Concentration of other financial investments

Company manages its credit exposure to a single investment security by regularly reviewing the investment portfolio. This analysis includes all the financial investments classified under financial assets measured at FVTPL, loans and receivables to banks, deposits with financial institutions and other investment securities.

As at 31 March	2025		2024	
	Rs.000	%	Rs.000	%
Time deposits	18,069,873	57.9	14,908,971	49.6
Treasury bills	6,031,187	19.3	5,028,838	16.7
Securities purchased under resale agreements	3,671,842	11.8	8,013,219	26.7
Equity instruments	2,707,357	8.7	1,956,733	6.5
Commercial Paper	527,425	1.7	-	-
Unit trusts	141,898	0.5	141,047	0.5
Securitization	52,305	0.2	-	-
Total other financial investments	31,201,887	100.0	30,048,808	100.0

Concentration of other Financial Investments



A.V Offsetting financial assets and liabilities

The disclosure set out in the table below include financial assets and liabilities that are offset in the Company's Statement of Financial Position or that are subject to an enforceable master netting arrangement or similar financial agreements. Similar financial agreements include sale and repurchase agreements, reverse sale and repurchase agreements and securities borrowing and lending agreements.

Master netting arrangements do not meet the criteria for offsetting in the Statement of Financial Position until event of default is occurred. Table below shows financial assets subject to offsetting, enforceable master netting agreements and similar agreements:

As at 31 March 2025	Gross amount recognised in financial liabilities			Net exposure	Underlying security
	Gross amount recognised in financial assets	Offset in Statement of Financial Position	Not offset in Statement of Financial Position		
Rs.000	Rs.000	Rs.000	Rs.000		
Types of financial assets					
Securities purchased under resale agreements	3,671,842	-	3,671,842	-	Treasury bills
Loans and receivables to customers	2,476,805	-	2,476,805	-	Term deposits

As at 31 March 2024	Gross amount recognised in financial liabilities			Net exposure	Underlying security
	Gross amount recognised in financial assets	Offset in Statement of Financial Position	Not offset in Statement of Financial Position		
Rs.000	Rs.000	Rs.000	Rs.000		
Types of financial assets					
Securities purchased under resale agreements	8,013,219	-	8,013,219	-	Treasury bills
Loans and receivables to customers	1,762,646	-	1,762,646	-	Term deposits

A.VI Sensitivity of impairment provision on loans and receivables

As at 31 March 2025	Sensitivity on ECL sensitivity effect on Statement of Financial Position [Increase/ (Decrease) in impairment provision]				Sensitivity effect on income Rs.000
	Stage 1	Stage 2	Stage 3	Total	
	Rs.000	Rs.000	Rs.000	Rs.000	
PD 1% increase across all age buckets	17,854	5,833	-	23,687	23,687
PD 1% increase across all age buckets	(17,854)	(5,833)	-	(23,687)	(23,687)
LGD 1% increase	77,734	47,768	71,253	196,755	196,755
LGD 1% decrease	(77,734)	(47,768)	(71,253)	(196,755)	(196,755)
As at 31 March 2024	Sensitivity on ECL sensitivity effect on Statement of Financial Position [Increase/ (Decrease) in impairment provision]				Sensitivity effect on income Rs.000
	Stage 1	Stage 2	Stage 3	Total	
	Rs.000	Rs.000	Rs.000	Rs.000	
PD 1% increase across all age buckets	35,509	14,567	-	50,076	50,076
PD 1% increase across all age buckets	(35,509)	(14,567)	-	(50,076)	(50,076)
LGD 1% increase	73,724	51,089	104,382	229,196	229,196
LGD 1% decrease	(73,724)	(51,089)	(104,382)	(229,196)	(229,196)

NOTES TO THE FINANCIAL STATEMENTS

B. Liquidity risk

B.I Exposure to liquidity risk

The key ratio used by the Company for managing liquidity risk is the ratio of net liquid assets to deposits from customers. For this purpose, "net liquid assets" includes cash and cash equivalents and investment-grade debt securities for which there is an active and liquid market. Details of the reported Company ratio of net liquid assets to deposits from customers at the reporting date and during the reporting period were as follows:

As at 31 March	2025 %	2024 %
As at 31 March	19.52	21.80
Average for the period	17.89	17.30
Maximum for the period	23.77	23.34
Minimum for the period	13.26	14.77

Minimum liquidity requirement

As per the Direction 4 of 2013 of Central Bank of Sri Lanka, every finance company shall maintain minimum holding of liquid assets. The table below sets out the components of the Company's holding of liquid assets:

As at 31 March	2025 Rs.000	2024 Rs.000
Required minimum amount of liquid assets	10,572,131	8,783,382
Total liquid assets	20,256,078	18,804,854
Excess liquidity	9,683,947	10,021,472

B.II Maturity analysis for financial assets and financial liabilities

Detailed maturity analysis is given in Note 45 on page 266

The amounts shown in the maturity analysis above have been compiled by applying discounted cash flows which exclude future interest which is applicable. Some estimated maturities will be vary due to changes in contractual cashflows such as early repayment option of loans and receivables. As a part of the management of liquidity risk arising from financial liabilities, the Company holds liquid assets comprising cash and cash equivalents and debt securities which can be readily sold to meet liquidity requirements.

The table below sets out the carrying amounts of Company's non-derivative financial assets and financial liabilities expected to be recovered or settled more than 12 months after the reporting date:

As at 31 March	Note	Page No.	2025 Rs.000	2024 Rs.000
Financial assets				
Deposits with financial institutions	21	225	7,240,101	9,167,717
Loans and receivables to customers	22	225	45,963,500	38,417,524
Other investment securities	23	229	2,745,267	9,421,176
Total financial assets			55,948,868	58,973,798
Financial liabilities				
Due to banks and financial institutions	30	247	18,858,360	19,138,568
Deposits from customers	31	249	7,748,609	6,320,762
Debt securities issued and subordinated debt	32	249	5,700,823	1,436,981
Total financial liabilities			32,307,792	26,896,311

B.III Liquidity reserves

The table below sets out the components of the Company's liquidity reserves:

As at 31 March	2025 Rs.000	2024 Rs.000
Cash and balances with other banks	4,032,626	2,972,067
Other cash and cash equivalents	6,842,329	3,062,799
Investments in Government securities	9,381,123	12,769,988
Total liquidity reserves	20,256,078	18,804,854

B.IV Financial assets available for future funding

The table below sets out the availability of the Company's financial assets to support future funding.

As at 31 March 2025			Encumbered		Unencumbered		Total
Note	Page No.	Nature of liability	Pledge as collateral Rs.000	Other** Rs.000	Available as collateral Rs.000	Other** Rs.000	Rs.000
		Cash and cash equivalents	-	-	-	4,582,802	4,582,802
		Loans and receivables to banks					
		Due to banks and financial institutions	326,463	-	3,345,379	-	3,671,842
		Deposits with financial institutions					
		Due to banks and financial institutions	11,250,079	-	6,819,794	-	18,069,873
		Loans and receivables to customers					
		Due to banks and financial institutions	11,985,476	-	74,249,966	24,631,467	110,866,909
		Other investment securities	-	-	-	9,498,082	9,498,082
		Non-financial assets	-	-	10,246,838	-	10,246,838
		Total assets	23,562,018	-	94,661,977	38,712,351	156,936,346

As at 31 March 2024			Encumbered		Unencumbered		Total
Note	Page No.	Nature of liability	Pledge as collateral Rs.000	Other** Rs.000	Available as collateral Rs.000	Other** Rs.000	Rs.000
		Cash and cash equivalents	-	-	-	3,642,333	3,642,333
		Loans and receivables to banks					
		Due to banks and financial institutions	326,463	-	-	7,686,756	8,013,219
		Deposits with financial institutions					
		Due to banks and financial institutions	11,204,040	-	3,704,931	-	14,908,971
		Loans and receivables to customers					
		Due to banks and financial institutions	5,209,233	-	54,049,925	22,231,547	85,963,874
		Debt securities issued and subordinated debt	4,473,169				
		Other investment securities	-	-	-	7,126,742	7,126,742
		Non-financial assets					
		Property, plant and equipment	634,000	-	8,488,846	-	9,082,846
		Total assets	21,846,905	-	66,243,702	40,687,378	128,777,985

* Represents assets that are not pledged but that the Company believes it is restricted from using to secure funding, for legal or other reasons.

** Represents assets that are not restricted for use as collateral, but the Company would not consider them as readily available to secure funding in the normal course of business.

NOTES TO THE FINANCIAL STATEMENTS

B.V Analysis of financial assets and liabilities by remaining contractual maturities

The table below summarises the maturity profile of the Company's financial assets and the undiscounted cash flows of its financial liabilities as at 31 March 2025 and 31 March 2024.

As at 31 March 2025	On demand Rs.000	Less than 3 months Rs.000	3 to 12 months Rs.000	1 to 3 years Rs.000	3 to 5 years Rs.000	Over 5 years Rs.000	Total Rs.000
Financial Assets							
Cash and cash equivalents	4,582,802	-	-	-	-	-	4,582,802
Derivative financial assets	-	-	31,712	-	-	-	31,712
Loans and receivables to banks	-	3,499,398	191,051	-	-	-	3,690,449
Deposits with financial institutions	-	7,530,101	3,966,060	3,795,456	3,020,835	1,559,888	19,872,340
Loans and receivables to customers	10,471,445	30,478,537	36,706,762	42,941,296	15,862,051	1,178,584	137,638,675
Other investment securities	-	7,314,470	2,267,900	-	-	-	9,582,370
Total undiscounted financial assets	15,054,247	48,822,506	43,163,485	46,736,752	18,882,886	2,738,472	175,398,348
Financial Liabilities							
Due to banks and financial institutions	346,486	-	1,282,522	2,216,362	7,301,164	25,335,285	36,481,819
Deposits from customers	3,886,196	44,590,460	33,599,440	7,898,324	1,020,949	-	90,995,369
Debt securities issued and subordinated debt	-	-	1,731,172	-	8,028,512	-	9,759,684
Lease liabilities	-	67,191	191,985	493,883	380,080	438,555	1,571,694
Total undiscounted financial liabilities	4,232,682	44,657,651	36,805,119	10,608,569	16,730,705	25,773,840	138,808,566
Net liquidity position	10,821,565	4,164,855	6,358,366	36,128,183	2,152,181	(23,035,368)	36,589,782
As at 31 March 2024							
	On demand Rs.000	Less than 3 months Rs.000	3 to 12 months Rs.000	1 to 3 years Rs.000	3 to 5 years Rs.000	Over 5 years Rs.000	Total Rs.000
Financial Assets							
Cash and cash equivalents	3,642,333	-	-	-	-	-	3,642,333
Loans and receivables to banks	-	8,030,140	-	-	-	-	8,030,140
Deposits with financial institutions	-	4,289,937	796,000	5,729,489	3,945,856	2,954,000	17,715,282
Loans and receivables to customers	7,116,338	7,721,527	24,626,517	39,132,001	12,778,265	752,966	92,127,614
Other investment securities	-	6,993,924	300,000	-	-	-	7,293,924
Total undiscounted financial assets	10,758,671	27,035,528	25,722,517	44,861,490	16,724,121	3,706,966	128,809,293
Financial Liabilities							
Due to banks and financial institutions	193,360	3,640,368	5,164,954	9,950,337	8,448,172	8,471,342	35,868,533
Deposits from customers	3,180,897	38,739,456	28,878,027	5,309,672	4,070,410	-	80,178,462
Debt securities issued and subordinated debt	-	1,812,661	2,073,567	-	-	-	3,886,228
Lease liabilities	-	62,181	180,640	442,429	395,247	431,664	1,512,161
Total undiscounted financial liabilities	3,374,257	44,254,666	36,297,188	15,702,438	12,913,829	8,903,006	121,445,384
Net liquidity position	7,384,414	(17,219,138)	(10,574,671)	29,159,052	3,810,292	(5,196,040)	7,363,909

B.VI Commitments and Guarantees

The table below shows the contractual expiry by maturity of the Company's contingent liabilities and commitments. Each undrawn loan commitment is included in the time band containing the earliest date it can be drawn down. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.

As at 31 March 2025	On demand	Less than 3 months	3 to 12 months	Total
	Rs.000	Rs.000	Rs.000	Rs.000
Guarantees	-	43,258	-	43,258
Litigations against the Company	-	30,324	49,042	79,366
Undrawn commitments	-	4,225,946	-	4,225,946
Capital commitments	-	-	904,040	904,040
Total contingencies and commitments	-	4,299,528	953,082	5,252,610

As at 31 March 2024	On demand	Less than 3 months	3 to 12 months	Total
	Rs.000	Rs.000	Rs.000	Rs.000
Guarantees	2,000	23,150	29,750	54,900
Litigations against the Company	-	38,952	53,054	92,006
Undrawn commitments	-	4,788,886	-	4,788,886
Capital commitments	-	-	1,076,711	1,076,711
Total contingencies and commitments	2,000	4,850,988	1,159,515	6,012,503

C. Market risk

C. I. Exposure to market risk

The table below sets out the allocation of Company's assets and liabilities subject to market risk between trading and non-trading assets.

As at 31 March 2025			Carrying amount Rs.000	Market risk measure	
				Trading assets	Non-trading assets
	Note	Page No.		Rs.000	Rs.000
Assets subject to market risk					
Cash and cash equivalents	18	222	4,582,802	-	4,582,802
Derivative financial assets	19	222	31,712	31,712	-
Loans and receivables to banks	20	224	3,671,842	3,671,842	-
Deposits with financial institutions	21	225	18,069,873	-	18,069,873
Loans and receivables to customers	22	225	110,866,909	-	110,866,909
Other investment securities	23	229	9,498,082	9,498,082	-
Total assets subject to market risk			146,721,220	13,201,636	133,519,584
Liabilities subject to market risk					
Due to banks and financial Institutions	30	247	32,142,375	-	32,142,375
Deposits from customers	31	249	86,849,204	-	86,849,204
Debt securities issued and subordinated debt	32	249	6,969,330	-	6,969,330
Total liabilities subject to market risk			125,960,909	-	125,960,909

NOTES TO THE FINANCIAL STATEMENTS

			Market risk measure		
As at 31 March 2024			Carrying amount	Trading assets	Non-trading assets
	Note	Page No.	Rs.000	Rs.000	
Assets subject to market risk					
Cash and cash equivalents	18	222	3,642,333	-	3,642,333
Loans and receivables to banks	20	224	8,013,219	8,013,219	-
Deposits with financial institutions	21	225	14,908,971	-	14,908,971
Loans and receivables to customers	22	225	85,963,874	-	85,963,874
Other investment securities	23	229	7,126,742	7,126,742	-
Total assets subject to market risk			119,655,139	15,139,961	104,515,178

Liabilities subject to market risk

Due to banks and financial Institutions	30	247	27,849,165	-	27,849,165
Deposits from customers	31	249	73,258,779	-	73,258,779
Debt securities issued and subordinated debt	32	249	2,788,338	-	2,788,338
Total liabilities subject to market risk			103,896,282	-	103,896,282

C.II Exposure to interest rate risk

Interest rate risk exists in interest-bearing assets and liabilities, due to the possibility of a change in the asset's value resulting from the variability of interest rates. Since interest rate risk management has become imperative, CDB takes proactive measures to manage the exposure by forecasting the rate fluctuations. We perform scenario analysis in the course of observing liquidity position, market movements and reprise products-based thereon.

The following table exhibits the gap between the interest-earning financial assets and interest-bearing financial liabilities of the Company:

As at 31 March 2025			Market risk measure				
		Page	Carrying	Less than	1-2 years	2-5 years	More than
	Note	No.	amount	12 months			5 years
			Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Interest-bearing assets							
Loans and receivables to banks	20	224	3,671,842	3,671,842	-	-	-
Deposits with financial institutions	21	225	18,069,873	18,069,873	-	-	-
Loans and receivables to customers	22	225	110,866,909	64,903,409	31,594,319	13,332,689	1,036,492
Other investment securities	23	229	9,498,082	6,752,815	-	-	2,745,267
Total interest-bearing assets			142,106,706	93,397,939	31,594,319	13,332,689	3,781,759
Interest-bearing liabilities							
Due to banks and financial institutions	30	247	32,142,375	13,284,015	10,009,433	6,185,496	2,663,431
Deposits from customers	31	249	86,849,204	79,100,595	6,979,802	768,807	-
Debt securities issued and subordinated debt	32	249	6,969,330	1,268,507	-	5,700,823	-
Lease Liabilities	26	242	982,001	206,456	301,817	217,115	256,613
Total interest-bearing liabilities			126,942,910	93,859,573	17,291,052	12,872,241	2,920,044
Net interest-bearing assets gap			15,163,796	(461,634)	14,303,267	460,448	861,715

As at 31 March 2024

As at 31 March 2024			Market risk measure				
		Page No.	Carrying amount	Less than 12 months	1-2 years	2-5 years	More than 5 years
	Note		Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Interest-bearing assets							
Loans and receivables to banks	20	224	8,013,219	8,013,219	-	-	-
Deposits with financial institutions	21	225	14,908,971	5,741,254	-	-	9,167,717
Loans and receivables to customers	22	225	85,963,874	47,282,367	27,603,823	10,433,592	644,092
Other investment securities	23	229	7,126,742	5,169,885	-	-	1,956,857
Total interest-bearing assets			116,012,806	66,206,725	27,603,823	10,433,592	11,768,666
Interest-bearing liabilities							
Due to banks and financial institutions	30	247	27,849,165	8,710,596	8,721,473	5,124,870	5,292,226
Deposits from customers	31	249	73,258,779	66,938,017	3,926,210	2,394,552	-
Debt securities issued and subordinated debt	32	249	2,788,338	1,351,358	1,436,980	-	-
Lease Liabilities	26	242	912,177	191,777	280,356	201,677	238,367
Total interest-bearing liabilities			104,808,459	77,191,748	14,365,019	7,721,099	5,530,593
Net interest-bearing assets gap			11,204,347	(10,985,023)	13,238,804	2,712,493	6,238,073

Interest rate sensitivity

The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Company's financial assets and financial liabilities to various standard and non-standard interest rate scenarios. Standard scenarios that considered are increase and decrease in interest rate by 100 basis points. This analysis assumes the financial position and performance is constant over the remaining financial year and movement of interest rate is immediate.

As at 31 March	2025 100 bp		2024 100 bp	
	Increase Rs.000	Decrease Rs.000	Increase Rs.000	Decrease Rs.000
Sensitivity of projected net interest income	(65,143)	65,143	(27,901)	27,901
Sensitivity of reported net assets	(65,143)	65,143	(27,901)	27,901

C.III Exposure to currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates and arises from financial instruments denominated in a foreign currency. Intention of managing currency risk is to curtail the currency losses incurred due to foreign currency transactions. CDB oversees the exposure by co-ordinating and being in line with the rates of forex dealing unit. We take initiatives to control the currency stocks in different currencies by exchanging and converting them in the best and a more profitable manner to compose a gain. Future Forex market movements and trends are considered when deciding rates to offer the customers and always intend to maintain in sequence with the Central Bank rate predictions to make the business more competitive.

The Company has obtained foreign borrowing from U.S. International Development Finance Corporation (DFC) in the financial year 2024. The Company has deposit such funds in foreign currency deposit and obtain rupee loan against such deposit. In the financial year 2025, the Company obtained a foreign currency borrowing from Micro, Small & Medium Enterprises Bonds S.A. and entered into a cash flow hedge to manage the interest and principal payments associated with the borrowing.

NOTES TO THE FINANCIAL STATEMENTS

Foreign currency exposures of the Company is shown below:

As at 31 March	2025			2024			Net exposure Increase/decrease %
	Amount	Rate LKR	Value Rs.000	Amount	Rate LKR	Value Rs.000	
USD	316,381	292.07	92,404	325,272	295.54	96,131	(4)
SGD	29,645	216.16	6,408	15,228	217.57	3,313	93
GBP	21,145	376.51	7,961	27,965	371.85	10,399	(23)
EUR	205,462	313.40	64,392	151,081	318.32	48,092	34
CAD	10,678	202.69	2,164	18,132	216.40	3,924	(45)
AUD	61,261	181.79	11,137	54,500	191.33	10,427	7

Exchange rate sensitivity

The management of exchange rate risk by monitoring the sensitivity of the Company's financial performance to various standard and non-standard exchange rate scenarios. Standard scenarios that considered are increased and decreased in exchange rate by 1% to 5%. This analysis assumes the exchange reserve position is constant over the remaining financial year as well.

Subsequent sensitivity analysis shows changes in LKR, against foreign currencies which would have increased/(decreased) impact to Company's financial performance.

As at 31 March	Shock %	2025		2024	
		Strengthening Rs.000	Weakening Rs.000	Strengthening Rs.000	Weakening Rs.000
USD	1	924	(924)	961	(961)
EUR	1	643	(643)	480	(480)
USD	3	2,773	(2,773)	2,883	(2,883)
EUR	3	1,931	(1,931)	1,440	(1,440)
USD	5	4,621	(4,621)	4,805	(4,805)
EUR	5	3,219	(3,219)	2,400	(2,400)

C.IV Exposure to equity price risk

Equity price risks arises as a result of fluctuations in market prices of individual equities and management conduct mark-to-market calculation on monthly basis and on a need basis to identify the impact.

The following table exhibits the impact on financial performance and net assets due to a shock of 10% on equity price.

As at 31 March	2025		2024	
	Financial Assets measured at FVOCI Rs.000	Total Rs.000	Financial Assets measured at FVOCI Rs.000	Total Rs.000
Market value of quoted equity instruments	2,707,357	2,707,357	1,956,733	1,956,733

Equity price sensitivity

The management of equity price risk is done by monitoring various standard and nonstandard equity price scenarios and analysis is given below:

As at 31 March	2025			2024		
	Impact on profit Rs.000	Impact on OCI Rs.000	Impact on net assets Rs.000	Impact on profit Rs.000	Impact on OCI Rs.000	Impact on net assets Rs.000
Shock Levels						
10% shock (Increase)	-	270,871	270,871	-	195,673	195,673
10% shock (Decrease)	-	(270,871)	(270,871)	-	(195,673)	(195,673)

C.V Exposure to gold price risk

Gold price risks arises as a result of fluctuations in market gold prices and Management conduct mark-to-market calculation on monthly basis and on a need basis to identify the impact.

	Total net weight of pawning articles (in Grams)	Market price per gram* Rs.	Total Market value Rs.000	Gold loan receivable amount Rs.000	Value excess Rs.000
2025	1,204,962	29,305	35,311,356	22,562,301	12,749,055
2024	1,101,226	21,261	23,413,166	16,486,801	6,926,365

* Gold prices were extracted from Central Bank of Sri Lanka

Gold price sensitivity

The following table exhibits the impact on market value of the gold stock held due to a shock of 10% on gold price:

As at 31 March	2025		2024	
	Impact on market value Rs.000	Impact on value excess Rs.000	Impact on market value Rs.000	Impact on value excess Rs.000
Shock Levels				
10% shock (Increase)	3,531,136	3,531,136	2,341,345	2,341,345
10% shock (Decrease)	(3,531,136)	(3,531,136)	(2,341,345)	(2,341,345)

NOTES TO THE FINANCIAL STATEMENTS

C.VI Exposure to Government security price risk

Government Security price risks arises as a result of fluctuations in market prices of Government securities and Management conduct mark-to-market calculation on monthly basis and on a need basis to identify the impact.

The following table exhibits the impact on financial performance and net assets due to a shock of 10% on Government Security Price.

As at 31 March	2025			2024		
	Financial Assets measured at FVTPL	Other financial assets	Total	Financial Assets measured at FVTPL	Other financial assets	Total
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Treasury bills	-	6,031,187	6,031,187	-	5,028,838	5,028,838

Government security price sensitivity

The following table exhibits the impact on market value of the Government securities held due to a shock of 10% on market price:

As at 31 March 2025	2025			2024		
	Impact on profit	Impact on OCI	Impact on net assets	Impact on profit	Impact on OCI	Impact on net assets
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Shock Levels						
10% shock (Increase)	(10,484)	-	(10,484)	16,870	-	16,870
10% shock (Decrease)	10,484	-	10,484	(16,870)	-	(16,870)

Rates on Government securities as per Central Bank of Sri Lanka 2024/25 – during the year

	Last traded rate as at 31 March 2024	Minimum rate	Maximum rate	Last traded rate as at 31 March 2025
	%	%	%	%
Treasury Bills				
91 Days	14.51	7.50	10.49	7.50
181 Days	14.16	7.84	10.76	7.84
364 Days	12.93	8.25	10.31	8.25
Treasury Bonds				
5 Years	14.52	10.72	13.98	10.72
8 Years	13.56	11.28	12.47	11.40

Rates on Government securities as per Central Bank of Sri Lanka 2023/24 – during the year

	Last traded rate as at 31 March 2023 %	Minimum rate %	Maximum rate %	Last traded rate as at 31 March 2024 %
Treasury Bills				
91 Days	25.99	14.51	25.82	14.51
181 Days	25.79	14.16	25.42	14.16
364 Days	24.31	12.89	23.14	12.93
Treasury Bonds				
5 Years	28.11	14.52	15.74	14.52
8 Years	20.74	13.56	15.67	13.56

D. Capital management

Central Bank of Sri Lanka (CBSL) has introduced a New Capital Adequacy Framework intended to foster a strong emphasis on risk management and to encourage improvements in LFC's risk assessment capabilities by repealing the earlier Direction No. 02 of 2006.

D.I Capital adequacy ratios

Under the earlier Direction risk confined only to credit risk and no capital requirements for other risks such as market and operational risk. With the introduction of new capital Adequacy Direction No. 03 of 2018, it provides for maintenance of capital adequacy ratios on a more risk sensitive focus covering credit risk and operational risks under basic approach available in Basel II accord.

The minimum requirement for core capital adequacy ratio and total capital adequacy ratio are 10 % and 14% respectively for assets more than Rs. 100 Bn. LFCs.

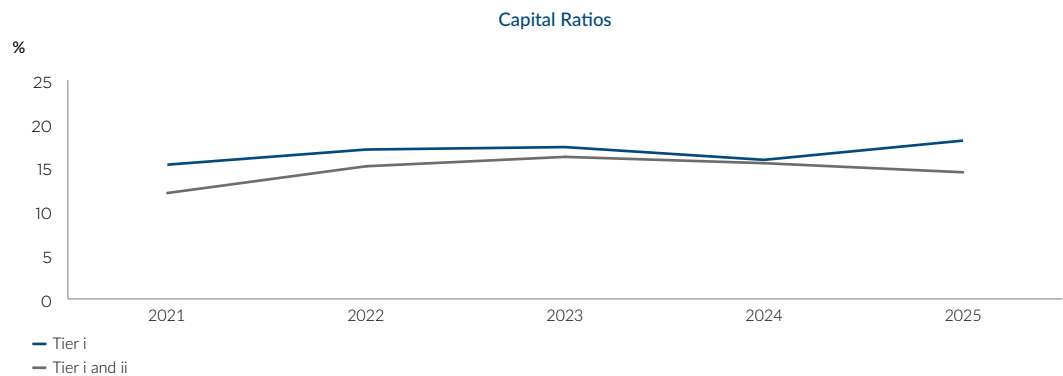
The core capital represents the permanent shareholders equity and reserves created or increased by appropriations of retained earnings or other surpluses and the total capital includes in addition to the core capital the revaluation reserves, and unsecured subordinated debts. Excluding regulatory loss allowance reserves.

The risk-weighted assets have been calculated by multiplying the value of each category of asset using the risk weight specified by the Central Bank of Sri Lanka for credit risk and the basic indicator approach is used for operational risk.

The Company's policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain the future development of the business. The Company and its individually regulated operations have complied with all externally imposed capital requirements.

As at 31 March		2025 %	2024 %
Core capital adequacy ratio (Tier I)	Core capital	14.47	15.51
	Risk-weighted assets		
Total capital adequacy ratio (Tier I and II)	Capital Funds	18.09	15.89
	Risk-weighted assets		

NOTES TO THE FINANCIAL STATEMENTS

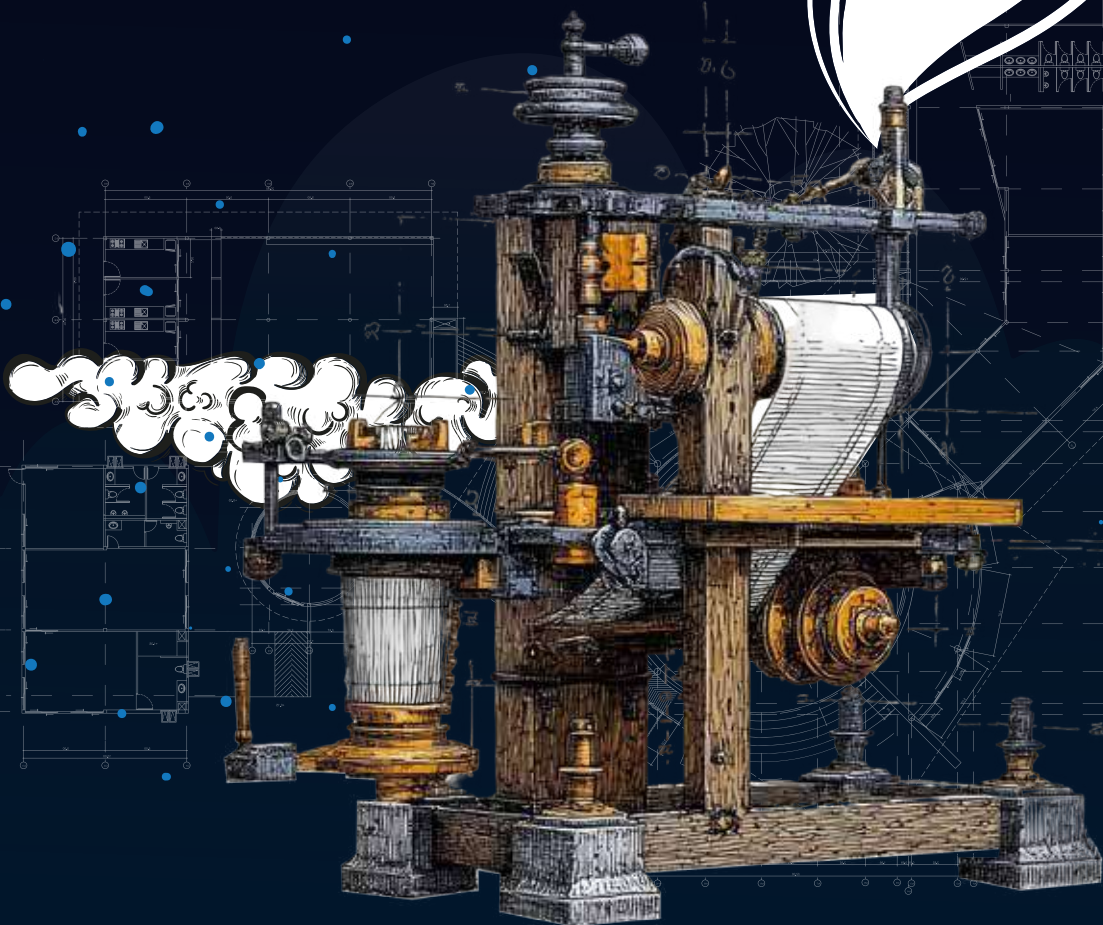


D.II Capital allocation

Management uses regulatory capital ratios to monitor its capital base. The allocation of capital between specific operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is based primarily on regulatory capital requirements, but in some cases the regulatory requirements do not fully reflect the varying degree of risk associated with different activities. In such cases, the capital requirements may be fixed to reflect differing risk profiles, subject to the overall level of capital to support a particular operation or activity not falling below the minimum required for regulatory purposes. The process of allocating capital to specific operations and activities is undertaken independently of those responsible for the operation by Company risk and Company credit and is subject to review by the Company ALCO.

Although maximisation of the return on risk-adjusted capital is the principal basis used in determining how capital is allocated within the Company to particular operations or activities, it is not the sole basis used for decision-making and also taken account of synergies with other operations and activities, the availability of Management and other resources, and the fit of the activity with the Company's longer-term strategic objectives. The Company's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

Supplementary Reports



CONDUIT

Channeling Endless Knowledge

We are a conduit for lifelong learning—unlocking access to knowledge, enabling personal growth, and building resilient communities built to face the future. We strive towards promoting a shared economy, built on a spirit of collaboration, and universal access to resources.

The invention of the printing press marked a turning point in human progress—democratising information, accelerating literacy, and laying the foundation for modern education and innovation.

What was once reserved for a few became accessible to many, igniting generations of changemakers and revolutionary ideas. Today, CDB carries that spirit forward through community engagement, employee learning, and inclusive outreach; enabling individuals to develop the skills, confidence, and resilience needed in a rapidly changing world—and helping them shape their futures with purpose and possibility.

INVESTOR RELATIONS

KEY INVESTOR INDICATORS/VALUE CREATED TO SHAREHOLDERS

Earnings Per Share

We are committed to meeting shareholder expectations by effectively executing our strategies and serving our customers with excellence.

Return on Equity

CDB manages earnings prudently, balancing the delivery of sustainable returns to shareholders with the flexibility to reinvest for long-term growth.

Net Asset Value per Share

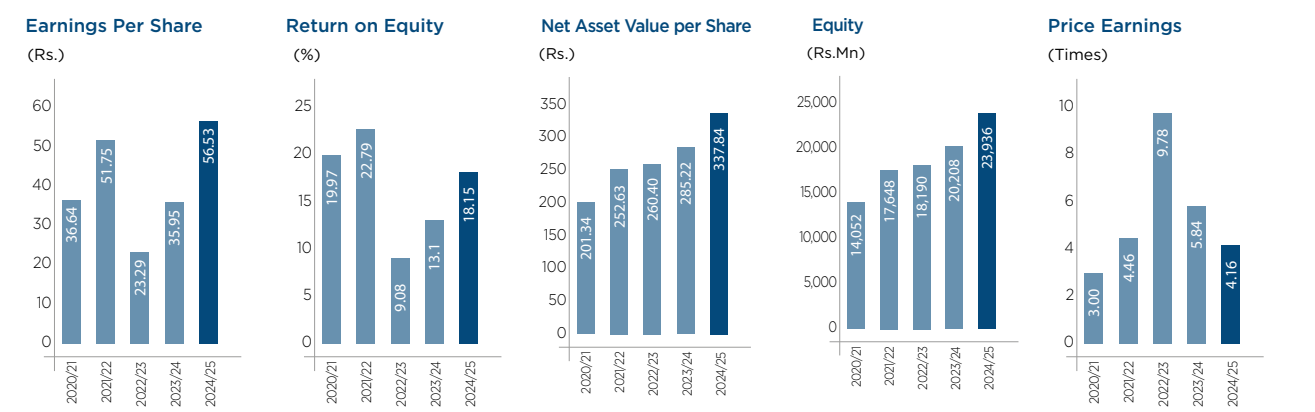
Our focus remains on generating long-term value for shareholders through disciplined investment and strategic growth.

Equity

CDB is dedicated to creating value from shareholder capital by measuring performance against market and industry benchmarks with a disciplined approach.

Price Earnings

We operate from a position of strength, ensuring the Company is well-positioned to deliver consistent, sustainable returns to shareholders.



At CDB, we understand that our investors are the lifeblood of our business, and we are unwaveringly committed to maximise your wealth through effective risk management and business strategies crafted in your best interests.

By actively engaging with our investors, we gain a deep understanding of your expectations and goals, resulting in better outcomes with a lasting and trusting

relationship. Through this process of engagement, we are able to make strategic decisions that not only benefit our shareholders but also ensure the long-term success and sustainability of our Company.

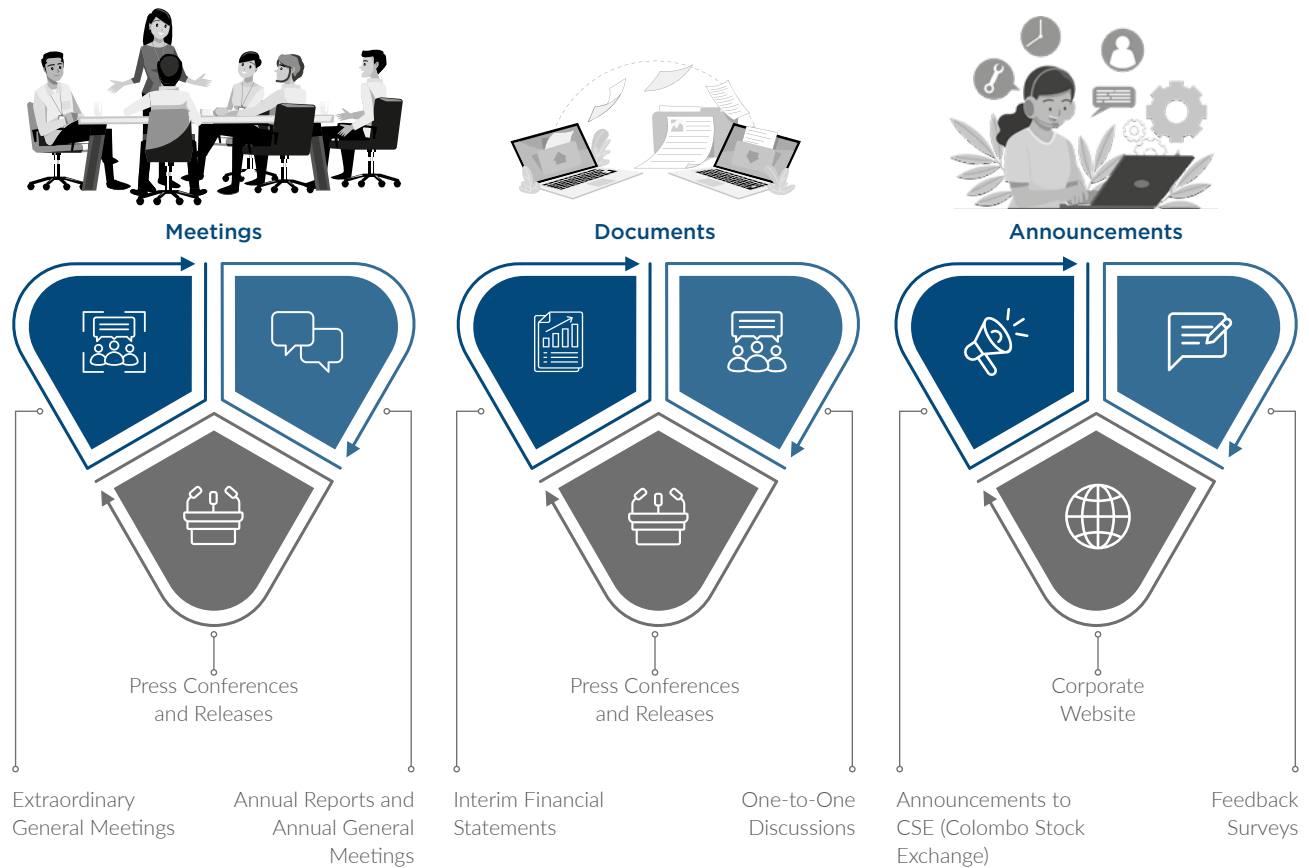
We are proud to have a loyal group of investors who share our vision and we are committed to provide timely and comprehensive information which empowers our investors to make wise decisions.

Despite challenging macroeconomic conditions, we have consistently met the expectations of our valued investors by providing a steady return on your investment and remain committed to fulfil our obligations in the future. Our Integrated Financial Reporting serves as a valuable resource, offering insights into our strengths and capabilities, credibility and reliability and encouraging loyalty among our investor community.

INSIGHTS FROM OUR SHAREHOLDERS

The company employs diverse methods to engage and interact with shareholders. This encompasses the Annual Report, serving as the primary tool for investor communication, along with Annual General Meetings and Extra-Ordinary General Meetings, convened as necessary to provide opportunities for the investor community to connect with the business.

MODES OF ENGAGEMENT WITH INVESTORS



Our efforts on effective communication and active engagement with important stakeholder groups have made CDB's shares a credible investment proposition, despite a multitude of global and local developments.

VALUE CREATED FOR SHAREHOLDERS

Net Asset value per share	2025	2024	2023	2022
Earnings per share	56.61	35.95	23.29	51.75
Dividend per share	15.00	7.00	5.00	3.75
Market Price per share	235.00	210.00	227.75	230.75
Dividend pay-out ratio	26.53	19.47	21.47	7.25
Dividend Yield	6.38	3.33	2.20	1.63

CAPITAL MARKET PERFORMANCE

The Colombo Stock Exchange (CSE) experienced a strong performance during the financial year 2024/25. All Share Price Index (ASPI) demonstrated a positive trajectory, climbing from 11,444.38 points on 31 March 2024 to 15,814.80 points on 31 March 2025, reflecting a notable growth of 38.2%. Additionally, the market capitalisation of the CSE grew from Rs. 3,903.54 billion to Rs. 5,812.11 billion,

signifying a 48.9% growth during the Financial year 2024/25. Further, S&P SL 20 index, which monitors the performance of prominent blue-chip companies, also grew from 3,317.62 points on 31 March 2024, to 4,734.72 points on 31 March 2025, resulting in a substantial 42.71% growth. Moreover, the number of listed companies remained same level of 284 during the FY 2024/25. The upward movement of the ASPI & S&P SL 20 indexes suggest an

encouraging trajectory for the economy and demonstrates businesses' optimism regarding the future.

STOCK EXCHANGE LISTING

The issued ordinary shares of Citizens Development Business Finance PLC are listed on the Main Board of the Colombo Stock Exchange.

INVESTOR RELATIONS

The unaudited Interim Financial Statements for the three quarters in the FY 2024/25 have been submitted to the CSE within the stipulated 45-day period. The unaudited Interim Financial Statements for the final quarter was submitted to the CSE within the stated 60 days from the Statement of Financial Position date.

PERFORMANCE OF CDB SHARES

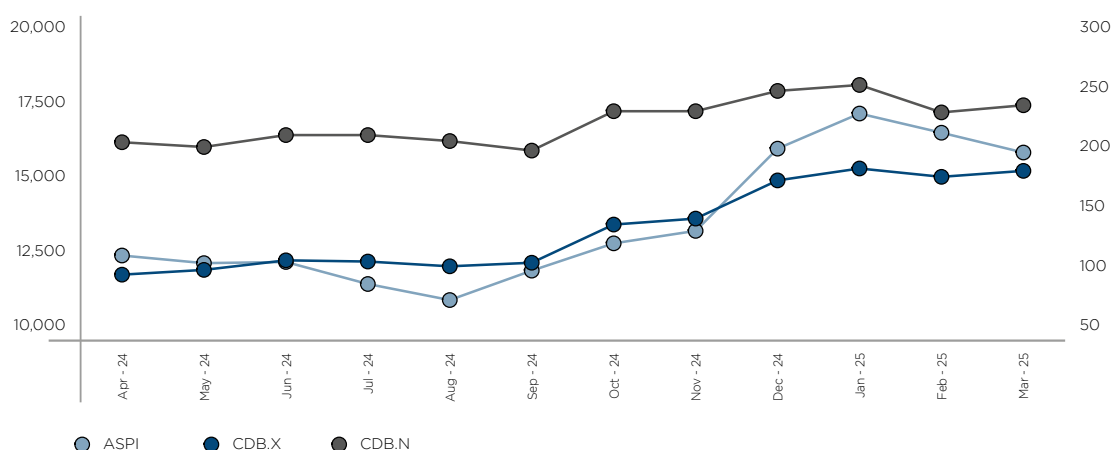
CDB demonstrated strong market performance in line with the broader upward trend of the ASPI and S&P SL20 indices during the financial year ended 31 March 2025.

Ordinary voting shares (CDB.N) recorded a capital appreciation of 11.9%, while ordinary non-voting shares (CDB.X) significantly outperformed the market with a remarkable gain of 109.8%. For context, the ASPI posted a year-on-year growth of 38.19%, positioning CDB.X as one of the standout performers.

These results reflect the market's confidence in CDB's strategic direction, operational resilience, and potential for continued value creation for shareholders.

CDB.N traded within a price range of Rs. 160.00 to Rs. 268.75, while CDB.X ranged from Rs. 85.10 to Rs. 195.50. This positive price momentum translated into an 18.3% year-on-year increase in CDB's market capitalisation, rising from Rs. 13.59 Bn. in FY 2023/24 to Rs. 16.08 Bn. in FY 2024/25.

Comparison of CDB share movement with ASPI



OVERALL SHARE MARKET

As at 31 March 2025 the 284 companies were listed in the CSE with a market capitalisation of Rs. 5,812.11 Bn. reflecting an increase of 48.89% compared to Rs. 3,903.54 Bn. in the previous year.

	31 March 2024	31 March 2025
All Share Price Index (ASPI)	11,444.38	15,814.80
S&P Sri Lanka 20 Index (S&P SL 20)	3,317.62	4,734.72
Market capitalisation (Rs. Bn.)	3,903.54	5,812.11

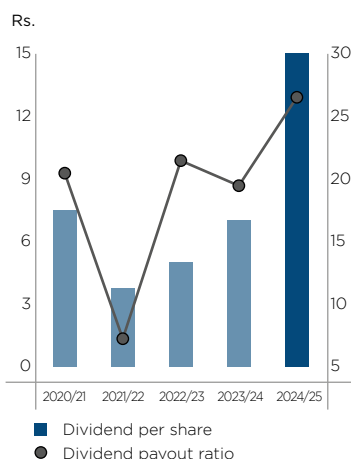
SHARE PRICE INFORMATION

Prices (LKR)	2024/25	
	Voting	Non-Voting
High	268.75	195.50
Low	160.00	85.10
Last traded	235.00	180.00

DIVIDEND POLICY

It is Company's policy to pay around 30% of its earnings as dividends with the best interest of shareholders (Subject to CBSL Clearance and other conditions). CDB has continuously maintained dividend pay-outs. The Board of Directors of CDB has given due consideration to the requirements stipulated by CBSL and declared a First Interim cash dividend of Rs. 5.00 per share and the final Cash dividend of Rs.10 per share for both voting and non-voting shares of Rs. 907,601,310 and Rs. 155,155,020 respectively, which aggregated to a sum of Rs. 1,062,756,330. Final Cash dividend aggregated amount for both voting and Non-voting shares of Rs. 708,504,220 subject to shareholders' approval at the Annual General Meeting.

Dividend per share & Dividend payout



CDB VOTING SHARE PERFORMANCE

	Turnover (Rs. Mn.)	Share volume
Apr-24	10,032,135	50,109
May-24	10,056,227	48,500
Jun-24	23,611,256	114,899
Jul-24	1,187,308	5,448
Aug-24	19,597,242	93,262
Sep-24	1,426,578	7,073
Oct-24	5,612,955	26,952
Nov-24	2,729,676,726	11,026,762
Dec-24	32,447,841	133,016
Jan-25	19,890,465	81,702
Feb-25	2,248,852	9,413
Mar-25	494,210,467	2,129,166

CDB NON-VOTING SHARE PERFORMANCE

	Turnover (Rs. Mn.)	Share volume
Apr-24	9,041,423	99,521
May-24	16,270,628	173,517
Jun-24	22,827,347	216,463
Jul-24	20,922,682	204,193
Aug-24	10,476,908	100,487
Sep-24	4,996,279	49,683
Oct-24	32,708,731	271,267
Nov-24	33,988,515	246,789
Dec-24	45,495,201	298,483
Jan-25	62,390,545	366,158
Feb-25	17,642,793	97,459
Mar-25	12,687,662	75,479

INVESTOR RELATIONS

SHARE TRADING INFORMATION

ANNUAL TRANSACTION INFORMATION – ORDINARY VOTING SHARES

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Number of transactions	1,401	1,556	2703	638	1387	1,596
Number of shares traded	5,647,980	2,497,879	1,928,617	5,682,209	1,558,947	13,726,302
Value of shares traded (Rs.)	500,892,517	240,347,905	282,060,872	1,135,097,739	309,838,327	3,349,998,055

ANNUAL TRANSACTION INFORMATION – ORDINARY NON-VOTING SHARES

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Number of transactions	1,267	3,341	10,459	3,381	2,901	5,163
Number of shares traded	1,175,929	4,322,586	5,905,811	1,303,693	1,108,592	2,199,499
Value of shares traded (Rs.)	76,157,195	306,053,238	564,400,918	82,432,645	88,317,708	289,448,719

CDB VOTING SHARE PERFORMANCE

	High	Low	Closing
Apr-24	218.00	190.25	204.00
May-24	225.00	197.00	200.50
Jun-24	217.00	201.00	210.00
Jul-24	229.50	196.00	210.50
Aug-24	234.00	200.00	205.00
Sep-24	218.75	197.00	197.50
Oct-24	233.75	160.00	229.75
Nov-24	242.00	222.75	230.00
Dec-24	268.75	224.25	247.00
Jan-25	253.00	230.50	252.25
Feb-25	251.00	227.25	229.25
Mar-25	245.00	222.00	235.00

CDB NON-VOTING SHARE PERFORMANCE

	High	Low	Closing
Apr-24	98.90	85.10	92.90
May-24	97.50	88.10	97.00
Jun-24	114.00	96.90	105.00
Jul-24	106.75	92.10	104.00
Aug-24	108.00	98.20	100.00
Sep-24	104.25	97.50	103.00
Oct-24	140.50	101.00	135.25
Nov-24	148.50	132.75	139.75
Dec-24	175.00	138.00	172.25
Jan-25	187.50	152.00	181.75
Feb-25	195.50	174.00	175.00
Mar-25	183.50	165.00	180.00

QUARTERLY SUMMARY

Period - Voting	High (Rs.)	Low (Rs.)	Close (Rs.)	Trade volume	Share volume	Turnover (Rs.)	Days traded
2024/25 - Q1	225	190.25	210	132	213,508	43,699,619.25	37
2024/25 - Q2	234	196	197.5	175	105,783	22,211,129.25	39
2024/25 - Q3	268.75	160	247	703	11,186,730	2,767,737,522.75	55
2024/25 - Q4	253	222	235	586	2,220,281	516,349,784.5	52

Period - Non-voting	High (Rs.)	Low (Rs.)	Close (Rs.)	Trade volume	Share volume	Turnover (Rs.)	Days traded
2024/25 -Q1	114	85.1	105	1,168	489,501	48,139,399.65	58
2024/25 -Q2	108	92.1	103	855	354,363	36,395,870.55	62
2024/25 -Q3	175	101	172.25	1,785	816,539	112,192,448.00	62
2024/25 -Q4	195.5	152	180	1,355	539,096	92,721,001.00	54

MARKET CAPITALISATION AND FLOAT ADJUSTED MARKET CAPITALISATION

	Number of shares	MPS	Market capitalisation (Rs.)	Percentage of public holders	Float adjusted market capitalisation (Rs.)
Voting	60,506,754	235	14,219,087,190	46.65%	6,633,204,174
Non-voting	10,343,668	180	1,861,860,240	80.54%	1,499,542,237
Total	70,850,422		16,080,947,430		8,132,746,411

The float adjusted market capitalisation of the Company falls under Option 3 of Rule 7. 13. 1 (a) of the Listing Rules of the Colombo Stock Exchange, and the Company has complied with the minimum public holding requirement applicable under the said option.

SHAREHOLDER ANALYSIS

ORDINARY VOTING - COMPOSITION ACCORDING TO SHAREHOLDING

Shareholdings	Number of share-holders	No. of shares	Resident		Non-resident		Number of share-holders	No. of shares	Percentage (%)
			Percentage (%)	Number of share-holders	No. of shares	Percentage (%)			
1 to 1000 Shares	1,080	180,416	0.30	2	307	0.00	1,082	180,723	0.30
1001 to 10,000 Shares	409	1,092,051	1.80	2	7,230	0.01	411	1,099,281	1.81
10001 to 100,000 Shares	111	2,882,939	4.76	1	15,685	0.03	112	2,898,624	4.79
100001 to 1000,000 Shares	20	4,838,154	8.00	0	0	0.00	20	4,838,154	8.00
Over 1,000,000 Shares	11	51,489,972	85.10	0	0	0.00	11	51,489,972	85.10
Total	1,631	60,483,532	99.96	5	23,222	0.04	1,636	60,506,754	100.00

COMPOSITION OF VOTING SHAREHOLDERS

Categories of shareholders	2024/25		
	No. of shareholders	No. of shares	Holding %
Individual	1,568	5,589,007	9.24
Institutional	68	54,917,747	90.76
	1,636	60,506,754	100

ORDINARY NON-VOTING - COMPOSITION ACCORDING TO SHAREHOLDING

Shareholdings	Number of share-holders	No. of shares	Resident		Non-resident		Number of share-holders	No. of shares	Percentage (%)
			Percentage (%)	Number of share-holders	No. of shares	Percentage (%)			
1 to 1000 Shares	1,660	214,172	2.07	4	916	0.01	1,664	215,088	2.08
1001 to 10,000 Shares	198	685,981	6.63	3	16,046	0.16	201	702,027	6.79
10001 to 100,000 Shares	63	2,258,410	21.83	2	133,600	1.29	65	2,392,010	23.12
100001 to 1000,000 Shares	14	3,714,512	35.91	2	216,018	2.09	16	3,930,530	38.00
Over 1,000,000 Shares	2	3,104,013	30.01	0	0	0.00	2	3,104,013	30.01
	1,937	9,977,088	96.45	11	366,580	3.55	1,948	10,343,668	100.00

COMPOSITION OF NON-VOTING SHAREHOLDERS

Categories of shareholders	2024/25		
	No. of shareholders	No. of shares	Holding %
Individual	1,878	5,277,904	51.03
Institutional	70	5,065,764	48.97
	1,948	10,343,668	100

INVESTOR RELATIONS

INFORMATION ON SHARE CAPITAL MOVEMENT – VOTING SHARES

Year	Details	Share Type	Basis	No. of shares issued	No. of voting after the issues	New Capital raised Rs. '000
2010	Introduction				39,685,048	
2011	Right Issue	Voting shares @ Rs. 70.00	1 for every 6 existing shares	6,614,175	46,299,223	462,992
2019	Right issue	Voting shares @ Rs. 77.00	1 for every 4 voting shares	11,574,805	57,874,028	891,260
2019	Scrip issue	Voting shares	0.02721519 for every 1 existing shares	1,575,052	59,449,080	
2022	Share Options	Voting shares @ Rs. 183.00		63,295	59,512,375	11,584
2023	Share Options	Voting shares @ Rs. 190.00		994,379	60,506,754	188,545

INFORMATION ON SHARE CAPITAL MOVEMENT – NON - VOTING SHARES

Year	Details	Share Type	Basis	No. of shares issued	No. of voting after the issues	New Capital raised Rs. '000
2011	Rights Issue	Non-voting shares @ Rs. 45.00	1 for every 7 voting shares	5,669,293	5,669,293	255,118
2012	Scrip issue	Non-voting shares	1 for every 22.222224 existing shares	2,336,691	8,005,984	
2019	Rights issue	Non-voting shares @ Rs. 64.00	1 for every 4 existing shares	2,001,496	10,007,480	128,096
2019	Scrip issue	Non-Voting shares	0.03359375 for every 1 existing shares	336,188	10,343,668	

LIST OF 20 MAJOR SHAREHOLDERS BASED ON THEIR SHAREHOLDINGS AS AT 31 MARCH 2025

ORDINARY VOTING SHARES

No	Name	Shareholding	Percentage (%)
1	CEYLINCO LIFE INSURANCE LIMITED ACCOUNT NO.3 SHAREHOLDER'S FUND	19,120,225	31.6
2	ASIA MANAGEMENT CONSULTANCY (PVT)LTD	11,259,039	18.61
3	CITIZENS DEVELOPMENT BUSINESS FINANCE PLC A/C 02 (CDB EMPLOYEE GRATUITY FUND)	4,209,383	6.96
4	SAMPATH BANK PLC/ASEKI INSURANCE BROKERS (PVT) LTD	4,000,000	6.61
5	JANASHAKTHI INSURANCE PLC-SHAREHOLDERS	2,991,722	4.94
6	CEYLINCO HOLDING PLC	2,379,654	3.93
7	PEOPLE'S LEASING & FINANCE PLC / MR.W.P.C.M.NANAYAKKARA	2,146,594	3.55
8	CEYLINCO LIFE INSURANCE LIMITED ACCOUNT NO.1	1,423,548	2.35
9	PEOPLE S LEASING AND FINANCE PLC/S.V.MUNASINGHE	1,385,253	2.29
10	PEOPLES LEASING AND FINANCE PLC/R.H.ABEYGOONEWARDENA&V.F.ABEYGOONEWAR DENA	1,373,666	2.27
11	SEYLAN BANK PLC/TENNAKON MUDIYANSELAGE DAMITH PRASANNA TENNAKON	1,200,888	1.98
12	CEYLINCO LIFE INSURANCE LIMITED ACCOUNT NO.2	954,323	1.58
13	PEOPLE'S LEASING & FINANCE PLC/MRS.N.D.KODAGODA	551,413	0.91
14	PEOPLE S LEASING AND FINANCE PLC/I.M.KOTIGALA	302,798	0.5
15	PEOPLE'S LEASING & FINANCE PLC/MR. H.K. DASSANAYAKE	299,115	0.49
16	PEOPLE'S LEASING & FINANCE PLC/MR. T.M.D.P. TENNAKON	257,846	0.43
17	MR. A.A.S. KUMARA	256,335	0.42
18	MR. J.S. RANATHUNGA	252,163	0.42
19	MRS. A.I. PANAGODA	230,602	0.38
20	PEOPLE S LEASING AND FINANCE PLC/K.A.D.R.GUNASINGHE	210,579	0.35
	Subtotal of top 20 shareholders	54,805,146	90.58
		5,701,608	9.42
	Total	60,506,754	100.00%

The percentage of shares held by the public as at 31 March 2025 was 46.65% (with 1,622 public shareholders)

ORDINARY NON-VOTING SHARES

No.	Name	Shareholding	Percentage (%)
1	J.B. COCOSHELL (PVT) LTD	1,872,230.00	18.1
2	DEUTSCHE BANK AG AS TRUSTEE FOR JB VANTAGE VALUE EQUITY FUND	1,231,783.00	11.91
3	MR. A.M. WEERASINGHE	623,682.00	6.03
4	MR. Y.H. ABDULHUSSEIN	423,433.00	4.09
5	MISS R.H. ABDULHUSSEIN	376,776.00	3.64
6	ODYSSEY CAPITAL PARTNERS (PRIVATE) LIMITED	364,737.00	3.53
7	MR. M.A. JAFFERJEE	356,380.00	3.45
8	ESSAJEE CARIMJEE INSURANCE BROKERS (PVT) LTD	352,038.00	3.4
9	PEOPLE'S LEASING & FINANCE PLC/MR.H.M. ABDULHUSSEIN	300,402.00	2.9
10	MR. A. SITHAMPALAM	196,509.00	1.9
11	MRS. A.M. ESUFALLY	165,375.00	1.6
12	MR. S.M.P.L. JAYARATNE	133,966.00	1.3
13	GOLD INVESTMENT LIMITED	108,009.00	1.04
14	JAFFERJEES INVESTMENTS (PVT) LTD	108,009.00	1.04
15	MR. M.A. VALABHJI	108,009.00	1.04
16	MR. K. KOWRIESAN	105,711.00	1.02
17	COMMERCIAL BANK OF CEYLON PLC A/C NO. 04	105,390.00	1.02
18	MR. H.M. ABDULHUSSEIN	102,104.00	0.99
19	MR. N.K. D'ALWIS	100,000.00	0.97
20	MR. W.P.A.D. GUNATHILAKE	100,000.00	0.97
	Subtotal of top 20 shareholders	7,234,543.00	69.94
		3,109,125.00	30.06
	Total	10,343,668.00	100.00%

The percentage of shares held by the public as at 31 March 2025 80.54% in non-voting shares (with 1,941 shareholders)

DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S SHAREHOLDING AS AT 31 MARCH 2025 ORDINARY VOTING SHARES

No.	Name	Shareholding
1	MR. J.R.A. CORERA	1,027
2	PEOPLE'S LEASING & FINANCE PLC/MR.J.R.A. CORERA	21,622
3	MR W.P.C.M. NANAYAKKARA	1,283
4	PEOPLE'S LEASING & FINANCE PLC / MR.W.P.C.M.NANAYAKKARA	2,146,594
5	PEOPLE'S LEASING & FINANCE PLC/MR. T.M.D.P. TENNAKON	257,846
6	MR. S. KUMARAPPERUMA	0
7	MR. S.V. MUNASINGHE	0
8	PEOPLE S LEASING AND FINANCE PLC/S.V.MUNASINGHE	1,385,253
9	MR. R.H. ABEYGOONEWARDENA (JOINT WITH MRS. V.F. ABEYGOONEWARDENA)	5,652
10	PEOPLES LEASING AND FINANCE PLC/R.H.ABEYGOONEWARDENA&V.F.ABEYGOONEWARDENA	1,373,666
11	MR. D.A. DE SILVA	0
12	DIALOG FINANCE PLC/D.A. DE SILVA	177,930
13	MR. J.P. ABHAYARATNE	0
14	MR. S.P.P. AMARATUNGE	0
15	MRS. P.R.W. PERERA	0
16	SEYLAN BANK PLC/TENNAKON MUDIYANSELAGE DAMITH PRASANNA TENNAKON	1,200,888
17	MR. E.R.S.G.S. HEMACHANDRA	0
18	MRS. P.N. GAMAGE	0
19	MRS. J. LOKULIYANA	0

INVESTOR RELATIONS

ORDINARY NON-VOTING SHARES

No.	Name	Shareholding
1	MR. J.R.A. CORERA	10,335
2	MR W.P.C.M. NANAYAKKARA	56
3	MR. T.M.D.P. TENNAKOON	0
4	MR. S.V. MUNASINGHE	0
5	MR. R.H. ABEYGOONEWARDENA (JOINT WITH MRS. V.F. ABEYGOONEWARDENA)	82,842
6	PEOPLE S LEASING AND FINANCE PLC/R.H.ABEYGOONEWARDENA&V.F.ABEYGOONEWARDENA	37,850
7	MR. D.A. DE SILVA	0
8	MR. J.P. ABHAYARATNE	0
9	MR. S.P.P. AMARATUNGE	0
10	MRS. P.R.W. PERERA	0
11	MR. S. KUMARAPPERUMA	0
12	MR. E.R.S.G.S. HEMACHANDRA	0
13	MRS. P.N. GAMAGE	0
14	MRS. J. LOKULIYANA	0

Credit rating

Instrument	Rated amount Rs. Mn.	Rating action
Issuer rating	N/A	BBB(lka); Outlook revised to Rating Watch Negative

REPORT ON ADHERENCE WITH THE REQUIREMENTS ON CORPORATE GOVERNANCE ACCORDING TO THE SECTION 9 OF THE LISTING RULES: CORPORATE GOVERNANCE, OF THE COLOMBO STOCK EXCHANGE (CSE)

We recognize the critical importance of corporate governance in promoting transparency, accountability, and sustainability within our organization. As a listed entity, we remain firmly committed to upholding the highest standards of corporate governance as mandated by CSE. Accordingly, we are pleased to confirm that CDB has diligently adhered to the Corporate Governance Rules stipulated by the CSE throughout the reporting period.

Section	Corporate Governance Rule	Response and Section Reference	Status of Compliance
9.13	A statement confirming the extent of compliance with the Corporate Governance Rules under CSE Listing Rules	Refer Pages 4 to 6 and 165, 173, 176 and 177	✓
9.2	Disclosures relating to Policies	Refer page 134 on Corporate Governance The required information on the stipulated policies are to made available on the website as required (https://cdb.lk/about-us/investor-relations) . No waivers from compliance with the Internal Code of Business Conduct and Ethics or exemptions were granted.	✓
9.4.2	Communication and relations with shareholders and investors	Refer page 136 Communication and relations with shareholders and investors Section on Corporate Governance	✓
9.5	Policy on matters relating to the Board of Directors	<p>CDB complies with the requirements relating to the establishment and maintenance of a formal Board Governance Policy as mandated. The Board Charter of CDB outlines the principles and requirements for the Company's Board of Directors. Its purpose is to promote the highest standards of corporate governance within the Company by clearly defining the role, composition, and responsibilities of the Board. The Charter serves as a reminder of the Board's duties and responsibilities and as a statement of intent and expectation regarding how the Board will fulfil its obligations. Additionally, the Board Charter recognizes and sets the framework for adopting related best practices and guidance.</p> <p>CDB Board Charter comprehensively sets out all aspects outlined in the Corporate Governance Rules, including Board composition, the distinct roles of the Chairperson and CEO, Board balance and diversity, performance appraisals, meeting frequency, director attendance, participation through audio-visual means, trading in securities and limitations on directorships. We are pleased to confirm that the commitments made in the previous year to integrate and improve provisions relating to trading in securities, maximum number of directorships and participation via audio-visual means into the CDB Board Charter have been fulfilled during the reporting period, reflecting our continued dedication to upholding the highest standards of governance. Refer pages 126 to 138.</p>	✓
9.6.3 & 9.6.4	Disclosures relating the Senior Independent Director (SID)	The requirement for a SID, as stipulated, is not applicable to CDB	N/A
Disclosures relating to Directors			
9.7.5. (a)	A statement that the Directors and CEO of the Listed Entity satisfy the Fit and Proper Assessment Criteria	Refer page 132 Corporate Governance Section.	✓
9.7.5. (b)	Any non-compliance/s by a Director and/or the CEO of the Listed Entity with the Fit and Proper Assessment Criteria along with the remedial action	No any non-compliance/s, refer page 132 Corporate Governance Section.	✓

INVESTOR RELATIONS

Section	Corporate Governance Rule	Response and Section Reference	Status of Compliance
9.8.5 (b),	Annual determination as to the "independence" or "non-independence" of each Independent Director	An annual determination has been made as to the "independence" or "non-independence" of each Independent Director based on the Directors' declaration and other information available. The details of Independent directors are made available on pages 112 to 115 and page 131.	✓
9.10.1	Policy on the maximum number of directorships it's Board members shall be permitted to hold	Executive Directors shall refrain from holding executive directorships or senior management positions in any other entity. Non-Executive Directors of the Company shall not hold more than eight directorships in listed companies. All directors comply with the above.	✓
9.10.4,	Disclosure of required information on the Directors relating to profile, material business relationships designations attendance details and etc. in the Annual Report.	Refer Pages 112 to 115 and 131 to 133	✓
9.11.	Sub Committee Disclosures		
9.11.6	A report of the Nominations and Governance Committee signed by its Chairperson including the stipulated information and confirmations	Refer the Nominations and Governance Committee Report on pages 164 to 165	✓
9.12.8 ,	Details of the Chairperson and members of the Remuneration Committee, A statement regarding the remuneration policy and the aggregate remuneration of the Executive and Non-Executive Directors.	Refer the Human Resources and Remuneration Committee Report on pages 166 to 167	✓
9.13.5,	A Report by the Audit Committee setting out the manner in which the Entity has complied with the requirements applicable to the Audit Committee for the reporting period along with the stipulated information, determinations, statements, opinions and confirmations.	Refer the Audit Committee Report on pages 159 to 161	✓
9.14.8 (1), (2)	Recurrent and Non-Recurrent Related Party Transactions above the stipulated thresholds presented in the respective tabular format provided.	Refer the Related Party Transactions Review Committee Report on pages 168 to 169	✓
9.14.8 (3)	A Report by the Related Party Transactions Review Committee including the names of its members, Statement on its review process ,communication with the Board and the policies and procedures adopted by the Committee	Refer the Related Party Transactions Review Committee Report on pages 168 to 169	✓
9.14.8 (4)	An affirmative declaration by the Board of Directors in relation to compliance with rules on related party transactions and if the entity has not entered into any Related Party Transactions, a negative statements on the same.	Entity has not entered into any Related Party Transactions identified with the Listing Rules. Refer Annual Report of The Board of Directors on pages 4 to 6, the Related Party Transactions Review Committee Report on pages 168 to 169 and Related Party Transaction Notes 42 on pages 262 to 263 in the Financial Statements.	✓
9.17	Additional Disclosures by the Board of Directors		
9.17 (i)	Declaration that the Directors have disclosed all material interests in contracts involving the Entity and have abstained from voting on matters where they had a material interest	Refer page 4 and 168 to 169	✓

Section	Corporate Governance Rule	Response and Section Reference	Status of Compliance
9.17 (ii)	Declaration on the status of review of the internal controls and obtaining reasonable assurance	Refer pages 174 to 175 and 178	✓
9.17 (iii)	Declaration that arrangements were made to make themselves aware of applicable laws, rules and regulations, including the changes to Listing Rules and applicable capital market provisions	Refer pages 132 and 164 to 165	✓
9.17 (iv)	Disclosure of relevant areas of any material non-compliance with law or regulation and any fines imposed by any government or regulatory authority	Refer pages 4, 136 and 174 to 175	✓

REPORT ON COMPLIANCE WITH THE RULES ON THE CONTENT OF THE ANNUAL REPORT ACCORDING TO SECTION 7.6 OF THE LISTING RULES OF THE COLOMBO STOCK EXCHANGE (LISTING RULES)

CDB has included all the required content specified in Section 7.6 of the Continuing Listing Rules of the CSE Listing Rules in its annual report, as summarized in the table below

Rule no.	Content Requirement	Section Reference	Page Reference
7.6 (i)	Names of persons who were Directors during the financial year	Board of Directors	112 to 115
7.6 (ii)	Principal activities of the Entity and its Subsidiaries during the year and any changes therein	Notes to the Financial Statements - Reporting Entity Annual Report of the Board of Directors	193 and 4 to 6
7.6 (iii)	The names of the 20 largest holders of voting and non-voting shares, along with the number of shares held by each and the corresponding percentage	Investor Relations	308 and 309
7.6 (iv)	Voting Shares: float adjusted market capitalization, public holding percentage (%), number of public shareholders and under which option the Listed Entity complies with the Minimum Public Holding requirement. Non-Voting Shares : The public holding percentage (%)	Investor Relations	302 to 310
7.6 (v)	A statement detailing the shareholding of each Director and the Chief Executive Officer in each class of shares of the Entity	Investor Relations	309 to 310
7.6 (vi)	Information pertaining to material foreseeable risk factors of the Entity	Risk Report	102 to 109
7.6 (vii)	Details of material issues pertaining to employees and industrial relations of the Entity	There are no material issues pertaining to employees and industrial relations within the Entity	N/A
7.6 (viii)	Extents, locations, valuations, and the number of buildings of the Entity's land holdings and investment properties	Notes to the Financial Statements	235 to 241 and 233 to 235
7.6 (ix)	Number of shares representing the Entity's stated capital	Investor Relations Notes to the Financial Statements	255 to 257
7.6 (x)	A distribution schedule of the number of holders in each class of equity securities and the percentage of their total holdings in the stipulated categories	Investor Relations	307
7.6 (xi)	Stipulated Ratios and market price information relating to the following : Equity, Debt(listed), Any changes in credit ratings	Investor Relations	302 to 310

INVESTOR RELATIONS

Rule no.	Content Requirement	Section Reference	Page Reference
7.6 (xii)	Significant changes in the Entity's or its subsidiaries' fixed assets and the market value of land, if the value differs substantially from the book value	Notes to the Financial Statements	235 to 241
7.6 (xiii)	Stipulated details of funds raised through Initial Public Offering and/or a further issue of Securities during the financial year	Investor Relations	302 to 310
7.6 (xiv)	Required information in respect of Employee Share Option Schemes and Employee Share Purchase Schemes	Notes to the Financial Statements	255 to 257
7.6 (xv)	Disclosures pertaining to Corporate Governance Practices in terms of Section 9 of the rules	Report on Adherence with the Requirements on Corporate Governance according to the Section 09 of the Listing Rules of the Colombo Stock Exchange (CSE)	311 to 313
7.6 (xvi)	Related Party Transactions exceeding 10% of the Equity or 5% of the total assets whichever is lower, as per Audited Financial Statements and details of investments in a Related Party and/or amounts due from a Related Party to be set out separately as stipulated.	Annual Report of the Board of Directors	4 to 6
7.6 (xvii) -7.6 (xxii)	Disclosure requirements in the event the listed Entity has its foreign currency denominated securities, GSS + Bonds, perpetual debt securities, infrastructure bonds, shariah compliant debt securities and high yield corporate debt securities listed on the Exchange	CDB does not have any mentioned types of securities listed on the Exchange.	N/A

GRI INDEX

Statement of use	Citizens Development Business Finance PLC has reported in accordance with the GRI Standards for the period 01 April 2024 to 31 March 2025
GRI 1 used	GRI 1: Foundation 2021

Gri Standard/ Other Source	Disclosure		Location	Omission			Remarks
				Requirement(S) Omitted	Reason	Explanation	
General disclosures							
GRI 2: General Disclosures 2021	2-1	Organizational details	193				
	2-2	Entities included in the organization's sustainability reporting	5				
	2-3	Reporting period, frequency and contact point	5				
	2-4	Restatements of information	5				
	2-5	External assurance	5, 318				
	2-6	Activities, value chain and other business relationships	26, 74, 84, 326				
	2-7	Employees	54				
	2-8	Workers who are not employees	54				
	2-9	Governance structure and composition	33, 112, 128-131, 134				
	2-10	Nomination and selection of the highest governance body	132, 164				
	2-11	Chair of the highest governance body	128				
	2-12	Role of the highest governance body in overseeing the management of impacts	33, 135				
	2-13	Delegation of responsibility for managing impacts	33, 135				
	2-14	Role of the highest governance body in sustainability reporting	33, 135				
	2-15	Conflicts of interest	135, 168				
	2-16	Communication of critical concerns	136				
	2-17	Collective knowledge of the highest governance body	132				
	2-18	Evaluation of the performance of the highest governance body	132				
	2-19	Remuneration policies	133, 166				
	2-20	Process to determine remuneration	133, 166				
	2-21	Annual total compensation ratio	-	2-21	Confidentiality constraints	Not disclosed due to confidentiality	
	2-22	Statement on sustainable development strategy	17				
	2-23	Policy commitments	33, 134				
	2-24	Embedding policy commitments	33, 134				
	2-25	Processes to remediate negative impacts	34				
	2-26	Mechanisms for seeking advice and raising concerns	34, 161				
	2-27	Compliance with laws and regulations	136				
	2-28	Membership associations	84				
	2-29	Approach to stakeholder engagement	28				
	2-30	Collective bargaining agreements	60				

GRI INDEX

Gri Standard/ Other Source	Disclosure		Location	Omission		Remarks
				Requirement(S) Omitted	Reason	
Material topics						
GRI 3: Material Topics 2021	3-1	Process to determine material topics	24			
	3-2	List of material topics	24			
Economic performance						
GRI 3: Material Topics 2021	3-3	Management of material topics	44			
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	50			
	201-2	Financial implications and other risks and opportunities due to climate change	51			
	201-3	Defined benefit plan obligations and other retirement plans	204			
	201-4	Financial assistance received from government	-			No assistance received
Anti-corruption						
GRI 3: Material Topics 2021	3-3	Management of material topics	102			
GRI 205: Anti- corruption 2016	205-1	Operations assessed for risks related to corruption	109			
	205-2	Communication and training about anti-corruption policies and procedures	109			
	205-3	Confirmed incidents of corruption and actions taken	109			
Energy						
GRI 3: Material Topics 2021	3-3	Management of material topics	91			
GRI 302: Energy 2016	302-1	Energy consumption within the organization	93			
	302-3	Energy intensity	93			
	302-4	Reduction of energy consumption	93			
Emissions						
GRI 3: Material Topics 2021	3-3	Management of material topics	91			
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	95			
	305-2	Energy indirect (Scope 2) GHG emissions	95			
	305-3	Other indirect (Scope 3) GHG emissions	95			
	305-4	GHG emissions intensity	95			
	305-5	Reduction of GHG emissions	95			
Employment						
GRI 3: Material Topics 2021	3-3	Management of material topics	53			
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	55, 56			

Gri Standard/ Other Source	Disclosure	Location	Omission		Remarks
			Requirement(S) Omitted	Reason	Explanation
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	59		
	401-3	Parental leave	60		
Occupational health and safety					
GRI 3: Material Topics 2021	3-3	Management of material topics	53		
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	61		
	403-2	Hazard identification, risk assessment, and incident investigation	61		
	403-3	Occupational health services	61		
	403-4	Worker participation, consultation, and communication on occupational health and safety	61		
	403-5	Worker training on occupational health and safety	61		
	403-6	Promotion of worker health	61		
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	61		
	403-8	Workers covered by an occupational health and safety management system	61		
	403-9	Work-related injuries	61		
	403-10	Work-related ill health	61		
Training and education					
GRI 3: Material Topics 2021	3-3	Management of material topics	53		
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	56		
	404-2	Programs for upgrading employee skills and transition assistance programs	56		
	404-3	Percentage of employees receiving regular performance and career development reviews	59		
Local communities					
GRI 3: Material Topics 2021	3-3	Management of material topics	72		
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	85		
	413-2	Operations with significant actual and potential negative impacts on local communities	85		
Customer privacy					
GRI 3: Material Topics 2021	3-3	Management of material topics	72		
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	81		

SUSTAINABILITY ASSURANCE REPORT



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Independent practitioner's assurance report to the Board of Directors of Citizens Development Business Finance PLC on the Sustainability reporting criteria presented in the Integrated Annual Report FY 2024/25

Scope

We have been engaged by **Citizens Development Business Finance PLC** to perform a 'limited assurance engagement,' as defined by Sri Lanka Standard on Assurance Engagements, here after referred to as the engagement, to report on **Citizens Development Business Finance PLC's Economic, Environment, Social and Governance (EESG) indicators** (the "Subject Matter") contained in **Citizens Development Business Finance PLC's** (the "Entity's") **Integrated Annual Report for the year ended 31 March 2025** (the "Report").

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

Criteria applied by Citizens Development Business Finance PLC

In preparing the Subject Matter, **Citizens Development Business Finance PLC** applied the following criteria ("Criteria"):

- The Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines, publicly available at <https://www.globalreporting.org>

Such Criteria were specifically designed for the purpose of assisting you in determining whether Entity's Economic, Environment, Social and Governance (EESG) indicators contained in the Entity's Report is presented in accordance with the relevant criteria; As a result, the subject matter information may not be suitable for another purpose.

Citizens Development Business Finance PLC's responsibilities

Citizens Development Business Finance PLC management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

Ernst & Young's responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the **Sri Lanka Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (SLSAE 3000 (Revised))**, and the terms of reference for this engagement as agreed with the **Citizens Development Business Finance PLC** on 4 April 2025. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to

the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Our independence and quality management

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the **Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)** and have the required competencies and experience to conduct this assurance engagement.

EY also applies quality management standards, which requires that we 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.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Partners: D K Hulangamuwa FCA FCMA LLB (London), A P A Gunasekera FCA FCMA, Ms. Y A De Silva FCA, Ms. G G S Manatunga FCA, W K B S P Fernando FCA FCMA FCCA, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, Ms. N A De Silva FCA, N M Sulaiman FCA FCMA, Ms. L K H L Fonseka FCA, Ms. P V K N Sajewani FCA, A A J R Perera FCA ACMA, N Y R L Fernando ACA, D N Gamage ACA ACMA, C A Yalagala ACA ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), B Vasanthan ACA ACMA, W D P L Perera ACA

Principals: T P M Ruberu FCMA FCCA MBA (US-J-SL), G B Goudian ACMA, D L B Karunathilaka ACMA, W S J De Silva Bsc (Hons) - MIS MSc - IT, V Shakhitvel B.Com (Sp)

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Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the subject matter and related information and applying analytical and other appropriate procedures.

Our procedures included:

- Validated the information presented and checked the calculations performed by the organization through recalculation.
- Performed a comparison of the content given in the Report against the criteria given in the selected sustainability standards/frameworks.
- Conducted interviews with relevant organization's personnel to understand the process for collection, analysis, aggregation and presentation of data. Interviews included selected key management personnel and relevant staff.
- Read the content presented in the Report for consistency with our overall

knowledge obtained during the course of our assurance engagement and requested changes wherever required.

- Provided guidance, recommendations and feedback on the improvement of the sustainability reporting indicators to improve the presentation standard.

We also performed such other procedures as we considered necessary in the circumstances.

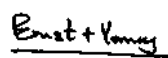
Emphasis of matter

Economic, Environment, Social management data/information are subject to inherent limitations given their nature and the methods used for determining, calculating and estimating such data. Such inherent limitations are common in Sri Lanka.

We also do not provide any assurance on the assumptions and achievability of prospective information presented in the Entity's Report.

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to **the information on the Economic, Environment, Social and Governance (EESG) contained in the Integrated Annual Report of Citizens Development Business Finance PLC for the year ended 31 March 2025**, in order for it to be in accordance with the Criteria.



05 June 2025
Colombo

QUARTERLY STATISTICS

	2024/2025				2023/2024			
	30.06.2024	30.09.2024	31.12.2024	31.03.2025	30.06.2023	30.09.2023	31.12.2023	31.03.2024

Statement of Profit or Loss (Rs. 000)

Revenue	6,184,438	6,487,980	6,434,613	6,491,501	5,590,027	5,660,379	5,765,826	6,877,734
Net Interest Income	2,620,235	2,883,149	2,826,994	3,060,941	1,668,744	1,915,340	2,247,585	3,261,346
Total Operating Income	3,216,299	3,642,978	3,542,266	3,703,310	1,992,662	2,312,049	2,709,305	3,753,179
Net Operating Income	3,078,059	3,735,397	3,573,487	4,362,138	1,669,909	2,094,190	2,476,957	3,785,223
Non-interest Expenses	2,020,144	2,369,552	2,300,092	2,308,624	1,369,845	1,492,973	1,681,283	1,775,994
Profit Before Tax	1,057,915	1,365,845	1,273,395	2,053,514	300,064	601,217	795,674	2,009,229
Income Tax Expense	306,000	405,000	368,000	666,189	70,000	181,000	230,000	709,634
Profit for the Period	751,915	960,845	905,395	1,387,325	230,064	420,217	565,674	1,299,595

Statement of Financial Position (Rs. 000)

Total Assets	136,749,164	141,731,085	143,641,505	156,936,346	101,754,024	104,290,560	126,858,762	128,777,984
Loans and Advances to Customers	90,098,372	96,972,567	102,571,863	110,866,909	74,389,194	77,456,479	81,211,152	85,963,874
Deposits and Borrowings	110,632,205	115,392,370	115,431,827	125,960,909	79,691,951	82,434,563	103,949,495	103,896,282
Shareholder's Funds	21,067,704	21,401,548	22,964,673	23,936,289	18,509,805	18,750,956	19,336,834	20,207,838

Key Ratios

Net Assets Value per Share (Rs.)	297.35	302.07	324.13	337.84	264.97	268.32	275.99	285.22
Return on Average Shareholders' Equity (Annualised %)(%)	14.57	16.47	16.17	18.15	5.12	7.19	8.82	13.10
Net Non-Performing Loans Ratio (%)	7.07	5.56	4.14	3.10	9.19	8.79	8.48	6.88
Capital Adequacy Tier I (%)	15.43	15.54	14.98	14.47	15.45	15.44	15.7	15.51
Tier II (%)	18.69	18.50	17.37	18.09	16.56	16.52	16.61	15.89

BASIS OF RATIOS

Ratio	Definition
Earnings per share (EPS) (Rs.)	Profit/loss attributable to ordinary shareholders / Average number of shares
Net assets value per share (NAPS) (Rs.)	Total shareholders' equity / Average number of shares
Market capitalisation (Rs.)	Market price per share x Number of shares
Price earnings (PE) (Times)	Market price per share / Earnings per share
Dividend per Share (Rs.)	Total Gross Dividend (Proposed) / Number of Shares as at the reporting date
Dividend yield (%)	Dividend per ordinary share / Market price per share x 100
Dividend cover (Times)	Profit/loss attributable to ordinary shareholders / Total dividend paid to shareholders
Dividend payout (%)	Total dividend paid to shareholders / Profit/loss attributable to ordinary shareholders x 100
Earnings yield (%)	Earnings per share / Market price per share
Return on equity (ROE) (%)	Profit/loss attributable to ordinary shareholders / Average shareholders' equity x 100
Return on asset (ROA) (%)	Profit/loss attributable to ordinary shareholders / Average total assets x 100
Debt to equity (Times)	Borrowings / Total shareholders' equity
Cost to income ratio (%) (Excluding VAT on FS)	Total operating cost without VAT on financial services / Total operating income x 100 Operating profit margin (%)
Net interest margin (%)	Net interest income / Average total assets x 100
Provision cover	Provisions Accelerated / Non-performing assets
Price to book value (PBV) (Times)	Market price per share / Net assets per share
Total impairment provision to gross portfolio (%)	Total impairment provision / Gross loans and receivables x 100
Non-performing ratio	Gross non-performing portfolio / Gross loans and receivables
Interest Cover	(Profit before tax + Interest expense) / Interest expense
Quick Asset Ratio	(Current assets - Inventories) / Current liabilities
Core capital adequacy ratio (Tier I)	Core capital / Risk weighted assets
Total capital adequacy ratio (Tier I & II)	Capital funds / Risk weighted assets

TEN YEAR STATISTICAL SUMMARY

As at 31 March	2024/25 Rs.000	2023/24 Rs.000	2022/23 Rs.000	2021/22 Rs.000	2020/21 Rs.000
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Operating Results

Income	25,598,532	23,893,966	21,561,194	17,572,154	16,622,791
Interest Income	22,884,998	22,219,786	20,133,427	15,194,413	14,877,242
Interest Expenses	11,493,679	13,126,771	12,577,015	6,156,858	7,282,499
Non-Interest Income	2,713,534	1,674,180	1,427,767	2,377,741	1,745,549
Operating Expenses (Including VAT)	8,998,412	7,061,011	6,489,960	6,147,352	5,873,339
Profit/(Loss) Before Income Tax	5,750,669	3,706,184	2,494,219	5,267,944	3,466,953
Income Tax on Profit	1,745,189	1,190,634	867,336	1,655,864	909,999
Profit/Loss After Taxation	4,005,480	2,515,550	1,626,883	3,612,080	2,556,954

Liabilities and Shareholders' Funds

Customer Deposits	86,849,204	73,258,779	62,875,226	52,216,802	48,999,341
Borrowings	40,093,706	31,549,680	21,292,801	31,494,028	26,822,967
Other Liabilities	5,491,876	3,201,106	2,403,562	3,430,968	4,079,981
Deferred Taxation	565,271	560,581	403,901	630,110	376,460
Shareholders' Funds	23,936,289	20,207,838	18,190,221	17,648,075	14,052,220
Total Liabilities and Shareholders' Funds	156,936,346	128,777,984	105,165,711	105,419,983	94,330,969

Assets

Loans and Receivables to Customers (Net)	110,866,909	85,963,874	76,476,889	78,725,310	75,058,331
Cash and Short Term Funds	35,822,599	33,691,265	20,134,612	18,403,020	11,089,139
Property, Plant & Equipment	6,505,079	5,126,336	4,965,289	4,256,548	3,090,338
Other Assets	3,741,759	3,996,509	3,588,921	4,035,105	5,093,161
Total Assets	156,936,346	128,777,984	105,165,711	105,419,983	94,330,969

Ratios

Growth in Income (%)	7	11	23	6	(4)
Growth in Interest Expenses (%)	(12)	4	104	(15)	(19)
Growth in Other Expenses (%)	27	9	6	5	(4)
Growth in Profit After Tax (%)	59.23	54.62	(54.96)	41.26	39
Growth in Total Assets (%)	21.87	22.45	(0.24)	12	1
Earnings Per Share (Rs.)	56.53	35.95	23.29	51.75	36.64
Return on Average Assets (%)	2.80	2.15	1.55	3.62	2.73
Interim Dividend per Share (Rs.)	5.00	-	-	-	-
Final Dividend per Share (Rs.)	10.00*	7.00	5.00	3.75	7.50

* Proposed

	2019/20	2018/19	2017/18	2016/17	2015/16
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
	17,362,985	16,240,520	11,784,862	8,591,218	7,486,004
	15,636,833	14,174,517	10,117,149	7,587,180	6,647,024
	8,998,331	8,949,018	6,662,828	4,699,482	3,588,413
	1,726,152	2,066,003	1,667,713	1,004,038	838,980
	6,092,731	5,180,136	3,435,217	2,664,235	2,643,648
	2,271,923	2,111,366	1,686,817	1,227,501	1,253,944
	434,873	401,173	285,629	220,986	248,790
	1,837,050	1,710,193	1,401,188	1,006,515	1,005,154
	43,305,775	47,222,578	44,709,832	32,601,836	30,887,693
	32,657,672	30,817,488	19,195,517	13,032,648	12,345,820
	5,066,071	3,732,225	3,583,543	1,429,915	1,861,067
	609,271	1,336,061	860,819	628,721	479,764
	11,556,360	8,870,269	7,152,399	6,241,165	5,051,968
	93,195,149	91,978,621	75,502,110	53,934,285	50,626,312
	72,422,827	71,582,081	59,438,349	43,189,010	38,538,920
	11,889,393	14,150,350	10,749,272	5,695,608	7,765,844
	2,950,554	2,384,016	2,029,222	1,839,091	1,606,958
	5,932,375	3,862,174	3,285,267	3,210,576	2,714,590
	93,195,149	91,978,621	75,502,110	53,934,285	50,626,312
	7	38	37	15	8
	1	34	42	31	6
	(10)	51	29	1	3
	7	22	39	1	43
	1	22	40	7	33
	26.32	30.05	25.8	18.53	18.51
	1.98	2.04	2.17	1.93	2.27
	-	-	-	-	-
	-	5.00	5.00	3.50	3.50

USD ACCOUNTS

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Given below are the set of Financial Statements of the Company and the Group presented using USD denomination as at the reporting date based on the guidelines stated in LKAS 21 – “The effect of changes in foreign exchange rates”.

For the year ended 31 March	2025 USD' 000	2024 USD' 000
Revenue	86,380	79,334
Interest income	77,223	73,775
Interest expense	38,784	43,584
Net interest income	38,439	30,191
Fee and commission income	921	799
Other operating income	8,236	4,760
Total operating income	47,596	35,750
Less: Impairment charges/(reversal) and other credit losses	(2,174)	2,460
Net operating income	49,770	33,290
Less: Operating expenses		
Personnel expenses	9,245	6,442
Premises, equipment and establishment expenses	11,442	9,633
Other expenses	2,349	1,944
Total operating expenses	23,036	18,019
Operating profit before taxes on financial services	26,734	15,271
Less: Taxes on financial services	7,328	2,965
Profit before tax	19,406	12,306
Less: Income tax expense	5,889	3,953
Profit for the year	13,517	8,353
Other comprehensive income		
Items that are or may be reclassified subsequently to profit or loss		
Fair value changes in hedge reserve	60	(341)
Deferred tax on hedge reserve	(18)	-
Items that will not be reclassified to profit or loss		
Increase in revaluation surplus	2,332	-
Deferred tax on revaluation	(700)	-
Financial investments at FVOCI - net change in fair value	2,107	890
Deferred tax on Financial investments at FVOCI	-	(244)
Net actuarial gain/(loss) on defined benefit plan	(1,914)	(1,347)
Total other comprehensive income	1,886	(1,042)
Total comprehensive income for the year	15,403	7,311
Earnings per share		
Basic earnings per share (USD)	0.191	0.119
Diluted earnings per share (USD)	0.186	0.115

Figures in brackets indicate deductions.

Exchange rate of USD was Rs 296.35 as at 31st March 2025 (Rs 301.18 as at 31st March 2024).

The Statement of Profit or Loss is solely for the convenience of Stakeholders (shareholders, investors, bankers and other users of Financial Statements) and do not form part of the Financial Statements.

USD ACCOUNTS

STATEMENT OF FINANCIAL POSITION

As at 31 March	2025 USD' 000	2024 USD' 000
Assets		
Cash and cash equivalents	15,464	12,093
Derivative financial assets	107	-
Loans and receivables to banks	12,390	26,606
Deposits with financial institutions	60,975	49,501
Loans and receivables to customers	374,108	285,420
Other investment securities	32,050	23,662
Investment property	1,883	1,776
Property, plant and equipment	15,717	11,296
Intangible assets	1,125	1,024
Goodwill on amalgamation	-	65
Right-of-use assets	3,225	3,029
Other assets	12,519	13,099
Total assets	529,563	427,571
Liabilities		
Deposits from customers	293,063	243,236
Debt securities issued and subordinated debt	23,517	9,258
Due to banks and financial institutions	108,461	92,466
Lease liabilities	3,314	3,029
Current tax liabilities	9,958	4,282
Deferred tax liabilities	1,907	1,861
Retirement benefit obligation	1,869	221
Other liabilities	6,704	6,123
Total liabilities	448,793	360,476
Equity		
Stated capital	8,606	8,468
Reserves	24,814	19,279
Retained earnings	47,350	39,348
Total equity	80,770	67,095
Total liabilities and equity	529,563	427,571
Net assets value per share (USD)	1.14	0.95
Contingencies and commitments	17,724	19,963

Exchange rate of USD was Rs 296.35 as at 31st March 2025 (Rs 301.18 as at 31st March 2024).

The Statement of Financial Position is solely for the convenience of Stakeholders (shareholders, investors, bankers and other users of Financial Statements) and do not form part of the Financial Statements.

	Branch	Address
1	Aluthgama	No.377, Galle road, Aluthgama
2	Ambalangoda	No 61, New Road, Ambalangoda
3	Ampara	No 66, D.S.Senanayake Street, Ampara
4	Anuradhapura	No.521/20, Maithripala Senanayake MW, New Town, Anuradhapura
5	Avissawella	No. 23, Colombo Road, Avissawella
6	Badulla	No 22, Bank Road, Baddulla
7	Bandarawela	No.344, Badulla Road, Bandarawela.
8	Battaramulla	No 97/1, Main street, Battaraulla
9	Batticaloa	96,98,100, Bar Road, Batticaloa
10	Boralesgamuwa	35/1, 35, Dehiwala Road, Boralesgamuwa
11	Chilaw	No 80, Colombo Road, Chilaw
12	Colombo 7	No 101, Darmapala Mw, Colombo 7
13	Dambulla	No 68n7, Anuradhapura Road, Dambulla
14	Dehiwala	No.119, Galle Road, Dehiwela
15	Eheliyagoda	No 114, Main Road, Ehaliyagoda
16	Elakanda	No 30, Hendala Road, Elakanda
17	Embilipitiya	No 21 Main street, Embilipitiya
18	Galle	No 99, Sea Street, Galle
19	Gampaha	114, Colombo Road, Gampaha
20	Giriulla	No. 52, Negombo Road, Giriulla
21	Horana	No 119/A, Panadura Road, Horana
22	Ja Ela	No 195/A, Negambo Road, Ja ela
23	Jaffna	No 208, Stanly Road, Jaffna
24	Kaduruwela	No 300/2, Saw Mill Junction, Kaduruwela
25	Kaduwela	No 102, Colombo Road, Kaduwela
26	Kalutara	No 296, Main st, Kalutara
27	Kandana	No 37/1, Negambo Road, Kandana
28	Kandy	No. 32, Cross Street, Kandy
29	Katugastota	No 468, Katugastota Road, Katugastota
30	Kegalle	No 227, Kandy Road, Kegalle
31	Kelaniya	No 159, Kandy Road, Kiribathgoda
32	Kochchikade	No 176, Chilaw Road, Kochchikade
33	Kotahena	No 30 Sri Ramanadan Mw, Kotahena
34	Kottawa	No 35/1, High Level Road, Kottawa.
35	Kuliyapitiya	No 259, Madampe Road, Kuliyapitiya
36	Kurunegala	No 79, Colombo Road, Kurunagala
37	Kuruvita	No.85, Colombo Road, Kuruvita
38	Mahara	No 337/2, Mahara, Kadawatha
39	Maharagama	No. 181, High Level Road, Maharagama
40	Mahiyanganaya	No.01, Padiyathalawa Road, Mahiyanganaya
41	Malabe	No 838/04, New Kandy Road, Malabe
42	Maradana (HO)	No 123, Orabipasha Mawatha, Colombo 10

	Branch	Address
43	Marawila	No.69, Horagolla, Marawila
44	Matale	No 115/117, Trincomalee Street, Matale
45	Matara	No 06, Station Road, Matara
46	Matugama	No 190, Aluthgama Road, Mathugama
47	Mawathagama	No. 58, Kandy Road, Mawathagama
48	Minuwangoda	No 18/A, Siriwardena Mw, Minuwangoda
49	Moratuwa	No 760, Galle Road, Moratuwa
50	Narammala	No 95, Kurunegala Road, Narammala.
51	Negombo	No 129 St. Joseph's Street, Negombo
52	Nikaweratiya	No. 113, Puttalam Road, Nikawaratiya
53	Nittabuwa	No 2/1,Colombo Road, Nittabuwa
54	Nugegoda	No:70 A, Stanly Thilakarathna Mawatha,Nugegoda
55	Nuwara Eliya	No 120, Kandy Road, Nuwara Eliya
56	Panadura	No 383, Galle Road, Panadura
57	Pelmadulla	No 11, Main Street, Pelmadulla
58	Piliyandala	No.92, Moratuwa Road, Piliyandala
59	Ragama	No. 42/B, Kadawatha Road, Ragama
60	Rajagiriya	No.340, 340 1/1 & 340 2/1, Kotte Road, Welikada, Rajagiriya
61	Ratmalana	No.105, Galle Road, Mount Lavinia
62	Ratnapura	No 89, Bandaranayaka Mw, Ratnapura
63	Thalawathugoda	No. 706, Madiwela Road, Thalawathugoda
64	Tissamaharama	No 54/1,In front of the roundabout, Kachcheriyagama, Tissamaharama
65	Trincomalee	266, 268 Central Rd, Trincomalee
66	Vavuniya	No 11, Huruwapathana Road, Vavuniya
67	Warakapola	No 86, Kandy Road, Warakapola
68	Wariyapola	Nawinne Building, Opposite Roundabout, Chilaw Road, Wariyapola
69	Wattala	No 237, Negombo Road, Wattala
70	Wellawatta	No.288, Galle Road, Wellawatta
71	Wennappuwa	Sterling Building, Chilaw Road, Wennapuwa

GLOSSARY

A

Accounting Policies

The specific principles, bases, conventions, rules and practices adopted by an entity in preparing and presenting Financial Statements.

Accrual Basis

Recognition of the effects of transactions and other events when they occur without waiting for receipt or payment of cash or cash equivalent.

Actuarial Gain/Loss

Gain or loss arising from the difference between estimates and actual experience in an entity's pension plan.

Amortisation

The systematic allocation of the depreciable amount of an intangible asset over its useful life.

Amortised Cost

Amount at which the financial asset or financial liability is measured at initial recognition, minus 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 minus any reduction for impairment or un-collectability.

Associate

An entity over which the investor has significant influence.

B

Basis Point (bp)

One-hundredth of a percentage point (0.01 per cent); 100 basis points is 1 percentage point. Used in quoting movements in interest rates or yields on securities.

Capital Adequacy Ratio

The percentage of risk-adjusted assets supported by capital as defined under the framework of risk-based capital standards developed by the Bank for International Settlements (BIS) and as modified by the Central Bank of Sri Lanka to suit local requirements.

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.

Cash Generating Unit (CGU)

The smallest group of assets that independently generates cash flow and the cash flow is largely independent of the cash flows generated by other assets.

C

Collectively Assessed Loan Impairment Provisions

Also known as portfolio impairment provisions. Impairment assessment on a collective basis for homogeneous groups of loans that are not considered individually significant and to cover losses that has been incurred but has not yet been identified at the reporting date.

Commitments

Credit facilities approved but not yet utilised by the clients as at the reporting date.

Contingencies

A condition or situation, the ultimate outcome of which will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events.

Corporate Governance

The process by which corporate entities are governed. It is concerned with the way in which power is exercised over the management and direction of entity, the supervision of executive actions and accountability to owners and others.

Correspondent Bank

A bank in a foreign country that offers banking facilities to the customers of a bank in another country.

Cost/Income Ratio

Operating expenses excluding impairment charge for loans and other losses as a percentage of total operating income.

Credit Rating

An evaluation of a corporate's ability to repay its obligations or the likelihood of not defaulting, carried out by an independent rating agency.

Credit Risk

Risk of financial loss to the Bank, if a customer or counter party to a financial instrument fails to meet its contractual obligations and arises principally from the loans and advances to customers and other banks and investment in debt securities.

D

Deferred Taxation

Sum set aside in the Financial Statements for taxation that may become payable/ receivable in a financial year other than the current financial year. It arises because of temporary differences between tax rules and accounting conventions.

Derivatives

A derivative is a financial instrument or other contract, the value of which changes in response to some underlying variable (e.g.

interest rate) that has an initial net investment smaller than would be required for other instruments that have a similar response to the variable, and that will be settled at a future date.

Dividend Cover

Profit after tax divided by gross dividends. This ratio measures the number of times dividend is covered by the current year's distributable profits.

Dividend Yield

Dividend earned per share as a percentage of its market value.

Earnings per Ordinary Share (EPS)

The profit attributable to ordinary shareholders divided by the number of ordinary shares in issue.

D

Effective Interest Rate (EIR)

Rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instruments or when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

E

Effective Tax Rate (ETR)

Provision for taxation excluding deferred tax expressed as a percentage of the profit before taxation.

Equity Method

This is a method of accounting whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition changes in the investor's share of net assets of the investee. The profit or loss and other comprehensive income of the investor include the investor's share of the profit or loss and other comprehensive income of the investee.

Expected Credit Losses

This is the method of providing for impairment of financial assets held at amortised cost.

F

Fair Value

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.

Fair Value through Profit or Loss Investments

A financial asset/liability acquired/incurred principally for the purpose of selling or repurchasing it in the near term, part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term

profit-taking, or a derivative (except for a derivative that is a financial guarantee contract).

Finance Lease

A lease in which the lessee acquires all the financial benefits and risks attaching to ownership of the asset under lease.

Financial Instrument

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity instrument in another entity.

G

Global Reporting Initiative (GRI)

The GRI is an international independent standards organisation that helps businesses, Governments and other organisations understand and communicate their impacts on issues such as climate change, human rights and corruption.

GRI promotes sustainability reporting as a way for organisations to become more sustainable and contribute to sustainable development.

Guarantees

Three party agreement involving a promise by one party (the guarantor) to fulfil the obligations of a person owing a debt if that person fails to perform.

H

Hedging

A strategy under which transactions are effected with the aim of providing cover against the risk of unfavourable price movements (interest rate, foreign exchange rate, commodity prices, etc.).

I

Impaired Loans

Loans where the Group does not expect to collect all the contractual cash flows or expects to collect them later than they are contractually due.

Impairment

This occurs when recoverable amount of an asset is less than its carrying amount.

Impairment Allowances

Impairment allowances are provisions held on the Statement of Financial Position as a result of the raising of a charge against profit for the incurred loss. An impairment allowance may either be identified or unidentified and individual (specific) or collective (portfolio).

Intangible Asset

An intangible asset is an identifiable non-monetary asset without physical substance.

GLOSSARY

Interest Rate SWAP

An agreement between two parties (known as counterparties) where one stream of future interest payments is exchanged for another stream of future interest payments based on a specified principal amount.

Interest Spread

Represents the difference between the average interest rate earned on interest earning assets and the average interest rate paid on interest-bearing liabilities.

Investment Properties

Property (land or a building – or part of a building – or both) held (by the owner or by the lessee for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative services; or sale in the ordinary course of business.

K

Key Management Personnel (KMP)

Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether Executive or otherwise) of that entity.

L

Liquid Assets

Assets that are held in cash or in a form that can be converted to cash readily, such as deposits with other banks, Bills of Exchange and Treasury Bills and Bonds.

Loans and Receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those intends to sell immediately or in the near term and designated as fair value through profit or loss on initial recognition.

Loan-to-Value Ratio (LTV)

The LTV ratio is a mathematical expression which expresses the amount of a first mortgage lien as a percentage of the total appraised value of real property. The LTV ratio is used in determining the appropriate level of risk for the loan and therefore the correct price of the loan to the borrower.

Loss Given Default (LGD)

LGD is the percentage of an exposure that a lender expects to lose in the event of obligor default.

Market Capitalisation

The value of an entity obtained by multiplying the number of ordinary shares in issue multiplied by its market value as at a date.

M

Market Risk

This refers to the possibility of loss arising from changes in the value of a financial instrument as a result of changes in market variables such as interest rates, exchange rates, credit spreads and other asset prices.

Materiality

The relative significance of a transaction or an event, the omission or misstatement of which could influence the economic decisions of users of Financial Statements.

N

Net Interest Income (NII)

The difference between the amount a bank earns on assets such as loans and securities and the amount it pays on liabilities such as deposits, refinance funds and inter-bank borrowings.

Net Interest Margin (NIM)

The margin is expressed as net interest income divided by average interest earning assets.

Non-Controlling Interest (NCI)

Equity in a Subsidiary not attributable, directly or indirectly, to a parent.

O

Operational Risk

This refers to the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

P

Price Earnings Ratio (P/E Ratio)

Market price of a share divided by the earnings per share.

Probability of Default (PD)

PD is an internal estimate for each borrower grade of the likelihood that an obligor will default on an obligation.

Provision Cover

Total provisions for loan losses expressed as a percentage of net non-performing loans and advances before discounting for provisions on non-performing loans and advances.

R

Related Parties

One party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions, directly or indirectly.

Related Party Transaction (RPT)

RPT is a transfer of resources, services or obligations between a reporting entity and a related party, regardless whether a price is charged.

Repurchase Agreement

Contract to sell and subsequently repurchase securities at a specified date and price.

Return on Average Assets (ROA)

Profit after tax expressed as a percentage of the average assets.

Return on Average Equity (ROE)

Net profit attributable to owners expressed as a percentage of average ordinary shareholders' equity.

Reverse Repurchase Agreement

Transaction involving the purchase of securities by a bank or a dealer and resale back to the seller at a future date at a specified price.

Risk-Weighted Assets

The sum total of assets as per the Statement of Financial Position and the credit equivalent of assets that are not on the Statement of Financial Position multiplied by the relevant risk weighting factors.

S

Segment Reporting

Disclosure of bank's assets, income and other information, broken down by activity and geographical area.

Substance Over Form

The consideration that the accounting treatment and presentation of Financial Statements of transactions and events should be governed by their substance and financial reality and not merely by legal form.

T

Tier I Capital (Core Capital)

Core capital representing permanent shareholders' equity and reserves created or increased by appropriations of retained earnings or other surpluses.

Tier II Capital (Supplementary Capital)

Supplementary capital representing revaluation reserves, general provisions and other capital instruments, which combine certain characteristics of equity and debt such as hybrid capital instruments and subordinated term debts.

ABBREVIATIONS

AGM	Annual General Meeting	GRI	Global Reporting Initiative
AFS	Available-for-sale	HFT	Held-for-trading
ALCO	Assets and Liabilities Committee	HR	Human Resources
BAC	Board Audit Committee	HTM	Held-to-maturity
BCC	Board Credit Committee	IMF	International Monetary Fund
BCP	Business Continuity Plan	IRMD	Integrated Risk Management Department
BHRRC	Board Human Resources & Remuneration Committee	IRR	Interest Rate Risk
BIRMC	Board Integrated Risk Management Committee	KRI	Key Risk Indicators
BNGC	Board Nomination and Governance Committee	KMP	Key Management Personnel
BRPTRC	Board Related Party Transactions Review Committee	LCB	Licensed Commercial Bank
CAR	Capital Adequacy Ratio	LCR	Liquidity Coverage Ratio
CASL	Institute of Chartered Accountants of Sri Lanka	LSB	Licensed Specialised Bank
CBSL	Central Bank of Sri Lanka	LGD	Loss Given Default
CCF	Credit Conversion Factor	LKAS	Sri Lanka Accounting Standards
CEO	Chief Executive Officer	LTV	Loan to Value Ratio
CFM	Close Family Members	NFR	Net Flow Rate
CFO	Chief Financial Officer	NII	Net Interest Income
CGU	Cash Generating Unit	NIM	Net Interest Margin
COO	Chief Operating Officer	NPA	Non-Performing Assets
CRO	Chief Risk Officer	NPL	Non-Performing Loans
CSE	Colombo Stock Exchange	OCI	Other Comprehensive Income
DRP	Disaster Recovery Plan	PAT	Profit After Tax
EGM	Extraordinary General Meeting	PBT	Profit Before Tax
ESOP	Employee Share Ownership Plan	PD	Probability of Default
EVE	Economic Value of Equity	ROA	Return on Assets
EAD	Exposure at Default	ROE	Return on Equity
ECL	Expected Credit Losses	RPT	Related Party Transactions
FIS	Fixed Income Securities	RWA	Risk Weighted Assets
FS	Financial Statements	SEC	Securities and Exchange Commission of Sri Lanka
FX	Foreign Exchange	SLFRS	Sri Lanka Financial Reporting Standards
FY	Financial Year	SME	Small and Medium Enterprise
FVTPL	Fair Value Through Profit or Loss	SLAR	Statutory Liquid Assets Ratio
GDP	Gross Domestic Product	VaR	Value at Risk
GOSL	Government of Sri Lanka	YoY	Year-on-Year

NOTICE OF MEETING

CITIZENS DEVELOPMENT BUSINESS FINANCE PLC – P B 232 PQ

NOTICE IS HEREBY GIVEN THAT THE TWENTY NINTH ANNUAL GENERAL MEETING OF CITIZENS DEVELOPMENT BUSINESS FINANCE PLC WILL BE HELD AT RAMADA HOTEL, NO. 30, SIR MOHOMAD MACAN MARKAR MAWATHA, COLOMBO 03, ON MONDAY 30TH JUNE 2025 AT 10.00 A.M.

AGENDA

- 1) To receive the Annual Report of the Board of Directors on the Affairs of the Company and the Audited Financial Statements for the year ended 31 March 2025 with the Report of the Auditors thereon.
- 2) To declare a Final Dividend of Rs. 10.00 per share for the financial year ended 31 March 2025 as recommended by the Directors.
- 3) To re-elect Non-Executive Independent Director Snr. Prof S.P.P. Amarathunge , who in terms of Articles 24 (6) and 24 (7) of the Articles of Association of the Company retires by rotation at the Annual General Meeting as a Director.
- 4) To re-elect Non-Executive Director Mr. J.P. Abhayaratne, who in terms of Article 24 (6) and 24(7) of the Articles of Association of the Company retires by rotation at the Annual General Meeting as a Director.
- 5) To authorise the Directors to determine Contributions to Charities and other donations for the ensuing year.
- 6) To re appoint Messrs Ernst & Young, Chartered Accountants as Auditors and authorise the Board of Directors to determine their remuneration.

BY ORDER OF THE BOARD OF DIRECTORS

OF CITIZENS DEVELOPMENT BUSINESS FINANCE PLC

sgd.

COMPANY SECRETARY

05 June 2025

Note:

A member is entitled to appoint a proxy to attend and vote instead of himself/herself and a Proxy need not be a member of the Company. A Form of Proxy is enclosed for this purpose. The instrument appointing a proxy must be deposited at the Registered Office of the Company, addressed to company Secretary, No. 123, Orabipasha Mawatha, Colombo 10 not less than 48 hours before the time fixed for the holding of the AGM.

NOTES

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NOTES

FORM OF PROXY (VOTING SHAREHOLDERS)

CITIZENS DEVELOPMENT BUSINESS FINANCE PLC- P B 232 PQ

I/We,..... (NIC No.....)

of being a member/members

of Citizens Development Business Finance PLC hereby appoint

Mr/Mrs/Ms..... (NIC No.....)

of..... whom failing

Mr Joseph Rene Alastair Corera whom failing

Mr Weligama Palliyaguruge Claud Mahesh Nanayakkara whom failing

Mr Tennakoon Mudiyansele Damith Prasanna Tennakoon whom failing

Mr Roshan Hasantha Abeygoonewardena whom failing

Mr Sasindra Virajith Munasinghe whom failing

Mr Dave Anthony De Silva whom failing

Snr Prof Sampath Priyantha Perera Amaratunge whom failing

Mr Jagath Priyantha Abhayaratne whom failing

Mrs Pandithasundara Rajitha Wajirangani Perera whom failing

Mr Sujeewa Kumarapperuma whom failing

Mr Elabadagama Ralalage Samitha Gomie Sudheera Hemachandra whom failing

Snr Prof Prasadani Naganika Gamage whom failing

Mrs Jayomi Lokuliyana

as my /our proxy to represent me/us and vote for me/us on my/our behalf at the Twenty Ninth Annual General Meeting of the Company to be held at the Ramada Hotel, No. 30, Sir Mohomad Macan Markar Mawatha, Colombo 03 at 10.00 A.M. on Monday 30th June 2025 and at any adjournment thereof.

Signed this.....day of Two Thousand and Twenty-Five.

.....
Signature/s of Shareholder/s

FORM OF PROXY (VOTING SHAREHOLDERS)

	For	Against
1. To receive the Annual Report of the Board of Directors on the Affairs of the Company and the Audited Financial Statements for the year ended 31 March 2025 with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2. To declare a Final Dividend of Rs. 10.00 per share for the financial year ended 31 March 2025 as recommended by the Directors.	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect Non Executive Independent Director Snr. Prof S.P.P. Amarathunge, who in terms of Articles 24 (6) and 24 (7) of the Articles of Association of the Company retires by rotation at the Annual General Meeting as a Director.	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-elect Non-Executive Director Mr. J.P. Abhayaratne, who in terms of Article 24 (6) and 24(7) of the Articles of Association of the Company retires by rotation at the Annual General Meeting as a Director.	<input type="checkbox"/>	<input type="checkbox"/>
5. To authorise the Directors to determine Contributions to Charities and other donations for the ensuing year.	<input type="checkbox"/>	<input type="checkbox"/>
6. To re appoint Messrs Ernst & Young (Chartered Accountants), as Auditors and authorise the Board of Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>

FORM OF PROXY (VOTING SHAREHOLDERS)

Please provide the following details

Name of the Shareholder :

Email address of the Shareholder :

CDS A/C No/NIC No/Company Registration No. :

Folio No/No. of shares held :

Name of the Proxy holder :

Email address of the Proxy holder :

Proxy holder's NIC No. (if not a director) :

INSTRUCTIONS AS TO COMPLETION:

1. The Full name, address and the NIC No of the Proxyholder and the Shareholder appointing the Proxyholder should be entered legibly in the Form of Proxy.
2. Every alteration or addition to the Proxy Form must be duly authenticated by the full signature of the shareholder signing the Proxy. Such signature should as far as possible be placed in proximity to the alteration or addition intended to be authenticated.
3. The completed Form of Proxy should be deposited at the Registered Office of the company addressed to Company Secretary, No.123, Orabipasha Mawatha, Colombo 10 not less than 48 hours before the time fixed for the holding of the AGM.
4. If the Form of Proxy is signed by an Attorney, the respective Power of Attorney (POA) should accompany the completed Form of Proxy for registration in the event such POA has not already been registered with the company.
5. If the Shareholder is a company or a corporate body, the Form of Proxy should be executed under its common seal (if any), or signed by its Attorney or by an officer on behalf of the company/corporate body in accordance with its Articles of Association/statute.
6. In case of Margin Trading Accounts (Slash Accounts), the Form of Proxy should be signed by the respective authorised Fund Manager/Banker with whom the account is maintained.

FORM OF PROXY (NON-VOTING SHAREHOLDERS)

FORM OF PROXY (NON-VOTING SHAREHOLDERS)

Please provide the following details

Name of the Shareholder :

Email address of the Shareholder :

CDS A/C No/NIC No/Company Registration No. :

Folio No/No. of shares held :

Name of the Proxy holder :

Email address of the Proxy holder :

Proxy holder's NIC No. (if not a director) :

INSTRUCTIONS AS TO COMPLETION:

1. The Full name, address and the NIC No of the Proxyholder and the Shareholder appointing the Proxyholder should be entered legibly in the Form of Proxy.
2. Every alteration or addition to the Proxy Form must be duly authenticated by the full signature of the shareholder signing the Proxy. Such signature should as far as possible be placed in proximity to the alteration or addition intended to be authenticated.
3. The completed Form of Proxy should be deposited at the Registered Office of the company addressed to Company Secretary, No.123, Orabipasha Mawatha, Colombo 10 not less than 48 hours before the time fixed for the holding of the AGM.
4. If the Form of Proxy is signed by an Attorney, the respective Power of Attorney (POA) should accompany the completed Form of Proxy for registration in the event such POA has not already been registered with the company.
5. If the Shareholder is a company or a corporate body, the Form of Proxy should be executed under its common seal (if any), or signed by its Attorney or by an officer on behalf of the company/corporate body in accordance with its Articles of Association/statute.
6. In case of Margin Trading Accounts (Slash Accounts), the Form of Proxy should be signed by the respective authorised Fund Manager/Banker with whom the account is maintained.

CIRCULAR TO SHAREHOLDERS

Dear Shareholder/s,

In keeping with the Circular No. 4/2022 dated 27th May 2022 issued by the Colombo Stock Exchange, the Company will not be circulating the Annual Report for the Financial Year 2024/2025 in printed form to shareholders. An advertisement in this regard was published and an announcement made to the Colombo Stock Exchange. However, if you wish to receive a printed copy of the Annual Report 2024/25, please complete the Form of Request attached herewith and forward it to the Registered Office of the Company.

1. The Annual Report of the Company, is available on the Corporate Website of the Company <https://www.cdb.lk/investor-relations/profile/companyprofile.component.html?symbol=CDB.N0000>
2. The website of the Colombo Stock Exchange. <https://www.cse.lk/pages/company-profile/company-profile.component.html?symbol=CDB.N0000>
3. Shareholders may also access the Annual Report and Financial Statements on their mobile phones by scanning the following QR code.

We also kindly inform the shareholders to update banking details in the following manner so that the dividends can be directly debited into your bank account without any delays.

- Shareholders in CDS (Central Depository Systems of Colombo Stock Exchange) – Update dividend instructions in your CDS account to include bank account number, through your stockbroker.
- Other shareholders who have not yet lodged shares at CDS –Kindly handover the share certificate to CDS through a stockbroker and open a CDS account, because in future share certificates will not be valid as per the rules of Colombo Stock Exchange and give the bank account number for dividend instructions.

For any queries, please contact through +94117-388-388 during office hours.

By order of the Board



Citizens Development Business Finance PLC

Company Secretary

05 June 2025

CORPORATE INFORMATION

Name of the Company

Citizens Development Business Finance PLC

Legal Form

A public quoted company incorporated in Sri Lanka under the provisions of the Companies Act No. 17 of 1982 and re-registered under the Companies Act No. 07 of 2007. The Company is licensed under the Finance Business Act No. 42 of 2011. The Company is registered under the Finance Leasing Act No. 56 of 2000 and CDB is an approved credit agency under mortgage Act No. 06 of 1949 and Trust Receipt Ordinance No. 12 of 1947.

Date of Incorporation

07 September 1995

Registration Number

PB 232 PQ

Accounting Year

March 31

Board of Directors

Mr. J R A Corera

CFA (USA), FCMA (UK)
Chairman / Independent Non-Executive Director

Mr. W P C M Nanayakkara

B.Sc(Mgt), FCMA(UK), MBA(Sri J), CGMA
Managing Director / Chief Executive Officer
Executive Director

Snr Prof. S P P Amaratunge

B.A. (Econ) (Sp) (SJP), M.A. Econ (Colombo),
M.Sc.Econ. of Rural Dev. (Saga, Japan); Ph.D. (Kogoshima, Japan)
Independent Non-Executive Director

Mr. T M D P Tennakoon

FCMA(UK), CGMA
Deputy CEO / Executive Director

Mr. R H Abeygoonewardena

FCMA(UK), ACMA(Sri), MCPM, CGMA
Executive Director - Corporate Finance

Mr. S V Munasinghe

MBA (Fed. Uni. Aus)
Executive Director - Sales and Business Development

Mr. D A De Silva

B. Sc.(Hons), ACMA, CGMA
Executive Director - Business Operations

Mr. J P Abhayaratne

MBA, B.Sc (Admin) Non-Executive Director

Mrs. P R W Perera

FCA, ACMA
Independent Non-Executive Director

Mr. E R S G S Hemachandra

MBA (Australia), Dip M (UK), FCIM(UK)
Non Executive Director

Mr. S. Kumarapperum

B.Sc (Science), MBA (Colombo), PG Dip (Actuarial Science)
Independent Non-Executive Director

Snr Prof. P N Gamage

B.Sc (Admin), PhD (HRM), M.Sc (Management), Attorney-at-Law
Independent Non-Executive Director

Mrs. Jayomi Lokuliyana

MBA (PIMA,SJP), PGDipM (CIM -UK),
Independent Non-Executive Director

Registered Address of Head Office

No 123, Orabipasha Mawatha, Colombo 10,
Sri Lanka

Tel : +94 11 738 8388

Fax : +94 11 242 9888

E mail : cdb@cdb.lk

Web : www.cdb.lk

Company Secretary

Ms. Laavanya Paheerathan (Attorney At Law)
No 123, Orabipasha Mawatha, Colombo 10,
Sri Lanka
Tel : +94 11 738 8388
Fax : +94 11 242 9888
E mail : company.secretary@cdb.lk

Credit Rating Agency

Fitch Ratings Lanka Ltd

Company Registrar

SSP Corporate Services (Private) Ltd
101, Inner Flower Road,
Colombo 03, Sri Lanka
Tel : +94 11 257 3894, +94 11 257 6871
Fax : +94 11 257 3609
E mail : sspsec@sltnet.lk

Company Auditors

Ernst & Young (Chartered Accountants)
Rotunda Towers,
No 109, Galle Road, Colombo 03,
Sri Lanka
Tel : +94 11 246 3500

Lawyers of the Company

Nithya Partners
No 97A, Galle Road, Colombo 03,
Sri Lanka

Bankers

Bank of Ceylon, Commercial Bank of Ceylon PLC, Deutsche Bank
DFCC Bank PLC, Hatton National Bank PLC, National Development
Bank PLC, Nations Trust Bank PLC, People's Bank, Sampath Bank PLC,
Seylan Bank PLC, Union Bank PLC, Cargills Bank PLC, Pan Asia Bank
PLC.

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