

CASCADES OF

VALUE

Citizens Development Business Finance PLC
Annual Report 2025/26





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CASCADES OF

VALUE

Every journey begins with a single stream, a spark of intent that gathers strength as it moves. For CDB, that journey has been one of steady momentum, guided by a vision that continues to shape, refine, and expand with every passing year. What began as a current of purpose has become a cascade of value, flowing through every facet of our business. With each turn, the journey deepens, drawing on learning and insight to chart new paths through an ever-changing financial landscape.

This report tells a story of continuity and progress, of how we have adapted to new currents, embraced new opportunities, and shaped new horizons with the same determination that has always defined us. Every milestone marks not an ending, but a beginning; another cascade that carries value farther and deeper into the communities we serve.

Like a river that carves its path with purpose, gathering strength as it flows, value is shaped through continuity, direction, and momentum. Each curve guides the journey forward, nourishing the landscapes it touches and sustaining life along its course. In the same way, CDB creates cascades of value through purposeful action and strategic vision; generating a continuous flow of progress that strengthens the economy and enriches the communities it serves.



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Alastair Corera

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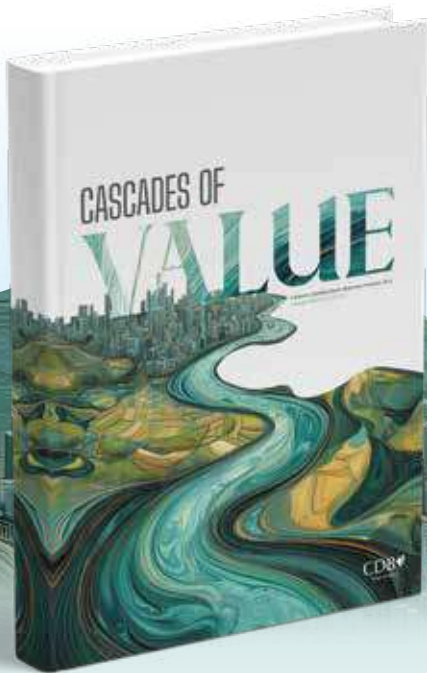
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ABOUT THIS REPORT

GRI 2-3



For decades, CDB has created shared prosperity for the diverse stakeholders who journey with us. Anchored in our role within Sri Lanka’s financial landscape, we continue to strengthen performance across every dimension while expanding our horizons and extending our presence.

This is the 13th Annual Integrated Report of Citizens Development Business Finance PLC (CDB), which reviews the performance of the Company for the financial year ending 31 March 2026. This report presents an objective review of the Company’s financial, environmental, social, and governance matters which have been presented in a concise and transparent manner while ensuring adequate coverage of the same. The report builds on our thirteenth Annual Integrated Report from the previous financial year ending 31 March 2025, demonstrating our continued commitment to excellence in corporate reporting.

FRAMEWORKS

The following frameworks were used in preparing this report.

Financial Reporting

- Sri Lanka Accounting & Auditing Standards Act No.15 of 1995
- The Finance Business Act No.42 of 2011 and directions of the Central Bank of Sri Lanka
- Companies Act no. 7 of 2007
- Sri Lanka Financial Reporting Standards
- Guidelines for the presentation of Annual Reports issued by CA Sri Lanka

Governance

- CSE Listing Rules
- Code of Best Practice on Corporate Governance issued by CA Sri Lanka (2023)

Sustainability Reporting

- SLFRS S1 and S2
- <IR> Framework issued by the International Integrated Reporting Council
- GRI Standards 2021 “In Accordance with”
- SASB Standards for Consumer Finance and Commercial Banks
- Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard
- Gender Reporting Framework issued by CA Sri Lanka

Evolution of our report in 2025/26

- Reporting in compliance with SLFRS S1 and S2
- Inclusion of SASB Standards on Consumer Finance and Commercial Banks
- Material topics mapping to both GRI and SASB standards and resultant assessment of 4 new topics on materiality
- Review of business lines included reflecting the segmental reporting in the financial statements
- Improved interconnectivity of material topics throughout the report
- Reporting on 6 capitals in line with the IR Framework
- Material matters

Reporting Principles

- Impacts
- Materiality
- Strategic focus and future orientation
- Connectivity of Information
- Stakeholder relationships
- Conciseness
- Reliability & Completeness

SCOPE & BOUNDARY

GRI 2-2

CDB is a stand alone entity and its financial and non-financial reporting boundaries are aligned and extend to the operating environment and external stakeholders. The report sets out how we create, preserve or erode value through our operations.

Aligned Financial & Non-Financial Reporting Boundary



The Precautionary Principle

When addressing social and environmental issues, CDB adheres to the precautionary principle as outlined in the Rio Declaration on Environment and Development. This commitment reflects the Company's proactive approach to mitigating potential negative impacts on communities and the environment, going beyond mere compliance to ensure responsible and sustainable practices.

Reporting Process

The preparation of this Integrated Report was undertaken by a cross-functional team comprising representatives from across the organisation and led by the Financial Reporting and Sustainability functions. Information contained in the Report was compiled through extensive engagement with members of the leadership team and subject matter specialists. Both internal and external sources of information were carefully reviewed and utilised to ensure the accuracy, reliability and completeness of disclosures.

NAVIGATING OUR REPORT



Governance



Risk

THE CAPITALS



Financial Capital



Manufactured Capital



Intellectual and Digital Capital



Human Capital



Social and Relationship Capital



Natural Capital

STAKEHOLDERS



Customers



Employees



Business Partners



Government & Regulators



Communities



Investors

STRATEGY



Unparalleled Customer Centricity



Above Industry Growth and Profitability



A Place People Love to Come and Contribute



Manufacturing and Supply Chain Excellence



Progress Through Purpose - Drive Sustainability



Digital Transformation

ABOUT THIS REPORT

The leadership team stewarded the reporting process and ensured that appropriate controls were applied throughout the information gathering, validation, drafting and review stages. The Integrated Report was subsequently reviewed by the Board Audit Committee and recommended to the Board of Directors for approval.

The material matters presented on page 70 were reviewed and approved by the Board of Directors. Reports of Board Committees included within this Integrated Report have been reviewed, approved and signed by the respective Chairpersons of the Committees. Following the recommendation of the Board Audit Committee, the Board of Directors approved the Integrated Report for publication.

Restatements & Comparability of Information

GRI 2-4

There were no restatements of financial or non-financial information during the year. Accordingly, information presented in the report is comparable between the current and prior reporting periods.

Assurance

GRI 2-5

External assurance on the Company's financial statements has been provided by Ernst & Young. External assurance on sustainability has also been provided by Ernst & Young covering the requirements of GRI Standards, SASB, and SLFRS S1 and S2.

Forward Looking Statements

This report includes forward-looking statements based on currently available internal and external information to support an assessment of CDB's future prospects. However, given the volatility and uncertainty in both the global and local economic environment, these statements are inherently uncertain. Their outcomes may depend on future events beyond our control, which could materially affect the Company's ability to create value. Readers are therefore encouraged to consider the most up-to-date information when making their own assessments. Accordingly, neither the Board nor the preparers of this report accept liability for these forward-looking statements.

Statement by the Board

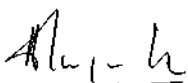
GRI 2-14

The Management of Citizens Development Business Finance PLC has prepared, reviewed and approved the Annual Report for the year ended 31 March 2026 to ensure that it presents a balanced review of the Company's performance during this period and financial position as at 31 March 2026.


The Board acknowledges its responsibility to ensure that the Annual Report provides a balanced view of its performance addressing all material issues that may have an impact on the Company's capacity to create value over the short, medium and long term. 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 acknowledgment of the Boards' responsibility for the Annual Report and its content are given in the Annual Report of the Board of Directors on page 264.

The report was approved by the Board of Directors on 05 June 2026.

Signed on behalf of the Board



Chairperson



Chairperson of the
Board Audit Committee



Managing Director/
Chief Executive Officer

Feedback & Inquiries

GRI 2-3

A feedback can be accessed using the QR code below for readers wishing to provide feedback on the Annual Report. Responses will be reviewed by the Management of the Company. We value your feedback and will use the same in improving the Annual Report.

Please contact us for inquiries regarding the Annual Report:

Laavanya Paheerathan
Company Secretary
company.secretary@cdb.lk



WHO WE ARE

CURRENTS OF ABUNDANCE

Flowing across eleven countries, the Nile River is one of the world's longest and most historic waterways, sustaining civilisations for thousands of years. Its steady current nourishes vast landscapes, shaping culture, livelihoods, and identity across generations. Through its continuity and life-giving presence, the Nile stands as a powerful symbol of endurance and lasting influence.

CDB's identity is shaped by a clear sense of purpose and continuity. Guided by enduring values and a consistent direction, we sustain trust, strengthen relationships, and create lasting impact across the communities we serve, building a presence defined by stability, resilience, and long-term progress.

ABOUT US

GRI 2-1

For over 30 years, Citizens Development Business Finance PLC (CDB) has been creating sustainable value by connecting people, enterprise and opportunity. As one of Sri Lanka’s leading financial institutions, CDB empowers individuals, entrepreneurs and businesses to realise their aspirations, expand their potential and contribute to the nation’s economic and social progress.

Driven by innovation and an entrepreneurial spirit, CDB continually reimagines the delivery of financial services through technology, insight and deep customer understanding. By enhancing accessibility, inclusion and convenience, Company broadens access to financial opportunities, supports enterprise development and enables greater participation in the economy, while creating pathways for future generations of talent to thrive.

Sustainability is embedded within CDB’s strategy and decision-making, shaping how the Company allocates capital, manages risk and creates long-term value. Guided by strong governance, responsible business practices and a commitment to excellence, CDB continues to evolve as a future-ready institution, creating enduring value for stakeholders while contributing to a more inclusive, prosperous and sustainable Sri Lanka.



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.



Purpose

EMPOWERING ASPIRATIONS

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



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.

PERFORMANCE HIGHLIGHTS



Financial Capital

As at 31 March	2026	2025	Change %
----------------	------	------	----------

A Resilient Performance (Rs.Mn)

Gross Income	30,157	25,599	18
Net Interest Income	13,191	11,391	16
Net Fee & Commission Income	358	272	32
Total Operating Income	16,443	14,105	17
Impairment Charges	556	(644)	186
Operating Expenses	7,668	6,826	12
Operating Profit Before Tax on Financial Services	8,218	7,922	4
PBT	6,243	5,751	9
PAT	4,505	4,005	12

Financial Stability (Rs.Mn)

Shareholders' Funds	28,417	23,936	19
Customer Deposits	91,331	86,849	5
Loans & Advances	169,204	110,867	53
Total Assets	214,684	156,936	37
Total Liabilities	186,267	133,000	40

Profitability (%)

Net Interest Margin	7.10	7.97
Cost to Income Ratio	46.64	48.40
Return on Assets	2.42	2.80
Return on Equity	17.21	18.15

Value to Investors

Earnings Per Share (Rs.)	6.28	5.65
Dividend Per Share (Rs.)	1.75	1.50
Dividend Payout (%)	27.87	26.55
Net Assets Per Share (Rs.)	39.62	33.78
Market Value Per Share - Voting (before sub division) (Rs.)	388.00	235.00
Market Value Per Share - Non-Voting (before sub division) (Rs.)	303.00	180.00

Regulatory Ratios (%)

Capital Adequacy		
Core capital ratio	13.23	14.47
Total capital ratio	18.32	18.09
Asset Quality		
Gross NPL (Net of IIS)	3.78	6.32
Net NPL (Net of IIS & provisions)	1.53	3.10



Social & Relationship Capital

Customer Satisfaction Score

96.85%

CSI Rating (Out of 5)

4.85

Total CSR Investment during the year

Rs. 49 Mn

25

Smart Computer Labs

covering all districts -

10,000+ students benefited so far

Sisudiri Scholarship

Season 16th and 17th

conducted during the year

- **1,300+** scholarships worth of **Rs 45 Mn** awarded so far

3 Pragathi Autism

Intervention Centres

constructed so far



Human Capital

Team Members

2,142

Female Representation

39%

Employee Retention Rate

86%

Value Distributed to Employees

Rs. 3.5 Billion

Total Training hours

160,143 hours



Intellectual Capital

Total Digital Customer Transactions

Rs. 3 Trillion

SELF App User Base Growth

93% YoY

SELF App Number of Transaction Growth

98% YoY

ISO 27001:2022

Certification (8th consecutive years)

ISO 22301:2019

(Business Continuity)

Connecting CDB Customers to **Gov Pay** via CDB Self



Natural Capital

Green Portfolio

Rs. 31 Billion

Number of Green loans disbursements during the year

5,272

110

eShift Conversations so far

CDB Advanced Roof Solar Portfolio

Rs. 828 Mn
9+ MWh to the National Grid

Total Carbon Footprint

305,631 tCo2e

(Scope 1,2 & 3)

Verified by Sri Lanka Climate Fund



Manufactured Capital

71

Physical Branch Locations

200+

Customer Touch Points



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

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)

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

2014/15

Relocating to our own Head Office building

- Acquisition of Laughs Capital Ltd under CBSL consolidation plan

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

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

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

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

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

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

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

2025/26

- Total Asset Base Surpassed Rs. 200+ Billion
- 30 Years of Excellence, celebrating three decades of empowering aspirations
- Successful Share Split Enhancing Shareholder Accessibility
- Completed the Establishment of 25 Smart Computer Labs Across All 25 Districts
- CDB Self integration with GovPay

2024/25

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

RECOGNITION AND ACHIEVEMENTS

Our commitment to innovation, transformation, and sustainable value creation continues to be recognised across the industry. Throughout our journey, we have remained at the forefront of financial services, setting new benchmarks, embracing emerging opportunities, and delivering meaningful outcomes for our stakeholders. The accolades received this year reflect not only our pursuit of excellence but also the collective efforts of our people, whose dedication continues to strengthen our impact and leadership within the industry.



- 1 TAGS Awards 2025 - Finance and Leasing Companies (Group Assets Above LKR 75 Bn) Bronze award
- 2 CIMA-JXG Pinnacle Awards 2025 Digital Transformation Project of the Year 2025 (Silver)
- 3 20th Employer Brands Awards 2025 Sri Lanka Best Employer Brand Awards
- 4 Best Corporate Citizen Sustainability Awards 2025 Category award winner - Community Relations
- 5 TAGS Awards 2025 - Integrated Reporting Certificate of Recognition
- 6 TAGS Awards 2025 - Sustainability Reporting Certificate of Recognition
- 7 TAGS Awards 2025 - Corporate Governance Disclosure: Financial Services Certificate of Recognition
- 8 CMA Excellence in Integrated Reporting Awards 2025 Merit award
- 9 South Asian Federation of Accountants - Best presented annual report awards, integrated reporting awards and SAARC anniversary awards for corporate governance disclosure 2024 (award given in Nov 2025) Merit award
- 10 Lanka Pay Tech Innovation Awards 2025 - Best Institution for Financial Inclusivity (NBFI) Merit award
- 11 Lanka Pay Tech Innovation Awards 2026 - Best Institution for Excellence in Customer Convenience (NBFI) Merit award
- 12 National ICT Awards NBQSA 2025 - In-house (Non ICT Company) Category Merit award
- 13 The Great HR Awards 2025 - Finance, Insurance, Real Estate and Investment Sector Merit award
- 14 Check Point Infinity Platform 2024/25 Special Recognition

RESPONSIVE LEADERSHIP

CHANNELS OF RESILIENCE



The Mississippi River continually adapts its course, navigating changing landscapes through shifting channels and natural barriers. Its ability to adjust direction while maintaining flow reflects resilience in the face of uncertainty, demonstrating how strength lies in responsiveness and adaptation.

CDB's leadership responds proactively to evolving conditions, strengthening safeguards and adapting strategies to manage risk effectively. Through disciplined oversight and responsive governance, we maintain stability and ensure continued progress within a dynamic environment.

MESSAGE FROM THE CHAIRMAN

GRI 2-22



Alastair Corera

Chairman/Non-Executive Independent Director

Dear Stakeholders,

CDB will remain focussed on its strategic plans for its next stage of evolution and growth as we move past our quarter trillion asset base milestone

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 31st March 2026.

Having continued to strengthen its financial position and operational capabilities, your Company is now approaching the significant milestone of becoming a quarter-trillion-asset institution. In fact, CDB is now treading the path of its next phase of evolution as it expands its financial base and continues its transformation to a Fin-Tech.

PERFORMANCE IN A NUTSHELL

Your Company recorded a remarkable year of progress across almost all key financial and operational indicators. While the stable macroeconomic conditions during the year provided an important foundation for growth, I must emphasise that our performance was neither organic nor automatic. CDB's achievements in 2025/26 were the result of crafting specific strategies, and coordinated deployment at ground level under continuous oversight, to chase targets in a dynamic operating environment.

While we experienced island wide disruptions due to Cyclone Ditwah and sharp instability in global markets towards the tail-end of the year due to the Iran-US-Israel conflict in March 2026, Sri Lanka's stronger fiscal situation as well as other structural improvements implemented post its sovereign default in April 2022 helped the country manage these challenges better. The stable inflation and interest rate environment that prevailed within Sri Lanka for most of the year, encouraged revival

across all economic sectors, stimulating demand for credit and tailored financial services. The lifting of vehicle import restrictions immediately revived the dormant vehicle leasing market, and the demand for electric vehicles, opened up new market opportunities. CDB was equipped and ready with funding capacity, human competencies and the technology backbone, to immediately respond to these emerging market opportunities. Therefore, the current year's excellent financial performance is a result of years of effort to build the correct foundation, to enable rapid growth when the opportunity arose.

We closed the financial year 2025/26 with a topline growth of 18%, to Rs. 30 Bn, while profit after tax increased by 12% to Rs. 4.5 Bn. The Return on Equity remained strong at 17.21% compared 18.15% last year, while the Return on Assets was 2.42% vs 2.80% achieved in 2024/25. Our lending grew by an impressive 53% during the year, boosting our asset base to Rs. 214.7Bn, bringing our targeted quarter trillion balance sheet within reach in the next financial year. I would also like to highlight that this growth in assets was accompanied by a significant improvement in asset quality, both in absolute and relative terms. This was achieved through improvements to our monitoring and recovery processes, together with more robust lending and credit assessment criteria supported by improved economic landscape. As a result, our 90-day gross Non-Performing Loan ratio improved substantially to 3.78% from 6.32%. This provides stakeholders with added confidence in the Company's financial resilience, as we move forward.

Another notable achievement was the continued diversification of our funding base. Traditionally, Non-Bank Financial Institutions relied heavily on deposits as their primary funding source. However, we had made a strategic decision to diversify our funding mix by developing alternative funding channels. In addition to strengthening our resilience against funding-related risks, this diversification enabled uninterrupted asset growth during the year. Please refer to the Financial Capital chapter for a more detailed overview of CDB's financial position as at 31 March 2026.

OUR VALUE CREATION

Our total economic value creation for the year increased by 18%, reaching Rs. 30 Bn, of which 11% was invested in our employees, 12% was contributed to the Government through various taxes, and 45% was redistributed among our customers.

It is also noteworthy that 46%, or Rs 79. Bn, out of our total lending for the year, was committed outside the Western Province, directly supporting regional economic revival and reducing investment disparities. In addition, our Wings ecosystem continued to support women entrepreneurs through a range of interventions, including digital financial education, as well as funding support.

Based on the financial performance achieved during the year, the Board declared an interim dividend of Rs. 7.50 for both ordinary voting and non-voting shares in December 2025. The Board also approved a one-for-ten share subdivision of both voting and non-voting shares which was subsequently completed in April 2026. You will be happy to note that the Board has declared a

MESSAGE FROM THE CHAIRMAN

final dividend of Rs. 1.00 on the subdivided capital for a total shareholder pay out of Rs 1.25 Bn for the financial year, a 16.67% increase over the previous year.

Beyond financial value creation, we continued to contribute directly towards community welfare and charitable initiatives during the year, including restoring the Information Technology Centre (ITC) of the University of Peradeniya, following Cyclone Ditwah flooding. However, these contribution represent only the tip of the iceberg of CDB's social and environmental commitments. CDB has consistently dedicated resources towards impactful social and environmental programmes that have wide ranging benefits. During the current year, 100 three-wheelers were converted from fossil fuels, into zero-emission, electric engines under our eShift project, and we also financed electric vehicles through our partnership with BYD and supported the shift to solar electricity, by financing solar panels. Please refer the Social and Relationship Capital, and Natural Capital chapters of this report to gain a deeper understanding of these initiatives and their impacts.

GOOD GOVERNANCE BEYOND COMPLIANCE

CDB was early adopter of Environmental, Social and Governance (ESG) practices as an integral component of good governance. Today, our governance framework incorporates measurable indicators to track progress towards our Net Zero ambitions and broader sustainability objectives, in addition to ensuring compliance with all applicable laws and regulations.

The Board also reviewed the progress made in accordance with SLFRS S1 and S2 which became mandatory for the reporting year. A newly established executive committee on Sustainability assisted the Board in this regard with regular briefings on the subject. A Sustainability framework was approved by the Board during the year, providing guidance for the journey ahead which is aligned with the second pillar of CDB's strategy.

Recognising the greater challenges and risks that accompany the newer, technology facilitated, products and service offerings, as well as more sophisticated tools for cybercrimes, we continue to review and strengthen our internal controls, audit capabilities and skills. The Board also increased its emphasis on monitoring compliance with internal rules and policies.

We also reviewed and strengthened our technology governance framework to ensure the responsible adoption of emerging technologies, including Artificial Intelligence, while aligning compliance with amendments to the Personal Data Protection Act.

Throughout the year, we maintained capital and equity levels comfortably above the regulatory minimum requirements stipulated by the Central Bank of Sri Lanka.

Finally, the CDB Board comprises experienced professionals with diverse expertise and multidisciplinary perspectives, enabling the development and effective execution of strategy. These strengths have played a vital role in achieving CDB's transformation and will guide the Company in its next stage of evolution.

PLANS FOR THE FUTURE

Faced with exchange rate and cost push inflationary challenges post the flare up in the Middle East, the Central Bank of Sri Lanka has taken several proactive steps as we speak. These measures included a 100 bp hike in the policy rates, tighter loan to value caps on vehicle financing as well as higher regulatory capital requirements for gold loans, all of which will dampen credit growth and help contain inflation.

While we are likely to be navigating a tighter credit environment, CDB will remain focussed on its strategic plans for its next stage of evolution and growth as we move past our quarter trillion asset base milestone. To support this transition, we are tweaking our tech pillar to recognise and incorporate new capabilities that are now available, including AI, enabling us to improve operational efficiencies, enhance customer experiences, and unlock new avenues for sustainable growth.

APPRECIATION

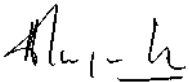
As we reflect on another year of progress, I extend my sincere appreciation to our shareholders for their continued trust and confidence in myself and the Board. I also thank our customers, business partners, and all other stakeholders for their valuable support. I wish to also thank the Regulators and the Auditors for the invaluable role they play.

My gratitude extends to my fellow Board members for their guidance and stewardship throughout the year, to the Managing Director and

his Management Team, as well as employees, whose dedication, professionalism and commitment have been instrumental in delivering these results.

I wish to place on record our appreciation to Prof. Sampath Amaratunga, who stepped down from the Board due to reaching nine years of service, for his invaluable contributions. His insights and guidance have greatly enriched the Board's deliberations and strategic direction. At the same time, I warmly welcome Dr. Rasitha Wickramasinghe, who is joining the board as an Independent Non-Executive Director, and look forward to his contributions in supporting the next phase of CDB's journey.

Together, we remain committed to creating sustainable value for all stakeholders while contributing meaningfully to the economic and social development of Sri Lanka.



Alastair Corera
Chairman/Non-Executive
Independent Director

05 June 2026

MANAGING DIRECTOR/ CHIEF EXECUTIVE OFFICER'S REVIEW



Mahesh Nanayakkara

Managing Director/ Chief Executive Officer

Dear Stakeholders,

We believe Artificial Intelligence will fundamentally reshape financial services over the coming decade.

Recognising this shift, we have developed a comprehensive roadmap that will gradually transform CDB from a technology-enabled organisation into an AI-enabled organisation.

DEAR STAKEHOLDERS,

FY2025/26 will be remembered as one of the most significant years in CDB's history.

During the year, your Company surpassed the Rs. 200 Bn asset milestone for the first time, closing the financial year with total assets of Rs. 214.9 Bn. This achievement places CDB firmly among Sri Lanka's largest non-bank financial institutions and positions us within reach of our next strategic milestone – a quarter-trillion-rupee balance sheet.

While the number itself is significant, what makes this milestone truly meaningful is the journey behind it.

When we commenced this transformation in 2004, CDB was a vastly different institution with an asset base of less than Rs. 1 Bn. Through disciplined execution, prudent risk management, continuous innovation and the unwavering commitment of our people, we have transformed the organisation into a diversified, resilient and future-ready financial institution.

Today, we stand stronger than at any point in our history.

More importantly, we stand prepared for the future.

As we reflect on the progress achieved thus far, we recognise that the next phase of our evolution will require a different emphasis. Having built the scale necessary to compete effectively, our focus will increasingly shift towards enhancing profitability, improving capital efficiency, strengthening Return on Assets (ROA) and Return on Equity (ROE), and delivering superior long-term value to all stakeholders.

Growth remains important. However, future growth will continue to be pursued within clearly defined risk

parameters and with a stronger focus on quality, resilience and sustainability.

FINANCIAL PERFORMANCE

The operating environment during much of FY2025/26 remained favourable. Economic stability, improving confidence levels and a second consecutive year of approximately 5% GDP growth supported business activity and credit demand across multiple sectors of the economy.

Against this backdrop, CDB delivered another year of strong performance.

Total revenue increased by 18% year-on-year to Rs. 30.2 Bn, while Profit After Tax grew by 12% to Rs. 4.5 Bn. Total assets expanded by 37% to Rs. 214.7 Bn while our loan book grew by 53% to Rs. 169.2 Bn, supported by new disbursements exceeding Rs. 110 Bn during the year.

These results reflect not only favourable market conditions but also deliberate strategic decisions taken over the past several years to position the Company for sustainable growth.

One of the most important developments during the year was our continued focus on sectors of national importance including MSMEs, fisheries and agriculture. Through dedicated resource allocation, specialised staff training programmes and our participation in the National Credit Guarantee Institution (NCGI), we have expanded our ability to support entrepreneurial activity and productive economic sectors.

Although these sectors currently represent a relatively modest proportion of our overall portfolio, we believe they possess substantial long-term potential and remain closely aligned with our purpose of enabling sustainable economic progress.

The second major development was the continued optimisation of portfolio structure and risk composition.

At the end of the financial year, nearly 70% of our portfolio comprised facilities with shorter maturities, repricing flexibility or higher-yield characteristics. This deliberate rebalancing enhances our ability to navigate changing interest rate environments while preserving balance sheet resilience and earnings stability.

ASSET QUALITY IMPROVED SIGNIFICANTLY DURING THE YEAR

Supported by stable macroeconomic conditions, disciplined underwriting standards, enhanced portfolio monitoring and the extensive deployment of automated credit decisioning, our Gross NPL ratio improved substantially to 3.78% from 6.32% recorded a year earlier.

Today, over 90% of our credit facilities are processed through our automated credit approval engine. Beyond improving turnaround times, this capability has strengthened consistency in credit assessment, enhanced portfolio quality and improved customer experience.

Combined with evolving industry practices and stronger credit discipline across the financial sector, these developments have contributed to building a stronger and more resilient lending portfolio.

FUNDING AND BALANCE SHEET STRENGTH

A notable feature of our growth trajectory has been the diversification of funding sources.

During FY2025/26, the majority of our balance sheet expansion was funded through non-deposit funding channels including bank borrowings, capital market instruments and foreign funding lines.

MANAGING DIRECTOR/CHIEF EXECUTIVE OFFICER'S REVIEW

This diversified funding structure enhances financial flexibility, strengthens liquidity management and reduces dependence on any single funding source.

Our access to international funding continues to reflect the confidence placed in CDB by global development finance institutions and funding partners. We believe our longstanding commitment to sustainability, governance and responsible finance has contributed positively towards maintaining these relationships.

As we enter the new financial year, we will renew our emphasis on retail deposit mobilisation while continuing to strengthen alternative funding channels in order to maintain a balanced and resilient funding mix.

TRANSITIONING FROM A TECHNOLOGY PILLAR TO AN AI PILLAR

For several years, technology has served as a critical strategic enabler for CDB.

Our investments in digital infrastructure have strengthened competitiveness, enhanced scalability and enabled us to continue growing without expanding our physical branch network.

Within the last nine years, CDB has increased its balance sheet several-fold without opening a single new branch. This achievement demonstrates the scalability of our operating model and validates our belief that future growth will increasingly be driven through digital and virtual channels.

Customer adoption of our digital platforms continued to accelerate during FY2025/26.

Users of the CDB SELF platform increased by 93% during the year while digital transactions accounted for 74% of total customer

transactions. These figures demonstrate the growing acceptance of self-service financial solutions across customer segments and reinforce our focus on delivering convenience, speed and accessibility.

However, the most significant strategic development of the year extends beyond digitalisation.

We believe Artificial Intelligence will fundamentally reshape financial services over the coming decade.

Recognising this shift, we have developed a comprehensive roadmap that will gradually transform CDB from a technology-enabled organisation into an AI-enabled organisation.

This transformation will be executed through three interconnected dimensions.

The first is empowering team members through enterprise-grade generative AI capabilities. The second is embedding AI across business functions and customer journeys to improve decision-making and productivity. The third is deploying agentic AI solutions to automate increasingly complex operational processes and workflows.

To support this transition, we have established governance structures and oversight mechanisms aligned with leading international standards to ensure responsible adoption, appropriate safeguards and effective risk management.

We view AI not simply as another technological advancement but as a transformational capability that will influence every aspect of our business model, customer engagement and operational effectiveness.

Looking ahead, we believe cyber security represents one of the defining challenges for the global financial services industry. As digital adoption accelerates and AI becomes increasingly embedded across customer journeys and operational processes, the protection of data, systems and digital infrastructure will be fundamental to maintaining confidence in the financial system. In this environment, trust will increasingly emerge as the ultimate competitive advantage. Institutions that can combine innovation with robust cyber resilience, strong governance and responsible technology deployment will be best positioned to earn customer confidence, protect stakeholder value and sustain long-term growth.

SUSTAINABILITY AND LONG-TERM VALUE CREATION

Sustainability remains deeply embedded within our strategic framework.

Our climate transition roadmap continues to evolve through a process of continuous learning, measurement and improvement. Our primary objective remains the reduction of carbon intensity by 30% over the next five years, supported by clearly defined initiatives and measurable targets.

Environmental considerations are already integrated into lending decisions and risk assessment processes while our reporting framework extends to Scope 3 emissions.

We also remain strong advocates of electric mobility and continue to believe that electric vehicles represent a practical and sustainable solution for Sri Lanka. Consumer adoption continues to improve and we remain optimistic regarding the long-term prospects of this transition.

Beyond environmental considerations, sustainability for us encompasses governance, social impact, financial inclusion and responsible growth. These principles continue to guide strategic decision-making across the organisation.

PREPARING THE NEXT GEN FOR LEADERSHIP

The strength of any enduring institution lies in its ability to renew itself.

Over the past two decades, CDB's transformation has been led by an exceptional leadership team whose collective vision, experience and dedication have been instrumental in shaping the organisation we are today.

As part of our long-term sustainability agenda, we have established a comprehensive succession framework designed to support a phased transition to a new generation of leadership over the next few years.

This process has not been developed overnight.

It has been carefully planned and systematically executed over an extended period. High-potential leaders have been identified, developed and exposed to extensive leadership development initiatives, international learning opportunities and progressively larger responsibilities.

We believe succession planning is not merely about replacing individuals. It is about preserving culture, transferring institutional knowledge, ensuring continuity and creating the leadership capacity required to support the next phase of growth.

The next generation of leaders has already played a significant role in CDB's success story. We are

confident they possess the competence, character and vision necessary to lead the organisation into its next chapter.

WHAT'S NEXT?

We commenced FY2026/27 against a backdrop of heightened global uncertainty.

Geopolitical tensions in the Middle East, commodity price volatility, supply chain disruptions and slower global growth remain key external risks that could influence economic activity and market sentiment.

Nevertheless, CDB enters this period from a position of strength.

We possess a strong balance sheet, diversified funding sources, improving asset quality, a scalable digital operating model, a robust sustainability framework and a clear roadmap for AI-led transformation.

Most importantly, we possess an exceptional team and a culture that has repeatedly demonstrated its ability to adapt, innovate and overcome challenges.

Our philosophy has always been one of Challenge : Response.

That philosophy remains unchanged.

As we prepare to cross the quarter-trillion-rupee milestone and embark on the next phase of our journey, I remain confident in our ability to create sustainable value for all stakeholders while continuing to contribute meaningfully towards Sri Lanka's economic progress.

APPRECIATION

I extend my sincere gratitude to our customers for the trust they continue to place in us.

I thank our Chairman and Board of Directors for their guidance, wisdom and unwavering support throughout the year.

I also express my deepest appreciation to our team members, who continue to be the driving force behind every achievement. The transformation of CDB over the past two decades has been made possible through their passion, resilience and commitment to excellence.

Finally, I thank our shareholders, regulators, funding partners and all stakeholders for their continued confidence in CDB.

Together, we have completed one remarkable chapter in our journey.

We now look forward to writing the next.



Mahesh Nanayakkara
Managing Director/
Chief Executive Officer

05 June 2026

BOARD OF DIRECTORS



1 **Alastair Corera**
Chairman/Non-Executive
Independent Director

2 **Mahesh
Nanayakkara**
Managing Director/Chief
Executive Officer

3 **Damith
Tennakoon**
Deputy CEO/
Executive Director

4 **Roshan
Abeygoonewardena**
Executive Director -
Corporate Finance

5 **Sasindra
Munasinghe**
Executive Director - Sales
and Business Development

6 **Dave De Silva**
Executive Director - Business
Operations

1 2 8 9 13 5



7 Jagath Abhayaratne
Non-Executive Director

9 Samitha Hemachandra
Non-Executive Director

11 Snr. Prof. Prasadini Gamage
Non-Executive Independent Director

8 Rajitha Perera
Non-Executive Independent Director

10 Sujeewa Kumarapperuma
Non-Executive Independent Director

12 Jayomi Lokuliyana
Non-Executive Independent Director

13 Dr. Rasitha Wickramasinghe
Non-Executive Independent Director

BOARD OF DIRECTORS

1

ALASTAIR CORERA

Chairman | Non-Executive Independent Director

Date of Appointment to the Board 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).

Other Directorships and Key Management Positions: - Orion Fund Management (Pvt) Ltd | Executive Director

2

MAHESH NANAYAKKARA

Managing Director | Chief Executive Officer

Date of Appointment to the Board 03-Feb-2005

Membership of Board Subcommittees

BSC

BCC

Mahesh Nanayakkara joined Citizens Development Business Finance PLC (CDB) in 2001 and was appointed to the Board of Directors in 2005. With over 35 years of experience in the financial services industry, he has been instrumental in shaping CDB's strategic direction and driving its evolution into one of Sri Lanka's leading financial institutions.

Beyond his responsibilities at CDB, Mahesh has held several leadership positions, including serving as Chairman of Unisons Capital Leasing Ltd and as a Director of Biodiversity Sri Lanka. He also played a key role in establishing the Autism Trust Fund, a collaborative initiative between CDB and the Sri Lanka Association for Child Development (SLACD), which supports autism awareness, early diagnosis and intervention initiatives across Sri Lanka.

Mahesh holds a Bachelor of Science in Business Administration and a Master of Business Administration from the University of Sri Jayewardenepura and the Postgraduate Institute of Management (PIM). He is a Fellow Member of the Chartered Institute of Management Accountants (CIMA), United Kingdom. His professional development includes completing an Executive Development Programme at Harvard Business School, Boston, and specialised executive training at the Cambridge Centre for Alternative Finance (CCAF), University of Cambridge, United Kingdom.

Other Directorships and Key Management Positions: - Union Bank of Colombo PLC (Listed) | Non-Executive Independent Director

3 **DAMITH TENNAKOON** Deputy Chief Executive Officer | Executive Director

Date of Appointment to the Board 01-Apr-2011

Membership of Board Subcommittees

BSC BCC BITSC

Damith Tennakoon joined Citizens Development Business Finance PLC (CDB) in 2003 and was subsequently appointed to the Board in 2011. He is a highly accomplished finance executive with more than 35 years of experience in Sri Lanka's financial services industry. His expertise encompasses Finance, Treasury, Enterprise Risk Management, Taxation, Regulatory Compliance, and Recoveries.

Throughout his career, he has successfully led key strategic and operational functions, contributing significantly to organisational growth, financial resilience, and sound governance.

He has been a key driving force in transforming the institution over the past two decades from a challenging financial position to its present position of strength and financial resilience.

As a Fellow Member of the Chartered Institute of Management Accountants (CIMA), United Kingdom, Mr. Tennakoon brings a wealth of knowledge, leadership, and industry insight, underpinned by a strong commitment to integrity, prudent financial management, and stakeholder value creation.

Other Directorships and Key Management Positions: - None

4 **ROSHAN ABEYGOONWARDENA** Executive Director – Corporate Finance

Date of Appointment to the Board 01-Apr-2011

Membership of Board Subcommittees

BCC BITSC

Roshan Abeygoonewardena joined Citizens Development Business Finance PLC (CDB) in 2005 and was subsequently appointed to the Board in 2011. With over 30 years of experience in the financial services industry and three years in the manufacturing sector.

He has played a pivotal role over the past two decades in transforming the institution from a challenging financial position to its present position of strength and financial resilience.

He has also served as the Chairperson of the Finance Houses Association of Sri Lanka (FHASL), the apex body representing Registered Finance Companies in Sri Lanka. He currently serves as the President of the Sri Lanka Institute of Credit Management.

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.

Other Directorships and Key Management Positions: - None

BOARD OF DIRECTORS

5

SASINDRA MUNASINGHE

Executive Director – Sales and Business Development

Date of Appointment to the Board 01-Apr-2011

Membership of Board Subcommittees

BCC

Sasindra Munasinghe joined Citizens Development Business Finance PLC (CDB) in 2001 and was subsequently appointed to the Board in 2011. With over 35 years of experience in the leasing industry and has played a pivotal role in establishing and developing CDB's leasing operations. Over the years, he has provided leadership across key functions including credit evaluation, recoveries, operations, and marketing, contributing significantly to the growth and success of the Company.

He has played an integral role in transforming the institution over the past two decades from a challenging financial position to its present position of strength and financial resilience.

He holds an MBA from the Federation University Australia.

Other Directorships and Key Management Positions: - None

6

DAVE DE SILVA

Executive Director – Business Operations

Date of Appointment to the Board 01-Jan-2012

Membership of Board Subcommittees

BCC

BITSC

Dave De Silva Joined Citizens Development Business Finance PLC (CDB) in 2012 as a Non-Executive Director and was subsequently appointed as an Executive Director in 2016. He has over 25 years of experience in the financial services sector and additional experience in oil and gas, pharmaceuticals, and telecommunications.

He has been instrumental in driving CDB's digital transformation journey, leading innovation and the responsible adoption of Artificial Intelligence (AI) across the organisation to enhance operational efficiency, customer experience, and business performance.

He has also made a significant contribution in bringing the organisation into its present position of strength and financial resilience.

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).

Other Directorships and Key Management Positions: - None

7 JAGATH ABHAYARATNE

Non-Executive Director

Date of Appointment to the Board 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.

*Other Directorships and Key Management Positions: - Ceylinco Life Insurance Ltd | General Manager
Nestor Properties Ltd | Executive Director*

8 RAJITHA PERERA

Non-Executive Independent Director

Date of Appointment to the Board 16-Aug-2020

Membership of Board Subcommittees

BAC

BSC

BHRC

BRPTRC

Rajitha Perera is an Audit and Assurance Partner at Gomes & Company, Chartered Accountants, and Cecil Arseculeratne & Co., Chartered Accountants. She brings extensive experience in audit, assurance, financial management, and corporate governance. Prior to her current roles, she served as a Senior Manager in the Assurance Division of Ernst & Young and as the Chief Financial Officer of a diversified group of company.

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.

Other Directorships and Key Management Positions: - None

9 SAMITHA HEMACHANDRA

Non-Executive Director

Date of Appointment to the Board 31-Dec-2020

Membership of Board Subcommittees

BHRC

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.

*Other Directorships and Key Management Positions: - Ceylinco Life Insurance Ltd | Executive Director/COO
Ceylinco Health Care Services Ltd | Non - Executive Director*

BOARD OF DIRECTORS

10 SUJEEWA KUMARAPPERUMA Non-Executive Independent Director

Date of Appointment to the Board 31-Dec-2020

Membership of Board Subcommittees

BIRMC

BNGC

Sujeewa Kumarapperuma has over 29 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.

Other Directorships and Key Management Positions: - Castle Realty (Pvt) Ltd / Non-Executive Director

11 SENIOR PROFESSOR PRASADINI GAMAGE Non-Executive Independent Director

Date of Appointment to the Board 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 30 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.

Other Directorships and Key Management Positions: - None

12

JAYOMI LOKULIYANA**Non-Executive Independent Director****Date of Appointment to the Board 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 revolutionised 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).

Other Directorships and Key Management Positions: - zMessenger Pvt Ltd I CEO/ Executive Director

zMessenger Pte Ltd Singapore I Executive Director

Adstudio.cloud Pvt Ltd I CEO/ Executive Director

Imperial Institute of Higher Education I Non-Executive Independent Director

13

DR. RASITHA WICKRAMASINGHE**Non-Executive Independent Director****Date of Appointment to the Board 20-Oct-2025****Membership of Board Subcommittees**

BNGC

BHRC

Rasitha is a strategy consultant with over 25 years of experience working across US, European and Asian markets. He is a senior member of Stax LLC (Sri Lanka), a global consultancy that services private equity (PE) clients. He has led multiple engagements with international and local clients, across diverse sectors such as financial services, retail, hospitality, education and manufacturing.

Prior to joining Stax, Rasitha was a Director at GT Nexus (Sri Lanka), a global supply chain collaboration technology platform. Rasitha started his career in the UK, working as a consultant in the telecommunications industry and worked for global organisations such as Nokia, Telefonica-O2 and Amdocs, managing pan-European client engagements.

Rasitha holds a PhD from Sheffield Hallam University, UK. He also holds an MBA from Warwick Business School, UK and honors degree in Electrical & Electronic Engineering from London South Bank University, UK.

Other Directorships and Key Management Positions: - None

EXECUTIVE COMMITTEE

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1

**Mahesh
Nanayakkara**

Managing Director/Chief
Executive Officer

3

**Roshan
Abeygoonewardena**

Executive Director -
Corporate Finance

5

Dave De Silva

Executive Director - Business
Operations

2

**Damith
Tennakoon**

Deputy CEO/
Executive Director

4

**Sasindra
Munasinghe**

Executive Director - Sales
and Business Development

6

**Hasitha
Dassanayake**

Chief Sales and Digital Business
Officer (Director Designate)

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12

10



7

Ruwan Chandrajith
Chief Financial Officer

9

Senaka Attygalle
Chief Information Officer

11

Isanka Kotigala
General Manager – Sales and
Business Development

8

Nayanthi Kodagoda
Chief Support Services Officer

10

Sudath Fernando
General Manager – Credit
Underwriting

12

Ranjith Gunasinghe
General Manager – Post
Disbursements Follow-up

EXECUTIVE COMMITTEE

Hasitha Dassanayake Chief Sales and Digital Business Officer (Director Designate)

6

Hasitha Dassanayake serves as the Chief Sales and Digital Business Officer at CDB, bringing over 20 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 Jayawardenepura. 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.

Ruwan Chandrajith Chief Financial Officer

7

Ruwan Chandrajith serves as the Chief Financial Officer at CDB, bringing over 21 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 Jayawardenepura 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.

Nayanthi Kodagoda Chief Support Services Officer

8

Nayanthi Kodagoda serves as the Chief Support Services Officer at CDB, with over 29 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.

Senaka Attygalle Chief Information Officer

9

Senaka Attygalle serves as the Chief Information Officer at CDB, with a distinguished career spanning over 41 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.

Sudath Fernando General Manager – Credit Underwriting

10

Sudath Fernando serves as the General Manager – Leasing/Credit at CDB, with 35 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.

Isanka Kotigala General Manager – Sales and Business Development

11

Isanka Kotigala serves as the General Manager – Sales and Business Development at CDB, with over 28 years of experience, including 20 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

12

Ranjith Gunasinghe serves as the General Manager – Post Disbursements Follow-up at CDB, bringing over 27 years of industry experience, including 24 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.

CORPORATE MANAGEMENT TEAM



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 Chief Information Officer



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

Aruni Panagoda Deputy General Manager – Business Operations

Aruni Panagoda serves as the Deputy General Manager – Business Operations at CDB, bringing over 26 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 30 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 28 years of experience in sales and marketing in the financial sector, including more than 15 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 28 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 20 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 Chief Information Officer

Rizvi Kareem serves as the Deputy General Manager – Information Systems at CDB, bringing over 26 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 17 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 21 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 21 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 - Institutional Sales



Chamath Siriwardana

Senior Assistant General Manager - Finance



Chamith Samarasena

Senior Assistant General Manager - Corporate Finance



Dilruk Wickremasinghe

Head of Digital Business



Kathiravel Sivagar

Head of AI



Laavanya Paheerathan

Company Secretary / Head of Legal



Lahiru Thrikawala

Senior Assistant General Manager - Post Disbursements Follow-up



Sasith Wadigasinghe

Head of Marketing and Corporate Communications



Shavindra Fernando

Chief Information Security Officer



Tharanga Udawaththa

Head of Network and Security



Asantha Algama

Assistant General Manager - Business Development (Region 4)



Bandula Kumara

Assistant General Manager - Business Development (Region 3)

MANAGEMENT TEAM



Chamil Silva

Assistant General Manager - Business Development (Region 1)



Dhanushka De Silva

Head of Risk



Dhammika Nawarathna

Assistant General Manager - Finance Reporting



Dilruk Abeydiwakara

Head of Operations - IT



Dulanga Gamage

Assistant General Manager - Human Resources



Garry Reith

Assistant General Manager - Business Development (Region 2)



Hansika Nawarathna

Assistant General Manager - Branch Operation



Janani Philip

Head of Card Centre



Janendra Bandara

Assistant General Manager Customer Experience



Pandaram Pradeepkumar

Assistant General Manager - Credit



Rangana Pragnarathna

Head of Home & Personal Loans



Shabni Mohideen

Assistant General Manager - Operations



Steve Gabriel

Assistant General Manager - Card Sales



Ravindra Subashkumar

Assistant General Manager - Business Development



Tharanga Suraweera

Head of Roof Solar, E Mobility and Micro Transport



Yenara Udayanga

Head of Virtual Business Operations



Indulie Gunatillake

Head of Treasury



Nadun Sooriyaarachchi

Senior Manager - Operations



Narmadha Malwatte

Senior Manager - Human Resources



Nuwan Mathugama

Head of Gold Loan Operations/ Foreign Exchange and Remittances



Mevan Ranasinghe

Head of Brands



Priyantha Kumara

Senior Manager - Finance



Sampath Jayasinghe

Head of Administration



Sandun Viduranga

Senior Manager - Internal Audit

CORPORATE GOVERNANCE

CDB's governance model moves from a foundation of structural compliance toward an embedded culture of governance excellence — where accountability, sustainability, and strategic agility are exercised as instinct, not obligation

During the Financial Year 2025/26, CDB continued to advance its corporate governance framework with a deliberate focus on embedding the structural reforms introduced in the prior year into everyday governance practice. The Company's priority shifted from policy adoption to policy operationalisation — ensuring that the frameworks established in 2024/25 were not merely in place, but actively functioning across all levels of the organisation. Key national developments shaped this trajectory, most notably Sri Lanka's preparation for the Third Mutual Evaluation of its AML/CFT framework by the Asia/Pacific Group on Money Laundering, scheduled for 2026, and the full operationalisation of the CBSL Remuneration and Disclosure Guidelines, which came into effect from 1st April 2025.

CDB also deepened its commitment to sustainable governance by advancing its Environmental, Social and Governance agenda from a policy foundation to a structured performance reporting framework. The integration of material ESG risks into lending decisions, the embedding of Personal Data Protection Act obligations across customer-facing processes, and the strengthening of technology governance through the Board Information Technology Steering Committee collectively reinforced the resilience and adaptability of CDB's governance architecture. These developments reflect a governance culture that is responsive to a rapidly evolving regulatory and operating environment, while remaining anchored in the Company's core values of transparency, accountability, and long-term stakeholder value creation.

GOVERNANCE OBJECTIVES

- Ensure effective Board oversight over Management and strategy execution
- Establish clear accountability for risks across the Organisation
- Maintain strong systems and controls to identify and manage risks early
- Enable timely and informed decision-making
- Build a competent, future-ready workforce
- Align remuneration with long-term performance
- Ensure strict compliance with laws, regulations, and ethical standards
- Safeguard financial and non-financial assets
- Strengthen Organisational resilience and future readiness
- Create sustainable value for all stakeholders

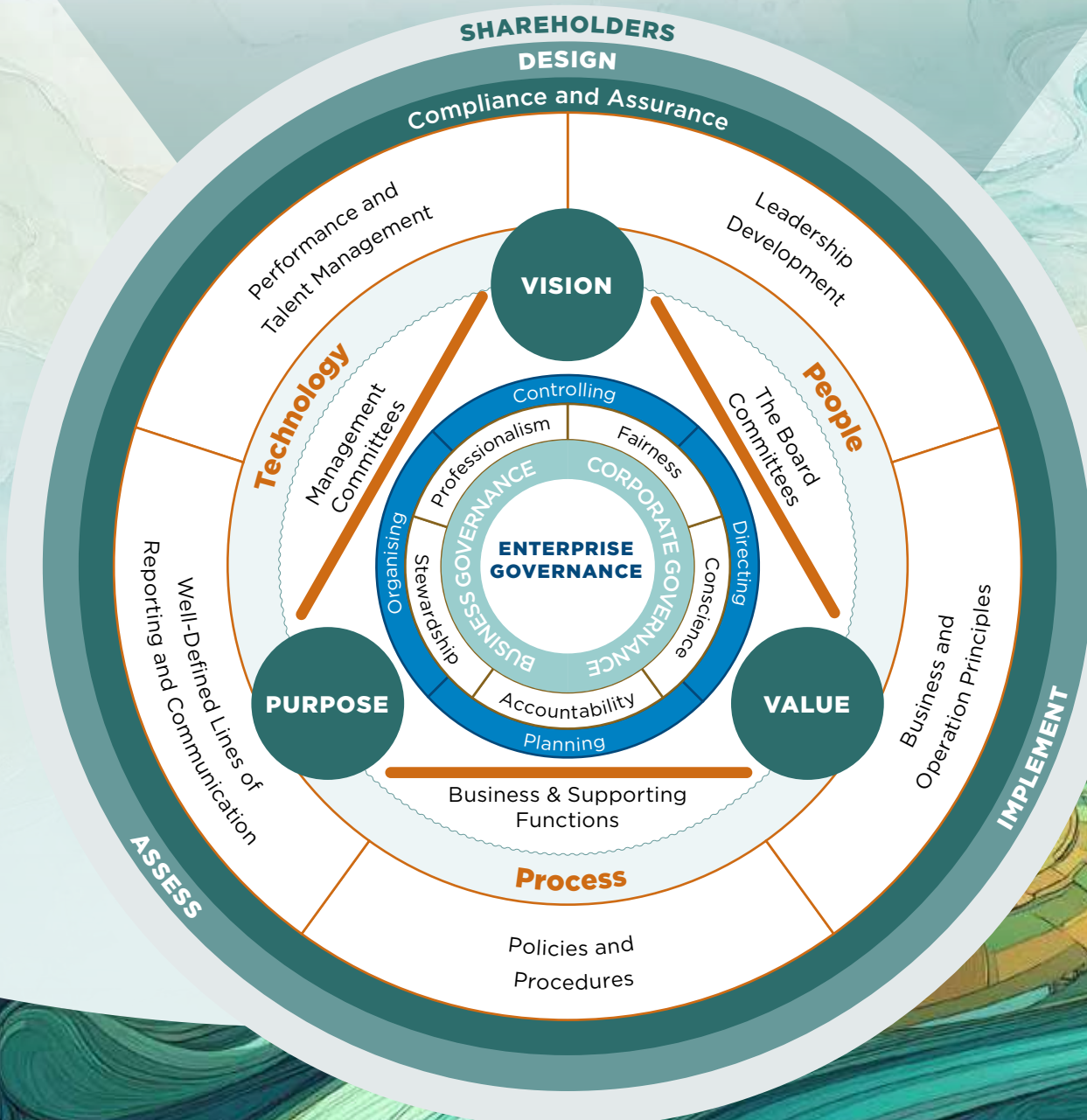
HOW CDB ACHIEVES THIS via Governance Enablers

- Clearly defined roles across Board, Sub Committees, and Management
- Structured reporting lines and regular oversight mechanisms
- Strong risk management and compliance frameworks
- Robust internal control and assurance systems
- Zero tolerance for bribery, corruption, and misconduct
- Integration of ESG and sustainability into decision-making
- Continuous stakeholder engagement and transparency

ENTERPRISE GOVERNANCE

CDB's enterprise governance model is built upon a firm foundation of compliance and assurance, unifying business and corporate governance within a single, cohesive framework. These two dimensions operate in seamless alignment, enabling sustainable value creation and long-term stakeholder confidence across all business cycles. The model is continuously assessed, refined, and implemented with agility – ensuring it remains responsive to the evolving demands of both the internal operating environment and the broader regulatory landscape.

Five principles anchor this framework to strategic execution: policies and procedures, business and operational principles, leadership development, performance and talent management, and well-defined lines of reporting and communication. Together, these principles translate Board-level strategy into ground-level action, ensuring coherence from governance design to operational delivery. The Company's vision, purpose, and values provide overarching direction in strategy formulation, guiding the highest standards of business ethics across every function and business unit. The organisation is structured to facilitate optimum, compliant, and sustainable value creation – with consistent good governance maintained through the continuous and interlocking cycles of planning, controlling, directing, and organising.



CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

CDB's Corporate Governance framework is designed to ensure robust oversight, disciplined risk management, and ethical business conduct, enabling the Organisation to operate with integrity while delivering sustainable value to all stakeholders. The framework promotes accountability across all levels, strengthens decision-making processes, safeguards assets, and ensures strict compliance with regulatory and ethical standards. It further supports organisational resilience, future readiness, and the creation of long-term value in a rapidly evolving financial landscape.

CORPORATE GOVERNANCE COMPLIANCE FRAMEWORK

External

Key Mandatory Regulatory Frameworks

- Finance Business Act No. 42 of 2011 and all Directions/Guidelines issued by the Central Bank of Sri Lanka
- Personal Data Protection Act No. 09 of 2022
- The Companies Act No. 7 of 2007 including applicable regulations
- Listing Rules of the Colombo Stock Exchange (CSE), including circulars
- Securities and Exchange Commission of Sri Lanka (SEC) Act No. 19 of 2021, including rules, regulations, directives and circulars
- Other applicable Acts and Directions of Central Bank of Sri Lanka
- Shop and Office Employees Act No. 19 of 1954
- AML and CFT legislations and relevant rules and regulations issued by the FIU
- Guidelines on Sustainable Finance Activities

Voluntary Frameworks and Standards

- Code of Best Practice on Corporate Governance (2023) issued by CA Sri Lanka -

Reporting Frameworks

- International Integrated Reporting Framework published by the International Integrated Reporting Council (IIRC)
- Global Reporting Initiative Standards
- SLFRS/LKAS Reporting Standards



Internal

- Articles of Association
- Board Charter
- Terms of Reference for the Board, Board Committees, and Management Committees, providing clear mandates and accountability.
- Code of Business Conduct and Ethics
- Anti Corruption and Bribery Policy
- Managing of Conflicts of Interest Policy
- Corporate Disclosure Policy
- Policy on Relations with Shareholders and Investors
- ESG Policy
- Policy on Remuneration
- All Board-approved Policies and procedures on operational areas

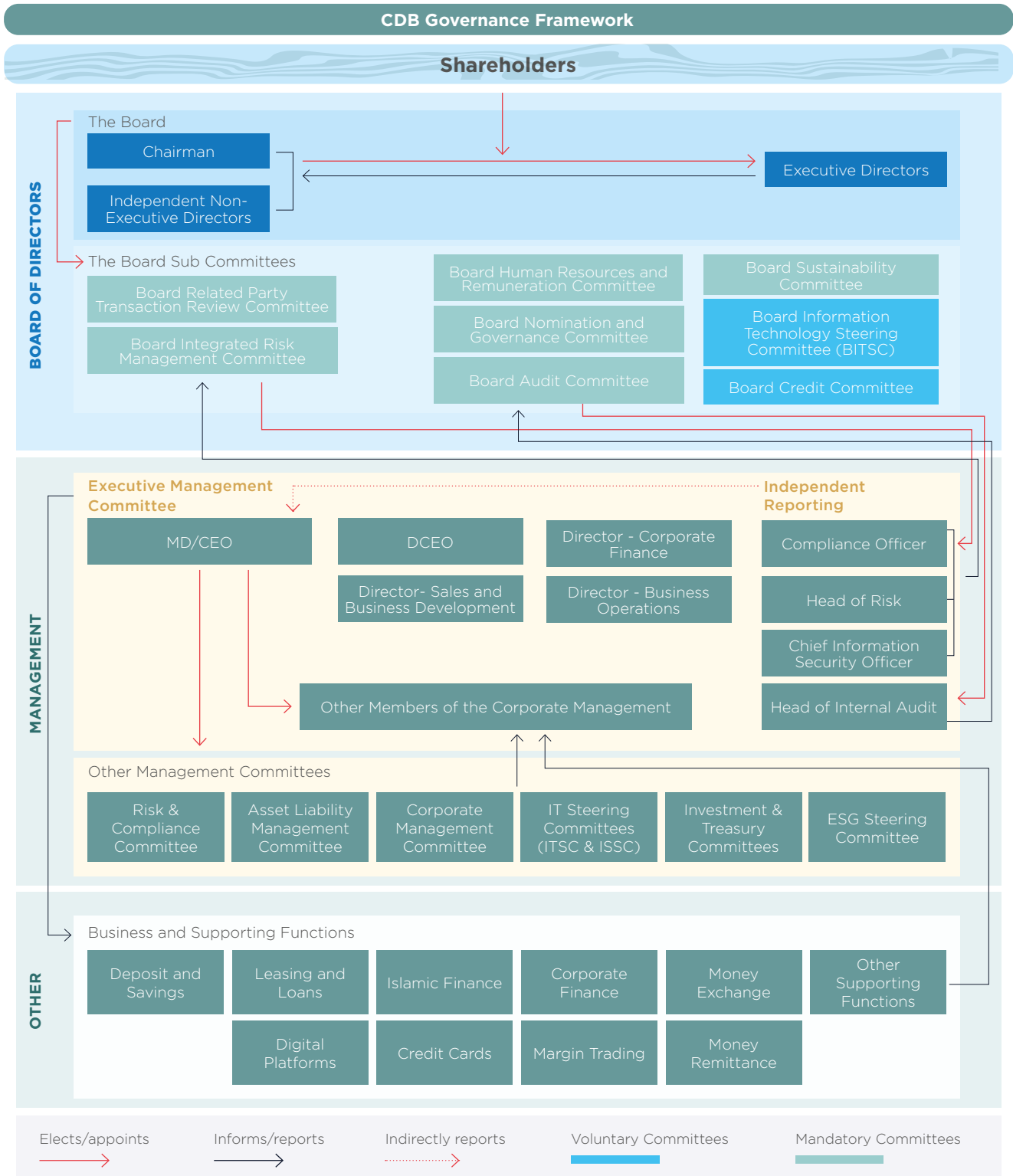
GOVERNANCE PRIORITIES

- **AML/CFT mutual evaluation readiness.** With Sri Lanka's Third Mutual Evaluation by APG now scheduled for 2026, CDB will intensify alignment with FATF standards — deepening internal AML/CFT controls, completing ERP-integrated KYC workflows, and optimising the Forestpin transaction monitoring system for rule-based scenario alert generation.
- **CBSL remuneration guideline operationalisation.** Building on the foundation laid in FY 25/26 BHRC continues to embed CBSL's remuneration and disclosure requirements into all executive compensation frameworks, performance-linked schemes, and Board Committee Terms of Reference.
- **ESG governance maturity.** Building on the ESG Policy adopted in 2024/25, the Sustainability Steering Committee will shift from policy adoption to structured ESG performance reporting — with quantified KPIs, Board-level oversight, and integration of material environmental and social risks into the credit evaluation process via ESMS.
- **PDPA compliance embedding.** The Personal Data Protection Act (No. 9 of 2022) will be operationalised across all customer-facing processes, with data governance controls, staff training, and disclosure obligations integrated into CDB's existing compliance architecture and ERP infrastructure.
- **BITSC strategic oversight deepening.** The Board Information Technology Steering Committee will enhance its oversight of digital transformation and AI adoption, with a focus on governance, risk management, and responsible use of emerging technologies.

GOVERNANCE STRUCTURE

GRI 2-9

The Board of CDB comprises 13 directors of whom 5 are Executive Directors including the Managing Director/CEO. Of the 8 non-executive directors, 6 are Independent Non-Executive Directors including the Chairman and 2 are Non-Executive Directors. The Board has 6 Committees to assist in the discharge of its duties, all of which are mandatory requirements of CSE and CBSL in addition to 2 voluntary Board Committees.



CORPORATE GOVERNANCE

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 all 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 (BHRRC)

Reviews and monitors matters related to remuneration, performance evaluation, and human resource policies, ensuring alignment with strategic goals

Board Sustainability Committee (BSC)

Overseeing the organisation's sustainability strategy, ensuring that environmental, social, and governance (ESG) considerations are effectively integrated into business decision-making while monitoring performance against sustainability objectives and providing guidance to strengthen long-term value creation and responsible business practices.

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.

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

Division of responsibilities between the Chairperson and the Managing Director / CEO

The Chairperson of CDB is a Non- Executive, Independent Director. The roles of Chairperson and highest level executive are separate and segregated.

Responsibilities of the Chairperson

Promotes the highest standards of corporate governance, 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 of 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.

Supports succession planning, ensuring leadership continuity and evaluates their performance.

Executive Committee and Corporate Management Committee

Functioning as the highest management level committees in CDB, they review the entire performance of CDB, with a view to supporting the formulation of strategies and management of deviations.

Risk and Compliance Committees

Primarily oversee the Company's adherence to regulatory requirements, internal policies, and ethical standards, ensuring a strong culture of compliance across the organisation. They monitor evolving regulatory expectations, review compliance frameworks, and ensure timely identification and escalation of any breaches or issues. Also ensure that risk management practices remain aligned with regulatory directives and the Company's risk appetite.

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)

The ITSC directs, reviews and approves IT strategic plans and maintains regular oversight. The ISSC provides oversight and strategic direction for the Information Security Management System (ISMS). It supports the development of policies to ensure the security, confidentiality, availability, and integrity of organisational information. The committee also reviews Department Data Inventories, Data Flow diagrams, and risk assessments.

Treasury and Investment Committees

The Treasury and Investment Committees oversee the Company's liquidity, funding, and investment activities, ensuring compliance with CBSL regulations and internal policies. The Committees focus on maintaining adequate liquidity, optimising the utilisation of funds, and managing interest rate and foreign exchange risks, while supporting the Company's financial strategy and growth objectives. They also support the Board in overseeing investment decisions, ensuring alignment with the Company's strategic objectives, risk appetite, and regulatory requirements, while promoting prudent and disciplined investment practices.

CORPORATE GOVERNANCE

ESG Steering Committee

Guiding the Company’s sustainability agenda by promoting responsible business practices, ethical conduct, and long-term value creation. The Committee drives the integration of Environmental, Social, and Governance (ESG) principles into the Company’s strategies, operations, and decision-making processes, ensuring that sustainability remains embedded across all areas of the business.

Data Protection Office Committee (DPOC)

Provides strategic oversight and governance for the Company’s data protection and privacy initiatives. It ensures compliance with the PDPA and is responsible for overseeing mechanisms for data subject rights, data breach notifications, Data Protection Impact Assessments (DPIAs), and cross-border data transfers. The DPOC regularly reports its progress, remedial actions, and DPIAs to the Board Integrated Risk Management Committee. Meetings are held quarterly, with ad hoc meetings convened within 24 hours for urgent data protection matters, including data breaches or regulatory requests.

Business Continuity Steering Committee

Provides oversight and strategic direction for the implementation and maintenance of the Business Continuity Management System (BCMS). The Committee establishes business continuity objectives, evaluates disaster recovery capabilities, assesses results of BCMS audits, and monitors risk treatment plans. The BCSC reports to the BIRMC regarding continuity objectives, major incidents, and risk assessment methodologies. The BCSC meets quarterly or as and when required.

Operational Risk Management Committee

Oversees the implementation of the Company’s Operational Risk Management Framework, ensuring that risks arising from processes, people, systems, and external events are effectively identified, assessed, and managed. It monitors key risk indicators, control effectiveness, and incident management, while promoting a strong risk culture and supporting operational resilience in line with regulatory expectations and the Company’s risk appetite. Meetings are held quarterly.

**Management committees convene monthly or as and when required, unless otherwise specified.

ROLE OF THE BOARD

The Board is the ultimate decision-making body of the Company, except for matters requiring shareholder approval. It sets strategic direction, enforces accountability standards, and enables Management to execute responsibilities effectively. Key responsibilities include,

A. Strategic Planning & Monitoring

The Board anchors the Company’s long-term direction and holds Management accountable for disciplined execution.

- Review and approve the Company’s 3-Year Strategic Plan
- Monitor Management’s progress in executing the approved strategic plan, including milestones, key performance indicators and course-correction
- Sanction material changes in the nature, scope and direction of the Company’s activities

B. Risk Management & Internal Controls

The Board defines the risk appetite of the Company and ensures that a robust framework exists to identify, assess and manage risks across all dimensions of the business.

- Maintain a comprehensive understanding of the principal risks.
- Ensure effective identification, monitoring, and mitigation of key risks.
- Approve the Company’s risk appetite, business continuity plans and significant risk-related strategic initiatives.
- Periodically assess the adequacy and effectiveness of the risk management and internal control framework.

C. Compliance & Governance Framework

The Board sets the tone from the top and ensures that governance and compliance is embedded across all levels of the organisation.

- Promote a strong culture of compliance, ethics, and good governance across the organisation.
- Approve and oversee the implementation of the Compliance Policy.
- Ensure effective Board oversight of compliance matters and regulatory obligations.
- Oversee the effectiveness of the Corporate Governance and Internal Control Framework.
- Periodically assess the adequacy and integrity of Management Information Systems to ensure that the Board and Management receive timely, accurate and decision-relevant data.

D. Financial Oversight

The Board exercises disciplined stewardship over the Company's financial performance, reporting integrity and capital allocation.

- Monitor financial performance against the approved budget.
- Approve capital expenditure proposals that exceed pre-determined thresholds,
- Review ongoing funding requirements, including significant treasury matters.
- Approve audited financial statements and the Company's Dividend Policy,
- Adopt and maintain accounting policies in full conformity with Sri Lanka Financial Reporting Standards

E. Board Structure & Appointments

The Board ensures that the Company's leadership and governance structures are appropriately constituted and periodically refreshed.

- Oversee Board composition, including appointment and removal of Directors
- Establish Board Committees, including membership and terms of reference.
- Approve appointment and manage employment of the Senior Management
- Recommend Non-Executive Directors' fees and approve remuneration arrangements for Executive Directors and Senior Management.

F. Stakeholder Engagement

The Board ensures the Company maintains transparent, responsive and balanced relationships with its shareholders and wider stakeholder community.

- Oversee effective communication and timely, balanced and consistent engagement with shareholders and stakeholders
- Ensure that material feedback and concerns raised by stakeholders are systematically considered.
- Approve significant regulatory, risk-related and disclosure reports
- Recommend amendments to the Articles of Association and Company Structure to reflect evolving regulatory requirements, governance best practices and shareholder interests.

FORMAL SCHEDULE OF MATTERS RESERVED FOR THE BOARD

The Board adopts a formal schedule of matters reserved for the Board's deliberations and decisions. These are related to strategic, financial, risk management and compliance areas which require the specific consideration and/or approval of the Board. All departments and functions shall obtain the approval of the Board for the respective policies which also contains the matters that require prior sanctioning of the Board.

BOARD & GOVERNANCE

Director appointments & removal

Board Committee establishment

KRP & Senior Management employment

Company Secretary appointment

REMUNERATION

Non-Executive Directors' fees

Executive Directors remuneration

KRPs & Senior Management remuneration

Broader remuneration policy

COMPANY OPERATIONS

Strategic plan approval

Risk appetite & business plans

Major activity changes

Significant capital projects

CORPORATE GOVERNANCE

FINANCIAL MATTERS

Annual budget approval

Capital expenditure above thresholds

Audited financial statements

Dividend Policy & declarations

GOVERNANCE & COMPLIANCE

Compliance Policy approval

Accounting policies adoption

Internal controls review

Regulatory report approvals

OTHER MATTERS

Memorandum & Articles changes

Debt instrument issuances

Significant risk-related reports

Treasury & funding arrangements

The Board's capacity to perform its duties shall not be impacted by any delegation of functions by the Board. The Board delegates strictly the management and day-to-day operations of the Company to the MD/CEO, along with the necessary powers, authority, and discretion. However, this delegation is subject to the Policies and Directions determined by the Board and excludes matters specifically reserved for the Board, as outlined above. The Board Subcommittees as well as Management Committees shall function with defined limits, controls and reporting lines. The roles and responsibilities of the Committees and their entire structure shall be documented and reviewed periodically considering the business conditions and complexities.

Board Composition, Independence and Effective Leadership

GRI 2-11, 2-9

During the financial year 2025/26, the Board of Directors of CDB continued to reflect a strong and balanced composition, bringing together a diverse mix of expertise, industry experience, and perspectives. The Board maintains diversity across gender, age, professional background, and experience, supporting informed and forward-looking decision-making aligned with the Company's strategic priorities.

With Independent Non-Executive Directors representing a significant proportion of the Board, CDB continues to uphold a high standard

of independence and objectivity in its deliberations. Directors exercise independent judgment on key matters including strategy, performance, resource allocation, and governance, ensuring that decisions are made in the best interests of the Company and its stakeholders.

The Board structure promotes balanced leadership, with a clear separation of the roles of Chairperson and Chief Executive Officer. The Independent Non-Executive Chairperson provides oversight on governance and Board effectiveness, while the CEO is responsible for executing strategy and managing day-to-day operations. This separation reinforces accountability and strengthens the overall governance framework.

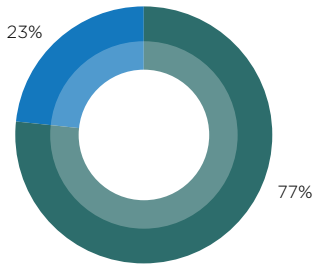
Collectively, the Board ensures that appropriate processes and controls are in place to maintain compliance with applicable laws and regulations, while fostering a culture of integrity, transparency, and accountability. The current composition continues to support effective oversight, strategic agility, and sustainable value creation

● CHAIRPERSON ● MEMBER

DIRECTOR	STATUS	COMMITTEES									
		BOARD AUDIT COMMITTEE	BOARD NOMINATION & GOVERNANCE COMMITTEE	HUMAN RESOURCES & REMUNERATION COMMITTEE	BOARD RELATED PARTY TRANSACTION REVIEW COMMITTEE	BOARD INTEGRATED RISK MANAGEMENT COMMITTEE	BOARD SUSTAINABILITY COMMITTEE	BOARD INFORMATION TECHNOLOGY STEERING COMMITTEE	BOARD CREDIT COMMITTEE		
J.R.A. Corera	Chairperson Non-Executive Independent Director		●				●				
W.P.C.M. Nanayakkara	Managing Director Chief Executive Officer								●		●
T.M.D.P. Tennakoon	Deputy Chief Executive Officer Executive Director								●	●	●
R.H. Abeygoonewardena	Executive Director - Corporate Finance									●	●
S.V. Munasinghe	Executive Director - Sales and Business Development										●
D.A.De Silva	Executive Director - Business Operations									●	●
J.P. Abhayaratne	Non-Executive Director	●									
P.R.W. Perera	Non-Executive Independent Director	●		●	●			●			
E.R.S.G.S. Hemachandra	Non-Executive Director		●	●	●						
S. Kumarapperuma	Non-Executive Independent Director		●			●					
Snr. Prof. P. N. Gamage	Non-Executive Independent Director	●				●			●		
J. Lokuliyana	Non-Executive Independent Director						●			●	
Dr. R. Wickramasinghe	Non-Executive Independent Director		●	●							

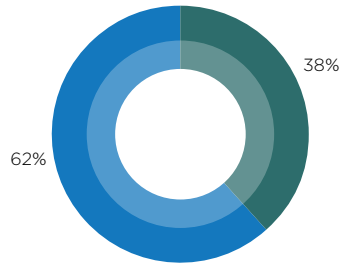
CORPORATE GOVERNANCE

Gender Composition



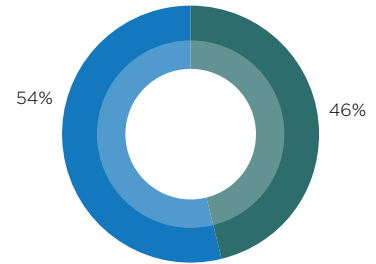
● Male
● Female

Executive vs Non-Executive



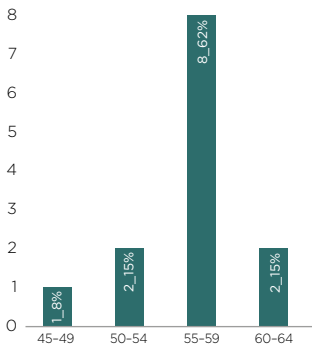
● Executive Directors
● Non-Executive Directors

Independent and Non-Independent Directors

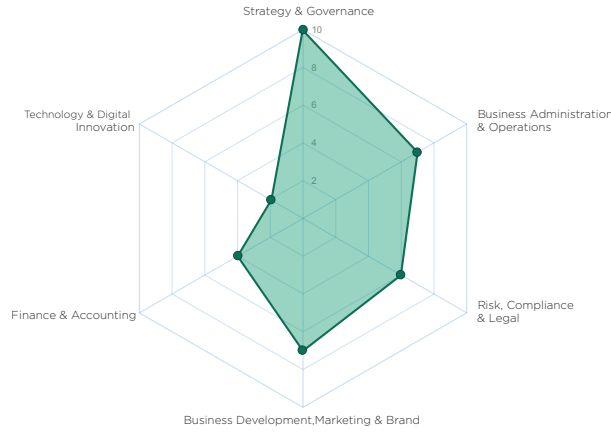


● Independent Directors
● Non-Independent Directors

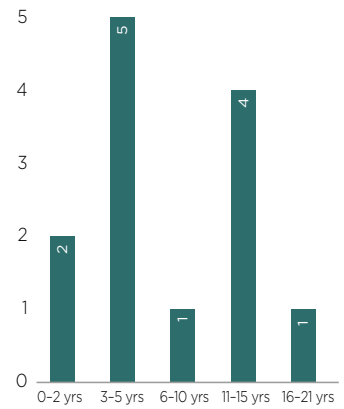
Age Distribution



Skills & Competency Coverage



Tenure Distribution



BOARD MEETINGS

DIRECTOR	Executive	Non-Executive Independent	Non-Executive	Board Meetings (eligibility)	Date:22/04/2025	Date:27/05/2025	Date:24/06/2025	Date:22/07/2025	Date:26/08/2025	Date:23/09/2025	Date:17/10/2025	Date:25/11/2025	Date:09/12/2025	Date:20/01/2026	Date:24/02/2026	Date:24/03/2026
					✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
J.R.A. Corera	✓			12/12	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
W.P.C.M. Nanayakkara	✓			12/12	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
T.M.D.P. Tennakoon	✓			10/12	✓	✓	✓	✓	✓	Exc.	✓	✓	✓	Exc.	✓	✓
R.H. Abeygoonewardena	✓			11/12	✓	✓	✓	✓	✓	✓	✓	✓	✓	Exc.	✓	✓
S.V. Munasinghe	✓			12/12	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
D.A.De Silva	✓			11/12	✓	✓	✓	✓	✓	Exc.	✓	✓	✓	✓	✓	✓
J.P. Abhayaratne		✓		12/12	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
E.R.S.G.S.Hemachandra		✓		12/12	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
P.R.W. Perera		✓		12/12	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
S. Kumarapperuma		✓		12/12	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Snr. Prof. P. N. Gamage		✓		11/12	✓	✓	✓	Exc.	✓	✓	✓	✓	✓	✓	✓	✓
J. Lokuliyana		✓		12/12	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Dr. R. Wickramasinghe	✓			5/5	Appointed on 20 October 2025											
Snr. Prof. S.P.P. Amaratunge	✓			6/7	✓	✓	Exc.	✓	✓	✓	✓	Retired on 19 October 2025				

APPOINTMENT, RE-ELECTION AND RETIREMENT OF DIRECTORS

GRI 2-10

Nomination and Selection of the Highest Governance Body

The nomination and selection of members to the Board of Directors is governed by a structured, transparent, and merit-based process overseen by the Nominations and Governance Committee. Upon identification of a vacancy or a strategic requirement, the Committee evaluates prospective candidates against a comprehensive role specification encompassing the qualifications, experience, competencies, and personal attributes necessary to fulfil the responsibilities of the position.

1. VACANCY IDENTIFIED

A vacancy or strategic Board composition requirement is identified, triggering a formal review by the Committee.

2. ROLE SPECIFICATION

A comprehensive role specification is developed covering required qualifications, experience, competencies, and personal attributes.

3. FIT & PROPER ASSESSMENT

Candidates are evaluated against the Fit and Proper criteria under CBSL Direction No. 06 of 2021 and all applicable statutory obligations.

4. DUE DILIGENCE

Rigorous background checks, qualification verification, and regulatory clearances are completed before finalising recommendations.

5. CBSL APPROVAL

Appointment is effective only upon receipt of written no-objection or formal approval from the Central Bank of Sri Lanka.

6. APPOINTMENT & INDUCTION

The appointee receives a letter of appointment and completes a structured induction covering governance, compliance, and strategic direction.

The views of key stakeholders, including shareholders are informed of the Board's composition through the Annual General Meeting and other formal engagement mechanisms. Shareholder feedback on Board performance and structure is considered by the Committee as part of its periodic review of Board composition, ensuring that the Board remains representative of and accountable to those it serves.

Diversity is a foundational criterion in the nomination process. The Board is composed with due regard to gender, age, professional background, and breadth of experience, reflecting CDB's commitment to inclusive and forward-looking governance.

Independence is accorded significant weight in the selection process. Currently, 46% of Board members hold Independent Non-Executive Director ('INED') status, underscoring CDB's commitment to governance practices that prioritise objectivity and the avoidance of conflicts of interest.

Finally, the competencies of prospective Directors are carefully assessed in relation to the nature of CDB's business and its material impacts. Candidates are evaluated on their relevant sectoral expertise, financial acumen, risk management experience, regulatory knowledge, and any other capabilities identified as necessary to strengthen the Board's collective effectiveness. For appointments to Board Committees, members are additionally assessed on their subject matter expertise and, where applicable, their independence. Board Sub Committee compositions are reviewed when necessary to ensure continued appropriateness and effectiveness.

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.

Board Guidance and Professional Development

The Board of Directors of CDB operates within a governance framework that places equal emphasis on structural accountability and continuous professional development. The practices and procedures adopted by the Board are designed to ensure that Directors receive, on a timely basis, comprehensive and relevant information relating to the Company's business performance, strategic direction, financial position, and regulatory environment. The form and content of such

CORPORATE GOVERNANCE

information is curated to enable Directors to discharge their duties with the level of informed judgement that the Board's oversight responsibilities demand.

All Directors, maintain direct and full access to the Managing Director/Chief Executive Officer, members of the Senior Management and the audit function — ensuring that no informational asymmetry exists between the Board and the Management it oversees. Board has access to independent professional advice at the Company's expense when ever required.

Induction of New Directors

The Company maintains a structured induction programme for newly appointed Directors. The programme is designed to provide an immersive orientation into CDB's business model, operating environment, regulatory obligations, internal control framework and governance architecture. It encompasses meetings with the Chairman, the Managing Director/CEO, and Senior Management across key business functions.

Continuous Professional Development of Directors

In recognition of the dynamic regulatory and business environment within which CDB operates, all Directors are actively encouraged to engage in ongoing professional development. The Board's approach to continuous learning framework is both structured and responsive ensuring Directors are equipped with current knowledge on matters that bear directly on their governance responsibilities.

Individual Directors attend seminars, forums, conferences, and professional working groups on relevant topics throughout the year. The Board Human Resources and Remuneration Committee reviews Director training activities on a regular basis to ensure that the

collective knowledge of the Board remains appropriately aligned with the Company's strategic priorities and compliance obligations.

The Company Secretary plays a central role in supporting the Board's continuing development, ensuring that Directors are kept informed of key corporate governance developments, regulatory changes, and emerging best practices in a timely and structured manner.

Collective Knowledge of the Board — Financial Year 2025/26

GRI 2-17

During the financial year 2025/26 Board Members collectively and individually deepened their understanding across a range of areas of strategic and regulatory significance to CDB. These included:

- Economic Outlook of Sri Lanka — understanding the macroeconomic trajectory of Sri Lanka's post-stabilisation recovery, including fiscal consolidation, monetary policy direction, and the implications for the non-bank financial institution sector in which CDB operates.
- The Personal Data Protection Act (PDPA) No. 9 of 2022 and its Impact — a detailed examination of the obligations introduced by the Act for regulated financial institutions, including data subject rights, breach notification requirements, cross-border transfer restrictions, and the governance expectations placed on Boards and senior management.
- Sri Lanka's Third Mutual Evaluation of its AML/CFT Framework — a comprehensive briefing on the Asia/Pacific Group on Money Laundering's forthcoming evaluation of Sri Lanka's anti-money laundering and countering the financing of terrorism framework, and the specific implications for financial institutions including enhanced

due diligence, transaction monitoring, and internal control expectations.

- Stipulations under SLFRS S1 and SLFRS S2: Sustainability awareness and training programmes covering the disclosure requirements of SLFRS S1 and SLFRS S2, climate governance responsibilities, and the Board's role in overseeing and supporting mandatory sustainability reporting.
- Amendments to the Companies Act & Tax Impacts — an overview of key amendments to the Companies Act and related tax implications, focusing on governance responsibilities, regulatory compliance requirements, and the potential impact on corporate operations.
- Driving Innovation and Sustainability Through ESG, Big Data, and Japanese Management Techniques — an exploration of how ESG principles, data-driven decision-making, and Japanese management practices can enhance innovation, operational excellence, sustainability, and long-term business performance.

ROLE OF THE 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.

The Company Secretary occupies a pivotal position within CDB's governance architecture, serving as a central source of guidance to the Board, its Committees, and the Company on matters of ethics, compliance, and good governance practices. The role is anchored in the principle that sound governance requires not only strong structures and capable Directors, but a dedicated function that ensures those structures operate with rigour, consistency, and integrity at every level.

KEY RESPONSIBILITIES



Board & Sub Committee administration

- Prepares Board & relevant Sub Committee agendas in close cooperation with the Chairman
- Maintains comprehensive and accurate minutes of all Board proceedings
- Ensures meetings are purposeful, well-structured, and properly informed
- 6 years — minimum retention period for all Board records and submissions



Governance & compliance guidance

- Key contact for governance, ethics, and compliance, facilitating expert advice as needed
- Ensures Board and Sub Committee proceedings comply with applicable laws, regulations, and governance requirements



Facilitation & stakeholder relations

- Supports communication between the Board, Sub Committees, and Management
- Assists in the induction of new Directors into CDB's governance framework
- Facilitates effective communication with shareholders, regulators, and relevant parties
- Ensures CDB's governance profile is consistently and accurately represented

The appointment and removal of the Company Secretary are matters reserved for the Board. The remuneration and performance evaluation of the Company Secretary are similarly the responsibility of the Board, reflecting the seniority and independence of the role within CDB's governance framework. In the most recent performance appraisal, the Board concluded that the Company Secretary has performed her responsibilities with diligence, professionalism, that the role requires, and continues to serve as an effective custodian of good governance within the Organisation.

MANAGING CONFLICTS OF INTEREST

GRI 2-15

Conflict of Interest policy Framework

CDB is firmly committed to maintaining the highest standards of integrity, impartiality, and ethical conduct across all levels of the Organisation. All Directors, Key Management Personnel, and

employees are required to promptly identify and disclose any situation—actual, potential, or perceived—that may give rise to a conflict of interest, and to act in a manner that protects the interests of the Company, its clients, and its stakeholders at all times.

In a significant governance advancement during the year, the Board of Directors approved a dedicated Policy on Managing Conflicts of Interest, which now serves as the primary framework governing the identification, disclosure, escalation, and management of conflicts of interest across CDB. This Policy brings together and cross-references the full range of related internal policies, procedures, and governance documents—including the Board Charter, the Code of Ethics and Professional Conduct, the Related Party Transactions Policy, the Anti-Bribery and Corruption Policy, and the Corporate Disclosure Policy—into a single, cohesive framework. This consolidation

ensures clearer accountability, more consistent implementation, and stronger oversight of conflict of interest management practices across all departments, branches, and governance structures.

The Policy defines conflicts of interest in their various forms—actual, potential, and perceived—and sets out structured mechanisms for their management, including organisational arrangements, information barriers, disclosure protocols, and, where necessary, avoidance of the relevant activity. A Register of Conflicts of Interest is maintained to document and track material conflict risks on an ongoing basis, forming an integral part of CDB's broader compliance and risk management architecture.

Identification and Management of Conflicts

The Compliance Division, functioning as the second line of defence, is responsible for the oversight and monitoring of conflict management controls, including employee trading

CORPORATE GOVERNANCE

activity and outside business interests. Internal Audit, as the third line of defence, provides independent assurance on the adequacy and effectiveness of the conflict management framework, reporting its findings to the Board Audit Committee. The Board Audit Committee reviews conflict of interest cases and recommends appropriate resolutions, ensuring that any identified conflicts are addressed in a timely and proportionate manner.

Conflicts of interest identified under the Colombo Stock Exchange ('CSE') Listing Rules are disclosed to the CSE in accordance with applicable requirements. Any significant conflicts, together with the measures taken to address them, are disclosed as required. The 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.

Regular Board meetings

[Formal Governance]

Scheduled governance forums where management formally tables material issues, risks, and operational developments for Board consideration and resolution.

Direct access to Board members

[Open-Door Principle]

Senior management and staff may directly engage Board members on matters of concern outside formal committee structures, preserving transparency and accountability without procedural barriers.

The Related Party Transactions Review Committee ('RPTRC') continues to play a key role in identifying and managing conflicts arising in the context of related party transactions, ensuring that all such transactions are conducted on an arm's length basis and in accordance with applicable approval requirements.

All dealings with related parties are evaluated against market terms and conditions to ensure fairness and that no undue advantage is conferred. Prior approval from the Committee is required before entering into any material related-party transaction, and transactions are subject to rigorous internal review to maintain impartiality and compliance with applicable regulations.

Conflicts of interest are managed through a formal declaration process. Directors, senior management, and staff are required to disclose any personal, financial, or business interests that could influence decision-making. For

Crisis management protocols

[Emergency Escalation]

Pre-defined escalation procedures ensure time-sensitive or materially adverse events are communicated to the Board immediately, enabling rapid decision-making and coordinated response.



Internal audits

[Independent Assurance]

Regular, independent assessments of internal controls, operational processes, and risk management systems. Significant findings and control deficiencies are escalated to the BAC and the Board.

instance any Director who identifies a conflict of interest in relation to a matter before the Board or a Board Sub Committee is required to disclose it immediately and abstain from the relevant deliberations and voting. The Audit Committee and Board monitor these declarations and ensure that decisions are taken objectively, with full disclosure to shareholders where required. These measures collectively safeguard the integrity of corporate governance, promote ethical conduct, and ensure that all stakeholders' interests are protected.

COMMUNICATING CRITICAL CONCERNS

GRI 2-16

Communication of critical concerns

ESCALATION MECHANISMS

During the reporting period, there were no critical concerns communicated to the Board. Similarly, there were no sustainability related critical concerns to be communicated.

Specialised sub-committees

[Formal Governance]

The Board Integrated Risk Management Committee (BIRMC) and Board Audit Committee (BAC) provide dedicated oversight of risk, controls, and financial integrity, with management reporting as a structured escalation layer.

Whistle-blowing policy

[Confidential Channel]

A confidential, non-retaliation framework enabling employees, to report suspected misconduct, ethical breaches, or regulatory violations directly and anonymously if opted to.

BOARD EVALUATION

GRI 2-18

Evaluation of the Performance of the Highest Governance Body

CDB has instituted a formal and rigorous annual evaluation process to assess the performance of the Board, its Sub Committees, individual Directors, and the MD/CEO. This process is aligned to the 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 Sub Committees 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 Sub Committee proceedings
- 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.

The Board level and Management level performance is assessed as illustrated below.



CORPORATE GOVERNANCE

Annual Performance Measurement Cycle



Record Keeping and Transparency

All evaluation records are systematically maintained by the Company Secretary to ensure transparency, accountability, and adherence to governance standards

SUSTAINABILITY GOVERNANCE

GRI 2-12, 2-13, 2-14

Sustainability governance is described fully in the SLFRS S1 and S2 section on page 89.

REMUNERATION

Remuneration Policies and Processes

GRI 2-19

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 performance accountability — and from the financial year 2025/26, is further strengthened by compliance with the Guidelines on Remuneration Policies and Disclosure Requirements issued by the Central Bank of Sri Lanka. These guidelines are now formally embedded within CDB's remuneration governance framework, reinforcing the Company's long-standing commitment to consistent and transparent remuneration practices.

Executive Directors and Corporate Management

The Board Human Resources and Remuneration Committee (BHRRC) 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 two carefully balanced components — a fixed element and a performance-linked element — both designed to drive sustained corporate and individual performance while maintaining alignment with the Company's long-term sustainability goals.

Fixed Element	Performance-Linked Element
<p>Stable, role-based foundation</p> <p>Reflects the individual's profile and role demands, providing a fair base upon which performance rewards are built.</p> <p>Qualifications</p> <ul style="list-style-type: none"> Depth of experience Level of competency Demands of the roles & responsibilities 	<p>Drives sustained corporate & individual performance</p> <p>Determined through a structured Performance Criteria Matrix giving deliberate, balanced weight to both financial and non-financial dimensions.</p> <p>See Performance Criteria Matrix below.</p>

PERFORMANCE CRITERIA MATRIX

Financial dimensions Strategic financial targets	Non-financial dimensions Conduct, governance & long-term health
Core performance Profitability · Asset quality · Capital adequacy · Liquidity position · Cost efficiency	Governance & risk Sound governance · Prudent risk management · Internal controls & audit discipline
Growth & diversification Portfolio & asset growth · Market share expansion · Portfolio diversification	Compliance & sustainability Regulatory adherence Prudential Compliance · AML/CFT · ESG integration & responsible finance
Strategic outcomes Fee-based income growth · Digital transformation progress	People, conduct & strategy Customer conduct & service quality · Operational efficiency · Leadership effectiveness · Talent development & succession planning · Execution of Board-approved strategic initiatives

This balanced approach reflects CDB’s conviction that sustainable value is created not through financial performance alone, but through the quality of conduct and judgement that underpins it.

The MD/CEO’s remuneration is determined within a broad policy framework approved by the Board, and their performance is subject to both ongoing assessment and a formal year-end review conducted by the Board. The MD/CEO, by invitation, participates in discussions relating to the remuneration of the Corporate Management — bringing operational insight to the process while ensuring that compensation packages remain competitive and capable of attracting and retaining the talent CDB requires.

Executive share options have been granted in line with the CSE Listing Rules, which are issued at prescribed value, and are not exercisable within a minimum period of three years. The details of the execution of share options are provided under pages 344 - 345. The Committee continues to encourage shareholding among Executive Directors as a means of fostering genuine ownership and long-term alignment with shareholder value. The Company’s performance-linked schemes also carry provisions to recover sums paid or withhold variable pay in

defined circumstances — reinforcing a culture of accountability and disciplined risk-taking at the leadership level.

Non-Executive Directors

The remuneration of Non-Executive Directors is determined by the Board as a whole, taking into account the scope of each Director’s responsibilities, their time commitment, and benchmarking against comparable market practices. Non-Executive Directors receive Board and Sub Committee sitting fees. They do not participate in any variable pay arrangements or, performance incentive schemes, or share option programmes. This structure is deliberate — it preserves the independence and objectivity that are fundamental to the effective exercise of non-executive oversight, ensuring that Non-Executive Directors are motivated solely by the quality of their governance contribution rather than by the financial outcomes of the business they oversee.

Remuneration Determination Process

GRI 2-20

The BHRRC reviews all key human resources-related policies, including salary structures, promotions, and employment terms applicable to Senior Management.

Recommendations from the MD/CEO and Head of Human Resources are also taken into account. In accordance with CDB’s governance framework, no Director is involved in determining their own remuneration. The Committee remains cognisant of broader remuneration and employment conditions across the Company when setting executive compensation, ensuring that decisions at the leadership level are made with a clear sense of the wider organisational context. All remuneration-related decisions are fully documented and maintained by the Company Secretary. No early termination payments were made during the reporting period.

The annual performance bonus is determined by the degree of achievement against well-defined Key Result Areas (KRAs) based on the multi-layered Performance Criteria Matrix. The matrix is clearly communicated to the relevant category of employees at the commencement of each performance year, ensuring that expectations are transparent, targets are understood, and accountability is established from the outset.

Governance and Accountability

The Chairperson and the BHRRC conduct annual evaluations of individual Directors, while the Board evaluates its collective effectiveness

CORPORATE GOVERNANCE

and performance. CDB's approach to remuneration disclosure is comprehensive — covering all forms of monetary payments and non-monetary benefits provided for services rendered, presented separately for Directors and Senior Management with the breakdowns by category. The aggregate remuneration disclosures are set out in the tables on the following pages 424.

CDB remains committed to a remuneration framework that is formal, transparent, and grounded in merit — one that supports long-term organisational success and upholds the standards of governance that the Company's stakeholders rightly expect.

MERITOCRACY AND LEADERSHIP INTEGRITY .

Organisation upholds meritocracy as a fundamental principle within its governance framework, leadership appointments, and organisational structure. The Nomination & Governance Committee ensures that Board appointments are based on competence, diversity of skills, and regulatory fit and proper requirements, thereby strengthening governance quality and strategic guidance.

Leadership appointments and succession planning within Senior Management follow transparent and competency based criteria. BNGC and BHRRC oversee selection, performance evaluation, and remuneration to ensure alignment with performance, accountability, and long-term organisational value creation. Clearly defined job roles, Key Performance Indicators (KPIs) and periodic evaluations ensure that promotions and leadership progression are based on merit, demonstrated performance, and leadership potential.

Across the organisational structure, recruitment, training, and career advancement are guided by equal opportunity principles and structured performance

management systems. Employees are evaluated through objective performance appraisal processes linked to measurable targets, professional development, and ethical conduct. This merit-based approach fosters fairness, motivates high performance, and ensures that capable individuals are entrusted with leadership responsibilities, supporting sustainable growth.

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 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

Unethical behaviour, fraud, and corruption are strictly refuted, supported by a values-driven culture cascaded from top management to day-to-day operations. No waivers from compliance with, or exemptions from, the provisions of CDB's Code of Business Conduct and Ethics were granted to any Director, executive, or employee during the financial year under review.

DIGITAL & DATA GOVERNANCE

This layer has been further strengthened to enhance oversight of data, cybersecurity, and emerging technologies, including AI, ensuring robust governance, regulatory compliance, and secure digital innovation across the organisation. Particular emphasis is placed on personal data protection, with controls and processes aligned to the requirements of the Personal Data Protection Act No 09 of 2022, reinforcing data privacy, confidentiality, and responsible data handling practices.

Anti-Bribery & Corruption

GRI 205-1, 3-3

Operations Assessed for Risks Related to Corruption

CDB recognises corruption as a significant risk to institutional integrity, stakeholder trust, and regulatory compliance. As a regulated public deposit-taking institution, CDB maintains a zero-tolerance stance towards bribery, corruption, and any form of improper conduct across all its operations, branches, and business functions.

The Company has adopted a dedicated Anti-Bribery and Anti-Corruption Policy, approved by the Board of Directors, which provides concrete guidance on compliance with applicable anti-bribery and anti-corruption laws and regulations. The Policy applies uniformly to all Directors, Key Management Personnel, and employees, and sets out the minimum standards of conduct expected across the Organisation.

Corruption risk is assessed as part of the Company's broader risk management framework, which encompasses all operational areas including frontline business functions, procurement and supplier management, lending and credit operations, and support functions. The Compliance Unit, functioning as the second line of defence, monitors adherence to anti-corruption controls and reports findings to the Integrated Risk Management Committee as required. Internal Audit independently assesses the adequacy and effectiveness of anti-corruption controls as part of its annual audit plan.

Also, CDB recognises bribery and corruption as one of the key predicate offences of money laundering, and the institution's AML/CFT framework directly reinforces and complements its anti-corruption efforts, ensuring a holistic approach to combating financial crime and corrupt practices across all operations.

GRI 205-2**Communication and Training on Anti-Corruption Policies and Procedures**

CDB ensures that awareness of its anti-corruption policies, standards, and obligations is effectively communicated and embedded across all levels of the organisation through a structured and multi-layered approach.

Governance Level: The Board Charter sets out the highest standards of ethical conduct expected of the Board of Directors, reinforced by the Corporate Governance framework adopted in accordance with the Finance Business Act Directions No. 05 of 2021, the CSE Corporate Governance Rules, and the Code of Best Practice on Corporate Governance 2023 issued by CA Sri Lanka. Directors and Key Management Personnel are further subject to the Fit and Proper Criteria stipulated by the Central Bank of Sri Lanka and the Colombo Stock Exchange, ensuring that individuals in positions of authority meet the requisite standards of integrity and professional conduct.

Employee Level: Every employee, upon joining the Company, receives an Employee Handbook which sets out the Company's terms and conditions of employment, Code of Conduct, and ethical standards. A comprehensive induction programme is conducted for all new recruits, covering the Code of Ethics and Professional Conduct, anti-corruption standards, AML/CFT obligations, and IT governance and risk management responsibilities. Annual refresher programs are conducted to reinforce these concepts and ensure sustained awareness across the workforce.

The Compliance Unit conducts dedicated sessions on AML/CFT and compliance as part of the induction programme, with specific reference to corruption as a predicate offence of money laundering. Awareness of

updated policies is further disseminated through HR system notifications and relevant internal forums.

Anti-Corruption and Consumer Protection Measures

Employee Due Diligence: CDB carries out comprehensive due diligence and screening of all employees at the point of recruitment, whether permanent, contractual, or outsourced, to mitigate the risk of engaging individuals with histories of misconduct or corrupt behaviour.

GRI 2-26

Whistleblowing Mechanism: CDB has in place a formally adopted Whistleblowing Policy, providing all employees with a confidential and independent channel to report suspected misconduct, including corruption and unethical behaviour, without fear of reprisal. Reports received are analysed independently and confidentially, and appropriate corrective and preventive measures are taken. Board Audit Committee directly oversee all Whistleblowing reports. Awareness of the Whistleblowing Policy is created through induction programmes, HR system notifications, and relevant internal forums, ensuring accessibility at all levels of the organisation.

Customer Protection Measures:

CDB is committed to upholding the rights of its customers in accordance with the financial consumer protection framework established by the Central Bank of Sri Lanka. The Company's policies and procedures prohibit any form of mis-selling, deceptive conduct, or exploitation of customers, which may constitute corrupt or unfair business practices. All employees are bound by the Employee Handbook on Financial Consumer Protection.

GRI 205-3**Confirmed Incidents of Corruption and Actions Taken**

During the financial year under review, there were no confirmed incidents of corruption identified or substantiated against any Director, Key Management Personnel, or employee of CDB. Accordingly, no disciplinary actions, legal proceedings, or regulatory sanctions related to corruption were recorded during the period.

The Company's disciplinary framework provides that any confirmed instance of misconduct, including corrupt or unethical behaviour, will be addressed through a structured disciplinary process conducted in accordance with the principles of natural justice. Depending on the severity of the matter, disciplinary action may include suspension, formal inquiry, and where warranted, summary dismissal. The confidentiality of any reporting party is strictly maintained throughout the process.

CDB remains committed to continuous vigilance in detecting, preventing, and responding to any form of corruption or misconduct, supported by its robust governance framework, independent compliance and audit functions, and a culture of ethical conduct reinforced at all levels of the Organisation.

Anti-Competitive Behaviour**Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices**

CDB is committed to conducting its business with integrity, fairness, and strict recognition for applicable competition laws and regulations. The Company operates in a manner that promotes healthy market competition and does not engage in any form of anti-competitive behaviour, price-fixing, market allocation, bid-rigging, or abuse of market dominance.

CORPORATE GOVERNANCE

CDB's commitment to ethical business conduct emanates from its core values and transpires from Board of Directors to all staff members and is embedded within its Code of Business Conduct and Ethics and Financial Consumer Protection Framework, which all Directors, Key Management Personnel, and employees are required to adhere to. These standards explicitly prohibit engagement in any conduct that could be construed as anti-competitive, collusive, or otherwise contrary to the principles of fair and open market competition.

During the financial year under review, there were no legal actions, complaints, or investigations initiated against the Company in relation to anti-competitive behaviour, anti-trust practices, or monopoly practices. Accordingly, no monetary losses, penalties, or sanctions were incurred in this regard.

CDB continues to monitor regulatory developments in the areas of competition law and fair business practices and remains committed to ensuring strict compliance with all applicable legal and regulatory obligations in the markets in which it operates.

COMPLIANCE

GRI 2-27

During the year, non-compliance in relation to the Financial Transactions Reporting Act, No. 6 of 2006 (FTRA), the Financial Institutions (Customer Due Diligence) Rules, No. 1 of 2016 (as amended), Financial Intelligence Unit (FIU) Directives, and United Nations Regulations No. 1 of 2012 on Targeted Financial Sanctions (TFS), resulted in a penalty of LKR 3 million imposed by the Financial Intelligence Unit of the Central Bank of Sri Lanka. Prompt corrective actions were undertaken, including the strengthening of internal controls and the implementation of enhanced monitoring mechanisms. These remedial measures were formally communicated to FIU, and have contributed to improved compliance.

COMMITMENT TO SHAREHOLDERS

CDB recognises that its shareholders are the ultimate principals of the Company, and that the Board's governance responsibilities are exercised in trust on their behalf. This recognition shapes the Company's approach to shareholder rights, communication, and engagement — not as a compliance exercise, but as a genuine expression of the transparency and accountability that CDB holds as core governance values.

Shareholder Rights

CDB is committed to the fair and equitable treatment of all shareholders. All shareholders enjoy the rights conferred upon them under the Companies Act No. 07 of 2007, including the right to participate in profit distributions and the right to attend and vote at general meetings, either in person or by proxy.

CDB respects the equal information rights of all shareholders and is firmly committed to the practice of fair, transparent, and timely disclosure. All price-sensitive information is released publicly before any engagement with individual investors or analysts, ensuring that no shareholder or market participant benefits from informational advantage over another.

Conduct of Shareholder Meetings

The Annual General Meeting is CDB's principal forum for direct engagement between the Board and the Company's shareholders. The AGM provides shareholders with the opportunity to receive a comprehensive account of the Company's financial performance for the preceding year, to meet the Board — including the Chairpersons of Board Committees — and to engage directly with members of the Senior Management team.

The Company's external auditors are present at the AGM and available to address shareholder queries on the financial statements and audit process. Separate resolutions are proposed for each significant item on the agenda, ensuring that shareholders are able to exercise their voting rights with clarity and precision on each matter requiring their approval.

The Notice of AGM, the form of proxy, and all relevant papers are dispatched to shareholders no fewer than 15 working days prior to the meeting date, in accordance with regulatory requirements. The Board welcomes shareholder input ahead of the AGM and is prepared to provide comprehensive and candid responses to queries raised at the meeting.

Communication with Shareholders

The Board's approach to shareholder communication is anchored in a formally adopted Policy on Relations with Shareholders and Investors, which sets out the manner in which CDB ensures effective, consistent, and meaningful communication with its shareholders and the broader investment community. The Annual Report is recognised within this Policy as the primary document through which the Company conveys a comprehensive account of its affairs, performance, and governance to shareholders and stakeholders, while the AGM serves as the principal opportunity for shareholders to engage directly with the Board on matters of concern.

CDB's communication philosophy is grounded in openness, integrity, timeliness, and relevance. The Board reviews and approves the contents of the Annual Report to ensure it provides shareholders with accurate, timely, and material information about the Company's business activities, strategy, and governance practices. Beyond the Annual Report, the Company maintains structured procedures for the ongoing provision of information to current and potential shareholders.

Shareholders may, at any time, direct queries, requests for information, or concerns to the Board through the Company Secretary, who maintains a record of all correspondence received and ensures that it is directed to the Board or the relevant individual Director as promptly as practicable. Where shareholders feel that their concerns have not been adequately addressed through regular communication channels, they may escalate the matter directly to the Chairperson of the Board via the Company Secretary ensuring that an accessible and independent avenue for resolution is always available.

CDB has also established a robust Policy on Corporate Disclosures, which governs all market communications to ensure they are made in accordance with regulatory requirements and best practice. The Policy is designed to deliver disclosures that are timely, accurate, and substantive — meeting both the expectations of the regulator and the genuine informational needs of shareholders.

The corporate website features a dedicated 'Investor Relations' section, providing access to Interim Financial Statements and Annual Reports. In line with CSE Listing Rules, key organisational policies have also been disclosed on the website, enhancing transparency and accessibility for stakeholders.

The Policy on Relations with Shareholders and Investors and the Board Charter both contain specific provisions ensuring that all Directors are made aware of significant shareholder issues and concerns as they arise. The Chairperson carries particular responsibility for ensuring that shareholder perspectives are effectively communicated to and considered by the Board — a

responsibility that reinforces CDB's commitment to governance that is not merely responsive to shareholders on paper, but genuinely attentive to their interests in practice.

Stakeholder Engagement

The Board assigns high priority to structured and meaningful stakeholder engagement, recognising that long-term value creation depends on the quality of CDB's relationships with all those who have a material interest in the Company's conduct and performance. A wide range of targeted engagement strategies are employed across stakeholder groups to ensure that the outcomes derived from engagement are substantive and actionable. The Company's stakeholder engagement activities and the material outcomes of those engagements are detailed on pages 73 to 77 of this report.

KEY ANNOUNCEMENTS TO THE COLOMBO STOCK EXCHANGE IN 2025/26

1. The Board declared a final cash dividend of Rs. 1.00 per share for both Voting and Non-Voting shares for the financial year 2024/25.
2. The Annual General Meeting for the financial year ended 31st March 2025 was held on 30th June 2025 as scheduled. All resolutions set out in the Notice of Meeting dated 6th June 2025 were duly adopted by the shareholders.
3. Dave Anthony de Silva, Executive Director exercised his Employee Share Ownership Plan ("ESOP") option, acquiring 60,380 shares at LKR 199.82 per share on 9th April 2025.
4. Executive Directors S.V. Munasinghe and R.H. Abeygoonewardena exercised their ESOP options, acquiring 140,887 shares at LKR 199.82 per share on 30th July 2025. Subsequently, W.P.C.M. Nanayakkaram, MD/CEO and T.M.D.P. Tennakoon Deputy CEO acquired 234,332 shares at LKR 199.82 per share on 6th August 2025 under the ESOP.
5. Senior Professor S.P.P. Amaratunga retired from the Board with effect from 19th October 2025 having completed nine years of service as an Independent Non-Executive Director.
6. Dr. Rasitha Wickramasinghe was appointed as an Independent Non-Executive Director with effect from 20th October 2025. Consequential changes to the composition of the Board Committees were made and disclosed to the CSE accordingly.
7. The total assets of Citizens Development Business Finance PLC surpassed LKR 200 billion as at 30th November 2025, disclosed pursuant to Section 8.1 of the Listing Rules of the Colombo Stock Exchange.
8. The Board declared a first interim dividend of LKR 7.50 per share for both Voting and Non-Voting shares for the financial year ending 31st March 2026.
9. The Board proposed a sub-division of the Company's Ordinary Voting and Non-Voting shares, whereby every one (1) existing Ordinary Voting Share and every one (1) existing Non-Voting Share would each be sub-divided into ten (10) shares of the respective class.
10. An Extraordinary General Meeting has been convened for 22nd April 2026 to pass the requisite Special Resolution in respect of the proposed sub-division. Trading in the Company's shares is scheduled to be suspended from 23rd April 2026, with the sub-division to be effected based on shareholdings as at 24th April 2026 and trading expected to recommence on 30th April 2026.

STREAMS OF MOMENTUM



OUR APPROACH AND KEY ENABLERS TO VALUE CREATION



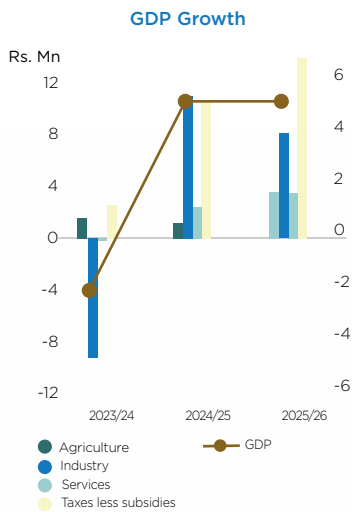
The Amazon River flows through the world's largest rainforest, fed by an intricate network of tributaries that work together to sustain its immense scale and strength. These interconnected channels enable continuous movement, support rich ecosystems, and generate life across vast regions, demonstrating how integration and flow create enduring vitality.

At CDB, value creation is enabled through similarly interconnected systems and capabilities. Our strategies, partnerships, and operational strengths work in alignment to generate sustained momentum, ensuring that each initiative contributes to a broader flow of progress and long-term impact.

OPERATING ENVIRONMENT

GRI 3-3

Sri Lanka's economy continued its positive momentum in 2025, achieving GDP growth of 5.0% for the year. All three sectors posted growth, although expansion in the industry sector slowed during the period. The steady increase in taxes less subsidies reflect the policy reforms aimed at strengthening government revenue.

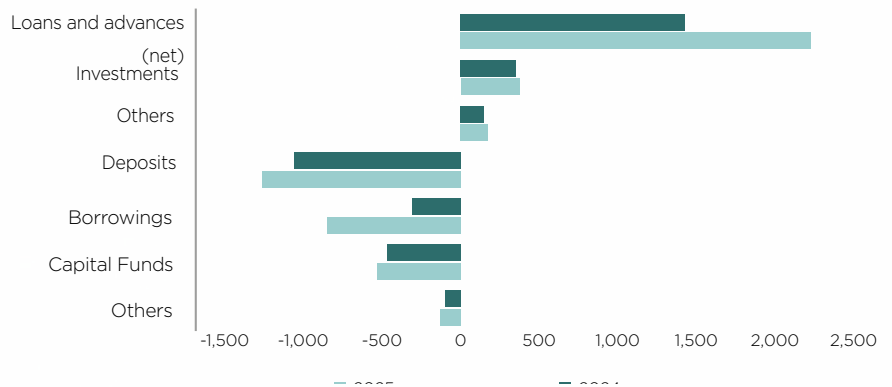


NBFI SECTOR

The Non-Bank Financial Services (NBFI Sector) recorded strong growth with net loans and advances recording 56% to Rs.2,227.9 Bn. Loans & Advances account for 80.2% of the total assets of the sector. At the close of 2025, Finance leases and vehicle loans and gold loans account for 64.1% and 20.9% respectively and recorded growth of 56.3% and 64.1% respectively. Deposits accounted for 45.6% of the sector followed by borrowings which amounted to 30.6% of total funding. Deposits increased by 19.8% while borrowings increased by 178.1% with securitisations and term loans accounting for 81.0% of total borrowings. Asset quality of the sector improved as the gross and net Stage 3 loan ratios improved from 11.5% to 6.1% and 6.5% to 3.2% respectively. The improved impairment coverage ratio of 47.8% reflects the improved resilience of this sector.

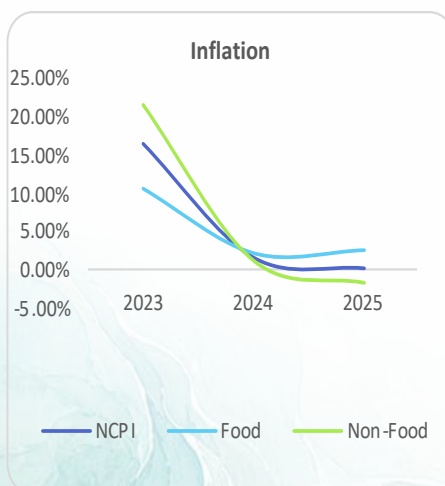
Liquidity levels remained well above the regulatory requirements although the surplus moderated. Sector profitability improved with PAT recording an increase of 49.9% in 2025. The Capital base increased by 23.4% while Tier I and Total CAR declined to 17.3% and 18.7% respectively.

Finance Companies Sector



INFLATION

Inflation edged up by 0.2% during the year, remaining within the target range. The increase was mainly driven by food inflation, which reached 2.5% in December following Cyclone Ditwah. This was partly offset by a 1.7% decline in non-food inflation, supported by lower energy prices due to a stronger exchange rate.

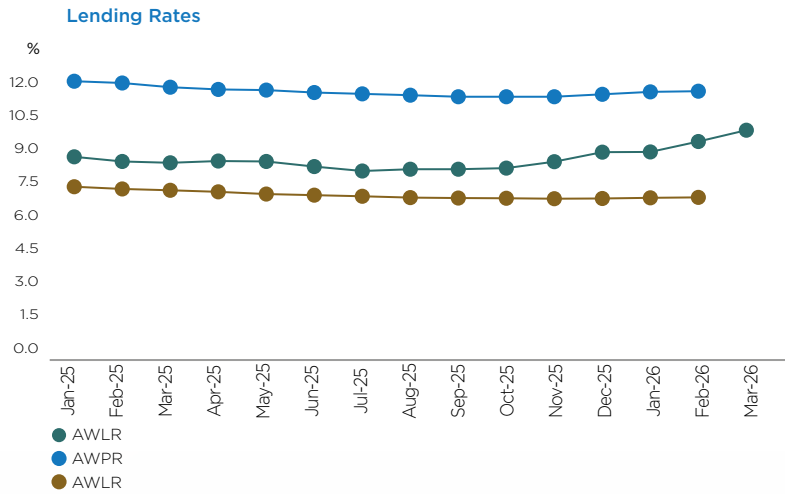


Impact

Low inflation facilitated savings supporting growth in deposits, albeit moderately. It also supported management of costs including easing wage pressures.

INTEREST RATES

All policy rates (Overnight Policy Rate, the Standing Deposit Facility Rate and the Standing Lending Facility Rates) decreased by 25 basis points (bps) in FY 2025/26 to 7.75%, 7.25% and 8.25% respectively. The 364 day Treasury Bill Rate also moved down by 51 bps to 8.45%. The decline in deposit rates was sharper than the Treasury Bill rate. While the Average Weighted Prime Rate moved up by 32 bps, Average Weighted Lending Rate declined by 42 bps reflecting high levels of liquidity and a mandate to reduce single borrower limits to commercial banks.

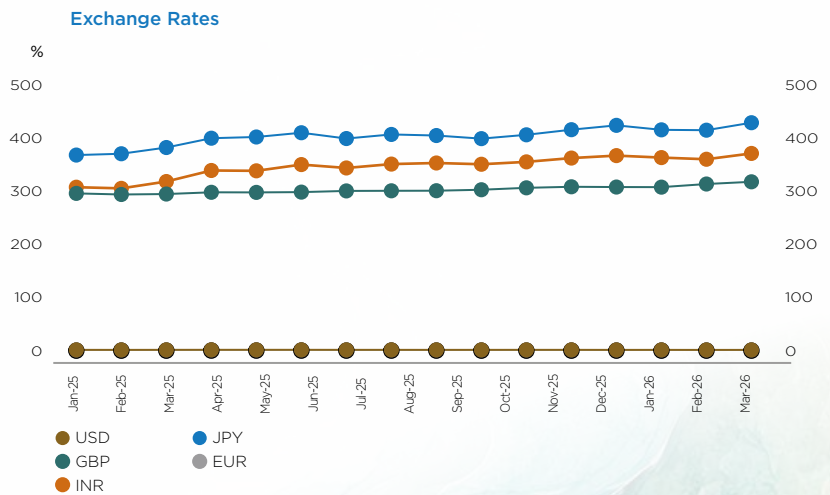


Impact

Stable interest rates restored customer confidence supporting credit growth which coincided the period of high demand for vehicles. However, low interest rates were discouraging for depositors who sought high yielding instruments.

EXCHANGE RATES

In 2025, the Sri Lankan rupee depreciated by 12.1% against the US dollar as imports rose 14% to USD 21.5 Bn. Personal vehicle imports accounted for 60% of this increase following the lifting of import restrictions on motor vehicles. Although exports grew 6.3% to USD 13.58 Bn and inflows from worker remittances strengthened, these gains were insufficient to offset higher imports and reduced earnings from tourism, leading to the rupee's depreciation against all major currencies.



Impact

Relative stability of the exchange rates made vehicles affordable, driving interest in obtaining vehicle loans.

OPERATING ENVIRONMENT

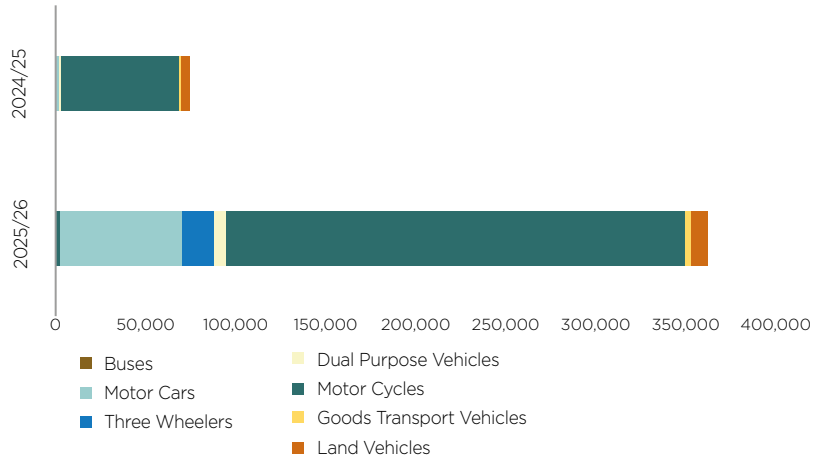
MOTOR VEHICLE REGISTRATIONS

The ban on motor vehicle imports introduced in 2020 was lifted in a phased approach from public transport vehicles in October 2024 to include vehicles for personal use by February 2025. Imports soared during the financial year under review as imports amounted to 362,100 in 2025 compared with 74,410 in 2024.

Impact

Availability of motor vehicles supported growth in finance leases and loans for motor vehicles.

Motor Vehicle Imports



GOVERNMENT POLICY

Sri Lanka’s policy environment during FY2025/26 remained guided by the IMF Extended Fund Facility, with fiscal consolidation, macroeconomic stabilisation and structural reforms shaping economic and financial sector priorities. These measures supported improving investor confidence, external sector stability and the country’s ongoing economic recovery.

A key policy development was the relaxation of vehicle import restrictions, creating renewed opportunities for the leasing and asset financing market while stimulating broader economic activity. Concurrently, macroprudential measures were strengthened to safeguard financial system stability and manage emerging risks associated with rising credit demand.

The Government also continued to prioritise enterprise development and financial inclusion through initiatives aimed at expanding access to finance for small and medium-sized enterprises, reinforcing the sector’s role in supporting entrepreneurship and economic growth.

Meanwhile, evolving regulatory expectations relating to governance, risk management, customer protection and data privacy are fostering a more transparent, resilient and customer-centric financial ecosystem, strengthening the sector’s capacity to support sustainable growth while maintaining financial stability.

CLIMATE CHANGE

GRI 201-2

Cyclone Ditwah resulted in loss of lives, livelihoods, housing and is expected to exacerbate exert pressure on food inflation due to loss of crops in the short term. This devastating acute physical risk demonstrated the need to identify, measure and monitor the social and other impacts of climate change.

Impact

Individuals and businesses affected by the cyclone will have difficulties in repayment of debts until insurance claims are settled and business normalises.

Legal & Regulatory

The Personal Data Protection Act became effective regulating the processing of personal data and safeguarding the rights of data subjects.

Impact

CDB has complied with the requirements of the Act.

GEOPOLITICAL RISK

Geopolitical risks increased significantly during the year with escalation of major wars and increased instability in the Middle East. The subsequent closure of the Strait of Hormuz and the resultant shocks to global oil markets is forecast to dampen economic growth in 2026. Oil prices have increased sharply from US\$ 68 per barrel to US\$ 104 per barrel between 28 February 2026 and Mid May 2026. Continued high prices for oil is exerting pressure on inflation which has moved up. It has also exerted pressure on exchange rates due to the high prices paid for necessary oil imports. It has also impacted tourist arrivals and earnings as the Middle East is an important tourism hub for long hauln travellers. Furthermore, the high costs of fuel has seen airline ticket prices soar.

Impact

The rising price of fuel is likely to dampen economic growth which remained healthy throughout 2025. Continued high oil prices will test the resilience of the economy and significantly elevate credit risk and potentially interest rate risk.

The national Government Digital Payment Platform, launched in early 2025, surpassed Rs. 2 billion in transaction value within its first year, integrating public institutions across provincial and local authority levels. The Ministry of Digital Economy estimates cash-based transactions cost approximately 1.5% of GDP annually, underpinning the policy drive toward universal digital payment adoption.

The Central Bank's 2025 modernisation agenda explicitly prioritised digital payments promotion, cybersecurity, and technology risk management. Operational IT and cybersecurity risks were identified as ongoing systemic concerns, raising compliance expectations around technology governance for all licensed financial institutions including NBFIs.

DIGITAL INFRASTRUCTURE

Sri Lanka's financial services sector experienced accelerating digital transformation during 2025/26, reshaping the operating environment for NBFIs considerably.

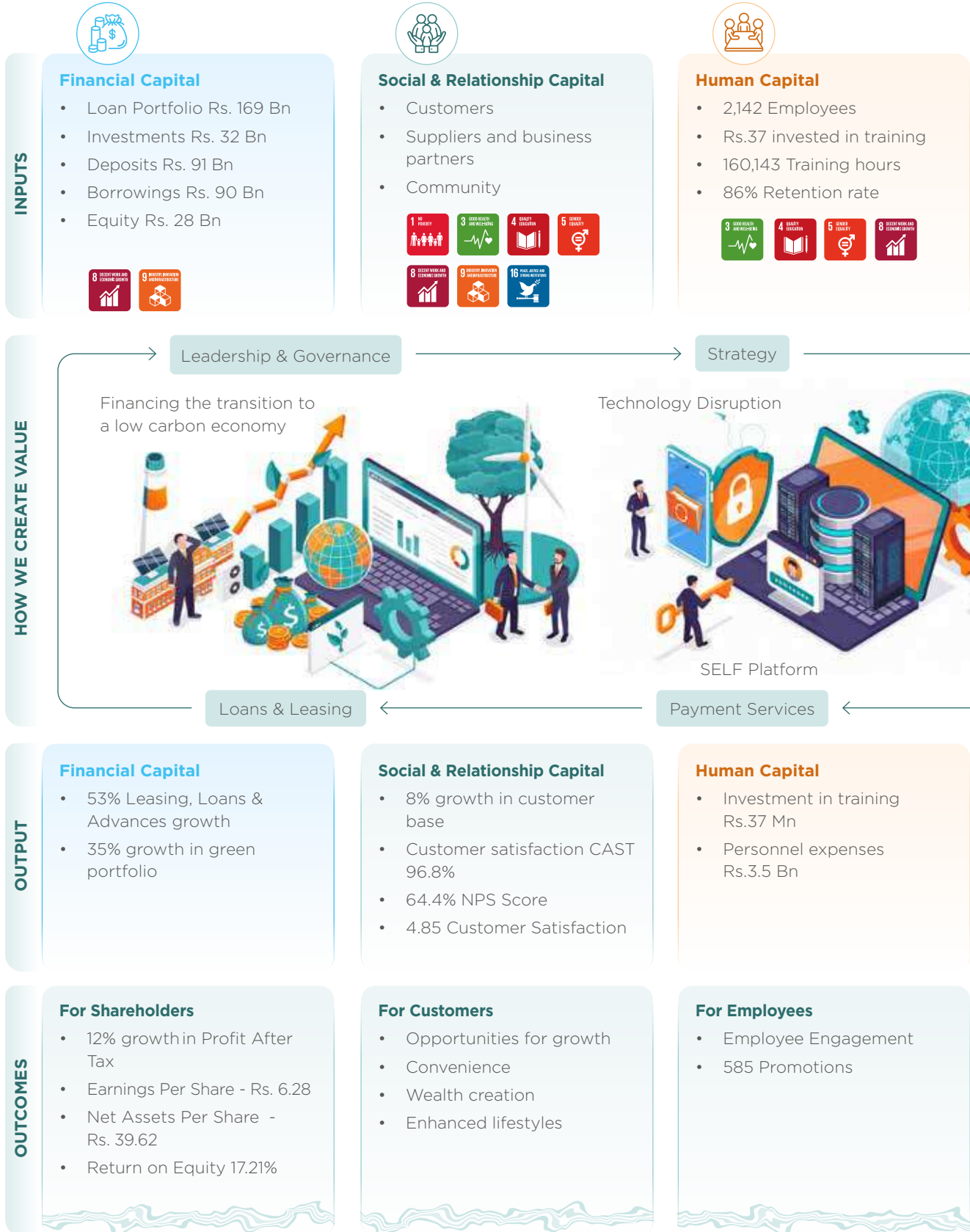
LankaPay's interbank payment infrastructure recorded Rs. 17 trillion in transaction value in 2024, with daily cashless flows exceeding Rs. 100 billion across real-time, QR-based, and instant payment platforms.

HOW WE CREATE VALUE

GRI 2-6

BUILDING AND NURTURING INCLUSIVE FINANCIAL ECOSYSTEMS

CDB has adopted a value creation model founded on sustainability and technology which has enabled us to create a differentiated path in the competitive financial services sector. A niche player, we are committed to making a difference through the alignment of our mission, values and strategy to create value for our stakeholders, driving sustainable growth of our business.



Purpose

Empowering aspirations

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
- Empathy
- Reliable
- Innovation



Manufactured Capital

- Investment in infrastructure Rs. 8 Bn
- Capital expenditure Rs. 1,732 Mn



Intellectual Capital

- Our digital infrastructure
- Processes and systems
- Brand
- Tacit knowledge and experience



Natural Capital

- Energy consumption 63.83 GJ
- Water consumption 21,365 m3L
- Investment in conservation Rs. 5.3 Mn



Risk Management

Capital Management

Financial inclusion in a digital economy



Capacity building

Financial literacy

Talent Management

Savings & Deposits

Innovation

Manufactured Capital

- 200+ Customer touchpoints
- Rs. 6 Bn PPE

Intellectual Capital

- Improved SELF Platform
- 93% growth in digital customer base
- 98% growth in digital transaction volumes
- Rs. 3 Tn value of digital transactions

Natural Capital

- Rs.31 Bn green portfolio
- 5,272 Bn green facilities disbursed during the year

For Suppliers & Business Partners

- Rs. 5.9 Bn paid to suppliers
- Opportunities for growth

For Government

- Rs. 4.6 Bn paid as direct taxes
- Rs. 1.9 Bn collected and paid as indirect taxes
- Supporting transition to clean renewable energy and energy security
- Compliance with regulations

The Community

- Financial inclusion
- Capacity building
- Rs. 49 Mn invested in Corporate social responsibility

Multilateral Institutions

- Progress on agreed milestones
- Transition to clean renewable energy

DETERMINING MATERIALITY

GRI 3-1, 3-2

This report covers topics identified as material under SLFRS S1 and GRI Universal Standard 3. Applying this principle ensures the report includes information relevant to investors and other key stakeholders.

Information is material if omitting, misstating or obscuring that information could reasonably be expected to influence decisions that primary users of general purpose financial reports make on the basis of those reports, which include financial statements and sustainability-related financial disclosures and which provide information about a specific reporting entity.

OUR PROCESS

STEP 1

Preparing the long list

A comprehensive list of potential material topics was prepared using our knowledge of the business and the sustainability context. This is supplemented and aligned to requirements of voluntarily adopted sustainability reporting standards. We have used the following standards to prepare this list:

- GRI Standards
- SASB Standard for Consumer Finance
- SASB Standard for Commercial Banks

STEP 2

Workshop to Determine Material Topics

Representatives from the sustainability and finance teams ranked the long list according to the severity of impact and the likelihood of occurrence.

STEP 3


















Review and approval of the prioritised list of topics

This list was then approved by the Director Finance to adopt for reporting











OUR MATERIAL TOPICS

CDB's assessment of the potential list of material topics is set out below:



2025	2026		Material Topics	SDG	GRI Relevance	SASB Consumer Finance	SASB Commercial Banks	More information
M1		Economic	Financial resilience, stability and long-term profitability		GRI 201: Economic Performance - 201			Financial Capital
M11		Social	Customer experience, accessibility and convenience					Social & Relationship Capital
M12		Social	Community development and social investments		GRI 413: Local communities 2016			Social & Relationship Capital
M7		Social	Talent acquisition and retention	 	GRI 401: Employment 2016			Human
M8		Social	Career progression, learning and development		GRI 404: Training and Education 2016			Human
M9		Social	Employee health and safety and favourable work environment		GRI 403: Occupational Health and Safety 2018		FN-CB-510a.1 FN-CB-510a.2	Human
M2		Economic	Sustainable financing		GRI 201: Economic Performance - 2016			Natural Capital
M14		Environment	Climate action, carbon footprint reduction and net zero ambition		GRI 305: Emissions GRI 302: Energy		FN-CB-410b.1 FN-CB-410b.2 FN-CB-410b.3 FN-CB-410b.4	Natural Capital
New		Social	Responsible marketing and fair selling practices			FN-CF-270a.1 FN-CF-270a.2 FN-CF-270a.3 FN-CF-270a.4 FN-CF-270a.5		Social & Relationship Capital
New		Social	Financial inclusion and capacity building				FN-CB-240a.1 FN-CB-240a.2 FN-CB-240a.3 FN-CB-240a.4	Social & Relationship Capital

DETERMINING MATERIALITY

2025	2026		Material Topics	SDG	GRI Relevance	SASB Consumer Finance	SASB Commercial Banks	More information
M3		Economic	Macroeconomic turbulence					Operating environment
New		Governance	Incorporation of ESG factors in credit analysis				FN-CB-410a.2	Corporate Governance
M4		Technology	Tech disruption, digitalisation and process automations					Intellectual Capital
New		Governance	Systemic Risk Management				FN-CB-550a.1 FN-CB-550a.2	Risk
M5		Social	Cybersecurity , data integrity and privacy		GRI 418: Customer Privacy - 2016	FN-CF-220a.1 FN-CF-220a.2 FN-CF-230a.1 FN-CF-230a.2 FN-CF-230a.3	FN-CB-230a.1 FN-CB-230a.2	Corporate Governance Risk Social & Relationship Capital Intellectual Capital
M10		Governance	Anti-corruption practices, good governance and compliance	 	GRI 205: Anti-corruption 2018			Corporate Governance
M6		Social	Corporate brand reputation and market presence					Intellectual Capital

ENGAGING WITH OUR STAKEHOLDERS

GRI 2-29


CDB is committed to understanding stakeholder concerns and has established multiple channels for stakeholders to raise them with the Group. This enables timely responses, strengthens relationships, and helps reduce potential negative impacts. Key concerns are incorporated into the Group’s strategic planning process, supporting stronger value propositions, an enhanced corporate brand, and a resilient reputation in a changing business environment. This section outlines how we engage with stakeholders to identify and manage impacts—an approach that remains essential to the evolution of our businesses and the social licence we have built over more than 30 years.

CDB identifies its stakeholder groups based on three criteria: those affected by CDB’s operations, those who can influence CDB’s ability to create value, and those with a dependency on CDB’s products and financial services. This process is reviewed annually as part of CDB’s materiality assessment, resulting in the identification of eight key stakeholder groups as set out below.

OUR PROCESS FOR ENGAGING STAKEHOLDERS



CDB’S STAKEHOLDER ENGAGEMENT MECHANISMS ARE GIVEN BELOW.


 Customers		
Why we engage	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.	
Engaging with customers	Engagement Mechanism	Frequency
	CDB branches	Ongoing
	Branches and front line staff	Ongoing
	CDB SELF App	Ongoing
	Customer Relationship Management (CRM) Unit	Ongoing
	Contact Centre	Ongoing
	Social media	Ongoing
	Traditional media (Print & Electronic)	Ongoing
	Correspondence (Email & Letters)	Ongoing
Surveys	Annual	
Stakeholder Concerns	<ul style="list-style-type: none"> • Product Information and understanding the products • Pricing of financial products and services (interest rates and fees) • Speed of service • Convenience • Integration of technology • Customer data privacy • Financial stability of CDB • Terms and conditions • Relationship management and accessibility to CDB • Documentation requirements 	
Review of feedback	Feedback received is investigated by management to identify trends and necessary remedial action. Recurrent themes are integrated into risk management, digital transformation and strategic planning processes. The CEO and executive directors receive this information on a regular basis and share insights with the Board as a whole at Board meetings.	

ENGAGING WITH OUR STAKEHOLDERS


Investors															
Why we engage	Legal and regulatory responsibility to communicate with shareholders who are also a potential source of funds														
How we engage	<table border="1"> <thead> <tr> <th>Mechanisms</th> <th>Frequency</th> </tr> </thead> <tbody> <tr> <td>Annual General Meeting</td> <td>Annual</td> </tr> <tr> <td>Quarterly financial statements</td> <td>Quarterly</td> </tr> <tr> <td>Annual Report</td> <td>Annual</td> </tr> <tr> <td>Notices to CSE</td> <td>As required</td> </tr> <tr> <td>Press releases and website</td> <td></td> </tr> <tr> <td>Correspondence</td> <td></td> </tr> </tbody> </table>	Mechanisms	Frequency	Annual General Meeting	Annual	Quarterly financial statements	Quarterly	Annual Report	Annual	Notices to CSE	As required	Press releases and website		Correspondence	
	Mechanisms	Frequency													
	Annual General Meeting	Annual													
	Quarterly financial statements	Quarterly													
	Annual Report	Annual													
	Notices to CSE	As required													
	Press releases and website														
Correspondence															
Stakeholder Concerns	<ul style="list-style-type: none"> • Sustainable growth of earnings and returns • Share price • Dividends • Interest rates • Sustainability • Risk management and organisation resilience • Timely payment 														
Review of feedback	Engagements are typically with C suite officials and Board members who are able to respond. The CEO is responsible for escalation of relevant matters to the Board.														

Banks & Funding Partners													
Why we engage	Build long term relationships with funding partners to enhance access to funding and optimise cost of funding												
How we engage	<table border="1"> <thead> <tr> <th>Engagement Mechanism</th> <th>Frequency</th> </tr> </thead> <tbody> <tr> <td>Regular meetings</td> <td>As required</td> </tr> <tr> <td>Financial Reporting</td> <td>Quarterly and Annually</td> </tr> <tr> <td>Sustainability Reporting</td> <td>Annual</td> </tr> <tr> <td>Road shows</td> <td>As required</td> </tr> <tr> <td>Correspondence</td> <td>As required</td> </tr> </tbody> </table>	Engagement Mechanism	Frequency	Regular meetings	As required	Financial Reporting	Quarterly and Annually	Sustainability Reporting	Annual	Road shows	As required	Correspondence	As required
	Engagement Mechanism	Frequency											
	Regular meetings	As required											
	Financial Reporting	Quarterly and Annually											
	Sustainability Reporting	Annual											
	Road shows	As required											
Correspondence	As required												
Stakeholder Concerns	<ul style="list-style-type: none"> • Sustainability of returns • Risk management and organisation resilience • Timely payments/repayments • Sustainability (ESG) • Corporate brand and reputation 												
Review of feedback	Engagements are typically with C suite officials and Board members who are able to respond. The CEO is responsible for escalation of relevant matters to the Board.												

 Technology & Other Business Partners		
Why we engage	<ul style="list-style-type: none"> • Ensure smooth operation of our business • Collaborate on improvements in products, services, processes to drive efficiency and effectiveness • innovate to deliver the future-ready products to customers 	
How we engage	<p>How we engage</p> <p>Formal requests for proposals/quotations including entity and product specific information</p> <p>One-on-one meetings to discuss progress and concerns</p> <p>Official correspondence (electronic and written)</p>	<p>Frequency</p> <p>As required</p> <p>On-going</p> <p>As required</p>
Stakeholder Concerns	<ul style="list-style-type: none"> • Capabilities and reputation • Terms of trade • On time payment • Value of orders • Opportunities for growth • Service capability 	
Actioning feedback	<p>Feedback is reviewed and actioned by respective teams with unresolved matters escalated to Senior Management. Board is kept informed of changes in key relationships by the CEO.</p>	

 Employees		
Why we engage	<p>To communicate organisational goals and values</p> <p>To attract and retain top talent</p> <p>To assess employee competencies, satisfaction, performance and training needs to facilitate delivery of organisational goals</p> <p>Team building and creating a conducive culture</p>	
How we engage	<p>Mechanism</p> <ul style="list-style-type: none"> • Managers meetings, branch meetings • Regional meetings • Direct communication • Employee engagement activities • Employee surveys • Performance reviews • Intranet • Training 	<p>Frequency</p> <p>Weekly</p> <p>Monthly</p> <p>As required</p> <p>Annual</p> <p>Ongoing</p>
Stakeholder Concerns	<ul style="list-style-type: none"> • Job security • Remuneration • Occupational health and safety • Employee wellbeing • Learning & development. • A conducive work environment • Career progression • Work-life balance 	
Actioning feedback	<p>Open channels of communications with employees and escalation to Board on key matters</p>	

ENGAGING WITH OUR STAKEHOLDERS

 Regulator		
Why we engage	To ensure compliance with the terms and conditions of our license To provide inputs in policy formulation processes that affect the Finance Companies sector	
How we engage	Mechanism <ul style="list-style-type: none"> Regulatory reporting Liaise with regulatory bodies Compliance meetings Engagement through industry associations Timely payments 	Frequency Ongoing
Stakeholder Concerns	<ul style="list-style-type: none"> Sound corporate governance Compliance with regulatory requirements Inputs on proposed reforms and policies Timely payments Trust and transparency 	
Actioning Feedback	Regular review of compliance by the Compliance Division and Internal Audit who report to the Board. Additionally, the CEO escalated important matters to the Board.	

 Community & Not-for profit Institutions		
Why we engage	To empower socioeconomic progress in communities through provision of financial products, services and community investments	
How we engage	Mechanism <ul style="list-style-type: none"> Website Digital, print and social media Local and national community focused organisations Environment focused organisations CSR events 	Frequency <ul style="list-style-type: none"> On going
Stakeholder Concerns	<ul style="list-style-type: none"> Engagement with local farmers and entrepreneurs Support for community development Sound corporate citizenry Sustainable business practices 	
Actioning feedback	Senior level engagement to review feedback and implement remedial measures. Key developments are reported to the Board as deemed necessary.	

OUR POLICY COMMITMENTS

GRI 2-23

CDB's Board-approved policy framework governs the Company's commitments to human rights, ethical conduct, environmental responsibility, and stakeholder relationships across all operations. Key policies include:

- HR Policy (anti-harassment, anti-discrimination, equal opportunity and fair compensation)
- Anti-Bribery and Corruption Policy (zero tolerance across all operations and business relationships)
- Privacy and Data Protection Policy (aligned to Sri Lanka's PDPA No. 9 of 2022)
- Whistleblowing Policy (confidential misconduct reporting)
- Sustainable Purchasing and ESG Policies (environmental and social considerations in procurement and strategy)
- Customer Charter (aligned to CBSL consumer protection directives)

These policies apply to all employees, Directors, and Key Management Personnel. CDB expects its business partners, suppliers, and service providers to operate consistently with these commitments.

EMBEDDING POLICY COMMITMENTS

GRI 2-24

CDB embeds these commitments through mandatory induction and annual refresher training for all employees, Board-level oversight through dedicated sub-committees, internal audit reviews of procurement and compliance processes, and the Whistleblowing Policy as the primary grievance mechanism. Policy updates are communicated organisation-wide through the HR system. Suppliers and service providers are required to comply with CDB's procurement and sustainability standards as a condition of engagement.

CDB'S 10 YEAR STRATEGY

CDB's 2021–2030 strategy reflects our ambition to become a future-ready financial institution by this decade. It is built on two complementary pillars—Tech Disruption and the Sustainability Agenda—which together enhance our agility and resilience as we work toward a quarter-trillion asset base.

2021
FINANCIAL SERVICES

We are evolving from a traditional financial services provider into a trusted lifestyle partner, enabled by advanced analytics, strong systems, and a purpose-driven culture. Guided by our bold challenger mindset, we continue to innovate while remaining true to our purpose of Empowering Aspirations. Our solutions go beyond business enablement to help customers stay connected with their families and achieve greater financial freedom. Our Sustainability Agenda, shaped by engagement with internal and external stakeholders, is anchored on two verticals—Net Zero and Socially Conscious. Through these, we support the transition to a low-carbon economy, create ESG-related opportunities, empower communities, and equip

our people to lead responsibly. We have embedded sustainability more deeply into our core strategy to create lasting impact for all stakeholders. This integrated approach strengthens financial inclusion, extends our reach to remote and underserved markets, and reinforces our role as a net lender to the rural economy. By aligning digital transformation with environmental responsibility, we are expanding operational capacity without increasing our physical footprint. People remain central to our strategy, and we continue to uphold the highest standards of compliance, governance, and corporate responsibility.



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

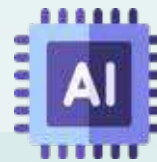
Continuing to be a socially impacting organisation driving towards net zero status

2030

TECH MINDSET WITH FINANCIAL SERVICES LICENSE

QUARTER TRILLION

ASSET BASE



TECH DISRUPTION

- 1 NO POVERTY
- 3 GOOD HEALTH AND WELL-BEING
- 4 QUALITY EDUCATION
- 5 GENDER EQUALITY
- 7 AFFORDABLE AND CLEAN ENERGY
- 8 DECENT WORK AND ECONOMIC GROWTH
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 13 CLIMATE ACTION
- 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
- 17 PARTNERSHIPS FOR THE GOALS

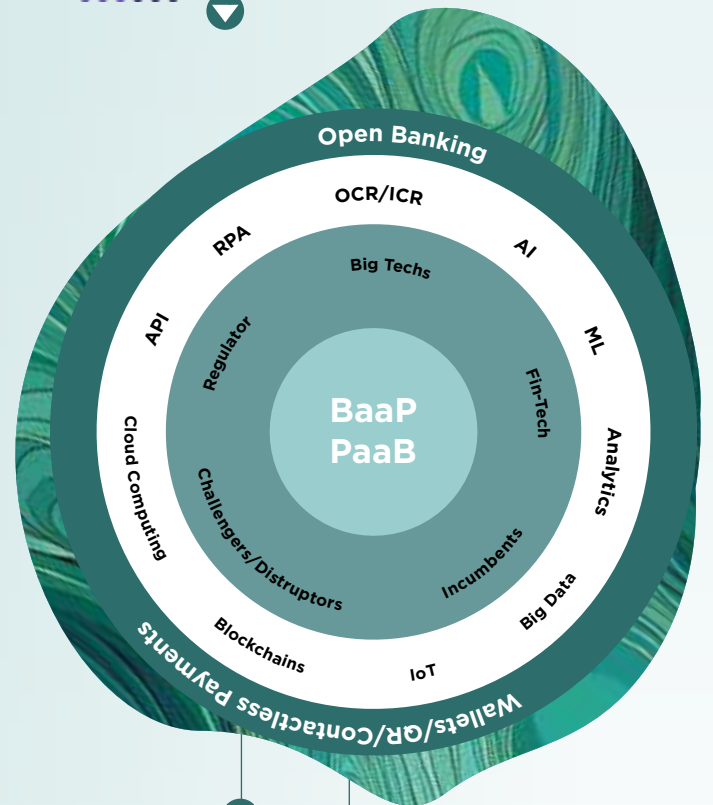
BUSINESS STRATEGY

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

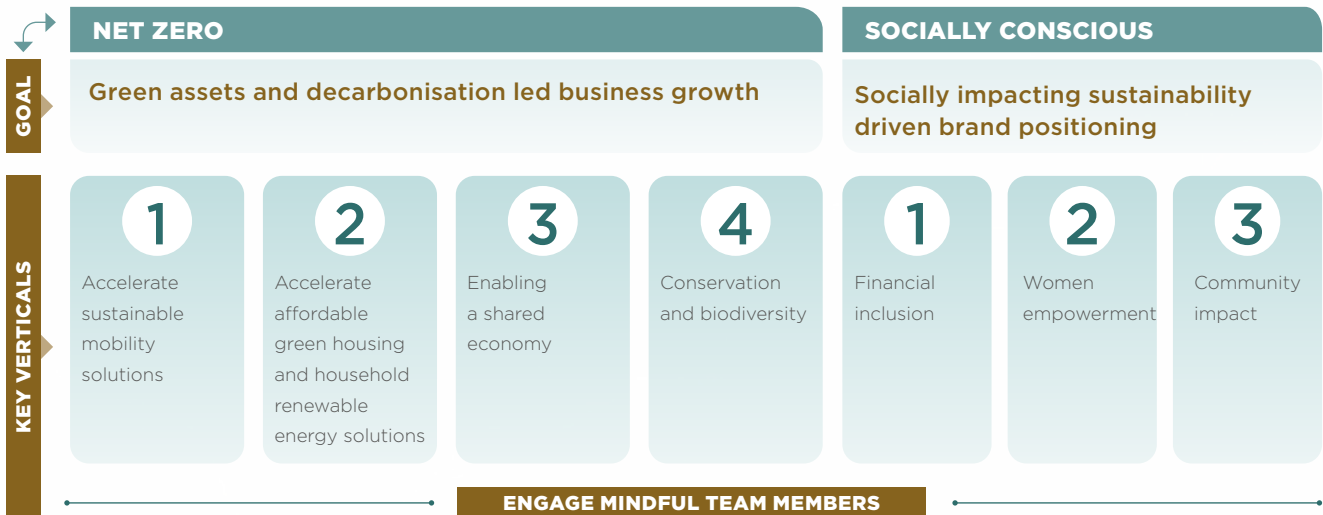
Being less dependent on brick and mortar distribution and driving through digital channels, contributing towards a more resource efficient organisation

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


CDB'S 10 YEAR STRATEGY

SUSTAINABLE GROWTH STRATEGY

At the core of our business strategy is CDB Advance, our sustainability framework for building a greener economy and a more inclusive society. Built on the twin pillars of Net Zero and Socially Conscious, it is delivered through eight key verticals that guide our actions and shape our long-term impact as set out below.



OUR COMMITMENT TO SUSTAINABLE DEVELOPMENT GOALS (SDGs)

Net Zero	
Goal	Green assets and decarbonisation led business growth
Related SDG	Achievements
	<ul style="list-style-type: none"> Implemented a Climate Transition Plan with IFC, including carbon baseline analysis and a scalable green finance model. Supported climate resilience through biodiversity conservation projects, including mangrove, forest, coastal, and coral reef restoration.
	<ul style="list-style-type: none"> Growth in green financing portfolio Growth in Advance Solar Rooftop portfolio

Socially Conscious

Goal Socially impacting brand driven positioning

Related SDG Achievements



- 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.
- Supported economic resilience in marginalised communities through strategic SME assistance and inclusive financial access.



- 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:
 - 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.



- Donated 25 Smart Computer Labs to underprivileged schools under the CDB Smart Computer Lab initiative.
- Awarded 1,300+ scholarships through the Sisudiri Scholarship Programme since 2008.
- Promoted lifelong learning through digital learning platforms and the CDB Academy.
- Invested Rs. 37 million in training and development, total 160,143 hours of training for employee in 2025/26.



- Established the Wings Ecosystem to support women with access to credit, mentoring, and financial services.
- Implementing 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.



- 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.

CDB'S 10 YEAR STRATEGY

AI-led Tech Disruption

Goal **Socially impacting brand driven positioning**

Related SDG **Achievements**



- 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.
- 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.

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

Goal **Green assets and decarbonisation led business growth**

Related SDG **Achievements**



- 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.

AUDITORS' ASSURANCE REPORT ON THE SLFRS SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES



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INDEPENDENT PRACTITIONER'S ASSURANCE REPORT TO THE BOARD OF DIRECTORS OF CITIZENS DEVELOPMENT BUSINESS FINANCE PLC ON THE SLFRS SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES PRESENTED IN THE INTEGRATED ANNUAL REPORT 2025/26

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 SLFRS Sustainability-related Financial Disclosures (the "Subject Matter") contained in Citizens Development Business Finance PLC's (the "Entity's") Integrated Annual Report for the year ended 31 March 2026 (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 Sri Lanka Sustainability Disclosure Standards, SLFRS S1 - General Requirements for Disclosure of Sustainability

related Financial Information and SLFRS S2 - Climate-related Disclosures ("Criteria").

Such Criteria were specifically designed for the disclosure of material information on climate-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity; 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 Citizens Development Business Finance PLC on 24 March 2026. 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.

Partners: D K Hulangamuwa FCA FCMA LLB (London), Ms. Y A De Silva FCA, Ms. G G S Manalunga FCA, W K B S P Fernando FCA FCMA FCCA, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, N M Sulaiman FCA FCMA, Ms. L K H L Fonseka FCA, Ms. P V K N Sajeevani 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, M U M Mansoor ACA

Principals: T P M Ruberu FCMA FCCA MBA, G B Goudan ACMA, D L B Karunathilaka ACMA, W S J De Silva BSc (Hons) - MIS MSc - IT, V Shakhivel B.Com (Sp)

A member firm of Ernst & Young Global Limited

AUDITORS' ASSURANCE REPORT ON THE SLFRS SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

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. 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:

- Conducted interviews with selected key management personnel and relevant staff to understand the business, value chain and sustainability reporting process of the Company.
- Undertook analytical procedures of the data and made inquiries of management to obtain explanations for any significant differences we identified.
- Performed procedures to understand the Company's disclosures in relation to the Conceptual Foundation of SLFRS S1, including fair presentation, materiality, reporting entity, and connected information
- Conducted procedures to understand the governance processes, controls and

procedures employed by the Company to monitor, manage and oversee climate-related risks and opportunities, supported by relevant evidence.

- Perused the minutes of the Board of Directors and Board Sustainability Committee meetings from the financial year to ensure alignment with the content of governance related disclosures.
- Conducted procedures to comprehend the Company's strategy for managing identified climate-related risks and opportunities, supported by relevant evidence and calculations.
- Performed analytical procedures to obtain explanations and supporting evidence regarding the Company's processes for identifying, assessing, prioritising, and monitoring climate-related risks and opportunities, including their integration into the overall risk management framework.
- Conducted analytical procedures to gather explanations and supporting evidence to evaluate the Company's performance in relation to its identified climate-related risks and opportunities, including progress towards any targets the Company has set during the assurance engagement.
- Performed procedures to assess the Company's disclosures and compliance with the General Requirements of SLFRS S1.
- Conducted procedures to evaluate the disclosures regarding judgments and uncertainties in the process of preparing the Company's sustainability-related financial disclosures.

We also performed such other procedures as we considered necessary in the circumstances.

Emphasis of matter

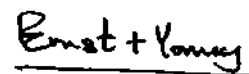
There are inherent limitations in the identification, measurement and disclosure of underlying Subject Matter against the applicable Criteria due to forward looking information, uncertainties and management judgements. For clarity, our engagement does not extend to providing assurance on the accuracy or achievability of these forward-looking information, uncertainties and management judgements.

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to SLFRS Sustainability-related Financial Disclosures for the year ended 31 March 2026, in order for it to be in accordance with the Criteria.

Restricted Use

This report is intended solely for the information and use of Citizens Development Business Finance PLC for the purpose of providing an assurance conclusion on the Subject Matter based on the Criteria and is not intended to be and should not be used by anyone other than those specified parties.



Chartered Accountants

05 June 2026
Colombo

SLFRS SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

This section presents Citizens Development Business Finance PLC's ("CDB" or "the Company") sustainability-related financial disclosures in accordance with SLFRS S1 and SLFRS S2.

Guided by the CDB Advance sustainability strategy, the Company integrates Climate-Related Risks and Opportunities (CRROs) into its governance, strategy, and risk management, Metrics & Targets processes, reinforcing its commitment to advancing a resilient, inclusive, and low-carbon economy in Sri Lanka.

SLFRS S1 & S2

Basis of Preparation

Governance

Strategy

Risk Management

Targets & Metrics

1 BASIS OF PREPARATION

1.1 Reporting Entity and Value Chain

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 2026 -2,308 (2024 - 1,948).

Company provides a range of financial services which are broadly classified as deposit mobilisation products, transactional products and financing products. Deposit products include savings products and term deposits while financing products include leasing, hire purchase, loan facilities, gold loans, Islamic finance products and margin trading. Transactional products vary from foreign exchange, foreign remittances, issuance of international debit and credit cards, and CDB SELF Platform.

VALUE CHAIN

CDB's value chain begins with the mobilisation of capital, technology, and strategic partnerships from upstream stakeholders, which are transformed through core financial intermediation activities into innovative, digitally enabled, and sustainability-driven financial solutions. ESG considerations are systematically embedded across risk management, credit evaluation, and strategic decision-making. The downstream impact is realised through financing individuals and MSMEs, accelerating green asset adoption, promoting financial inclusion, and contributing to broader environmental and social outcomes including emissions reduction, biodiversity conservation, and community development.

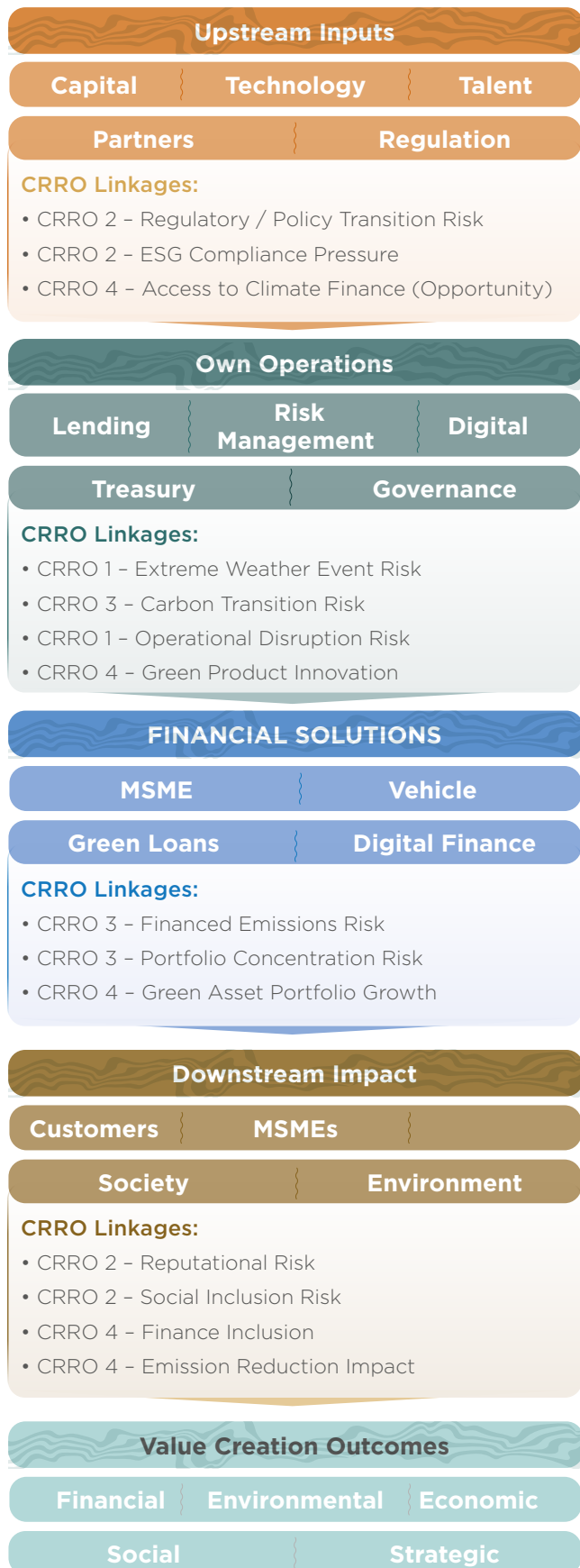
Upstream Value Chain

CDB's upstream value chain comprises the critical inputs and external relationships that enable its operations, including capital mobilised through depositors, institutional lenders, and development finance partners, within a regulatory environment governed by the Central Bank of Sri Lanka and the Colombo Stock Exchange. Technology partnerships support digital platforms, cybersecurity, and data infrastructure, while strategic collaborations with international and sustainability-focused institutions enhance the Company's ability to access green and climate finance and strengthen its sustainability frameworks. Human capital inflows, supported by professional networks and training institutions, ensure the availability of skilled talent to drive digital transformation, while these upstream dependencies also create exposures to evolving regulatory requirements and climate-related financing conditions.

Own Operations

At the core of the value chain, CDB transforms upstream inputs into financial solutions through operations underpinned by strong governance, risk management, and digital capabilities. The Company delivers a diversified portfolio including vehicle financing, MSME lending, and green financing solutions such as electric vehicles and rooftop solar, supporting the transition towards a low-carbon and inclusive economy. Credit evaluation and

SLFRS SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES



underwriting are progressively enhanced through advanced analytics, risk-based pricing, and the integration of environmental and climate-related risk factors. Operations are executed through a nationwide branch network and expanding digital platforms, with treasury and asset-liability management ensuring financial resilience, and human capital development embedded throughout alongside sustainability initiatives spanning electric mobility, renewable energy, and biodiversity conservation.

Downstream Value Chain

CDB's downstream value chain reflects the impact created through its products, services, and stakeholder engagement. By extending financial solutions to individuals and MSMEs — particularly in underserved and rural segments — the Company promotes financial inclusion, supports entrepreneurship, and enhances economic resilience. The expansion of the green asset portfolio, including electric vehicle financing and renewable energy solutions, contributes to the reduction of financed emissions and supports national climate transition goals. Beyond financial services, CDB contributes to broader societal and environmental outcomes through community investment in education, health, and entrepreneurship, as well as environmental conservation initiatives, demonstrating its commitment to creating sustainable long-term value for all stakeholders.

1.2 Basis of Materiality

The Company discloses only those CRROs that could reasonably be expected to affect materially its cash flow, access to finance or cost of capital over the short, medium or long-term.

The Company adopts a double materiality lens when identifying material topics and determining reporting content. This approach considers both financial materiality topics that could potentially impact the Company's ability to create value and impact materiality, which reflects the Company's effects on stakeholders and the environment.

Climate Change and GHG Emissions is considered as a material topic and is elaborated as topic disclosures in the SLFRS S2 report. These issues are reasonably expected to affect the Company's prospects including cash flows, cost of capital and access to finance over the short, medium or long term.

Refer Page 70 for determining materiality

FINANCIAL MATERIALITY

When determining financial materiality for CRROs, the Company has adopted a comprehensive approach that considers both quantitative and qualitative factors. This dual lens ensures that disclosures reflect a balanced view of financial and non-financial impacts, supporting transparency and informed stakeholder engagement.

Material Information Disclosures

Qualitative criteria

Quantitative criteria

1.2.1 Quantitative Materiality

Based on the Company's performance, the potential impact of CRROs on the Company's prospects, the Company has established the quantitative thresholds for disclosing financial material information as follows.

Quantitative Thresholds for Materiality

A CRRO is deemed financially material if it meets one or more of the following thresholds resulting in an impact on Company's prospects, either individually or cumulatively:

Metric	Benchmark	Threshold
Profit & Loss	Average Profit Before Tax (3 years)	5%
Financial position	Average Total Assets (3 years)	1%
Cash Flow	Average Net Operating Cash Flow (3 years)	5%

These materiality thresholds have been determined based on the Company's standalone financial statements, informed by an analysis of historical data over the past three years, as well as professional judgment and insights regarding the identified CRROs and their potential impact. These thresholds will be reviewed annually to reflect any changes in circumstances or underlying assumptions.

1.2.2 Qualitative Materiality

A climate-related matter may be considered material irrespective of its financial magnitude where its nature is significant. Key considerations include the following:

Regulatory and Compliance Factors

Includes non-compliance with Central Bank directives, SLFRS/IFRS requirements, or legal obligations

Strategic Relevance

Impact on the Company's strategic priorities, including green portfolio growth, funding access, and core business activities

Reputational Impact

Potential effects on brand value, stakeholder confidence, ESG ratings, and investor perception

Social and Community Impact

Implications for financial inclusion initiatives, community-sensitive sectors, and development programmes

Governance Considerations

Issues relating to ethical conduct, internal controls, and oversight by the Board and senior management

1.3 Functional Currency

The Financial Statements of the Company are presented in Sri Lankan Rupees (LKR), which is the currency of the primary economic environment in which the Company operates. Financial information presented in Sri Lankan Rupees has been rounded to the nearest thousand unless indicated otherwise. There was no change in the Company's presentation and functional currency during the year under review.

1.4 Sources of Guidance

Non-financial disclosures have been prepared in reference to the following sources of guidance in identification and disclosure of CRROs;

- SLFRS S1 – General Requirements for Disclosure of Sustainability related Financial Information
- SLFRS S2 – Climate-related Financial Disclosure Standard
- Sustainability Accounting Standard Board (SASB) – For Commercial Banks and For Consumer Finance
- Sustainable Finance Roadmap 2.0 issued by the Central Bank of Sri Lanka
- Sri Lanka's Nationally Determined Contributions (NDCs) 3.0 (2026-2035)
- IPCC climate science frameworks
- PCAF and GHG Protocol methodologies
- Sri Lanka National Disaster Management Plan 2023-2030
- Risk Index for Sri Lanka – Published by National Disaster Centre

SLFRS SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

1.5 Reporting Period

The reporting period covers the twelve months from 1 April 2025 to 31 March 2026, during which all financial and non-financial information on CRROs has been compiled to reflect the Company’s performance, strategic initiatives and stakeholder engagement.

1.6 Time Horizons

We assess material CRROs across short, medium and long-term to support informed decision making and strategic planning. The current reporting year is identified as financial year 2025/26.

1.6.1 Basis of Defining the Time Horizon

In assessing and identifying CRROs, the Company adopts a holistic approach that considers the full spectrum of potential impacts across its operations, business value chain and broader business environment. Accordingly, time horizons are defined as short-term, medium-term and long-term, considering the nature, severity and expected progression of both transitional and physical climate factors. This approach ensures that climate considerations are systematically integrated into strategic planning, resource allocation and resilience-building efforts.

As the Company’s strategic plan is designed for the current decade, climate-related impacts expected within this period are assessed in detail to ensure strategic alignment. Acute physical risks, particularly extreme climate events, are reviewed on an annual basis to understand their geographic and operational implications. To establish the

long-term horizon, the Company references national climate projections, including Sri Lanka’s Nationally Determined Contributions (NDC) 3.0. These insights collectively guide the Company in setting appropriate time horizons and anticipating how CRROs may evolve over time.

This structured approach enables the Company to evaluate emerging issues with clarity and foresight, ensuring alignment with both immediate priorities and long-term strategic objectives as per below time horizons.

Time horizon	Years	Definition
Short term	1 to 3 Years	FY2026/27 to FY2028/29
Medium term	4 to 5 Years	FY 2029/30 to FY 2030/31
Long term	More than 5 Years	Beyond FY 2030/31

*The current term is considered the current financial reporting period, which is FY 2025/26.

In preparing the climate-related financial disclosures, management has exercised its judgement in applying sustainability policies and making estimates and assumptions concerning the future. Actual results may differ from those estimates and assumptions.

1.7 Connected Information

Cross referencing and the following navigation icons have been used across the report to demonstrate links between,



SLFRS S1 and S2 section	Primary location of disclosures	Location of connected information
Governance	SLFRS S1 & S2 disclosures	Corporate Governance at CDB pages 40 to 61 Board Sustainability Committee Report pages 240 to 242
Strategy	SLFRS S1 & S2 disclosures	Our Strategy pages 78 to 53
Risk Management	SLFRS S1 & S2 disclosures	Risk Management Report pages 218 to 235
Metrics & Targets	SLFRS S1 & S2 disclosures	Natural Capital Report pages 197 to 215

1.8 Transitional Reliefs

The Company has applied the transitional reliefs permitted under SLFRS S1 and S2, as issued by CA Sri Lanka, in preparing this year's SLFRS sustainability-related financial disclosures.

- SLFRS S1 - Disclosure of information only on CRROs
- SLFRS S2.C3 - Disclosure of comparative information
- SLFRS S2.29.(a).(i).(3) - Disclosure of Scope 3 greenhouse gas emissions
- SLFRS S2.15.(b) - Disclosure of qualitative information regarding anticipated risks and opportunities
- SLFRS S2.22 - Disclosures on Climate resilience

1.9 Professional Judgements, Uncertainties and Proportionality

The Company's climate-related financial disclosures involve professional judgment and estimation due to the future-oriented and evolving nature of relevant risks and opportunities. The Company applies reasonable and supportable information available at the reporting date, without incurring undue cost or effort. Further, the Company has used the skills, capabilities and resources available at the reporting date wherever quantifying the impact of identified CRROs. The key areas involving professional judgment, measurement uncertainty and forward-looking assumptions are listed below.

1.9.1 Key Areas of Professional Judgement and Uncertainties

The Company exercised professional judgement in areas of technical application due to the dependency of contextual interpretation. These judgments are critical to ensure that

the disclosures are meaningful and aligned with the decision-making needs of primary users.

Key areas include:

- Materiality Threshold
- Definition of Value Chain
- Time Horizon Classification
- Identification of CRROs
- Quantifying the Financial Impact

1.9.2 Key Areas of Measurement Uncertainty

- GHG Emission Quantification
- GHG Emission Factors
- Physical Climate Risk Projection
- Regulatory and Policy Forecasts
- Results of the Output
- Likelihood of Occurrence of CRROs

1.9.3 Key Areas of Forward-Looking Statements and Limitations

- Expected Benefits of the Climate-related Opportunities
- Transforming the Existing Business Model

Commitment Going Forward

1. Improve the data collection system.
2. Evaluate the risks and opportunities based on the climate scenarios

1.10 Statement of Compliance

This report represents a complete set of sustainability-related financial disclosures for CDB PLC (the Company) for the year ended 31 March 2026. The Company's sustainability-related disclosures have been prepared in accordance with SLFRS Sustainability Disclosure Standards as issued by the Institute of Chartered Accountants of Sri Lanka.

2 GOVERNANCE

CDB has established a robust governance framework to oversee sustainability-related matters, ensuring alignment with its long-term strategy under CDB Advance. This framework enables effective oversight, accountability, and integration of sustainability into decision-making processes, in line with SLFRS S1 and S2.

2.1 Board Oversight Role

The Board of Directors retains ultimate responsibility for overseeing sustainability-related matters, including climate-related risks and opportunities. To support this responsibility, the Board has established a dedicated Board Sustainability Committee (BSC), which provides focused oversight, strategic guidance, and monitoring of sustainability-related initiatives.

The BSC plays a critical role in ensuring that sustainability considerations are embedded across the Company's business model, operations, and long-term strategic planning, enabling CDB to deliver sustainable value over the short, medium, and long term.

2.1.1 Governance Oversight Structure

CDB's sustainability governance is structured to ensure clear accountability and effective coordination:

SLFRS SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES



This structure facilitates the integration of sustainability across governance, strategy, risk management, and operations.

2.1.2 Responsibilities

Clearly defined governance structures, committee mandates and regular reporting to the Board, ensure that there is Board oversight on the implementation of environmental, social and governance matters, including the effective management of SRROs according to the TOR.

Delegation of sustainability-related responsibilities outlined as per the TOR of BSC;

- Reviewing and approving sustainability strategies, policies, and targets
- Overseeing the identification and prioritisation of SRROs and CRROs

- Ensuring integration of sustainability considerations into the Company’s business model, strategy, and risk management processes
- Monitoring performance against sustainability-related targets and metrics
- Reviewing sustainability-related financial disclosures, including compliance with SLFRS S1 and S2

The BSC also ensures that sustainability-related matters are appropriately considered in key decisions, including major transactions and strategic initiatives.

The BSC was formed on 01 February 2026 to lead the Company’s sustainability agenda. Its role is to promote responsible business practices in line with Environmental, Social and Governance (ESG) principles, which are increasingly important in the financial sector.

The BSC consists of four Board members, including at least two Independent Director, along with the Managing Director/CEO. The Head of Sustainability serves as the Secretary to the Committee (and in his absence, a nominated representative will take over the role).

BSC meets quarterly, with the flexibility to arrange additional meetings when needed.

Through its work, the Committee aims to position the Company as a forward-thinking institution that meets both local and global sustainability expectations. Refer to the Report of the BSC, including details of attendance on page 240.

2.1.3 Skills and Competencies

As ESG is an emerging skill, the Board of Directors conducted an assessment based on their experience and exposure to the sustainability space through ESG skill mapping.

The BSC continues to be responsible for strategic formulation and holds accountable for oversight of climate-related risks and opportunities.

The Board monitors the ESG strategy, including adaptation and mitigation strategies developed by management to achieve climate-related targets. This year BSC approved climate-related strategies for managing identified CRROs. Drawing on their collective experience, the respective sub committees made the decisions.

Further, the Board of Directors are provided with expertise development programmes to address these areas and support the Board in making more informed and sustainable decisions. Additionally, the Company provided SLFRS learning resources and external training to the Board of Directors to enhance their understanding of SLFRS S1 and S2 Standards.

22.75 hours Total number of trained hours during the FY 2025/26

Topics Covered:

- Introduction to SLFRS Sustainability Disclosure Standards and Key Disclosure Requirements
- Role of Board of Directors
- Board's Role in Mandatory Sustainability Reporting

This capacity building process and providing timely learning solutions is not a one-time activity. It is a recurring, evolving effort aimed at equipping the Board and employees with the necessary knowledge to make informed, practical and sustainability-focused decisions. By regularly assessing gaps and offering

relevant educational resources, the Company ensures that its leadership and workforce remain aligned with global standards and emerging best practices.

2.1.4 Inform and Address

The Company operates a strong governance framework to oversee sustainability and Climate-Related Risks and Opportunities (CRROs), aligned with SLFRS S1 and S2. The BSC leads implementation oversight, the BIRMC monitors risk and CRRO assessments.

During the year, the Board approved key CRROs and corresponding strategies, embedding sustainability into core decision-making. Ongoing Board and Sub-Committee engagements ensure continuous oversight and integration of sustainability into the Company's strategy.

The Board is kept informed through multiple structured channels. Sustainability and climate-related matters are regularly tabled at Board and Sub-Committee meetings, ensuring continuous oversight and integration into business strategy.

2.1.5 Monitor

The monitoring of climate-related risks and opportunities at the Company is embedded within the Company's integrated governance framework to ensure effective oversight, accountability, and compliance with SLFRS S1 and S2.

At Board level, oversight is structured as follows:

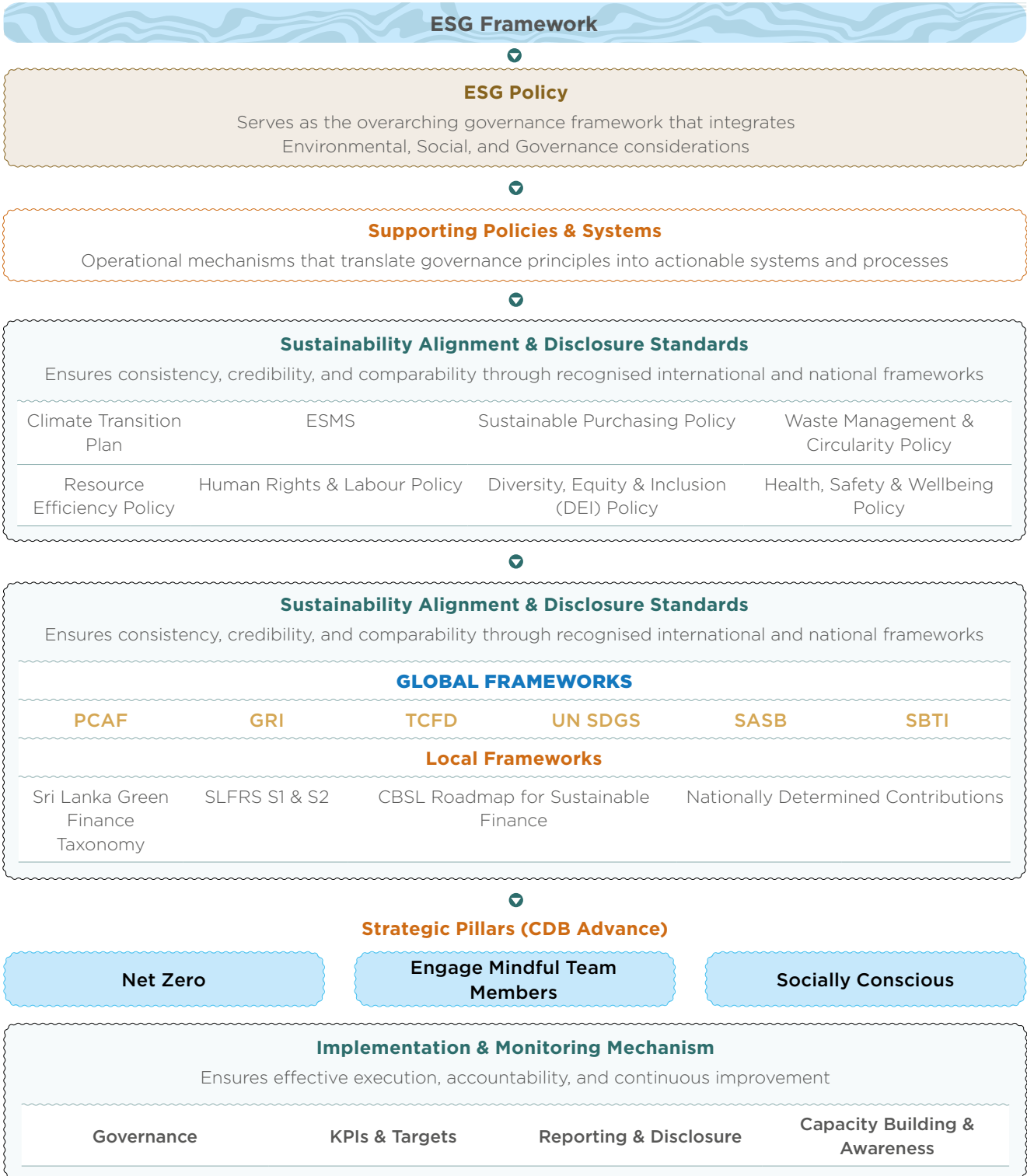
- The Board Integrated Risk Management Committee (BIRMC) monitors the implementation of SLFRS S1 and S2 requirements and ensures that climate-related risks and opportunities are effectively integrated into the Company's Enterprise Risk Management (ERM) framework.
- The Board Sustainability Committee (BSC) provides overall oversight on climate-related matters, including CRRO performance, ESG strategy execution, and sustainability disclosures, with quarterly monitoring and review.

This monitoring framework is further operationalised through a suite of internal policies, procedures, and manuals that guide implementation, measurement, and reporting. These include:

- ESG Policy
- ESMS Policy
- Integrated Risk Management Policy
- Credit Risk Management Policy

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Together, these frameworks enable the systematic identification, tracking, and management of climate-related risks and opportunities across the organisation.



2.1.6 Remuneration Linkages

The Board, with the support of the BSC, oversees the alignment of sustainability-related performance with remuneration policies, where applicable. This integration process is currently in progress, sustainability-related metrics are not formally linked to remuneration frameworks at present.

2.2 Management Role

2.2.1 ESG Steering Committee

To operationalise ESG strategies and execute the action plans, a managerial-level ESG Steering Committee was formally formed in January 2024.

This committee facilitates the implementation of Board-approved ESG strategies and manage the ESG risks while embracing the opportunities.

The ESG Committee acts as a liaison between the BSC and operational teams. The ESG Steering Committee is responsible for following duties as outlined in the Terms of Reference.

- Develop the Company's ESG/ Sustainability Strategy and Policies
- Evaluate and decide on the necessary infrastructure and modifications to existing processes, procedures, and policies to facilitate the ESG/ Sustainability policy implementation
- Integration of ESG/Sustainability Matters into Company's business model, ERM value chain, culture and day-to-day operations
- Improvement of ESG/ Sustainability Disclosures and Performance

The ESG Steering Committee works closely with divisional and functional teams to identify and assess key climate-related risks, opportunities, and data gaps relevant to the standards. This includes monitoring

the evolving regulatory and policy landscape, interpreting guidance issued by CA Sri Lanka and IFRS Foundation, and ensuring consistent and accurate application of the standards across the team. The Committee also facilitates cross-functional collaboration to strengthen governance, data management, and reporting systems, driving the integration of sustainability-related financial disclosures into the Company's overall corporate reporting and decision-making processes.

2.2.2 Sustainability Division

The Sustainability Division, comprising sustainability professionals with relevant qualifications and experience, actively plans, implements, and monitors climate impact management initiatives. These efforts are aligned with the Company's overall sustainability strategy and carried out under the oversight of the ESG Steering Committee. The sustainability Division coordinates data collection, validation, and reporting processes related to sustainability and climate disclosures, ensuring consistency and accuracy across business units. It also monitors regulatory updates, identifies capacity building needs, and supports the integration of sustainability-related information into existing reporting systems. Working closely with the ESG Steering Committee, ensures submitting sustainability-related strategic business unit level information for the disclosure requirements thereby facilitating a smooth and compliant implementation of SLFRS S1 and S2 standards across the Company.

2.3 Internal Controls and Procedures

In line with its ongoing commitment to sustainability, the Company operates under key policies and related procedures. This helps guide daily financial activities in a way that

minimises environmental impact and supports responsible business practices.

2.3.1 Sustainability Agenda

Our comprehensive sustainability approach, CDB Advance, is embedded at the core of our business strategy, guiding how we create long-term value for all stakeholders. The Sustainability Pillar is anchored on two key verticals— Net-Zero and Socially Conscious— which collectively drive our efforts to support clients in transitioning towards a low-carbon economy, expand access to value-driven solutions, unlock ESG-related opportunities, and empower communities. In parallel, we continue to strengthen internal capabilities, equipping our people to effectively lead and sustain these initiatives.

ESG principles are fully integrated into our corporate strategy through this Sustainability Agenda, ensuring that environmental and social considerations, alongside robust governance practices, are embedded in decision-making across operations, investments, and long-term planning.

Our ESG Strategy further reinforces the Company's approach to managing climate-related risks and opportunities. It enables the systematic identification, assessment, and management of these factors, aligning with our broader sustainability ambitions and supporting compliance with SLFRS S2 - Climate-related Disclosures.

2.3.2 ESG policy and Procedure Manual

The Company's Environmental, Social and Governance (ESG) Policy, together with its comprehensive Procedure Manual, is fully aligned with the overarching Sustainability Framework. The ESG Policy strengthens the Company's governance framework while enhancing alignment with evolving

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sustainability disclosure requirements. It establishes a structured approach for integrating environmental, social, and governance principles across operations, investments, and the broader business strategy.

To support effective implementation, a detailed ESG Procedure Manual has been developed and adopted to operationalise the Policy. The Manual translates the ESG Policy into clear, actionable procedures, supported by defined roles, accountability structures, and standardised workflows. This ensures consistent application across all business units and operational levels.

The Manual is designed to embed sustainability into core business processes by ensuring that commitments are measurable, transparent, and integrated into decision-making, risk management, and day-to-day operations. Collectively, the ESG Policy and Procedure Manual enhance the Company's ESG governance architecture and strengthen its readiness to comply with emerging sustainability disclosure and regulatory requirements.



Refer ESG Policy

2.3.3 Policies and Procedures Under Enterprise Risk Management Framework

ESMS Policy and Procedure

Recognising the importance of sustainability-related risks and opportunities within its lending portfolio, CDB has implemented a Board approved Environmental and Social Risk Management System (ESMS). This policy is designed to identify, assess, mitigate and manage

environmental and social risks in lending operations. It reinforces the Company's commitment to ESG considerations and responsible lending practices.

Integrated Risk Management Policy and Procedure

Unified framework for managing all major risk categories - credit, market, operational, and ESG-related risks within the Company's Enterprise Risk Management structure.

Credit Risk Management Policy and Procedure

Fundamental part of the Company's Enterprise Risk Management Framework, designed to safeguard financial stability by managing credit exposures effectively.

2.3.4 Procedure on Sustainable Lending Activities

This outlines how the CDB integrates environmental and social considerations into its lending operations to support responsible financing and climate goals.

2.3.5 GHG Operational Manual

A structured framework for measuring, managing, and reporting greenhouse gas emissions in line with ISO 14064-1:2018 Specification with guidance at the organisation level for quantification and reporting of greenhouse gas emissions and removals and global standards such as the GHG Protocol.

2.3.6 Terms of Reference

The Terms of Reference (TOR) have been implemented for the Board Sustainability Committee and the ESG Steering Committee to define their specific responsibility to identify, assess, prioritise and monitor the CRROs. These TORs are designed to establish clear governance frameworks for both the Board and Management in overseeing ESG and sustainability initiatives within the Company. They

encompass a comprehensive scope of activities including operations (such as lending, borrowing and investments), risk management, materiality assessment and CSR activities ensuring a holistic approach to sustainability.

3 STRATEGY

This section outlines how the CDB manages its CRROs and embeds to the decision-making.

3.1.1 Global Context

The global risk landscape is increasingly shaped by climate-related risks, with extreme weather events, ecosystem degradation, and resource scarcity emerging as critical threats to economic stability. Scientific consensus indicates that global temperatures have already risen significantly due to human activity, intensifying the frequency and severity of climate-related disruptions. These developments are accelerating the transition toward a low-carbon economy, driven by international commitments such as the Paris Agreement.

For financial institutions, these shifts present both systemic risks and strategic opportunities. Climate change has direct implications for credit risk, asset valuation, and portfolio resilience, while the transition to a low-carbon economy requires significant capital mobilisation. Consequently, financial institutions are required to strengthen climate risk management practices, enhance disclosure frameworks, and align lending strategies with evolving regulatory, market, and stakeholder expectations.

3.1.2 Sri Lankan Context

Sri Lanka remains highly vulnerable to climate change due to its geographic and economic characteristics. Increasing frequency of floods, droughts, landslides, and rainfall variability continues to disrupt key sectors such as

agriculture, SMEs, and infrastructure, thereby influencing borrower repayment capacity and asset quality across the financial system.

At the same time, the national policy and regulatory landscape is evolving rapidly. The country's climate commitments and sustainable finance initiatives are driving increased focus on climate risk integration within financial institutions. Regulatory developments, including the adoption of SLFRS S1 and S2, are reinforcing the need for enhanced climate-related disclosures, improved governance, and integration of transition risks into financial decision-making.

In parallel, growing demand for renewable energy, electric mobility, and climate-resilient investments is creating new opportunities for financial institutions to support

sustainable economic development while strengthening long-term portfolio resilience.

3.1.3 Alignment to CDB's Strategy and Decision-Making

CDB integrates climate-related risks and opportunities (CRROs) into its strategic planning and decision-making processes to ensure long-term resilience and value creation. This integration is embedded through multiple mechanisms across governance, risk management, and operational frameworks.

Climate-related considerations are incorporated into the annual corporate planning and budgeting process, ensuring alignment between strategic priorities and sustainability objectives. ESG and climate-related risk factors are assessed as part of investment and lending decisions, strengthening credit evaluation processes and

enhancing risk-informed capital allocation.

Furthermore, climate-related risks are progressively embedded within the enterprise risk management framework, enabling systematic identification, assessment, and monitoring of exposures across the portfolio. Progress against climate-related targets and strategic initiatives is regularly reviewed by the Board and relevant Board sub-committees, ensuring strong oversight and accountability.

Informed by both global and local developments, CDB has identified key climate-related risks and opportunities that could materially impact its business model, financial performance, and long-term prospects.

Identified Climate-Related Risks and Opportunities

CDB has identified the following key CRROs:



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3.1.4 Classification of CRROs

Risk 1: Extreme Weather Events

CRRO 1	Extreme Weather Events	
CRROs impact on Prospects	Description	<p>Extreme weather events, including floods, droughts, and landslides, present a material physical risk to CDB’s portfolio and operations. These events can impair borrower repayment capacity, reduce collateral values, and disrupt service delivery, particularly in climate-sensitive sectors and high-risk regions.</p> <p>Over time, this may lead to increased credit losses and operational disruptions. However, proactive risk integration and resilience-building measures will enhance portfolio stability, operational continuity, and long-term value preservation, in line with CDB’s strategy of responsible and resilient financing.</p>
	Physical Risk or Transition Risk	Physical
	Time Horizon	Short, Medium & Long term
	Define time horizon	Refer 1.6.1 Basis of Defining the Time Horizon on page 88
Business Model and Value Chain	Current Effects on Business Model and Value Chain	While no material impact has been observed to date, underlying exposure exists through sectoral and geographic concentrations within the lending portfolio.
	Anticipated Effects on Business Model and Value Chain	<p>Elevated credit risk in climate-sensitive sectors</p> <p>Operational disruptions and increased recovery costs</p> <p>Need for systematic integration of climate risk into credit and portfolio management</p>
	Where is it Concentrated?	<p>Operational Risk: Extreme weather events disrupt branch operations, service delivery, and business continuity across CDB’s physical network.</p> <p>Credit Risk: Borrower repayment capacity and collateral values in climate-sensitive sectors (agriculture, SMEs, housing) are adversely impacted by floods, droughts, and landslides.</p> <p>Market Risk: Physical disruptions to economic activity in climate-vulnerable regions affect asset valuations and portfolio performance.</p> <p>Liquidity & Funding Risk: Climate-driven credit losses and operational disruptions may constrain liquidity positions and access to funding.</p>
Strategy and Decision Making	Plans to respond Strategy, Risk Management, Transition Plans and Climate-related Targets	<p>Short Term</p> <ul style="list-style-type: none"> Strengthen climate risk identification and portfolio mapping capabilities Embed climate risk indicators into credit appraisal frameworks Enhance business continuity and disaster recovery mechanisms <p>Medium Term</p> <ul style="list-style-type: none"> Rebalance portfolio by reducing concentration in high-risk geographies Scale climate-resilient and insurance-linked financing solutions Upgrade infrastructure resilience across branch network <p>Long Term</p> <ul style="list-style-type: none"> Transition toward a climate-resilient portfolio aligned with risk-adjusted returns
	How the Company is Resourcing and Plan to Resource Activities	<ul style="list-style-type: none"> Expand digital service delivery models to mitigate physical disruption risks Integration into enterprise risk management systems Investment in data analytics, climate risk tools, and staff capability building Alignment with CDB Advance – strengthening resilience across lending operations

CRRO 1	Extreme Weather Events	
	Progress (qualitative and quantitative)	<ul style="list-style-type: none"> • Climate-sensitive exposure mapping initiated (baseline established in current year) • Integration of climate risk indicators underway (compared to prior year: no formal climate risk indicators were embedded in credit appraisal; current year marks commencement of integration) • Early improvements in portfolio diversification and resilience planning (compared to prior year: portfolio remained concentrated in climate-vulnerable sectors; current year saw initial rebalancing efforts and resilience planning activities commencing)
Financial Effects	Current year financial effects to PL, BS and CF	No material financial impact
	Significant risk of material adjustments to carrying value of assets and liabilities in the next financial year	No significant risk identified in the immediate next financial year.
	Anticipated financial effect over short, medium and long term to PL, BS and CF	As this section is subject to transitional relief, reference could be made to the transitional relief disclosed in the Basis of Preparation section.
Climate resilience	Resilience Assessment	As this section is subject to transitional relief, reference could be made to the transitional relief disclosed in the Basis of Preparation section.
	How and When Climate Scenario Analysis was performed. Disclosure of (i) Inputs; (ii) Key Assumptions, and (iii) Reporting period in which scenario analysis was carried out	As this section is subject to transitional relief, reference could be made to the transitional relief disclosed in the Basis of Preparation section.
Judgements and Uncertainties	Judgements and Uncertainties	<p>The Company has determined that sectors with high physical asset exposure and climate sensitivity, together with lending exposures concentrated in climate-vulnerable geographies—including flood-prone and coastal areas, landslide-risk hill country, and provinces such as Eastern, Uva, and Northern—represent the most vulnerable segments of its portfolio, as increasing frequency and severity of extreme weather events are expected to adversely impact borrowers' repayment capacity, collateral values, operational continuity, and cost structures.</p> <p>Uncertainty in frequency, severity, and borrower-level impacts of climate events</p>

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Risk 2: Regulatory, Policy & Legal Transition

CRRO 2		Regulatory, Policy & Legal Transition
CRROs impact on Prospects	Description	<p>The evolving regulatory landscape, including SLFRS S1 & S2 and increasing supervisory expectations, will significantly influence CDB's operating environment. While this introduces incremental compliance costs and operational complexity, it also enhances transparency, governance, and investor confidence.</p> <p>Effective adaptation will strengthen regulatory standing, reputation, and access to capital, positioning CDB as a leader in climate governance.</p>
	Physical Risk or Transition Risk	Transition
	Time Horizon	Short, Medium & Long term
	Define time horizon	Refer 1.6.1 Basis of Defining the Time Horizon on page 88
Business Model and Value Chain	Current Effects on Business Model and Value Chain	<p>The current year impact of Regulatory, Policy & Legal Transition risk on CDB's business model has been assessed as not material against the Company's materiality thresholds. Accordingly, no material financial effect has been recorded in the current reporting period. The following observations reflect the early-stage compliance activities underway: Increased focus on climate disclosures and compliance readiness</p> <p>Initial investments in systems and reporting frameworks</p>
	Anticipated Effects on Business Model and Value Chain	<p>Elevated compliance and reporting obligations across governance, lending, and financial reporting functions as climate regulatory requirements become fully embedded</p> <p>Increased compliance and operational costs in the short to medium term, offset by improved stakeholder confidence, enhanced ESG ratings, and improved access to green and concessional funding in the long term</p>
	Where is it Concentrated?	<p>Regulatory and Compliance Risk: CDB faces increased obligations to comply with SLFRS S1 & S2 sustainability disclosure standards, Central Bank of Sri Lanka supervisory expectations, and evolving green finance taxonomies, requiring significant investment in data systems, governance frameworks, and internal controls.</p> <p>Business and Strategic Execution Risk: Failure to adapt the business model to meet regulatory timelines may result in reputational damage, loss of investor and depositor confidence, and reduced access to climate-linked capital markets.</p> <p>Credit Risk: Regulatory pressure to decarbonise lending portfolios may necessitate changes in credit policies, sector limits, and product structures, with potential near-term impacts on lending volumes and credit quality in carbon-intensive segments.</p>
Strategy and Decision Making	Plans to respond Strategy, Risk Management, Transition Plans and Climate-related Targets	<p>Short Term</p> <ul style="list-style-type: none"> Implement SLFRS S1 and S2 frameworks Establish robust ESG data governance and reporting systems <p>Medium Term</p> <ul style="list-style-type: none"> Integrate climate considerations into credit risk and policy frameworks Strengthen internal controls, compliance monitoring, and audit processes <p>Long Term</p> <ul style="list-style-type: none"> Achieve fully embedded climate governance and reporting integration Obtain external assurance of climate disclosures

CRRO 2		Regulatory, Policy & Legal Transition
	How the Company is Resourcing and Plan to Resource Activities	<ul style="list-style-type: none"> Investment in data infrastructure, reporting systems, and governance frameworks Upskilling teams across risk, finance, and sustainability Alignment with CDB Advance - governance excellence and transparency
	Progress (qualitative and quantitative)	<ul style="list-style-type: none"> SLFRS readiness assessments completed Disclosure frameworks under development Progressive improvement in data quality and gap closure
Financial Effects	Current year financial effects to PL, BS and CF	The current year financial impact of Regulatory, Policy & Legal Transition risk has been assessed as not material against the Company's materiality thresholds. Accordingly, no material adjustments to the financial statements are required for the current reporting period. No significant incremental compliance-related expenditure has been incurred in the current year.
	Significant risk of material adjustments to carrying value of assets and liabilities in the next financial year	No significant risk identified in the immediate next financial year.
	Anticipated financial effect over short, medium and long term to PL, BS and CF	As this section is subject to transitional relief, reference could be made to the transitional relief disclosed in the Basis of Preparation section.
Climate resilience	Resilience Assessment	As this section is subject to transitional relief, reference could be made to the transitional relief disclosed in the Basis of Preparation section.
	How and When Climate Scenario Analysis was performed. Disclosure of (i) Inputs; (ii) Key Assumptions, and (iii) Reporting period in which scenario analysis was carried out	As this section is subject to transitional relief, reference could be made to the transitional relief disclosed in the Basis of Preparation section.
Judgements and Uncertainties	Judgements	The Company has determined that evolving climate-related regulations, supervisory expectations, disclosure standards (including SLFRS S1/S2), carbon-related policies, and green finance taxonomies constitute a material transition risk, with the potential to significantly impact its compliance obligations, lending practices, product structures, and overall business model. Failure to adequately align with these evolving requirements may result in increased compliance and reporting costs, as well as heightened legal and reputational exposure.
	Uncertainties	Uncertainty around timing and stringency of future regulations

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Risk 3: Carbon Transition & Financed Emissions

CRRO 3 Carbon Transition & Financed Emissions		
CRROs impact on Prospects	Description	<p>The transition to a low-carbon economy introduces structural changes to CDB's portfolio and risk profile, particularly in carbon-intensive sectors. Borrowers in these sectors may face higher operating costs and reduced competitiveness, increasing credit risk.</p> <p>At the same time, this transition presents a strategic opportunity to reallocate capital toward sustainable sectors, improving portfolio quality, reducing long-term risk exposure, and enhancing growth prospects aligned with global climate trends.</p>
	Physical Risk or Transition Risk	Transition
	Time Horizon	Short, Medium & Long term
	Define time horizon	Refer 1.6.1 Basis of Defining the Time Horizon on page 88
Business Model and Value Chain	Current Effects on Business Model and Value Chain	<p>The current year impact of Carbon Transition & Financed Emissions risk on CDB's business model and value chain has been assessed as not material against the Company's materiality thresholds. No material financial effect has been recorded in the current reporting period in respect of this risk. The following activities reflect the initial steps taken to measure and manage financed emissions exposure: Initiation of financed emissions measurement (PCAF)</p>
	Anticipated Effects on Business Model and Value Chain	<p>Gradual erosion of asset quality in carbon-intensive lending segments as regulatory carbon pricing and market shifts reduce borrower competitiveness and repayment capacity, leading to higher credit risk and potential impairment of exposures in these sectors</p> <p>Structural shift in portfolio composition driven by increased borrower and investor demand for green and transition finance products, resulting in reduced exposure to carbon-intensive sectors over the medium to long term</p> <p>Enhanced credit risk differentiation between high-carbon and low-carbon borrowers, with emissions considerations becoming a material factor in credit pricing, capital allocation, and portfolio concentration limits</p>
	Where is it Concentrated?	Credit Risk, Business and Strategic Execution Risk,
Strategy and Decision Making	Plans to respond Strategy, Risk Management, Transition Plans and Climate-related Targets	<p>Short Term</p> <ul style="list-style-type: none"> Establish financed emissions baseline using PCAF methodology Identify and segment high-carbon exposure within portfolio <p>Medium Term</p> <ul style="list-style-type: none"> Expand green financing (solar, EVs, energy-efficient assets) Introduce carbon risk scoring into credit evaluation processes <p>Long Term</p> <ul style="list-style-type: none"> Achieve a defined portfolio decarbonisation pathway Align lending strategy with low-carbon economic sectors
	How the Company is Resourcing and Plan to Resource Activities	<ul style="list-style-type: none"> Development of emissions measurement systems and analytics capabilities Integration into credit risk and portfolio management frameworks Leveraging initiatives such as eShift to drive transition financing

CRRO 3		Carbon Transition & Financed Emissions
	Progress (qualitative and quantitative)	<ul style="list-style-type: none"> • Baseline emissions measurement initiated • Growth in green portfolio segments • Early-stage integration of climate metrics into lending decisions
Financial Effects	Current year financial effects to PL, BS and CF	No material financial impact
	Significant risk of material adjustments to carrying value of assets and liabilities in the next financial year	No immediate significant adjustment risk
	Anticipated financial effect over short, medium and long term to PL, BS and CF	As this section is subject to transitional relief, reference could be made to the transitional relief disclosed in the Basis of Preparation section.
Climate resilience	Resilience Assessment	As this section is subject to transitional relief, reference could be made to the transitional relief disclosed in the Basis of Preparation section.
	How and When Climate Scenario Analysis was performed. Disclosure of (i) Inputs; (ii) Key Assumptions, and (iii) Reporting period in which scenario analysis was carried out	As this section is subject to transitional relief, reference could be made to the transitional relief disclosed in the Basis of Preparation section.
Judgements and Uncertainties	Judgements	The Company has determined that exposures to carbon-intensive sectors and borrowers with high financed emissions represent a material source of transition risk within its portfolio, as the shift toward a lower-carbon economy—driven by increasing regulatory scrutiny, market expectations, investor and stakeholder pressure, and carbon-related policies—is expected to elevate credit risk, influence portfolio composition, and impact pricing and capital allocation decisions. These dynamics may reduce the competitiveness of carbon-intensive sectors and lead to higher default probabilities, thereby affecting overall asset quality and growth.
	Uncertainties	Uncertainty in carbon pricing, policy evolution, and pace of transition

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Opportunity 1: Growth in Sustainable & Climate-Resilient Finance

CRRO 4	Growth in Sustainable & Climate-Resilient Finance	
CRROs impact on Prospects	Description	Sustainable finance represents a core strategic growth driver for CDB, enabling expansion into high-growth, low-risk sectors while strengthening environmental and social impact. Increasing demand for renewable energy, electric mobility, and climate-resilient solutions, combined with access to green funding, positions CDB to scale its portfolio and enhance long-term profitability. This supports portfolio diversification, improved asset quality, and strengthened market leadership.
	Physical Risk or Transition Risk	Opportunity
	Time Horizon	Short, Medium & Long term
	Define time horizon	Refer 1.6.1 Basis of Defining the Time Horizon on page 88
Business Model and Value Chain	Current Effects on Business Model and Value Chain	Growing contribution from green lending segments Initial access to green and concessional funding sources
	Anticipated Effects on Business Model and Value Chain	Sustainable finance becoming a core revenue and growth pillar Diversification toward future-ready, low-risk sectors Strengthened competitive positioning as a green finance leader
	Where is it Concentrated?	Renewable energy, EV financing, energy efficiency, SME and climate-resilient sectors
Strategy and Decision Making	Plans to respond to in Strategy, Risk Management, Transition Plans and Climate-related Targets	Short Term <ul style="list-style-type: none"> Scale solar and EV financing solutions Secure green credit lines and partnerships with DFIs
		Medium Term <ul style="list-style-type: none"> Expand into green SME and climate-resilient agriculture financing Diversify green funding sources and partnerships
		Long Term <ul style="list-style-type: none"> Establish CDB as a leading sustainable finance provider Achieve a large-scale, diversified green lending portfolio
How the Company is Resourcing and Plan to Resource Activities Progress (qualitative and quantitative)		<ul style="list-style-type: none"> Strategic capital allocation toward green lending growth Strengthening partnerships with climate finance institutions Enhancing internal product innovation and sustainability capabilities
		<ul style="list-style-type: none"> Steady increase in green portfolio share Expansion of climate-linked partnerships
		<ul style="list-style-type: none"> Growing contribution to revenue from sustainable products
Financial Effects	Current year financial effects to PL, BS and CF	Positive contribution from total green lending portfolio Rs. 31 Bn as of 31 March 2026 <ul style="list-style-type: none"> Roof top solar Rs. 828 Mn EV Finance Rs. 803 Mn Hybrid Vehicles Rs. 29 Bn

CRRO 4 Growth in Sustainable & Climate-Resilient Finance		
	Significant risk of material adjustments to carrying value of assets and liabilities in the next financial year	No downside risk; opportunity-driven upside potential
	Anticipated financial effect over short, medium and long term to PL, BS and CF	As this section is subject to transitional relief, reference could be made to the transitional relief disclosed in the Basis of Preparation section.
Climate resilience	Resilience Assessment	As this section is subject to transitional relief, reference could be made to the transitional relief disclosed in the Basis of Preparation section.
	How and When Climate Scenario Analysis was performed. Disclosure of (i) Inputs; (ii) Key Assumptions, and (iii) Reporting period in which scenario analysis was carried out	As this section is subject to transitional relief, reference could be made to the transitional relief disclosed in the Basis of Preparation section.
Judgements and Uncertainties	Judgements	The Company has determined that the expansion of sustainable finance and climate-resilient lending products constitutes a key strategic opportunity, as strengthened climate risk integration, access to green or concessional funding, and growing regulatory and investor support for green assets are expected to enhance portfolio resilience, reduce credit risk, diversify revenue streams, and support long-term value creation.
	Uncertainties	Uncertainty in market demand dynamics and policy incentives

4. RISK MANAGEMENT

This section describes how CDB identifies, assesses, prioritises and monitors Climate-Related Risks and Opportunities (CRROs) and how these are integrated into the Company’s overall Enterprise Risk Management (ERM) framework.

4.1 Processes and Policies Relating to CRROs

Climate-related risk, as defined in CDB’s ESG Policy and Procedures, refers to the potential for environmental or climate factors to generate adverse financial or non-financial impacts on the Company, either directly or through their influence on traditional risk types such as credit, market, liquidity, and operational risks.

Physical risks arise from extreme weather events or long-term climate shifts. Transition risks stem from regulatory, policy, or market changes in the shift to a lower-carbon economy. Climate-related opportunities emerge through the expansion of sustainable and green financial products.

The risk management process follows four steps:

- Risk identification and prioritisation
- Data gathering and analysis
- Embedding into decision-making
- Monitoring and reporting

4.2 Identification, Assessment, Prioritisation and Monitoring of CRROs

CRRO 1 Extreme Weather Events | Physical Risk | Short, Medium & Long Term | Almost Certain | Severe

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4.2.1 A. Identification

CDB identified extreme weather events (floods, droughts, landslides, and cyclones) as a material physical risk through an internal assessment drawing on the Sri Lanka National Disaster Management Plan 2023–2030, IPCC AR6 findings, the Risk Index published by the National Disaster Centre, and CDB’s own portfolio and geographic data. Climate scenario analysis has not been formally applied in the identification of this CRRO during the current reporting period.

4.2.2 B. Assessment

Step	CDB Approach
Criterion	Assessment
Nature	Physical risk affecting borrower repayment capacity, collateral values, branch assets, and operational continuity — particularly in climate-vulnerable regions (Eastern, Uva, Northern provinces; flood-prone coastal areas; landslide-risk hill country).
Likelihood	Almost Certain (>90%). Sri Lanka experiences annual flood, drought, and landslide cycles with increasing frequency and severity. Climate disruption to CDB’s portfolio is recurring rather than episodic.
Severity	Severe (≥10% impact on Operating Profit Before Taxes). Major weather events trigger credit cost spikes, Stage 2 & 3 migration, and elevated NPL ratios across climate-exposed segments.
Time Horizon	Short Term: Floods, storms, and landslides directly impacting borrowers and branches. Medium Term: Increased frequency affecting credit quality and collateral values. Long Term: Structural climate shifts impacting regional portfolio concentration.

4.2.3 C. Prioritisation

Extreme Weather Events are the highest-priority CRRO for CDB given the near-certain annual occurrence of climate events in Sri Lanka, the geographic spread of CDB’s MSME, gold loan, and vehicle financing portfolio across vulnerable regions, and the potential for severe profit impact. This risk is treated as a cross-cutting factor in credit appraisal, portfolio management, and business continuity planning.

- Reported to the Board Sustainability Committee (BSC) and Board Integrated Risk Management Committee (BIRMC) through the ERM reporting cycle
- Climate risk indicators to be progressively integrated into the credit approval system
- Changes in the Process:

Climate-sensitive exposure mapping was initiated in FY2025/26 as a baseline exercise. Climate risk indicators are now being embedded into credit appraisal frameworks, and a roadmap to integrate climate considerations into the Internal Capital Adequacy Assessment Process (ICAAP) has been initiated. Business continuity and disaster recovery mechanisms have been enhanced for climate-related disruptions.

4.2.4 D. Monitoring

- Key monitoring indicators and processes:
- Climate-exposed loan ratio and geographic concentration tracked quarterly
- Stage migration rates and NPL ratios monitored for climate-sensitive segments
- Branch disruption days and asset damage costs reviewed after each major weather event

CRRO 2 Regulatory, Policy & Legal Transition | Transition Risk | Short, Medium & Long Term | Likely | Significant

4.2.5 A. Identification

CDB identified regulatory, policy and legal transition as a material risk, drawing on the SLFRS S1 and S2 adoption roadmap, the CBSL Sustainable Finance Roadmap 2.0, Sri Lanka’s NDC 3.0 (2026–2035), and the evolving global landscape on climate disclosure standards and green finance taxonomies. Climate scenario analysis has not been formally applied in the identification of this CRRO during the current reporting period. CDB recognises the need to incorporate forward-looking scenario analysis and this is planned as part of the climate risk framework enhancement in FY2026/27.

Step	CDB Approach
Criterion	Assessment
Nature	Transition risk arising from evolving climate-related regulations, supervisory expectations (CBSL), disclosure standards (SLFRS S1/S2), and carbon-related policies. The risk manifests through increased compliance costs, required changes to lending policies, and potential legal or reputational exposure if practices are inadequate.
Likelihood	Likely (>65%-90%). SLFRS S1/S2 adoption and CBSL supervisory focus are advancing. ESG-linked funding conditions are tightening. The regulatory rollout in Sri Lanka remains phased, introducing some timing uncertainty.
Severity	Significant (≈7.5% impact on Operating Profit Before Taxes). The risk is primarily driven by compliance and operational costs and is financially material but not destabilising in the near term.
Time Horizon	Short Term: SLFRS S1/S2 adoption, regulatory climate disclosure mandates, ESG policy integration. Medium Term: Carbon pricing, green taxonomies, lending restrictions. Long Term: Structural policy shifts, climate litigation exposure.

4.2.7 C. Prioritisation

Regulatory transition is prioritised as a short-to-medium-term risk given the certainty of SLFRS S1/S2 compliance requirements and increasing CBSL supervisory expectations. Effective compliance is also viewed as a gateway to accessing green and concessional funding lines, making governance excellence a strategic enabler alongside a risk mitigation priority.

- Compliance cost trends reviewed quarterly by Finance and Risk functions
- Exposure to transition-sensitive sectors and policy-sensitive loan ratios monitored
- Zero tolerance maintained for material regulatory or legal incidents
- Reported to the BSC and BIRMC through the ESG governance cycle; Internal Audit oversight embedded

Changes in the Process:

SLFRS S1 and S2 readiness assessments were completed in FY2025/26. Disclosure frameworks and ESG data governance structures are under development. ESG risk has been integrated into the Integrated Risk Management Policy.

4.2.8 D. Monitoring

- Number of climate disclosure gaps tracked and progressively reduced

CRRO 3 Carbon Transition & Financed Emissions | Transition Risk | Medium & Long Term | Possible | Moderate

4.2.9 A. Identification

CDB identified carbon transition risk and financed emissions as a material medium-to-long-term risk, informed by Sri Lanka's NDC 3.0 renewable energy targets, the PCAF methodology for financed emissions measurement, and international investor and regulatory expectations regarding Scope 3 emissions from lending portfolios. Climate scenario analysis has not been formally applied in the identification of this CRRO during the current reporting period.

4.2.10 B. Assessment

Step	CDB Approach
Criterion	Assessment
Nature	Transition risk arising from regulatory scrutiny, carbon pricing, and market pressure on greenhouse gas (GHG) emissions — particularly Scope 3 financed emissions. Affects portfolio composition, credit risk for high-carbon borrowers (e.g., ICE vehicle financing), and capital allocation decisions.
Likelihood	Possible (>35%-65%). No immediate carbon tax in Sri Lanka; however, international pressure, EV penetration growth, and global investor requirements are increasing. The speed and intensity of transition creates measurement uncertainty.
Severity	Moderate (≈5% impact on Operating Profit Before Taxes). A gradual structural transition rather than an immediate shock; manageable with early strategic action.
Time Horizon	Medium Term: Carbon pricing pressure, sector transition, portfolio rebalancing. Long Term: Structural decarbonisation, stranded asset risk, sector phase-outs.

SLFRS SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

4.2.11 C. Prioritisation

Carbon transition risk is prioritised at medium intensity for the current term, with escalation expected over the medium-to-long horizon. CDB has initiated financed emissions measurement in alignment with PCAF methodology to establish a baseline and develop a structured decarbonisation pathway. High-carbon sector exposure (primarily ICE vehicle and selected industrial lending) is being monitored proactively.

4.2.12 D. Monitoring

- Total financed emissions (tCO₂e) and emissions intensity (tCO₂e per LKR of lending) – baseline to be established in FY2025/26
- High-carbon sector exposure ratio reviewed as part of quarterly portfolio reporting

- Green portfolio ratio tracked as an offset indicator
- Carbon scenario Expected Credit Loss (ECL) impact assessed under internal stress testing
- Progress reported to the BSC, with PCAF alignment validated through the ERM process

Changes in the Process:

CDB initiated financed emissions quantification in FY2025/26 in accordance with the PCAF methodology. Sector-level carbon exposure mapping has commenced. A decarbonisation strategy will be developed upon baseline establishment.

CRRO 4 Growth in Sustainable & Climate-Resilient Finance | Opportunity | Short, Medium & Long Term | Likely | Significant (Positive)

4.2.13 A. Identification

CDB identified sustainable finance growth as a material strategic opportunity, supported by rising solar rooftop demand, EV financing growth, access to international green and concessional credit lines, CBSL regulatory encouragement, and Sri Lanka’s NDC 3.0 targets of 70% renewable energy by 2030. . Climate scenario analysis has not been formally applied in the identification of this CRRO during the current reporting period.

4.2.14 B. Assessment

Step	CDB Approach
Criterion	Assessment
Nature	Strategic opportunity to expand green and climate-resilient lending products, diversify revenue, improve portfolio quality, and unlock concessional funding. Directly supports CDB’s CDB Advance sustainability strategy.
Likelihood	Likely (>65%–90%). Market demand for solar, EV, and energy-efficient financing is already visible. Strong regulatory and policy tailwinds are in place.
Impact	Significant (Positive). A well-executed scale-up of sustainable finance could contribute a +5% to +10% uplift in annual profit over the medium term, through improved portfolio quality, new revenue streams, and access to lower-cost green funding.
Time Horizon	Short Term: Expansion of solar, EV, and energy-efficient loan products. Medium Term: Growth of the sustainable portfolio and access to green funding lines. Long Term: Structural shift toward low-carbon lending dominance.

4.2.15 C. Prioritisation

Sustainable finance growth is the highest strategic-value CRRO for CDB. It is the primary vehicle through which climate risk integration translates into tangible business performance. It is embedded in the CDB Advance strategy and features across product development, treasury, and funding objectives.

4.2.16 D. Monitoring

- Green portfolio ratio and annual green lending growth tracked quarterly
- Green funding ratio monitored as a treasury and ALM indicator
- Sustainable product revenue share reported to Senior Management
- NPL ratio within the green portfolio tracked to validate quality of growth
- Number and value of climate-linked partnerships and funding lines reviewed annually
- Progress reported to the BSC and integrated into the strategic planning cycle

Changes in the Process:

In FY2025/26, CDB expanded its green lending product suite, including EV financing, rooftop solar loans, and energy-efficiency-linked facilities. Active engagement with development finance institutions for green funding access has been initiated.

4.3 Integration into Overall Risk Management

CRROs are embedded across CDB's Enterprise Risk Management Framework as a cross-cutting risk category, informing credit risk assessment, portfolio strategy, capital planning, and business continuity management. ESG risk considerations have been incorporated into the Integrated Risk Management Policy, and a roadmap toward ICAAP integration has been established. The Board Sustainability Committee (BSC) provides oversight, with the BIRMC receiving periodic CRRO updates as part of standard risk reporting.

5. METRICS AND TARGETS

This section presents how CDB measures and manages its performance in relation to each identified CRRO, including progress towards climate-related targets set for FY2026 and beyond.

5.1 Cross-Industry Metrics

5.1.1 Greenhouse Gas Emissions (GHG)

Basis of Determination of Organisational Boundary and Operational Boundary

The organisational boundary defines which entities are included in CDB's GHG inventory. CDB applies the operational control approach, consolidating emissions from all operations over which it has full operational authority, including its head office and all branch network locations. The operational boundary defines which emission sources (Scope 1, 2, and 3) are included. Scope 1 covers direct emissions from CDB's owned or controlled sources (e.g. generator fuel, company vehicles). Scope 2 covers indirect emissions from purchased electricity. Scope 3 financed emissions cover GHG attributable to CDB's lending and investment activities, measured using the PCAF methodology.]

Methodology used for the measurement and disclosure of GHG Emissions

5.1.2 CDB quantifies Scope 1 (direct) and Scope 2 (purchased electricity) emissions from its own operations. Scope 3 financed emissions measurement has commenced in FY2025/26 in accordance with the PCAF methodology, with a baseline to be disclosed in FY2026/27.

Emission Scope	Category	FY2025/26	Status
Scope 1	Stationary & mobile combustion; fugitive emissions	2,745.30 tCO ₂ e	Measured
Scope 2	Purchased electricity (grid)	1,055.66 tCO ₂ e	Measured

Note: GHG quantification uses IPCC AR6 emission factors and GWP values. External verification is conducted by Sri Lanka Climate Fund.

Greenhouse gas emissions (metric tonnes CO₂e) 2025/26

Description	Scope 1	Scope 2	Total
Consolidated accounting group	2,745.30 tCO ₂ e	1,055.66 tCO ₂ e	3,800.96 tCO ₂ e
Other investee (investment in associate, joint ventures)	N/A	N/A	N/A
Total (Operational control approach)	2,745.30 tCO₂e	1,055.66 tCO₂e	3,800.96 tCO₂e

SLFRS SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

Key Assumptions and Sources of GHG Measurement

Scope	Emission Sub-category	Activity	Data Source	Emission Factor			Source of GWP Values
				CO ₂ (kg/TJ)	CH ₄ (kg/TJ)	N ₂ O (kg/TJ)	
Scope 1	Stationary combustion	Diesel combustion in Stand-by Generator	Generator running charts	IPCC Volume 2 - Stationary Combustion emission factors			IPCC AR6 Report - 2024
	Mobile combustion	Company-owned vehicles used for road transport	Vehicle running charts, fuel issuance/purchase records	IPCC Volume 2 - Mobile Combustion (road) emission factors			IPCC AR6 Report - 2024
		Fuel paid by company for employees	Fuel card details	IPCC Volume 2 - Mobile Combustion (road) emission factors			IPCC AR6 Report - 2024
	Process combustion	N/A					
	Fugitive Emissions	CO ₂ fire extinguisher	Refrigerant and Fire extinguisher refill records				
Refrigerant leakages		Refrigerant refill service records		IPCC AR6 Report - 2021			IPCC AR6 Report - 2024
Scope 2	Electricity Consumption	Meter reading units	Electricity bills	Sri Lanka Energy Balance report - SLSEA,2022			

5.1.3 Climate-related Physical Risk Exposure

The percentage of the lending portfolio in climate-vulnerable geographies and sectors is being mapped as part of the climate-exposed loan ratio metric. Detailed geographic and sector-level exposure data will be progressively disclosed as the ESMS and credit-level climate risk classification are embedded into core systems. This information is currently being compiled and will be presented in CDB's next annual disclosure (FY2026/27), once the climate-exposed loan ratio metric and supporting data infrastructure are fully operationalised.

5.1.4 Climate-related Transition Risk Exposure

The proportion of the portfolio exposed to transition risk (high-carbon sectors) will be quantified through financed emissions attribution using the PCAF methodology, with initial disclosure targeted for FY2026/27.

5.1.5 Capital Expenditure

During FY2025/26, CDB did not make material capital expenditure specifically attributable to climate-related mitigation or adaptation initiatives. Climate-related activities undertaken during the year were primarily integrated into existing operational budgets and included enhancements to ESG data management processes, climate risk assessment capabilities within credit evaluation procedures, and sustainability-related training and awareness programmes across the organisation.

5.1.6 Climate-related Opportunities

CDB continues to expand sustainable financing opportunities through green lending, renewable energy financing, and climate-resilient financial solutions. Climate-related opportunities are assessed as part of the Company's sustainability strategy and business planning process.

5.1.7 Internal Carbon Pricing

CDB has not adopted an internal carbon pricing mechanism as at 31 March 2026. The Company continues to monitor emerging market practices and regulatory developments as part of its climate risk management approach.

5.1.8 Remuneration

As at 31 March 2026, climate-related considerations are not directly linked to the remuneration of Executive Directors or Key Management Personnel. CDB continues to review evolving practices relating to the integration of sustainability considerations into performance management and remuneration frameworks.

5.2 Industry-Specific Metrics (SASB)

Disclosures below are prepared with reference to the SASB Commercial Banks and Consumer Finance Sustainability Accounting Standards (Version 2023-12).

Table 1. Sustainability Disclosure Topics & Metrics

TOPIC	METRIC	CATEGORY	UNIT OF MEASURE	CODE	RESPONSE
Incorporation of Environmental, Social and Governance Factors in Credit Analysis	Description of approach to incorporation of environmental, social and governance (ESG) factors in credit analysis	Discussion and Analysis	n/a	FN-CB-410a.2	CDB progressively integrates ESG and climate-related considerations into credit evaluation, customer due diligence, lending approvals, and portfolio monitoring processes through its Environmental and Social Risk Management System (ESMS). Governance oversight is provided through the Board Sustainability Committee (BSC) and Board Integrated Risk Management Committee (BIRMC). ESG-related risks, including Climate-Related Risks and Opportunities (CRROs), are being integrated into enterprise risk management and sustainable finance practices in line with SLFRS S1 and SLFRS S2 readiness.

Table 2. Activity Metrics

TOPIC	CATEGORY	UNIT OF MEASURE	CODE	Activity
(1) Number and (2) value of Checking and savings accounts by segment: (a) personal and (b) small business	Quantitative	Number, Presentation currency	FN-CB-000.A	Our deposit portfolios are principally concentrated in the retail segment amounting to Rs. 79 Bn.
(1) Number and (2) value of loans by segment: (a) personal, (b) small business, and (c) corporate	Quantitative	Number, Presentation currency	FN-CB-000.B	CDB maintain MSME loan portfolio of Rs. 101 Bn as of 31 March 2026 and Rs. 3.2 Bn of personal loan portfolio

5.3 Climate-related Targets

Targets are established based on CDB's material CRROs, strategic priorities under CDB Advance, stakeholder expectations, and regulatory developments. Both quantitative and qualitative targets are set, with progress monitored through quarterly ESG dashboards, the ERM reporting cycle, and annual disclosure. We are currently in the process of establishing climate-related targets. CDB is in the process of formalising its climate-related targets. Initial targets have been identified for key metrics including green portfolio ratio, financed emissions intensity, and climate disclosure completeness. These targets will be formally adopted and disclosed upon completion of the baseline measurement exercise currently underway in FY2025/26, with full target disclosure anticipated in FY2026/27.

BUSINESS LINE REVIEWS

CDB maintains a strong customer-centric business model built around a diversified portfolio of financial solutions designed to address the evolving needs of individuals, entrepreneurs, businesses and institutional clients. The Company operates through three core business segments—Funding, Lending and Investments—each playing a strategic role in creating sustainable value for customers, shareholders and other stakeholders.

As a net lender to the economy, particularly across rural and emerging economic sectors, CDB plays an important role in facilitating financial inclusion, supporting entrepreneurship and enabling access to finance for underserved communities. This commitment to inclusive growth is embedded within the Company's business model, which seeks to create economic, social and environmental value through responsible financial intermediation.

The business model is further strengthened by a robust digital transformation agenda, with advanced analytics, AI-driven technologies and digitally enabled processes increasingly embedded across the value chain. Through its digital distribution strategy, CDB continues to expand accessibility, improve customer convenience and deliver personalised financial solutions while reducing operational intensity and supporting a lower carbon footprint. These capabilities enhance decision-making, strengthen risk management, improve operational efficiency and enable faster, more seamless customer experiences.

By integrating sustainability, digital innovation and prudent risk management into its core business activities, CDB continues to build a resilient and scalable financial services platform capable of supporting long-term growth while contributing meaningfully to Sri Lanka's economic development and sustainability aspirations.

FUNDING

A diversified and well-balanced funding profile continued to underpin CDB's growth strategy and business resilience during the year. As at 31 March 2026, customer deposits accounted for approximately 51% of total funding, while funding from banks and financial institutions represented 43% and subordinated capital contributed 6%. This balanced funding structure, supported by both domestic and international funding partnerships, is notably more diversified than the predominantly deposit-led funding profile observed across the financial services industry. The resulting funding mix strengthens funding resilience, broadens access to capital and enhances the Company's ability to support sustainable growth across varying market conditions.

CDB is functionally arranged into 3 key business verticals facilitating structure oversight on performance of these key pillars of growth. These are:

- Funding
- Lending
- Investments

The segmental analysis note 45 on page to the financial statements sets out the financial information relating to performance on each business vertical. This year, we have provided further insights into how these business verticals were managed during the year under review.

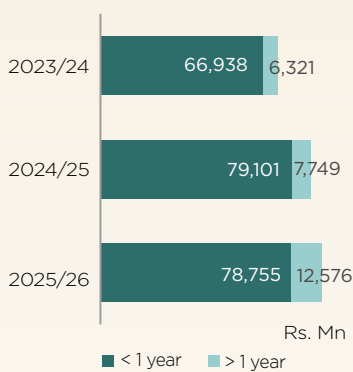
Deposits

Performance

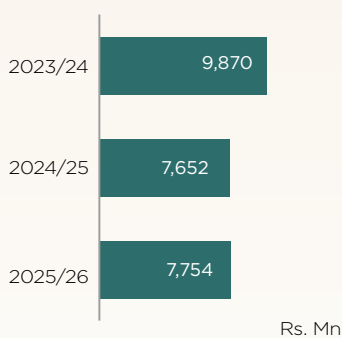
Total Deposits
Rs. 91Bn

Deposit Growth
5%

<1 year: > 1 year
86%:14%



Interest Cost



Key highlights

- Deposit Base Growth 5%
- Cost of Deposits 8.70%
- Fixed Deposit Renewal Ratio 88%
- Savings Ratio (Savings Mix - 5%)
- Customer growth 8%
- Digital vs Branch Mobilisation 74.11%

Operating context

Sri Lanka's deposit market remained highly competitive during 2025/26 as financial institutions focused on strengthening their funding bases amid accelerating credit demand and improving economic activity. Deposit rates remained largely stable throughout most of the year, in line with the Central Bank's accommodative monetary policy stance, before showing signs of renewed upward pressure towards the latter part of the period.

The fixed deposit market experienced a gradual transition towards a more market-driven environment following regulatory measures introduced by the CBSL to relax maximum interest rate restrictions across selected deposit tenors. In addition, the increase in withholding tax on interest income from 5% to 10%, effective 1 April 2025, heightened depositors' focus on post-tax returns and intensified competition for retail deposits.

These developments reinforced the importance of strengthening customer relationships, providing personalised services and tailored solutions, maintaining disciplined liability management practices and pursuing funding diversification strategies. In this evolving environment, customer trust, service excellence and relationship-driven engagement continued to play a critical role in attracting and retaining stable funding relationships.

Our Valued Clientele

We serve a diverse and growing client base spanning the length and breadth of the country. Our clientele encompasses a broad spectrum — from retail customers to corporate entities and institutional partners. Anchored in a deep understanding of evolving customer needs, our financial offerings are thoughtfully crafted to deliver value, foster long-term financial well-being, and build enduring relationships built on trust and excellence.

Our value-added product offerings for women wings ecosystem provide unique features and opportunities tailored to their financial aspirations, while our Islamic finance products enable customers seeking Shariah-compliant investment solutions to invest with confidence and convenience.

Through our flagship digital platform, SELF, we extend a comprehensive suite of savings products meticulously curated to address the distinct financial needs of both minors and adults. The platform delivers a frictionless and intuitive digital experience, enabling customers to seamlessly manage their liquidity requirements and day-to-day transactional needs with greater efficiency and confidence.

This customer-centric approach allows us to build lasting relationships and deliver solutions that support the evolving financial needs of our clientele.

Challenges

- Sustained low interest rates reducing depositor returns
- Shift towards alternative investments (government securities, unit trusts, equity-linked instruments)
- Heightened competition from banks and finance companies aggressively pricing deposits
- Customer liquidity pressures despite macro recovery
- Short-term deposit preference, impacting stability of funding base

BUSINESS LINE REVIEWS

Key Opportunities

- Improving economic confidence post-crisis driving savings recovery
- Digital adoption acceleration, enabling low-cost deposit mobilisation
- Regulatory confidence (CBSL) strengthening trust in licensed finance companies
- Driving financial inclusion and broadening rural penetration through the strengthened outreach of our existing branch network, complemented by our growing digital capabilities.

Deposits continued to constitute the primary pillar of CDB’s funding framework, fortifying the Company’s liquidity base, preserving balance sheet integrity, and facilitating the controlled expansion of its lending activities.

Strategic priorities

CDB’s deposit strategy during the year focused on balancing growth, cost efficiency, and customer experience, aligned with its broader digital-first and sustainability-led strategy.

Strengthening Deposit Base Quality	Focus on stable, longer-tenor deposits
	Improve renewal ratios and customer retention
	Maintain optimal CASA mix (Savings vs Fixed Deposits)
Digital Transformation of Deposits	Expansion of CDB Self platform
	Introduction of digital onboarding and renewals
	Enabling end-to-end digital deposit lifecycle
Customer-Centric Product Innovation	Personalised deposit offerings
	Deposit-linked value propositions
	Targeted campaigns for high-value and loyal customers
Cost of Funds Optimisation	Strategic pricing aligned with market rates
	Shift towards low-cost savings mobilisation
	Data-driven deposit pricing decisions
Network & Relationship Strengthening	Leverage branch network for relationship-based mobilisation
	Enhance relationship manager model
	Improve cross-selling from lending and deposits customers

KEY PLANNED ACTIONS

- Enhance digital onboarding and renewals via CDB Self
- Maintain market leading client experience through personalisation and faster service delivery.
- Integrate AI-driven customer insights for deposit mobilisation
- Grow the transactional franchise, deepening client relationships and enhancing our value-added services and offerings.

INSTITUTIONAL FUNDING

Operating Context

The improving macroeconomic environment and continued progress under Sri Lanka’s economic reform agenda contributed to renewed confidence and stronger liquidity conditions across the financial services industry during 2025/26. As economic activity recovered and credit demand accelerated, institutions increasingly sought diversified funding sources to support growth and optimise funding structures.

Against this backdrop, CDB continued to strengthen its corporate funding platform through long-standing relationships with domestic financial institutions, foreign development finance partners and capital market participants. The gradual reopening of international funding channels, supported by improving economic

fundamentals and the IMF-supported reform programme, created opportunities to broaden access to long-term funding and further diversify funding sources. The Company’s sustainability-led business model and enduring funding partnerships continued to support access to both local and international funding markets.

As a result, funding from banks and financial institutions increased to Rs. 77.3 billion, while subordinated debt stood at Rs. 11.1 billion as at 31 March 2026, reflecting continued engagement across institutional funding and capital market channels. International and development finance funding remained an important component of the funding portfolio, contributing to funding diversification, maturity profile optimisation and long-term funding stability.

Challenges

- Managing funding cost
- Cyclicity based on market liquidity
- Foreign currency and hedging considerations
- Continuity in market access

Opportunities

- Countries economic growth and stability
- Growing demand for sustainable finance
- Improved market liquidity condition
- Long term funding availability

Strategic Priorities

Our corporate funding strategy is designed to ensure continued access to funding required to support the Company's growth ambitions while maintaining a well-balanced funding profile and appropriate maturity structures. A key strategic priority is to further broaden access to diversified funding sources across both local and international markets, reducing concentration risk and enhancing funding resilience.

The Company will continue to strengthen and deepen relationships with domestic financial institutions,

development finance partners, capital market participants and international funding providers, while exploring new funding opportunities aligned with its sustainability agenda. This approach will support access to funding across a range of tenors and structures, enabling effective management of asset-liability maturity profiles while providing the flexibility required to support future business growth.

Through a diversified funding platform built on long-standing partnerships, disciplined liability management and sustainable financing principles, CDB remains well positioned to strengthen funding resilience, optimise funding structures and support long-term value creation.

PERFORMANCE REVIEW

CDB maintained a diversified funding profile during the year, balancing the stability of customer deposits with the flexibility of institutional and market-based funding sources. As at 31 March 2026, customer deposits stood at Rs. 91.3 billion, compared to Rs. 86.8 billion in the previous year, supported by continued customer confidence, relationship-led engagement and the growing adoption of digital channels that

enhanced accessibility and convenience across the deposit journey.

Institutional funding recorded strong growth during the year, with funding from banks and financial institutions increasing to Rs. 77.3 billion from Rs. 32.1 billion, while subordinated debt increased to Rs. 11.1 billion from Rs. 7.0 billion. The growth reflects expanded utilisation of local and international funding channels, strengthening funding partner relationships and continued access to diversified funding sources across multiple tenors.

The resulting funding mix comprised approximately 51% customer deposits and 49% institutional funding and capital instruments. This balanced funding structure supported a 53% increase in the lending portfolio and a 37% growth in total assets during the year. The continued integration of digital capabilities, customer analytics and personalised engagement strategies further strengthened the scalability of the Company's funding franchise while supporting long-term funding diversification objectives.

OUTLOOK

CDB will continue to pursue a balanced funding strategy that combines the strength of its deposit franchise with diversified access to local and international funding sources. A key priority will be to further strengthen the savings and transactional deposit portfolio, supporting the gradual expansion of a scalable and low-cost funding base while maintaining funding resilience and diversification. The Company's ongoing digital transformation will play an increasingly important role in achieving this objective. Leveraging advanced analytics and emerging AI capabilities, CDB aims to deliver personalised customer experiences, deeper customer engagement and more relevant savings and investment solutions across different life stages and customer segments.

Through seamless digital onboarding, intelligent customer journeys and personalised financial solutions, CDB will continue to strengthen customer relationships, increase savings mobilisation and improve customer retention at scale. Complementing these initiatives, the Company's sustainability agenda and long-standing funding partnerships will continue to support access to specialised local and international funding opportunities, further strengthening a diversified, resilient and cost-efficient funding platform capable of supporting long-term growth and value creation.

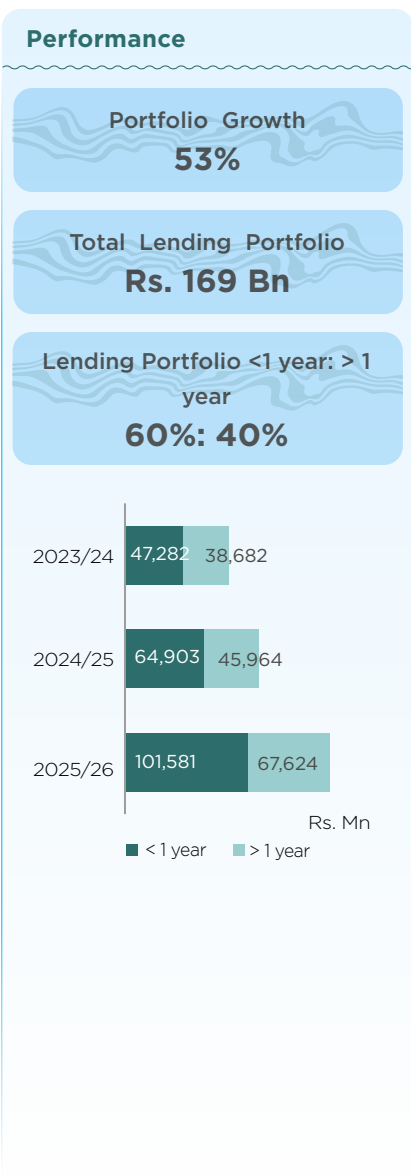
BUSINESS LINE REVIEWS

LENDING

Lending Business Review

Lending remains at the core of CDB's business model and a key driver of value creation, enabling the Company to fulfil its purpose of empowering aspirations while supporting economic growth and financial inclusion. Through a diversified portfolio spanning multiple asset classes, customer segments and maturity profiles, CDB continues to provide tailored financing solutions to individuals, entrepreneurs and businesses across Sri Lanka.

The Company's omni-channel strategy, supported by digitally equipped team members, continued to enhance customer reach and engagement by combining personalised service with seamless digital experiences. Leveraging digital tools, data-driven insights and analytics, CDB further strengthened its ability to deliver relevant financing solutions and improve customer accessibility and convenience. We continue to improve capital efficiency in asset allocation to ensure products are priced appropriately.



OPERATING CONTEXT

Sri Lanka's economic recovery gained further momentum during 2025/26, supported by improved macroeconomic stability, easing inflationary pressures and strengthening business confidence. The continuation of economic reforms, recovery in tourism, growth in foreign exchange inflows and improved liquidity conditions contributed to a more conducive operating environment for businesses and consumers alike.

The declining interest rate environment and improving access to credit supported a strong revival in private sector credit, driving increased demand for financing across multiple sectors of the economy. The gradual relaxation of import restrictions, particularly on motor vehicles, together with increased activity across retail, trade, tourism, transportation and SME sectors, further stimulated demand for financing solutions.

Against this backdrop, the financial services industry recorded a strong recovery in lending activity, supported by growing consumer confidence, business expansion and investment-led economic activity. These developments created favourable conditions for lending institutions to expand their portfolios while supporting economic growth,

entrepreneurship and financial inclusion, providing a strong platform for CDB to leverage its diversified lending portfolio, omni-channel delivery model and digital capabilities to address evolving customer needs.

KEY CHALLENGES

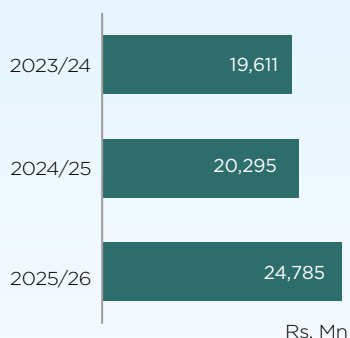
- Competition for quality credit offering
- Lowering interest rates and margin pressure
- Volatility in Asset class valuations

KEY OPPORTUNITIES

- Gradual decline in interest rates, improving credit demand
- Economic recovery and business revival, particularly in SMEs and trade-related sectors
- Strong demand for asset-backed lending products (gold loans, leasing, vehicle finance)
- Growth in green financing and sustainable lending
- Increased financial inclusion in underserved segments
- Digital adaptability of customers

Within this environment, CDB leveraged its diversified portfolio model and strong risk discipline to capture growth opportunities while maintaining portfolio resilience.

Interest Income



Key highlights

- 90 DPD Ratio 3.78%
- Green Portfolio Rs. 31 Bn
- Net Interest Margin 7.10%

KEY PLANNED ACTIONS

- Accelerate vehicle, leasing, and gold loan growth
- Expand MSME and institutional lending footprint
- Promote solar and green lending solutions
- Strengthen branch-level lending accountability
- Enhance AI adoption in credit analytic and monitoring tools

Strategic Priorities

CDB's strategic priority during the year was to deliver competitive and relevant financing solutions that address the diverse needs of customers while supporting economic growth and development. Guided by the Company's sustainability agenda, continued focus was placed on directing credit towards impact-driven segments, including financial inclusion, entrepreneurship, women's empowerment and sustainable mobility, ensuring portfolio growth remained aligned with long-term value creation.

The Company also remained focused on achieving balanced portfolio growth through disciplined pricing, strong asset quality and prudent risk management within its defined risk appetite. Emphasis was further placed on maintaining a diversified portfolio across customer segments and asset classes, while managing maturity profiles to support sustainable growth and balance sheet resilience.

PERFORMANCE 2025/26

CDB recorded strong portfolio growth during FY 2025/26, with gross loans and advances increasing by 53% to LKR 169.2 billion, reflecting broad-based expansion across multiple lending segments. Growth was supported by improving economic conditions, strengthening customer demand and the Company's diversified lending strategy.

The portfolio continued to expand across asset-backed lending, SME and business financing, gold-backed lending, institutional lending and sustainability-linked financing segments. The gradual recovery in economic activity, increased investment demand and the relaxation of vehicle import restrictions contributed to growth across several lending categories, while the Company's diversified product offering enabled it to address evolving financing needs across customer segments. The green financing portfolio continued its strong growth trajectory, reflecting the increasing integration of sustainability considerations into lending activities and supporting the transition towards a more sustainable economy.

The home loans, MSME, agriculture, fisheries and institutional lending segments recorded notable growth momentum during the year, reflecting the recovery in productive sectors of the economy and the Company's continued commitment to supporting entrepreneurship and economic development. The Company also recorded encouraging growth in emerging lending segments, including margin trading facilities and credit card receivables, reflecting increased capital market activity and growing consumer spending. Furthermore, the portfolio mix saw an increased contribution from shorter-tenor lending products and working capital solutions, supporting improved balance sheet agility and enhancing the Company's ability to manage interest rate and repricing risks in a dynamic operating environment.

Portfolio expansion was accompanied by a significant improvement in asset quality, with the Gross Non-Performing Accommodation Ratio improving to 3.78% from 6.32% and the Net Non-Performing Accommodation Ratio declining to 1.53% from 3.10%. The improvement reflects the strengthening of the Company's

BUSINESS LINE REVIEWS

credit risk management framework through enhanced credit quality standards, AI-enabled credit assessment and sanctioning processes, and the increased use of advanced data and analytics across portfolio monitoring and post-disbursement customer engagement activities. These capabilities, together with proactive portfolio management and a continued focus on sustainable growth, contributed to strengthening the quality, resilience and long-term sustainability of the lending portfolio.

OUTLOOK

CDB remains well positioned to capitalise on evolving customer financing needs and emerging growth opportunities across the financial services landscape. The Company will continue to focus on sustainable portfolio growth across

its core lending segments, including vehicle finance, leasing, gold-backed lending, home loans, MSME financing and institutional lending, while maintaining disciplined risk management practices and a strong focus on portfolio quality.

Looking ahead, emphasis will be placed on further diversifying the lending portfolio, increasing the contribution from sustainability-linked and green financing, and strengthening support for productive sectors of the economy. CDB continues to embrace digital lending products and delivery channels, enhancing its digital capabilities to deliver seamless customer experiences, improve accessibility and support scalable growth across its lending businesses. Supported by advanced analytics, AI-enabled

decision-making and digitally empowered teams, the Company will continue to strengthen customer engagement, improve operational efficiency and accelerate turnaround times across the lending value chain.

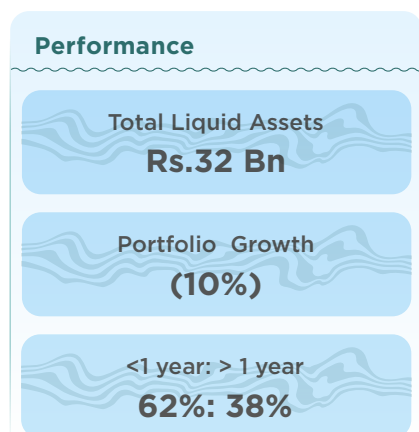
The Company also views the evolving regulatory environment, including the revised loan-to-value framework, as a positive development that supports prudent credit expansion while reinforcing collateral quality and portfolio resilience. Together with continued investments in technology, data-driven credit processes and sustainability-focused lending initiatives, these developments are expected to strengthen asset quality, enhance portfolio diversification and support long-term sustainable growth.

INVESTMENTS

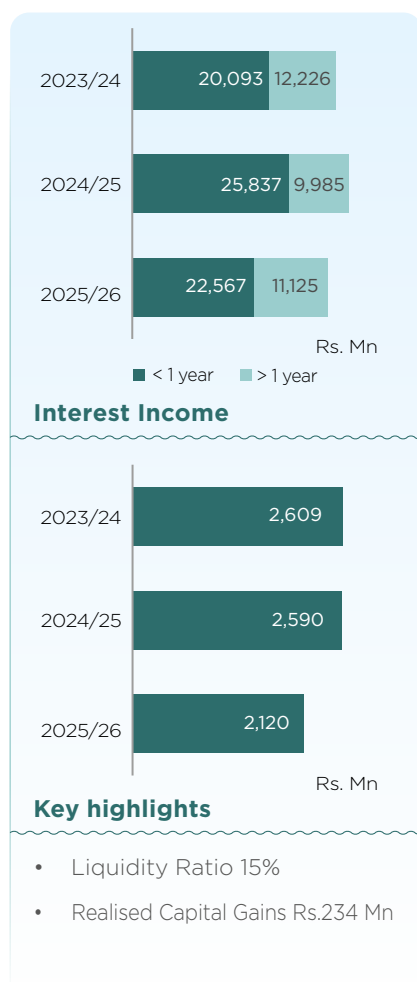
The investment portfolio comprises strategic liquid assets that support the Company's liquidity management objectives while contributing to earnings generation and balance sheet resilience. Investments are actively managed to optimise risk-adjusted returns, maintain adequate liquidity buffers and provide flexibility in capital allocation in response to changing market conditions.

During the period from 2020 to 2024/25, investment portfolio balances increased as subdued private sector credit growth and cautious lending conditions resulted in higher deployment of funds into investment assets. With the recovery in economic activity and the strong acceleration in private sector credit demand during FY 2025/26, the Company strategically reallocated capital towards lending activities to capture growth opportunities and support customer financing requirements.

Consequently, the investment portfolio accounted for 15% of total assets as at 31 March 2026, compared to 23% in the previous year. This reflects the Company's dynamic balance sheet management approach, optimising the allocation of funds between liquidity, earnings generation and portfolio growth while maintaining prudent liquidity and risk management standards.



Investments	2025/26	2024/25	Change	%
Cash	3,372	4,583	1,211	26%
Equity Securities	3,169	2,745	424	15%
Fixed Deposits	17,462	18,070	(608)	-3%
Government Securities	2,686	6,031	(3,346)	55%
Unit Trusts, Commercial paper & Other	100	722	(621)	86%
Repos	5,530	3,672	1,858	51%
Total Investments	32,320	35,823	(3,503)	10%



Operating Context

The operating environment for liquid investments during FY 2025/26 was characterised by a declining interest rate cycle, improving macroeconomic stability and evolving liquidity conditions within the financial system. As confidence in the economy strengthened and private sector credit demand accelerated, financial institutions increasingly redirected liquidity towards lending activities to support economic growth and capture emerging business opportunities.

Against this backdrop, CDB maintained adequate access to high-quality liquid assets while continuing to optimise portfolio returns and liquidity positions. The Company actively managed its

investment portfolio to balance liquidity requirements, earnings generation and funding support for lending growth, ensuring that capital was deployed efficiently while maintaining prudent liquidity and risk management standards.

KEY CHALLENGES

- Sharp decline in treasury bill and bond yields, reducing returns from traditional fixed income instruments
- Repricing risk on existing investment portfolio
- Volatility in government securities market during the transition phase
- Lower yields on surplus liquidity, impacting investment income
- Balancing liquidity vs return optimisation

KEY OPPORTUNITIES

- Capital gains opportunities from falling interest rates in government securities
- Improved equity market performance, supporting higher returns from equity investments
- Active money market positioning (repos) to optimise short-term liquidity returns
- Reallocation flexibility across asset classes due to improved market conditions
- Stronger liquidity position enabling strategic deployment

In this context, CDB actively managed its liquid investment portfolio to optimise returns while maintaining adequate liquidity buffers and managing interest rate risk.

Strategic priorities

CDB's investment strategy remained focused on dynamic asset allocation, liquidity optimisation and yield enhancement, aligned with the Company's broader balance sheet

objectives. The investment portfolio was actively managed to ensure an appropriate balance between liquidity, earnings generation and funding flexibility, enabling the Company to respond effectively to changing market conditions and business requirements.

In addition to supporting return optimisation, liquid investments play a critical role in meeting the regulatory liquidity requirements prescribed by the Central Bank of Sri Lanka. The portfolio also serves as an important tool in managing balance sheet liquidity, funding obligations and interest rate risk, contributing to the overall stability and resilience of the Company's financial position.

OUTLOOK


CDB will continue to maintain an investment portfolio that supports liquidity management, regulatory compliance and broader balance sheet optimisation objectives. In the near term, the Company will focus on maintaining adequate liquidity buffers to support anticipated lending growth, actively rebalancing the portfolio in response to evolving interest rate conditions and maintaining an appropriate mix of short-term instruments to preserve flexibility and funding readiness.

Looking ahead, the investment portfolio will continue to serve as an important pool of resources that supports credit expansion opportunities while meeting regulatory liquidity requirements prescribed by the Central Bank of Sri Lanka. The Company also intends to further strengthen treasury and asset-liability management capabilities, enhance portfolio yield through diversified asset allocation and selectively participate in market opportunities to generate trading and capital gains where appropriate.

TIDES OF ACHIEVEMENT



VALUE CREATION THROUGH OUR PERFORMANCE



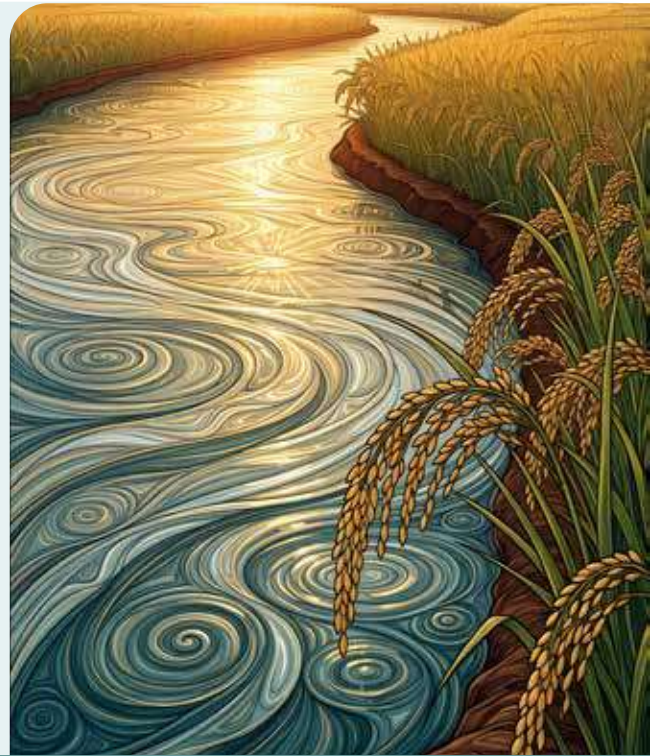
As Asia's longest river, the Yangtze has long powered economic growth and development across China, supporting industries, agriculture, and communities along its vast course. Its steady flow reflects strength in movement, where consistent momentum generates measurable outcomes and sustained prosperity.

Similarly, CDB's performance reflects the strength of steady progress and disciplined execution. Through consistent results and strategic direction, we generate meaningful outcomes that strengthen our position, deliver sustainable growth, and extend value across the markets and communities we serve.

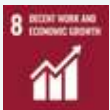


FINANCIAL CAPITAL

As a leading financial institution, our ability to generate, steward, and deploy financial capital with purpose remains fundamental to sustainable value creation. In 2025/26, CDB demonstrated the strength of its agile strategy and long-term perspective, achieving commendable performance across key financial dimensions. Guided by disciplined capital allocation and rigorous risk management, the Company continued to build resilience, optimise efficiency, and drive purposeful growth. The Financial Capital Review sets out how CDB manages this critical resource to sustain profitability, seize emerging opportunities, and uphold its role as a trusted contributor to national economic progress.



RELATED SDGs



SDG 8 – Decent Work and Economic Growth

CDB's sustained financial resilience has enabled it to provide stable, secure employment island-wide while generating decent work opportunities across its value chain. Through continued credit support to businesses and households, CDB has fuelled economic recovery, enabling enterprises to grow and retain employment across the country.



SDG 9 – Industry, Innovation and Infrastructure

Amid a stabilising macroeconomic environment, CDB continued to invest in infrastructure, digital innovation, and institutional capacity. Disciplined financial capital management enabled the Company to scale innovation and infrastructure investments, strengthening its value creation process. Through its fintech Transformation agenda, digital platforms, and green and SME lending initiatives, CDB is advancing inclusive industrialisation and supporting Sri Lanka's long-term economic recovery.

MANAGEMENT OF MATERIAL TOPICS GRI 3-3

M1

Financial Resilience, Stability and Long-Term Profitability

Building on years of navigating significant headwinds — including the COVID-19 pandemic and the national economic crisis — CDB has continuously strengthened its financial risk management framework. Prudent lending practices, diversified product offerings, and proactive stakeholder engagement have underpinned the Company's resilience. In 2025/26, this disciplined approach delivered strong results: profit after tax grew 12% to Rs. 4.5 Bn, total assets expanded 37% to Rs. 214.7 Bn, and loans and receivables to customers surged 53% to Rs. 169.2 Bn. Asset quality improved materially, with the 90 DPD ratio reducing to 3.78% from 6.32%, well below the NBFi industry average of 6.1% level. Capital adequacy ratios remained comfortably above regulatory minimums, with Tier I at 13.23% and Total Capital at 18.32 %, while total equity grew 19% to Rs. 28.4 Bn. CDB's financial stability and resilience are further detailed in the Capital and Liquidity Management sections.

HIGHLIGHTS 2025/26

- Strong loans and advances growth of 53% to Rs.169 Bn was supported by growth in loans and receivables to customers by Rs. 47 Bn (91% YoY) including gold-related lending by Rs. 14 Bn (YoY 61%)
- Total funding increased by Rs 54 Bn (43% YoY) leading by the increase of 126% in corporate borrowings
- Total equity growth of 19% to Rs. 28 Bn with reaching tier I capital adequacy to 13.23% and Tier II capital adequacy to 18.32%
- Profit after tax growth of 12% to Rs. 4.5 Bn was supported by 16% growth in net interest income 22% growth in fee based income and other operating income
- 18% Revenue growth YoY reach Rs. 30 Bn driven by increase in both interest income and fee-based income
- CDB received approval for the subdivision of one ordinary share into ten shares (1 : 10) with effect from 24 April at the Extraordinary General Meeting held on 22nd April 2026.

Earnings Per Share **Rs.6.28** ↑ 11%

Net Asset Value Per Share **Rs.39.62** ↑ 17%

Loans & Advances **Rs.169 Bn** ↑ 53%

Total Assets **Rs.215 Bn** ↑ 37%

Customer Deposits **Rs.91 Bn** ↑ 5%

Shareholder's Funds **Rs.28 Bn** ↑ 19%

KEY INDICATORS OF FINANCIAL STABILITY

BBB (LKA) **Fitch Rating**
Outlook: Stable

13.23% **Tier 1 Capital**
Minimum Requirement 10%

18.32% **Total Capital Ratio**
Minimum requirement - 14%

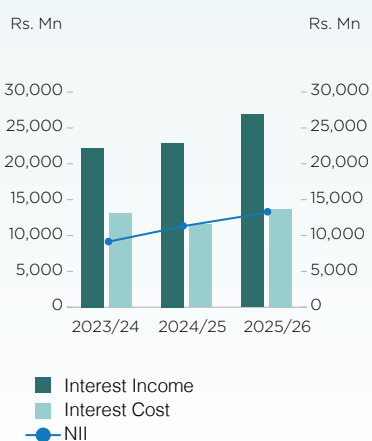
12.26% **Statutory Liquidity Ratio**

3.78% **NPL Ratio**

46.6% **Cost to Income Ratio**

EARNINGS

Net Interest Income



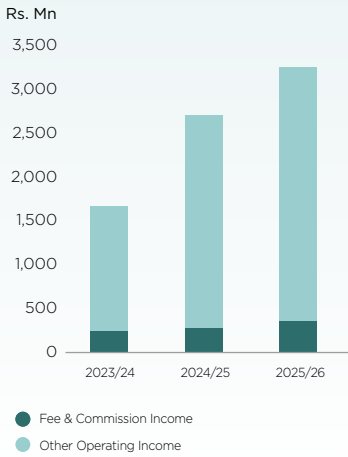
Interest income and Net Interest Income (NII) growth were primarily driven by portfolio expansion, with interest-earning assets increasing by 39% during the year. Market interest rates remained broadly stable for much of the financial year before trending upward towards the latter months. Interest income increased by 18% and NII by 16%. Interest expense rose by 19%, reflecting the impact of balance sheet growth and evolving funding market conditions. Consequently, Net Interest Margin (NIM) moderated to 7.10% from 7.97% in the previous year.

Net Interest Income (NII) **Rs.13.2 Bn** ↑ 16%

The loan portfolio accounted for 86% of interest-earning assets at year-end, reflecting a strategic reallocation of liquid assets towards lending activities to optimise portfolio yields and strengthen the Company's overall earnings profile.

FINANCIAL CAPITAL

Fees, Commissions & Other Income



Fee, commission, and other operating income grew by 20% during the year, driven primarily by higher insurance referral commissions, increased early settlement fees, and stronger dividend income. The easing of vehicle import restrictions, coupled with a favourable interest rate environment for much of the year, stimulated the replacement of existing facilities, resulting in a higher volume of premature lending facility settlements and associated fee income.

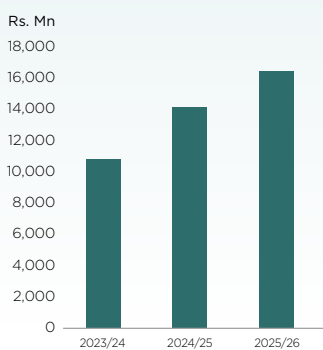
Fee Based Income

Rs. 3.3 Bn

↑ **20%**

The increase in dividend income reflected prudent investment decisions and effective portfolio management, supporting the continued diversification of revenue streams.

Net Interest, Income Fees & Commissions & Other Operating Income



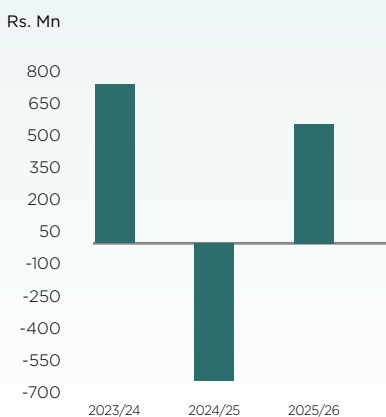
Total Operating Income increased by 17% to Rs.16.4 Bn supported by growth in NII and Fees, Commissions and Other Operating Income. NII accounts for 80% of Total Operating Income which remains unchanged from the previous year.

Total Operating Income

Rs.16.4 Bn

↑ **17%**

Impairment Charges



We continued to strengthen the quality of our asset-backed lending portfolio while enhancing risk resilience through prudent provisioning and reserve accumulation. Provision coverage improved to 60% from 53% in the previous year, reflecting disciplined portfolio management and a cautious approach to Credit risk. 90 DPD improved to 3.78% from 6.32%.

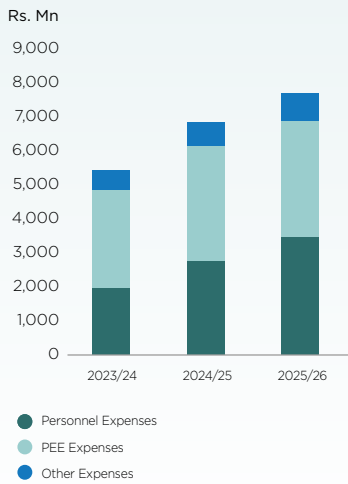
Impairment Charge

Rs.556 Mn

↑ **186%**

Our AI-enabled credit assessment capabilities further enhanced underwriting quality and risk identification, contributing to stronger asset quality outcomes while supporting the development of a more resilient lending portfolio.

Operating Expenses



Our cost base continued to reflect strategic investments in people, technology, and long-term capability building. Personnel expenses increased by 26%, driven by strategic workforce expansion and remuneration adjustments to remain competitive in attracting and retaining skilled talent. We also continued to invest in technology infrastructure, governance, risk management capabilities, and digital transformation initiatives, while marketing and communication expenditure increased by 14% to support business growth and brand visibility.

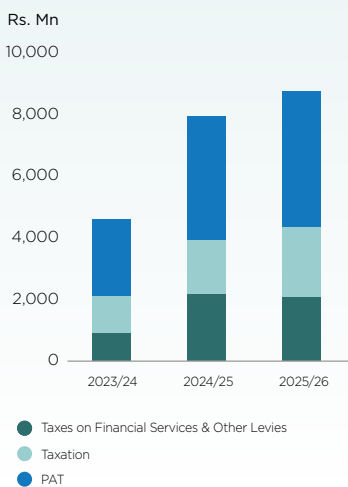
Operating Expenses

Rs.7.67 Bn

↑ **12%**

Despite these investments, operational efficiency improved, with the cost-to-income ratio declining to 46.6% from 48.4% in the previous year, reflecting the scalability of our business model and disciplined cost management.

Profits & Taxation



Profit before tax increased by 9% to Rs. 6.24 Bn, supported by growth in Net Interest Income and continued business expansion. Profit after tax reached a record Rs. 4.5 Bn, representing a 12% increase over the previous year and the highest level reported to date.

PAT

Rs.4.51 Bn

↑ **12%**

Return on Assets (ROA) moderated to 2.42% from 2.80% in the previous year, reflecting the impact of margin compression and higher loan loss provisions maintained as part of the Company's prudent risk management approach. Current taxation remained broadly unchanged, excluding the adjustments arising from deferred tax movements.

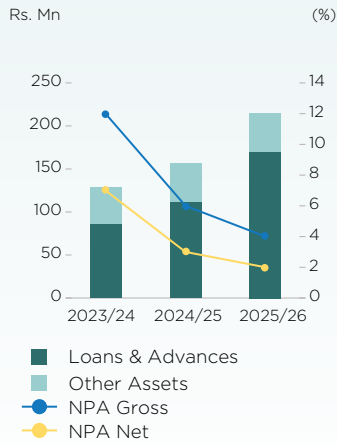
RESILIENT AND MAINTAINED ROBUST FINANCIAL POSITION

CDB's financial position is carefully curated to support sustainable growth, profitability, and resilience. Through prudent capital allocation and disciplined financial position management, we maintain an appropriate balance across asset classes while actively managing maturity, liquidity, and interest rate risks. Risk exposures are continuously monitored and managed throughout the life cycle of assets to preserve value and support long-term portfolio performance.

The liability profile is similarly structured to align with funding, maturity, and interest rate risk objectives within established risk appetite parameters. Strong capital buffers, reserves, and liquidity positions are maintained to enhance financial stability and resilience across economic cycles. Investments in non-earning assets are undertaken selectively and strategically, ensuring the preservation of a strong earnings profile while building the physical, digital, governance, and risk management capabilities required to remain future-ready.

FINANCIAL CAPITAL

Total Assets

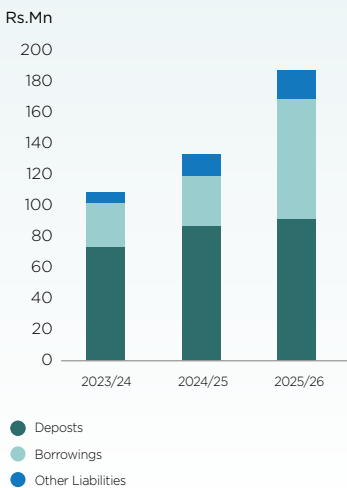


Total assets surpassed the Rs. 200 Bn milestone to reach Rs. 214.7 Bn, recording a growth of 37% during the year, driven primarily by a strong 53% expansion in the lending portfolio. Interest-earning assets continued to account for a significant 92% of total assets, reflecting the productive deployment of capital across the financial position. Through prudent capital allocation and a strategic rebalancing of the asset mix, the Company enhanced portfolio yields while strengthening the overall earnings profile.

Total Assets
Rs.214.7 Bn

Liquidity was maintained at robust levels to ensure the uninterrupted availability of funding to continue business growth, while preserving strong liquidity buffers. The Company also continued to invest in physical and digital infrastructure, alongside governance and risk management capabilities, to support sustainable growth, operational resilience, and long-term value creation.

Total Liabilities

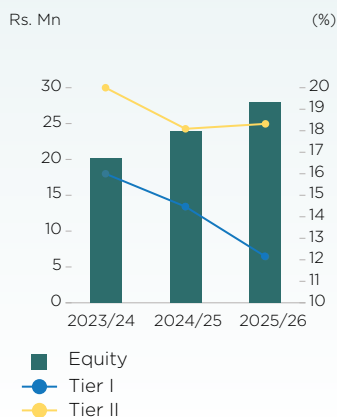


Total liabilities increased by 40% to Rs. 186.3 Bn, driven primarily by growth in institutional borrowings and customer deposits to support the expansion of the lending portfolio. Other liability components remained broadly stable during the year.

Total Liabilities
Rs. 186.3 Bn

Access to funding remained strong across both local and international markets, providing the flexibility required to support business growth. The increase in borrowings played an important role in managing contractual maturity mismatches and maintaining a well-balanced funding profile. While deposit mobilisation remained competitive amid evolving market conditions and pricing pressures, the Company continued to maintain a diversified funding base and prudent liquidity position.

Equity



Shareholders' funds surpassed the Rs. 28 Bn milestone to reach Rs. 28.4 Bn, recording growth of 19% during the year. The increase was supported by improved profitability, strengthened asset quality, and disciplined capital retention, reinforcing the Company's capital base.

Equity
Rs.28.4 Bn

Return on Equity (ROE) moderated to 17.2% from 18.2% in the previous year. Capital adequacy ratios improved further, supported by the enhanced quality of shareholders' funds, strong earnings generation, and prudent capital allocation practices, providing a solid foundation for future growth.

ANALYSING PERFORMANCE: AN INVESTOR PERSPECTIVE

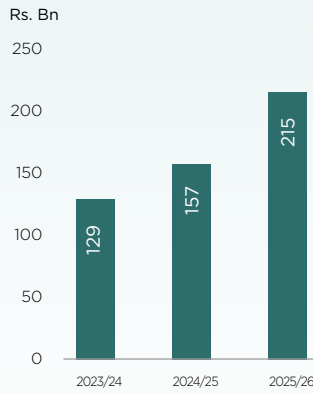
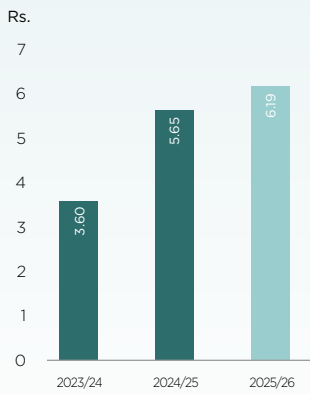
Return on Equity



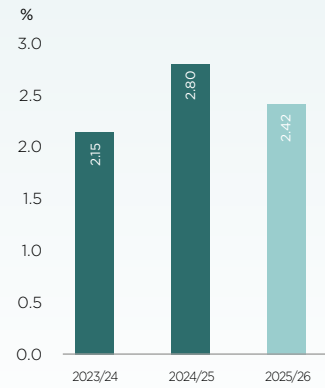
Total Assets



Earnings Per Share



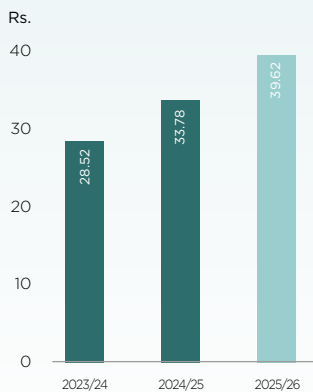
Return on Assets



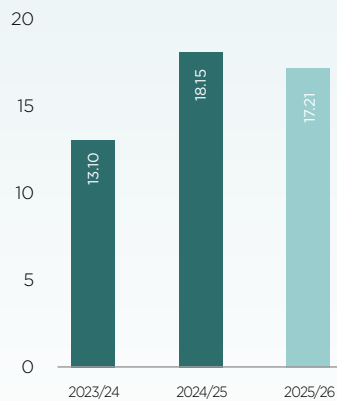
A FOCUS ON THE LONG TERM WHILE NAVIGATING THE SHORT TERM ENABLED DELIVERY OF A HOLISTIC PERFORMANCE AS REFLECTED IN THE ANALYSIS OF THESE KEY RATIOS.



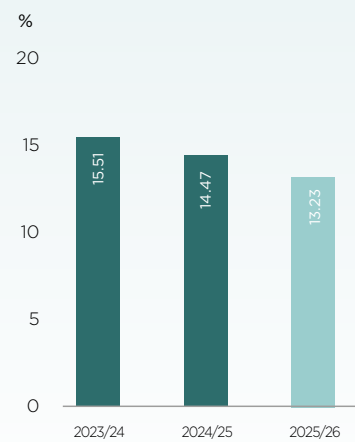
Net Assets Per Share



Return on Equity



Core Capital Ratio



FINANCIAL CAPITAL

Future Outlook

Improved resilience of Sri Lanka's financial sector is expected to enable the sector to withstand the headwinds stemming from elevated global uncertainties. A stable policy environment, low inflation and low interest rates going into the new financial year provide some headroom to absorb the potential downside risks stemming from the Middle East geopolitical conflict. Despite these developments, we have an extremely positive outlook for the new financial year rooted in Sri Lanka's proven track record of resilience.

Within the last few years CDB has weathered extreme economic shocks with exceptional resilience, demonstrating the effectiveness of our strategic thinking. Therefore, we remain positive as our experiences over the recent years and prudent financial management, has enhanced our agility and honed our abilities to drive growth in good times and bad. In the new financial year, we will continue to align our activities with the three strategic priorities of TechFin Transformation, one million customer base, and 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 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.

Long Term

- Build shareholder value by enhancing market visibility, increasing institutional investor engagement, and sustaining a compelling dividend policy.
- Build adaptive institutional capacity to withstand economic cycles, regulatory shifts, and structural market changes, ensuring long-term strategic relevance.
- Expand and diversify funding through customer deposits and structured finance solutions, reinforcing liquidity and financial resilience.



SOCIAL & RELATIONSHIP CAPITAL

As a financial services provider, our aspiration is to create long-term, shared, and sustainable value by advancing lives through purposeful financial services while promoting inclusivity, equitable opportunities, and access to finance. Guided by our core values of perseverance, empathy, reliability, and innovation, we foster honest and transparent relationships with customers, value chain partners, communities, and regulators. Recognising customers as key partners in growth and co-creators of our ecosystem, we strengthen stakeholder relationships while viewing regulatory compliance as a value-creating activity. This review outlines how CDB manages these connections as a responsible corporate citizen and trusted steward for future generations.



RELATED SDGs



SDG 1 – No Poverty

Through rural lending, the Sisudiri Scholarship Programme, and the Wings Ecosystem for women entrepreneurs, CDB directly contributes to poverty reduction by enabling financial access and creating economic opportunities for marginalised communities across all 25 districts.



SDG 3 – Good Health and Well-Being

The Act Early for Autism initiative, delivered through three Pragathi Intervention Centres in partnership with the Sri Lanka Association for Child Development and the Ministry of Health, provides early detection, intervention, and awareness for children affected by Autism Spectrum Disorder, contributing to improved health outcomes for vulnerable families.



SDG 4 – Quality Education

CDB's Smart Computer Lab programme and Sisudiri Scholarship initiative advance educational equity by equipping underprivileged students with digital skills and financial support, helping bridge the urban-rural divide in educational access and opportunity.



SDG 5 – Gender Equality

The CDB Wings Ecosystem, SMB Friday 2.0, and Women's Day SMB Fairs collectively advance gender equality by providing women entrepreneurs with credit access, digital tools, market visibility, and capacity-building support, enabling greater financial independence and economic participation.

SOCIAL & RELATIONSHIP CAPITAL



SDG 8 - Decent Work and Economic Growth

CDB's SME lending, financial inclusion initiatives, and community programmes support enterprise growth, job creation, and economic resilience across the country. The Company's responsible employment practices, rural lending strategy, and entrepreneurship platforms contribute meaningfully to inclusive and sustainable economic growth.



SDG 9 - Industry, Innovation and Infrastructure

CDB's investments in digital infrastructure, fintech partnerships, E-KYC and Video KYC platforms, and the restoration of the University of Peradeniya's ICT Centre demonstrate its commitment to building resilient, innovative infrastructure that supports education, industry, and inclusive digital access.



SDG 16 - Peace, Justice and Strong Institutions

CDB upholds strong governance through its Customer Charter, Anti-Bribery and Corruption Policy, Privacy and Data Protection Policy, and full regulatory compliance. Transparent stakeholder engagement, timely regulatory reporting, and zero tolerance for unethical conduct reinforce CDB's role as a responsible and accountable institution.

MANAGEMENT OF MATERIAL TOPICS GRI 3-3

M2

Customer Experience, Accessibility and Convenience

CDB serves customers across an islandwide branch network covering all 25 districts, a 24/7 trilingual contact centre that handled 314,596 calls during the year, and digital platforms including the SELF App. Customer satisfaction remained high, with a CSAT of 96.85%, NPS of 64.4%, and CSI rating of 4.85 out of 5. All complaints received were resolved in full. A CRM-enabled 360-degree customer view, five-tier segmentation model, and dedicated Account Manager concept support personalised, relationship-driven service across all touchpoints.

M3

Community Development and Social Investments

CDB's community investments focus on education, health, and entrepreneurship. Four new Smart Computer Labs were added during the year, bringing the cumulative total to 25 labs across all districts and empowering over 10,000 students with digital skills. The Sisudiri Scholarship Programme awarded 300 scholarships in Seasons 16 and 17, with cumulative investment exceeding Rs. 45 Mn. The Act Early for Autism initiative continued through three Pragathi Intervention Centres, and CDB invested over Rs. 35 million to restore the University of Peradeniya's ICT infrastructure following the Cyclone Ditwah. The SMB Friday 2.0 programme expanded beyond the Western Province, featuring over 100 vendors.

M9

Responsible Marketing and Fair Selling Practices

CDB's Customer Charter, aligned with CBSL directives, governs all marketing and selling practices — ensuring transparency, fair treatment, and data protection. Trilingual communications, staff training, and accessible product information enable customers to make informed decisions in their preferred language. CDB proactively raises awareness on fraud and scam risks through digital and branch channels. No monetary losses from selling-related legal proceedings were reported during the year.

M10 Financial Inclusion and Capacity Building

CDB prioritises access to finance for rural communities, women entrepreneurs, and SMEs. A strong net lending position outside the Western Province reflects this commitment. The Company’s expanding digital ecosystem further enhances financial inclusion by enabling customers to access financial services irrespective of physical location or time constraints. The Wings Ecosystem advances women’s empowerment through tailored credit, digital onboarding, and IFC-supported capacity-building sessions. CDB Meezan has grown to a Rs. 10.7 Bn Islamic finance portfolio across all 71 branches. CDB was the first in Sri Lanka to disburse under the ADB-backed NCGI Guarantee Scheme, while SMB Friday 2.0 and Wings SMB Fairs extended market access and growth opportunities to micro and women-led enterprises across the island.

M15 Cybersecurity, Data Integrity and Privacy

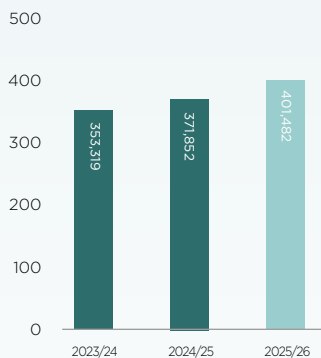
CDB safeguards customer data through a robust Privacy and Data Protection Policy, integrated cybersecurity protocols, and strong governance frameworks. Continued investment in digital security ensures that onboarding, transactions, and customer engagement meet the highest standards. Customer awareness campaigns on fraud and scam risks are delivered across digital and branch channels. No data breaches were reported during the year.

HIGHLIGHTS 2025/26

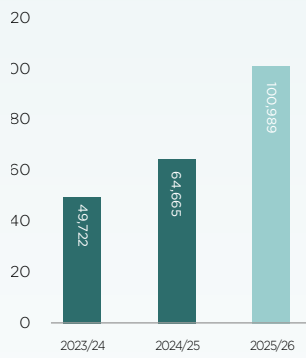
Our material topics and the related sustainable development goals are set out below together with the related metric to demonstrate how we moved the needle during the financial year.

GRI 413-1

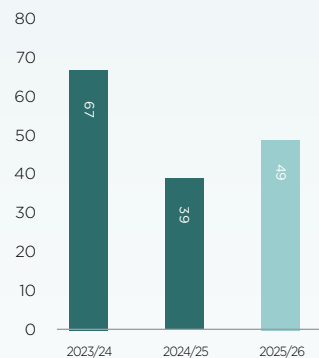
Customer Base



Loans granted to MSME Sector



Investment in CSR



SOCIAL & RELATIONSHIP CAPITAL

MANAGING EXTERNAL STAKEHOLDERS

GRI 3.3

The Board has approved policies that guide our relationships with customers, suppliers, regulators, business partners, industry associations and the community as set out alongside. The CEO and corporate management are responsible for ensuring that these policies and our corporate values are complied with in managing the operations of the Company. Comprehensive stakeholder mechanisms are in place to identify and address their concerns.

Additionally, the Board receives information regarding the customers on a regular basis as part of the oversight on progress related to implementation of strategy. Additionally, they receive confirmation of timely payment of taxes and other regulatory payments as well as filing of returns and reports required by regulators. Procurement processes as well as customer and regulatory processes are also part of the Company’s internal audit plan and related reports are submitted to the Audit Committee at its quarterly meetings. The Board also receives regular briefings on the community and industry association activities which cover the investment and impact to the organisation and stakeholders.

- Financial Consumer Protection Framework
- Procurement Policy
- Anti-bribery and Corruption Policy
- Sustainable Purchasing Policy
- Privacy and Data Protection Policies and Procedures

Our Customer Steering Committee works closely with the CRM division to proactively review customer feedback, concerns, and suggestions, driving continuous improvements to products, processes, and service delivery while ensuring customer insights are translated into meaningful actions.

Refer Page 73 for our Stakeholder Engagement

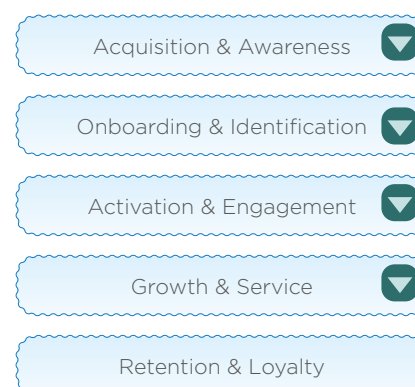
Our strategic priorities for managing our social and relationship are set out below:

Strategic Priority	Performance 2025/26	Performance 2024/25	Action Plan
Customer Experience, Accessibility and Convenience			
Net Promoter Score (NPS)	64.4%	58.5%	Continue enhancing digital touchpoints and personalised service to sustain NPS growth
Customer Satisfaction Score (CSAT)	96.8%	97.7%	Deploy targeted service recovery and staff training initiatives to maintain high CSAT
CSI Rating (out of 5)	4.85	4.86	Enhance marketing officer engagement quality and post-disbursement follow-up processes
Contact Centre 24*7 Total Calls Handled	314,596 calls	242,500 calls	Expand trilingual 24/7 support and premier customer dedicated lines
Customer Complaints Resolved	100%	100%	Maintain SLA adherence; expand SMU capacity for digital channel complaint routing
Financial Inclusion and Capacity Building			
Net lending outside Western Province	Rs. 48,688 Mn	Rs. 24,179 Mn	Scale E-KYC and virtual operations to deepen reach in rural and underserved areas
Wings Ecosystem - Capacity Building Sessions	None	4 sessions (3 in-person, 1 virtual)	Expand Wings platform to additional districts; increase digital marketing focus

Strategic Priority	Performance 2025/26	Performance 2024/25	Action Plan
Community Development and Social Investments			
Smart Computer Labs established	25 labs (3 new this year)	22 labs (cumulative)	Open 2 additional labs; prioritise digitally underserved schools in rural districts Following the severe impact caused by the Ditwah cyclone and flooding situation in December 2025, CDB undertook a major community recovery initiative in collaboration with government, supporting the restoration of the Information Technology Centre (ITC) of the University of Peradeniya.
Sisudiri Scholarship Program	Seasons 16 & 17 Students benefited 1,300+	Seasons 14 & 15 Students benefited 1,000+	Expand scholar count further; strengthen follow-up support until A/L completion
Responsible Marketing and Fair Selling Practices			
Customer Charter compliance	Full compliance with CBSL directive	Full compliance with CBSL directive	Strengthen trilingual communications; enhance digital literacy of customer-facing staff
CDB SMB Fair	SMB Fair 2	SMB Fair 1	

Customers

Customers are the CDB’s most valuable assets, and the trust and relationships built over time continue to underpin our growth and success. As a trusted financial services provider committed to empowering aspirations, we place customers at the centre of everything we do, maintaining the highest standards of regulatory compliance, service excellence, and responsible conduct. Our customers remain a key driver of value creation, creating opportunities for sustainable growth while strengthening the long-term resilience of the business. Further details on the growth of our lending and deposit portfolios, customer transactions, and engagement activities are provided in the relevant sections of this report.



SOCIAL & RELATIONSHIP CAPITAL

Customer Protection and Awareness

CDB's Customer Charter complies with the requirements of the Central Bank of Sri Lanka as set out below, enshrining the principles of responsible marketing and fair selling practices. Trilingual communications and contracts facilitate understanding of terms and conditions of financing or deposits by customers. A dedicated call centre to handle customer complaints enables us to identify issues and address the same. CDB invests in ensuring that our customer information is protected which is discussed in greater detail in intellectual capital on page 181.

We continue to educate customers on digital and financial fraud risks through digital channels, SMS platforms, and our branch network. Our team members play a proactive role in promoting safe financing practices and strengthening awareness to help combat financial and cyber-related crime.

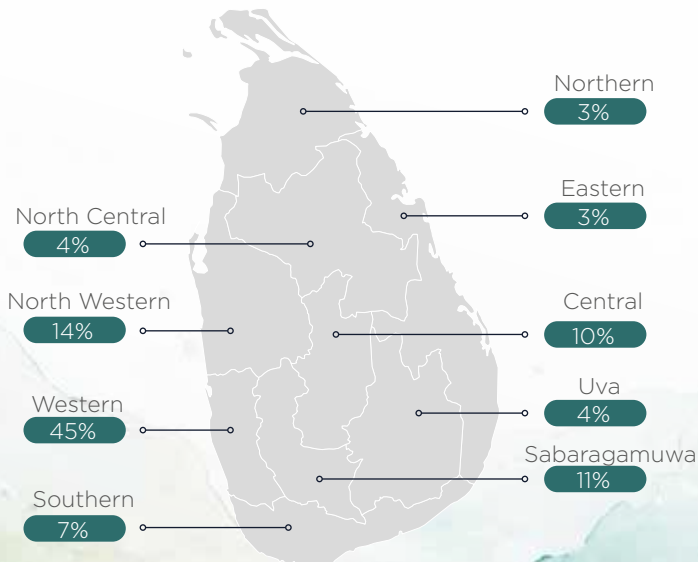
Customer Profile

CDB's increased the customer base by 8% in 2025/26. The graphs set out below provide insights in to these valuable relationships.

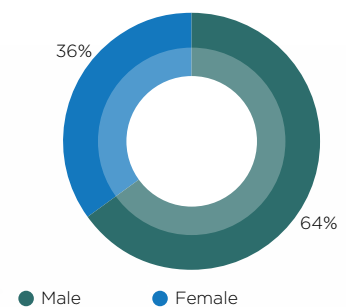
Key Aspects of the CDB Financial Consumer Protection Framework (As per CBSL Directive)

- Disclosure & Transparency
- Customer Education & Awareness
- Responsible Business Conduct
- Complaint Handling & Redress
- Equitable & Fair Treatment of Customers
- Protection of Customer Data and Privacy

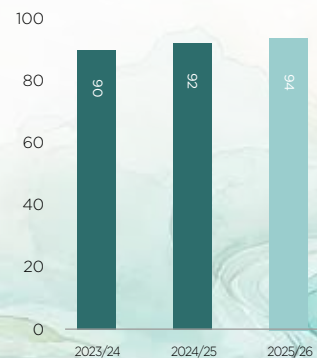
Customers By Province

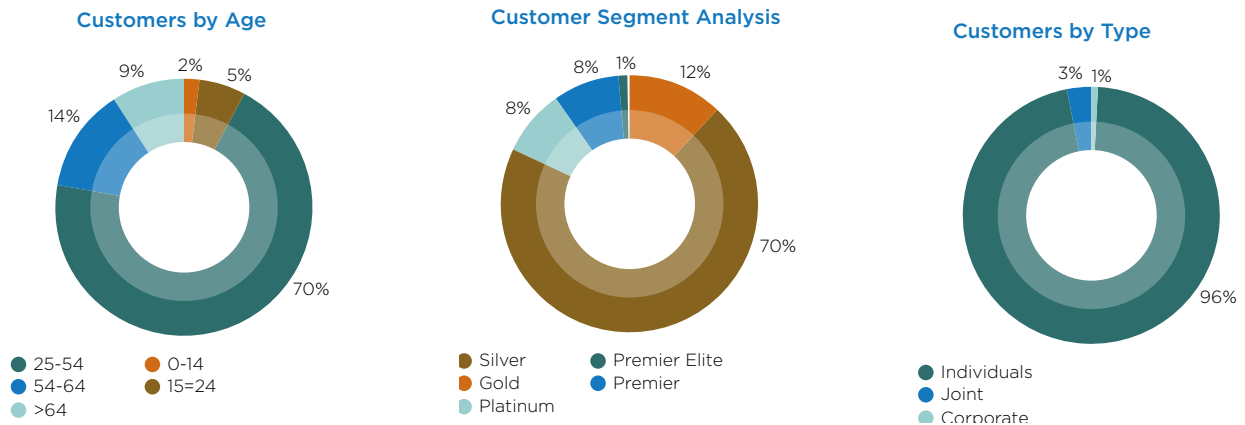


Gender Analysis



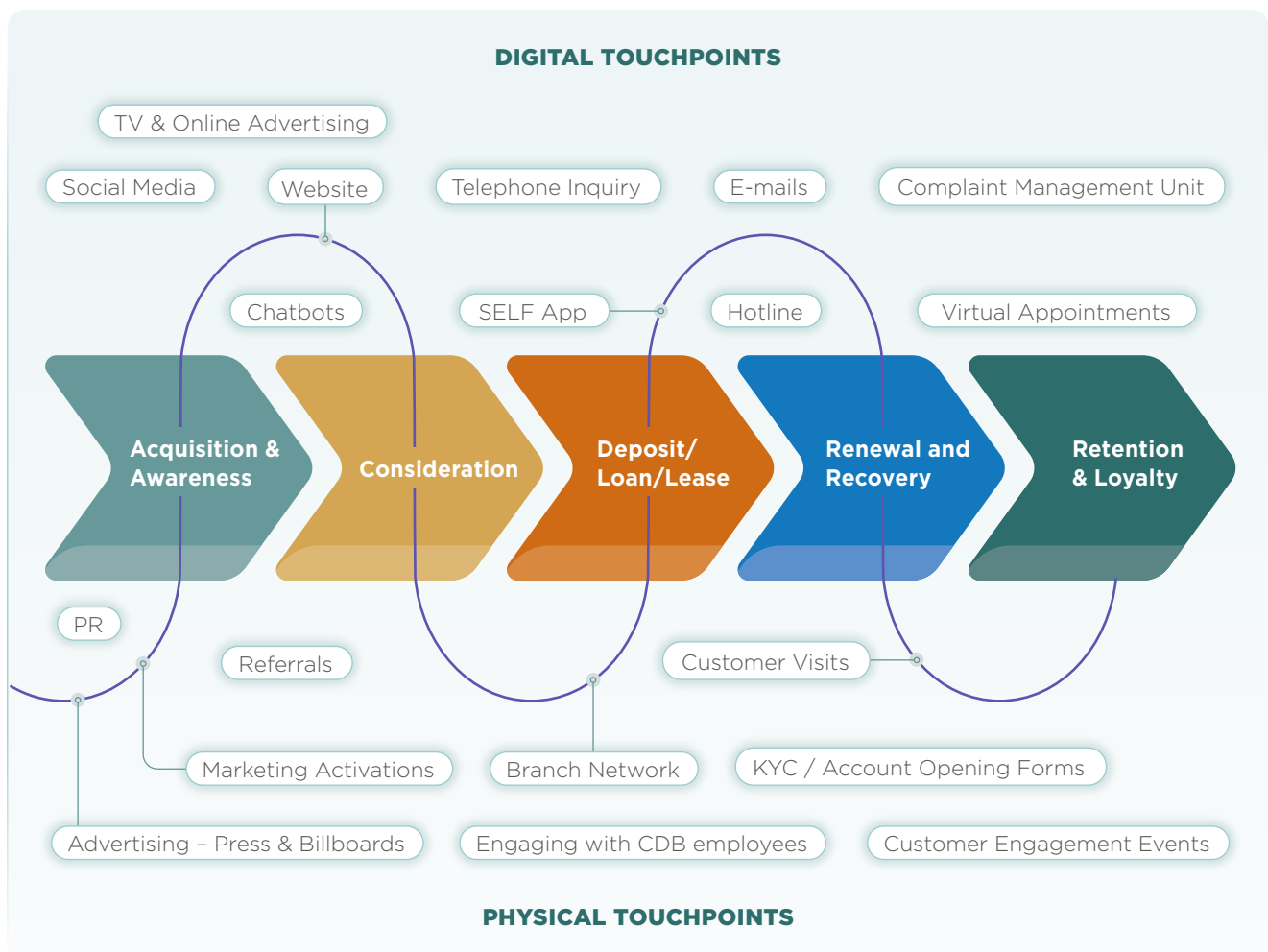
Customer Retention Rate





CUSTOMER EXPERIENCE, ACCESSIBILITY AND CONVENIENCE

CDB manages customer relationships through a structured lifecycle spanning awareness and acquisition, onboarding and activation, growth and service, and ultimately retention and loyalty. We pursue long-term relationships by delivering personalised financial solutions and service excellence through an integrated network of physical and digital touchpoints, ensuring a seamless and consistent experience across every stage of the customer journey.



SOCIAL & RELATIONSHIP CAPITAL

CDB has both physical and digital engagement mechanisms that support customer acquisition, relationship growth and retention. High levels of digital inclusion coupled with convenience has seen customer engagement shift mainly to digital touchpoints, enabling customers to access financial services whenever and wherever they need them through an integrated omni-channel ecosystem while easing pressure on physical touchpoints and facilitating scalability.

Refer Page 177 for our branch network

Website & Social Media

Digital media platforms now serve as a major avenue for engaging with customers, allowing the Company to gather feedback and communicate directly with both current and potential customers. This creates more opportunities for developing new products and customising offerings.



Branch network

An islandwide network of branches with a presence across all 25 of the country’s administrative districts. Additionally, a vibrant online presence and online applications ensure that our customers are able to access CDB 24/7 throughout the year. The physical presence is vital to attract customers in the respective catchment areas as physical interactions pave the way to building relationships that strengthen over time.

Contact Centre

The Contact Centre is a key customer touchpoint, offering trilingual support in Sinhala, English, and Tamil across all stages of the customer lifecycle - from initial enquiry through to service recovery.

Language	Calls 2025/26	Share
Sinhala	286,611	91%
English	11,782	4%
Tamil	16,203	5%
Total	314,596	100%

Additional services include dedicated lines for Premier customers, toll-free access for all customers, and missed-call facilities for balance inquiries. The Contact Centre also supports proactive engagement, campaign execution, and service recovery initiatives.

Complaint Management and Feedback Governance

Customer feedback is centrally managed through the CRM Division, integrating inputs received through branches, digital platforms, social media channels, and regulatory bodies. A structured complaint management framework ensures the timely resolution of customer concerns, adherence to established Service-Level Agreements (SLAs), appropriate escalation of critical issues, and the continuous enhancement of service quality and customer experience.

During FY 2025/26, a total of 201 customer complaints were received and systematically managed through this framework. The complaint management process focuses on fair and transparent resolution, with a significant proportion of cases resulting in monetary and/or non-monetary relief to customers, reflecting CDB’s commitment to customer protection, service excellence, and continuous improvement.

Customer Analytics and CRM Enablement

Leveraging advanced data analytics and Business Intelligence capabilities, CDB continues to strengthen customer understanding and engagement. Customers are segmented into five tiers – Premier Elite, Premier, Platinum, Gold, and Silver – and further classified by Customer Lifetime Value (CLV), enabling prioritisation of high-value and high-potential customers. An integrated CRM platform consolidates interactions across branch, digital, and contact centre

channels into a 360-degree customer view, supporting targeted marketing, personalised product offerings, structured lead management, and cross-selling opportunities.

Account Manager Concept

A dedicated Account Manager model ensures personalised service for priority customer segments. Account Managers build strong, long-term relationships, understand customer needs and preferences, and deliver tailored financial

solutions. CRM-driven activity tracking and performance monitoring ensure consistent engagement and improved relationship outcomes.

Customer Experience

CDB’s customer experience strategy spans both physical and digital channels, anchored in process efficiency, digital innovation, and a service culture built around the customer. Performance is tracked through the following key indicators for FY 2025/26:

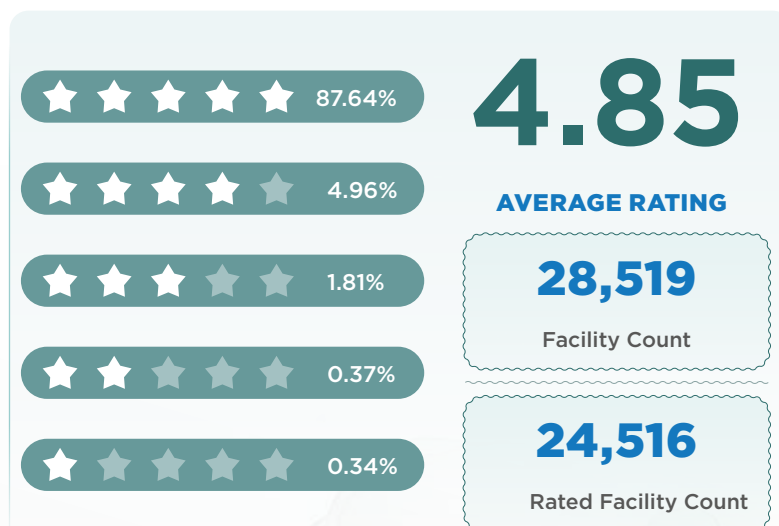
KPI	Score
Customer Satisfaction Index (CSI)	4.85 / 5.0
5-Star Rating	86.55%
Customer Satisfaction Score (CSAT)	96.85%
Net Promoter Score (NPS)	64.4%
Customer Complaints Resolved	100%

During the financial year 2025/26, a total of 28,519 active facilities were rated, with 24,516 customers responding. Customer feedback indicates exceptionally high satisfaction levels, with 86% of respondents awarding 5 stars. Customer feedback is actively analysed to identify improvement opportunities and enhance service delivery across all channels.

Customer Satisfaction Index (CSI)

Customer Satisfaction Index Rating which 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.

Customer feedback indicates exceptionally high satisfaction levels. Satisfaction rate of 97% 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.



SOCIAL & RELATIONSHIP CAPITAL

SERVICE QUALITY AND CONTINUOUS IMPROVEMENT

Independent mystery shopper assessments are conducted across key channels including branches and the Contact Centre. Findings are used to drive targeted training, process enhancements, and service quality improvements. CDB invested in structured training initiatives including International Customer Service Week, Coffee with Leaders sessions, and Happy Customer Events, fostering a strong customer-centric culture and continuous learning environment.

Customer Engagement and Loyalty

CDB strengthened customer relationships during the year through targeted engagement initiatives including:

- Exclusive Premier customer engagements
- Lifestyle-based experiences, including Royal Colombo Golf Club events
- Cultural and community events such as Iftar gatherings
- Birthday cashback programme for customers based on loyalty programmes



Customer Retention

CDB continues to foster strong long-term customer relationships through personalised service, trusted financial solutions, and seamless engagement across both digital and physical channels. The Company's relationship-driven approach has supported healthy retention across both deposit and lending portfolios, reflecting the confidence customers place in the CDB brand. Many customers who initially engaged with CDB for a single financial need have progressively expanded their relationship over time – growing alongside the organisation through deposits, lending, SME financing, and digital financial services – a testament to CDB's commitment to serving customers across all stages of their personal and business journeys.

RESPONSIBLE MARKETING AND FAIR SELLING PRACTICES

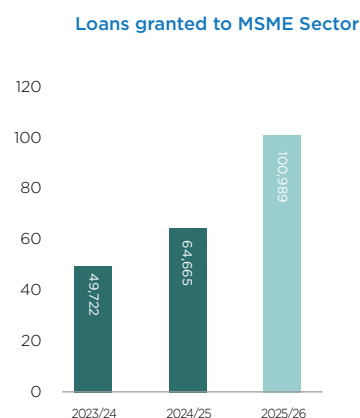
CDB adheres to the principles set out in the customer charter in framing its advertising and marketing campaigns. The website is also carefully designed to enable customers to find the right products and gain a basic understanding of our products. Product leaflets provide detailed information about the products. Our front-line staff including our call centre staff are trained to fully explain the products to customers to ensure that they understand the products that they are considering. Product leaflets are available in all three languages, and our staff are also able to explain the products in the language customers are most comfortable with. Contracts can be executed in the language of their choice, ensuring that customers understand the benefits, terms and conditions. Interest rates are aligned to the risk assumed which is linked to the customer profile, tenor of the product and the product itself and may also include other factors. Overall, CDB employees understand that happy customers are loyal and will return, hence responsible marketing and fair selling practices are integral to our customer value proposition.

FINANCIAL INCLUSION & CAPACITY BUILDING

CDB has a range of products targeting the country’s SMEs, facilitating access to finance to support their growth to the emerging corporates of tomorrow. SMEs are the backbone of any economy and penetrating this underserved customer segment is a strategic priority for CDB. CDB is an active player in the country’s SME sector, punching well above its weight in this segment.

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.

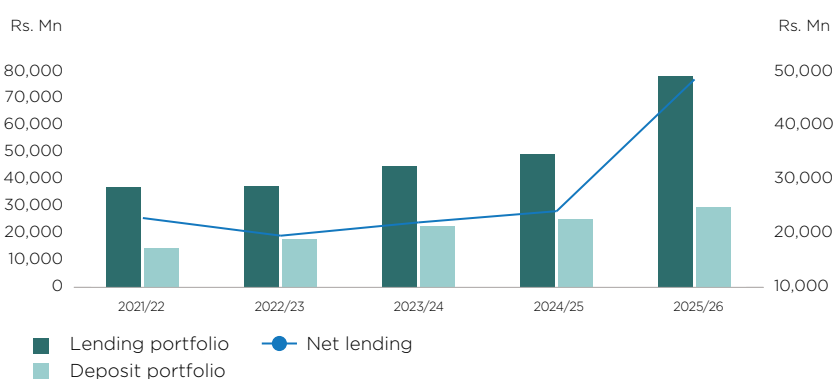
Our impact is particularly significant in densely populated rural regions, where we work to uplift the poorest and most vulnerable. By leveraging digital capabilities and virtual operations, CDB delivers financial services to remote communities while empowering our team members to serve customers with 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 catalyse meaningful change in the socio-economic and cultural fabric of rural communities, fostering equitable prosperity for all.

Net Lending Outside the Western Province

CDB’s growth outside the Western Province is evidenced by its net lending position outside the Western Province. The chart below reflects its growing commitment to inclusive finance, ensuring that deposits raised remain within provinces for investment in the same geographical areas, addressing inequalities between the Western Province and other provinces.

Lending to & Deposits Raised Outside the Western Province



Rs. Mn	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Lending portfolio	31,286	37,489	37,658	45,011	49,586	78,660
Deposit portfolio	10,119	14,586	18,039	22,919	25,407	29,972
Net lending	21,167	22,903	19,619	22,092	24,179	48,688

SOCIAL & RELATIONSHIP CAPITAL

CDB Meezan; Islamic Finance

CDB introduced CDB Meezan in December 2012 as its Islamic finance window, providing Shariah-compliant financial solutions across retail and business segments. All operations are conducted strictly in line with Islamic principles and are governed by an independent Shariah Supervisory Board.

Since inception, CDB Meezan has demonstrated strong and steady growth, expanding from an initial portfolio of approximately LKR 2.5 Bn to a current lending portfolio of around LKR 10.7 Bn, reflecting increasing demand for ethical, interest-free financial solutions. CDB Meezan products are offered through all 71 branches while Virtual Business Units operate across the country, ensuring broad geographic reach for Islamic finance solutions.

Product offerings



Liability products

Mudharabah Fixed Deposits

Mudharabah Savings

Wakalah Investments



Asset products

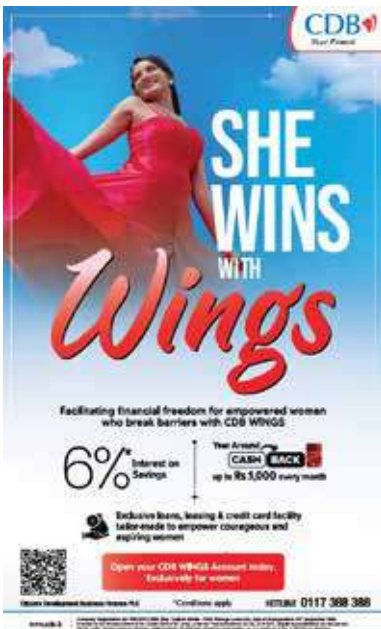
Ijarah (Leasing)

Murabaha - Vehicle

Murabaha Trading Financing

Diminishing Musharakah

EMPOWERING WOMEN ENTREPRENEURS



Women empowerment represents a cornerstone strategy for CDB, with women comprising a significant portion of its customer base. The CDB Wings Ecosystem is a dedicated initiative designed to foster the economic and social empowerment of women through

accessible, specialised financial services and comprehensive support. At its foundation, Wings serves as an integrated platform aimed at advancing women’s entrepreneurship, facilitating financial inclusion, and opening new opportunities for growth and self-reliance.

Through digital innovation, tailored financial products, and collaborative community partnerships, the Wings Ecosystem provides a seamless and supportive experience. Offerings include credit facilities focused on women, savings accounts, business loans, and digital tools available through the CDB Self app.

By employing technologies such as Video KYC for streamlined onboarding, along with targeted financial education and mentoring, Wings equips women with the confidence and skills necessary to start, manage, and expand their businesses. Engagements with women’s groups and social

enterprises further strengthen the ecosystem, cultivating a robust network that promotes entrepreneurship, financial literacy, and leadership among women.

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.

As the CDB Wings Ecosystem continues to grow, CDB remains firmly committed to supporting

women entrepreneurs, encouraging sustainable business development, advancing inclusive economic progress, and generating meaningful social impact—empowering women to shape their own financial trajectories and contribute significantly to their communities.



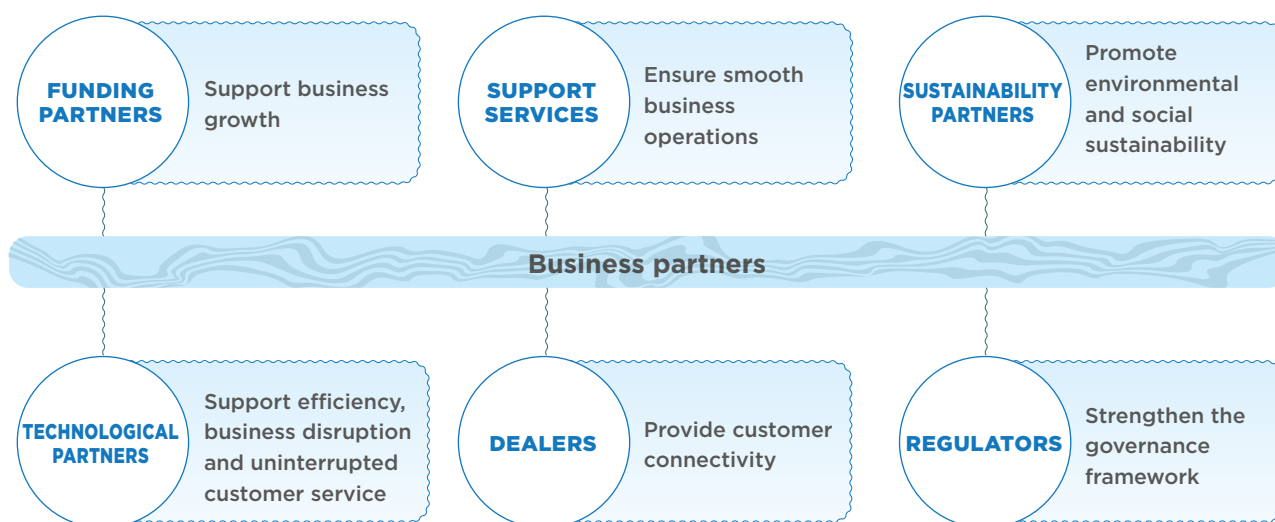
STRATEGIC PARTNERSHIPS

Catalysts for Growth and Innovation

At CDB, partnerships are a strategic enabler of sustainable value creation. We believe the greatest impact is achieved through a connected ecosystem where customers, value chain partners, regulators, development institutions, technology providers, and communities contribute to shared success.

Our partnership approach is centred on collaboration, co-creation, and mutual value generation. By combining capabilities, insights, and resources, we expand access to finance, accelerate innovation, enhance customer experiences, and respond more effectively to evolving market needs. These relationships enable us to extend our reach, strengthen operational resilience, and create opportunities for inclusive and sustainable growth.

Customers remain at the heart of this ecosystem as key partners in shaping solutions and driving innovation. As we advance our strategic ambitions, we remain committed to fostering trusted partnerships that create lasting value for stakeholders while strengthening CDB's role as a responsible financial services and ecosystem partner.



SOCIAL & RELATIONSHIP CAPITAL

Funding partners

Funding partnerships are fundamental to CDB’s ability to create sustainable value, support business growth, and maintain long-term financial resilience. Through disciplined financial management, transparent engagement, and a consistent track record of honouring commitments, CDB has built trusted relationships with a diverse network of local and international funding partners.

Our funding strategy is anchored on a balanced mix of customer deposits and corporate funding, ensuring a stable and diversified capital base. Corporate funding plays a critical role in supporting

balance sheet growth, optimising asset-liability maturity profiles, and enhancing the Company’s capacity to respond to evolving market opportunities.

Local funding partners

Local funding partners, comprising banks and intermediary fund arrangers, remain an important source of capital and contribute significantly to the Company’s funding portfolio. At the same time, strong governance, regulatory compliance, ethical business practices, and transparency have enabled CDB to attract and retain the confidence of international funding institutions.

Foreign funding partners

These partnerships extend beyond capital provision. By aligning funding with shared development objectives, CDB channels resources towards advancing financial inclusion, supporting women entrepreneurs, strengthening MSMEs, promoting sustainable economic activities, and expanding access to financial services across underserved communities. Through these collaborative relationships, CDB continues to create both financial and social value while contributing to broader economic progress.

Funding partner	Amount	Status
BIO	USD 16 Mn	Fully Settled
FMO	USD 25 Mn	Fully Settled
Blue Orchard	USD 25 Mn	Fully Settled
Triodos Fair Share Fund	EURO 5 Mn	Fully Settled
US DFC	USD 30 Mn	Active
Symbiotics	USD 5 Mn	Active
Enabling Capital	USD 10 Mn	Active
responsAbility managed Funds	USD 21.5 Mn	Active

Credit guarantee scheme with ADB

During FY 2025/26, CDB continued to utilise the ADB-backed National Credit Guarantee Institution (NCGI) Guarantee Scheme to expand access to finance while strengthening prudent credit risk management. Building on its position as the first financial institution in Sri Lanka to disburse a loan under the scheme, CDB leveraged the facility to support entrepreneurs, SMEs, and underserved customer segments with greater access to capital. The programme enhances financial inclusion and resource mobilisation while enabling funding to be directed towards productive sectors, including agriculture and rural enterprise development. Through this partnership, CDB continues to support inclusive economic growth and sustainable development.



Technology partners

Technology partnerships are a key enabler of CDB's digital transformation journey and long-term value creation strategy. By collaborating with leading technology providers, innovation partners, and specialist service providers, we continue to enhance customer experiences, improve operational agility, and strengthen business resilience.

These strategic relationships support the development of digital-first solutions, process automation, data-driven decision-making, and enhanced cybersecurity capabilities. They also play an important role in maintaining robust governance frameworks, ensuring operational continuity, and enabling the efficient delivery of products and services across our growing digital ecosystem.

Beyond operational excellence, our technology partnerships contribute to advancing innovation-led growth and sustainability objectives. Through the adoption of emerging technologies and scalable digital platforms, we are expanding financial inclusion, improving accessibility, and creating more seamless customer experiences. Together with our technology partners, CDB continues to build a future-ready organisation that delivers sustainable value to customers, stakeholders, and the wider community.



Regulators

Regulatory compliance is a fundamental pillar of CDB's governance framework and a key contributor to sustainable value creation. We recognise regulators as important stakeholders in maintaining the stability, integrity, and resilience of the financial services sector, and we remain committed to operating in full compliance with applicable laws, regulations, and industry standards.

Our approach is underpinned by strong governance structures, robust internal controls, independent assurance mechanisms, and a culture of ethical conduct. These frameworks

support prudent decision-making, effective risk management, and responsible business practices while safeguarding the interests of customers, investors, and other stakeholders.

CDB maintains proactive and transparent engagement with regulatory authorities through regular reporting, consultations, industry forums, and constructive dialogue on emerging developments and regulatory expectations. We are committed to providing timely, accurate, and comprehensive disclosures that facilitate effective oversight and informed decision-making.

By embracing regulatory best practices and continuously strengthening our compliance capabilities, we reinforce stakeholder confidence, enhance organisational resilience, and contribute to the long-term sustainability of both our business and the broader financial ecosystem.

SOCIAL & RELATIONSHIP CAPITAL

Sustainability partners

Sustainability remains a core strategic priority for CDB, influencing how we create value, manage risks, and pursue long-term growth. We recognise that achieving meaningful and lasting impact requires collaboration, and therefore actively engage with development partners, industry bodies, sustainability-focused organisations, and other stakeholders to advance shared environmental, social, and economic objectives.



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இலங்கை கொடுகடன் தகவல் பணியகம்
CREDIT INFORMATION BUREAU OF SRI LANKA

Through these partnerships, we support initiatives that promote renewable energy adoption, resource efficiency, climate resilience, financial inclusion, and sustainable economic development. We also work closely with suppliers and business partners to encourage responsible practices and strengthen sustainability across our value chain.

As a participant of the United Nations Global Compact since 2020, CDB remains committed to upholding its principles relating to human rights, labour standards, environmental responsibility, and ethical business conduct. These principles are embedded within our governance frameworks, policies, and operational practices, guiding decision-making across the organisation.

By fostering strategic partnerships and integrating sustainability into our business model, CDB continues to contribute to inclusive growth while creating long-term value for stakeholders and society.

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

GRI 2-28

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

MANAGING OUR SUPPLIERS

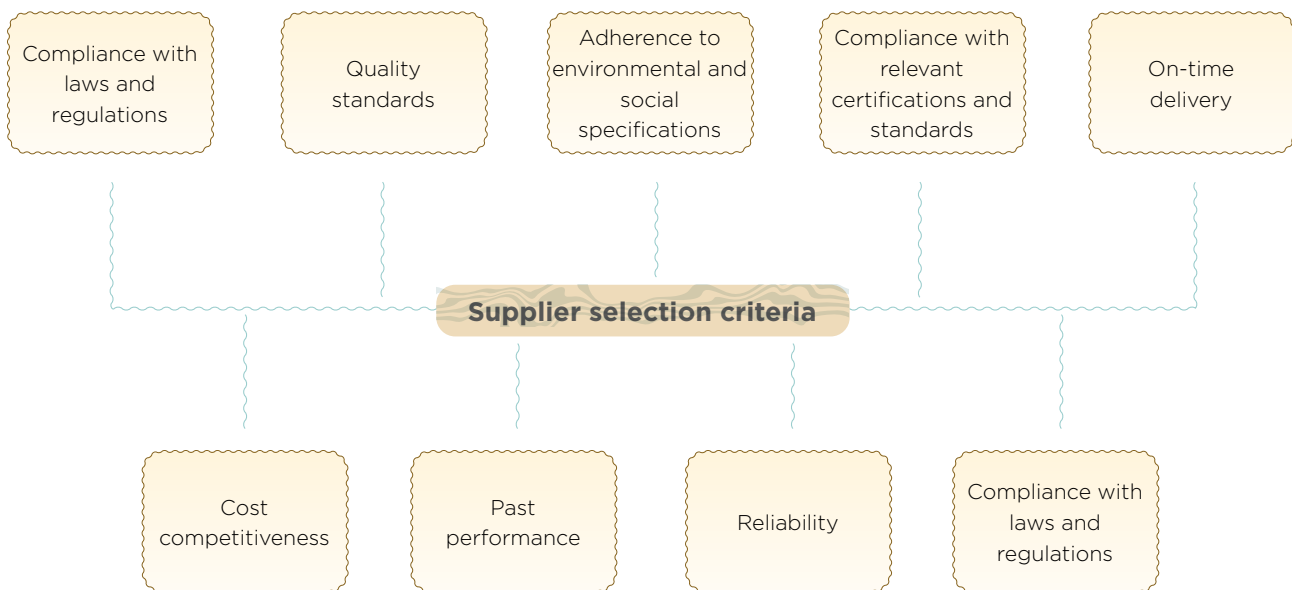
GRI 2-6

Suppliers are important value chain partners in CDB's operations, contributing to the efficient delivery of products, services, and strategic initiatives. The Company operates a centralised procurement framework, with over 90% of purchases sourced through local suppliers or local representatives of international providers, supporting both operational effectiveness and the local economy. All significant procurement decisions are governed through a structured approval process and oversight by the Purchasing Committee.

CDB integrates sustainability considerations into procurement through its Sustainable Purchasing Policy, which promotes responsible sourcing, ethical business conduct, and environmental stewardship across the supply chain. We seek to engage suppliers who share our commitment to sustainable and responsible business practices while encouraging continuous improvement and innovation.

The Company also supports inclusive economic participation by providing equitable opportunities for SMEs, women-led enterprises, and other underrepresented business groups within its procurement processes. During FY 2025/26, total payments to suppliers amounted to Rs. 5.9 Bn (2024/25: Rs. 3.1 Bn), reflecting the scale of economic value generated and distributed through our supplier network.

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

GRI 413-1

CDB's community investment strategy is guided by our purpose of advancing lives through sustainable financial services and is closely aligned with our Sustainability Agenda. We recognise that our long-term success is linked to the wellbeing and resilience of the communities we serve. Accordingly, we invest in initiatives that promote education, digital empowerment, child development, entrepreneurship, and the upliftment of underserved and rural communities.

Community initiatives are prioritised based on identified needs, available resources, and opportunities to

create sustainable impact. Beyond financial support, we encourage employee participation through volunteering and skills-based contributions that strengthen community outcomes and deepen stakeholder engagement.

Priority Areas

Our community initiatives focus on education, digital inclusion, child health and development, entrepreneurship, financial inclusion, and community resilience, supporting more equitable and prosperous communities across Sri Lanka.

Impact Created for Local Communities

GRI 413-2

During FY 2025/26, no material negative impacts on local communities were identified from CDB's operations or business relationships. Through our

sustainability and community investment initiatives, we continued to generate positive social impact and contribute to long-term community development.

CDB Participatory Processes

CDB adopts a participatory approach to community engagement by working closely with beneficiaries, development partners, and local stakeholders to identify needs and develop impactful solutions. Programmes such as the Sisudiri Scholarship Programme, Smart Computer Labs, SMB Friday, child development initiatives, and CDB Hithawathkam are designed and implemented through active stakeholder participation, ensuring relevance, inclusivity, and sustainable outcomes.





SOCIAL & RELATIONSHIP CAPITAL

CDB Hithwathkam

CDB Hithwathkam is the Company’s employee-driven community engagement platform that empowers employees to identify, design, and implement sustainable community development initiatives in partnership with their respective branches and divisions. The programme encourages active employee participation in addressing local social and environmental needs, fostering a culture of volunteerism, ownership, and social responsibility. By leveraging employees’ knowledge of their communities and aligning projects with CDB’s sustainability agenda, Hithwathkam creates meaningful and lasting impact while strengthening connections between the Company, its people, and the communities it serves.



Community Development Programs

<p>Child Health and Well-being</p>  <p>Act Early for Autism</p>	<p>Child Education and Literacy</p>  <p>Sisudiri Scholarship Program</p> <p>Smart Computer Lab</p>	<p>Preserving Art and Culture</p>  <p>Chitrasena Vajira Dance Foundation Partnership</p>	<p>Empowerment of Youth and Entrepreneurs</p>  <p>SMB Friday</p>
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CHILD HEALTH AND WELL-BEING

<p>Child Health and Well-Being</p>	<p>Act Early for Autism</p>
<p>The Initiative</p>	<p>Launched in 2015 to mark CDB’s 20th anniversary, in collaboration with the Sri Lanka Association for Child Development (SLACD), the Act Early for Autism initiative was established in response to findings that 1 in 93 children aged 18 to 24 months in Sri Lanka are affected by Autism Spectrum Disorder (ASD). The initiative continues to focus on early detection, awareness, and timely intervention.</p>
<p>Location</p>	<p>Three Pragathi Intervention Centres operating within government hospitals in:</p> <ul style="list-style-type: none"> • Ampara • Anuradhapura • Galle - Karapitiya
<p>Key Structures in Place</p>	<ul style="list-style-type: none"> • Autism Trust Fund – established and maintained • Dedicated support hotline for families • Nationwide mass media awareness campaign • Three Pragathi Intervention Centres providing direct access to intervention services

Child Health and Well-Being

Initiatives Implemented in 2025/26	<ul style="list-style-type: none"> Continued outreach programs engaging midwives, nurses, and primary school teachers through SLACD Ongoing screening and early intervention support at the three Pragathi Intervention Centres Awareness and capacity-building sessions for healthcare professionals and community stakeholders Expanded digital outreach efforts to raise public awareness on ASD identification and intervention Engagement of 2 speech therapists at the Intervention Centre in Galle Discussions were initiated to establish a new Intervention Centre at the Kurunegala Hospital
Achievements to Date	<ul style="list-style-type: none"> Three state-of-the-art Pragathi Intervention Centres established in government hospitals Autism Trust Fund institutionalised with sustained operational support Thousands of children reached through nationwide awareness campaigns Dedicated ASD support hotline operational, providing guidance to affected families Recognised as one of CDB's flagship long-term social impact initiatives
Partnerships	<ul style="list-style-type: none"> Sri Lanka Association for Child Development (SLACD) Ministry of Health Government hospitals - Ampara, Anuradhapura, Galle, Kurunegala



SOCIAL & RELATIONSHIP CAPITAL

CHILD EDUCATION AND LITERACY

Child Education and Literacy

The Programme

Sisudiri Scholarship Program

Initiated in 2008, the Sisudiri Scholarship Program recognises academic high achievers from low-income families across all 25 districts of Sri Lanka. Now in its 17th consecutive season, the programme provides financial support to Grade Five Scholarship winners and GCE Ordinary Level high achievers through annual grants, supporting their educational journeys through to GCE Advanced Level.

Grant Structure

- Grade Five Scholarship winners: Rs. 62,500 per year until completion of GCE Ordinary Level
- GCE Ordinary Level high achievers: Rs. 35,000 per year until completion of GCE Advanced Level
- Selection based on a transparent, district-wide, unbiased process

Project Timeline

- Initiated in 2007
- Seasons 16 and 17 launched during 2025/26

Initiatives Implemented in 2025/26

- Successful launch of Seasons 16 and 17 of the programmes and awarded 300 scholarships during the year 2025/25
- Scholarship awarding ceremony for Seasons 18 scheduled
- Maintained district-wide inclusive selection process covering all 25 districts

Achievements to Date

- Total of 1,300+ scholarships awarded since project inception
- Cumulative investment exceeding Rs. 45 million
- Coverage across all 25 districts of Sri Lanka
- Consistent impact over 17 consecutive seasons

Partnerships

- Ministry of Education
- District-level educational authorities across all 25 districts



Child Education and Literacy

The Programme	<p>Smart Computer Lab</p> <p>Launched in 2004 with the single step of presenting one computer to Gonagala North Junior School in Ruwanwella. The Smart Computer Lab initiative aims to bridge the digital divide by providing IT infrastructure and access to schools in remote and underserved areas. The programme equips students with digital skills essential for academic achievement and future employability.</p>
Project Timeline	<ul style="list-style-type: none"> • Initiated in 2004 • Ongoing, with annual expansion to new schools and districts
Initiatives Implemented in 2025/26	<ul style="list-style-type: none"> • Established 4 new Smart Computer Labs during the financial year <ul style="list-style-type: none"> • Al-Aksha Maha Vidyalaya in Polonnaruwa • Andankulam RCTMV in Mannar, • Kumulumunai GTMS in Kilinochchi • Olumadu Tamil Vidyalayam in Vavuniya • Preparations started for 2 additional labs to be launched in the near future • Ongoing student engagement and digital literacy programming at existing labs • Prioritisation of digitally underserved schools in rural districts
Achievements to Date	<ul style="list-style-type: none"> • 25 Smart Computer Labs established cumulatively across the country covering all 25 districts. • Geographic reach extended to Eastern Province and multiple districts outside Western Province • 10,000+ students empowered with foundational digital skills • Contributions to national digital literacy and educational equity goals
Partnerships	<ul style="list-style-type: none"> • Ministry of Education • Zonal educational authorities • Technology partners supporting infrastructure and equipment



SOCIAL & RELATIONSHIP CAPITAL

PRESERVING ART AND CULTURE

Preserving Art and Culture

The Initiative

Chitrasena Vajira Dance Foundation Partnership

CDB's partnership with the Chitrasena Vajira Dance Foundation (CVDF) supports the preservation of Sri Lanka's traditional dance heritage and sustains the Foundation's long-standing scholarship programme. The partnership funds a six-year training course for aspiring dancers, teachers, choreographers, and theatre practitioners.

Project Timeline

- Initiated in 2024
- Partnership ongoing for 6 years
- Six-year structured training cycle for scholars

Initiatives Implemented in 2025/26

- Continued funding for the CVDF scholarship programme, supporting students in the six-year training course
- Facilitation of structured training pathways for dancers, teachers, choreographers, and theatre practitioners
- Sustained engagement with the Chitrasena family to uphold the legacy of Sri Lanka's classical dance tradition
- Support for student participation in cultural performances and public showcases

Achievements to Date

- Supporting Sri Lanka's classical dance legacy
- Multiple cohorts of trained artists, teachers, and choreographers produced
- Meaningful contribution to the preservation of Sri Lanka's intangible cultural heritage
- Recognition as one of CDB's flagship cultural preservation initiatives

Partnerships

- Chitrasena Vajira Dance Foundation (CVDF)



EMPOWERING ENTREPRENEURSHIP

Empowering Entrepreneurship | CDB SMB Friday

The Initiative	CDB SMB Friday is a platform designed to amplify the visibility and market access of small and medium-scale businesses (SMBs). Through the corporate website, social media channels, and the patpat marketplace – which draws an average of 35,000 views per video – the initiative provides entrepreneurs with meaningful digital exposure and connectivity to wider customer segments.
Project Timeline	<ul style="list-style-type: none"> • Initiated in 2018 • Phase 1 completed • Phase 2.0 launched in 2025/26 with extended outreach beyond the Western Province
Initiatives Implemented in 2025/26	<ul style="list-style-type: none"> • Launched CDB SMB Friday 2.0 with a stronger focus on entrepreneurs outside the Western Province • Organised two dedicated SMB Fairs in celebration of International Women’s Day • First fair held at Independence Arcade, Colombo 7, in collaboration with the CAN Market • Second fair hosted independently at the CDB Head Office premises • Both events conducted in partnership with the Wings Ecosystem and patpat.lk, showcasing women-led SMEs • Continued weekly SMB features through social media and the patpat marketplace • Initiated plans to expand the SMB Fair concept beyond the Western Province, with Kandy identified as the next host location.
Achievements to Date	<ul style="list-style-type: none"> • 100+ vendors featured to date • Average of 35,000 views per feature video on patpat marketplace • Expanded geographic reach to entrepreneurs beyond the Western Province • Two successful SMB Fairs organised with participation from women-led enterprises • Growing ecosystem connecting SMBs with customers, investors, and peers
Partnerships	<ul style="list-style-type: none"> • Wings Ecosystem • patpat.lk marketplace • CAN Market



SOCIAL & RELATIONSHIP CAPITAL

COMMUNITY RESILIENCE AND DISASTER RECOVERY

Community Resilience and Disaster Recovery

The Initiative

University of Peradeniya ICT Recovery Initiative

In November 2025, the Cyclone Ditwah caused catastrophic flooding across the University of Peradeniya campus, resulting in direct losses estimated at approximately LKR 4 billion. Among the facilities most severely affected were the Information Technology Centre, computer laboratories, server rooms, research facilities, and other critical student infrastructure.

In response, and in coordination with government-led recovery efforts, CDB partnered with the University of Peradeniya to support the comprehensive restoration of its digital learning and ICT ecosystem. With an estimated project investment exceeding LKR 35+ million, this initiative reflects CDB's commitment to advancing education, fostering digital empowerment, and strengthening community resilience in the face of adversity.

Location	University of Peradeniya, Kandy
Project Timeline	<ul style="list-style-type: none"> Disaster event: November 2025 (Cyclone Ditwah) Restoration works commenced: 2025/26 Planned inauguration: July 2026
Scope of Restoration	<ul style="list-style-type: none"> Air-conditioned seminar room with 100-person seating capacity Computer laboratory equipped with 25 computers for student use AI Research Centre fitted with 5 high-end computing workstations Complete restoration of the university's IT server room and associated network infrastructure Comprehensive refurbishment and upgrading of facilities, including civil works, electrical installations, furniture, air-conditioning systems, and related sanitary infrastructure
Initiatives Implemented in 2025/26	<ul style="list-style-type: none"> Commenced full restoration of flood-damaged IT infrastructure and academic facilities Coordinated multiple specialist contractors covering civil, ICT, electrical, furniture, air-conditioning, and server infrastructure works Progressed installation of computing equipment across the computer laboratory and AI Research Centre Rebuilt core server infrastructure to restore financial management systems, student records, and learning management platforms Completion and inauguration of all facilities planned for July 2026
Expected Impact	<ul style="list-style-type: none"> Restoration of digital learning access for thousands of undergraduate and postgraduate students Resumption of research activities through a dedicated AI Research Centre Continuity of academic operations including financial management, student records, and online teaching platforms Enhanced institutional resilience against future climate-related disruptions Demonstration of the private sector's role in national disaster recovery and human capital development
Partnerships	<ul style="list-style-type: none"> University of Peradeniya Government of Sri Lanka - disaster recovery coordination



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 regions, 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.
- Institutionalise best-in-class standards in customer privacy, compliance, and social responsibility, setting benchmarks for the industry.



HUMAN CAPITAL

At CDB, our people are the cornerstone of our success. Guided by our core values — perseverance, empathy, reliability, and innovation — we believe in achieving extraordinary results through ordinary people, and that strategy ultimately bets on people. Our human capital strategy is closely aligned with our business model, reflecting a commitment to fostering a thriving, diverse, inclusive, and equitable workplace where every team member is valued, respected, and empowered. We are committed to providing equal opportunities for all employees, ensuring fair access to recruitment, development, career progression, and leadership opportunities. 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. The Human Capital Review sets out how we attract, develop, engage, and retain the talent that powers our long-term success.



RELATED SDGs



SDG 3 - Good Health and Well-Being

CDB's employee wellbeing framework encompasses physical health coverage, mental wellness programmes, counselling access, and regular wellness screenings. Monthly webinars on stress management, emotional wellbeing, and women's mental health, combined with OHS training and a zero-incident safety record, reflect a proactive commitment to the health and well-being of the entire team.



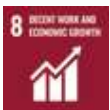
SDG 4 - Quality Education

Through the CDB Academy, a digital LMS, and partnerships with the Institute of Bankers of Sri Lanka (IBSL) and Sri Lanka Institute of Marketing (SLIM), CDB provides structured learning, financial assistance, rewards educational excellence, and develops future leaders through its MT Programme. The NAITA MOU further supports national skills development and employability through industry-relevant vocational training.



SDG 5 - Gender Equality

Female representation in the workforce grew to 39% in 2025/26, with a target of 45% by 2027. Women accounted for 84% training coverage — above the male rate of 72% — and 265 of the 585 promotions during the year. Extended maternity leave, flexible policies for differently abled employees, and International Women's Day initiatives reflect CDB's commitment to an equitable and inclusive workplace.



SDG 8 - Decent Work and Economic Growth

CDB provides stable, meaningful employment to a diverse island-wide team, offering competitive remuneration, structured career pathways, and an enabling work environment. Talent conversion, performance-linked rewards, and the NAITA apprenticeship partnership expand decent work opportunities and contribute to workforce development and economic participation across Sri Lanka.

MANAGEMENT OF MATERIAL TOPICS **GRI 3-3****M4 Talent Acquisition and Retention**

During FY 2025/26, CDB continued to strengthen its talent pipeline to support business growth, with 191 contract employees transitioned to permanent roles — reflecting a deliberate strategy to convert the contract talent pool into a proven source of long-term talent. Overall permanent cadre attrition stood at 14.25%, primarily attributable to junior-grade employees pursuing higher studies or new career opportunities. Female representation in the workforce increased from 35% to 39%, advancing progress toward the target of 45% by 2027. CDB also entered into a landmark MOU with the National Apprenticeship and Industrial Training Authority (NAITA) — the first such partnership in the industry — creating structured pathways for NVQ-qualified apprentices to gain exposure to the financial services sector through CDB's island-wide branch network. The workforce remains young and agile, with 70% of employees below 30 years of age.

M5 Career Progression, Learning and Development

CDB's Talent Development Blueprint structures employee growth across three levels — Preliminary, Executive, and Advanced — with the CDB Academy as the central delivery platform. During 2025/26, CDB invested Rs. 37 million in learning and development, delivering 160,143 total training hours to 1,643 employees, representing 77% of the workforce. Average training hours reached 53 hours for junior management and 132 hours for middle management. A new fully integrated Learning Management System (LMS) — featuring mobile access, AI-enabled assistance, and gamified learning — was launched, transforming the training lifecycle into a single digital ecosystem. Key programmes covered leadership development, product and technical knowledge, customer service excellence, and professional skills. Employee productivity rose 14.23% during the year. A total of 585 employees were promoted based on performance evaluations, with female employees accounting for 265 of those promotions.

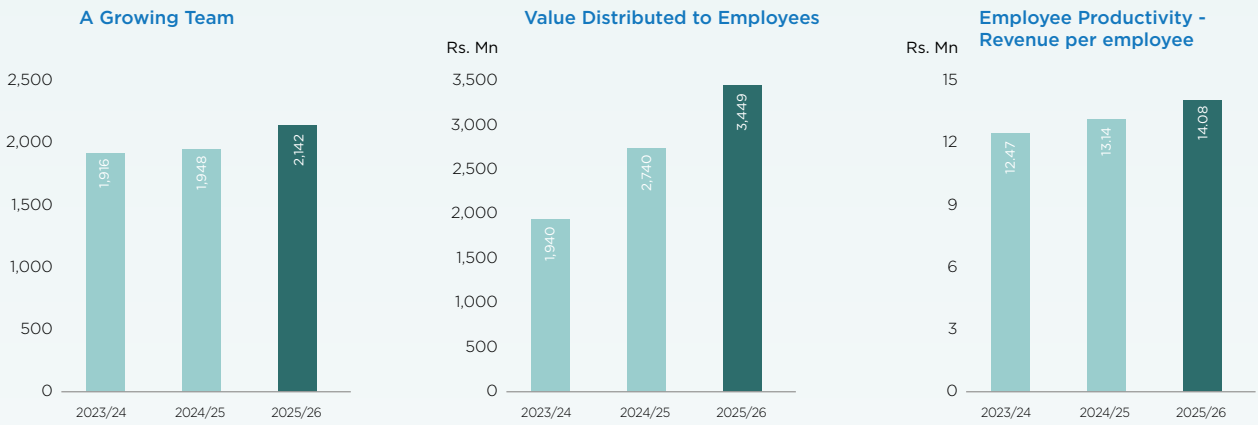
M6 Employee Health, Safety and Favourable Work Environment

CDB maintains an Occupational Health and Safety framework aligned with OHS guidelines and industry best practices, resulting in zero major incidents during the year. All facilities are equipped with safety infrastructure, annual evacuation drills are conducted, and a BCP committee ensures operational continuity during disruptions. During the Cyclone Ditwah in November 2025, CDB activated its emergency call tree, deployed a 24/7 monitoring team, relocated affected employees, and released Rs. 5.1 million to support 114 affected team members. Employee wellbeing is supported through life and hospitalisation insurance, a medical reimbursement scheme, wellness screenings for employees over 40, monthly wellness webinars, counselling services, and annual eye and dental clinics. Remuneration is governed by a Total Rewards strategy reviewed regularly against market benchmarks, with the overall structure approved by the Board. CDB provides an enhanced gratuity scheme, an Employee Share Ownership Plan (ESOP), and extended maternity leave of 100 days — above the statutory 84-day requirement — alongside three days of paternity leave.

HUMAN CAPITAL

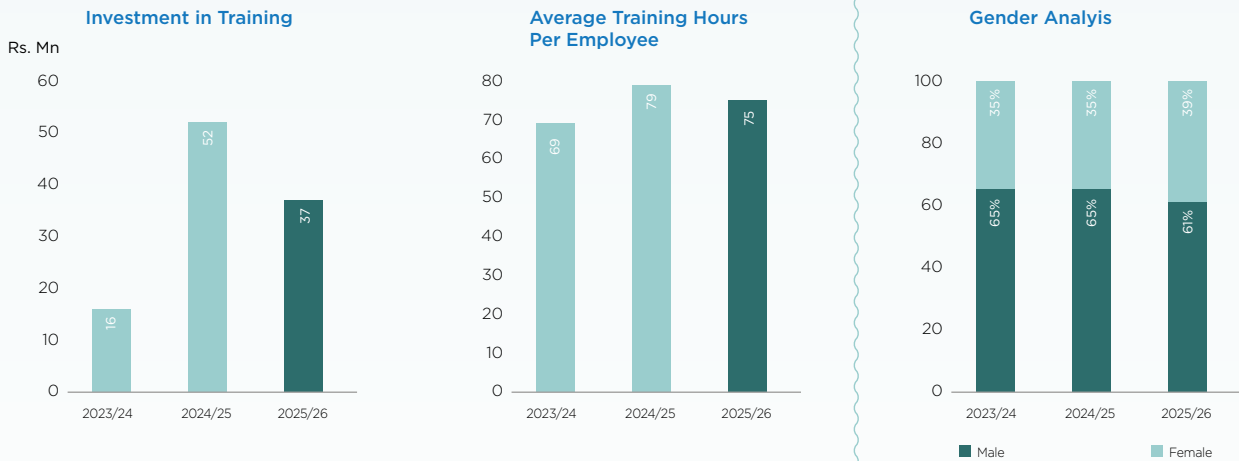
HIGHLIGHTS 2025/26

Our commitment to decent work and economic growth is set out in the three charts below as they reflect the combined impact of a sound policy framework, effective implementation of sound strategy and regular performance oversight.



Our commitment to providing relevant skills to our employees is set out in the charts below.

The chart below reflects our determination to foster gender equality within our teams.



The Great HR Awards

Merit Award (Finance, Insurance, Real Estate and Investment Sector)

In recognition of commendable commitment to advancing Human Resource practices within the organisation awarded by Chartered Institute of Personnel Management, Sri Lanka

Launching of a New E Learning System

Implementation of a fully integrated Learning Management System (LMS) featuring mobile accessibility, AI-enabled support, gamified learning experiences, and blended learning capabilities, streamlining the entire training lifecycle within a single integrated platform.

Managing Our People – Governance & Strategy

GRI 3-3

The Board has set in place a policy framework for managing our people as set out alongside. The Board Human Resources & Remuneration Committee assists the Board in oversight of this vital capital and ensures that the policy framework is aligned to the legal and regulatory requirements as well as the business needs of CDB. Remuneration policies are aligned to strategy and are reviewed regularly to ensure that both financial and sustainability objectives linked to rewards and that overall remuneration levels enable CDB to attract the talent and skills required to drive business performance and growth. The CEO and the Director – Corporate Finance are responsible for implementing HR strategy, managing the team and regularly report to the Board in this regard. Additionally, the CDB Academy is responsible for delivering the learning and development outcomes and is a critical part of CDB’s employee value proposition, delivering over 170 Training sessions to employees throughout the year.

The Company’s People strategy is captured graphically below:

GRI 2-26

Policy Framework for Human Capital

- HR Policy (Covering anti-harassment, anti-discrimination, and compensation and benefits)
- Succession Planning Policy
- Remuneration Policy
- Whistleblowing Policy
- Green HRM Policy
- Employee Handbook
- CDB Code of Ethics and Professional Conduct Policy
- Employee Grievance Procedure

HUMAN CAPITAL STRATEGIC PRIORITIES



HUMAN CAPITAL

Digitalisation of HR Systems

Digitalisation of HR Systems

CDB has invested in systematic data collection and monitoring of human resources as well as modern digital solutions for HR administration. Investments include the MINT HR system (Human Resources Information System), which is the primary information base regarding the Company's work force.

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.

Employees are empowered to manage their lifecycle including administrative functions to performance management through their mobiles.

Learning Management System

As a digital arm of CDB Academy, we have launched a modernised and fully integrated Learning Management System (LMS), upgrading our previous platform into a more advanced digital learning ecosystem. Empowered with a mobile application, the LMS enables seamless access to learning anytime, anywhere, supported by AI-enabled assistance for instant support and gamification to enhance engagement.

The platform enables a blended learning approach by integrating online, physical, and on-the-job training, while also managing the full training lifecycle, from on boarding to evaluation and feedback within a single integrated platform.

Below, we outline our targets, performance metrics, and suggested action plans for assessing progress against our strategy.

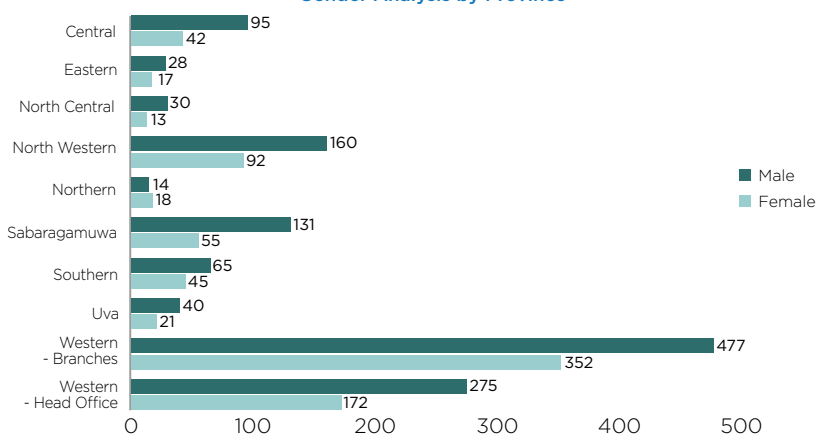
Target	Performance 2024/25	Performance 2025/26	Action Plan
Talent acquisition and retention			
Increase in female representation from 35% to 45% by end of 2027	35% from total cadre	39% from total cadre	<ul style="list-style-type: none"> Develop female leadership pipeline. Active Participation in Career Fairs Enhance workplace flexibility
Career progression, learning and development			
Strengthen the mid-level leadership pipeline and grooming the next level of leaders	Average training hours -junior management 29, and Middle management 61.	Average training hours - junior management 53, and Middle management 132.	<ul style="list-style-type: none"> Providing Talent Upskilling programs and Professional Skill development programs. Creating clear career pathway
Employee health and safety and favourable work environment			
Zero Major Incidents Report.	Zero Incidents	Zero Incidents	<ul style="list-style-type: none"> BCP & OHS-related training and awareness-building sessions.

A PROFILE OF OUR TEAM

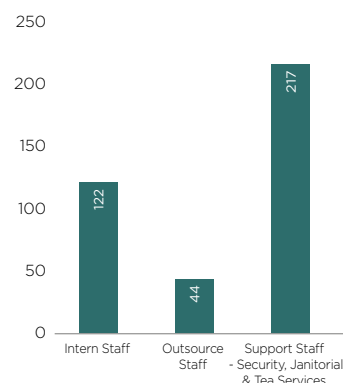
GRI 2-7, 2-8

A diverse team powers our growth and the charts below provide an analysis of the composition of the team. As our team comprises both permanent employees and contract employees, the gender, age and geographical analysis capture both categories of employees. However, outsourced workers are not included in such analysis. CDB does not engage any part time employees

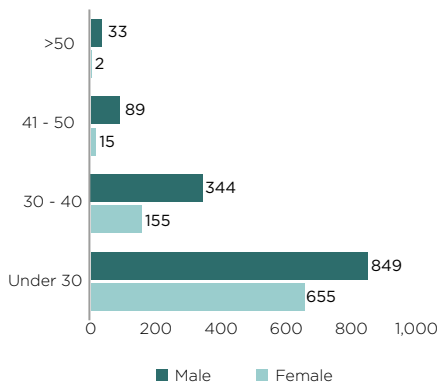
Gender Analysis by Province



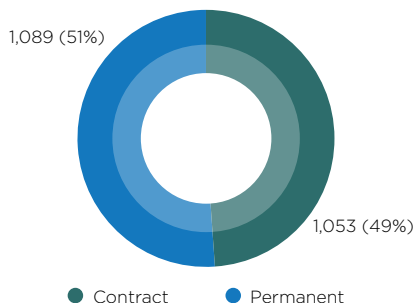
Workers who are not employees



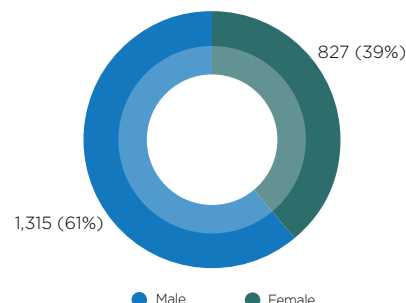
Gender & Age Analysis



Type of Employment



Gender Analysis



Province	Permanent		Contract		Total		Total
	Female	Male	Female	Male	Female	Male	
Central Province	17	45	25	50	42	95	137
Eastern Province	5	9	12	19	17	28	45
North Central Province	4	7	9	23	13	30	43
North Western Province	39	59	53	101	92	160	252
Northern Province	6	6	12	8	18	14	32
Sabaragamuwa Province	25	62	30	69	55	131	186
Southern Province	14	25	31	40	45	65	110
Uva Province	9	15	12	25	21	40	61
Western Province - Head Office	164	238	188	239	352	477	829
Western Province - Branch	119	221	53	54	172	275	447
Grand Total	402	687	425	628	827	1,315	2,142

HUMAN CAPITAL

CDB has a young team with 70% of the team below 30 years of age, representing a young and dynamic workforce who are agile in adoption of technology and have the ability to lead the fintech transformation shaping the financial services sector. The permanent-to-contract ratio stands at 51% and 49%, respectively, demonstrating team agility while maintaining a balanced workforce across both categories. The increase in female representation from 35% to 39% reflects CDB's commitment to gender diversity in the workforce.

TALENT ACQUISITION AND RETENTION

GRI 401-1

Talent acquisition

Talent acquisition is central to CDB's strategy, ensuring a resilient, adaptable workforce for future growth. CDB builds its employer brand around core values, meaningful work, career advancement, inclusivity, collaboration, and sustainability, attracting top talent and fostering engagement. The recruitment approach targets candidates who share the Company's values and strategic goals, and are highly motivated to progress in their careers. We focus on attracting multi-talented individuals with exceptional potential and aspiration including school leavers and recent graduates. A strong focus on professional development within CDB supports their personal growth and career progression which is discussed below.

During the financial year, CDB recruited 982 employees to meet operational demands and support business growth. Recruitment activity comprised 37 (4%) permanent cadre appointments and 945 (96%) contract appointments, reflecting our strategic approach to workforce composition. Further, 191 contract employees were transitioned to permanent roles

during the period. Both permanent and contract employees go through a structured process to accelerate integration in the workplace with orientation programmes, briefings and introductions to new colleagues.

Recruitment

Front Line	945
Junior Management	26
Middle Management	1
Managers	7
Senior Management	3
Top Management	0

A new partnership with National Apprenticeship and Industrial Training Authority (NAITA)

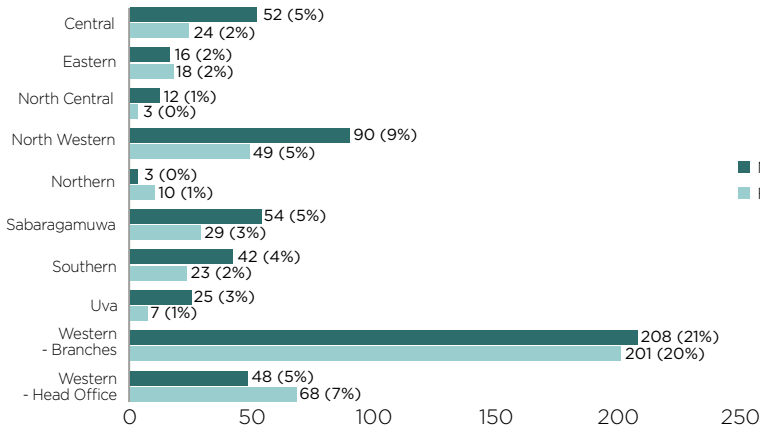
As part of our strategic commitment to strengthening national skills development, we entered into a Memorandum of Understanding (MOU) with the National Apprenticeship and Industrial Training Authority (NAITA), collaborating on their apprenticeship programme for NVQ Levels 03 and 04. This partnership marks the first collaboration of its kind within the industry. This collaboration is intended to bridge the gap between vocational education and industry requirements by creating a pathway for students to gain meaningful exposure to the financial services sector, while enhancing their employability and practical competencies. The initiative reflects our continued commitment to supporting national workforce development and nurturing future-ready talent.

The MOU lays the foundation for collaboration on an apprenticeship programme to be implemented across our island-wide branch network upon its formal commencement. Under this framework, selected apprentices will be provided with structured on-the-job training, mentorship, and performance evaluations, jointly overseen by our organisation and NAITA. The programme is designed to develop capabilities in key functional areas such as business development, customer service, and branch operations, while also creating potential pathways for future employment based on performance.

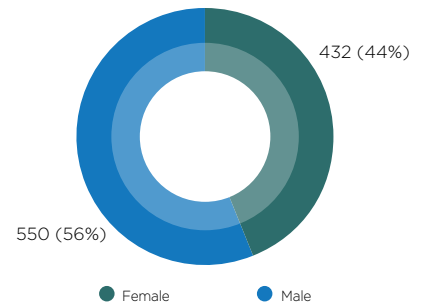
During the FY, CDB provided employment opportunities to 982 young school leavers during the financial year, offering them a valuable platform to pursue a career in sales within the financial services sector. Through a structural blend of permanent and contract opportunities, the organisation contributed to nurture emerging talent, while facilitating career progression through the confirmation of 191 contract employees into permanent roles.



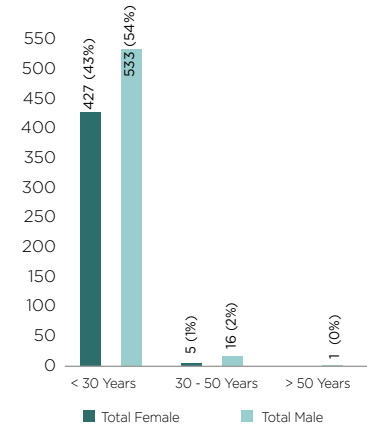
Recruitment by Province by Gender



Recruitment by Gender



Recruitment by Age & Gender



TALENT RETENTION

GRI 401-1

CDB implements a comprehensive people strategy centred on six core drivers. The organisation fosters a purpose-driven culture that aligns team members with its mission and corporate objectives. There is significant focus on upskilling, reskilling, job rotation, and leadership development to support ongoing professional growth. Additionally, CDB offers competitive benefits within a supportive and inclusive environment. Enhanced HR systems facilitate data-driven decisions, and the organisation’s people-centric approach consistently develops high-performing professionals.

Overall employee attrition was 34.22 % in 2025/26 with attrition in the permanent cadre being 14.25% while the attrition in the Contract cadre was higher at 55.7%. The Permanent workforce attrition was largely in entry level junior grades due to pursuit of higher studies and new employment. Attrition within the contract cadre is inherent to the nature of the category as these roles are predominantly sales roles designed to provide initial entry point to school leavers, enabling them to gain functional training and exposure to financial services industry before pursuing higher career opportunities. However, CDB’s conversion of 191 contract staff to permanent roles during the year signals strategic talent retention, converting our contract pool into a proven talent pipeline.

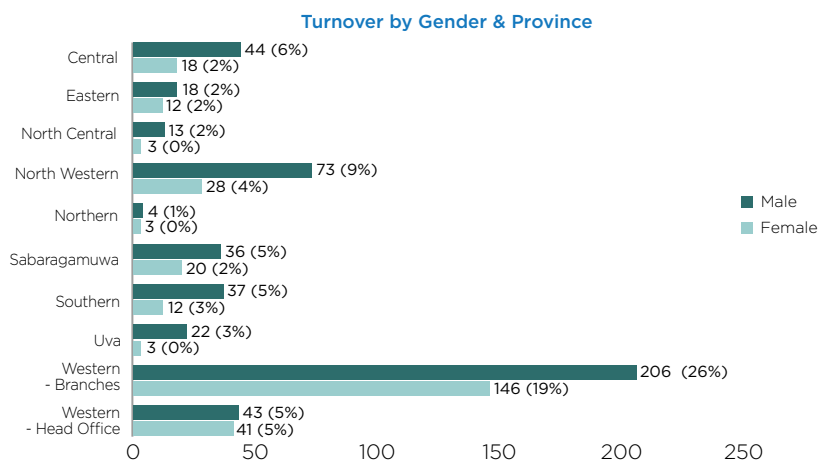
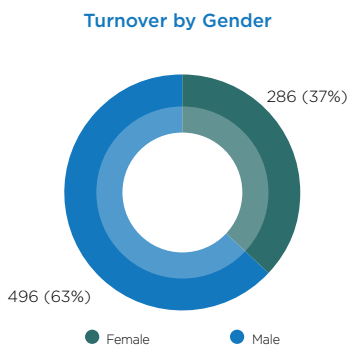


HUMAN CAPITAL

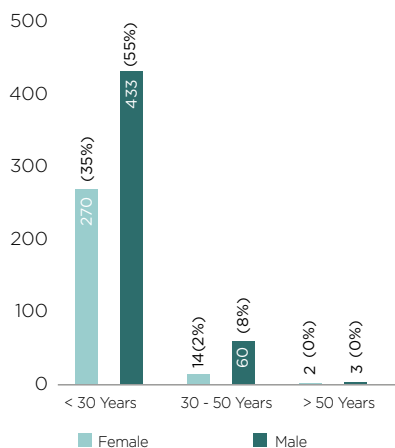
Talent Retention Initiatives 2025/26



RETIREMENTS & RESIGNATIONS



Turnover by Age



CAREER PROGRESSION, LEARNING AND DEVELOPMENT

GRI 404-2

Learning & Development

CDB’s mission to achieve outstanding outcomes through ordinary people is rooted in its Talent Development Blueprint, which provides a clear and structured approach to nurturing young and new talent at every career stage. This framework reinforces our dedication to fostering an environment of continuous learning and growth throughout the organisation, helping ordinary individuals deliver exceptional results.

The Talent Blueprint maps the career development pathways of employees within three key pillars.

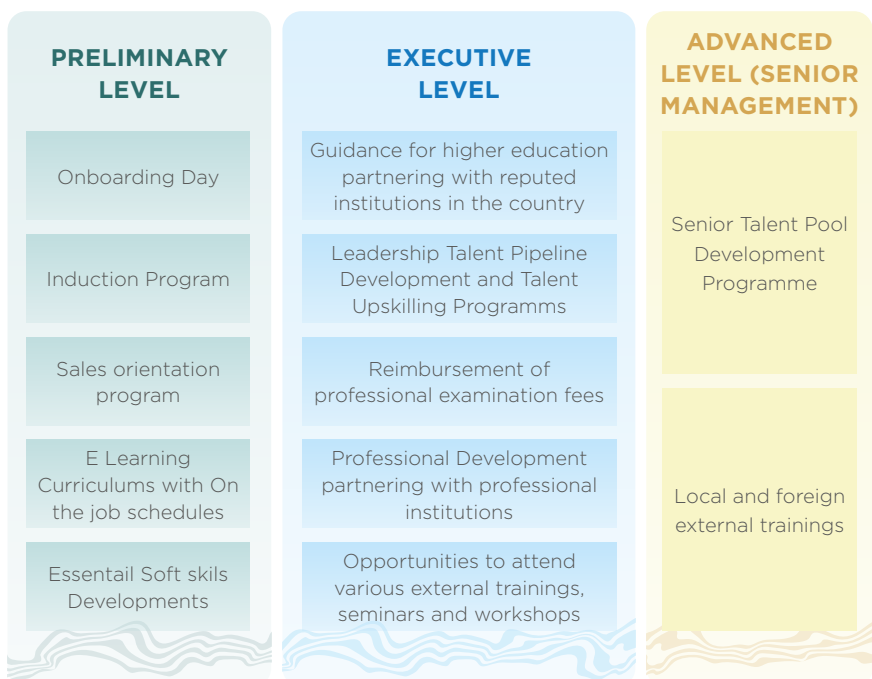
Preliminary Level - focuses on building strong technical capabilities and foundational competencies.

Executive Level - emphasises a balanced development approach, integrating technical expertise with leadership development, professional skills enhancement, and junior talent pipeline initiatives.

Advanced Level - strengthens leadership excellence, with a strong focus on strategic thinking, decision-making, and organisational leadership.

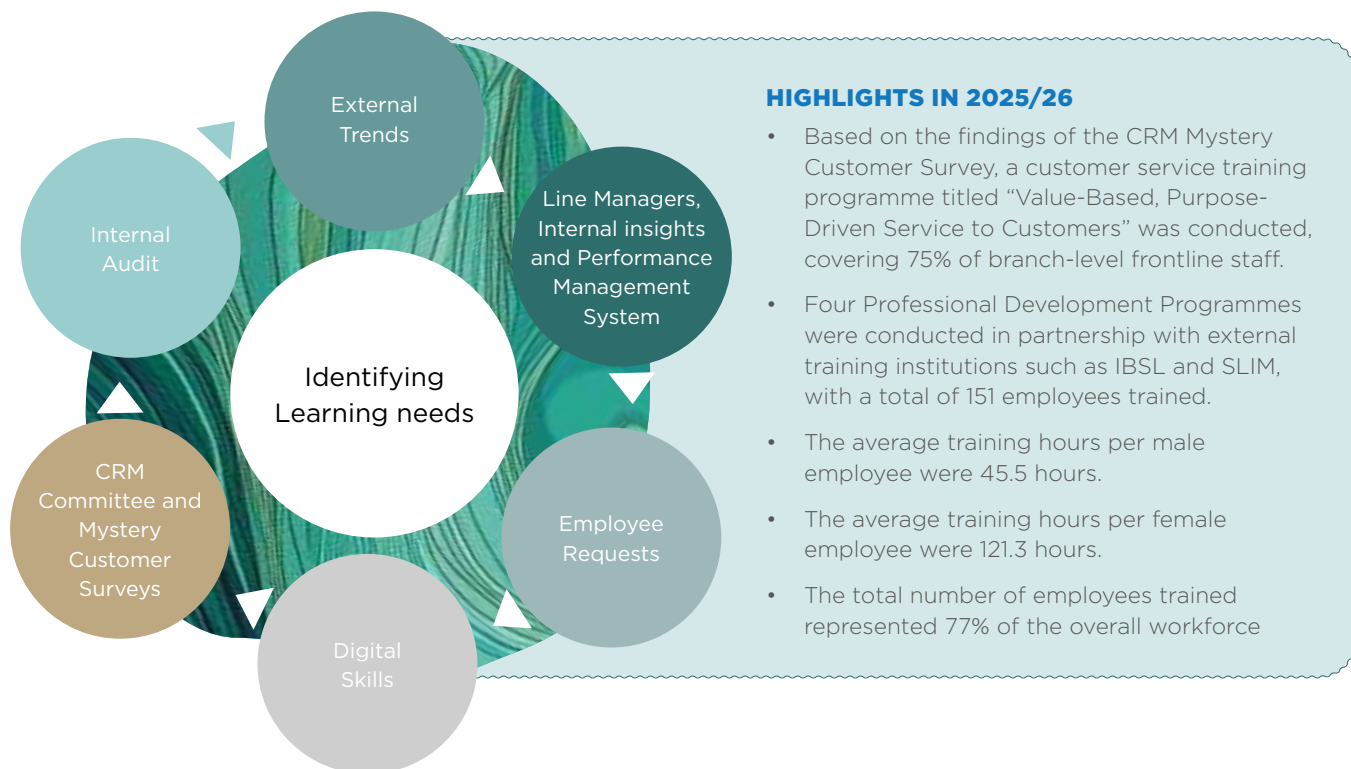
The CDB Academy acts as the central platform for executing the Talent Development Blueprint, offering a comprehensive range of training and development programmes. These range from technical expertise to soft skills which are structured to facilitate progression from preliminary to advanced levels. Programmes are strategically aligned with identified talent gaps across employee categories, facilitating targeted capability building. All programmes have a structured curriculum to ensure that requisite knowledge and skills are imparted in a progressive manner. Diverse delivery methods are deployed including delivery by a carefully chosen in-house faculty, training by external subject matter experts, e-learning and participation in external programmes. These are supplemented by on-the-job training, mentoring, and coaching which reinforce the learnings from these programmes. The CDB digital tools and platforms create engaging, accessible, and impactful learning experiences that support self-paced learning. This has been a game changer, enabling delivery of training throughout the year on key courses.

	Promotions	Average Learning Hours per person
Front line	364	78
Junior management	147	53
Middle management	49	132
Managers	13	61
Senior management	12	18
Top management	0	12



HUMAN CAPITAL

Learning needs are identified using multiple sources as set out below. Outcomes of these sources result in direct learning interventions, addressing gaps in knowledge and skills to enable both the organisation and employees to thrive.



Changes introduced in 2025/26 as a result of these inputs are set out below:

Programme	Skills Addressed	Nos. Trained	Total Training Hours
Leadership Pipeline Development	People Management & Team Leadership	85	33,984
Talent Pipeline Development Programme	Leadership Readiness, Operational Management Skills	20	18,345
Product & Technical Knowledge	Home Loan, Credit Card, Gold Loan, Credit Evaluation, Lead Auditor Training	977	63,288
Professional Skills Development (Branch Management)	Credit Structuring and Evaluation, Branch Operation Management	69	18,464
Specialised Sales Skills Development	End-to-End Sales Process Mastery, Cross Selling & Up Selling	83	1,421
Mindset and Performance Enhancement	Growth Mindset, Self-Motivation & Drive	403	2,094
Customer Service Excellence	Service Quality Standards & Relationship Building	486	7,407
Soft Skills Development	Clear, Professional & Effective Interactions	40	298
Out Bound Training	Teamwork, Collaboration and Resilience	167	2,675
OHS and BCP Related Trainings	Risk Identification & Management, Safety Culture Development	81	86
Conference, Seminar & Workshop	Global and Industry exposure, and Knowledge-Sharing	171	2,322

Effectiveness of training is reviewed through participant feedback forms that score the relevance, quality and impact of the program. Internal and external feedback including the Mystery Customer Surveys, CRM Committee and Internal Audit.

Prioritising internal talent growth has delivered strong returns, with employee productivity rising by

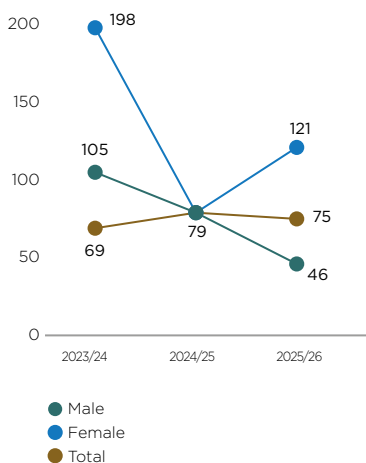
14.23% even as the staff count increased by 10% During the year under review, CDB invested Rs.37 million in learning and development initiatives, delivering a total of 160142.5 training hours to our team members. A total of 16964 hours were from external training, ensuring that our employees learn diverse perspectives from reputed professionals in various fields of

expertise. 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

COMPETENCY DEVELOPMENT HIGHLIGHTS

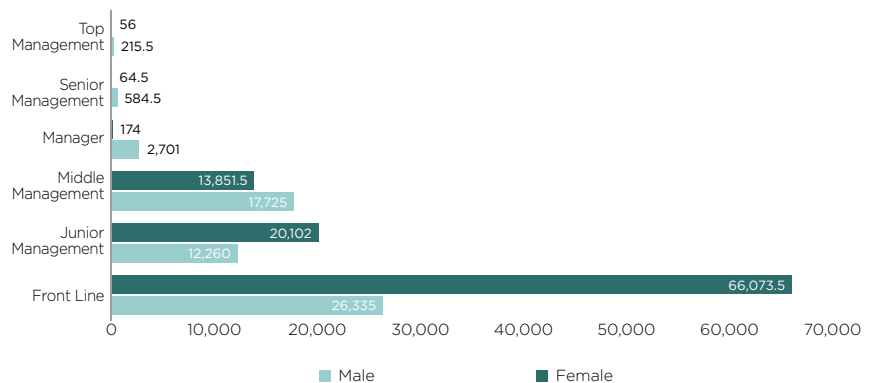
GRI 404-1

Average Training Hours



GRI 404-1

Training By Employee Category



Average Training Hours By Employee Category

Front Line	78
Junior Management	53
Middle Management	132
Manager	61
Senior Management	18
Top Management	12

2025/26

Average training hours per employee
79

Training Coverage Ratio
Total 77%

Total number of Beneficiaries
1,643

Gender wise Training Coverage
Male 72%
Female 84%

HUMAN CAPITAL

CAREER PROGRESSION

Career advancement is supported by regular performance reviews, along with ongoing training and development opportunities. Our approach to managing performance is tightly connected to our overall business strategy, ensuring that each department and individual receives clear objectives. We conduct annual performance appraisals, with an additional midyear review to monitor progress, assist with achieving goals, and make necessary adjustments. This appraisal system works together with our unique rewards and recognition program, as well as our training and development efforts, to guarantee fairness, equal growth opportunities, and a structured path for moving up in the organisation. As a result of this ongoing emphasis on employee development, CDB was able to promote 585 employees over the year, based on their performance evaluations and when positions became available.



Percentage of Employees receiving performance evaluations

GRI 404-3



Total Promotions in 2025/26

Category	Male	%	Female	%	Total
Senior Management	9	2	3	1	12
Manager	11	2	2	0	13
Middle Management	39	7	10	2	49
Junior Management	87	15	60	10	147
Front Line	174	30	190	32	364
Total	320	55	265	45	585

Employee health and safety

GRI 403-1 to 403-10

Occupational health and safety management system

GRI 403-1

Given the nature of CDB's operations, employees are not exposed to significant occupational risks. CDB has established an Employee Health and Safety framework focused on prevention, preparedness, and awareness. Aligned with Occupational Health and Safety (OHS) guidelines and recognised industry best practices, the framework provides a structured approach to managing health and safety risks across branches and departments. As a result, CDB has not incurred any legal penalties or fines related to employee health and safety.

Systems & practices in place

- All facilities are equipped with fire extinguishers, smoke detectors, fire and burglary alarms, and CCTV etc.,
- Annual evacuation drills and bi-annual call tree testing are conducted.
- Further, there's a BCP committee in place to make sure the continuity of operations during and after disruptions whether from system failures, natural disasters, or other unexpected events.
- During Ditwah, with the activation of the call tree, timely decisions were made regarding both operational continuity and employee safety. A dedicated 24x7 team was deployed to continuously monitor the situation, provide support, and offer relief based on evolving circumstances. Some employees were also relocated to safer

locations depending on the severity of the impact.

Additionally, the company released 5.1 million in funds to support the 114 members who were affected.

CDB's Occupational Health and Safety framework applies to 100% of employees (permanent, contract and workers who are not employees) across all branches and the Head Office.

During the financial year ended 31 March 2026, CDB recorded zero work-related fatalities, zero high-consequence injuries, zero recordable injuries, and zero cases of work-related ill-health across all operations. No dangerous incidents or near-misses requiring formal investigation were reported during the period. Hours worked data is not tracked at organisational level for the current reporting period; CDB is implementing systems to capture this metric for future reporting.

CORE BUSINESS ACTIVITIES

- Finance and leasing operations
- Loan processing and customer credit assessment
- Customer service and front desk operations (branch networks)
- Cash handling and vault operations including Gold loan
- Call centre and customer support functions
- Back-office processing and data management
- Administrative and compliance functions

SUPPORT AND ENABLING ACTIVITIES

- Human resources and payroll management
- Facilities management and maintenance
- Information technology and system operations
- Security and access control functions
- Cleaning and housekeeping services (internal and outsourced)
- Transportation of staff and assets

WORKPLACE EVENTS AND CORPORATE ACTIVITIES

- Team-building and corporate social responsibility events
- Training workshops and professional development programmes
- Health and wellness initiatives
- Emergency drills and business continuity exercises

The following activities fall outside the scope of the OHS management system:

- Customer activities occurring entirely outside CDB premises (sales visits)
- Third-party operational activities at external locations (e.g., partnered retail outlets)
- Recreational or non-work social activities outside working hours and premises

Hazard identification, risk assessment and incident investigation

GRI 403-2

Hazards related to CDB are primarily office based and service-oriented. Accordingly, the focus is on ergonomic, psychosocial, security, and workplace environmental hazards. These risks are identified through surveys, employee feedback, meetings, and staff interactions, and are assessed based on their likelihood and impact. Appropriate controls are then implemented to maintain a safe, secure, and productive work environment. In the event of an incident, it is escalated through the immediate supervisor to the relevant Vertical or Divisional Head, or the Head of Branch Operations, and then to the Chief Support Services Officer or Head of HR. Incidents are documented, and preventive actions are taken.

Occupational health services

GRI 403-3, 403-4

CDB does not have a formal process for managing occupational health as it is a service organisation. If and when there is a need for a process (such as the COVID-19 pandemic) management creates a working cross functional group and develop the system with collective participation. So how can we report. CDB also undertakes the following activities to raise awareness of health issues.

- Health monitoring and prevention
- Hazard identification and branch visits
- Health education and training
- Survey

Worker training on occupational health and safety

GRI 403-5

During the reporting period, the Officer-in-Charge of Road Safety, Education and Public Relations from Traffic Headquarters conducted a training programme for head office and lending staff. In addition, OHS and BCP training sessions were held on risk identification and management, as well as safety culture development.

Grievance handling

GRI 2-25

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

HUMAN CAPITAL

Promotion of worker health

GRI 403-6

CDB promotes employee health through a comprehensive plan which covers the following.

- Life Insurance cover policy
- Hospitalisation cover policy
- Company maintained Special medical fund scheme
- Medical reimbursement scheme (OPD)
- Wellness Screening for team members over 40
- 14 days medical leave & extended paid leave for special medical cases
- Employee Wellness Programs
- Monthly online webinars (Understanding & managing stress, Women’s Mental Well-being, Emotional Well-Being in Relationships were some of the topics)

- Access to counselling services
- Annual eye and dental clinics (partnership with Vision Care and Sudantha)



FAVOURABLE WORK ENVIRONMENT

CDB strives to create a favourable work environment for its employees, supporting retention of skilled employees and enhancing our employer brand. It does this through three key pillars.



Remuneration & Benefits

GRI 201-3, 401-2

Remuneration

CDB has a Total Rewards strategy centred on two main areas: Total Compensation and Benefits & Well-being. We continually evaluate and enhance employee remuneration and benefits to ensure that it attracts people of talent and ability and is fair and sustainable. Regular salary benchmarks and market surveys support informed decisions by the HR & Remuneration Committee who recommend the overall remuneration structure and budget to the Board for their approval. Our pay structures are developed to align with company goals, encourage employee retention and drive employee productivity. Additionally, we provide enhanced retirement benefits and offer equity through an Employee Share Ownership Plan (ESOP), highlighting our dedication to long-term value and employee commitment. Our total compensation approach consists of both fixed and variable pay components.

Fixed Pay

This includes salary, fixed pay allowance, and other cash allowances in accordance with local market practices and is reviewed on a monthly 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.

Employee Share Ownership Scheme

CDB operates an ESOP for Senior Management based on specified criteria. Announced in 2021, 5% of voting shares will be created in 3 tranches with the first two tranches being 1,5% and the third being 2%. Further information is set out in Note 38 to the financial statements.



Benefits

GRI 401-2, 2-30

CDB provides a comprehensive range of benefits to employees which are well above the regulatory requirements and serve to attract high quality talent. These are wide ranging as may be observed from the graphical presentation below.

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

HUMAN CAPITAL

BENEFITS AND WELL-BEING

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

Educational Benefits

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

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

Retirement Benefits

- EPF/ETF contributions and
- Extended gratuity benefits

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, 3 days paternity)

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

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, 22 employees availed maternity leave, with 21 returning to work and 4 still on leave. Notably, there were no resignations following maternity leave, reflecting the effectiveness of our supportive policies for working mothers

Retirement Benefits

GRI 201-3

The Group contributes 12% and 3% to the Employees Provident Fund and the Employees Trust Fund in line with the country’s legal requirements.

CDB has a policy of paying gratuity to employees which goes beyond the legal requirements of the Payment of Gratuity Act No. 12 of 1983 for employees who have more than 10 years of service. Employees who have served less than 10 years are paid in line with the legal requirements. Employees qualify for payment of gratuity only on

completion of 5 years of service in accordance with legal requirements. The CDB scheme for payment of gratuity is set out alongside.

CDB has a plan asset that part finances the retirement benefit liability. Plan asset are held by a long-term employee benefit fund that is legally separate from the

reporting entity and exists solely to pay or fund employee retirement benefits. The defined benefit obligation is valued by an actuary and actuarial gains or losses are recognised in Other Comprehensive Income. Information regarding the defined benefit obligation is set out below and further information is provided in Note 36 to the financial statements.

Policy for Payment of Gratuity

Period of Service	Amount of pay per year of service
5-10 years	1/2 month basic salary
10-15 years	1 month basic salary
15-20 years	1 1/2 months basic salary
Over 20 years	2 months basic salary

Recognising Achievements

Inspiring our team and recognising high achievers reinforces CDB's performance culture. Accordingly, various initiatives have been implemented to reward exceptional contributions at all levels as set out below.

CDB Infinity Awards

- Acknowledges outstanding performers through monetary and non-monetary rewards

Spot Rewards

- Provide immediate recognition of proactive actions

Monthly Performance Awards

- Recognises employees achieving their monthly targets

High Five Awards

- Recognises individuals who exemplify CDB's core values of Perseverance, Empathy, Reliability, and Innovation, supporting a values-oriented workplace culture

Long Service Celebrations

- Honours the service of team members completing 10 and 25 years with CDB

CDB places strong emphasis on recognising and rewarding exceptional performance as a means of fostering motivation and a high performance culture across the organisation. The annual CDB Infinity Awards ceremony remains one of the most anticipated events of the year, celebrating outstanding contributions and achievements at all levels. Prestigious accolades such as the Board of Directors' Challenge Trophy for the Best Sales Officer and the Chairman's Challenge Trophy for categories including Best Branch Head, Best Branch Contribution, Best Operational Division Star Award, and Best Sportsman/ Sportswoman of the Year recognise excellence and inspire continuous growth. Selected award winners are also rewarded with company-sponsored foreign tours, further reinforcing CDB's commitment to appreciating and celebrating employee success.



HUMAN CAPITAL

AN ENGAGED TEAM

Ensuring that our employees engage with one another and work as a team is vital for long term business growth. Accordingly, we work with the CDB Welfare Club and the CDB Green Advance Club to host events that bring our staff together for a common cause or celebration outside the daily operations. Additionally, sports enthusiasts within our team are encouraged to represent CDB at the Mercantile Association events.

CDB Welfare club hosts diverse cultural and social events

During this financial year, several CDB Welfare Team activities such as

- Vesak festival - Annual Bakthi Gee program, Vesak kalapaya featuring inter department lantern competitions and hosting of Dansala for public.
- Other inclusive events such as Iftaar and Thai Pongal was held.
- Christmas carols and get-together were not held due to the challenges faced during Ditwah, with efforts instead redirected toward supporting affected individuals and contributing to rebuilding their lives.
- CDB Sports Festival was hosted in November, providing an opportunity for employee engagement and team building.
- 30th anniversary celebration - a series of sacred religious rituals were reverently carried out, with participation of CDB members

CDB Welfare Club



CDB Advance Green Club passionately promotes environmental responsibility through a range of initiatives, including electronic and paper recycling drives, zero food waste campaigns, reforestation efforts, and engaging knowledge-sharing forums such as the Green Challenge under its Green Ninja initiative. Complementing this, under its Mental and Physical Well-being pillar, the club fosters a culture of holistic wellness by organising movie nights, yoga sessions, monthly wellness webinars, and weekly online journaling, yoga, and meditation sessions through the Active Ninja programme.

CDB Advance Green Club



Mercantile Association Events



CDB NETBALL TEAM SHINES AT THE MERCANTILE LEAGUE NETBALL TOURNAMENT 2026

Achievements

Open Division - Mixed Category	Champions
A Division	1 st Runner Up
Best Center Court Player	Talal Wasegela
Upcoming Player of the Tournament	Parvitha Kariyewasan
Best Male Player of the Tournament	Dalshan Fernando

HUMAN CAPITAL

Diversity, Inclusion & Equal Opportunities GRI 405-1

Fostering a workplace where men and women can realise their full potential is a stated goal and a number of initiatives have been implemented to support women at the workplace. Additionally, we also adapted specific roles to accommodate persons with disabilities through the CDB Paralympian programme. The key features of these programmes are set out below.

Women Empowerment

Shimmers Empowerment Programme

- Grooms high performing female team members for Branch Head roles, paving the way for leadership positions

Expanding opportunities

- Moving women beyond traditional roles of Customer Service and Gold Loan Officers to take on Lending Customer Service roles within the Sales Team supported by structured training programmes

Wings of CDB

- A holistic programme to promote gender equity and holistic development built on three pillars, "Support Her, Empower Her, Elevate Her" initiatives :
- Extended maternity leave (100 Days)
- Flexible working hours (After maternity)
- Customised training programmes for women
- Mental and Wellness initiatives
- Increase in gender representation from 35% to 39% in workforce

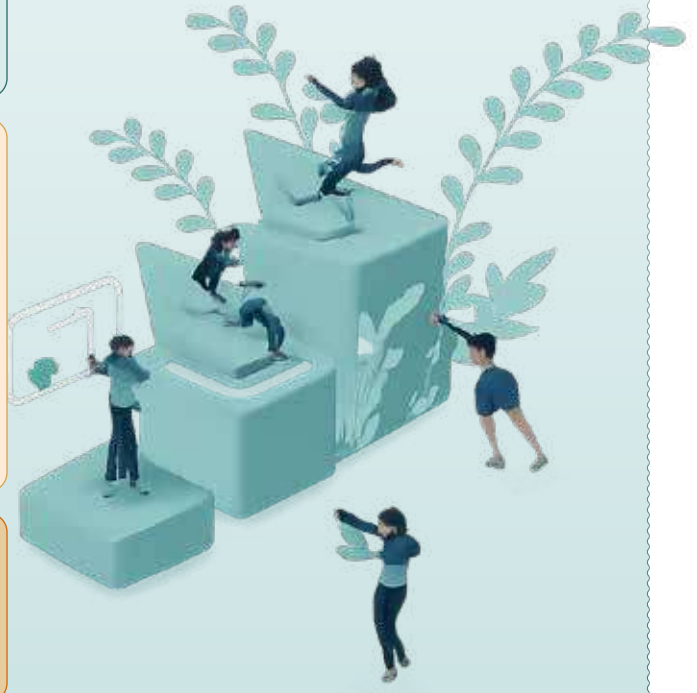
Supporting Women at Sports

- 53rd Mastercard Mercantile Rugby Sevens 2025 - Womens Cup Division Runners Up
- Mercantile League Netball Tournament 2026 - A Division Girls Runners Up

Celebrating International Women's Day

Give to Gain

Mrs. Rasini Bandara was invited as the keynote speaker address to share her experience on the key pillars SupportHer# EmpowerHer# ElevateHer# and addressing how to condition your mind in overcoming barriers and taking up new roles.

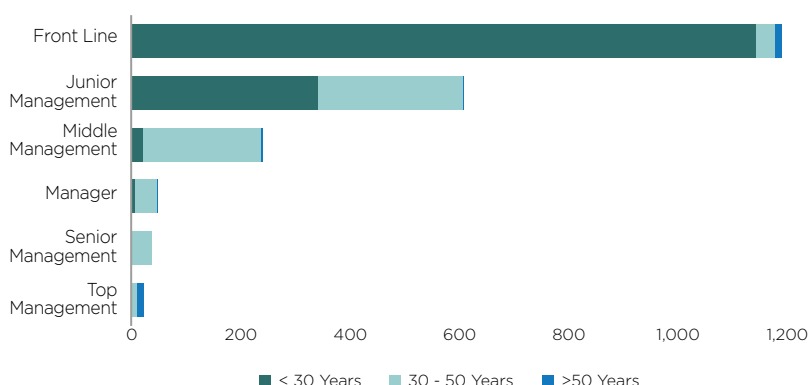


CDB PARALYMPIANS

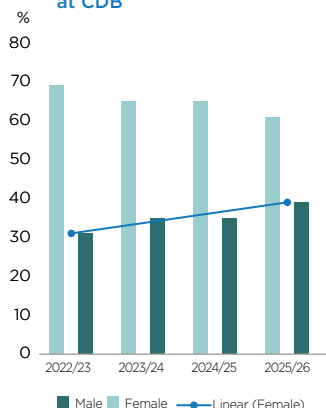
Five differently abled persons employed by CDB in special roles that have been identified as suitable for differently abled persons where they can contribute effectively to the operations. Flexible work policies associated with these roles enable them to work from home options when needed

GRI 405-1

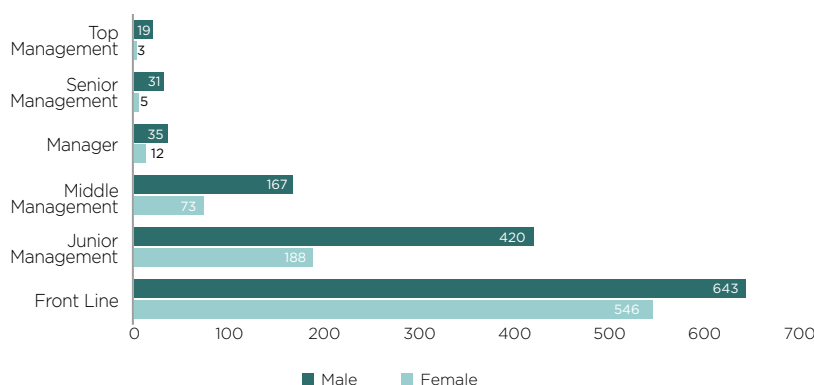
Years of Service



Increasing Female Participation at CDB



Gender by Employment Category



Gender Pay Gap

GRI 405-2

While every effort is made to ensure pay parity across genders, cultural and personal factors including unconscious bias result in disparities in pay by gender. CDB Management is conscious about the disparities and continues to address identified root causes in our journey towards gender parity. This is evident in the table below as the ratio of female pay is higher than males in the first four categories, reversing thereafter to record a 1.57:1 at top management level.

Male-to-Female Ratio of Basic Salary by Employee Category

Employee Category	FY 2025/26	FY 2024/25
Front Line	0.92 : 1	0.88 : 1
Junior Management	0.74 : 1	0.73 : 1
Middle Management	0.98 : 1	0.97 : 1
Managers	0.89 : 1	0.91 : 1
Senior Management	1.12 : 1	1.14 : 1
Top Management	1.57 : 1	1.51 : 1
Overall	1.46 : 1	1.36 : 1

The observed variance in average basic salaries within the senior management and above employee categories is primarily attributable to differences in workforce composition, tenure, and progression patterns rather than gender-based remuneration practices. As remuneration is influenced by factors such as role responsibilities, experience, tenure, and career progression, differences in service duration within the same employee category may also contribute to the variations observed in average basic salaries across the respective employee groups.

HUMAN CAPITAL

Parental Leave

The regulatory requirement for maternity leave under the Shop and Office Employees Act is 84 days. CDB has extended this to 100 days with additional flexibility granted on a case-by-case basis. CDB has also introduced paternity leave of 3 days for male employees, encouraging them to share the parental duties.

GRI 401-3

Employee Category	FY 2025/26	FY 2025/26	FY 2024/25	FY 2024/25
	Male	Female	Male	Female
Total number of employees that were entitled to parental leave*	1,315	827	1,266	682
Total number of employees that took parental leave	22	22	19	28
Total number of employees that returned to work in the reporting period after parental leave ended	22	21	19	28
Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work	16 (2024,25 Leave)	21 (2024,25 Leave)	17 (2023,24 Leave)	34 (2023,24 Leave)
Staff Still on Parental leave	0	1	0	0

Way Forward

A young workforce necessitates a comprehensive plan for the short term as well as the medium and long term, assessing the talent pools in the country as well as our own business needs. The following plans have been formulated accordingly.

Short term

- Fostering a digitally empowered workforce that embraces innovation, digital transformation and the responsible use of AI.
- 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.

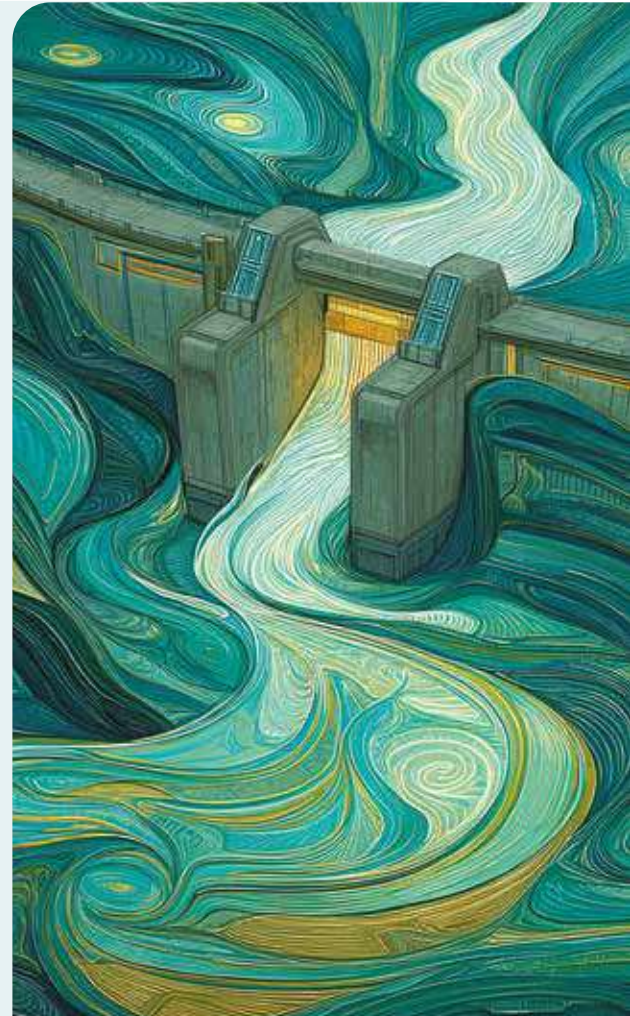
Medium to long term

- 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.



MANUFACTURED CAPITAL

Manufactured capital comprises Property, Plant & Equipment, Investment Properties, and Right of Use Assets, amounting to Rs. 5,682 Mn and Rs. 1,123 Mn respectively as at 31st March 2026. Collectively, these assets account for 3% of the Group's total assets and underpin CDB's visibility and accessibility across the island. IT infrastructure represents 7% of capital expenditure during the year, reflecting CDB's continued investment in technology as a core competitive advantage — driving operational efficiencies and strengthening value propositions for all stakeholders. Through a disciplined and well-governed framework for capital allocation, network expansion, and technology adoption, CDB ensures its investments are strategically aligned, financially viable, and operationally effective.



RELATED SDGs



SDG 9 – Industry, Innovation and Infrastructure

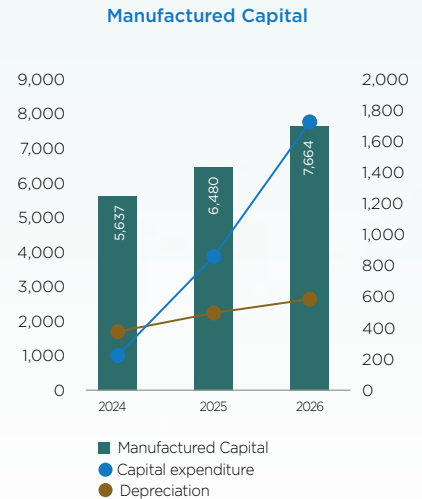
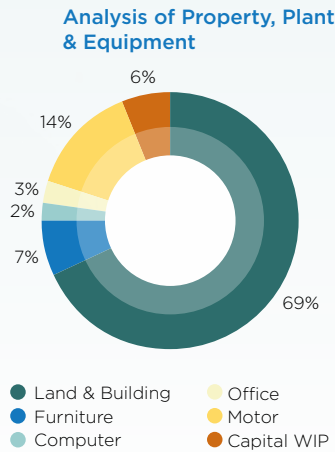
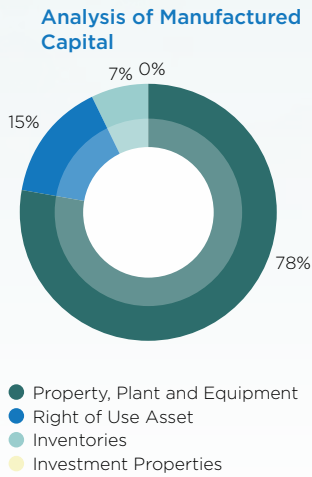
CDB's manufactured capital strategy is anchored in building resilient, innovative, and sustainable infrastructure. The shift to virtual operations, investment in a new Core Banking System, enhancement of the CDB Self digital platform, and integration of AI-driven solutions are advancing CDB's position as a technology-led financial institution. On the sustainability front, expansion of solar installations across the branch network, climate risk assessments, and energy and water monitoring systems collectively reduce CDB's environmental footprint while strengthening infrastructure resilience. Together, these investments contribute to the development of modern, inclusive, and forward-looking financial infrastructure in Sri Lanka.

MANUFACTURED CAPITAL

HIGHLIGHTS 2025/26

Overview of Manufactured Capital

Manufactured Capital comprises Investment Properties, Property, Plant and Equipment (PPE) and Right-of-Use Assets and Inventory which amounted to Rs.31 Mn, Rs.5,962 Mn, Rs. 1,120 Mn and Rs. 550 Mn respectively at the close of the year.



MANAGING MANUFACTURED CAPITAL

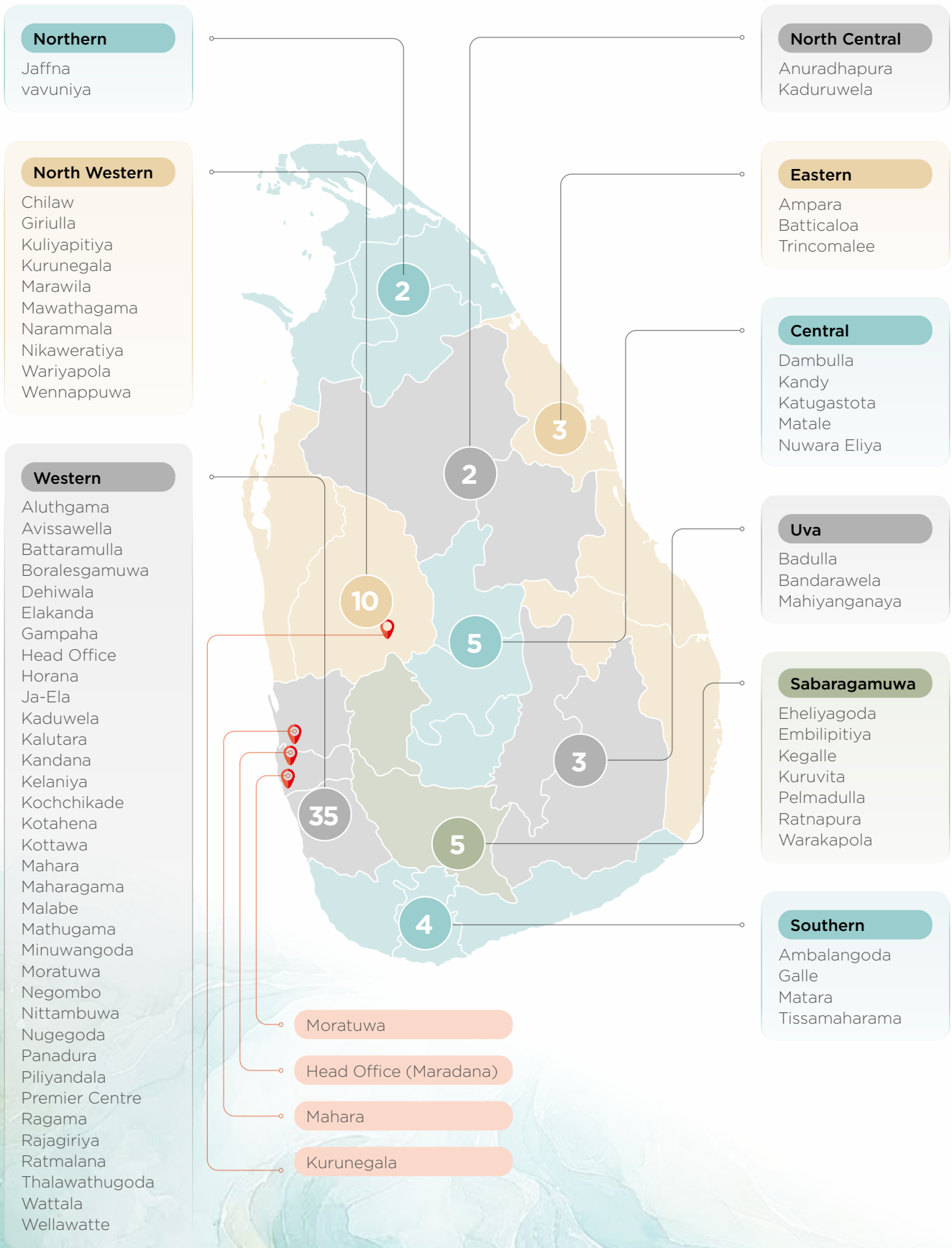
GRI 3.3

The Board approves the annual capital expenditure plan, while any special capital expenditure requirements arising during the year are reviewed and approved separately based on business need and urgency.

Transparent and efficient procurement processes are in place to ensure that all procurements are fit for purpose, commercially justified and obtained at competitive rates. The Purchasing Committee, a management-level committee, reviews and approves a significant volume of procurements in line with the delegated authority granted by the Board.

Through a disciplined and well-governed framework for network expansion, capital allocation, procurement and technology adoption, CDB ensures that its investments are strategically aligned, financially viable and operationally effective. This integrated approach enables us to enhance customer experience, strengthen market presence and create long-term sustainable value, while remaining agile in responding to evolving market dynamics and technological advancements.





MANUFACTURED CAPITAL

Strategy

With 71 physical branches in place, CDB has paused its strategy of opening physical branches, instead pursuing an asset light strategy of expanding virtual operations over the past 6 – 8 years. CDB now has a network of 100 virtual operations that are active at present. The virtual operation team functions on the field with tablets which has proven to be an extremely cost-effective model. Administratively, the team reports to the relevant branch ensuring that the team is anchored. This is our strategy moving forward as it has been tried, tested and proven to be effective for growth and profitability.

Target	Performance 2024/25	Performance 2025/26	Action Plan
Modernisation and enhancement of existing branches	Relocations of 2 branches and upgrading 7 branches	Relocations of 1 branch and upgrading 63 branches	Continue to upgrade branches to give more convenience experience to customers
Customer experience enhancement through Digital and technology investments	40 virtual operations initiated Key upgrade to CDB self	13 virtual operations initiated Key upgrade to CDB self	Integrate digital service request platforms across branches Virtual operation expansion covering 25 districts and all main cities

Investment Property

Investment properties are held for rental income and/or capital appreciation. The value of investment properties of Rs. 31 Mn reflects our property investments in Nittambuwa. The property in Kandy, which has 8,560 square feet of commercial space, has been transferred to PPE during the year to construct a new premier customer experience centre. The property at Nittambuwa was purchased in 2025. There were no investments made for Investment Properties during the year.

Property, Plant & Equipment

Property Plant & Equipment (PPE) is the largest category of manufactured capital, accounting for 78% of the total. Freehold land and building amounts to Rs. 4093 Mn, which is 69% of the total PPE. CDB revalues its PPE frequently with the surplus or deficit set against the Revaluation Reserve which stands at Rs. 1,245 Mn. Land comprises 3 properties at prime locations in Colombo and key district capitals which are set out in Note 26 to the financial statements. The Colombo property houses the CDB Head Office while 3 properties house branch offices which form a vital part of the network of customer touchpoints.

Motor vehicles account for the second largest category of PPE and comprise a fleet of 160 vehicles which are used for business and personal transport requirements.

Computer equipment comprises the hardware component of CDB's infrastructure which is critical to our operations. We continue to invest in state-of-the-art technology to enhance our capabilities, ensuring that we are fit for the future. Together with the intangible assets which comprise software licenses, this is a critical asset which is a key differentiator for CDB in an intensely competitive industry.

Right of Use Assets

Right-of-Use assets comprise the significant leases of premises which form part of our network of customer touch points. Altogether 67 branches, 1 car park and 2 vehicle yards are reflected in right of use assets balance as at 31st March 2026.

CDB Museum

CDB opened a museum at our head office to commemorate our 30th Anniversary, which also serves as a customer waiting area, helping customers get to know more about us. The photo collage captures the highlights.

CDB New Facade Project

The CDB Façade Project is a network-wide transformation initiative focused on upgrading the external identity and visual appeal of branches to create a consistent, modern, and customer-centric brand presence across Sri Lanka. With visible branding, the branches facilitate repositioning of CDB as a modern financial institution. The branch is carefully designed to enhance customer experience and facilitate digital integration at branch level.



Way Forward

With a strategy anchored in sustainability and technology, manufactured capital growth will come from integration of these two pillars into our operations.

On the sustainability front, the focus remains on minimising environmental impact through eco-friendly practices, enhancing infrastructure resilience to climate risks, expanding solar installations to reduce Scope 2 emissions, and strengthening energy and water monitoring systems to improve resource efficiency.

On the technology front, the Company is focused on strengthening its digital infrastructure and advancing virtual operations. This includes enhancing the CDB Self platform to deliver faster and more seamless services, while leveraging AI-driven solutions to enable real-time decision-making, improve customer experience, and provide machine-speed, efficient services to customers and connected stakeholders.

MANUFACTURED CAPITAL

	Strategy	Short Term Plans	Medium Term Plans
	<ul style="list-style-type: none"> Strengthen resource efficiency (energy, water, waste) Enhance infrastructure resilience in response to extreme weather events (flood mitigation at affected branches) Conduct climate risk assessments across all branches Expand solar installations at owned and rented premises to reduce Scope 2 emissions Fully deploy energy and water monitoring systems for real-time tracking and efficiency improvements 	<ul style="list-style-type: none"> Incorporate accessibility features to support inclusiveness (disabled access) Continue rollout of solar installations across branches to improve energy efficiency 	<ul style="list-style-type: none"> Transform branches into self-sufficient, energy-efficient units powered by renewable energy Achieve significant reduction in overall carbon footprint across operations Ensure all future infrastructure is climate-resilient and aligned with sustainability standards
	<ul style="list-style-type: none"> Implement new Core Banking System to improve operational efficiency and scalability Execute desktop and laptop upgrade programme (Windows 11 migration) Undertake key software improvements to enhance system integration, security, and performance 	<ul style="list-style-type: none"> Establish dedicated digital spaces within branches for self-service and digital banking Strengthen integration between physical and digital service channels 	<ul style="list-style-type: none"> Build a fully integrated, digitally enabled branch network with seamless customer experience Continue investment in advanced technology platforms and digital innovation
		<ul style="list-style-type: none"> Construct new Head Office premises at Green Path Develop Kandy Premier Centre to enhance customer experience Upgrade existing branch interiors to align with modern customer expectations New branch expansion in kilinochchi 	



INTELLECTUAL CAPITAL

At CDB, Intellectual Capital represents one of our most distinctive and enduring competitive advantages. Encompassing human expertise, organisational knowledge, technological capability, data-driven insight, and trusted stakeholder relationships, it forms the foundation upon which our strategy is executed and sustained. These assets are actively leveraged across the organisation, connecting our people, processes, and purpose to create a differentiated and resilient business model. As a key driver of our Cascade of Value, Intellectual Capital enables the continuous transformation of knowledge, capabilities, and relationships into sustainable outcomes for customers, employees, investors, business partners, communities, and the wider Sri Lankan economy. Our continued investment in these strategic assets reflects our belief that enduring success is built not only on financial strength, but also on the expertise, innovation, and relationships that create long-term value and contribute to Sri Lanka's future progress.



RELATED SDGs



SDG 9 – Industry, Innovation and Infrastructure

CDB's sustained investment in digital infrastructure, AI-driven operations, and automation is advancing Sri Lanka's financial technology landscape. The SELF platform's integration with national payment infrastructure, the virtual operations model spanning 200+ locations, and the ongoing development of a scalable cloud-ready technology ecosystem collectively contribute to building a more resilient, innovative, and inclusive financial industry.



SDG 17 – Partnerships for the Goals

CDB's intellectual capital strategy is strengthened by strategic partnerships that extend its reach and capabilities. Collaborations with LankaPay, IFC, patpat.lk, VEGA Innovations, BYD, technology partners, and global standards bodies underpin CDB's digital, sustainability, and innovation agenda. The GovPay integration reflects CDB's alignment with the Government of Sri Lanka's national digital transformation agenda, reinforcing the role of private-public collaboration in advancing Sri Lanka's digital economy.

INTELLECTUAL CAPITAL

MANAGEMENT OF MATERIAL TOPICS GRI 3-3

M13 Tech Disruption, Digitalisation and Process Automation

CDB’s digital ecosystem is built around a customer-centric philosophy, delivering seamless, consistent experiences across an integrated omni-channel environment. The Core Banking System underpins all operations, with the ERP platform connecting processes, systems, and digital channels enterprise-wide. Automation technologies — RPA, OCR, and ICR — alongside secure API connectivity, enable scalable and efficient operations. A unified Data Analytics, MIS, and AI layer converts enterprise data into actionable insights supporting risk management, decision-making, and customer engagement, while sales force automation drives accountability across customer-facing teams. Key milestones during the year include a landmark integration with LankaPay’s GovPay platform enabling real-time government payments, and the launch of fully digital lending solutions — the Top-up Instant Loan (TIL) and Patpat Instant Loan (PIL). AI-powered credit decisioning, vehicle valuation, gold price forecasting, and risk-based pricing further strengthened lending accuracy and turnaround times. Over 200 locations now operate virtually, supported by end-to-end process automation across onboarding, approvals, and disbursements.

M15 Cybersecurity, Data Integrity and Privacy

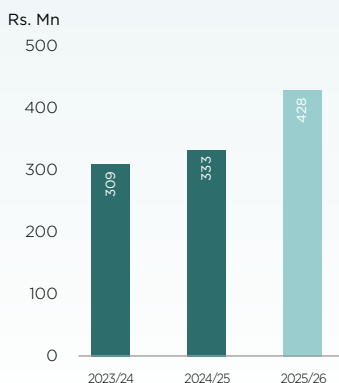
CDB maintained its ISO 27001:2022 ISMS certification for the eighth consecutive year and achieved ISO 22301:2019 Business Continuity Management certification. A newly established Data Protection Office Committee and dedicated Data Protection Officer (DPO) strengthen PDPA-aligned governance. Key cybersecurity deployments during the year included a real-time Threat Intelligence Platform, Data Loss Prevention (DLP) solutions, and Privileged Access Management (PAM) systems. An AI Governance Framework aligned with ISO 42001, ISO 23894, and the NIST AI RMF ensures ethical and accountable AI adoption. No data breaches or privacy-related monetary losses were recorded during the year.

M17 Corporate Brand Reputation and Market Presence

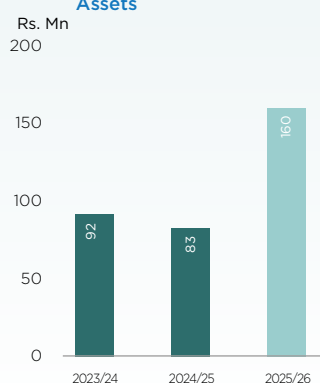
CDB marked its 30th anniversary in 2025/26 — a milestone that reinforced the strength and longevity of its brand. The CDB brand is anchored in a commitment to empowering a smarter, more sustainable Sri Lanka, characterised by a modern, youthful identity built on the dual archetypes of the Creator and the Caregiver. Brand elevation was pursued through a network-wide branch façade refresh, targeted engagement with Mass Affluent, SME, and Premier segments, and a consistent digital and media presence. New digital-first products — TIL and PIL — strengthened relevance among younger customers, while a robust Product Governance Committee ensures all offerings remain aligned to customer needs, regulatory requirements, and CDB’s strategic risk appetite.

HIGHLIGHTS 2025/26

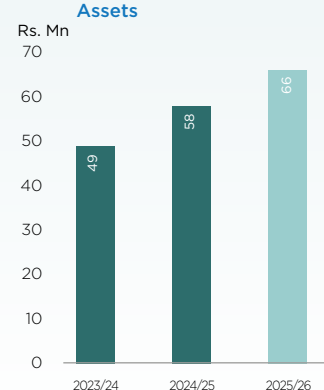
Intangible Assets



Investments in Intangible Assets



Amortization of Intangible Assets



Organisational Capital (Non-monetised Intellectual Capital)

A Comprehensive Portfolio of Products



- Over 30 Products
- 2 New Products Launched in 2025/26

A Visible Brand



CDB Completes 30 Years

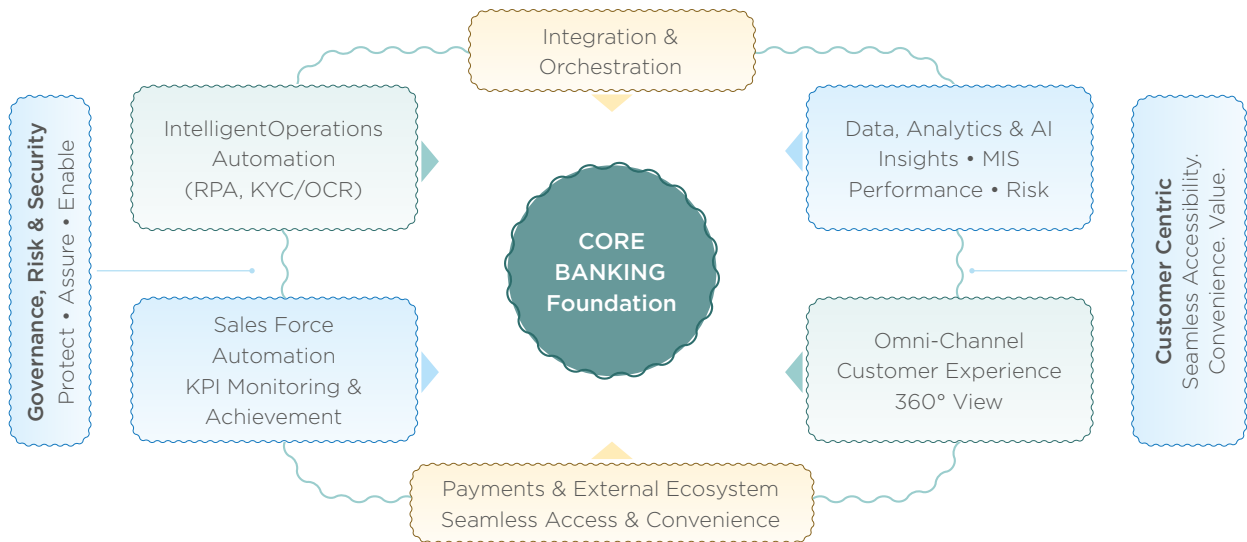
Tacit & Industry Knowledge



- Retention rate of 86%
- Average tenure of employees 6 years

OUR FUTURE-READY DIGITAL ECOSYSTEM

Customer Centric • Omni-Channel • Integrated • Agile to Evolve



Future-Ready. Agile to Evolve.
Built to adapt, innovate and create lasting value for our customers.

INFORMATION TECHNOLOGY, CYBERSECURITY & GOVERNANCE

Information Technology (IT) remains a key enabler of CDB’s strategic objectives, supporting operational efficiency, innovation, customer experience, and organisational resilience. The Company continues to invest in technology capabilities, digital platforms, and integrated infrastructure to support sustainable growth and strengthen its competitive position.

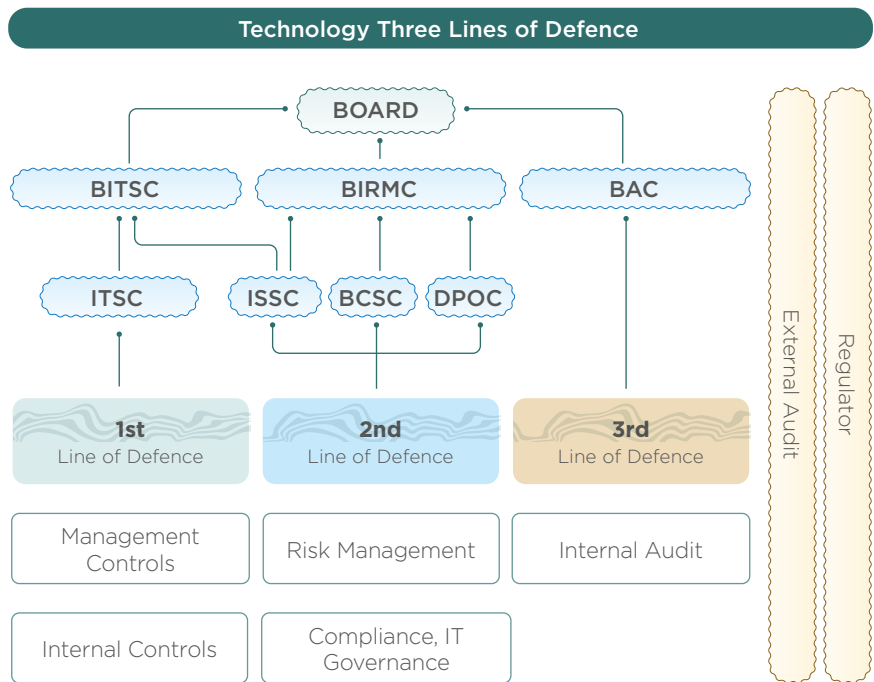
A robust governance framework is in place to ensure that technology investments and initiatives remain aligned with the Company’s strategic priorities and risk appetite. Oversight is provided by the Board of Directors through the Board Integrated Risk Management Committee (BIRMC), Board Audit Committee (BAC), and Board Information Technology and Security Committee (BITSC). At the management level, governance is reinforced through dedicated committees, including the Information Technology Steering Committee (ITSC), Information Security Steering Committee (ISSC), Business Continuity Steering Committee (BCSC), and Data Protection Office Committee (DPOC), operating within the three lines of defence model.

INTELLECTUAL CAPITAL

Technology continues to enhance organisational effectiveness through improved decision-making, process optimisation, and customer engagement. The CDB SELF platform enables seamless digital customer journeys through automation, integrated services, and AI-enabled decision-making capabilities. In addition, the Company has expanded the use of advanced technologies across key business functions, including AI-driven credit assessment, risk-based pricing, and process automation, contributing to greater efficiency, consistency, and scalability.

Cybersecurity and data protection remain integral to the Company's governance framework. CDB maintains certification to ISO 27001:2022 for Information Security Management Systems and ISO 22301:2019 for Business Continuity Management Systems, demonstrating its commitment to internationally recognised standards and operational resilience. These frameworks are supported by robust security controls, continuous monitoring processes, and regular assurance activities designed to safeguard the confidentiality, integrity, and availability of information assets. Data protection governance is further strengthened through the oversight of the Data Protection Officer and the Data Protection Office Committee, ensuring compliance with regulatory requirements and promoting a culture of privacy and responsible data management.

The Company recognises Artificial Intelligence (AI) as a transformative technology shaping the future of financial services. CDB continues to integrate AI capabilities across its operations to enhance efficiency, strengthen decision-making, and improve customer experiences. The adoption of AI is guided by a



- BITSC** - Board Information Technology Steering Committee
- BIRMC** - Board Integrated Risk Management Committee
- BAC** - Board Audit Committee

- ITSC** - Information Technology Steering Committee
- ISSC** - Information Security Steering Committee
- DPOC** - Data Protection Office Committee

Responsible AI approach, underpinned by principles of transparency, accountability, fairness, and effective governance. Supported by resilient technology infrastructure and robust cybersecurity practices, the Company remains focused on advancing its digital and AI capabilities to support sustainable growth and long-term value creation.

Embracing AI

We are embracing Artificial Intelligence across CDB by embedding its capabilities into every facet of the organization. This transformation is being pursued within a robust framework of governance, cyber resilience and ethical guardrails, ensuring innovation is deployed responsibly and sustainably.

We believe AI will do more than improve existing processes; it will create an entirely new paradigm of productivity, risk management and customer experience. By harnessing its capabilities, we seek to move beyond incremental gains to deliver intelligent, proactive and increasingly autonomous experiences. In this emerging landscape, speed will become irrelevant as services become instant, while convenience will evolve into customer autonomy, empowering individuals to engage, decide and fulfil their financial needs seamlessly and on their own terms.

IT Strategy

We are committed to innovation by integrating advanced solutions across our digital platforms, ensuring secure and seamless experiences for customers and empowering teams to make data-driven decisions. Our IT Strategy is guided by a clear roadmap focused on innovation, risk mitigation, and agility, and centres on Tech-Disruption and Sustainability. To stay at the forefront of fintech, we regularly update our strategy to keep pace with rapid changes in financial technology.

Our approach to technology is anchored on four strategic dimensions that collectively drive innovation, operational excellence, resilience and long term value creation.



During the year 2025/26, CDB implemented the following initiatives in pursuit of its digital strategy.

Key initiatives implemented

Emerging Technologies	Key initiatives implemented
<p>Emerging Technologies</p>	<ul style="list-style-type: none"> Implemented AI-powered credit decision-making capabilities to improve lending turnaround times and strengthen portfolio quality. Introduced AI-based vehicle valuation models enabling real-time and data-driven credit assessments. Deployed risk-based pricing frameworks to improve risk-return alignment and yield optimisation. Introduced AI-powered gold price forecasting capabilities to strengthen gold-backed lending risk management. Successfully launched the fully digital Top-up Instant Loan (TIL) platform for existing customers. Progressed Patpat Instant Loan (PIL) integration with patpat.lk enabling real-time ecosystem-based digital lending. Established an AI Governance Framework aligned with ISO 42001, ISO 23894, and NIST AI RMF standards. Expanded adoption of intelligent automation technologies including AI, Machine Learning, OCR/ICR, APIs, and RPA solutions.

INTELLECTUAL CAPITAL

Key initiatives implemented



Operational Excellence

- Expanded end-to-end automation across onboarding, lending, approvals, disbursements, and document management processes.
- Strengthened branchless and virtual operating capabilities enabling operations across 100+ operating units without physical branch presence.
- Implemented ERP based automated deposit placement and cash-backed loan processing.
- Introduced API-driven supplier/customer payment processing and automated dealer payments.
- Enhanced Customer Due Diligence (CDD), CRIB integration, and automated compliance review processes.
- Automated ERP-based security document printing and custodian operations workflows.
- Strengthened process integration through paperless workflows and digital operational queues.
- Upgraded core IT infrastructure covering servers, storage, networks, connectivity, and end-user computing environments.



Information Security

- Maintained ISO 27001:2022 Information Security Management System (ISMS) certification for the eight consecutive year.
- Achieved ISO 22301:2019 certification for Business Continuity Management.
- Established a dedicated Data Protection Office Committee (DPOC) and appointed a Data Protection Officer (DPO) aligned with PDPA requirements.
- Implemented a real-time Threat Intelligence platform to strengthen cyber threat monitoring and response capabilities.
- Deployed enterprise-wide Data Loss Prevention (DLP) solutions across endpoints, networks, and cloud platforms.
- Introduced Privileged Access Management (PAM) solutions to strengthen administrative access controls and monitoring.
- Continued penetration testing, vulnerability assessments, and cybersecurity awareness initiatives.
- Strengthened AI governance and responsible AI controls through integrated governance frameworks.



IT Workplace Development

- Introduced Microsoft Copilot Enterprise for senior management to enhance productivity and decision support.
- Enhanced secure digital workplace capabilities through improved remote access and workplace tools.
- Modernised field workforce operations through deployment of 300+ tablets under the “Anywhere Office” initiative.
- Strengthened IT service delivery, monitoring, and support response mechanisms.
- Improved end-user computing environments and workplace technology infrastructure.
- Enhanced employee digital capabilities and AI readiness within the IT Division and broader organisation.
- Continued investments in employee technology enablement supporting virtual operations and mobile workforce engagement.

RE-IMAGINING DIGITAL FINANCE



The financial year 2025/26 marked a watershed moment in CDB’s digital transformation journey. The SELF platform CDB’s flagship digital financial services platform extended its reach, deepened its capabilities, and further entrenched itself as Sri Lanka’s most purposefully engineered financial companion. Available across Android, iOS, and Huawei platforms in Sinhala, Tamil, and English, SELF redefined how customers access, manage, and grow their finances throughout the year.

Digital Architecture

SELF’s evolution is based on a deliberate, three-pillar strategic architecture, that has guided every product decision, future investment, and user experience enhancement across FY 2025/26.

TAP

Access · Identity · Onboarding

PAY

Payments · Transfers · Settlement

MOVE ON

Wealth · Loans · Financial Goals

Worldclass Omnichannel Experience

The SELF ecosystem consists of four interconnected digital touchpoints designed to deliver a unified identity, security framework, and customer experience across all channels. The Self App provides mobile financial services across Android, iOS, and

Huawei, while Self Online Banking extends the same capabilities to desktop and web platforms. The Merchant App enables digital payment acceptance through QR-based collections and instant payment notifications, while the Admin Portal supports real-time operational management, campaigns, customer service workflows, and

compliance requirements. Together, these platforms create a seamless omnichannel ecosystem that allows customers, merchants, and staff to access the CDB SELF platform with consistent security, reliability, and user experience giving CDB a strong competitive advantage for future growth.



INTELLECTUAL CAPITAL

NEW FEATURES INTRODUCED IN 2025/26

Tap

- Mobile Number Validation (MNV):
- NIC Validation for User Onboarding
- Tri-Lingual OTP Communications
- Savings Account Opening for External Bank Customers
- Onboarding via Credit Card Collection Account
- Customer Name Synchronisation with Core Banking
- Savings Account Type Management (Admin)

Platform Security & Stability

- Kubernetes Audit Patch Update
- VAPT Remediation All OTP Flows
- Onboarding & Authentication Bug Fixes

Pay

- Integration of government payments via LankaPay Government Payment Platform and GovPay
- Other Bank Credit Card Settlement
- JustPay Transaction OTP
- Pull and Push Transaction Classification
- Unique Transaction Reference for Inter-Bank Transfers
- Charge Breakdown in Transaction Receipts
- “To” Account Number Masking
- MDR Threshold Validation
- Enhanced Merchant Admin Reports

Platform Security & Stability

- Own Account Fund Transfer Fix
- Resolution of QR Inward Failures presenting a System Malfunction error.
- Fund Transfer & Bill Split Remediation

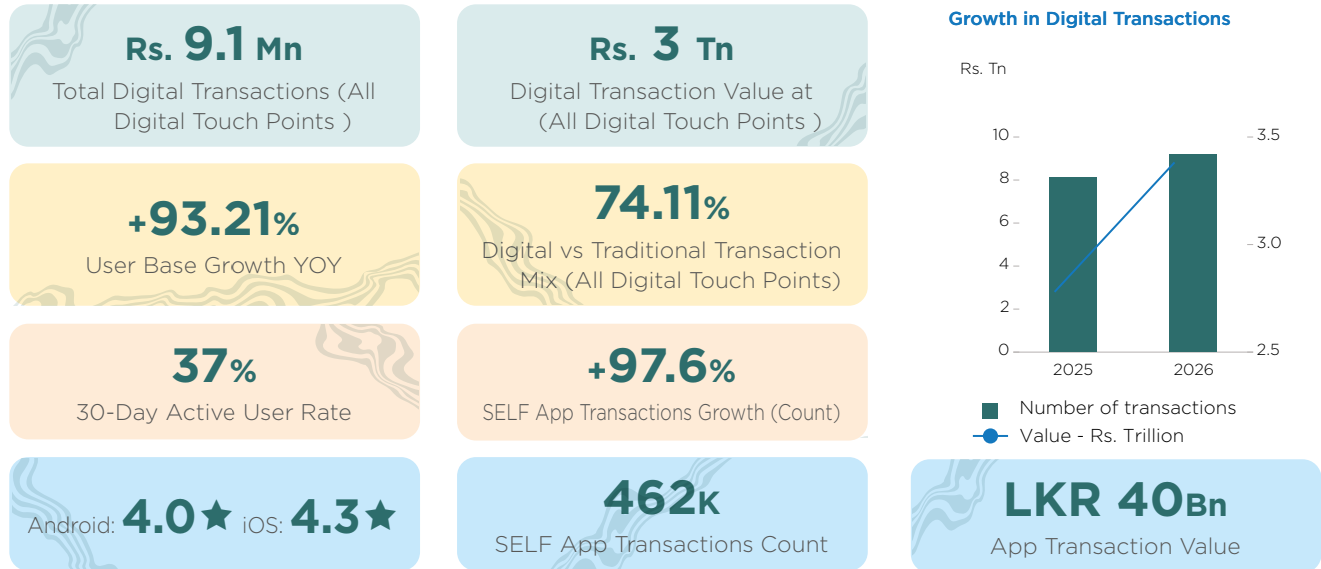
Move On

- Gold Loans
 - The Top-Up screen was redesigned to retrieve and display the applicable service charge prior to confirmation
 - The Portfolio view was enhanced with dual NIC format support
- Rewards & Loyalty Programme
- Cashback Promotions
- Zero PP Lease Enhancement
- Credit Card Management
- Inbox Enhancement Message Status Tracking

Platform Security & Stability

- iDeposit & Gold Loan Flow Fixes
- Customer Activity History Refinement
- ‘Highlights & Offers’ Nomenclature Update

The effectiveness of the enhancements to the SELF platform is evidenced in the numbers below.



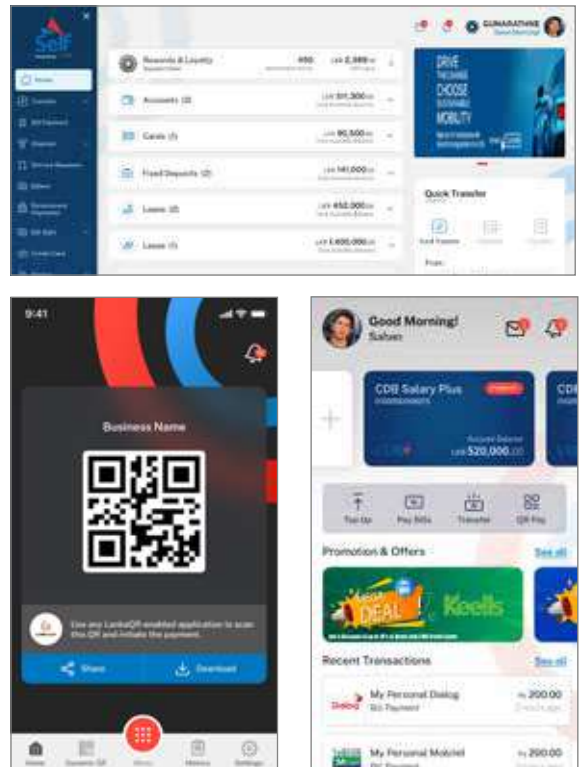
LANDMARK INTEGRATION GOVERNMENT PAYMENTS NOW ON SELF



Connecting CDB customers to Sri Lanka's national government payments infrastructure effective March 2026

In March 2026, CDB SELF successfully integrated with the LankaPay Online Payment Platform (LPOPP), including the Government Digital Payment Platform (GovPay), marking one of the most strategically significant milestones for the SELF ecosystem. Through this integration, SELF customers can now make real-time digital payments to a broad range of government institutions, including Sri Lanka Customs, the Inland Revenue Department, Employees Provident Fund (EPF), Board of Investment, Sri Lanka Ports Authority, divisional secretariats, universities, municipal councils, the Sri Lanka Police, and the Supreme Court of Sri Lanka. Transactions are processed instantly, 24/7, through LankaPay's CEFTS real-time payment infrastructure, providing customers with a secure, convenient, and seamless digital payment experience.

This integration further strengthens SELF's position as a comprehensive digital financial services platform by extending its capabilities beyond traditional banking and payments into government and civic services. It also aligns CDB with the Government of Sri Lanka's national digital transformation agenda, which encourages the migration of government collections and public service payments to electronic platforms. By enabling secure and accessible digital government payments through SELF, CDB continues to support the country's broader vision of accelerating financial inclusion, digital adoption, and the growth of Sri Lanka's digital economy.



INTELLECTUAL CAPITAL

EMERGING TECHNOLOGIES

CDB continues to strengthen its position as a digitally enabled financial institution by embracing emerging technologies and embedding Artificial Intelligence (AI) across core business operations. As part of its transition from a completed three-year IT strategy into a broader three-to-five-year roadmap aligned with its long-term vision, the organisation focused on AI-driven innovation, automation, cloud adoption, and digital-first customer engagement.

During the year, several advanced technology initiatives were implemented to enhance operational agility and customer experience.

These included AI-powered credit decision-making, AI-based vehicle valuation, AI-driven gold price forecasting, and risk-based pricing capabilities, all of which contributed towards improving lending accuracy, turnaround times, and portfolio quality.

The organisation also introduced fully digital lending solutions such as the Top-up Instant Loan (TIL) platform and progressed the Patpat Instant Loan (PIL) initiative in collaboration with patpat.lk, enabling real-time digital credit decisioning within an ecosystem-based marketplace environment. These initiatives demonstrate CDB's commitment to delivering machine-

speed financial solutions through intelligent automation and digital integration.

In parallel, CDB strengthened its Responsible AI journey by establishing an AI Governance Framework aligned with global standards including ISO 42001, ISO 23894, and the NIST AI Risk Management Framework. This framework ensures ethical, transparent, and accountable adoption of AI technologies while integrating governance, privacy, cybersecurity, and risk management into a unified operating model.

AI-powered operations

<p>Credit decisioning AI-powered accuracy</p>	<p>Vehicle valuation AI-based assessments</p>	<p>Gold price forecasting AI-driven predictions</p>	<p>Risk-based pricing Dynamic portfolios</p>
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Improved lending accuracy · faster turnaround · stronger portfolio quality

Digital lending platforms

<p>TIL · Top-up Instant Loan Fully digital lending solution Real-time credit decisioning Machine-speed approvals</p>	<p>PIL · Patpat Instant Loan Ecosystem marketplace credit In collaboration with patpat.lk Intelligent automation</p>
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Responsible AI governance

AI Governance Framework
Ethical · Transparent · Accountable AI adoption

<p>ISO 42001 AI management systems</p>	<p>ISO 23894 AI risk guidance</p>	<p>NIST AI RMF Risk management framework</p>
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OPERATIONAL EXCELLENCE

CDB continued to enhance operational excellence through extensive process automation, digital transformation, and technology-driven process redesign. The organisation’s automation journey, which commenced in 2019 through Robotic Process Automation (RPA), has progressively evolved from modular automation into end-to-end process automation across multiple business functions.

Over the years, key operational processes including CRIB report downloading, customer onboarding, account opening, credit facility submission, approval workflows, disbursement processing, document archival, and security document printing have been automated using technologies such as OCR/ICR, RPA

Bots, Smart Ops ERP (Smart - Ops) workflows, APIs, Artificial Intelligence, Machine Learning, and integrated system solutions.

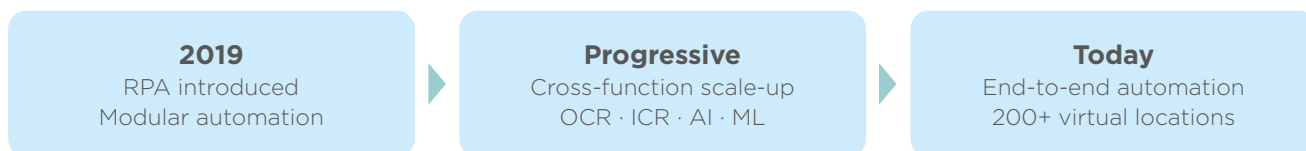
These initiatives significantly transformed the organisation from a branch-centric operating model into a virtual operational framework, enabling CDB to effectively operate. The strength of this digital operating model was clearly demonstrated during the COVID-19 pandemic and economic crisis periods, where business continuity and customer service delivery were maintained without disruption despite travel and fuel restrictions.

Further operational improvements during the year included Smart-Ops based deposit and cash-backed loan processing, API-driven supplier and

customer payments, automated dealer commission payment processing, enhanced Customer Due Diligence (CDD) systems, ERP-based security documentation, and automated account reclassification processes.

Collectively, these initiatives improved operational scalability, strengthened compliance and risk controls, enhanced process consistency, reduced manual intervention and errors, and significantly improved customer experience through faster and more efficient service delivery.

Automation journey · 2019 to present



INFORMATION SECURITY

Customer Privacy (FN-CF-220a.1 / FN-CF-220a.2)

GRI 418-1

CDB does not use customer account information for secondary purposes beyond those disclosed at the point of collection and as permitted under applicable regulatory frameworks. The organisation’s data governance practices are guided by Sri Lanka’s Personal Data Protection Act (PDPA), with oversight provided by the newly established Data Protection Committee and a

dedicated Data Protection Officer (DPO). The DPO is responsible for monitoring data handling practices, ensuring regulatory compliance, and embedding a strong culture of privacy across the organisation.

During the reporting period, there were no material incidents breaches of customer privacy and losses of customer data. Further there were no material monetary losses arising from legal proceedings associated with customer privacy violations.

Data Security (FN-CF-230a.1 / FN-CF-230a.2 / FN-CF-230a.3 | FN-CB-230a.1 / FN-CB-230a.2)

Metric	Reporting Period
Number of data breaches	None
Percentage that are personal data breaches	None
Number of account holders affected	None
Card-not-present fraud losses	None
Card-present and other fraud losses	None

INTELLECTUAL CAPITAL

Approach to Identifying and Addressing Data Security Risks (FN-CF-230a.3 / FN-CB-230a.2)

CDB maintains a comprehensive and layered approach to identifying and addressing data security risks, underpinned by internationally recognised standards and robust governance structures.

Standards & Certification CDB has maintained its Information Security Management System (ISMS) for the eighth consecutive year, achieving ISO 27001:2022 certification for Information Security Management and ISO 22301:2019 certification for Business Continuity Management. These certifications reflect the organisation’s commitment to systemic risk management and operational resilience.

Governance Framework

IT and cybersecurity governance is exercised through multiple oversight bodies, including the:

- Board Integrated Risk Management Committee
- Information Security Steering Committee
- Business Continuity Management Committee
- Data Protection Committee

These committees collectively ensure accountability, disaster recovery readiness, regulatory compliance, and continuous monitoring of emerging technology risks.

Cybersecurity Initiatives During the reporting period, CDB deployed several targeted cybersecurity solutions to strengthen its risk posture:

- Threat Intelligence Platforms — to proactively identify and respond to emerging cyber threats

- Data Loss Prevention (DLP) Solutions — to minimise data leakage and protect sensitive information assets
- Privileged Access Management (PAM) Systems — to enhance access controls and reduce insider risk exposure

These initiatives collectively improved CDB’s resilience against both external and internal threats, enhanced compliance readiness, and safeguarded the confidentiality, integrity, and availability of critical information assets in an environment of accelerating digital transformation.

Certifications Maintained

8 Years
Consecutive ISMS maintenance

ISO 27001:2022
+ ISO 22301:2019
Active certifications

IT WORKPLACE DEVELOPMENT

CDB continued to invest in IT workplace development by enhancing employee digital capabilities, strengthening technology-enabled work environments, and preparing the workforce for an increasingly AI-driven future. The organisation focused on modernising workplace technologies, improving secure remote access capabilities, and enhancing IT support and service delivery mechanisms to improve employee productivity and operational reliability.

As part of this transformation, Microsoft Copilot Enterprise was introduced for senior management to enhance productivity, decision-

making, knowledge accessibility, and secure AI adoption within the Microsoft 365 environment. The initiative contributed towards improved management reporting, better utilisation of enterprise knowledge, and secure adoption of AI-enabled workplace tools without compromising data security.

The organisation also strengthened its “Anywhere Office” concept through field workforce modernisation initiatives, including the deployment of over 300 additional tablets to frontline sales staff. This enabled greater mobility, faster customer engagement, improved accessibility to systems, and enhanced productivity across the field operations network.

In parallel, the IT Division continued to improve internal IT support processes, monitoring mechanisms, response frameworks, and service delivery standards to reduce downtime, accelerate issue resolution, and improve user satisfaction across the organisation.

Through these initiatives, CDB continues to build a digitally empowered workforce capable of operating effectively within a rapidly evolving technology landscape while supporting the organisation’s long-term AI and digital transformation ambitions.

300+
Tablets deployed to frontline sales staff

Copilot
Enterprise
AI tool for senior management

M365
Ecosystem
Secure AI adoption platform

OUR PRODUCT PORTFOLIO

GRI 2-6

CDB's comprehensive, fit for the future and relevant product portfolio is a strong competitive advantage. Many of our products are part of growing ecosystems that facilitate sustainable growth. Our core objective of integrating sustainability within our business model gave rise to products that support the country's transition to clean renewable energy, reducing dependency on fossil fuels. Principles of inclusivity underpin our Wings ecosystem for women and CDB Meezan our Sharia compliant deposit product.

Savings & Deposits

Savings Products

CDB Savings 	CDB Salary Plus 	CDB Rankati 
CDB Platinum Saver 	CDB Deegayu 	CDB Wings 






Term Deposit Products

CDB Dhana Surekum 	CDB Deegayu 
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Lending Products

Home Loans 	Business Loans 	CDB Ran Naya 
CDB Aspire Lease 	Cash Lease 	CDB Personal Loans 
CDB Smart Draft 	CDB Leasing 	

Sustainable Finance Products

CDB Advance Roof Solar 	Home Loans 
eShift 	Business Loans 
CDB Hybrid Leasing 	

Specialised Products

CDB Meezan 	
CDB Margin Trading 	

New Products Introduced in 2025/26







CDB TOP-UP INSTANT LEASE **Top-up Instant Loan (TIL)**
 Introduced a fully digital and automated lending solution enabling existing vehicle loan customers to obtain additional financing seamlessly through a self-service digital platform with direct fund disbursement to bank accounts.

CDB INSTANT VEHICLE LOAN **Patpat Instant Loan (PIL)**
 Progressed the integration of real-time digital lending capabilities with patpat.lk, enabling customers to instantly assess financing eligibility while browsing vehicles within the digital marketplace ecosystem.

CREDIT CARDS & DEBIT CARDS



DIGITAL CHANNELS

CDB Self 	CDB iDeposit 
CDB iTransfer 	patpat.lk 
Fast Cash 	Western Union 

SPECIALISED CHANNELS

CDB Money Exchange 
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INTELLECTUAL CAPITAL

Product Governance

The Product Governance Committee (management committee) oversees the development, review, approval and ongoing monitoring of the Company’s products and services to ensure alignment with CDB’s strategic objectives, customer needs, regulatory requirements and risk appetite. The Committee evaluates new product proposals, enhancements and process innovations by considering financial viability, operational readiness, compliance, customer value proposition and associated risks. Through a structured governance framework, the Committee promotes responsible product innovation, strengthens customer-centricity and ensures that products continue to deliver sustainable value while supporting the Company’s digital transformation and growth ambitions.

Structured governance framework



The Committee oversees the full lifecycle of CDB’s products and services — from development and review through to approval and ongoing monitoring — ensuring alignment with strategic objectives, customer needs, regulatory requirements and risk appetite.

INDUSTRY & TACIT KNOWLEDGE OF THE TEAM

CDB’s success is underpinned by the extensive industry expertise, institutional knowledge, and multidisciplinary capabilities embedded across the organisation. The Company benefits from a diverse talent pool comprising professionals with deep experience in finance, risk management, technology, operations, sustainability, customer engagement, compliance, and digital transformation. This collective expertise enables the organisation to respond effectively to evolving market dynamics while continuously strengthening operational resilience and customer-centric innovation.

The organisation places significant emphasis on preserving and transferring tacit knowledge through

collaboration, cross-functional engagement, and structured mentoring initiatives. Senior leadership and experienced professionals actively support the development of emerging talent through coaching, knowledge-sharing forums, on-the-job learning, and exposure to strategic projects, thereby strengthening succession readiness and leadership continuity across the Company.

CDB continues to foster a performance-driven and inclusive culture that encourages innovation, continuous learning, and adaptability. Investments in employee development, digital capability enhancement, and AI readiness have further strengthened the organisation’s ability to operate within an increasingly technology-

driven business environment. Employees are continuously encouraged to enhance professional competencies through training, certifications, and practical exposure to evolving financial and technological landscapes.

The Company also remains focused on employee engagement and retention by creating meaningful career pathways, promoting internal mobility, and maintaining a supportive work environment aligned with its values and long-term strategic aspirations. The strong commitment and institutional knowledge retained within the workforce continue to serve as a key competitive advantage, supporting sustainable growth and long-term value creation.



Performance-Driven Culture

Encourages innovation, continuous learning, and adaptability organisation-wide



AI & digital Readiness

Investments in digital capability and AI readiness for a technology-driven environment



Professional Development

Training, certifications, and practical exposure to financial and technological landscapes

OUR BRAND



THE CDB BRAND IS ANCHORED IN ITS COMMITMENT TO EMPOWERING A SMARTER, MORE SUSTAINABLE SRI LANKA. THIS PURPOSE GUIDES THE ORGANISATION’S STRATEGIC DIRECTION, ENSURING THAT ALL INITIATIVES ARE ALIGNED TO DELIVER LONG-TERM, MEANINGFUL IMPACT. AT THE CORE OF THIS APPROACH IS THE BELIEF THAT SUSTAINABLE GROWTH IS ACHIEVED THROUGH A CLEAR UNDERSTANDING OF EVOLVING CUSTOMER NEEDS AND ASPIRATIONS, AND THE CONSISTENT DELIVERY OF RELEVANT FINANCIAL SOLUTIONS THAT REINFORCE OUR BRAND PROMISE.

As a master brand, CDB's focus has been on driving brand elevation, with an emphasis on strengthening brand stature, relevance, and long-term market positioning.

As a total financial service provider, CDB continues to evolve its brand identity, characterised by a modern, youthful, innovative, and forward-looking position. The brand is underpinned by the dual archetypes of the Creator and the Caregiver, reflecting a balance between innovation-led growth and a strong commitment to customer wellbeing and responsible financial stewardship.

The organisation's strategic direction encompasses both business growth and channel expansion, with a clear focus on enhancing digital and virtual capabilities as key enablers of future readiness. Brand elevation

remains a central objective, supported by continuous improvements in customer experience and service delivery standards.

This is being advanced through the introduction of innovative financial solutions targeted at younger and premium customer segments, alongside the ongoing transformation of the branch network. The refreshed branch façade and enhanced service environment reflect the organisation's commitment to modernisation, improved service quality, and more consistent customer experience.

In parallel, CDB continues to strengthen brand visibility and relevance through strategic participation in national sports, key events, activations, and

sustainability-focused initiatives. A consistent year-round brand presence is maintained, supported by structured campaign communications aimed at reinforcing positioning and enhancing stakeholder engagement.

The organisation's physical network of touchpoints in prime locations continues to support accessibility and visibility, while its digital and social media platforms enable effective two-way communication with customers. This facilitates not only engagement but also timely responsiveness to customer feedback and concerns. In addition, strategic communication across print and electronic media continues to strengthen overall brand awareness, recognition, and equity.

Core Brand Pillars of CDB

CUSTOMER-CENTRIC EXCELLENCE

Delivering meaningful financial solutions and superior experiences through a deep understanding of evolving customer needs and aspirations.

SUSTAINABLE & RESPONSIBLE GROWTH

Creating long-term value by embedding sustainability, responsible financial practices, and ethical stewardship into business decisions.



INNOVATION & DIGITAL LEADERSHIP

Driving future-ready growth through innovative financial solutions, digital transformation, virtual capabilities, and AI-enabled customer engagement.

MODERN & ASPIRATIONAL BRAND EXPERIENCE

Building a youthful, progressive, and premium brand through elevated service standards, modernised touchpoints, and consistent brand engagement.

TRUST, ACCESSIBILITY & ENGAGEMENT

Strengthening stakeholder confidence through transparent communication, nationwide accessibility, responsive engagement, and a strong multi-channel presence.

INTELLECTUAL CAPITAL

Way Forward

Short-term Strategy

Technology & Information Security

- Further stabilise core infrastructure and digital platforms to ensure seamless customer experiences and operational resilience.
- Strengthen cybersecurity controls, fraud monitoring systems, and PDPA-aligned privacy frameworks across operations.
- Expand digital onboarding and self-service capabilities through the CDB Self ecosystem while enhancing IT service efficiency and user experience.

Brand

- Strengthen brand positioning among Mass Affluent, SME, and Premier customer segments through targeted customer engagement and digital acquisition initiatives.
- Enhance customer trust and brand relevance by embedding sustainability and responsible banking practices into customer experiences.

Medium term Strategy

Technology & Information Security

- Scale AI-driven operations, including credit decisioning, risk-based pricing, automation, and advanced analytics capabilities.
- Accelerate cloud adoption and modern workplace technology upgrades to improve scalability, agility, and resilience.
- Enhance business continuity, cybersecurity monitoring, and privacy-by-design integration across all new systems and processes.

Brand

- Deepen customer relationships through enhanced CRM capabilities, personalised engagement, and differentiated digital experiences.
- Expand market penetration in SME and Premier banking segments through innovative financial solutions and niche customer propositions.

Long-term Strategy

Technology & Information Security

- Establish a scalable, cloud-ready, and resilient technology ecosystem powered by AI, machine learning, and predictive analytics.
- Position cybersecurity, data privacy, and digital trust as core strategic differentiators across all digital initiatives.
- Strengthen IT's role as a strategic enabler supporting CDB's quarter-trillion asset base vision and long-term digital transformation agenda.

Brand

- Position CDB as Sri Lanka's most trusted, technologically advanced, digital-first financial institution with strong brand equity and customer loyalty.
- Advance the CDB Advance sustainability agenda and Net Zero ambition, embedding sustainability as a core pillar of long-term brand leadership and stakeholder value creation.



NATURAL CAPITAL

At CDB, sustainability is deeply embedded within our corporate strategy and serves as a key driver of long-term value creation. The Net Zero pillar, which stems from CDB's broader sustainability agenda, focuses on transforming the organisation into a resource-efficient and decarbonisation-centric entity that actively supports the transition towards a greener economy. Through responsible operations, sustainable financing, and climate-conscious decision-making, CDB continues to integrate environmental considerations into its business activities. As a financial services provider, energy remains a critical operational input, while materials and water are required to a lesser extent. Our key environmental outputs include greenhouse gas emissions, including financed emissions, and waste streams such as e-waste. CDB remains conscious of natural capital-related risks arising from environmental and geopolitical challenges, while also pursuing opportunities linked to Sri Lanka's sustainable and climate-resilient growth.



RELATED SDGs



SDG 7 - Affordable and Clean Energy

Through EV financing, eShift conversions, and the CDB Advance Roof Solar product, CDB is directly supporting the adoption of renewable and clean energy solutions by households, businesses, and communities. These initiatives reduce dependence on fossil fuels and contribute to a more accessible, affordable clean energy ecosystem in Sri Lanka.



SDG 8 - Decent Work and Economic Growth

The eShift programme and green finance products also support small businesses and entrepreneurs in transitioning to sustainable, lower-cost operating models. CDB's conservation and sustainability initiatives have created livelihood opportunities for coastal communities, beach caretakers, and local partners engaged in ecosystem restoration.



SDG 9 - Industry, Innovation and Infrastructure

CDB's investments in EV charging infrastructure, digital platforms, renewable energy financing, and its shared economy strategy are driving the development of modern, low-carbon infrastructure in Sri Lanka. These efforts support sustainable industrialisation and position CDB as an enabler of innovation-led economic transformation.

NATURAL CAPITAL



SDG 13 – Climate Action

CDB's IFC-aligned Climate Transition Plan, PCAF signatory commitment, financed emissions management model, and long-term ecosystem restoration projects collectively reflect a comprehensive institutional response to climate change. The Company's conservation efforts — including the Kanneliya rainforest restoration recognised under the Preferred by Nature standard, and the UN-recognised mangrove initiative that helped Sri Lanka win the 2024 World Restoration Flagship Award — demonstrate measurable, verifiable climate impact.



SDG 17 – Partnerships for the Goals

CDB's sustainable financing agenda is reinforced by strategic partnerships with global and local institutions. Its collaboration with the IFC in developing a Climate Transition Plan and ESMS framework, PCAF signatory status, and partnerships with conservation organisations and renewable energy providers reflect CDB's commitment to achieving sustainability goals through meaningful multi-stakeholder collaboration.

MANAGEMENT OF MATERIAL TOPICS GRI 3-3

M7

Sustainable Financing

CDB has steadily built a green finance portfolio that channels capital toward low-carbon, climate-resilient economic activities. Through products such as EV financing, the eShift electric three-wheeler conversion programme, roof solar loans, green home loans, and SME lending for sustainable enterprises, CDB is actively redirecting financial flows in support of Sri Lanka's green transition. The green portfolio recorded a growth of 35% during the year, with 5,272 green loans disbursed. CDB's partnership with BYD and its collaboration with VEGA Innovations under the eShift initiative exemplify its commitment to financing sustainable mobility infrastructure. The Company's Environmental and Social Management System (ESMS), developed with IFC support and integrated into the credit evaluation process, ensures that lending decisions account for environmental and social risks. Value of loan facilities screened during the year stood at Rs. 94.4 Bn, with 99.83% classified as low risk. CDB also became a signatory to the Partnership for Carbon Accounting Financials (PCAF), reinforcing transparency and accountability in measuring financed emissions.

M8

Climate Action, Carbon Footprint Reduction and Net Zero Ambition

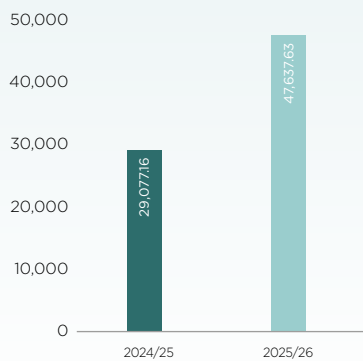
CDB's climate action strategy is anchored in its IFC-developed Climate Transition Plan, which sets a Net Zero roadmap for 2030. The Company tracks and reports Scope 1, 2, and 3 emissions using internationally recognised standards including ISO 14064-1:2018, the GHG Protocol Corporate Standard, and IPCC sixth assessment report guidelines. Over 98% of CDB's total emissions arise from Scope 3, with financed emissions representing the most material component. In response, CDB has developed a proprietary model to quantify financed emissions and is actively reducing them through expansion of its EV and hybrid vehicle portfolio and green finance products. Operational emissions are managed through energy efficiency measures, rooftop solar installations at four branches, transition to energy-efficient lighting, and the CDB Conservation Wheel — a circular economy framework based on the 7R principles. CDB's biodiversity and ecosystem restoration initiatives — encompassing rainforest, mangrove, coral reef, and beach conservation — serve as nature-based climate solutions that enhance resilience and contribute to national and global climate commitments including the Bonn Challenge and Sri Lanka's NDCs.

HIGHLIGHTS 2025/26

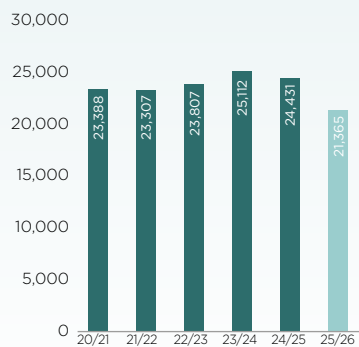
Our material topics and the related sustainable development goals are set out below together with the related metrics to demonstrate how we moved the needle during the financial year.

Managing Our Inputs

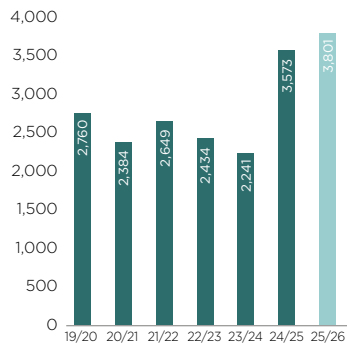
Organizational Energy Consumption (GJ)



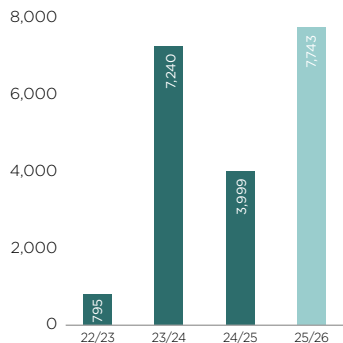
Organizational Water Consumption (m3)



Scopes 1 and 2 GHG Emissions (tCO2e)



Total Paper Waste Recycled (kg)



Conservation & Rejuvenation

Rs. 5.3 Mn

invested in

Restoring degraded,

- mangroves
- Forests
- coral reefs
- Conserving and maintaining polluted beach stretches

Sustainable Finance

- Rs.31 Bn Green portfolio
- Green portfolio growth rate by 35%
- 5,272 green loans disbursed during the FY
- Rs. 23.3 Bn disbursed to finance Green Portfolio
- 110+ eShift conversions
- Rs. 606 Mn Disbursed to finance solar roof installations

Green House Gas Verification

CDB completed an independently verified Greenhouse Gas (GHG) emissions assessment in collaboration with the Sri Lanka Climate Fund, in accordance with internationally recognised GHG accounting standards. The assessment covered Scope 1, Scope 2, and Scope 3 emissions, providing a comprehensive view of the Company's direct and indirect climate impacts across its operations and value chain. The independent verification enhances the credibility, transparency, and accuracy of CDB's carbon footprint disclosures and supports its Net Zero journey.



GREENHOUSE GAS VERIFICATION OPINION
Sri Lanka Climate Fund (Pvt) Ltd
Ministry of Environment

Organizational Level GHG statement developed by
Citizens Development Business Finance PLC
No. 123, Orabipasha Mawatha, Colombo 10, Sri Lanka

complying with the requirements of ISO 14064-1:2018 and GHG Protocol has been verified in accordance with the specification of ISO 14064-3:2019 in with responsible level of assurance**

Opinion No : SL/CF/FP/0560
Date of Issue : 28.05.2026
Period of Assessment : 01.04.2025 – 31.03.2026
Selected Boundary : Operationally controlled business operations of Citizens Development Business Finance PLC

Direct GHG Emissions : 2,746 tonnes of CO₂ equivalent
Indirect GHG Emissions : 302,886 tonnes of CO₂ equivalent
Total GHG Emissions : 305,632 tonnes of CO₂ equivalent

**Scope 1 Direct GHG Emissions : 2,746 tonnes of CO₂ equivalent
Scope 2 Electricity Indirect GHG Emissions : 1,090 tonnes of CO₂ equivalent
Scope 3 Other Indirect GHG Emissions : 301,800 tonnes of CO₂ equivalent



Chairman
Sri Lanka Climate Fund (Pvt) Ltd

Chief Executive Officer
Sri Lanka Climate Fund (Pvt) Ltd

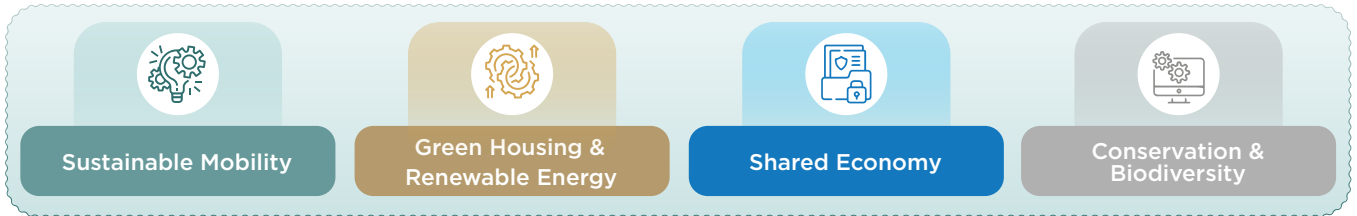
Valid period of the certificate: 30.09.2025 - 30.09.2027
Exclusions: GHG emissions from capital goods, purchased goods and services (except municipal water), and use of land services were reported at the highest and appropriate transparency.
Materiality threshold is below 5%. The reported GHG emissions are rounded up to the nearest highest value.
**GHG emissions have been reported in accordance with GHG Protocol

NATURAL CAPITAL

Managing Natural Capital

GRI 1: 3.3

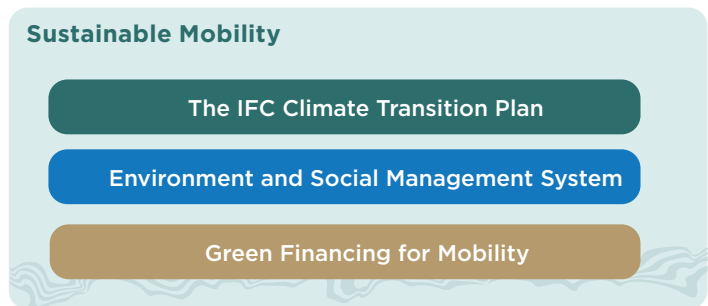
CDB's management of natural capital is actioned through the Net Zero Pillar of its Sustainability strategy.



Refer Sustainability Governance on page 89 of the SLFRS S1 and S2 Supplement for the governance structure and policy framework for management of natural capital.

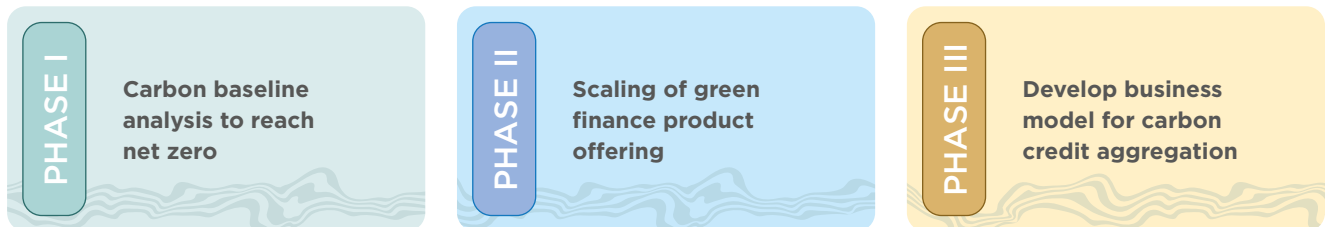
Sustainable Mobility

As 17% of our portfolio comprises mobility solutions, Sustainable Mobility is a key component of CDB's strategy, supporting the transition to a green economy by reducing the financed emissions of our operations. The following graphic summarises our approach to sustainable mobility.



The IFC Climate Transition Plan

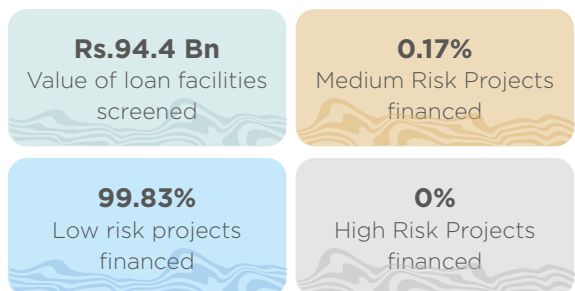
In FY 2024/25, CDB partnered with the IFC to create a Climate Transition Plan in three phases.



The first phase, completed in 2024/25, involved assessing internal operations and lending portfolio, improving Scope 1 and 2 emissions data, and setting a Net Zero roadmap for 2030. Scope 3 emissions were analysed to identify high-emission areas and define transition strategies. A workshop on transition finance and a review of CDB's ESMS ensured alignment with IFC standards. This collaboration will guide CDB's climate action strategy and strengthen its sustainable finance position in Sri Lanka.

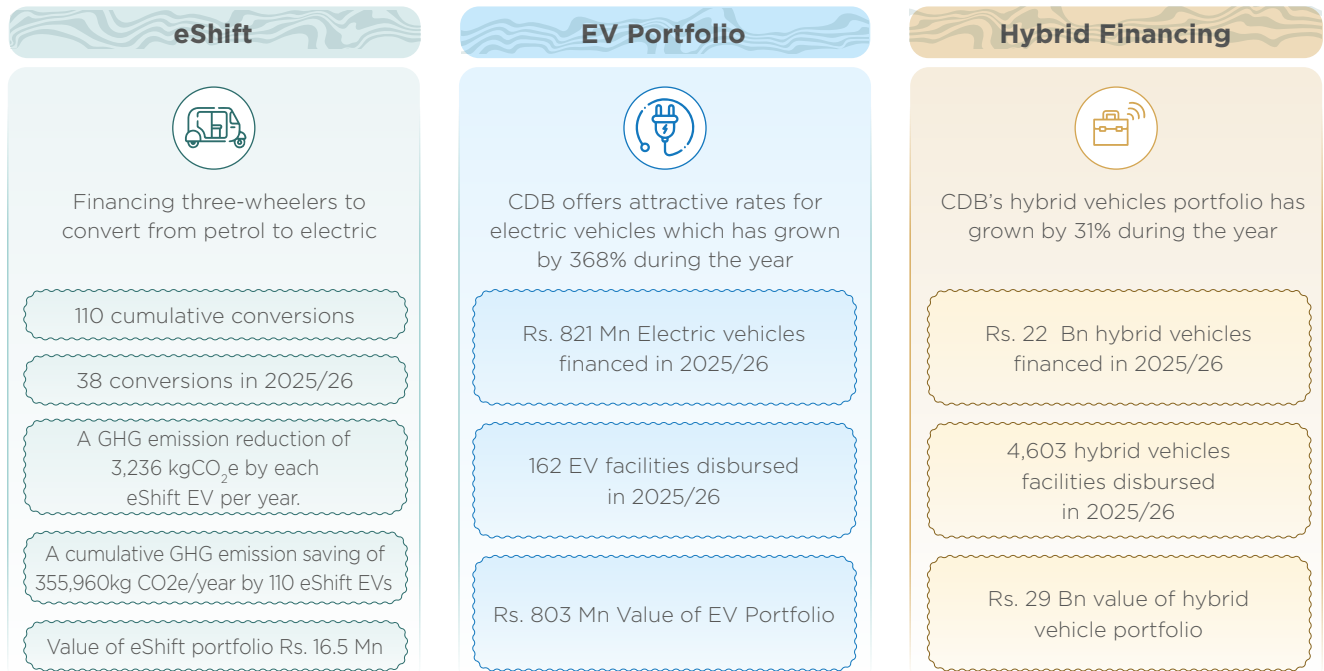
Environment & Social Management System (ESMS)

CDB has implemented an Environmental and Social Management System (ESMS) which is integrated with its credit evaluation process. It reviews the environmental and social risks related to credit proposals, facilitating environmental and social compliance by our clients. CDB received technical support from IFC to ensure that the ESMS is aligned with global best practice. The ESMS review is carried out by specially trained personnel in the Credit Risk Department who conduct an objective review of environment and social risk factors including compliance with regulatory requirements.



Green Financing for Mobility

CDB is maintaining a green portfolio to support transition to cleaner energy and energy efficient transportation.



eSHIFT

eShift is implemented in partnership with VEGA Innovations as the technical partner, with the aim of building a comprehensive electric vehicle (EV) ecosystem in Sri Lanka by accelerating sustainable mobility solutions. The initiative focuses on three key areas: serving as an educational hub for sustainable transportation, expanding access to EV charging infrastructure, and supporting the conversion of traditional vehicles into efficient electric mobility solutions.

Its key objectives include reducing the national carbon footprint and supporting Sri Lanka's Net Zero ambitions, catalysing a sustainable transition from the country's traditionally fossil fuel-dependent transportation sector, educating and empowering individuals interested in sustainable mobility, and generating greater public interest and enthusiasm for electric vehicles in Sri Lanka.

The initiative offers several flexible pricing options, including an operating lease at LKR 80,000 per month excluding VAT, a finance lease with an initial payment of LKR 300,000 followed by monthly instalments, outright purchase options of eShift EVs, and trade-in and upgrade facilities for customers wishing to exchange their existing three-wheelers for an eShift EV. The eShift initiative primarily targets B2B corporates, SMEs, and women entrepreneurs, thereby promoting wider accessibility to sustainable transportation solutions across multiple customer segments.

NATURAL CAPITAL

GHG emission reduction of eShift calculated using the method and tool developed by the IFC.

The emission reduction for each eShift EV was quantified based on its difference between annual pre-conversion and post-conversion GHG emissions.



Assumptions made for the calculation

Daily gasoline consumption by a fuel based three-wheeler = **6.7L**

Daily distance travelled = **120km**

No. of days run per week = **6**

Number of weeks run per year = **52**

Electricity usage to charge an eShift EV = **12kWh/per charge**

EV FINANCING

BYD and CDB’s strategic partnership reflects the company’s growing commitment to accelerating electric mobility and supporting the transition towards a lower Carbon transport sector in Sri Lanka. With the Sri Lankan market demonstrating immense potential for electric vehicle (EV) adoption, CDB recognises EV financing as a key growth area within its lending portfolio. A significant proportion of the company’s recent vehicle financing disbursements already consists of EV and hybrid vehicles, indicating the increasing customer preference for cleaner and more fuel-efficient mobility solutions amid rising fuel costs and evolving environmental concerns.

The local automobile market is also witnessing the entry of multiple internationally recognised EV brands, creating greater consumer choice and strengthening confidence in EV technology. As a progressive finance provider, CDB views this market transformation as a valuable opportunity to strengthen its presence and leadership within the EV financing sector. Through tailored

financing solutions, strategic partnerships, and customer-centric services, the company aims to make sustainable mobility more accessible and affordable for a wider segment of customers.

CDB’s collaboration with BYD further supports the integration of advanced EV technology into Sri Lanka’s transportation landscape. In addition to expanding financing opportunities for fully electric vehicles, CDB also plans to progressively increase its EV and hybrid vehicle portfolio over the next few years. This expansion is expected to contribute towards reducing long-term fuel dependency, minimising greenhouse gas emissions, and lowering operational costs associated with conventional vehicles. Furthermore, as EV infrastructure, after-sales services, and technological advancements continue to improve in Sri Lanka, customers are expected to experience reduced inconvenience associated with EV usage, encouraging broader adoption of sustainable transportation solutions across the country.

CDB ADVANCE ROOF SOLAR

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.

Green Housing & Renewable Energy

Renewable Energy



CDB offers attractive rates for roof solar which has grown by 135% during the year

Financing solutions for domestic roof solar solutions

Installed capacity in 2025/26
4,114 kW (507 facilities)

Cumulative Installed capacity
9,153 kWh

Value of Advance Roof Solar Portfolio Rs. 828 Mn

Green Home Loans

During the year, CDB received Corporate Membership - Gold Status from the Green Building Council of Sri Lanka, underscoring its commitment to advancing sustainable construction.



Green Housing & Renewable Energy

Further, CDB recognises agriculture, fisheries, and green housing as sectors with strong potential to support sustainable economic growth, environmental responsibility, and community development in Sri Lanka. Through its agri and fishery loan portfolio and Green Home Loan product, the company aims to strengthen its green finance offering by supporting sustainable farming practices, resource-efficient technologies, responsible fisheries operations, and environmentally friendly housing solutions. CDB also plans to gradually expand these financing portfolios over the coming years as part of its broader sustainability and green finance

NATURAL CAPITAL

strategy, while contributing towards climate resilience, food security, energy efficiency, and improved community livelihoods.

Together, eShift, EV financing, and CDB Advance Roof Solar support the country’s transition towards cleaner and renewable energy. These financial products are particularly relevant to consumers and households, especially at a time when energy prices are soaring and availability remains constrained. Demand for these products increased exponentially in March 2026 following the imposition of fuel allowances and upward price revisions resulting from global oil supply shocks caused by the closure of the Strait of Hormuz.

The lower prices of EVs and extended warranty periods also made the transition to EVs more attractive to vehicle owners, as it helped ease pressure on household budgets. Collectively, the increased adoption of EVs is expected to reduce the country’s dependence on fuel and ease pressure on fuel demand. Furthermore, advancements in battery technologies for roof solar systems have enhanced the attractiveness of these solutions among homeowners,

resulting in increased demand while also helping to reduce pressure on the national grid.

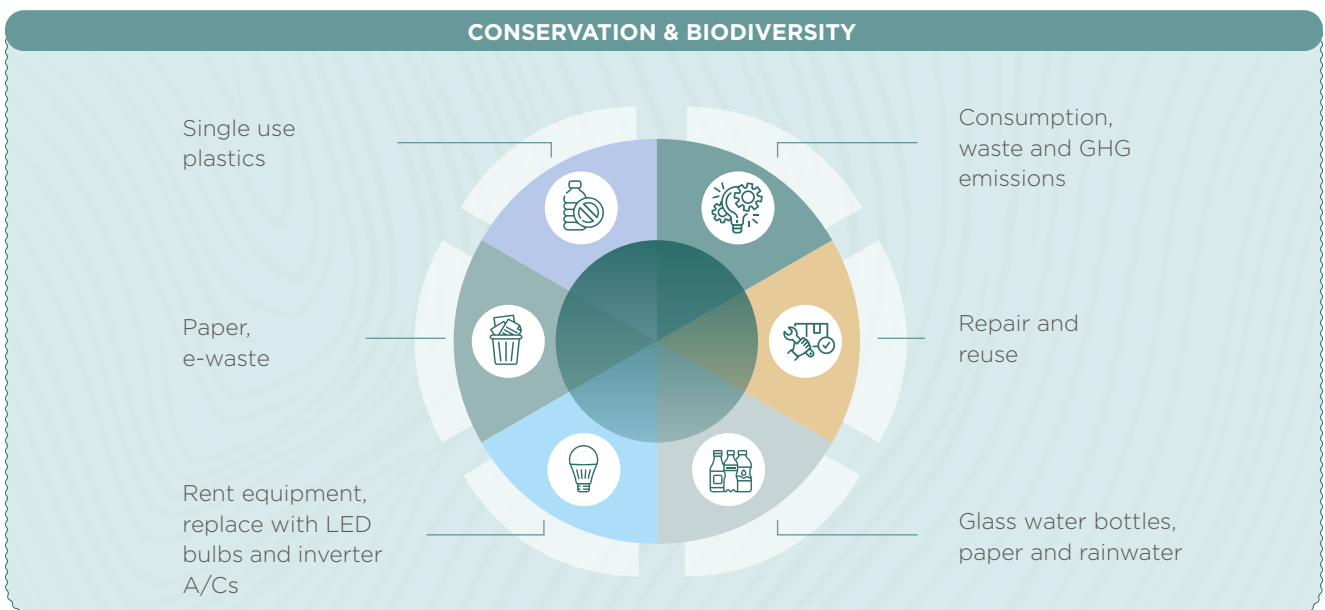
Shared Economy

CDB’s shared economy strategy is closely aligned with its broader digital transformation and virtual operations model, enabling the Company to scale efficiently while expanding financial access and customer reach. By leveraging technology-driven ecosystems, digital platforms, and virtual engagement channels, CDB continues to transition from a purely branch-centric operating model toward a more connected, platform-enabled financial ecosystem.

Through initiatives such as patpat, digital onboarding platforms, virtual customer engagement channels, and ecosystem partnerships, the Company facilitates greater participation in the formal economy for customers, entrepreneurs, SMEs, freelancers, and community-based businesses. These initiatives enable users to access financial services, promote products, conduct transactions, and engage with wider markets without heavy dependence on physical infrastructure.

CDB’s virtual operating model strengthens this shared economy approach by allowing the organisation to deliver services at scale while maintaining operational agility and cost efficiency. Digital processes, remote onboarding capabilities, AI-enabled solutions, and technology-integrated customer journeys support faster service delivery and wider accessibility, particularly for customers outside major urban centres. This model also supports the Company’s sustainability ambitions by reducing the need for extensive physical expansion and lowering the environmental footprint associated with traditional service delivery models.

The shared economy strategy further supports inclusive economic growth by creating collaborative ecosystems where customers, businesses, suppliers, and communities mutually benefit from shared access, digital connectivity, and financial empowerment. Through these ecosystem-driven and virtual operating capabilities, CDB aims to position itself as a future-ready financial institution capable of delivering sustainable growth through technology, collaboration, and innovation-led value creation.



The CDB Conservation Wheel

We manage our operational emissions with the CDB Conservation Wheel, based on the 7R principles: Reduce, Repair, Reuse, Replace, Recycle, Refuse, and Reject. This framework supports a circular economy, minimising environmental impact throughout our operations. It also drives team engagement and encourages sustainable habits while building environmental responsibility in our organisation.

Environmentally Conscious Culture

CDB creates an environmentally conscious culture through implementation of the ESG Policy, the CDB Advance Green Club and the CDB Advance Green Challenge. The Advance Green Club champions integration of sustainability into all aspects of our operations and

activities and conducts events to raise awareness of on key issues and engage employees in building a greener future. It also conducts the CDB Advance Green Challenge, an annual event engaging employees across departments and branches.

Conserving Biodiversity

CDB has committed to long term projects to conserve rainforests, mangroves, coral reefs and beaches, partnering with conservation focused government and non-government organisations.

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. It has adopted energy conservation and adoption of renewable energy as a material

topic, due to wide reaching economic and environmental impacts. Energy management supports resource management and operational efficiencies as the cost of crude oil spiked sharply in response to the war in the Middle East. At the time of writing, consumption of fuel has been capped at 25 litres per vehicle since the beginning of March 2026 following the escalation of tensions in the Middle East and remain unresolved. Additionally, fuel prices have been revised upwards from March to May 2026 reflecting the impact of the global energy shocks, making energy management a key material issue as our operations depend on a continued supply of energy. The following initiatives have been implemented to manage CDB's energy consumption and energy intensity .

	Strategic Initiatives	Progress in 2025/26
Emerging Technologies	Collaborating with the IFC to develop strategies for reducing company-wide GHG emissions.	With support from the IFC, CDB has set a Net Zero roadmap for 2030. Further, a model was developed with IFC support to quantify financed emissions under Scope 3.
	Setting energy efficiency standards for regular energy audits.	Progressive integration of energy efficiency standards into operational guidelines for periodic energy audits to identify inefficiencies and implement targeted reduction measures across branches and offices.
	Adopting cost-effective technologies including using efficient lighting as a compulsory requirement under the annual CDB GHG emission analysis process.	Replacing conventional systems with energy-efficient lighting across the network.
	Tracking and reporting energy consumption	Energy consumption across the branch network is tracked annually through the Carbon Footprint analysis, enabling systematic monitoring and assessment of energy usage trends across operations.
Renewable energy Adoption	Introducing green finance products that support renewable energy projects, energy-efficient technologies, and low Carbon development initiatives.	Expanding the green portfolio products to actively supporting customers in adopting sustainable mobility solutions, domestic renewable energy systems and green homes.
	Partnering with renewable energy solution providers and technology partners to promote clean energy adoption in Sri Lanka.	Strengthening partnership with green mobility and domestic renewable energy suppliers to promote wider adoption of clean energy solutions across both residential and commercial segments in Sri Lanka.
	Installing solar power facilities in our branch network under our energy efficient branch concept. Currently, we have made four branches to operate under roof solar.	Installing roof solar systems in selected branches, with four branches currently operating on solar power, contributing to reduced grid dependency.
	Increasing investments and financing facilities for household and commercial renewable energy solutions.	CDB's green portfolio has strengthened by 35% during the year, showcasing its ongoing commitment towards advancing clean energy solutions.

NATURAL CAPITAL

Energy Consumption within the organisation

GRI 302-1

Total energy consumption within CDB increased during the year, driven by increased operational travel distance and improved data capture mechanisms that expanded the reporting of fuel consumption associated with transport.

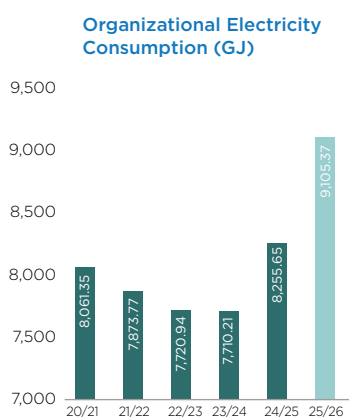
Energy Consumption within CDB	Measurement Unit	2025/26	2024/25	% Change
Non-renewable				
- Petrol	GJ	36,904.95	19,963.57	84.86
- Diesel	GJ	1,625.57	840.79	93.34
Renewable		N/A	N/A	N/A
Total fuel consumption within CDB	L	1,152,073.16	622,141.32	85.18
Electricity consumption within CDB	kWh	2,529,750.12	2,298,000.39	10.08
Total energy consumption within CDB	GJ	47,637.63	29,077.16	63.83

Calculation methodology Total energy consumption from fuel usage = Activity data (L) x Fuel density (Gg/L) x Net calorific value (TJ/Gg) x 10¹²

Total energy consumption from electricity usage = Activity data (kWh) x 3.6 joule/kWh x 10⁻⁶

Source of conversion factors used IPCC AR6 Report -2024
Ceypetco fuel density values

CDB's energy consumption attributed to purchased electricity follows the below trend.



Energy consumption Outside the Organisation

GRI 302-2, 302-4

In addition to energy consumed within its operations, CDB recognises the significance of energy use across its value chain. The table below presents energy consumption attributable to relevant Scope 3 categories, reflecting the indirect energy impacts associated with the company's business activities.

Category	2025/26 (GJ)	2024/25 (GJ)	YOY Change (%)
1. Purchased Goods and Services	26.92	30.56	-11.91
2. Capital Goods	N/A	N/A	N/A
3. Fuel- and Energy-Related Activities:	N/A	N/A	N/A
4. Transportation and Distribution	197.66	N/A	N/A
5. Waste Generated in Operations	N/A	N/A	N/A
6. Business Travel:	400.70	410.40	-2.36
7. Employee Commuting:	116,994.05	77,065.70	51.81
8. Upstream Leased Assets	N/A	N/A	N/A
9. Downstream Transportation and Distribution:	N/A	N/A	N/A
10. Processing of Sold Products	N/A	N/A	N/A
11. Use of Sold Products:	N/A	N/A	N/A
12. End-of-Life Treatment of Sold Products	N/A	N/A	N/A
13. Downstream Leased Assets	N/A	N/A	N/A
14. Franchises	N/A	N/A	N/A
15. Investments	N/A	N/A	N/A

Energy Intensity

GRI 302-3

CDB measures its energy intensity in kilo Watt hours per employee. The energy intensity increased from 14.93 kWh/employee in 2024/25 to 22.24 kWh/employee in 2025/26, recording an increase of 48.9% due to greater operational travel distances and enhanced data capture initiatives that enabled more comprehensive reporting of fuel consumption associated with transportation activities.

Energy Intensity

22.24 kWh/ employee

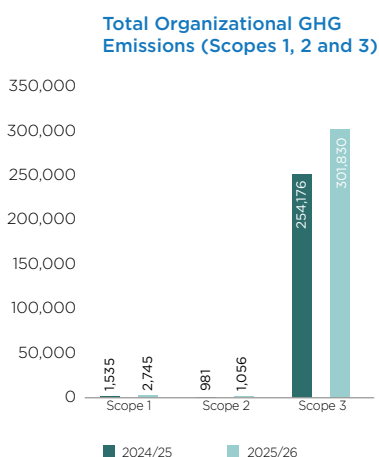
↑ **48.9%**

Managing Emissions

It is noteworthy that over 98.76% of CDB’s emissions arise from Scope 3 emissions, largely due to financed emissions which accounted for 97.82 % of the 2025/26 total emissions. Scope 1 and 2 emissions which arise from CDB’s energy consumption including purchased electricity account for a mere 1.24 % of total emissions. Accordingly, we are conscious of the urgent need to manage financed emissions by reducing the energy consumption of our value chain.

Overall Impact

GRI 305-1, 305-2, 305-3, 305-5



CDB’s Greenhouse Gas (GHG) emissions were computed using the key gases Carbon Dioxide (CO₂), Methane (CH₄), Nitrous Oxide (N₂O), and Hydrofluorocarbons (HFCs), ensuring alignment with standard international reporting practices.

The base year for the current emissions computation is FY 2024/25. This base year was selected as CDB transitioned during this period from a direct/indirect emissions calculation approach, which had been in place since 2015, to a more comprehensive Scope 1, Scope 2, and Scope 3 framework. This shift was undertaken to enhance the accuracy, consistency, and completeness of emissions reporting in line with emerging global

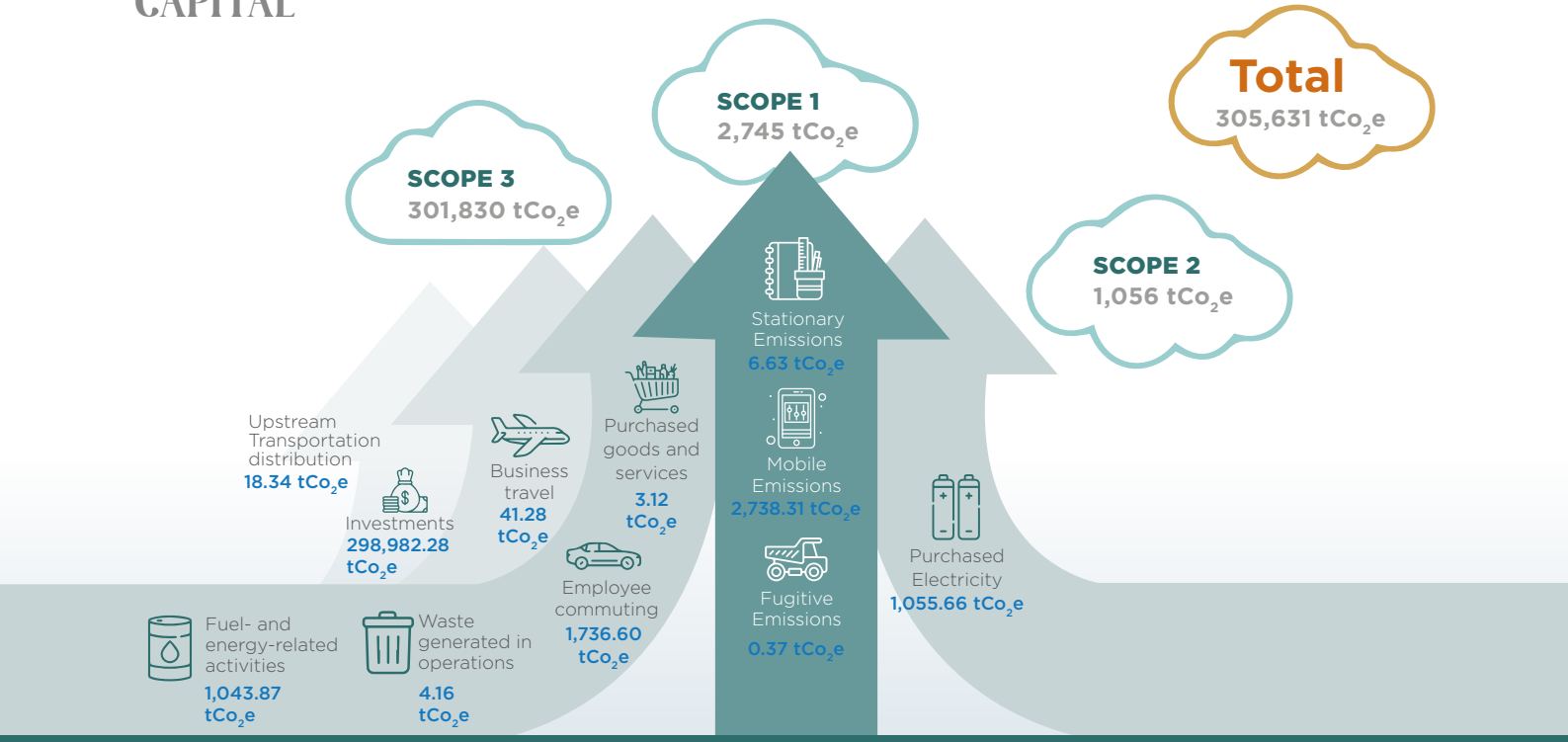
standards, including the foundations of S1 and S2 reporting. In addition, with support from the International Finance Corporation (IFC), CDB has developed a model to quantify financed emissions under Scope 3, further strengthening its ability to measure and manage its overall Carbon footprint. CDB also became a signatory to the Partnership for Carbon Accounting Financials (PCAF), reinforcing its commitment to its sustainability journey through greater transparency and accountability in measuring and managing financed emissions.



CDB covers 7 of the 15 categories set out in the GHG Protocol Corporate Value Chain (Scope 3) which cover its most material sources of Scope 3 emissions including Investments (financed emissions).

	Category	2025/26 (tCO ₂ e)	2024/25 (tCO ₂ e)	YOY Change (%)
Upstream	1. Purchased Goods and Services	3.12	3.63	-14.05
	2. Capital Goods	N/A	N/A	N/A
	3. Fuel- and Energy-Related Activities:	1,043.87	687.15	51.91
	4. Transportation and Distribution	18.34	N/A	N/A
	5. Waste Generated in Operations	4.16	0.09	4,522.22
	6. Business Travel:	41.28	46.64	-11.49
	7. Employee Commuting:	1,736.60	1,005.56	72.9
Downstream	8. Upstream Leased Assets	N/A	N/A	N/A
	9. Downstream Transportation and Distribution:	N/A	N/A	N/A
	10. Processing of Sold Products	N/A	N/A	N/A
	11. Use of Sold Products:	N/A	N/A	N/A
	12. End-of-Life Treatment of Sold Products	N/A	N/A	N/A
	13. Downstream Leased Assets	N/A	N/A	N/A
	14. Franchises	N/A	N/A	N/A
	15. Investments	298,982.28	251,331.66	18.96

NATURAL CAPITAL



Emissions Intensity

GRI 305-4

For FY 25/26, the emission intensity measured in relation to per capita, was recorded as 140.84 tCO₂e/employee.

Emissions of Nitrogen Oxides (NOx), Sulfur Oxides (SOx), and other significant air emissions

GRI 305-7

CDB does not generate significant air emissions, including Nitrogen Oxides (NO_x), Sulfur Oxides (SO_x), or other material air pollutants by its company operations.



Emissions of Ozone depleting substances

GRI 305-6, 305-7

CDB's GHG emissions were calculated using Carbon Dioxide (CO₂), Methane (CH₄), Nitrous Oxide (N₂O), and Hydrofluorocarbons (HFCs), none of which are classified as Ozone Depleting Substances.

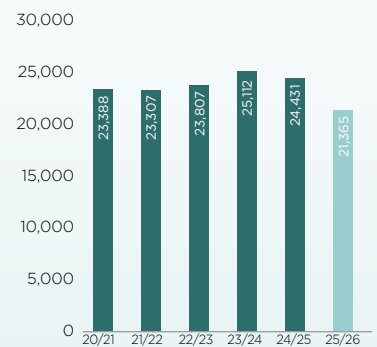


Water management initiatives

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

Organizational Water Consumption (m³)



Waste Management

As a financial services organisation, CDB's waste comprises mainly food waste, paper waste and e-waste. Additionally, a CDB Single-Use-Plastic-Free Pledge eliminates the plastics associated with food waste.

CDB Single-Use-Plastic-Free Pledge

This pledge, undertaken by all employees at CDB, discourages the use of single-use plastics for food-related purposes, which had previously been identified as an area of concern. The pledge commits employees to:

- Reduce and, wherever possible, eliminate the unnecessary use of single-use plastics in company operations, including events, training programmes, meetings, and client-related activities.
- Promote the use of sustainable and reusable alternatives to single-use plastics.
- Support environmentally responsible procurement practices by prioritising suppliers who use sustainable packaging materials.

Activities that lead to waste generation include:

Waste generating activities	Place where waste is generated	Actions taken to minimise waste
Food waste	Head Office and branches	Segregation into colour coded bins which are sent every other day to a piggery
Paper Waste		Increased digitalisation has significantly reduced the paper consumption with digital workflows replacing paper flows. Head Office paper waste is disposed through a recycling partner as required. This was extended to 10 branches in 2024/25 with collection and storage at Head Office until disposal.
e-waste		E-waste from branches is collected at Head Office and disposed securely through an approved recycling partner as required.
Damaged Office Equipment		Collected by Head Office and disposed to a registered supplier.

Impact by waste recycling

Paper waste recycling

- Paper recycled - **7,743kg**
- Energy saved through recycling - **29,244 kWh**
- Water saved - **193,747 L**
- Emissions saved - **22.37 tCO2e**
- Trees saved - **124**

Total savings from waste recycling

- Energy saved through recycling - **30,944 kWh**
- Water saved - **193,747 L**
- Emissions saved - **24.94 tCO2e**
- Trees saved - **461**

e-waste recycling

- e-waste recycled - **1,015kg**
- Energy saved through recycling - **1,700 kWh**
- Emissions saved - **2.58 tCO2e**
- Trees saved - **337**



NATURAL CAPITAL

Waste generated

Waste generated	Unit	2025/26	2024/25	YOY Change %
Paper	kg	7,743	3,999	94.06%
Food waste	kg	6,286	6,207	1.27%
e-waste generated	kg	1,015	2,134.5	-52.45%

The YOY increase in paper waste generation was primarily attributable to the higher frequency of paper waste collection and recycling initiatives undertaken during the financial year. Food waste generation recorded a marginal increase compared to the previous financial year, largely reflecting the growth in employee headcount. Conversely, e-waste generation declined driven by enhanced inventory control and improved asset management practices implemented by the IT team.

Waste diverted from disposal

Food waste is prepared for recycling on site. Paper and e-waste are given to third parties for recycling while 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.

Waste diverted from disposal	Unit	2025/26	2024/25	YOY Change %
Paper waste	kg	7,743	3,990	94.06%
Food waste	kg	6,286	6,207	1.27%
Total Non-Hazardous Waste	kg	14,029	10,197	37.58%
e-waste	kg	1,015	2,134.5	-52.45%
Total for Hazardous Waste	kg	1,015	2,134.5	-52.45%

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.

Refer Page 172 in Human Capital

Environmental Conservation & Rejuvenation

CDB continued its programmes committed to conservation and rejuvenation of degraded ecosystems as set out below.



Forest Restoration



Mangrove Restoration



Beach Conservation



Coral Reef Restoration

Forest Restoration

The Project	<p>Life Project</p> <p>Restoration of 14 hectares of degraded rainforest in the Kanneliya rainforest which was invaded by an invasive fern species, <i>Dricanopteris linearis</i> (Kekilla). This site is now a model for wet zone forest restoration in Sri Lanka. It is also intended to pilot a biodiversity credit accrual system aligned with international standards with this site.</p>
Location	<ul style="list-style-type: none"> • Halgahawala-Opatha region of the Kanneliya rainforest
Project Timeline	<ul style="list-style-type: none"> • Eleven-year project initiated in 2017 • Phase 1 initiated in 2017 • Phase 2 – 5-year project from 2018 to 2023 • Phase 3 – 5-year project from 2023 to 2028
Initiatives implemented in 2025/26	<ul style="list-style-type: none"> • 80% survival rate of the native plants • Continuous invasive removal • Nursery maintenance • Annual biodiversity monitoring • Ongoing data collection and analysis for the Biodiversity Credit Accrual System • Conducting school programs to create awareness on environment and forest services.
Achievements to date	<ul style="list-style-type: none"> • 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.
Partnerships	<ul style="list-style-type: none"> • Biodiversity Sri Lanka • IUCN Sri Lanka • Forest Department • Other like-minded corporates



NATURAL CAPITAL

Mangrove Restoration

<p>The Project</p>	<p>Life to Our Mangroves</p> <p>The project conserves 13 hectares of mangroves in Anawilundawa, a RAMSAR site impacted by abandoned aquaculture ponds. Its goal is to use a science-based Nature-based Solution (NbS) for mangrove regeneration that benefits both the environment and local communities while boosting climate resilience.</p>
<p>Location</p>	<ul style="list-style-type: none"> Anawilundawa Ramsar Wetland Site
<p>Project Timeline</p>	<ul style="list-style-type: none"> Five-year project initiated in 2022
<p>Initiatives implemented in 2025/26</p>	<ul style="list-style-type: none"> Over 75% survival rate of true mangroves Ongoing invasive removal Dry zone plant maintenance in the nursery Completion of the method to quantify the total Carbon assessment of the site Ongoing biodiversity surveys Ongoing initiatives to detail a climate adaptation plan for the site
<p>Achievements to date</p>	<ul style="list-style-type: none"> Over 3,000 mangroves replanted Establishment of a plant nursery and ongoing biodiversity This UN-recognised initiative helped Sri Lanka win the 2024 World Restoration Flagship Award
<p>Partnerships</p>	<ul style="list-style-type: none"> Biodiversity Sri Lanka (BSL) Wayamba University of Sri Lanka Department of Wildlife Conservation Other corporate partners



Beach Conservation

<p>The Projects</p>	<p>Life to Our Beaches and Adopt a Beach Preservation of Sri Lanka’s coastal ecosystems while supporting vulnerable coastal communities through livelihood opportunities and environmental education in high footfall beaches</p>
<p>Location</p>	<p>Life to Our Beaches Initiated with Modera-Polwatte and extended to Wellawatte, Dehiwala and Mount Lavinia, covering a distance of nearly 4.5 km.</p> <p>Adopt a Beach 300m of the Calido Beach, Kalutara</p> <p>Total stretch of beaches conserved by both projects – 4.8km in length and 113,331m² in area</p>
<p>Project Timeline</p>	<p>Life to Our Beaches Launched in 2022 with the Modara - Polwatte beach Project extended to Wellawatte, Dehiwala and Mount Lavinia in 2025.</p> <p>Adopt a Beach One-year project from 2026 to 2027</p>
<p>Initiatives implemented in 2025/26</p>	<ul style="list-style-type: none"> • Daily collection of plastic and other waste by the beach caretakers • Sending the collected plastic waste for recycling • Additional revenue earned by the beach caretakers by plastic recycling – LKR 140,000.00 • Installing awareness boards at beach stretches creating awareness among the visitors on responsible waste disposal.
<p>Achievements to date</p>	<ul style="list-style-type: none"> • Appointed nine local beach caretakers to maintain the extended beach stretches, providing livelihood opportunities and enhancing community ownership • Kick-starting the Life to Our Beaches project extension with a beach clean-up at the Wellawatte beach stretch with the participation of over 120 team members and their families. • Expanding beach conservation efforts through partnerships with Clean Ocean Force Lanka to protect and conserve additional coastal stretches. • Total plastic waste collected = 5,723.15kg • Total other waste collected = 3,883.45kg • Total waste collected = 9,606.6kg
<p>Partnerships</p>	<p>Life to Our Beaches: Biodiversity Sri Lanka Marine Environment Protection Authority</p> <p>Adopt a Beach program: Clean Ocean Force Lanka Marine Environment Protection Authority</p>



NATURAL CAPITAL

Coral Reef Restoration

Project Description	<p>Life to Our Coral Reefs</p> <p>Enhancing reef resilience as a Nature-based solution against climate threats while improving ecosystem services and supporting local livelihoods</p>
Location	<ul style="list-style-type: none"> • 953 hectares of degraded coral reef in Kayankeneni, Batticaloa
Project Timeline	<ul style="list-style-type: none"> • Five-year project initiated in 2024
Initiatives implemented in 2025/26	<ul style="list-style-type: none"> • Underwater reef cleanup • Invasive species removal from the reef • Ongoing biodiversity surveys and water quality analysis • Ongoing efforts to promote eco-tourism
Achievements to date	<ul style="list-style-type: none"> • Facilitating focus group discussions with fisheries societies to raise awareness • Conducting educational and awareness programs for local communities and schools • Completed socio-economic survey for business opportunities • 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.
Partnerships	<ul style="list-style-type: none"> • Biodiversity Sri Lanka • Blue Resources Trust • IUCN Sri Lanka • The Department of Wildlife Conservation



Way Forward


CDB continues to focus on aligning its business model to minimise actual and potential negative impacts to the environment. Its Short, Medium and Long term plans are set out below.

	Focus area	Planned actions
Short Term	Green finance	Expanding existing green finance products and increasing customer awareness.
	Energy management	Increasing eShift conversions and expanding charging infrastructure, while setting measurable KPIs.
	Emissions Management	Strengthening Scope 1, 2 and 3 emissions, tracking and improving data quality for reporting.
	Waste Management	Eliminating single-use plastics in the branch network
	Biodiversity Conservation	Continue strengthening mangrove, rainforest and coral reef restoration and beach conservation projects.
Medium Term	Green finance	Developing structured green finance frameworks with clear eligibility criteria and ESG-linked lending targets.
	Energy management	Expanding rooftop solar installations across branches and integrating centralised energy monitoring systems
	Emissions Management	Reducing finance emissions by increasing the EV and Hybrid portfolio of CDB
	Waste Management	Strengthening waste recycling across the branch network
	Biodiversity Conservation	Committing to clean and maintain selected beaches of 10km in length
Long Term	Green finance	Positioning CDB as a leading green finance institution with a dominant share of sustainable assets in the total loan portfolio.
	Energy management	Achieving near Net-Zero operational energy usage through full renewable integration and smart energy systems.
	Emissions Management	Developing a business model for Carbon credit aggregation
	Waste Management	Achieving minimal operational waste generation through fully digitised workflows and sustainable procurement standards across the value chain.
	Biodiversity Conservation	Developing measurable biodiversity impacts from the maintained programs linked to Carbon credit generation

TRIBUTARIES OF INTEGRITY



RISK ASSURANCE AND OVERSIGHT



The Rhine River flows through six European countries and serves as a vital corridor for trade, transport, and regional development. It is governed through established international agreements that ensure free navigation, environmental protection, and coordinated flood risk management, to enable consistent cross-border cooperation over this shared resource.

At CDB, our corporate governance framework provides the oversight and direction that guide responsible decision-making. Through strong leadership, ethical conduct, and accountability, we safeguard stakeholder interests and ensure that our growth remains sustainable, transparent, and resilient.

RISK MANAGEMENT REPORT

GRI 3-3

Risk management forms a fundamental component of our business strategy, ensuring that an appropriate equilibrium is maintained between profitability, growth, and financial stability. This report outlines the structures, policies, systems and processes put in place to manage risks efficiently.

RISK LANDSCAPE

While Sri Lanka's economy remained stable in 2025 despite the impacts of the tariff policies pursued by the USA in 2025 which resulted in high levels of uncertainties. Adherence to the IMF programme provided a sound policy framework supporting economic growth and resilience in 2025. Inflation was maintained within the policy range, largely due to the relatively low oil prices that prevailed in 2025 easing pressure on non-food inflation as food inflation moved up. Coupled with stable interest rates, these benign economic conditions supported consumer confidence and business confidence, supporting the upward trend in lending continue into the financial year under review. The index of industrial production, imports and exports increased reflecting the positive growth in 2025. Cyclone Ditwah in the November 2025 was a stark reminder of the need to meaningfully assess climate risk as the loss of lives, homes, infrastructure and crops etc., is estimated at \$4.1 Bn equivalent to around 4% of GDP, which is more than double the damage wrought by the 2004 tsunami.

The escalation of geopolitical conflict in the Middle East in February 2026 has seen the IMF reduce its global growth forecast from 3.3% to 3.1% although it was forecast to move up to 3.4%

reflecting the technology investment boom, lower interest rates and less than expected severity of US tariffs. The resulting energy shock has been felt across the world with a barrel of crude oil moving up from -\$71 per barrel to -\$105 per barrel on 31st March 2026 pushing up inflation as transport costs increased as a result. IMF revised global growth downwards from 3.3% to 3.1% for 2026 in its April 2026 briefing in an optimistic scenario which uses an average price of \$82 for 2026. The adverse scenario reduces the forecast to 2.5% based on oil prices averaging \$100 a barrel for 2026 and \$75 for 2027. The worst case "severe scenario" with prolonged conflict and higher oil prices sees the growth dip to 2% which has been described as a "close call for recession".

High levels of geopolitical tensions and uncertainties led to elevated levels of market risk, particularly with commodity price risk and equity price risk as interest rates and exchange rates were relatively stable. Gold prices surged to an all time high of over \$5,000 per troy ounce in early March 2026, declining to around \$4,600 by the end of the month. The All Share Price Index which reached its historic high of 23,956 in January 2026, falling thereafter to 21,066 as at 31st March 2026. In general, risks remain elevated due to connectivity of risks and high levels of sensitivity to energy price shocks. Fraud and

cyber threat levels are also elevated as macroeconomic stresses affect household budgets and personal aspirations, necessitating increased vigilance over effective operation of internal controls and cybersecurity.

The Board and BIRMC has increased its vigilance over risk management, monitoring both external and internal risk factors to assess potential impacts in response to the heightened risk levels, strengthening the second line of defence. The scope and coverage of Internal Audit were systematically reviewed and enhanced in response to the evolving risk landscape, ensuring comprehensive oversight across all critical business areas.

External Risk Indicator	Impact on the Company	Impact Assessment
Variables for Credit Risk		
Credit Growth		
Private sector credit growth increased by 26.4% while credit card numbers and volumes increased by 7% and 11% in 2025.	Credit exposure from leasing and loans increased by 53% during the financial year 2025/26.	Risk Level: Low Trend:
Asset Quality		
The Finance companies sector saw Stage 3 loans to total loans ratio decrease from 11.5% in December 2024 to 6.1% in December 2025 reflecting an overall improvement in asset quality.	Asset quality improved from 6.32% in March 2025 to 3.78% in March 2026.	Trend:
Variables for Market Risk		
Interest Rate Movement		
Movements in key indicators reflect a slight downward trend as set out below.	NIM for FY 2025/26 recorded at 7.10% compared to 7.97% in FY 2024/25. PAT grown by 12.50% in 2025/26	Risk Level: Medium Trend:
Indicative Rate	March 2025	March 2026
Overnight Policy rate	8.0%	7.75%
Call Money Rates	7.95 - 7.95%	7.55% - 7.65%
364 Day Treasury Bill	8.25%	8.41%
AWDR (Monthly)	7.15%	6.83%
AWPR (Weekly)	8.43%	9.86%
AWLR	11.80%	11.76%
Movements in Gold Prices		
Gold prices per troy ounce moved from Rs. 931,034 as at 1st April 2025 to Rs. 1,444,415 as at 31st March 2026 (Rs.248,000 per 24K pound on 1st April 2025 and Rs.396,000 per 24K pound by March 2026). Factors attributed to the movement include increased purchases of gold by central banks in response to global geopolitical and geoeconomic tensions.	CDB's gold portfolio increased by 61% during the year with the loan to value ratio was maintained below 70%. High default risk of gold loan borrowers and risk of higher losses when recovering through collateral, if price drops suddenly.	Risk Level: Medium Trend:
Movement in Exchange Rate		
The rupee depreciated against the USD by 7.7% during the financial year with the exchange rate moving from Rs.296.32 as at 1st April 2025 to Rs.315.19 as at 31st March 2026. The following forward exchange rates also serve as indicators of the expected movement on Exchange rates:	Possible exchange rate loss related to repayment of foreign currency borrowings. However CDB has fully hedged its foreign currency borrowing exposures in line with CBSL regulatory directions, ensuring total protection against FOREX risk	Risk Level: Low Trend :
Indicative Rate	March 2025	March 2026
One Month	8.0%	7.75%
Three months	7.95 - 7.95%	7.55% - 7.65%
Six months	8.25%	8.41%

RISK MANAGEMENT REPORT

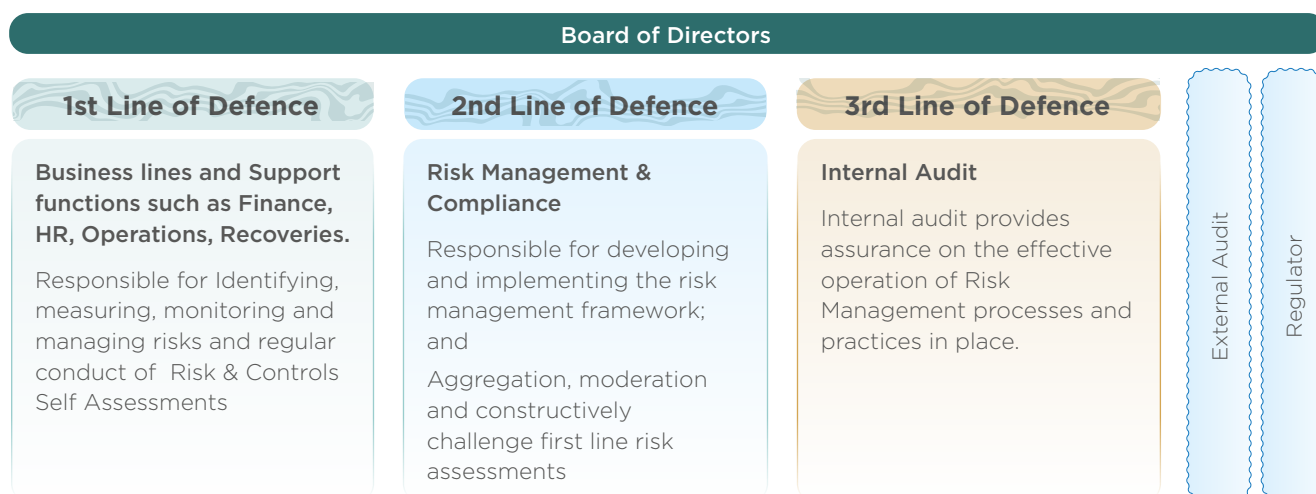
External Risk Indicator	Impact on the Company	Impact Assessment
Government Policies & Regulation		
Stability in policies		
The year has seen relative stability in government policies leading to improved macroeconomic indicators despite shocks such as the tariff policies of the US administration and Cyclone Ditwah.	Stable economic growth supported overall credit growth while the removal of restriction on import of motor vehicles in 2024 supported growth of the leasing portfolio.	Risk Level: Medium Trend: ➔
Personal Data Protection		
The Personal Data Protection Act No 09 of 2022 is currently undergoing a flexible, phased rollout overseen by the Data Protection Authority to safeguard data subjects' rights.	CDB accorded significant priority to the requirements arising from the PDPA, demonstrating a firm commitment to ensuring full adherence and the systematic adoption of all stipulated provisions across the company. It is noteworthy that the threat level for this risk is set at High as a default setting given the high level of impact, increasing levels of activity and sophistication of cyber criminals.	Risk Level: Medium Trend: ➔
Directions issued by CBSL		
Operational risk management Direction and Liquidity risk management Direction issued by CBSL.	As a NBFi with an asset base exceeding LKR 100 billion, CDB ensured full compliance with all directives issued by CBSL pertaining to Operational Risk and Liquidity risk, within the stipulated regulatory timeframes.	Risk Level: Low Trend: ➔
Technology		
Artificial Intelligence		
The Personal Data Protection Act No 09 of 2022 is currently undergoing a flexible, phased rollout overseen by the Data Protection Authority to safeguard data subjects' rights.	CDB has strategically leveraged AI to optimise and streamline key operational processes, resulting in enhanced efficiency and greater reliability across business functions. While AI is embraced as a significant opportunity for growth and innovation, the responsible and ethical use of AI remains a core organisational philosophy embedded throughout CDB.	Risk: Medium Trend: ➔

Resolution of geopolitical tensions in the Middle East and the price of oil remain key concerns as we look ahead as it affects industrial production, trade and energy. Energy security will have a significant impact on the growth of the country. This is exacerbated by both potential loss of crops by both shortages of fertiliser and adverse climate change, impacting food inflation and food security. The stability in the local policy environment, early adoption of fuel rationing measures and increased momentum at international forums to end the conflict are soft but positive notes amidst the cacophony of discord. There are also opportunities for CDB to drive significant growth in the country's energy transition from leasing electric vehicles to supporting consumers and businesses to move to more energy efficient equipment.

RISK GOVERNANCE

CDB's risk governance structure clarifies the roles and responsibilities for risk management and focuses on key aspects of it, enabling high levels of expertise in these areas.

The company's risk governance structure is based on the Three Lines of Defence model in line with best practice.



The Board holds the primary responsibility for overseeing risk management, while BIRMC supports them by supervising this function. Executive committees draw on the collective expertise of corporate management to put risk control strategies into practice according to the risk management framework. Day-to-day operations are carried out by executive management, who ensure the Board-approved risk management framework is properly executed.

Committee	Roles & Responsibilities	More Information
Board Committees	<p>Board of Directors (BOD)</p> <p>Responsible for setting in place an effective risk management function, policies and processes and regular review of risk reports to determine the risk profile of CDB. This includes approval of an appropriate risk management policy framework, determining risk appetite, and aligning risk, strategy and rewards and remuneration. The Board reviews reports on exposures and related risk assessments at regular Board meetings.</p>	<p>Meets once in every two months</p> <p>Statement of Directors Responsibility on page 259</p>
	<p>Board Integrated Risk Management Committee (BIRMC)</p> <p>Responsible for oversight of Risk Management and makes recommendations to the BOD on matters relating to risk management. Functions as per the authority delegated through a Terms of Reference approved by the BOD.</p> <p>The Head of Risk Management and the Compliance Officer report directly to BIRMC and are invitees to the meeting together with the executive directors.</p>	<p>Meets once in every two months</p> <p>BIRMC report on page 243</p>
	<p>Board Audit Committee (BAC)</p> <p>Assists the Board on financial reporting and reviewing the effectiveness of internal control and risk management systems. Functions as per the authority delegated through terms of reference approved by BOD.</p> <p>The Head of Internal Audit directly reports to the BAC and is an invitee to the meetings along with the CEO and CFO.</p>	<p>Meets at least monthly</p> <p>BAC report in page 236</p>

RISK MANAGEMENT REPORT

Committee	Roles & Responsibilities	More Information	
Executive Committees	Assets & Liability Committee (ALCO)	Responsible for oversight at operational level for both liquidity risk and market risk management. The process includes reviewing cashflow forecasts to address gaps, evaluating the adequacy of contingency funding plans, and analysing stress testing outcomes to ensure objectives are met.	Meets at least Monthly. TOR approved by BOD.
	Credit Committee (CC)	Responsible for management of credit risk including monitoring CDB's lending portfolio, management of asset quality and recovery actions. The Committee also ensures that credit policy and guidelines issued to business are up to date and aligned to current risk profile and risk appetite of CDB.	Meets at least quarterly or as and when required
	Information Security Steering Committee (ISSC)	The committee is responsible for information security and technology risk management . As part of their duties, the committee addresses issues on technology adoption, information security, cyber security and customer data privacy.	Meets at least monthly.

Risk Culture

Effective risk management starts with risk awareness across all three lines of defence and CDB seeks to create a culture of risk awareness among all employees on aspects relating to their roles and responsibilities. The Risk Management Department and Compliance Department spend time identifying training needs and work together with the HR department to ensure that these are offered to employees. The risk culture is also reinforced by Internal Audit and post reviews of risk related incidents.

Strengthening Risk Governance 2025/26

- Dedicated team member to manage branch level operational risks
- Comprehensive training and awareness workshops to risk and compliance representatives across the company
- Annual review and approval of ERM policy framework

Risk Management Policy Framework

CDB has a comprehensive risk management Policy framework which is summarised as below. All the policies set out below are approved by the Board and provides guidance to the management on implementing processes within the company. They are reviewed annually and aligned to regulations, identifies risks and other external and internal factors.



RISK APPETITE

The Risk Appetite Statements is a key policy document, communicating to the executive function the risk boundaries within which the CDB should operate. Accordingly, the executive committees, board and board committees initiate mitigating activities to steer key risk indicators, ensuring that the overall risk profile of CDB remains within the specified boundaries. The Risk Appetite statement is reviewed quarterly by BIRMC.

Risk Appetite Statement

Key Risk Indicator	Risk appetite	Mar-26
Credit risk		
90 DPD ratio - Gross	< 6%	3.78%
90 DPD ratio - Net	< 3%	1.53%
Provision Coverage Ratio	> 50%	60.43%
Collection ratio - Cum	> 100%	100.90%
Credit concentration risk		
Maximum exposure to single borrower - Individual - Secured	10% of core capital	0.80%
Maximum exposure to aggregate unsecured financing	10% of core capital	6.61%
Gold loan portfolio LTV	< 80%	68.79%
Exposure to any sub sector out of total loan portfolio	< 10%	6.74%
Liquidity risk		
Liquid assets ratio	> 12%	12.92%
12 Months cum Maturity Gap	< -15%	6.57%
Maximum single depositor/ group exposure	< 3%	0.91%
Maximum exposure to bulk deposits (Over 50Mn per client)	< 25%	15.11%
Capital Adequacy		
Tier 1 CAR	> 13%	13.23%
Tier 2 CAR	> 16%	18.32%
Capital funds to deposit liabilities	> 10%	34.20%
Credit worthiness - Fitch rating	BBB	BBB (lka)/ Stable
Strategic risk		
NIM (Annualised)	> 6%	7.10%
ROA (Annualised)	> 1%	2.42%
ROE (Annualised)	> 15%	17.21%
Market Risk		
Repricing gap ratio (up to 12 months)	> -30%	11.32%
Unhedged open foreign currency ratio	> 0%	0.26%
Exposure to foreign currency borrowings out of total assets	< 15%	8.86%
Investment in Equity securities out of total Capital	< 20%	9.87%
Operational risk		
Operational losses as a % of total operating expenses	< 2.5% - 5%	0.43%
No of cyber incidents with business impact	0	0
Overall staff turn over ratio - Permanent	< 15% - 20%	14.25%
No of high severity compliance issues	0	0
Cost to income (Ex. VAT on FS)	< 50%	46.64%

RISK MANAGEMENT REPORT

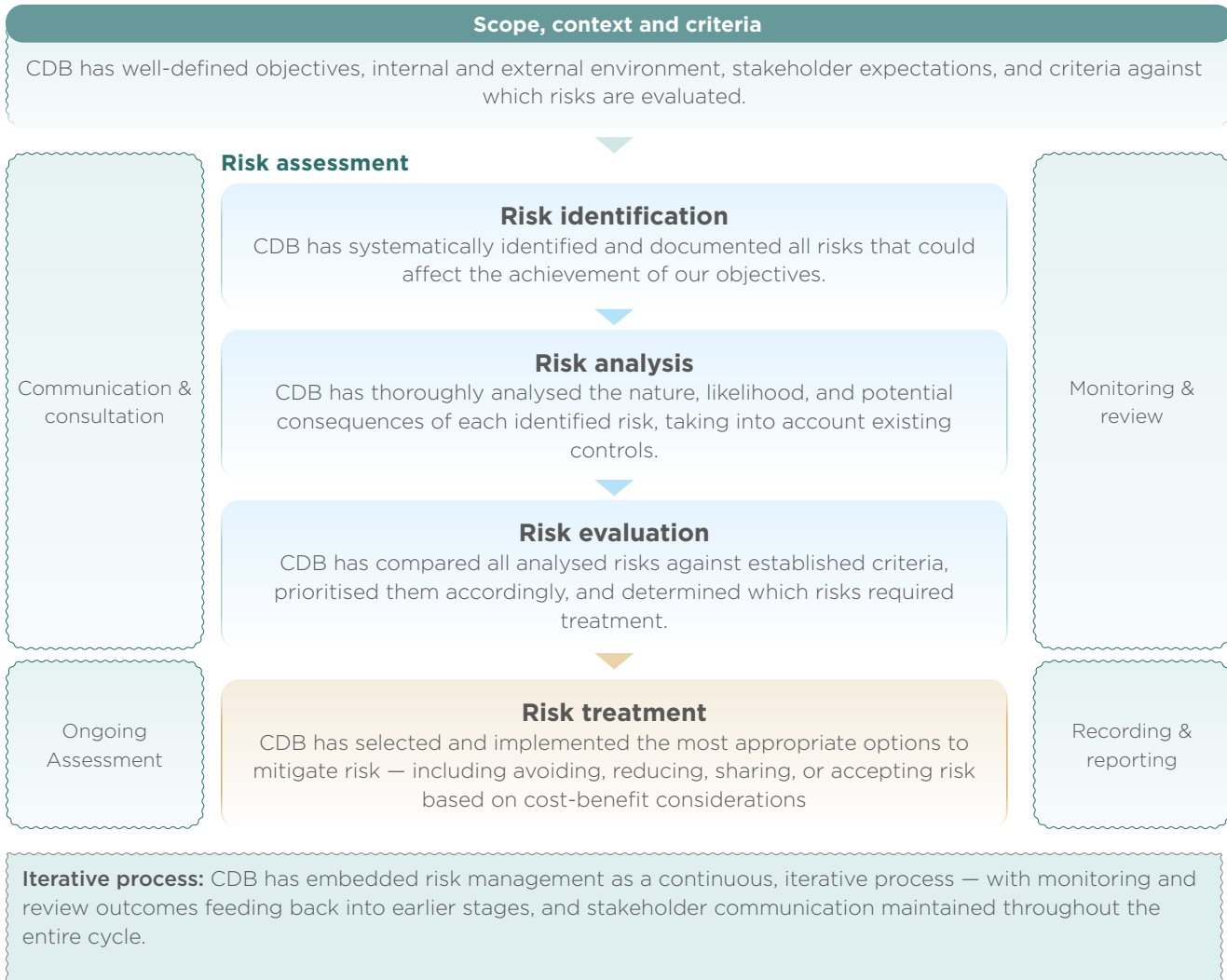
Strengthening Risk Policy Framework 2025/26

- Revision of Operational risk & liquidity risk management policy frameworks in line with CBSL directional requirements.
- Role of divisional risk and compliance representatives
- Operational risk management frameworks covering each sub category of ORM.
- Development and Board approval on climate risk management policy

RISK MANAGEMENT PROCESS

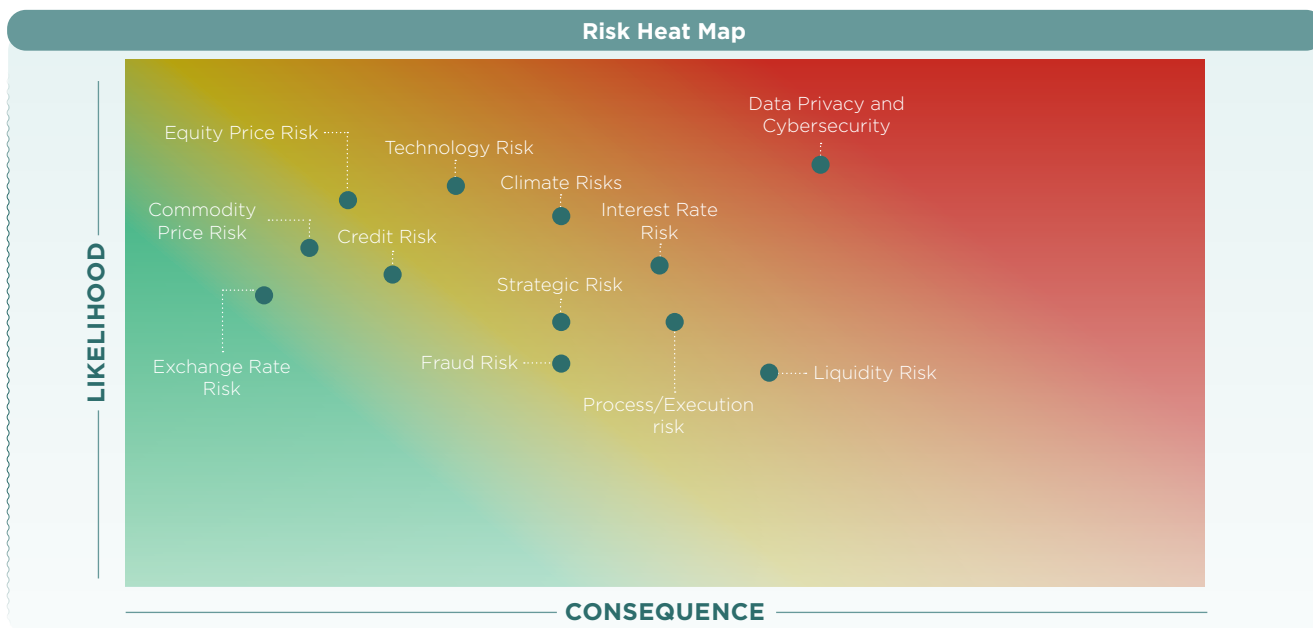
CDB's risk management processes are all based on the following common process, although they vary considerably across key risks. Accordingly, all material risk types, including credit risk, liquidity risk, market risk, strategic risk, operational risk and reputational risk are managed using the Risk Management Process set out below.

A STRUCTURED, ITERATIVE FRAMEWORK TO CREATE AND PROTECT ORGANISATIONAL VALUE



RISK ASSESSMENT

CDB's key risks are assessed according to the severity of impact to the organisation and the likelihood of occurrence as set out below. The assessment considers the residual risk net of mitigating factors and strategies.



CREDIT RISK OVERVIEW

Credit risk arises mostly from lending and investment activities, representing the company's largest exposure. Assets exposed to credit risk total approx. Rs.170 Bn, equivalent to 79% of total assets, while credit risk accounts for 91% of risk-weighted assets. This exposure is managed per Credit Risk Policy suite within the boundaries of the Risk Appetite Statement as risks evolve.

DEFINITION

The risk that a customer or counterparty fails to meet contractual obligations, causing financial loss to the Company

CREDIT RISK COMPONENTS

- Default Risk
- Concentration Risk
- Settlement Risk

KEY DRIVERS

- Inflation
- Economic growth
- Interest rate
- Exchange rate
- Unemployment rate

Financial Capital

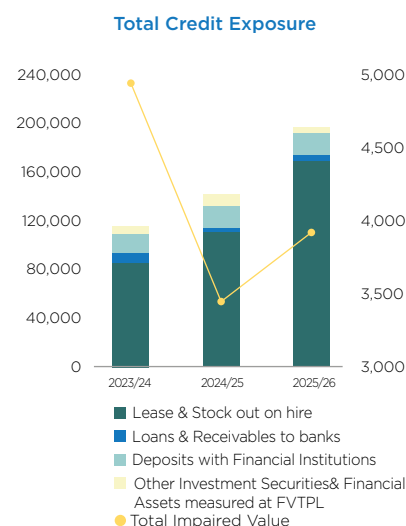
Social and Relationship Capital

Natural Capital

Key Risk Indicators	31.3.2026	31.3.2025	LFC as at 31.12.2025
Gross Stage 3 Loans to Total Advances (%)	6.32	3.78	6.11
Net Stage 3 to Total Advances (%)	1.53	3.10	3.19
Stage 3 Impairment Coverage Ratio (%)	60.43	52.53	47.80

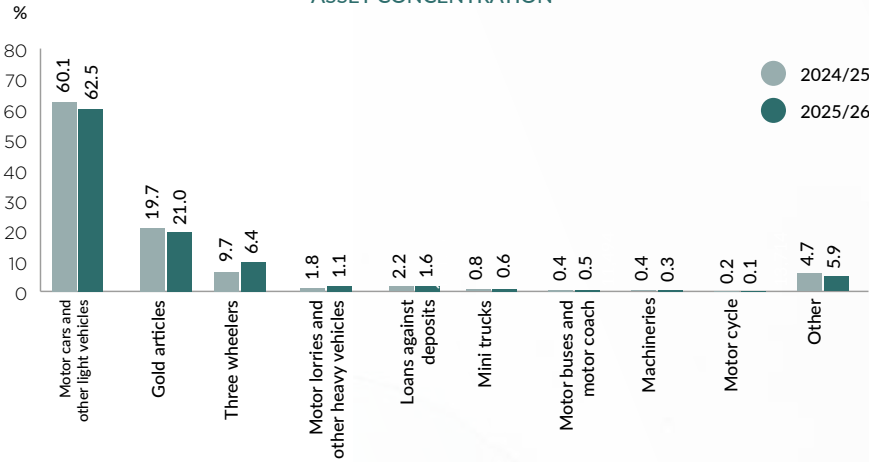
CDB's total credit exposure increased by 53% to approx. Rs. 170 Bn supported by increased activity in leasing, gold loans and SME Loans. Stage 3 loans as a percentage of total advances decreased as set out above reflecting improved asset quality.

More information in Note 363

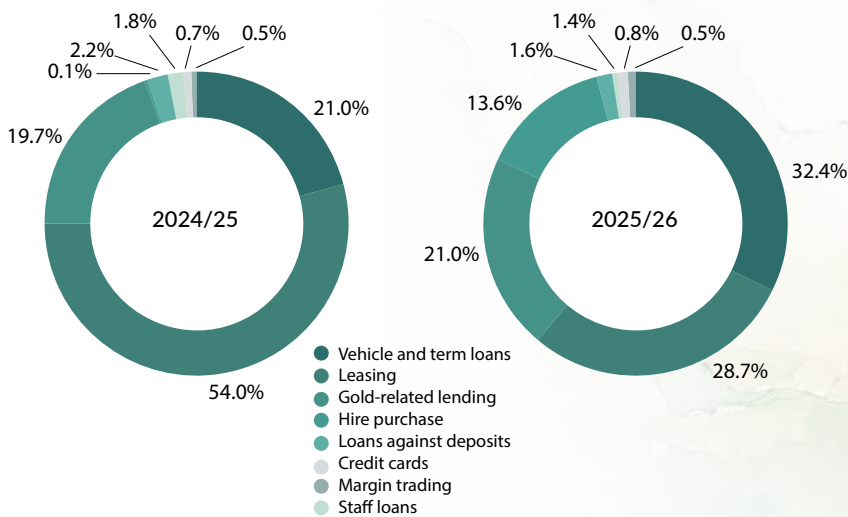


RISK MANAGEMENT REPORT

ASSET CONCENTRATION



Product concentration



As at	31.3.2026
Total Net Weight of Pawning articles (g)	1,212,226
Market Price per gram (24Kt)	49,500
Total Market Value (Rs. '000)	54,279,692
Gold Loan Receivable Amount (Rs. '000)	36,411,292
Value Excess (Rs. '000)	17,868,400

As at	31.3.2026	
	Parallel Increase of 10% (Rs.'000)	Parallel Decrease of 10% (Rs.'000)
Impact on Market Value	5,427,969	(5,427,969)
Impact on Value Excess	5,427,969	(5,427,969)

MANAGING CREDIT RISK AT CDB

The overarching objective of credit risk management is to maximise the Company's risk-adjusted rate of return by maintaining credit risk exposure within acceptable parameters.

The Company has a well-structured credit process as summarised alongside. It is reviewed regularly to scale up, enhance turnaround times, credit quality and reduce processing costs.



Specialised Committee/ Department	Responsibilities
Credit underwriting	Responsible for establishing credit risk criteria and defining the Credit Risk Management policy and control framework, encompassing the determination of risk appetite, and overseeing the end-to-end credit appraisal and approval process to ensure sound and prudent lending decisions
Credit committee	Responsible for defining credit approval authorities, exercising oversight on high-value credit decisions, monitoring overall credit quality of the portfolio, and providing advisory guidance on necessary revisions to credit policies to ensure alignment with prevailing risk dynamics.
Post disbursement follow up division	Responsible for conducting ongoing monitoring of credit quality, implementing optimum recovery measures to sustain contracts at active status, and minimising delinquency levels to preserve the overall health of the credit portfolio.

Strengthening Credit Risk management framework in 2025/26

- Continuously refined automated credit decision criteria in line with the evolving market environment and Board-approved risk appetite, leveraging AI-driven analytics.
- Successfully implemented and enhanced an AI-based credit decision model for Three Wheeler facilities, improving decisioning accuracy and efficiency.
- Expanded portfolio diversification into new product domains including SME, Agriculture, and Fisheries, broadening the revenue base and reducing credit concentration risk.
- Introduced tailored financial solutions aligned with individual obligor repayment capacities, ensuring timely settlement of lease rentals and loan obligations.
- Conducted targeted recovery campaigns for classified credit clients, offering mutually beneficial restructuring solutions, resulting in a significant improvement in key credit quality ratios.
- Continuous monitoring of gold loan prices and proactively adjusted gold loan advances to sustain portfolio Loan-to-Value (LTV) ratios at healthy and prudent levels, mitigating collateral risk effectively.

RISK MANAGEMENT REPORT

MARKET RISK

CDB's profitability is shaped by market factors outside its control, which affect asset and liability valuations. As most transactions involve market risk, Assets subject to market risk amounted to Rs. 202 Bn, an increase of 38% over the previous year. Liabilities subject to market risk amounted to Rs. 180 Bn at the close of the financial year. CDB manages these exposures to balance profitability and stability within the Board's risk appetite.

DEFINITION

Possible losses caused by influences on the entire financial market, which cannot be avoided even by diversifying investments

MARKET RISK COMPONENTS

- Interest Rate Risk
- Foreign Exchange Risk
- Equity Price Risk
- Commodity Price Risk



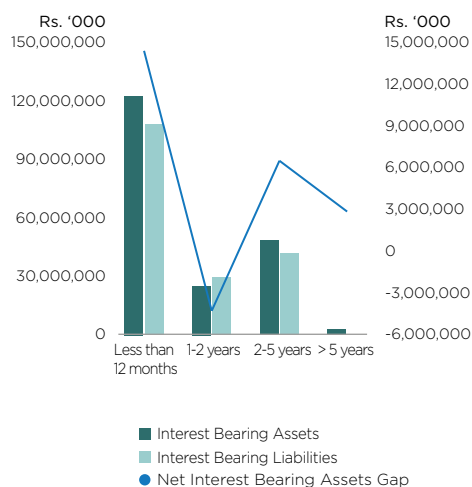
Financial Capital



Social and Relationship Capital

Key Risk Indicators	31.03.2026	31.03.2025	LFC as at 31.12.25
Interest Income to Interest Expense (%)	196.18	199.11	243.86
Net Interest Margin (%)	7.10	7.97	10.64
Trading Income to Total Income (%)	0.13	0.16	0.62

Exposure to Interest Rate Risk



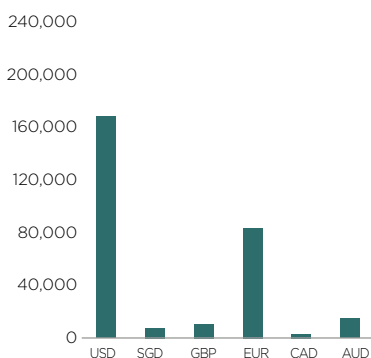
POTENTIAL IMPACT


Impact on Net Interest Income due to a parallel rate shock of 1% on rate sensitive assets and liabilities

As at	31.03.2026	
	Parallel Increase of 1% (Rs'000)	Parallel Decrease of 1% (Rs'000)
Sensitivity of projected NII	(1,255,738)	1,255,738
Sensitivity of reported net assets	(1,255,738)	1,255,738

As at	31.03.2026	
	Parallel Increase of 1% (Rs'000)	Parallel Decrease of 1% (Rs.'000)
USD	(1,684)	1,684
EUR	(2,515)	2,515

Foreign Currency Exposures



EXPOSURE TO EQUITY PRICE RISK AS AT 31.03.2026Rs.3.1 Bn  38% over 31.03.2025

As at	31.03.2026	
	Parallel Increase of 10% (Rs'000)	Parallel Decrease of 10% (Rs'000)
Impact on OCI	232,355	(232,355)
Impact on Net Assets	232,355	(232,355)

Management of Market Risk

CDB controls interest rate risk by *matching* assets and liabilities with similar interest terms to maintain stable spreads. It limits re-pricing periods and sets caps on new borrowing rates to minimise exposure to rate changes.

Specialised Committee/ Department	Responsibilities
ALCO	Manages all market risks and monitors market trends to set deposit and loan pricing, hedging strategies for other exposures. It also advises lending and borrowing units on market risk related strategies.
Treasury	Managing funds to maximise investment returns on trading assets, negotiating with banks to obtain borrowings at the lowest possible cost
Risk Management	Regularly stress tests CDB's asset and liability portfolios to evaluate sensitivities to market risk factors and potential financial impact in adverse scenarios.

Strengthening Market Risk management framework in 2025/26

- Continuously refined the stress testing framework through systematic adjustments to assumptions, scenarios, and variables, ensuring alignment with the dynamic and evolving market environment.
- Pursued optimum repricing of assets and liabilities to sustain adequate interest margins while maintaining a competitive market positioning.
- Diversified lending products and funding channels to effectively manage repricing risk and maturity mismatches, enhancing overall balance sheet resilience.
- Exercised timely and informed decision-making in the management of the equity securities portfolio, supported by continuous performance monitoring to optimise returns.
- Ensured comprehensive hedging of all foreign currency exposures through appropriate hedging mechanisms, achieving full coverage at an optimum cost to mitigate adverse exchange rate risks.

RISK MANAGEMENT REPORT

LIQUIDITY RISK

Liquidity risk has been carefully monitored to ensure that the CDB had sufficient liquidity buffers, particularly due to stresses in the economy over the past few years as maintaining financial stability was paramount. Consequently, there was significant focus on liquidity risk by the regulator as well.

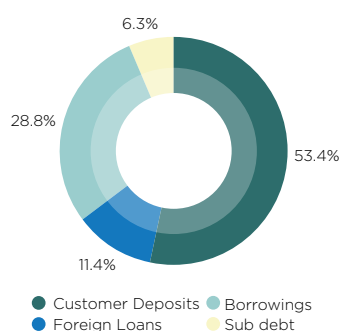
<p>DEFINITION</p> <p>An entity's inability to meet its short term contractual obligations without sustaining unacceptable losses</p>	<p>COMPONENTS</p> <ul style="list-style-type: none"> Asset liability mismatch Funding Concentration 	<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  <p>Financial Capital</p> </div> <div style="text-align: center;">  <p>Social and Relationship Capital</p> </div> </div>
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Key Risk Indicators	31.03.2026	31.03.2025	LFC as at 31.12.2025
Liquid Assets to Total Assets (%)	7.22	12.91	8.15
Liquid Assets to Deposits (%)	16.98	23.32	17.89
Liquid Assets to External Funds (Total Deposits and Borrowings) (%)	8.63	16.08	10.71
Excess/(Deficit) in Liquid Assets to Required Liquid Assets (%)	26.79	91.60	48.90
Liquid Assets to Short Term Liabilities (less than 03 Months) (%)	27.32	35.25	37.84

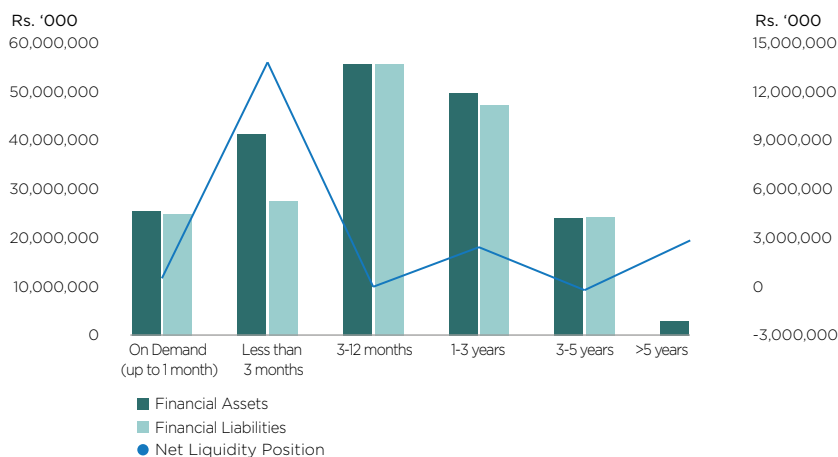
Liquidity normalised during the year as demand for credit increased during the year, necessitating conversion of liquid assets to longer term loans and advances.

CDB maintained adequate liquidity, well above the regulatory requirement and the risk appetite statement while optimising returns.

Funding Composition chart



Net Liquidity Position



Management of Liquidity Risk

Treasury manages the Company’s liquidity to maintain sufficient capital and comply with regulatory requirements in both normal and stressed conditions. Deposit mobilisation is the primary funding source, supplemented by local and international institutional borrowings and debt instruments. The Asset and Liability Committee oversees the Liquidity Strategy per Board-approved policies. The contingency funding plan helps CDB assess severe liquidity risks and monitor funding availability, guiding actions during disruptions to daily operations.

Specialised Committee/ Department	Responsibilities
Treasury Committee & ALCO	Oversight of liquidity risk across the balance sheet, conducting comprehensive reporting and analysis, developing recommendations, establishing limits and guidelines, as well as formulating and executing strategies concerning liquidity risk management.
Treasury Department	Preparing projected cash flow statements, presenting them at Treasury and ALCO meetings to assess upcoming funding needs, monitoring daily funding requirements, and taking into account both regular cash flows and occasional large outflows.
Risk Management Department	Applying stressed behaviour models to assess cash flow needs, recognise stress indicators, and monitor liquidity risk through Key Risk Indicators.

Strengthening Liquidity Risk Management Framework in 2025/26

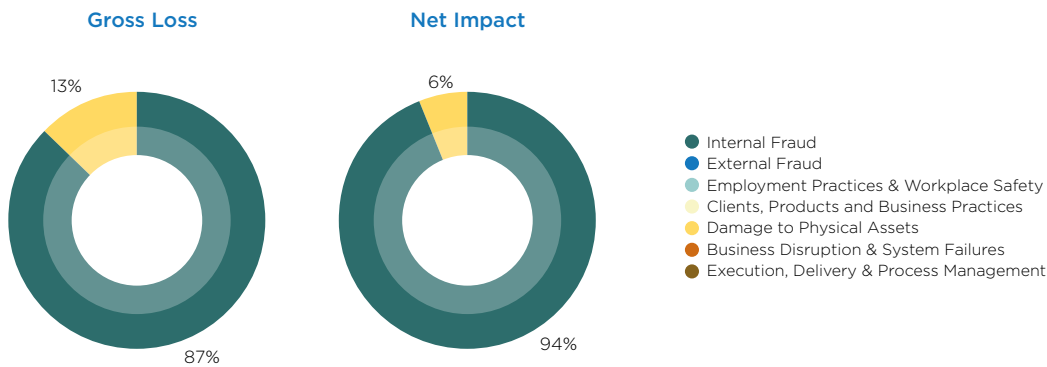
- Ensured strict compliance and strict adherence to Liquidity Risk Management Directions and regulatory requirements issued by CBSL
- Developed and adopted a comprehensive Contingency Funding Plan to ensure CDB’s resilience against potential liquidity shocks.
- Conducted continuous monitoring and stress testing of the liquidity position, incorporating simulations of both external market shocks and internal variable fluctuations.
- Maintained pre-approved funding lines at competitive costs to ensure prompt availability of liquidity support during contingency situations.

Operational Risk

As a NBFI, CDB recognises operational risk as among the most significant and inherent risk categories, given its pervasive impact across all business activities and processes. CDB successfully maintained operational loss levels at significantly low thresholds, reflective of its robust operational risk management practices and well-established internal control framework.

<p>DEFINITION</p> <p>The risk of loss arising from insufficient or unsuccessful internal processes, personnel, systems, or external events.</p>	<p>OPERATIONAL RISK COMPONENTS</p> <ul style="list-style-type: none"> • Internal Fraud, • External Fraud, • Employment Practices & Workplace Safety, • Clients, Products and Business Practices, • Damage to Physical Assets, • Business Disruption & System Failures, • Execution, Delivery & Process Management 	 <p>Financial Capital</p>  <p>Human Capital</p>  <p>Social and Relationship Capital</p>
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RISK MANAGEMENT REPORT



Operational Risk Review

Operational risk is managed proactively, scanning for exceptions, trends and anomalies. The following processes support management and mitigation of operational risks:

1st line of defence	All functional and process owners remained committed to reinforcing the resilience of the control framework with the objective of minimising operational losses, while ensuring the prompt adoption of mitigating measures upon the materialisation of any near-miss incident. The pervasive risk mindset cultivated across diverse functions has played a pivotal role in the proactive identification of risk triggers and control lapses, collectively contributing to the establishment of an operationally resilient internal control framework.
2nd line of defence	The continuous intervention and close oversight exercised by the Risk and Compliance function, coupled with the provision of necessary guidance and the enhancement of risk management capabilities within the first line of defence, has significantly contributed to the Company’s ability to manage operational risk within defined appetite levels.
3rd line of defence	The oversight and reasonable assurance provided by the Internal Audit function has remained an integral and indispensable component of the overall Operational Risk Management framework, ensuring that the Company undertakes calculated and well-considered risks in the pursuit of its strategic objectives.

Strengthening Operational Risk Management in 2025/26

- Full adherence and compliance with the Operational Risk Management direction and regulatory requirements issued by CBSL
- Completed Risk Control Self-Assessments (RCSAs) comprehensively covering all primary functions within the Company, ensuring a thorough evaluation of inherent risks and control effectiveness.
- The appointment of Divisional Risk Representatives has established clear lines of accountability in the management of function-specific risks, ensuring the diligent maintenance of RCSAs and fostering a proactive approach to the identification and mitigation of operational risks across the organisation.
- Continued to strengthen the internal control framework through ongoing process reviews and periodic control assessments to ensure its robustness and relevance.
- Conducted continuous testing and periodic validation of the Business Continuity Plan (BCP) to ensure organisational preparedness and operational resilience in the event of disruptions or unforeseen incidents.

Information Technology And Information Security Risk

CDB is rapidly digitalising to boost efficiency, customer experience, and competitiveness. This transformation increases IT risks, prompting CDB to strengthen its IT Risk Management and implement strong security controls against cybersecurity threats. As a retail financial institution holding customer data, CDB must comply with the Personal Data Protection Act No. 9 of 2022 and ensure information security.

Cybersecurity measures have been implemented using multi-layered security controls such as firewalls, intrusion detection systems, and encryption mechanisms to safeguard sensitive customer data and prevent unauthorised access. Regular security assessments and vulnerability scans are conducted to identify and address potential risks. CDB prioritises data privacy to ensure regulatory compliance and protect customer information, employing comprehensive data protection strategies that include encryption, access controls, and secure data storage practices. The company has begun adapting its procedures to comply with the mandates outlined in the Personal

Data Protection Act. In addition, a Data Protection Office Committee has been established and a Data Protection Officer (DPO) appointed to oversee privacy governance, policy design, and compliance monitoring, ensuring alignment with PDPA requirements. As part of its layered defence strategy, CDB has also deployed Data Loss Prevention (DLP) solution to monitor, detect, and prevent unauthorised transfer of sensitive information across networks, endpoints, and cloud platforms. CDB has also integrated a Threat Intelligence Tool into its security framework. This tool enables the company to continuously monitor global threat landscapes, detect emerging cyber risks, and apply actionable intelligence to strengthen defences. By correlating external threat data with internal monitoring systems, CDB can proactively prevent attacks, reduce exposure to advanced persistent threats, and enhance incident response capabilities.

Additionally, operational resilience is a central component of CDB's IT risk management strategy. The company has established robust business continuity and disaster recovery plans to reduce the impact of

possible system failures, natural disasters, or other disruptions. These plans are overseen by the Business Continuity Management Committee, which conducts regular drills and scenario testing to ensure preparedness.

Risk mitigation methodology involves prioritising, evaluating and implementing the appropriate risk treatment techniques such as technical, operational and management controls to prevent identified risks exploiting the vulnerabilities. This process is strengthened by the implementation of the Company's Information Security Management System (ISMS), which was established according to the ISO/IEC 27001:2022 standard. A comprehensive Information Technology (IT) Audit framework further augments these efforts. Oversight of IT risk is also provided by the Information Security Steering Committee, which ensures that cybersecurity measures remain current and effective against emerging threats.

BITSC	Oversight of the Information Technology and Information Security Steering Committees
ITSC	Responsible for providing strategic direction and oversight of the company's overall IT strategy, ensuring that technology investments, digital transformation initiatives, and infrastructure developments align with business objectives and regulatory requirements.
ISSC	Focused on safeguarding information assets by overseeing cybersecurity policies, monitoring compliance with ISO 27001 standards, and ensuring that multi-layered security controls are effective against emerging threats.

Strengthening IT & IS Risk Management Framework in 2025/26

- Threat Intelligence Tool – implemented to continuously monitor global cyber threat landscapes, detect emerging risks, and provide actionable intelligence for proactive defence.
- Data Loss Prevention (DLP) Tool – deployed across endpoints, networks, and cloud platforms to prevent unauthorised transfer of sensitive information and ensure compliance with PDPA requirements.
- Privileged Access Management (PAM) Solution – established to secure, monitor, and control privileged accounts, reducing the risk of insider threats and unauthorised system access.

RISK MANAGEMENT REPORT

Legal/Regulatory Risk

CDB remains firmly committed to conducting its business in accordance with the laws and regulations imposed by the regulatory authorities. Due diligence activities carried out by CDB's internal audit and compliance teams reinforce the Company's zero tolerance approach for non-compliance. Apart from this, the Board and Board Committees continue to monitor the latest regulatory developments in order to promote early adoption.

Assessing Legal/Regulatory Risk	Internal audit reviews are carried out to assess the extent of compliance at branch and departmental level.
	Regular monitoring of compliance with the directions issued by the regulator.

Strategic Risk

CDB operates with a well-defined business strategy designed to minimise strategic risk. The Board authorises a three-year strategic plan, as well as annual budgets and business plans, which collectively advance the Company's objectives for value creation. Key strategic initiatives during the financial year included capitalising on business opportunities, expanding the vehicle financing portfolio, maintaining market share in gold-backed lending, diversify lending into agri, fisheries and SME segments and further enhancing digital financial solutions for customers.

Strategic risk is evaluated by reviewing pre- and post-implementation financial performance for each product, project, and investment. This risk is currently assessed as low. CDB's robust Board-approved strategy provides a strong foundation for the Company's continued progress toward its value creation goals.

CAPITAL MANAGEMENT

Capital serves as an essential safeguard against insolvency for financial institutions, enabling them to absorb unexpected losses. CDB employs a proactive strategy to maintain an appropriate risk capital level across all operations. The company's regulatory capital adequacy is determined using the standardised approach for credit risk and the basic indicator approach for operational risk, in accordance with regulatory guidelines.

As at 31st March 2026 CDB maintains a sound risk capital position as presented in the table below.

Key Risk Indicators	31.3.2026	31.3.2025	LFC as at 31.12.2025
TIER 1 Capital after Adjustments to Risk Weighted Assets (Core Capital Ratio) (%)	13.23	14.47	17.3
Total Capital to Risk Weighted Assets (Total Capital Ratio) (%)	18.32	18.09	18.7
Net Non Performing Advances to TIER 1 Capital after Adjustments (%)	12.45	18.78	18.0

Capital Planning Strategy

CDB maintains a forward-looking and prudent capital planning strategy, aimed at sustaining adequate capital levels in support of its long-term growth objectives while ensuring that CDB remain in well capitalised category as per PCA framework issued by CBSL

CDB's primary focus remains on the generation of internal capital through the retention of earnings as the principal mechanism to fund business growth, thereby reinforcing financial self-sufficiency and reducing reliance on external capital sources. This approach reflects the Company's commitment to sustainable growth, underpinned by strong profitability and effective cost management.

To complement its internally generated capital, CDB strategically utilises Subordinated Debt instruments within stipulated regulatory thresholds to optimise its Tier 2 capital base.

The capital planning process is subject to rigorous stress testing and scenario analysis to assess capital adequacy under adverse conditions, ensuring that CDB remains resilient and well-capitalised across varying economic environments. The Board and Senior Management maintain close oversight of the capital position, ensuring timely and informed decisions are undertaken to safeguard the Company's capital adequacy at all times.

PLANS FOR FINANCIAL YEAR 2026/27 & BEYOND

CDB's plans to strengthen risk management are set out below:

Work in Progress as at 31.3.2026

- Conduct comprehensive RCSAs across all supporting functions to ensure a thorough evaluation of inherent risks and the effectiveness of existing controls.
- Develop Operational Risk Dashboards for each function, designed to objectively reflect the overall risk profile through a structured and rational assessment mechanism, ensuring outputs are data-driven and free from subjective judgements.
- Expand the frequency and scope of risk reviews encompassing system access controls, General Ledger entries, Segregation of Duties (SOD) override capabilities, and risk scenario planning and mitigation measures
- Automate the risk event dataset, encompassing operational loss data and near-miss incidents, to ensure that every reported risk event is systematically attended to, with adequate risk mitigation measures implemented, diligently followed up, and accurately recorded and reported in a structured and transparent manner.

Planned for financial year 2026/27

- Implement the Internal Capital Adequacy Assessment Process (ICAAP) to establish a structured and forward-looking approach to capital planning, ensuring capital adequacy is maintained in alignment with the Company's risk appetite and growth trajectory.
- Enhance the stress testing framework through the ICAAP process, incorporating a broader range of adverse scenarios to assess capital resilience under varying economic and operational conditions.
- Enhance risk oversight over branch-level operations by increasing the frequency of onsite risk reviews to ensure timely identification of control lapses and operational vulnerabilities.

Medium to Long Term Plans

- Leverage Artificial Intelligence (AI) capabilities to enhance fraud monitoring frameworks, enabling real-time detection of anomalous and suspicious transaction behaviours across the Company's operations.

REPORT OF THE BOARD AUDIT COMMITTEE

COMPOSITION OF THE BOARD AUDIT COMMITTEE

The Board Audit Committee of Citizens Development Business Finance PLC is duly constituted by the Board of Directors, operates under its delegated authority, and is responsible to the Board. The Committee comprises three Non-Executive Directors, all of whom are members of recognised professional bodies and bring substantial expertise across financial, commercial, and managerial disciplines.

Profiles of the members of the Board Audit Committee are disclosed in the Directors' Profiles section of this Annual Report. Ms. P.R.W. Perera, who serves as the Chairperson of the Committee, is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka), reflecting a high level of professional competence and standing.

There were no changes to the composition of the Committee during the financial year. The members of the Committee as at 31 March 2026 are as follows

- Ms. P.R.W. Perera: Chairperson/ Independent, Non-Executive Director
- Snr. Prof. P.N. Gamage : Member/ Independent, Non-Executive Director
- Mr. J.P. Abhayaratne: Member/ Non-Executive Director

TERMS OF REFERENCE OF THE COMMITTEE

The Committee's Terms of Reference, which is subject to periodic review by the Board of Directors, clearly define its mandate and responsibilities. The Terms of Reference was reviewed recently and approved by the Board in February 2026. The Committee is responsible to the Board of Directors and reports on its activities on a regular basis.

The functions of the Committee are structured and governed in accordance with the Finance Business Act Direction No. 05 of 2021 on 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 discharging its oversight responsibilities in relation to financial reporting, internal control systems, and the internal and external audit functions.

KEY RESPONSIBILITIES OF THE COMMITTEE

The primary objective of the Board Audit Committee is to assist the Board of Directors in discharging its fiduciary responsibilities to stakeholders. The Committee is duly empowered by the Board to:

- i. 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.
- ii. 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.
- iii. Review the appropriateness and reasonableness of the underlying assumptions that underpin the estimates and judgements applied in the preparation of the financial statements.
- iv. Evaluate the adequacy, effectiveness of Risk Management Systems and Internal Controls of the Company.

- v. Assess the independence and review the adequacy of the scope, functions and resources of the Internal Audit Department.
- vi. Review and monitor the External Auditors' independence, objectivity and effectiveness of the audit process.
- vii. Review the engagements of external auditors for the provision of non audit services.
- viii. 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.
- ix. Assess the Company's ability to continue as a going concern in the foreseeable future.

MEETINGS

The Board Audit Committee held 11 meetings during the period under review. The quorum for meetings requires the presence of at least two (2) Independent Directors of the Committee.

The Chief Executive Officer, the Chief Financial Officer, the Head of Internal Audit and other Directors attend meetings of the Committee by standing invitation. The Committee also invites members of Senior Management to attend its meetings from time to time, as and when required based on the relevance of matters under consideration. 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 Committee members at the meetings is presented below:

Description	Eligible to attend/ attended
Ms P.R.W Perera : Independent, Non-Executive Director	11/11
Senior Prof. P.N. Gamage :Independent, Non-Executive Director	11/11
Mr.J.P. Abhayaratne: Non-Executive Director	11/11

REPORTING TO THE BOARD

Minutes of Committee meetings were tabled at Board meetings at least quarterly, enabling all Board members to have access to them.

ACTIVITIES IN THE FINANCIAL YEAR 2025/2026

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, 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 of the financial position and performance of the Company.

The Committee reviewed and recommended the interim and annual financial statements prior to their submission to the Board for approval. These reviews enabled the Committee to monitor compliance with SLFRS/LKAS and other applicable regulatory requirements, while also ensuring the integrity and reliability of information provided to stakeholders.

The Committee further evaluated the key assumptions and judgements applied in financial reporting. It continues to promote the ongoing enhancement of processes, internal controls, management information systems, risk management frameworks, and reporting mechanisms required for validation and compliance, including those arising under SLFRS 9 on "Financial Instruments".

The Committee evaluated and assessed the Company's ability to continue as a going concern, including the adequacy of its resources to sustain business operations for the foreseeable future.

The Committee obtained and reviewed the assurance statement from the Managing Director/Chief Executive Officer and the Chief Financial Officer, confirming that the financial records have been properly maintained and that the financial statements provide a true and fair view of the Company's operations and financial position, in accordance with the requirements of the CSE 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 2026.

The Internal Audit Department conducted evaluations of Internal Controls over Financial Reporting and Management Information Systems. In this regard, assessments were carried out to determine whether documented procedures were being followed by the respective process owners, and to evaluate the effectiveness and operational efficiency of the internal controls and management information systems, as well as to identify areas for ongoing improvement.

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 Internal Auditors' assessments, the Board has concluded that as at 31 March 2026, 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 260 and 261 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 267 of the Annual Report.

INTERNAL AUDIT

The Committee ensures that the Internal Audit function is independent of the activities it audits and that audits are performed impartially, with 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.

REPORT OF THE BOARD AUDIT COMMITTEE

Further independent discussions were held with the Head of Internal Audit, without the presence of key management personnel, to safeguard and reinforce the independence and objectivity of the Internal Audit function. These sessions provided an opportunity to obtain direct insights into audit activities, operational challenges, and reporting matters, thereby ensuring that the Internal Audit Department operates with appropriate autonomy and integrity. The Committee also evaluated the performance of the Head of Internal Audit and Senior staff members of the Internal Audit Department.

The Committee reviewed and approved the Internal Audit Charter in February 2026. It also approved the Internal Audit Plan for the financial year and monitored and evaluated the scope, coverage, and effectiveness of the Internal Audit Department's activities. In addition, the Committee regularly reviewed the progress of the Internal Audit Plan during the financial year, including its resource requirement.

During the financial year, the Committee reviewed internal audit reports covering matters related to financial reporting, regulatory compliance, branch operations, departmental operations, credit risk reviews, IT general controls, IT application controls, the Business Continuity Management System, and the Information Security Management System (ISMS). It also considered external and internal vulnerability assessments, secure configuration reviews, web application penetration testing, and special investigations, and followed up on the implementation of audit recommendations. In addition, the Committee reviewed the progress of adoption of the Central Bank of Sri Lanka (CBSL) Regulatory Framework on Technology Risk Management and Resilience, aimed at strengthening information security practices.

Further, Internal Audit conducted continuous testing and data analytics, focusing on areas with potential fraud risk. Audit findings were prioritised based on the level of associated risk.

During the financial year, the Committee reviewed management assurance reports submitted by Heads of Department in respect of key business operations and financial reporting processes, as part of its oversight responsibilities.

The Board Audit Committee advised Corporate Management to implement appropriate precautionary measures in response to significant audit findings. Internal Audit reports were also made available to the External Auditors for their review.

The material concerns identified by the Internal Audit function were considered by the Committee and, where necessary, escalated to the Board for further discussion and deliberation.

EXTERNAL AUDITORS

The Board Audit Committee assisted the Board in the engagement of the External Auditor for audit services, in compliance with regulatory requirements. The Committee reviewed and monitored the independence and objectivity of the External Auditor and assessed the effectiveness of the audit process, with reference to applicable professional and regulatory standards. To further safeguard auditor independence, the External Auditor was provided opportunities to meet with the Committee separately, without the presence of Executive Directors and Management, to freely discuss and express their views.

Prior to the commencement of the annual audit, the Committee discussed with the External Auditor the audit plan, audit approach, and

matters relating to the nature and scope of the audit. The Committee met with the External Auditor on two occasions during the financial year without the presence of Executive Directors and Management, to ensure that there were no limitations of scope in relation to the audit and to facilitate the full disclosure of any matters that could have had a negative impact on the effectiveness of the external audit. The Committee concluded that there were no such matters of concern.

The Committee obtained written assurance from the External Auditor confirming that they had remained independent throughout the conduct of the audit engagement, in accordance with the terms of all relevant regulatory and professional requirements. The Committee evaluated the External Auditor in line with applicable standards, relevant regulatory requirements, and industry best practices, and was satisfied with their independence, objectivity, and performance.

The Committee also reviewed the non-audit services provided by the External Auditors to ensure that such engagements do not compromise their independence and objectivity. The non-audit services policy is a Board-approved framework that sets out guidelines for engaging External Auditors for non-audit services, in accordance with applicable regulatory requirements. The Board Audit Committee is satisfied that the External Auditor's independence and objectivity have not been impaired by the provision of these services. In addition, the Committee reviewed audit fees, non-audit service fees, and expenses for other services paid and payable to the External Auditors.

The Management Letter issued by the External Auditors in respect of the financial year ended 31 March 2025 was considered by the

Committee and corrective action is being pursued wherever such action is warranted.

In line with the 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 before the expiry of three years from the date of the completion of the previous term, and service from the same external audit firm should not be obtained for more than 10 years consecutively.

The Committee has recommended to the Board that Messrs Ernst & Young, Chartered Accountants, to be re-appointed for the financial year ending 31st March 2027, 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 regulatory bodies and also reviewed the Company's compliance with Sri Lanka Accounting Standards. The Compliance Officer submitted a report to the Board Audit Committee on a quarterly basis, indicating the extent to which the Company had complied with mandatory statutory requirements. Compliance with all applicable requirements is monitored through this process.

In addition, during the financial year, the Committee reviewed the Annual Compliance Assessment Report submitted by the Head of Compliance, with a focus on the effectiveness of the Company's compliance framework, its alignment with applicable regulatory requirements, and the overall compliance rating.

The Committee provided oversight and guidance to Management to enhance compliance practices and ensured that appropriate systems and processes were in place to support a strong culture of regulatory adherence across the organisation. Further, the Internal Audit Department of the Company performs independent test checks on regulatory compliance requirements.

The Committee reviewed and monitored the progress of implementation of the recommendations arising from the Statutory Examination Report of the Central Bank of Sri Lanka (CBSL) through regular follow-up reports submitted to its meetings. Furthermore, the Committee also reviewed the report submitted by the Financial Intelligence Unit of Sri Lanka.

The Committee is satisfied with the status of the compliance with Financial Reporting Requirements, Companies Act No. 07 of 2007, 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, with recommendations made to further strengthen it as an effective mechanism for raising genuine concerns. The Company's Whistleblowing Policy is in place, and all employees are made aware of and encouraged to report any concerns where they have reasonable grounds to believe that wrongdoing or other improprieties may have occurred. Appropriate procedures are in place to ensure that all reported matters, including those identified through other means, are subject to independent investigation. All concerns raised are

investigated, and the identity of the reporting individual is maintained in strict confidence. Anonymous complaints are also investigated. Updates on each matter are regularly reported to the Committee to ensure that appropriate and timely action is taken where necessary.

BOARD AUDIT COMMITTEE EVALUATION

During the financial year, an independent evaluation of the Committee's overall effectiveness was conducted by the other members of the Board. This review assessed the Committee's discharge of its responsibilities, quality of oversight, engagement with Management and the Internal and External Auditors, and its overall contribution to the Company's governance and risk management framework. The evaluation concluded that the Committee was highly effective in fulfilling its mandate and in supporting the Company's strategic objectives.

CONCLUSION

Based on reports from the External and Internal Auditors and other information reviewed, and after assessing the adequacy and effectiveness of internal controls, the Board Audit Committee is satisfied that the Company's financial position is properly monitored and that ongoing steps are being taken to enhance the control environment and safeguard Company assets.



Rajitha Perera
Chairperson
Board Audit Committee

05 June 2026
Colombo

BOARD SUSTAINABILITY COMMITTEE REPORT

GRI 2-12, 2-13

COMPOSITION OF THE COMMITTEE

The Board Sustainability Committee (BSC or “the Committee”) was constituted by the Board of Directors of on 01 February 2026, operating under Board-approved Terms of Reference formally adopted on 20 January 2026. The Committee is chaired by an Independent Non-Executive Director and reports directly to the Board.

The Head of Sustainability serves as Secretary to the Committee. There were no changes to composition during the financial year. Members as at 31 March 2026 where:

- Ms. P.R.W. Perera: Chairperson/ Independent, Non-Executive Director
- Snr. Prof. P.N. Gamage : Member/ Independent, Non-Executive Director
- Mr. W.P.C.M. Nanayakkara : Member/ Executive Director/ Managing Director / CEO
- Mr. T.M.D.P. Tennakoon : Member/ Executive Director/ Deputy CEO

Member profiles are disclosed under Directors’ Profiles in Pages 26 to 31 of the Annual Report.

TERMS OF REFERENCE

The Committee’s TOR, approved by the Board on 20 January 2026, defines its mandate to provide oversight, guidance, and strategic insight into the identification and management of Sustainability-Related Risks and Opportunities (SRROs) and Climate-Related Risks and Opportunities (CRROs) across the Company’s business model, operations, and strategy. The TOR is subject to periodic review by the Board.

The Committee is responsible to the Board and its functions are structured to support the Company’s compliance with SLFRS S1 and S2 sustainability disclosure standards, the CBSL Sustainable Finance Roadmap 2.0, the CSE Listing Rules, and the Code of Best Practice on Corporate Governance 2023 issued by CA Sri Lanka.

KEY RESPONSIBILITIES

- Oversee the development and implementation of the Company’s sustainability strategy and policies under CDB Advance, and review and approve sustainability strategies, policies, and targets.
- Oversee the identification, prioritisation, and management of SRROs and CRROs, ensuring their integration into the Company’s business model, strategy, and Enterprise Risk Management (ERM) framework.
- Ensure the Main Board is sufficiently informed about SRROs and CRROs when overseeing strategies, major transactions, and risk management processes, including associated trade-offs.
- Oversee the establishment of sustainability-related targets and monitor performance, including the progressive integration of related metrics into remuneration policies.
- Ensure skills and competencies — at Board and management level — are adequate to oversee SRRO and CRRO strategies, and establish escalation mechanisms.
- Review and oversee sustainability-related financial disclosures, including compliance with SLFRS S1 and S2, and review the scope and approach of independent external assurance.
- Review and guide management’s governance processes, controls, and procedures for monitoring, managing, and overseeing SRROs and CRROs.
- Advise the Board on sustainability trends, regulatory developments, and strategic opportunities, including those arising from CBSL supervisory expectations and Sri Lanka’s NDC 3.0.

MEETINGS

The Committee meets quarterly, with additional meetings convened as required. A majority of members constitutes a quorum. The Committee held 2 meetings during the financial year 2025/2026. The Chief Financial Officer, Head of Risk Management, members of the ESG Steering Committee, and other relevant officers attend by standing invitation. Minutes of all meetings are tabled at Board meetings, ensuring Board access to deliberations at the Committee.

Description	Eligible to attend/ attended
Ms. P.R.W. Perera: Chairperson/ Independent, Non-Executive Director	2/2
Snr. Prof. P.N. Gamage : Member/ Independent, Non-Executive Director	2/2
Mr. W.P.C.M. Nanayakkara : Member/ Executive Director/ Managing Director / CEO	1/2
Mr. T.M.D.P. Tennakoon : Member/ Executive Director/ Deputy CEO	2/2

KEY ACTIVITIES IN 2025/2026

SLFRS S1 and S2 Compliance

- Provided Board-level oversight for the Company's inaugural SLFRS S1 and S2 sustainability-related financial disclosures for the financial year ended 31 March 2026, reviewing the basis of preparation, double materiality assessment, quantitative and qualitative materiality thresholds, and the application of permitted transitional reliefs.
- Monitored the completion of SLFRS readiness assessments and the progressive development of ESG data governance structures, disclosure frameworks, and internal controls required for compliance.
- Oversaw the initiation of Scope 3 financed emissions measurement in accordance with the PCAF methodology, with a baseline to be established and disclosed in FY2026/27.

CRRO OVERSIGHT

- Approved the Company's four material CRROs:
 - CRRO 1 — Extreme Weather Events (Physical, Almost Certain, Severe);
 - CRRO 2 — Regulatory, Policy & Legal Transition (Transition, Likely, Significant);
 - CRRO 3 — Carbon Transition & Financed Emissions (Transition, Possible, Moderate); and
 - CRRO 4 — Growth in Sustainable & Climate-Resilient Finance (Opportunity, Likely, Significant Positive).
- Reviewed the identification, assessment, and prioritisation methodology applied to each CRRO, including likelihood and severity ratings and time horizon

classifications across short (FY2026/27-FY2028/29), medium (FY2029/30-FY2030/31), and long-term (beyond FY2031/32) horizons.

- Oversaw the embedding of CRROs into the ERM framework and monitored corresponding management strategies, including climate-sensitive exposure mapping (CRRO 1), SLFRS readiness programmes (CRRO 2), financed emissions baselining using PCAF (CRRO 3), and the expansion of green lending products including EV financing and rooftop solar solutions (CRRO 4).
- Reviewed quarterly CRRO monitoring reports, noting progress across climate-exposed loan ratio tracking, Stage migration monitoring for climate-sensitive segments, compliance gap reduction, and green portfolio growth.

ESG GOVERNANCE AND CAPACITY BUILDING

- Oversaw a structured Board-level ESG skills mapping exercise to assess members' sustainability knowledge and identify capability gaps, informing the design of targeted development programmes.
- Facilitated the provision of SLFRS S1 and S2 training to the Board of Directors, contributing to 22.75 hours of Board-level sustainability training during the year, covering SLFRS disclosure requirements, climate governance, and the Board's role in mandatory sustainability reporting.
- Reviewed and reaffirmed the TOR of the Committee and the ESG Steering Committee, ensuring alignment with evolving regulatory expectations.

SUSTAINABILITY STRATEGY AND POLICY OVERSIGHT

- Reviewed and provided guidance on the CDB Advance sustainability strategy and its integration into corporate planning, credit evaluation, and investment decision-making processes.
- Reviewed and approved key sustainability policies including the ESG Policy and Procedure Manual, ESMS Policy, Integrated Risk Management Policy, GHG Operational Manual, and the Procedure on Sustainable Lending Activities.
- Reviewed the scope and approach of independent external assurance providers for non-financial sustainability disclosures.

REMUNERATION LINKAGES

- Reviewed the alignment of sustainability metrics with remuneration policies. Integration is currently in progress; sustainability-related metrics are not yet formally linked to remuneration frameworks. The Committee will oversee the progressive formalisation of this linkage during the year ahead.

OVERSIGHT OF MANAGEMENT'S SUSTAINABILITY GOVERNANCE

The Committee oversees the management-level governance structures that operationalise the Company's sustainability agenda. The ESG Steering Committee, established in January 2024, acts as the liaison between the BSC and operational teams, driving the implementation of Board-approved ESG strategies. The Sustainability Division, comprising qualified sustainability professionals, plans, implements, and monitors climate impact management initiatives under the ESG Steering Committee's oversight.

BOARD SUSTAINABILITY COMMITTEE REPORT

The Committee reviews management's governance processes, controls, and procedures for monitoring SRROs and CRROs, including the suite of internal policies — ESG Policy, ESMS Policy, Integrated Risk Management Policy, and GHG Operational Manual — that underpin the Company's sustainability governance architecture. The Board Integrated Risk Management Committee (BIRMC) provides complementary oversight, monitoring CRRO assessments and their integration into the ERM framework.

REPORTING TO THE BOARD

Minutes of all Committee meetings are tabled at Board meetings. Sustainability and CRRO matters are regularly presented at Board and Sub-Committee level, ensuring continuous Board-level oversight and integration into business strategy. The Committee provides quarterly CRRO updates to the Board of Director through the ERM and ESG governance reporting cycle, and the BIRMC receives periodic CRRO updates as part of standard risk reporting.

PERFORMANCE EVALUATION OF THE COMMITTEE

A self-evaluation of the Committee's effectiveness for the financial year 2025/2026 was conducted by its members. The evaluation assessed the Committee's discharge of responsibilities, quality of oversight, engagement with Management and external assurance providers, and contribution to the Company's sustainability governance framework. Identified areas for improvement have been communicated to the Board and plans are in place for further advancements.



Rajitha Perera

Chairperson

Board Sustainability Committee

05 June 2026

Colombo

REPORT OF THE BOARD INTEGRATED RISK MANAGEMENT COMMITTEE

The Board Integrated Risk Management Committee (BIRMC) is a long standing Board Sub Committee which conforms with the Finance Business Act Direction No 5 of 2021 on Corporate Governance. The Committee is primarily responsible for establishing the organisation's risk management framework and overseeing its adherence to the approved policies and frameworks, while assisting the Board of Directors in overseeing the entity's overall risk management function.

COMPOSITION OF THE COMMITTEE

The composition of the Committee is constituted and maintained in compliance with the Corporate Governance Directions of the Central Bank of Sri Lanka and the requirements set out in Section D.4.1 of the Code of Best Practice on Corporate Governance issued by CA Sri Lanka in 2023. Committee comprises of the following members:

Mr. S. Kumarapperuma - Chairperson/ Independent Non-Executive Director

Mr. J.R.A. Corera - Member/ Independent Non-Executive Director

Ms. J. Lokuliyana - Member/ Independent Non-Executive Director

REGULAR ATTENDEES BY INVITATION

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

The Board approved ToR sets out the responsibilities of the Committee as follows

- i. In assisting the Board of Directors, the Committee shall formulate and establish risk management strategies and policies within the defined risk tolerance and risk appetite levels. It shall also support the Board in fulfilling its responsibilities relating to risk management, including quarterly review of the organisation's risk policies and risk appetite statement.
- ii. Key risk areas shall be assessed through appropriate risk indicators and management information systems to evaluate the potential impact, and informed recommendations on risk strategies and risk appetite shall be presented to the Board of Directors accordingly.
- iii. External developments pertaining to the evolving risk landscape shall be monitored and evaluated. The potential impact of specifically associated, emerging and prospective risks shall be duly assessed to ensure that adequate risk mitigation measures are in place to safeguard the organisation.

- iv. A periodic review shall be conducted on the adequacy and effectiveness of management level committees including the Credit Committee, the Asset and Liability Committee, and the Information Security Steering Committee to ensure that risks are identified, addressed and managed within established quantitative and qualitative risk limits.
- v. Where identified risks exceed the tolerance levels prescribed by applicable policies, regulatory requirements, and supervisory guidelines, necessary remedial actions shall be proposed to the Management following a regular review of the organisation's key risk areas and key risk indicators.
- vi. Oversight shall be maintained over the organisation's risk management disclosure obligations in the Annual Report and the Committee shall acknowledge its overall accountability for the risk management function of the organisation.
- vii. An independent compliance function shall be established and maintained to ensure the organisation's adherence to all applicable laws, regulations, directions, rules, regulatory guidelines, internal controls, and approved policies governing its business operations.

COMMITTEE MEETINGS AND METHODOLOGY

During the financial year under review, the Committee convened six meetings, at which both financial and non-financial risks encompassing credit, operational, market, liquidity, and strategic risks were comprehensively assessed through the organisation's risk heat map and risk dashboards, and deliberated upon in detail. The minutes of each meeting, together with key discussion areas and

REPORT OF THE BOARD INTEGRATED RISK MANAGEMENT COMMITTEE

decision points, were duly referred to the Board of Directors, thereby facilitating effective risk oversight and informed decision making at the Board level.

ATTENDANCE

Description	Eligible to attend/ attended
Mr. S. Kumarapperuma – Chairperson/ Independent Non-Executive Director	6/6
Mr. J.R.A. Corera – Member/Independent Non-Executive Director	6/6
Ms. J. Lokuliyana - Member/ Independent Non-Executive Director	5/6

COMMITTEE ACTIVITIES DURING THE FINANCIAL YEAR

Risk appetite statement

The actual movement of Key Risk Indicators (KRIs) across all principal risk areas encompassing Credit Risk, Liquidity Risk, Market Risk, Strategic Risk, and Operational Risk was closely monitored against the established risk appetite levels. Deviations were systematically assessed, along with their probable implications to CDB, and appropriate directions were issued to ensure that KRIs are managed within the prescribed tolerance levels.

Risk Heat Map

The risk matrix applicable to CDB as a NBF1 was evaluated through the risk heat map, which incorporates stress testing analysis for financial risks to measure their potential impact. The findings were duly reported to the Committee and the Board of Directors to facilitate a comprehensive assessment of the CDB's overall risk status. The aggregate impact of financial risks was further assessed based on their implications on capital funds, enabling a thorough review of the organisation's capacity to withstand unexpected and extremely adverse risk scenarios.

Credit risk

- The credit quality and credit cost of the portfolio were reviewed through a segmented analysis across various products and sectors, with recommendations put forward to further strengthen the overall credit quality of the organisation.
- Prevailing macro and microeconomic variables were deliberated upon, together with their anticipated impact on CDB, enabling the Committee to respond promptly and effectively to any adverse economic scenarios.
- Credit concentration across specific products was reviewed in consideration of the associated risk exposure, ensuring that CDB maintains its portfolio concentrations within optimum levels in line with its risk management framework.

Liquidity and Market risks

- The liquidity position of the organisation was reviewed to ensure that an adequate buffer is maintained to withstand any unexpected liquidity stresses or shocks.
- Stress testing results were examined and deliberated upon, enabling the Committee to advise management on maintaining sufficient liquidity and capital buffers to absorb potential financial impacts under stressed scenarios.
- Movements in gold prices and other relevant macroeconomic variables, as deliberated in detail at the ALCO meetings, were monitored and taken into consideration in assessing the CDB's overall risk exposure.

Operational, IT and Information security risk

- Key risk incidents, encompassing both loss events and near misses pertaining to operational aspects including system-related issues, IT security matters, and Information Security audit findings were reported to the Committee, and the corresponding mitigation plans were reviewed to assess the adequacy of the existing control framework.
- The implementation status of required security control measures, as mandated by the Technology Risk Management and Resilience Direction and the Personal Data Protection Act, were subject to ongoing review to ensure timely and comprehensive compliance with applicable regulatory requirements.

- The Committee reviewed the BCP and DR arrangements, together with the drills conducted to stress test such arrangements, and provided necessary directions for further enhancement, thereby ensuring the CDB's operational resilience against unforeseen incidents or disruptions.

Review of the Compliance Function

- The Committee assessed, on an ongoing basis, CDB's compliance with the Technology Risk Management and Resilience Direction, the Operational Risk Management Direction, and the Liquidity Risk Management Direction issued by CBSL, with particular focus on ensuring CDB's alignment with the provisions of the Personal Data Protection Act.
- The Committee continuously assessed the effectiveness with which the Compliance Officer discharged the designated responsibility of facilitating compliance oversight, including monitoring adherence to all applicable laws, regulations, and regulatory directions. Reviews were conducted as and when necessary to ensure the CDB's full and timely compliance with its regulatory obligations.

Updates from Committees

The Committee reviewed the updates from the management level committees namely Asset-Liability Committee, Credit Committee and Information Security Steering Committee which are also involved in the risk management process along with key decisions taken to manage credit risk, liquidity risk and market risks.

Board Reporting

The Board of Directors was regularly apprised of CDB's overall risk status, including the level of adherence to the appetite limits defined for KRIs. The Committee effectively facilitated and supported the Board in making timely and informed decisions relating to the risk management function of CDB.

COMMITTEE EVALUATION

The Committee and the Board evaluate its performance annually and is satisfied that it has functioned effectively in the financial year.

THE YEAR AHEAD

Looking ahead, the Committee remains committed to continuously strengthen the CDB's risk management processes in alignment with globally accepted best practices relating to operational risk management, capital management, and liquidity risk management. In furtherance of this objective, the Committee envisages enhancing operational risk identification tools and methodologies through the adoption of emerging technologies, including big data analytics, AI, and ML.



Sujeewa Kumarapperuma

Chairman

Integrated Risk Management
Committee

05 June 2026
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 of four Non-Executive Directors, three of whom are Independent. The Committee is chaired by Dr. R Wickramasinghe, an Independent Non-Executive Director appointed on 20 October 2025. Other members were appointed since 01 January 2021.

Members of the Committee:

- Dr. R Wickramasinghe - Chairperson / Independent Non-Executive Director (Appointed as Chairperson from 20 October 2025)
- Senior Prof. S. P. P. Amaratunga - Former Chairperson / Independent Non-Executive Director (Board membership concluded on 19 October 2025 following retirement)
- 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

Board Secretary serves has the Secretary of the Sub Committee

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 a Board-approved Terms of Reference and assists the Board in fulfilling its responsibilities in the following areas:

- Composition of the Board, Board Committees, and Senior Management
- Nomination, election, appointment, and re-appointment processes
- Contribution and commitment of Directors
- Board performance evaluations
- Succession planning for the Board and Senior Management

In discharging these responsibilities, the Committee is specifically tasked with:

- Establishing selection criteria for the Managing Director/CEO, Board of Directors, Key Management Personnel (KMPs), Key Responsible Officers (KROs), and recommending candidates for Board appointment in line with the Company's succession plans and strategic needs.
- Periodically reviewing the size, structure, and composition of the Board and its Committees to ensure requisite diversity of experience, skills, and independence
- Developing and maintaining a policy for the selection and appointment of Directors and Senior Management, encompassing qualifications, competencies, in compliance with the applicable regulatory framework.
- Overseeing succession planning arrangements and proactively identifying additional expertise required by the Board.
- Reviewing and recommending amendments to the Director appointment and reappointment framework.

MEETINGS AND ACTIVITIES DURING THE YEAR

The Committee met twice during the year under review, with full attendance.

Description	Eligible to attend/ attended
Dr. R Wickramasinghe - Chairperson/ Independent Non-Executive Director	1/1
Mr. J.R.A. Corera - Member/Independent Non-Executive Director	2/2
Mr. S. Kumarapperuma - Member/ Independent Non-Executive Director	2/2
Mr. E. R. S. G. S. Hemachandra - Member/ Non-Executive Director	2/2
Senior Prof S P P Amaratunga - Former Chairperson/ Independent Non-Executive Director	1/1

Key outcomes included:

1. Recommendation of the Appointment of Non-Executive Independent Director:

The nomination and selection of members to the Board of Directors is governed by a structured, transparent, and merit-based process overseen by the Committee. During the financial year, Senior Professor S. P. P. Amaratunga stepped down from the Board upon completing nine years of service, in keeping with the Board's tenure policy for Independent Non-Executive Directors. Following the identification of this vacancy, the Committee evaluated prospective candidates against a comprehensive role specification encompassing the qualifications, experience, competencies, and personal attributes necessary to fulfil the responsibilities of an Independent Non-Executive Director. All nominations were subject to compliance with the "Fit and Proper" criteria prescribed under Direction No. 06 of 2021 issued by the Central Bank of Sri Lanka, as well as all other applicable statutory and regulatory obligations. A rigorous due diligence process including background checks, qualification verification, and regulatory clearances was conducted prior to finalising the recommendation. The independence criterion as per the applicable frameworks was also determined and established.

In accordance with the above process, the Committee recommended the appointment of Dr. Rasitha Wickramasinghe as an Independent Non-Executive Director, which was effected on 20 October 2025 after receiving the regulatory approvals. His appointment brings to the Board a distinctive combination of international strategic consulting expertise and analytical depth, strengthening Board independence and supporting the Company's long-term governance and growth

objectives. Prior to assuming his responsibilities, Dr. Wickramasinghe was provided a structured induction programme, familiarising himself with CDB's corporate governance framework, Listing Rules, securities market regulations, and all other applicable legal and regulatory requirements.

2. Director Re-elections:

In accordance with Section 24(6) and 24(7) of the Company's Articles of Association and prevailing best governance practices, all Non-Executive Directors are required to submit themselves for re-election at regular intervals and at least once in every three years. The Committee considered and recommended the re-appointment of the following Board Members.

P.R.W. Perera Independent Non-Executive Director	
Board Sub Committee Roles	
Chairperson — Board Audit Committee	
Chairperson — Board Sustainability Committee	
Member — Board Human Resources & Remuneration Committee	
Appointed to the Board	Last Re-Appointed Date
16 August 2020	2 August 2023
Directorships, Chairpersonships, and principal commitments in other listed entities (Current /preceding three-years) - None	Relationships (including close family) with Directors, the Listed Entity, or substantial shareholders - None
S. Kumarapperuma Independent Non-Executive Director	
Board Sub Committee Roles	
Chairperson — Board Integrated Risk Management Committee	
Member — Board Nominations and Governance Committee	
Appointed to the Board	Last Re-Appointed Date
25 October 2020	2 August 2023
Directorships, Chairpersonships, and principal commitments in other listed entities (Current /preceding three-years) - None	Relationships (including close family) with Directors, the Listed Entity, or substantial shareholders - None

S. Kumarapperuma 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.

3. Review and Update of Succession Planning and KRP Appointment Policy

A key activity undertaken by the Committee during the financial year was the review and revision of the Company's Succession Planning and Key Responsible Persons (KRP) Appointment Policy. The revision was carried out reinforcing the regulatory and governance framework governing the appointment of Board Directors, Key Responsible Officers and Senior

REPORT OF THE BOARD NOMINATION AND GOVERNANCE COMMITTEE

Management and recognising that succession planning is a continuous organisational process rather than a one-time event. The revised Policy strengthens the structured five-step succession planning process covering identification of critical positions, assessment of internal candidates, career pathway development, targeted training and mentoring, and periodic reviews and formalises a two-tier talent pipeline. The Policy further reinforces the requirement that an incoming Managing Director be identified at least six months prior to the departure of the incumbent, and mandates an annually reviewed emergency contingency plan to address unforeseen leadership exits. The Policy establishes clear eligibility criteria for succession candidates, encompassing relevant qualifications, experience, and key attributes including integrity, strategic thinking, governance awareness and professional credibility. The Committee affirms its ongoing oversight of the implementation of the revised Policy and the development of the identified talent pools in support of the Company's long-term leadership continuity objectives.

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 Sub Committee composition is reviewed annually to ensure it reflects the evolving needs of the Company.

GOVERNANCE AWARENESS AND BOARD INDEPENDENCE

The Board Nomination and Governance Committee ensures that Independent Non-Executive Directors are kept informed of major issues relating to the Company through structured Board and Board Sub-Committee meetings, supported by timely circulation of comprehensive Board papers and management reports. The second Line and third line of defence; Risk, Compliance and Internal Audit report directly to Committees headed by Independent Directors. Also mechanisms such as whistleblowing are established which is directly overseen by the Independent Director chairing the Board Audit Committee.

The Committee acknowledges that the current Directors possess a thorough understanding of corporate governance principles, Listing Rules, securities market regulations, and the overall regulatory framework. The Compliance Unit and relevant departments, in conjunction with programmes organised by regulators and industry experts, provide ongoing support and training — particularly when updates or changes to the regulatory framework occur.

All six Independent Non-Executive Directors are independent of management and free of any relationship that could impair their independence. The Board determines independence based on annual declarations submitted by Non-Executive Directors. No circumstances have arisen

necessitating a determination beyond the criteria specified by regulators.

BOARD PERFORMANCE AND DIVERSITY

The Committee oversees periodic evaluations of Board and CEO performance, as detailed in the Corporate Governance section of this Annual Report. Board diversity — encompassing experience, skills, age, and gender — is treated as an essential factor for effective Board performance and is integral to succession planning and Board composition reviews.

COMPLIANCE

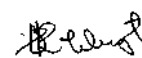
CDB complies with the corporate governance requirements under Finance Business Act Directions No.05 of 2021, Listing Rules of the Colombo Stock Exchange and other voluntarily adopted Codes on corporate governance. Details of the Company's compliance status are set out in the Corporate Governance section of this Annual Report and the Disclosure Table on pages 407 to 436.

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 and governance processes.

COMMITTEE EVALUATION

The Committee and the Board evaluate its performance annually and is satisfied that it has functioned effectively in the financial year.



Dr Rasitha Wickramasinghe
Chairman

Nomination and Governance
Committee

05 June 2026
Colombo

REPORT OF THE BOARD HUMAN RESOURCES AND REMUNERATION COMMITTEE

GRI 2-19, 2-20

COMPOSITION OF THE COMMITTEE

The Board Human Resources and Remuneration Committee (BHRRC) is a Board-appointed Sub-Committee comprising Non-Executive Directors, the majority of whom are Independent Non-Executive Directors. The Committee is chaired by an Independent Non-Executive Director, thereby ensuring objective oversight and independent judgment in matters relating to human capital and remuneration.

Committee Members:

- Dr. R Wickramasinghe – Chairperson / Independent Non-Executive Director (Appointed as Chairperson from 20 October 2025)
- Senior Prof. S. P. P. Amaratunga – Former Chairperson / Independent Non-Executive Director (Board membership concluded on 19 October 2025 following retirement)
- Mrs. P. R. W. Perera – Member / Independent Non-Executive Director
- Mr. E. R. S. G. S. Hemachandra – Member / Non-Executive Director

Board Secretary serves as the Secretary of the Sub Committee

INDEPENDENCE OF THE COMMITTEE

The Committee operates independently of Executive Management and exercises objective judgment in carrying out its duties. Members are free from any business or other relationships that could materially interfere with the exercise of their independent judgment. No member participates in decisions concerning his or her own remuneration.

PURPOSE AND RESPONSIBILITIES OF THE COMMITTEE

The Board Human Resources and Remuneration Committee assists the Board in establishing and overseeing a remuneration framework that supports the Company's strategic objectives, promotes sustainable performance, and aligns with regulatory requirements and good governance practices as per its Board approved ToR.

Its principal responsibilities include:

- Reviewing and recommending the Company's Remuneration Policy, framework, and strategy to ensure alignment with corporate objectives, market practices, and regulatory expectations.
- Overseeing the implementation and effectiveness of remuneration policies and practices and recommending enhancements where necessary.
- Reviewing and evaluating the performance of the Managing Director/Chief Executive Officer, Executive Directors, Senior Management, and other designated officers against agreed performance targets and objectives.
- Reviewing and approving remuneration packages, salary revisions, incentives, employee share option plans, and other reward mechanisms, taking into consideration individual performance, organisational performance, cost-of-living adjustments, and industry benchmarks.
- Reviewing and recommending the remuneration of Non-Executive Directors in accordance with applicable regulatory requirements, governance standards, and prevailing market practices.

- Reviewing matters relating to succession planning, talent management, leadership development, and employee reward frameworks to support the Company's long-term sustainability.
- Overseeing remuneration-related disclosures and ensuring transparency and compliance with applicable laws, regulations, and governance requirements.
- Considering any other human resources and remuneration matters referred to the Committee by the Board.

REMUNERATION FRAMEWORK

The Company's remuneration framework is designed to attract, motivate, reward, and retain talented individuals with the professional, managerial, and technical capabilities required to achieve the Company's strategic objectives.

The remuneration framework is guided by the following principles:

- Alignment with the Company's long-term strategy and sustainability objectives.
- Rewarding performance and value creation.
- Maintaining market competitiveness and internal equity.
- Supporting prudent risk-taking and sound governance practices.
- Promoting employee engagement, retention, and professional development

MEETINGS

The Committee met twice during the year with full participation. The Managing Director/Chief Executive Officer and Executive Director – Corporate Finance attended meetings by invitation whenever their expertise or input was required. However, they were not involved in any decisions regarding their own remuneration.

REPORT OF THE BOARD HUMAN RESOURCES AND REMUNERATION COMMITTEE

Description	Eligible to attend/ attended
Dr. R Wickramasinghe – Chairperson/ Independent Non-Executive Director	1/1
Mrs. P. R. W. Perera – Member/Independent Non-Executive Director	2/2
Mr. E. R. S. G. S. Hemachandra - Member/ Non-Executive Director	2/2
Senior Prof S P P Amaratunga - Former Chairperson/ Independent Non-Executive Director	1/1

ACTIVITIES UNDERTAKEN DURING THE YEAR

During the year under review, the Committee undertook the following key activities:

- Reviewed the effectiveness of the Company's remuneration framework to ensure alignment with business strategy, risk considerations, and market conditions.
- Evaluated the performance of the MD/CEO against agreed key performance indicators and recommended remuneration outcomes to the Board.
- Reviewed remuneration and benefits structures applicable to Executive Directors, Key Management Personnel, and employees.
- Recommended annual salary revisions and performance-based incentives taking into consideration organisational performance, individual achievements, market benchmarks, and economic conditions.
- Monitored employee engagement, retention, and talent management initiatives to support the Company's long-term growth objectives.
- Reviewed key human resource policies and practices to ensure continued alignment with applicable regulatory and governance requirements.

Key Revisions to the Remuneration Policy During the Year

During the year, the Human Resources and Remuneration Committee reviewed and updated the Remuneration Policy to further strengthen governance, transparency, and alignment with regulatory and market practices. Key revisions included:

- Strengthening the remuneration framework applicable to Executive Directors and Senior Management, including performance-based assessments using financial and non-financial Key Performance Indicators (KPIs).
- Enhancing the salary revision framework by incorporating periodic independent market salary surveys and consideration of inflation, market conditions, and organisational factors when determining remuneration adjustments.
- Establishing a salary banding framework for employee grades based on market survey outcomes and Committee approval.
- Introducing a dedicated disclosure section to ensure remuneration-related disclosures are made in compliance with applicable regulatory requirements and governance standards

INDIVIDUAL DIRECTOR EVALUATIONS

Each Director undergoes an annual self-evaluation assessing their contribution and effectiveness. The Chairperson and the BHRRC conduct annual evaluations of each Director's individual contribution and effectiveness, covering attendance and participation, the quality of input in Board and Committee deliberations, peer feedback, leadership demonstrated, and the application of relevant expertise. Outcomes inform Director reappointment decisions and feed into the Board's continuous development agenda. The governance framework underpinning this process, including its linkage to meritocracy principles and arm's-length accountability standards, is detailed in the Remuneration Policies and Processes section of the Corporate Governance Report on pages 55 to 58.

MD/CEO EVALUATION

The MD/CEO's performance is subject to ongoing assessment throughout the year, culminating in a formal year-end review conducted by the Board against pre-set financial and non-financial targets aligned with the Company's medium and long-term strategy, including its sustainability objectives. The specific dimensions assessed – spanning financial performance, governance and risk, growth and diversification, compliance, and people and strategy – are structured around the Performance Criteria Matrix disclosed in the Corporate Governance Report on pages 55 to 58.

REMUNERATION STRUCTURE AND GOVERNANCE

Executive Directors and Corporate Management

The remuneration structure for Executive Directors and Corporate Management comprises a fixed element and a performance-linked element. The determination

methodology, the Performance Criteria Matrix governing variable pay, the share option framework, and the clawback provisions applicable to performance-linked schemes are comprehensively set out by the Committee. Executive share options that were exercised are disclosed in page 343 during FY 2025/26 and the procedure for exercising the same remains in line with the applicable framework. The Committee confirms that all decisions during FY 2025/26 were made in strict accordance with that framework, and in compliance with the regulatory framework. No Director was involved in determining their own remuneration, and all decisions were documented comprehensive by the Company Secretary.

NON-EXECUTIVE DIRECTORS

Non-Executive Directors receive Board and Sub-Committee sitting fees. They do not participate in variable pay, performance incentive schemes, or share option programmes, preserving the independence and objectivity fundamental to effective non-executive oversight. The Committee recommended determines Non-Executive Director remuneration, having regard to the scope of responsibilities, time commitment, and market benchmarking.

The aggregate remuneration paid to all Executive and Non-Executive Directors for FY 2025/26 amounted to Rs. 413 Million. Category-wise breakdowns of monetary payments and non-monetary benefits are disclosed in the remuneration tables on page 424 of this Annual Report.

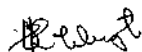
THE YEAR AHEAD

During FY 2026/27, the Committee shall continue to focus on strengthening the Company's human capital and remuneration practices through:

- Overseeing talent attraction, retention, and succession planning initiatives.
- Supporting leadership development and employee capability-building programmes.
- Overseeing employee engagement and organisational culture initiatives.
- Ensuring continued compliance with evolving regulatory, governance, and sustainability expectations

COMMITTEE EVALUATION

The Committee and the Board evaluate its performance annually and is satisfied that it has functioned effectively in the financial year.



Dr Rasitha Wickramasinghe

Chairman

Human Resources and Remuneration Committee

05 June 2026
Colombo

REPORT OF THE BOARD RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

CONSTITUTION OF THE COMMITTEE

The Board Related Party Transactions Review Committee (hereinafter referred to as "BRPTRC" or "the Committee") was established by the Board in compliance with:

- Section 9.14 of the Listing Rules of the Colombo Stock Exchange (CSE), which mandates the establishment of a Related Party Transactions Review Committee for all listed entities;
- Finance Companies (Corporate Governance) Direction No. 05 of 2021 issued by the Central Bank of Sri Lanka (CBSL), specifically Section 12, which prescribes the composition, responsibilities, and operating requirements of a Related Party Transactions Review Committee applicable to Licensed Finance Companies (LFCs).

The Committee comprises of two (2) Independent Non-Executive Directors and one (1) Non-Executive Director, in accordance with the above regulatory requirements. The composition of the Committee as at 31st March 2026 is set out below:

- Snr. Prof. P.N. Gamage : Chairperson/ Independent, Non-Executive Director
- Ms. P.R.W. Perera: Member/ Independent, Non-Executive Director
- Mr. E.R.S.G.S. Hemachandra : Member/ Non-Executive Director

Compliance Officer serves as the Secretary of the Sub Committee.

REGULATORY FRAMEWORK

The Committee operates within the following regulatory framework governing related party transactions of Licensed Finance Companies listed on the Colombo Stock Exchange:

CSE Listing Rules – Section 9.14

Section 9.14 of the CSE Listing Rules sets out comprehensive requirements for the review, approval, and disclosure of related party transactions by listed entities. Key provisions include:

- Section 9.14.1: Definitions of "related party" and "related party transactions", including transactions with entities in which a Director or Key Management Personnel (KMP) has a significant influence or control.
- Section 9.14.5: Requirement to establish a Board Related Party Transactions Review Committee.
- Section 9.14.6: Composition requirements for the Committee.
- Section 9.14.7: Responsibilities of the Committee, including review and approval of related party transactions.
- Section 9.14.8: Disclosure obligations for non-recurrent and recurrent related party transactions that exceed prescribed thresholds (10% of equity or 5% of total assets, whichever is lower).
- Section 9.14.9: Requirements for immediate market disclosures for applicable related party transactions.
- Section 9.14.10: Transactions explicitly exempted from the purview of the Listing Rules.

Finance Business Act (Corporate Governance) Direction No. 05 of 2021 – Section 12

Section 12 of the Finance Business Act (Corporate Governance) Direction No. 05 of 2021 issued by the CBSL imposes additional requirements on Licensed Finance Companies with respect to related party transactions, including:

- Section 12.1: Obligation to establish a formal policy and procedure framework for identifying, reviewing, approving, and disclosing related party transactions.
- Section 12.2: Requirement that all related party transactions be reviewed and approved by the BRPTRC prior to execution, ensuring that such transactions are on terms no less favourable than those available to third parties in comparable circumstances.
- Section 12.3: Prohibition on any director who is a related party from participating in the review or approval of the relevant transaction, and the requirement to maintain minutes of all Committee meetings documenting the review process and decisions.

The Committee recognises that the requirements under the CBSL Direction are in addition to and not in substitution of the obligations arising under the CSE Listing Rules, and the Company has ensured compliance with both regulatory frameworks throughout the financial year ended 31st March 2026.

OBJECTIVES OF THE COMMITTEE

The primary objectives of the Board Related Party Transactions Review Committee are to:

- Consider, review, evaluate, and provide independent oversight of all related party transactions, and to approve, ratify, disapprove, or reject such transactions as appropriate.
- Ensure the Company's compliance with Section 12 of the Finance Business Act (Corporate Governance) Direction No. 05 of

2021 and Section 9.14 of the CSE Listing Rules.

- Determine whether any related party transaction is fair, on arm's-length terms, and in the best interest of the Company and its shareholders.
- Review, revise, formulate, and approve policies governing related party transactions, ensuring these remain current and effective.
- Conduct, at least once a year, a comprehensive review of all related party transactions concluded during the financial year.
- Ensure timely and accurate market disclosures and disclosures in the Annual Report as required under the applicable listing rules and regulatory directions.

SCOPE OF THE COMMITTEE

In carrying out its mandate, the Committee's scope encompasses the following:

Identification and Classification

- Assessing the nature, scope, and identity of all parties involved in a transaction to determine whether it constitutes a related party transaction under the applicable definitions in the CSE Listing Rules and CBSL Direction No. 05 of 2021 on Corporate Governance.
- Reviewing the description and extent of a related party's interest in a transaction, including the related party's position, relationship, or ownership in any entity that is a party to or has an interest in the transaction.

Review and Approval

- Reviewing in advance all proposed related party transactions, except those explicitly exempted under Section 9.14.10 of the CSE Listing Rules.

- Evaluating whether the terms and conditions of related party transactions are no less favourable than those generally available to unrelated third parties under comparable facts and circumstances.
- Considering the business purpose, timing, rationale, and benefits of each proposed transaction.
- Determining whether related party transactions require the approval of the Board of Directors or the shareholders of the Company, in accordance with the applicable thresholds and requirements.
- Accurately ascertaining the monetary value of the related party's interest in each transaction and reviewing the valuation methodology applied.

Policy and Procedural Oversight

- Adopting, reviewing, and overseeing policies and procedures for the identification, review, and approval of related party transactions.
- Establishing guidelines for senior management with respect to recurrent related party transactions, in accordance with the framework set out under Section 9.14 of the CSE Listing Rules.
- Ensuring that no Director participates in the review or discussion of a proposed related party transaction in respect of which he or she is a related party, unless requested by the Committee solely for the purpose of providing relevant information.
- Recommending, where there is a potential conflict of interest or where the circumstances so warrant, the constitution of a special committee (including independent consultants where necessary) to review and approve a proposed related party transaction.

Disclosure and Reporting

- Ensuring timely immediate market disclosures in respect of applicable related party transactions, in accordance with Section 9.14.8 and Section 9.14.9 of the CSE Listing Rules.
- Ensuring that all related party transactions are appropriately disclosed in the audited financial statements and the Annual Report of the Company, in the manner required by the applicable accounting standards and regulatory provisions.
- Reporting to the Board of Directors on the activities of the Committee, including the findings of the annual review of related party transactions.

MEETINGS

During the financial year ended 31st March 2026, the Committee held four (4) meetings. Attendance at Committee meetings by members is set out below:

Description	Eligible to attend/attended
Snr. Prof. P.N. Gamage; Chairperson/ Independent, Non-Executive Director	4/4
Ms. P.R.W. Perera: Member/ Independent, Non-Executive Director	4/4
Mr. E.R.S.G.S. Hemachandra: Member/ Non-Executive Director	4/4

REPORT OF THE BOARD RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

All meetings were conducted in accordance with the Committee's Terms of Reference. Minutes of each meeting were duly recorded.

REVIEW OF RELATED PARTY TRANSACTIONS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2026

The Committee reviewed all related party transactions entered into during the financial year ended 31st March 2026. The Committee confirms the following:

Compliance with CSE Listing Rules – Section 9.14.8

There were no non-recurrent or recurrent related party transactions entered into during the financial year ended 31st March 2026 that exceeded the respective disclosure thresholds prescribed under Section 9.14.8 of the CSE Listing Rules (being 10% of equity or 5% of total assets of the Company, whichever is lower). Accordingly, no immediate market disclosures were required under Section 9.14.9 of the CSE Listing Rules in respect of the financial year under review.

Compliance with Finance Business Act (Corporate Governance) Direction No. 05 of 2021 – Section 12

The Committee reviewed the Company's compliance with the requirements of Section 12 (Sub-sections 12.1, 12.2, and 12.3) of the Finance Business Act (Corporate Governance) Direction No. 05 of 2021 and confirms that the Company has complied with all applicable provisions during the financial year ended 31st March 2026.

DECLARATION

In accordance with Section 9.14.8(4) of the CSE Listing Rules, the Board of Directors confirms, as a negative statement, that the Company did not enter into any related party transaction falling within the ambit of Section 9.14.8(4) of the Listing Rules during the financial year ended 31st March 2026. This declaration is set out on page 264 of this Annual Report.

COMMITTEE EVALUATION

The Committee and the Board evaluate its performance annually and is satisfied that it has functioned effectively in the financial year.



Snr. Prof. Prasadini Gamage

Chairperson

Board Related Party Transactions Review Committee

05 June 2026

Colombo

BOARD INFORMATION TECHNOLOGY STEERING COMMITTEE (VOLUNTARY COMMITTEE)

OVERVIEW

The Board Information Technology Steering Committee (BITSC) functions as Sub Committee of the Board of Directors chaired by an Independent Non-Executive Director, 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 composition is as below.

- Ms. J. Lokuliyana - Chairperson/ Independent Non-Executive Director
- Mr T.M.D.P.Tennakoon - Member/ Executive Director/Deputy Chief Executive Officer
- Mr R.H. Abeygoonewardena Member/ Executive Director - Corporate Finance
- Mr D.A. De Silva - Member/ Director - Business Operations
- Mr H.K. Dassanayake Member/ 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 Committee is fully operationalised as a key governance forum overseeing technology investments, strategic initiatives, project performance, and technology-related risks. The CIO and DGM-IT provide regular updates on project progress, strategic initiatives, and risk matters, while the CISO provides independent oversight on cybersecurity, information security, compliance,

and technology risks. Significant cybersecurity initiatives and security-related investments are reviewed through the Committee to ensure alignment with the organisation's strategic and governance objectives

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 three (3) formal meetings during the financial year. Each session involved strategic deliberations on key IT initiatives, cybersecurity posture, budget approvals, and project governance.

Description	Eligible to attend/ attended
Ms. J. Lokuliyana - Chairperson/ Independent Non-Executive Director	3/3
Mr T.M.D.P.Tennakoon - Member/Executive Director/ Deputy Chief Executive Officer	3/3
Mr R.H. Abeygoonewardena Member/ Executive Director - Corporate Finance	3/3
Mr D.A. De Silva - Member/ Director - Business Operations	2/3
Mr H.K. Dassanayake Member/ Chief Sales & Digital Business Officer	2/3

BOARD INFORMATION TECHNOLOGY STEERING COMMITTEE (VOLUNTARY COMMITTEE)

VALUE CREATION

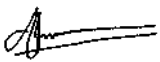
BITSC continues to strengthen the organisation's digital governance by ensuring:

- Strategic IT alignment with enterprise goals.
- Investment in technology that delivers long-term business value.
- Robust oversight of IT risk, resilience, and innovation.
- Strategic adoption of Responsible AI and AI-based intelligence solutions
- Effective alignment between Board-level decision-making and operational IT execution through the IT Steering Committee (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.

COMMITTEE EVALUATION

The Committee and the Board evaluate its performance annually and is satisfied that it has functioned effectively in the financial year.



Jayomi Lokuliyana

Chairperson

Board Information Technology
Steering Committee

05 June 2026
Colombo

REPORT OF THE CREDIT COMMITTEE (VOLUNTARY COMMITTEE)

The Credit Committee (the 'Committee') 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 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 W P C.M.Nanayakkara - Chairperson of the Committee/ Managing Director/Chief Executive Officer
- Mr T.M.D.P.Tennakoon - Member of the Committee/ Executive Director/Deputy Chief Executive Director
- Mr D.A. De Silva - Member of the Committee/ Executive Director - Business Operations
- Mr R.H. Abeygoonewardena - Member of the Committee/ Executive Director - Corporate Finance
- Mr S.V. Munasinghe - Member of the Committee/ Executive Director - Sales and Business Development

General Manager - Credit Underwriting serves as the secretary of the Committee.

COMPANY CREDIT RISK MANAGEMENT POLICY

The Board of Directors have approved the Credit Risk Management Policy (CRM Policy) of the Company, where all product guidelines and exposure limits have been set out. The CRM Policy of the Company is the communication tool of the Company's credit strategy which ensures that the credit quality of the Company's credit portfolio is at its highest.

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. Recommended credit requests are forwarded for Board approval as required.
- 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

Accountability of Credit Committee is delivered through the minutes of Credit Committee meeting, circulated decision-memorandum, 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.
- The resulting shifts in the composition and the quality of the portfolio is monitored and new exposure limits for each sectors/product lines as appropriate are recommended.

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 2025/26

Key activities included:

- Approval of credit proposals and other specific reports which prerequisite 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.

REPORT OF THE CREDIT COMMITTEE (VOLUNTARY COMMITTEE)

- 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.

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.
- Introduction of an automated Annual Credit Review (ACR) process, enabling systematic and consistent post-disbursement evaluation of credit facilities, thereby strengthening ongoing portfolio monitoring and early risk identification.
- Implementation of a risk-based pricing framework to align lending rates with the underlying risk profile of customers, supporting improved risk-adjusted returns while maintaining market competitiveness.
- These advancements have significantly reduced manual credit assessment biases, improved turnaround time, and enhanced early risk detection, while also strengthening post-disbursement monitoring and optimising pricing strategies in line with the organisation's risk appetite.

OUTLOOK FOR FY 2026/27

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 as part of the Company's sustainability strategy in alignment 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.

COMMITTEE EVALUATION

The Committee and the Board evaluate its performance annually and is satisfied that it has functioned effectively in the financial year.



Mahesh Nanayakkara
Chairman
Board Credit Committee

05 June 2026
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;
- 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.
- 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 by the Institute of Chartered Accountants of Sri Lanka in 2023;

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 mechanisms 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,



Alastir Corera
Chairman



Mahesh Nanayakkara
Managing Director/CEO

05 June 2026
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 on Corporate Governance, and principle D.1.5 of the 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 standards 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 and Terms of Reference have been developed covering all functional areas of the Company and these have been recommended by the Board appointed Committees and approved by the Board. They are reviewed and approved by the Board periodically.
- The annual audit plan is reviewed and approved by the Board Audit Committee. 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. 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 included in 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 and Investment Committees and Information Technology Steering Committee, Data Protection Office Committee and Operational Risk Management 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 strengthened over the period based on the feedback received from stakeholders including External Auditors, Internal Auditors and regulators.

The Company has 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 has successfully completed the development of the automated solution for these models, significantly reducing the need for manual intervention. Further refinement and optimisation is ongoing based on reviews and recommendations provided by external consultants. Further, the Board Audit Committee reviewed the related Policies on principles, methodologies and assumptions made during the financial year 2025/2026.

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 current financial year and appropriate steps were taken to implement the recommendations.

CONFIRMATION

Based on the continued reviews and assessments carried out 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

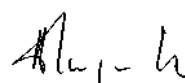
The External Auditor, Messrs Ernst & Young, has reviewed the above Directors’ Statement on Internal Control over Financial Reporting for the year ended 31 March 2026 in Accordance with the Finance Business Act Directions No 5 of 2021 and reported to the Board that nothing has come to their attention 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 ... 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, barring the disclosure made in page 264 under Corporate Governance.

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 and compliance with the Finance Business Act and Rules and Directions issued by the Central Bank of Sri Lanka.

By order of the Board



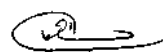
Alastair Corera
Chairman



Rajitha Perera
Chairperson -Board Audit Committee



Mahesh Nanayakkara
Managing Director/ Chief Executive Officer



Damith Tennakoon
Deputy Chief Executive Officer

05 June 2026
Colombo

MANAGING DIRECTOR'S AND CHIEF FINANCIAL OFFICER'S RESPONSIBILITY STATEMENT

The Financial Statements of Citizens Development Business Finance PLC ("the Company") as at 31st March 2026 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 2026. 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 has 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 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 Board of Directors on page 264 provides for the Company's Internal Control Over Financial Reporting. In addition, the Directors' Statement on Internal Control Over Financial Reporting is provided in page 260 of the Annual Report. 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 267 of the Annual Report.

The Financial Statements of the Company were audited by Messrs Ernst & Young, Chartered Accountants, the independent External Auditors. Their Report is disclosed on page 274 of the Annual Report. The Board Audit Committee of the Company met periodically with the Internal Auditors and the 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 approved 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 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 2026 have been paid, or where relevant provided for.



Ruwan Chandrajith
Chief Financial Officer



Mahesh Nanayakkara
Managing Director/CEO

05 June 2026
Colombo

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, 2026, 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, recommended by the Board Audit Committee, approved by the Board of Directors, and signed by the Chairperson and the Managing Director, in conformance with the applicable regulatory framework. The Board is of the view that the Financial Statements in pages 269 to 386 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 259 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 page 50 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

The Company has not engaged in any activity, which contravenes all applicable laws and regulations.

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 preparation of 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 applicable regulatory framework, is disclosed on pages 407 to 436 of the Annual Report. The Board of Directors ensuring compliance with applicable laws, rules and regulations carries out several of its duties and responsibilities through its Board Subcommittees and the activities carried out during the year are rendered on pages 236 to 258.

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 2026, including comparative figures for 2025-26, 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 stipulated 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
- Sri Lanka Accounting & Auditing Standards Act No.15 of 1995
- Sri Lanka Financial Reporting Standards
- Listing Rules of the CSE
- The Integrated Reporting Framework of 2001
- The GRI standards 2021
- SLFRS S1 and S2 and other relevant Sustainability Reporting frameworks
- Code of Best Practice on Corporate Governance issued by CA Sri Lanka (2023)

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 43 on pages 350 to 351 of this Annual Report and the summary of the said transactions carried out during the Financial Year is presented to the Board on 21 April 2026.

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 2025 to 31 March 2026
i. Reporting period for financial reporting	Same as the sustainability reporting period
ii. Publication date of the report	05 June 2026
Restatements of information made from previous reporting periods	There are no restatements from the previous reporting period of April 1 2024 to March 31 2025.
Policy and practice for seeking external assurance, including whether and how the highest governance body and senior executives are involved	<p>The Board of Directors has made an informed decision 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 2025/26 financial year, external assurance was obtained for sustainability reporting from Messrs Ernst and Young Chartered Accountants.</p>
i. Location of the external assurance	Page 83, 388 to 391
ii. 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 388 to 391
iii. 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 FY2025/26 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

Chairperson/ Non-Executive Independent Director



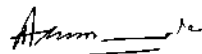
Mahesh Nanayakkara

Managing Director/ Chief Executive Officer



Damith Tennakoon

Deputy CEO/ Executive Director



Roshan Abeygoonewardena

Executive Director



Sasindra Munasinghe

Executive Director



Dave De Silva

Executive Director



Jagath Abhayaratne

Non-Executive Director



Samitha Hemachandra

Non-Executive Director



Rajitha Perera

Non-Executive Independent Director



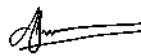
Sujeewa Kumarapperuma

Non-Executive Independent Director



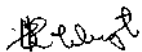
Snr. Prof. Prasadini Gamage

Non-Executive Independent Director



Jayomi Lokuliyana

Non-Executive Independent Director



Dr. Rasitha Wickramasinghe

Non-Executive Independent Director

05 June 2026

Colombo

AUDITORS' ASSURANCE REPORT ON THE DIRECTORS' STATEMENT ON INTERNAL CONTROL



Ernst & Young
Chartered Accountants
Rotunda Towers
No. 109, Galle Road
P.O. Box 101
Colombo 03, Sri Lanka

Tel: +94 11 246 3500
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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 2026 ("The Statement") included in the annual report for the year ended 31 March 2026.

Management's responsibility

Management is responsible for the preparation and presentation of the Statement in accordance with the paragraph 16.1 (ix) of Finance Business Act Directions No. 05 of 2021 - Corporate Governance issued by the Central Bank of Sri Lanka under the Finance Business Act No. 42 of 2011.

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.

Partners: D K Hulangamuwa FCA FCMA LLB (London), 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, 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 FCA ACMA, C A Yalagala ACA ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), B Vasanthan ACA ACMA, W D P L Perera ACA, M U M Mansoor ACA

Principals: T P M Ruberu FCMA FCCA MBA, G B Goudian ACMA, D L B Karunathilaka ACMA, W S J De Silva Bsc (Hons) - MIS Msc - IT, V Shakthivel B.Com (Sp)

A member firm of Ernst & Young Global Limited

AUDITORS' ASSURANCE REPORT ON THE DIRECTORS' STATEMENT ON INTERNAL CONTROL

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.

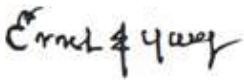
SLSAE 3051 does not require us to consider whether the Statement covers all risks and controls or to form an opinion on the effectiveness of the Company's risk and control procedures. SLSAE 3051 also does not require us to consider whether the processes described to deal with material internal control 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 2026

Colombo

DEPTHS OF STRENGTH



Flowing through the heart of Europe, the Danube River connects nations, supports trade, and sustains economic activity across multiple regions. Over centuries it has enabled reliable navigation and connectivity, reflecting strength built on structure and continuity.

CDB's financial performance reflects strength and reliability. Through disciplined management and sustained growth, our financial foundation remains robust, providing the stability required to support long-term value creation and continued advancement.

FINANCIAL CALENDAR

Dividend Payments

For the financial year 2026

Final dividend to be paid on*	Monday, 20 July 2026
Interim dividend paid on	Wednesday, 28 January 2026

For the financial year 2025

Final dividend paid on	Monday, 21 July 2025
Interim dividend paid on	Friday, 24 January 2025

*Subject to confirmation by shareholders at Annual General Meeting

Audited Financial Statements and Annual General Meeting (AGM)

	2026	2027 (Proposed)
Audited Financial Statements	Friday, 5 June 2026	Friday, 4 June 2027
Annual General Meeting	Tuesday, 30 June 2026	Wednesday, 30 June 2027

Interim Financial Statements to CSE*

	2026	2027 (Proposed)
Quarter ended 30 June	Friday, 1 August 2025	Friday, 14 August 2026
Quarter ended 30 September	Friday, 7 November 2025	Friday, 13 November 2026
Quarter ended 31 December	Friday, 6 February 2026	Friday, 12 February 2027
Quarter ended 31 March	Wednesday, 27 May 2026	Friday, 28 May 2027

* In terms of the Rule 7.4 of the CSE and as per the requirements of the Central Bank of Sri Lanka.

Six Months Financial Statements**

	Newspaper	2026	2027 (Proposed)
Year ended 31 March (Audited)	Lankadeepa	Friday, 26 June 2026***	Wednesday, 30 June 2027
	Virakesari	Friday, 26 June 2026***	Wednesday, 30 June 2027
	DailyFT	Friday, 26 June 2026***	Wednesday, 30 June 2027
Six months ended 30 September (Unaudited)	Lankadeepa	Friday, 28 November 2025	Monday, 30 November 2026
	Virakesari	Friday, 28 November 2025	Monday, 30 November 2026
	DailyFT	Friday, 28 November 2025	Monday, 30 November 2026

** 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	2026	2025	%
Financial Performance (Rs Mn)			
Revenue	30,157	25,599	18
Net interest income	13,191	11,391	16
Total operating income	16,443	14,105	17
Profit before taxes	8,218	7,922	4
Profit before income tax	6,243	5,751	9
Profit after tax	4,505	4,005	12
Position as at the year end (Rs Mn)			
Loans and receivables to customers	169,204	110,867	53
Total assets	214,684	156,936	37
Total equity	28,417	23,936	19
Deposits from customers	91,331	86,849	5
Financial Ratios (%)			
Profitability perspective			
Operating profit margin	27.25	30.95	
Net interest margin	7.10	7.97	
Cost to income ratio	46.64	48.40	
Return on average assets (ROA) - After tax	2.42	2.80	
Investor Perspective			
Earnings per share (Rs)*	6.28	5.65	
Earnings yield - Voting Shares (%)	16.19	24.04	
Return on Equity (ROE) % - After Tax	17.21	18.15	
Dividend per share (Rs.)*	1.75	1.50	
Dividend yield - Voting Shares (%)	4.51	6.38	
Dividend Cover (Times)	3.59	3.77	
Dividend Payout (%)	27.87	26.55	
Net Asset Value per share (Rs)*	39.62	33.78	
Market Value per share - Closing - Voting**	388.00	235.00	
Market Value per share - Closing - Non Voting**	303.00	180.00	
Market Capitalization (Rs Mn)	26,947	16,081	
Price to Earnings - ordinary shares (Times)	6.18	4.16	
Statutory Ratios (%)			
Capital Adequacy			
Tier I (Minimum Requirement - 10%)	13.23	14.47	
Tier I & II (Minimum Requirement - 14%)	18.32	18.09	
Statutory liquidity ratio	12.26	19.52	
Non - Performing Advances Ratio (90 DPD) (%)			
Gross NPL (Net of IIS)	3.78	6.32	
Net Non - Performing Loans (Net of IIS and provisions)	1.53	3.10	

* Adjusted for subdivision of shares

** Before subdivision of shares

Revenue

Rs. 30.2Bn

Profit after tax

Rs. 4.5Bn

Earnings per share

Rs. 6.28

Total assets

Rs. 214.7Bn

Loan book

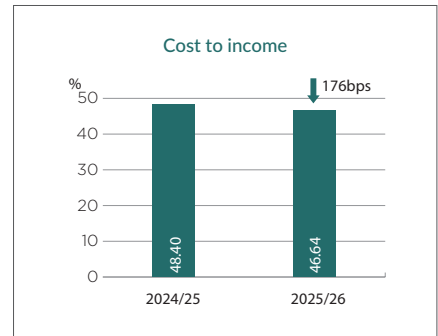
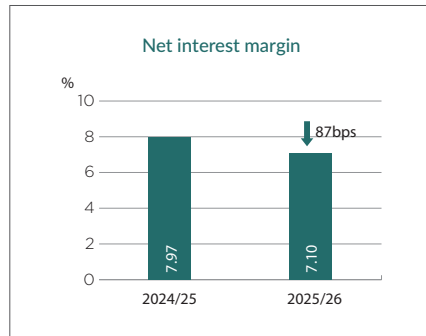
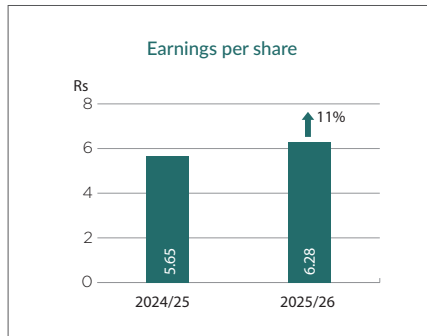
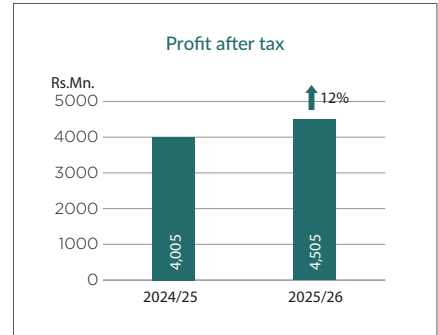
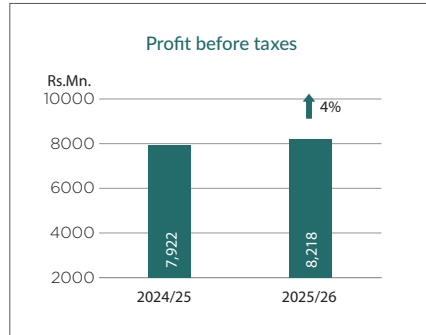
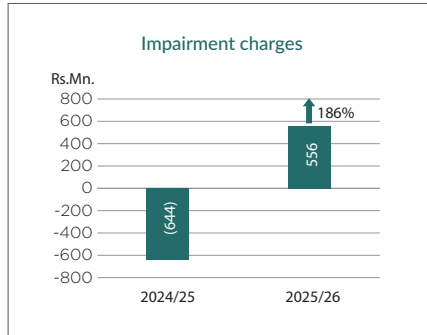
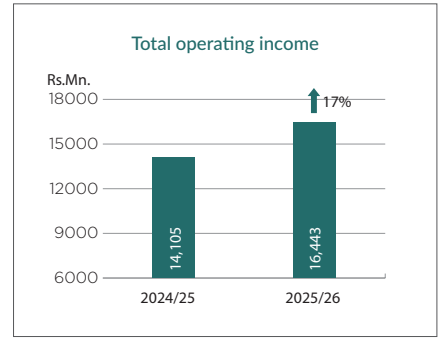
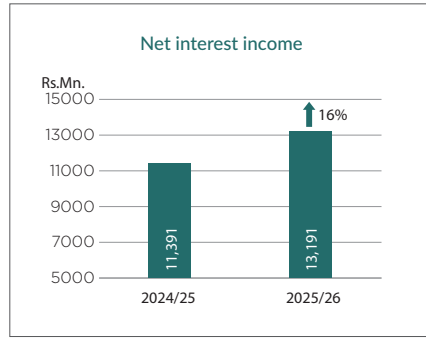
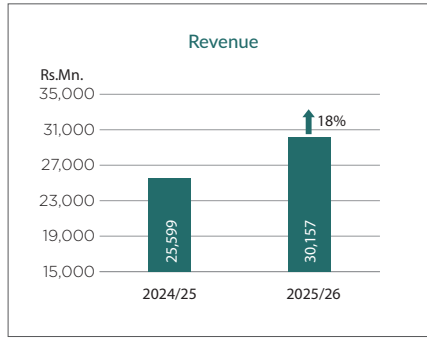
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Net asset value per share

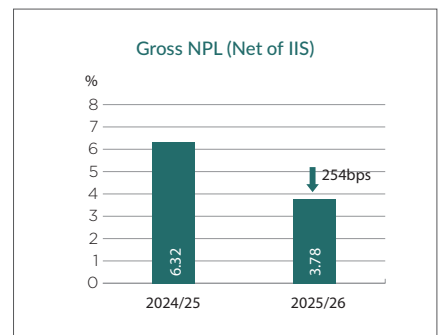
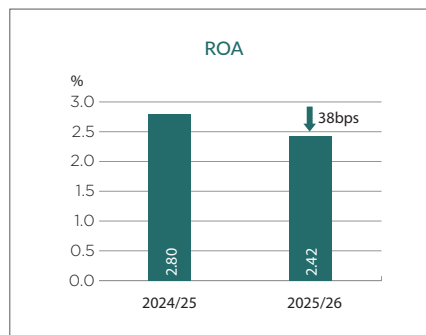
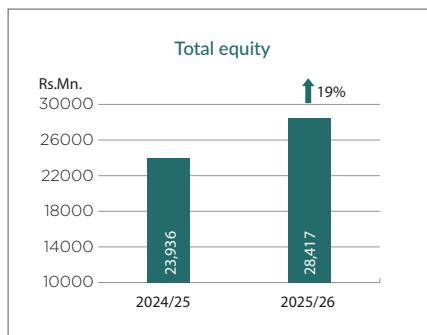
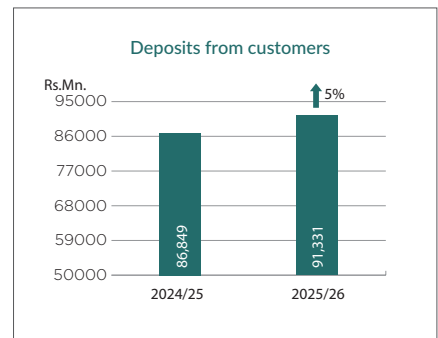
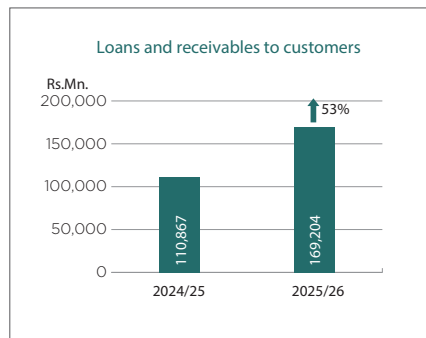
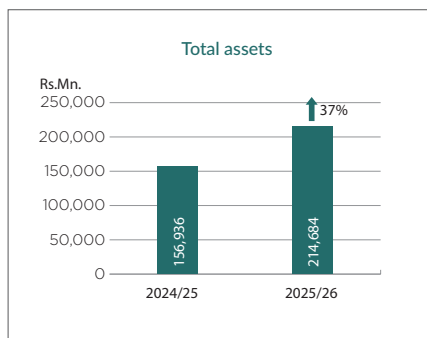
Rs. 39.62

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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Colombo 03, Sri Lanka

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Email: eysl@lk.ey.com
ey.com

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 2026, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting 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 2026 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), 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, 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 FCA ACMA, C A Yalagala ACA ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), B Vasanthan ACA ACMA, W D P L Perera ACA, M U M Mansoor ACA

Principals: T P M Ruberu FCMA FCCA MBA, G B Goudian ACMA, D L B Karunathilaka ACMA, W S J De Silva Bsc (Hons) - MIS Msc - IT, V Shakthivel 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 expected credit losses of loans and receivables to customer measured at amortized cost</p> <p>Allowances for expected credit losses of loans and receivables to customers measured at amortised cost as disclosed in Notes 23, is determined by management based 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 significant management judgements, assumptions and the level of estimation uncertainty involved in assessing the future recoverability of Loans and receivables; and the materiality of the reported amount of allowance of expected credit losses. <p>Key areas of significant judgements, assumptions and estimates used by management in the assessment of the impairment for expected credit losses included determining whether significant increase in credit risk has occurred, use of a broad range of forward-looking macroeconomic inputs and their associated weightages which 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 48.A.</p>	<p>In addressing the allowances for expected credit losses of loan and receivables to customers measured at amortised cost, our audit procedures included the following key procedures:</p> <ul style="list-style-type: none"> Assessed the alignment of the Company's allowances for expected credit loss computations with the underlying methodology and related accounting policies, based on the best available information up to date of our report. Evaluated the design, implementation and operating effectiveness of controls over estimation of expected credit losses. Assessed the level of oversight, review and approval of allowances for expected credit losses, policies and procedures by the Board of Directors and management. Checked the completeness, accuracy and reasonableness of the underlying data used in the expected credit loss computations by agreeing details to relevant source documents and accounting records of the Company. Evaluated the reasonableness of credit quality assessments and related stage classifications <p>In addition to the above, the following procedures were performed:</p> <ul style="list-style-type: none"> Tested the key inputs and the calculations used in the allowances for expected 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 23 and 48.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>The Company's financial reporting process is significantly reliant on multiple IT systems with automated processes and 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 and related internal controls over financial reporting were identified as 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 processes and tested relevant key controls relating to financial reporting and related disclosures. • Involved our internal specialized resources and; • Identified, evaluated and tested the design and operating effectiveness of IT systems related internal controls, including those related 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 2026 Annual Report

Other information consists of the information included in the Company's 2026 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.

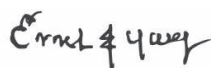
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken 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 2026
Colombo

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March

	Note	Page No.	2026 Rs.000	2025 Rs.000
Revenue	6	287	30,157,039	25,598,532
Interest income	7.1	288	26,905,169	22,884,998
Less: Interest expense	7.2	289	13,714,252	11,493,679
Net interest income	7	287	13,190,917	11,391,319
Fee and commission income	8	289	358,421	272,909
Other operating income	9	290	2,893,449	2,440,625
Total operating income			16,442,787	14,104,853
Less: Impairment charges/ (reversal) and other credit losses	10	291	556,376	(644,228)
Net operating income			15,886,411	14,749,081
Less : Operating expenses				
Personnel expenses	11.1	293	3,448,599	2,739,735
Premises, equipment and establishment expenses	11.2	295	3,424,289	3,390,872
Other expenses	11.3	296	795,302	696,105
Total operating expenses	11	293	7,668,190	6,826,712
Operating profit before taxes on financial services			8,218,221	7,922,369
Less: Taxes on financial services	12	296	1,975,537	2,171,700
Profit before tax			6,242,684	5,750,669
Less : Income tax expense	13	296	1,737,529	1,745,189
Profit for the year			4,505,155	4,005,480
OTHER COMPREHENSIVE INCOME				
Items that are or may be reclassified subsequently to profit or loss				
Changes in fair value of hedge reserve (Net of tax)	39.4	347	(10,834)	12,432
Items that will not be reclassified to profit or loss				
Change in revaluation surplus (Net of tax)	39.2	346	-	483,743
Change in fair value of financial investments at FVOCI	39.3	347	260,447	624,551
Actuarial gain/(loss) on defined benefit plan (Net of tax)	36	341	787,133	(567,257)
Total other comprehensive income			1,036,746	553,469
Total comprehensive income for the year			5,541,901	4,558,949
Earnings per share				
Basic earnings per share (Rs.)	14	298	6.28	5.65
Diluted earnings per share (Rs.)	14	298	6.19	5.50

The notes to the Financial Statements on pages 283 to 386 form an integral part of these Financial Statements.

STATEMENT OF FINANCIAL POSITION

As at 31 March	Note	Page No.	2026 Rs.000	2025 Rs.000
Assets				
Cash and cash equivalents	18	311	3,350,154	4,582,802
Derivative financial assets	19	311	236,550	31,712
Financial assets recognised through profit or loss	20	313	830,134	-
Securities purchased under resale agreements	21	315	5,529,918	3,671,842
Deposits with financial institutions	22	315	17,461,937	18,069,873
Loans and receivables to customers	23	316	169,204,400	110,866,909
Other investment securities	24	319	5,147,172	9,498,082
Investment properties	25	322	31,000	558,091
Property, plant and equipment	26	324	5,962,346	4,657,677
Right-of-use assets	27	329	1,120,452	955,841
Intangible assets	28	332	427,576	333,470
Goodwill on amalgamation	29	333	-	-
Net retirement benefit asset	36	341	252,808	-
Net deferred tax assets	35	339	171,812	-
Other assets	30	334	4,957,958	3,710,047
Total assets			214,684,217	156,936,346
Liabilities				
Due to banks and financial institutions	31	334	77,345,550	32,142,375
Deposits from customers	32	337	91,331,352	86,849,204
Subordinated debts	33	338	11,112,457	6,969,330
Lease liabilities	27	329	1,123,617	982,001
Current tax liabilities	34	338	1,729,652	1,466,376
Net deferred tax liabilities	35	339	-	565,271
Net retirement benefit obligation	36	341	-	553,890
Other liabilities	37	343	3,624,760	3,471,610
Total liabilities			186,267,388	133,000,057
Equity				
Stated capital	38	343	2,743,565	2,550,492
Reserves	39	346	6,992,998	7,352,802
Retained earnings	40	348	18,680,266	14,032,995
Total equity			28,416,829	23,936,289
Total liabilities and equity			214,684,217	156,936,346
Net assets value per share (Rs.)	41	348	39.62	33.78
Contingencies and commitments	42	348	7,857,065	5,252,610

The notes to the Financial Statements on pages 283 to 386 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

STATEMENT OF CHANGES IN EQUITY

	Note	Page No.	Reserves			
			Stated	Share Option	Revaluation	Fair Value
			Capital	Reserve	Reserve	Reserve
			Rs.000	Rs.000	Rs.000	Rs.000
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						
Changes in fair value of hedge reserve (Net of tax)	39.4	347	-	-	-	-
Change in revaluation surplus (Net of tax)			-	-	483,743	-
Financial investments at FVOCI - net change in fair value	39.3	347	-	-	-	624,551
Actuarial gain/(loss) on defined benefit plan (Net of tax)	36.0	341	-	-	-	-
Total comprehensive income for the year 2024/25			-	-	483,743	624,551
Transactions with equity holders of the Company						
Share options cost			-	19,707	-	-
Final Dividend to equity holders for the year - 2023/24			-	-	-	-
Interim Dividend to equity holders for the year - 2024/25			-	-	-	-
Transfers during the year			-	(675)	-	(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
Balance as at 1 April 2025			2,550,492	26,584	1,245,149	518,755
Total comprehensive income for the year						
Profit for the year			-	-	-	-
Other comprehensive income for the year						
Change in fair value of hedge reserve (Net of tax)	39.4	347	-	-	-	-
Change in fair value of financial investments at FVOCI	39.3	347	-	-	-	260,447
Actuarial gain/(loss) on defined benefit plan (Net of tax)	36	341	-	-	-	-
Total comprehensive income for the year 2025/26			-	-	-	260,447
Transactions with equity holders of the Company						
Exercise of share options			193,073	(20,703)	-	-
Share options cost			-	13,263	-	-
Final dividend to equity holders for the year - 2024/25			-	-	-	-
Interim dividend to equity holders for the year - 2025/26			-	-	-	-
Transfers during the year			-	(1,194)	-	97,185
Total transactions with equity holders			193,073	(8,634)	-	97,185
Balance as at 31 March 2026			2,743,565	17,950	1,245,149	876,387

The notes to the Financial Statements on pages 283 to 386 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

	Reserves			Retained Earnings	Total Equity
	Hedge Reserve	Statutory Reserve	Regulatory Loss		
	Rs.000	Fund Rs.000	Allowance Reserve Rs.000		
	-	2,647,053	2,369,809	11,850,972	20,207,838
	-	-	-	4,005,480	4,005,480
	12,432	-	-	-	12,432
	-	-	-	-	483,743
	-	-	-	-	624,551
	-	-	-	(567,257)	(567,257)
	12,432	-	-	3,438,223	4,558,949
	-	-	-	-	19,707
	-	-	-	(495,953)	(495,953)
	-	-	-	(354,252)	(354,252)
	-	801,096	(268,076)	(405,995)	-
	-	801,096	(268,076)	(1,256,200)	(830,498)
	12,432	3,448,149	2,101,733	14,032,995	23,936,289
	12,432	3,448,149	2,101,733	14,032,995	23,936,289
	-	-	-	4,505,155	4,505,155
	(10,834)	-	-	-	(10,834)
	-	-	-	-	260,447
	-	-	-	787,133	787,133
	(10,834)	-	-	5,292,288	5,541,901
	-	-	-	-	172,370
	-	-	-	-	13,263
	-	-	-	(709,108)	(709,108)
	-	-	-	(537,886)	(537,886)
	-	225,261	(923,229)	601,977	-
	-	225,261	(923,229)	(645,017)	(1,061,361)
	1,598	3,673,410	1,178,504	18,680,266	28,416,829

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			2026	2025
	Note	Page No.	Rs.000	Rs.000
Cash flow from operating activities				
Interest receipts			27,120,141	23,424,777
Commission receipts			339,529	240,262
Other income receipts			2,767,744	2,424,607
Interest payments			(13,405,496)	(11,718,730)
Fee and business promotion expenses			(622,899)	(523,295)
Employee related payments			(3,213,359)	(2,609,522)
Supplier payments			(3,888,487)	(3,057,865)
Financial expenses			(32,961)	(28,790)
Operating profit before changes in operating assets			9,064,212	8,151,444
(Increase)/decrease in operating assets				
Investments in licensed commercial bank and other financial institutions			(1,250,521)	1,180,475
Net funds advanced to customers			(59,108,458)	(24,798,586)
Changes in other short term assets			(1,547,658)	234,188
Net increase/(decrease) in operating assets			(61,906,637)	(23,383,923)
Increase/(decrease) in operating liabilities				
Amount borrowed during the year	31.5	337	87,875,750	24,317,988
Borrowing repayments during the year	31.5	337	(43,729,846)	(20,177,904)
Deposits from customers			4,173,392	13,815,476
Net increase/(decrease) in operating liabilities			48,319,296	17,955,560
Net Cash Generated from / (used in) operating activities			(4,523,129)	2,723,081
Contribution to plan asset	36	341	(500,000)	(210,000)
Income tax paid	13.2	298	(1,920,257)	(1,330,234)
			(6,943,386)	1,182,847
Cash flow from investing activities				
Dividend receipts	9	290	65,239	48,641
Proceed from the exercise of share options			172,370	-
Investment in other investment securities			3,570,503	(2,371,340)
Purchase of Intangible assets	28	332	(160,455)	(82,754)
Purchase of property, plant and equipment	26	324	(940,874)	(866,394)
Proceeds from sale of property, plant and equipment			38,218	9,614
Net Cash (used in)/ from investing activities			2,745,001	(3,262,233)
Cash Flow from financing activities				
Dividend paid	15	299	(1,246,994)	(850,205)
Subordinated debts obtained/issued during the year	33.1	338	5,500,000	5,000,000
Repayments of Subordinated debts	33.1	338	(2,344,540)	(1,283,066)
Net cash inflows/ (out flows) from financing activities			1,908,466	2,866,729
Net Increase/(Decrease) In cash & cash equivalents			(2,289,919)	787,343
Cash and Cash Equivalents at the beginning of the year			4,236,316	3,448,973
Cash and cash equivalents at the end of the year			1,946,397	4,236,316
Cash and cash equivalents at the beginning of the year				
Cash and cash equivalents	18	311	4,582,802	3,642,333
Bank overdrafts	31	334	(346,486)	(193,360)
			4,236,316	3,448,973
Cash and cash equivalents at the end of the year				
Cash and cash equivalents	18	311	3,350,154	4,582,802
Bank overdrafts	31	334	(1,403,757)	(346,486)
			1,946,397	4,236,316

The notes to the Financial Statements on pages 283 to 386 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 2026 – 2,308 (2025 – 1,948).

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 2026 were authorised for issue by the Board of Directors in accordance with the Resolution of the Directors on 5 June 2026.

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.
Equity investments measured at fair value through profit or loss (FVTPL)	Fair value	20	313
Debt investments measured at fair value through other comprehensive income (FVOCI)	Fair value	24	319
Equity investments measured at fair value through other comprehensive income (FVOCI)	Fair value	24	319
Freehold land	Fair value	26	324
Net retirement benefit obligation	Fair value of plan assets less the present value of the defined benefit obligation	36	341
Equity settled share based payment arrangements	Fair value on grant date	38	343

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.

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.

NOTES TO 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 are 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 amounts 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 311. 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 26.1 on page 326.

(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 does 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 42 on page 348

(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 assumptions 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, 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 Binomial 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) SLFRS 17 Insurance Contracts

SLFRS 17 is a comprehensive new accounting standard for insurance contracts, covering recognition, measurement, presentation, and disclosure. It replaces SLFRS 4 and applies to all types of insurance

contracts—including life, non-life, direct insurance, reinsurance—as well as certain guarantees and financial instruments with discretionary participation features:

The standard is built around the General Measurement Model, supported by two supplementary approaches:

- Variable Fee Approach (VFA): for contracts with direct participation features
- Premium Allocation Approach (PAA): a simplified model mainly for short-duration contracts

SLFRS 17 is effective for annual reporting periods beginning on or after 1 January 2026, with comparative figures required. Early adoption is allowed if the entity also applies SLFRS 9 Financial Instruments and SLFRS 15 Revenue from Contracts with Customers by the date SLFRS 17 is first applied.

SLFRS 17 does not have a material impact on the financial statements.

b) SLFRS 18 Presentation and Disclosure in Financial Statements

SLFRS 18, which replaces LKAS 1, introduces significant enhancements to the way financial information is organized and communicated. The standard establishes new categories and subtotals in the statement of profit or loss to improve consistency and comparability across entities. It also requires entities to disclose management-defined performance measures (as specified in the standard), together with clear explanations and reconciliations. In addition, SLFRS 18 introduces strengthened requirements regarding the location, aggregation, and disaggregation of financial information. These changes are designed to ensure that financial statements present information more transparently and in a way that enhances users' understanding of an entity's financial performance and position.

SLFRS 18, and consequential amendments to the other accounting standards, are effective for annual reporting periods beginning on or after 1 January 2027. Early application is permitted.

The potential impact of SLFRS 18 on the financial statements and the related notes is currently being identified and evaluated.

c) Classification and Measurement of Financial Instruments - Amendments to SLFRS 9 and SLFRS 7

The amendments introduce enhancements to the classification, measurement, derecognition, and disclosure requirements for financial instruments. Their objective is to strengthen transparency, promote greater consistency in financial reporting, and respond to emerging market developments - particularly features such as sustainability-linked terms and nature-dependent electricity contracts. These amendments are effective for annual reporting periods beginning on or after 1 January 2026. Early application is permitted.

The impact of these amendments is currently being identified and evaluated.

d) Annual improvements to Sri Lanka Accounting Standards

Narrow scope amendments as part of its periodic maintenance of Sri Lanka Accounting Standards will be adopted, if applicable, when they become effective.

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 expenses							
1	Revenue	6	287	22	Other investment securities	24	319
2	Net interest income	7	287	23	Investment property	25	322
3	Fee and commission income	8	289	24	Property, plant and equipment	26	324
4	Other operating income	9	290	25	Rights-of-use assets	27	329
5	Impairment charges / (reversal) and other credit losses	10	291	26	Intangible assets	28	332
6	Operating expenses	11	293	27	Goodwill on amalgamation	29	333
7	Personnel expenses	11.1	293	28	Other assets	30	334
8	Premises, equipment and establishment expenses	11.2	295	29	Due to banks and financial institutions	31	334
9	Other expenses	11.3	296	30	Deposits from customers	32	337
10	Taxes on financial services	12	296	31	Subordinated debts	33	338
11	Income tax expense	13	296	32	Lease liabilities	27	329
12	Earnings per share	14	298	33	Current tax liabilities	34	338
13	Dividend per share	15	299	34	Net deferred tax liabilities	35	339
				35	Net retirement benefit obligation	36	341
				36	Other liabilities	37	343
Material accounting policies – Assets and liabilities							
14	Classification of financial assets and liabilities	16	300	Material accounting policies – Equity			
15	Fair value measurement of financial instruments	17	304	37	Stated capital	38	343
16	Cash and cash equivalents	18	311	38	Reserves	39	346
17	Derivative financial instruments	19	311	39	Retained earnings	40	348
18	Financial assets recognised through profit or loss	20	313	Material accounting policies – Other			
19	Securities purchased under resale agreements	21	315	40	Net assets value per share (Rs.)	41	348
20	Deposits with financial institutions	22	315	41	Contingencies and commitments	42	348
21	Loans and receivables to customers	23	316	42	Related party disclosures	43	350
				43	Events that occurred after the reporting date	44	352
				44	Segmental analysis	45	352
				45	Maturity analysis	46	354
				46	Comparative Information	47	358
				47	Financial Risk Management	48	358

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.	2026 Rs.000	2025 Rs.000
Interest income	7.1	288	26,905,169	22,884,998
Fee and commission income	8	289	358,421	272,909
Other operating income	9	290	2,893,449	2,440,625
Revenue			30,157,039	25,598,532

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 291.

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.	2026 Rs.000	2025 Rs.000
Interest income	7.1	288	26,905,169	22,884,998
Less: Interest expense	7.2	289	13,714,252	11,493,679
Net Interest Income			13,190,917	11,391,319

7.1 Interest income

For the year ended 31 March	Note	Page No.	2026 Rs.000	2025 Rs.000
Deposits with financial institutions			1,271,445	1,165,851
Securities purchased under resale agreements			432,528	307,277
Loans and receivables to customers	7.1.1	288	24,785,079	20,295,021
Other financial investments	7.1.2	288	416,117	1,116,849
Total interest income			26,905,169	22,884,998

7.1.1 Interest on loans and receivables to customers

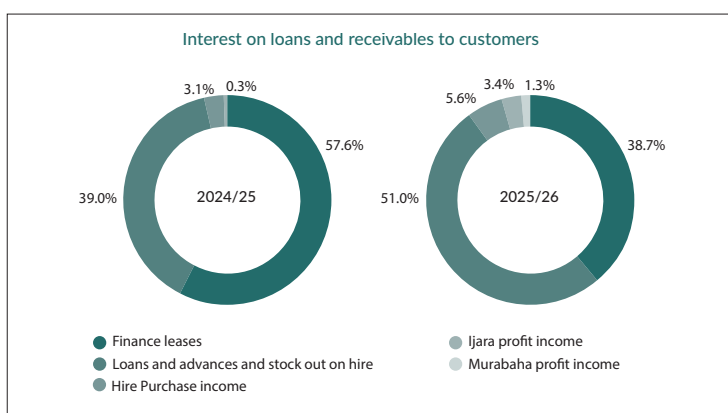
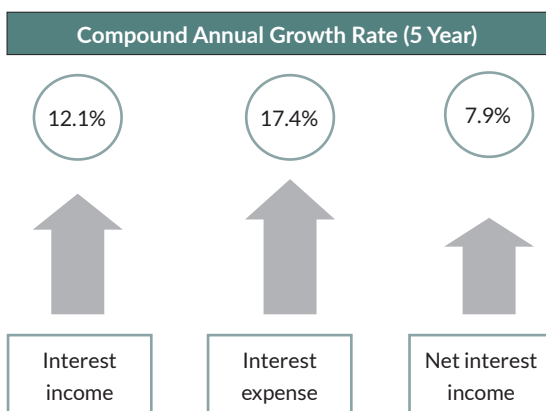
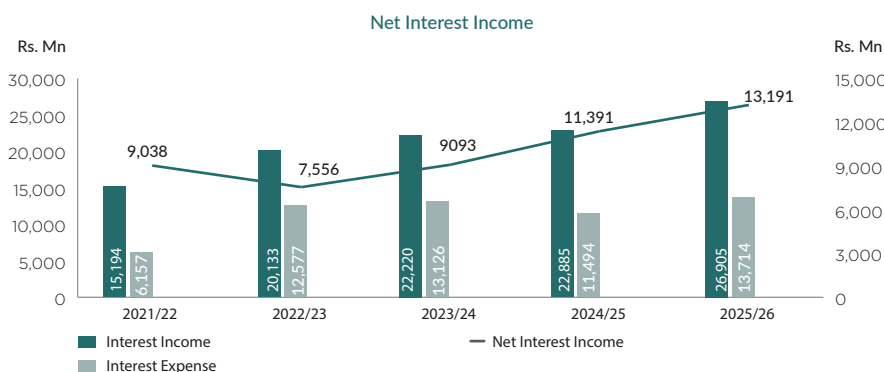
For the year ended 31 March	2026 Rs.000	2025 Rs.000
Finance Leases	9,591,515	11,695,729
Loans and advances	12,646,622	7,907,121
Hire Purchase income	1,394,308	283
Ijara profit income	841,543	625,253
Murabaha profit income	311,091	66,635
Total interest income from loans and receivables to customers	24,785,079	20,295,021

7.1.2 Interest on other financial investments

For the year ended 31 March	2026 Rs.000	2025 Rs.000
Treasury Bill investments	209,363	640,346
Treasury bond investments	69,313	-
Other investments	137,441	476,503
Total interest income from other financial investments	416,117	1,116,849

7.2 Interest Expense

For the year ended 31 March		2026	2025
	Note Page No.	Rs.000	Rs.000
Term deposits from customers		7,325,521	7,652,198
Savings deposits from customers		177,919	141,807
Mudharaba investments from customers		250,340	282,737
Debentures		-	106,157
Foreign borrowings		926,347	688,677
Other borrowings		5,034,125	2,622,103
Total interest expenses		13,714,252	11,493,679



8 Fee and commission income

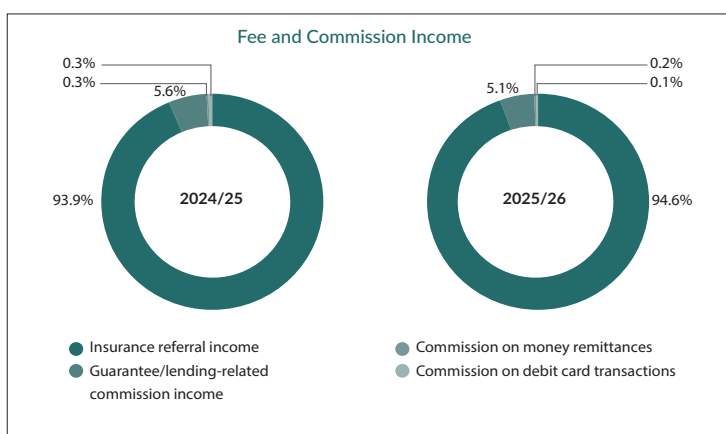
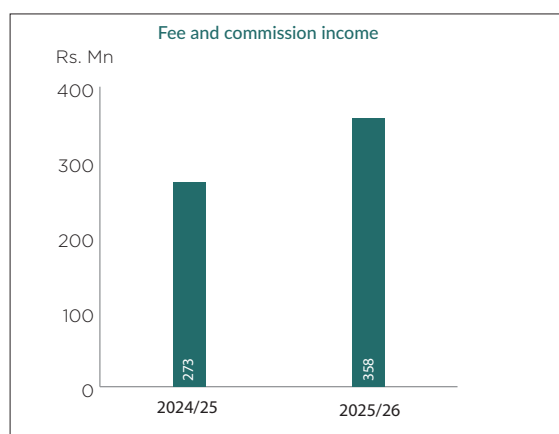
Accounting Policy

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	2026 Rs.000	2025 Rs.000
Insurance referral income	338,988	256,192
Guarantee/lending-related commission income	803	842
Commission on money remittances	470	706
Commission on debit card transactions	18,160	15,169
Total fee and commission income	358,421	272,909
Less: Fee and commission expense	-	-
Fee and commission income	358,421	272,909



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 and 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	Note	Page No.	2026 Rs.000	2025 Rs.000
Dividend income from equity investments			65,239	48,641
Other net income from trading portfolio	9.1	291	49,726	-
Profit on sale of fixed assets			38,218	9,613
Other income			405,725	537,992
Income from credit cards			206,389	226,427
Income from derecognition of financial assets			2,155,631	1,646,235
Effect of CF Hedge to the foreign currency borrowing			(15,696)	13,952
Foreign exchange income / (loss)	9.2	291	(11,783)	(42,235)
Total other operating income			2,893,449	2,440,625

9.1 Other net income from trading portfolio

For the year ended 31 March	2026 Rs.000	2025 Rs.000
Equities		
Net capital gains	233,747	-
Net mark to market loss	(184,021)	-
Total net income from trading portfolio	49,726	-

9.2 Foreign exchange gain/(loss)

For the year ended 31 March	2026 Rs.000	2025 Rs.000
Foreign exchange gain/(loss) on transactions*	26,267	5,303
Exchange gain/loss on foreign borrowings	(38,050)	(47,538)
Total foreign exchange gain/(loss)	(11,783)	(42,235)

* Foreign exchange gain/loss on transaction represent exchange differences arising from settlement of monetary items and retranslation of foreign currency denominated monetary items.

10 Impairment charges 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 because of 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			2026	2025
	Note	Page No.	Rs.000	Rs.000
Expected credit losses (ECL) on loans and receivables to customers				
Finance leases receivables			(154,360)	(1,248,844)
Hiring contracts			119,231	39,088
Loans and advances			208,501	14,540
Total Impairment charges/(reversal) on loans and receivables to customers			173,372	(1,195,216)
Other financial assets measured at amortised cost	30.1	334	53,000	-
Net deficit from disposal of leased assets			329,624	560,119
Impairment of goodwill			-	19,628
Impairment of deposits with financial institutions	22	315	380	(28,759)
Total impairment charges/(reversal) on assets			556,376	(644,228)

Refer Note 23.2 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			2026	2025
	Note	Page No.	Rs.000	Rs.000
Personnel expenses	11.1	293	3,448,599	2,739,735
Premises, equipment and establishment expenses	11.2	295	3,424,289	3,390,872
Other expenses	11.3	296	795,302	696,105
Total operating expense			7,668,190	6,826,712

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.

NOTES TO THE FINANCIAL STATEMENTS

[GRI 201-3]

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 36 on page 341. 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 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 – ½ 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 ½ 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. 13Mn arising from the above in financial statements as at 31 March 2026 (Rs.20Mn - as at 31 March 2025).

Accounting policy on share based payments plan is disclosed in the note 38.1 to these financial statements.

Personnel expenses includes the following significant items:

For the year ended 31 March			2026	2025
	Note	Page No.	Rs.000	Rs.000
Salary and bonus			2,485,646	1,922,234
Employees’ defined benefit plan service expenses	36	341	235,240	130,214
Contribution to employees’ provident fund and trust fund			251,089	210,067
Directors’ and senior management emoluments			679,056	501,895

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 26 on pages 324 to 329.

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	2026 Rs.000	2025 Rs.000
Depreciation and amortisation	657,882	560,995
Contribution to deposit insurance scheme of CBSL	130,904	119,605
Legal expense and professional charges	25,928	110,955
Regulatory fines	3,000	-
Auditor's remuneration		
Audit fees and expenses	9,600	8,690
Audit-related fees and expenses	2,100	1,785
Non-audit services	14,060	7,050

NOTES TO THE FINANCIAL STATEMENTS

11.3 Other expenses

Other expenses includes the following significant items:

For the year ended 31 March			2026	2025
	Note	Page No.	Rs.000	Rs.000
Advertising and communication			427,621	315,754
Activities on corporate social responsibility			48,520	38,806
Interest cost for lease liabilities	27.2	331	140,838	144,020

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			2026	2025
			Rs.000	Rs.000
Value added tax on financial services (VAT)			1,700,106	1,922,772
Crop insurance levy (CIL)			45,124	38,650
Social Security Contribution levy (SSCL)			230,307	210,278
Total taxes on financial services			1,975,537	2,171,700

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			2026	2025
	Note	Page No.	Rs.000	Rs.000
Current income tax expense			2,222,377	1,822,380
Under provision in respect of prior years	34.1	338	-	130,765
Deferred tax expense	35.2	340	(484,848)	(207,956)
Income tax charge for the year	13.1	297	1,737,529	1,745,189

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			2026	2025
	Note	Page No.	Rs.000	Rs.000
Accounting profit before tax			6,242,684	5,750,669
Tax expenses as per accounting profit			1,872,805	1,725,200
Adjustments				
Tax effect of capital portion of lease rentals			1,903	32,685
Income from non-taxable sources			(292,465)	(224,617)
Tax effect of disallowed expenses			977,600	507,736
Tax effect of deductible expenses and tax losses			(337,466)	(218,624)
Tax on business profit (Based on taxable profit)			2,222,377	1,822,380
Prior period under/(over) provision	34	338	-	130,765
Deferred tax expenses	35.2	340	(484,848)	(207,956)
Income tax expense			1,737,529	1,745,189

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	2026 Rs.000	2025 Rs.000
Direct taxes		
Value added tax on financial services	2,315,699	1,075,801
Crop insurance levy	45,384	39,177
Social security contribution levy	293,470	109,504
Income tax	1,920,257	1,330,234
Direct tax paid	4,574,810	2,554,716
Indirect taxes (Collected and paid)		
Value added tax	66,919	48,241
Advance income tax	794,255	594,364
Stamp duty	703,382	360,311
Advance personal income tax	320,689	237,546
Indirect taxes paid	1,885,245	1,240,462
Total taxes paid during the financial year	6,460,055	3,795,178

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.	2026	2025
Amount used as numerator:				
Net profit attributable to equity holders (Rs.)			4,505,154,837	4,005,479,698
Amount used as denominator:				
Weighted average number of ordinary shares	38	343	717,181,240	708,504,220
Basic earnings per ordinary share (Rs.)			6.28	5.65

867,702 Ordinary shares were listed during the period ended 31 March 2026, consequent to the exercising of options under employee share option schemes. (2024/25 - Nil)

The EPS figures for both current and comparative periods have been retrospectively adjusted to reflect the subdivision of shares effective 24 April 2026 in accordance with LKAS 33 / IAS 33 – Earnings Per Share.

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	2026	2025
Amount used as numerator:		
Net profit attributable to equity holders (Rs.)	4,505,154,837	4,005,479,698
Amount used as denominator:		
Average weighted average number of ordinary shares	727,652,020	727,652,020
Diluted earnings per ordinary share (Rs.)	6.19	5.50

The Diluted earnings per share figures for both current and comparative periods have been retrospectively adjusted to reflect the subdivision of shares effective 24 April 2026 in accordance with LKAS 33 / IAS 33 – Earnings Per Share.

15 Dividend Per Share (DPS)**Accounting Policy**

Provision for dividend is recognised at the time the dividend is recommended and declared by the Board of Directors and approved by the shareholders. However interim cash dividend is recognised 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	2026 Rs.000	2025 Rs.000
Final dividends for the year 2023/24	-	495,953
Interim dividends for the year 2024/25	-	354,252
Final dividends for the year 2024/25	709,108	-
Interim dividends for the year 2025/26	537,886	-
Dividend paid during the year	1,246,994	850,205

For the year ended 31 March	2026	2025
Gross dividend per share (Rs.)	1.75	1.50
Dividend payout ratio (%)	27.87	26.53

Company paid a interim dividend of Rs. 0.75 per share for its voting and non-voting shares for the year ended 31 March 2026. After subdivision of shares, the Board has proposed a final cash dividend of Rs. 1.00 per share for its voting and non-voting shares for the year ended 31 March 2026, subject to the approval of the shareholders at the AGM.

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 2026 and 31 March 2025.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

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.

As at 31 March 2026			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								
	18	311	-	-	3,350,154	-	-	3,350,154
	19	311	236,550	-	-	-	-	236,550
	20	313	830,134	-	-	-	-	830,134
	21	315	-	-	5,529,918	-	-	5,529,918
	22	315	-	-	17,461,937	-	-	17,461,937
	23	316	-	-	169,204,400	-	-	169,204,400
	24	319	-	2,361,459	2,785,713	-	-	5,147,172
			-	-	3,845,448	-	-	3,845,448
			1,066,684	2,361,459	202,177,570	-	-	205,605,713
			-	-	-	-	-	9,078,504
			1,066,684	2,361,459	202,177,570	-	-	214,684,217
Liabilities								
	31	334	-	-	-	-	77,345,550	77,345,550
	32	337	-	-	-	-	91,331,352	91,331,352
	33	338	-	-	-	-	11,112,457	11,112,457
	27	329	-	-	-	-	1,123,617	1,123,617
							1,818,081	1,818,081
			-	-	-	-	182,731,057	182,731,057
			-	-	-	-	-	3,536,331
			-	-	-	-	182,731,057	186,267,388

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	311	-	-	4,582,802	-	4,582,802	
Derivative financial assets	19	311	31,712	-	-	-	31,712	
Securities purchased under resale agreements	21	315	-	-	3,671,842	-	3,671,842	
Deposits with financial institutions	22	315	-	-	18,069,873	-	18,069,873	
Loans and receivables to customers	23	316	-	-	110,866,909	-	110,866,909	
Other investment securities	24	319	-	2,745,267	6,752,815	-	9,498,082	
Other financial assets			-	-	2,817,182	-	2,817,182	
Total financial assets			31,712	2,745,267	146,761,423	-	149,538,402	
Other non-financial assets			-	-	-	-	7,397,944	
Total assets			31,712	2,745,267	146,761,423	-	156,936,346	
Liabilities								
Due to banks and financial institutions	31	334	-	-	-	32,142,375	32,142,375	
Deposits from customers	32	337	-	-	-	86,849,204	86,849,204	
Subordinated debts	33	338	-	-	-	6,969,330	6,969,330	
Lease liabilities	27	329	-	-	-	982,001	982,001	
Other financial liabilities			-	-	-	1,295,774	1,295,774	
Total financial liabilities			-	-	-	128,238,684	128,238,684	
Other non-financial liabilities			-	-	-	-	4,761,373	
Total liabilities			-	-	-	128,238,684	133,000,057	

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.

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.

Table of contents		Note	Page No.
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	f.i. Methodology		

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 premier 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.

NOTES TO THE FINANCIAL STATEMENTS

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 assetbacked 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;
- re performance 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.

17.c Valuation summary

As at 31 March	Note	Page No.	2026 Rs.000	2025 Rs.000
Assets disclosed at fair value – Fair value hierarchy	17.d	307	6,842,514	5,724,674
Assets not disclosed at fair value –Fair value hierarchy	17.f	308	207,841,703	151,211,672
Total assets			214,684,217	156,936,346
Liabilities disclosed at fair value –Fair value hierarchy	17.d	307	-	-
Liabilities not disclosed at fair value –Fair value hierarchy	17.f	308	186,267,388	133,000,057
Total liabilities			186,267,388	133,000,057

17.d Financial instruments disclosed 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 2026	Note	Page No.	Level 1 Rs.000	Level 2 Rs.000	Level 3 Rs.000	Total Rs.000
Financial assets						
Derivative financial assets	19	311	-	236,550	-	236,550
Financial assets recognised through profit or loss	20	313	830,134	-	-	830,134
Other investment securities measured at FVOCI						
– Equity instruments – Quoted shares	24.3	321	2,323,549	-	-	2,323,549
– Equity Instruments – Unquoted Shares	24.2	320	-	-	37,786	37,786
Total financial assets disclosed at fair value			3,153,683	236,550	37,786	3,428,019
Other non-financial assets						
Property, plant and equipment – Freehold land	26	324	-	-	3,414,495	3,414,495
Total non-financial assets at fair value			-	-	3,414,495	3,414,495
Total assets at fair value			3,153,683	236,550	3,452,281	6,842,514

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	311	-	31,712	-	31,712
Other investment securities measured at FVOCI						
– Equity instruments – Quoted shares	24.3	321	2,707,357	-	-	2,707,357
– Equity Instruments – Unquoted Shares	24.2	320	-	-	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	26	324	-	-	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

NOTES TO THE FINANCIAL STATEMENTS

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 2025	2,947,695
Purchases/Additions	466,800
Balance as at 31 March 2026	3,414,495
Balance as at 1 April 2024	2,184,250
Purchases/Additions	72,384
Revaluation surplus	691,061
Balance as at 31 March 2025	2,947,695

17.e.ii Unobservable inputs used in measuring fair value

Refer Note 26.1 on page 326 for information about significant unobservable inputs used in 31 March 2026 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
2026	34,145	(34,145)
2025	29,477	(29,477)

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 26.1 on page 326.

17.f Assets and liabilities not disclosed 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:

As at 31 March 2026			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	311	3,350,154	-	-	3,350,154	3,350,154
Securities purchased under resale agreements	21	315	-	5,529,918	-	5,529,918	5,529,918
Deposits with financial institutions	22	315	-	17,461,937	-	17,461,937	17,480,801
Loans and receivables to customers	23	316	-	169,204,400	-	169,204,400	136,343,209
Other investment securities							
- Treasury bills	24	319	1,494,394	-	-	1,494,394	1,481,167
- Treasury bonds	24	319	1,191,141	-	-	1,191,141	1,177,934
- Unit trusts	24	319	-	100,178	-	100,178	100,178
Other financial assets			-	-	3,845,448	3,845,448	3,845,448
Total assets not disclosed at fair value			6,035,689	192,296,433	3,845,448	202,177,570	169,308,809

Liabilities							
Due to banks and financial institutions	31	334	-	77,345,550	-	77,345,550	77,345,550
Deposits from customers	32	337	-	91,331,352	-	91,331,352	88,622,891
Subordinated debts	33	338	-	11,112,457	-	11,112,457	11,112,457
Lease liabilities	27	329	-	1,123,617	-	1,123,617	1,123,617
Other financial liabilities			-	-	1,818,081	1,818,081	1,818,081
Total liabilities not disclosed at fair value			-	180,912,976	1,818,081	182,731,057	180,022,596

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	311	4,582,802	-	-	4,582,802	4,582,802
Securities purchased under resale agreements	21	315	-	3,671,842	-	3,671,842	3,671,842
Deposits with financial institutions	22	315	-	18,069,873	-	18,069,873	19,308,351
Loans and receivables to customers	23	316	-	110,866,909	-	110,866,909	94,445,057
Other investment securities							
- Treasury Bills	24	319	6,031,187	-	-	6,031,187	6,035,744
- Unit trusts	24	319	-	141,898	-	141,898	141,898
- Securitization	24	319	-	52,305	-	52,305	52,290
- Commercial papers	24	319	-	527,425	-	527,425	525,884
Other financial assets			-	-	2,817,182	2,817,182	2,817,182
Total assets not disclosed at fair value			10,613,989	133,330,252	2,817,182	146,761,423	131,581,050

Liabilities							
Due to banks and financial institutions	31	334	-	32,142,375	-	32,142,375	32,142,375
Deposits from customers	32	337	-	86,849,204	-	86,849,204	84,723,547
Subordinated debts	33	338	-	6,969,330	-	6,969,330	6,969,330
Lease liabilities	27	329	-	982,001	-	982,001	982,001
Other financial liabilities			-	-	1,295,774	1,295,774	1,295,774
Total liabilities not disclosed at fair value			-	126,942,910	1,295,774	128,238,684	126,113,027

NOTES TO THE FINANCIAL STATEMENTS

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.
Securities purchased under resale agreements	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. To improve the accuracy of the valuation estimate for retail and smaller commercial loans, homogeneous loans are grouped into portfolios with similar characteristics such as vintage, LTV ratios, the quality of collateral, product and borrower type, prepayment and delinquency rates and default probability.
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.
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.
Subordinated debts	Discounted cash flow techniques are used to arrive at the value of these instruments by using observable market rates as valuation inputs.

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	2026 Rs.000	2025 Rs.000
Local currency in hand	1,452,185	1,244,168
Foreign currency in bank	73,848	185,447
Demand/savings deposit balances with banks	1,824,121	3,153,187
Total cash and cash equivalents	3,350,154	4,582,802

Maturity analysis of cash and cash equivalents is given in Note 46 on page 354.

19 Derivative financial instruments

Accounting Policy

Derivative contract is a financial instrument or other contract with all three of the following characteristics.

- a) 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").
- b) 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.
- c) 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.

NOTES TO THE FINANCIAL STATEMENTS

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	2026 Rs.000	2025 Rs.000
Forward exchange contracts – Financial Assets	236,550	31,712
	236,550	31,712

Maturity analysis of derivative financial instruments is given in Note 46 on page 354.

Company has entered into forward contracts to cover the exchange rate risk exposed from the foreign borrowings obtained for the financial year 2025/26.

As at 31 March 2026

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	236,550	222,304
Hedge Item			
Foreign currency borrowings	Due to banks and financial institutions (Note: 31)	8,717,859	238,000
Impact on Income statement			
Amortization of hedge reserve			(15,696)

As at 31 March 2025

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: 31)	1,472,927	12,736
Impact on Income statement			
Amortization of hedge reserve			13,952

20 Financial assets recognised through profit or loss

Accounting Policy

This includes financial assets that are held for trading purposes. The financial assets are classified as held for trading if:

- They are acquired principally for the purpose of selling in the near term; or
- They are held as part of portfolio that is managed together for short-term profit or position taking; or
- They form part of derivative financial instruments entered into by the Company that are not financial guaranteed contracts or designated as hedging instruments in effective hedging relationships.

Financial assets held for trading are measured at fair value through profit or loss in the Statement of Financial Position. Interest and dividend income are recorded in "Interest Income" and "Net Gains/(Losses) from Trading" respectively in the Income Statement, according to the terms of the contract, or when the right to receive the payment has been established.

Financial assets held for trading include equity instruments that have been acquired principally for the purpose of selling in the near term

Further as per SLFRS 9, financial assets recognised through profit or loss includes all financial assets other than those classified under FVOCI and amortised cost.

As at 31 March	Note	Page No.	2026 Rs.000	2025 Rs.000
Quoted equity securities	20.1	314	830,134	-
Total equity investments			830,134	-

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20 Financial assets recognised through profit or loss

20.1 Quoted equity securities

As at 31 March 2026	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
Vallibel One PLC - Voting	Capital Goods	788,000	91.90	72,417	80,640	(8,223)
Lanka Ventures PLC - Voting	Capital Goods	200,639	60.00	12,038	18,586	(6,548)
Aitken Spence PLC - Voting	Capital Goods	50,000	139.00	6,950	6,548	402
Hemas Holdings PLC - Voting	Capital Goods	500,000	29.60	14,800	16,679	(1,879)
Sierra Cables PLC - Voting	Capital Goods	1,579,008	28.30	44,686	57,664	(12,978)
Cable Solutions PLC - Voting	Capital Goods	891,040	12.60	11,227	13,787	(2,560)
Lanka Walltiles PLC - Voting	Capital Goods	150,000	46.00	6,900	8,039	(1,139)
Access engineering PLC - Voting	Capital Goods	600,000	67.00	40,200	37,311	2,889
Hayleys Fabric PLC - Voting	Consumer Durable	157,808	30.50	4,813	7,500	(2,687)
Jetwing Symphony PLC - Voting	Consumer Service	800,000	15.00	12,000	14,785	(2,785)
Galadari Hotels (Lanka) PLC - Voting	Consumer Service	745,709	16.10	12,006	15,512	(3,506)
Vallibel Finance PLC - Voting	Diversified Finance	50,000	92.00	4,600	5,425	(825)
Merchant Bank of Sri Lanka & Finance PLC - Voting	Diversified Finance	1,876,057	10.80	20,261	25,641	(5,380)
Laugfs Gas PLC - Voting	Energy	1,800,000	53.90	97,020	132,005	(34,985)
Commercial Credit And Finance PLC - Voting	Finance	295,156	110.00	32,467	40,057	(7,590)
Kelani Valley Plantations PLC - Voting	Food Beverage & Tobacco	274,068	79.50	21,788	28,132	(6,344)
Renuka Foods PLC - Voting	Food Beverage & Tobacco	2,599,208	28.90	75,117	90,619	(15,502)
HVA Foods PLC - Voting	Food Beverage & Tobacco	2,869,658	7.00	20,088	19,261	827
Melstacorp PLC - Voting	Food Beverage & Tobacco	131,000	168.00	22,008	21,857	151
Singhe Hospitals PLC - Voting	Health Care Equipment	345,407	19.20	6,632	6,717	(85)
Asiri Hospital Holdings PLC - Voting	Health Care Equipment	5,375	30.70	166	168	(2)
Amana Takaful PLC - Voting	Insurance	500,000	20.40	10,200	12,640	(2,440)
CIC Holdings PLC - Non Voting	Materials	350,000	24.00	8,400	10,547	(2,147)
Swisstek (Ceylon) PLC - Voting	Materials	304,728	79.50	24,226	26,906	(2,680)
Tokyo cement company (lanka) PLC - Non Voting	Materials	350,000	72.90	25,515	30,336	(4,821)
Tokyo cement company (lanka) PLC - Voting	Materials	121,025	88.90	10,759	13,986	(3,227)
Haycarb PLC - Voting	Materials	150,000	109.50	16,425	18,312	(1,887)
Lanka Aluminium Industries PLC - Voting	Materials	100,000	40.30	4,030	5,085	(1,055)
Overseas Realty (Ceylon) PLC - Voting	Real Estate M&D	544,504	40.80	22,216	18,916	3,300
Colombo Dockyard PLC - Voting	Real Estate M&D	200,100	122.25	24,462	27,028	(2,566)
John Keels Holdings PLC - Voting	Retailing	1,350,000	18.40	24,840	31,170	(6,330)
United Motors Lanka PLC - Voting	Retailing	887,509	30.00	26,625	35,874	(9,249)
R I L Property PLC - Voting	Retailing	3,436,325	25.10	86,252	125,622	(39,370)
Sri Lanka Telecom PLC - Voting	Telecommunication	100,000	80.00	8,000	10,800	(2,800)
Total equity investments				830,134	1,014,155	(184,021)

Maturity analysis of derivative financial instruments is given in Note 46 on page 354.

21 Securities purchased under resale agreements

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, Securities purchased under resale agreements comprise repurchase agreements with banks.

Recognition

Securities purchased under resale agreements are measured initially at fair value plus transaction costs.

Measurement

Securities purchased under resale agreements 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 300.

As at 31 March	2026 Rs.000	2025 Rs.000
Securities purchased under resale agreements	5,529,918	3,671,842
Total securities purchased under resale agreements	5,529,918	3,671,842

No expected credit losses (ECL) were recognised for repurchased agreements on Government securities since those are rated as risk free investments.

Maturity analysis of Securities purchased under resale agreements is given in Note 46 on page 354.

22 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 300.

As at 31 March	2026 Rs.000	2025 Rs.000
Term deposits with financial institutions	17,462,317	18,069,873
Less: Allowance for expected credit losses	(380)	-
Total deposits with financial institutions	17,461,937	18,069,873

Maturity analysis of deposits with financial institutions is given in Note 46 on page 354.

NOTES TO THE FINANCIAL STATEMENTS

23 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 300.

As at 31 March	Note	Page No.	2026 Rs.000	2025 Rs.000
Gross loans and receivables to customers	23.1	316	173,128,611	114,617,748
Less: Allowance for impairment and other credit losses	23.1	316	(3,924,211)	(3,750,839)
Net loans and receivables to customers			169,204,400	110,866,909

Maturity analysis of loans and receivables from customers is given in Note 46 on page 354 and pre terminations may cause actual maturities differ from contractual maturities.

23.1 Analysis

Product-wise analysis

As at 31 March	Note	Page No.	2026 Rs.000	2025 Rs.000
Loans and advances to customers	23.1.1	317	99,900,364	52,678,864
Finance lease receivables	23.1.2	317	49,677,356	61,869,715
Hiring contracts	23.1.3	317	23,550,891	69,169
Gross loans and receivables to customers			173,128,611	114,617,748
Less: Allowance for impairment and other credit losses	23.2	317	(3,924,211)	(3,750,839)
Net loans and advances to customers			169,204,400	110,866,909

Further analysis on loans and receivables to customers is given in Note 48 on page 358 (Financial Risk Management).

23.1.1 Loans and advances to customers

As at 31 March	2026 Rs.000	2025 Rs.000
Short-term loans	4,165,484	3,325,254
Term and vehicle loans	55,984,312	24,100,660
Staff loans	875,182	621,483
Gold-related lending	36,401,339	22,562,301
Credit card	2,474,047	2,069,166
Gross loans and advances to customers	99,900,364	52,678,864
Less: Allowance for impairment and other credit losses	(1,387,934)	(1,179,433)
Net loans and advances to customers	98,512,430	51,499,431

23.1.2 Finance lease receivable

As at 31 March	2026 Rs.000	2025 Rs.000
Gross investment in finance leases		
Receivable within one year	26,983,193	31,027,586
Receivable after one year before five years	35,198,478	48,896,696
Receivable after five years	907,562	3,952
Total finance lease receivables	63,089,233	79,928,234
Unearned finance income	(13,411,877)	(18,058,519)
Gross finance lease receivables	49,677,356	61,869,715
Less: Allowance for impairment and other credit losses	(2,352,261)	(2,506,621)
Net finance lease receivables	47,325,095	59,363,094

23.1.3 Hiring contracts

As at 31 March	2026 Rs.000	2025 Rs.000
Gross investment in hiring contracts	23,550,891	69,169
Less: Allowance for impairment and other credit losses	(184,016)	(64,785)
Net investment in hiring contracts	23,366,875	4,384

23.2 Allowance for impairment and other credit losses

Provision for Expected Credit Losses (ECL) as per SLFRS 9 – "Financial instruments"

As at 31 March 2026	Loans and advances Rs.000	Finance lease Rs.000	Hiring contracts Rs.000	Total Rs.000
Balance as at the beginning of the year	1,179,433	2,506,621	64,785	3,750,839
Charge/(Reversal) for the year	208,501	(154,360)	119,231	173,372
Balance as at the end of the year	1,387,934	2,352,261	184,016	3,924,211

NOTES TO THE FINANCIAL STATEMENTS

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

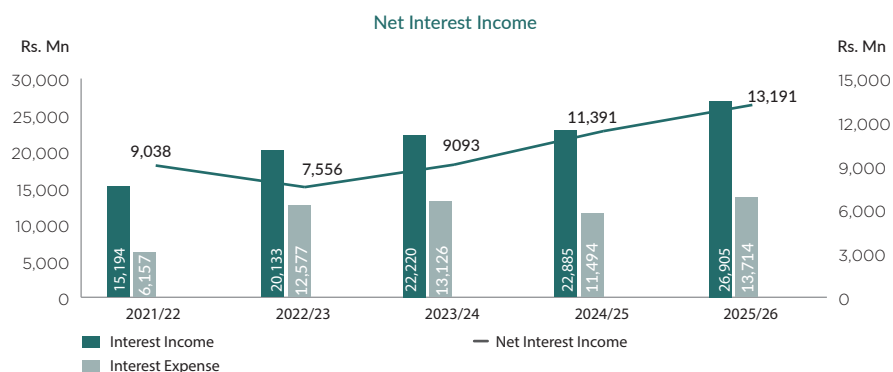
Refer Note 48.A.I for more details on inputs, assumptions and techniques used for estimating ECL.

ECL stage wise provision movement

As at 31 March 2026	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	347,106	258,221	3,145,512	3,750,839
Changes due to loans and receivables recognised in opening balance that have				
Transferred from 12 months ECL	(282,999)	38,539	244,460	-
Transferred from lifetime ECL not credit-impaired	64,115	(98,069)	33,954	-
Transferred from lifetime ECL creditimpaired	94,855	42,798	(137,653)	-
Net remeasurement of loss allowance	139,316	10,792	23,264	173,372
Balance as at the end of the year	362,393	252,281	3,309,537	3,924,211

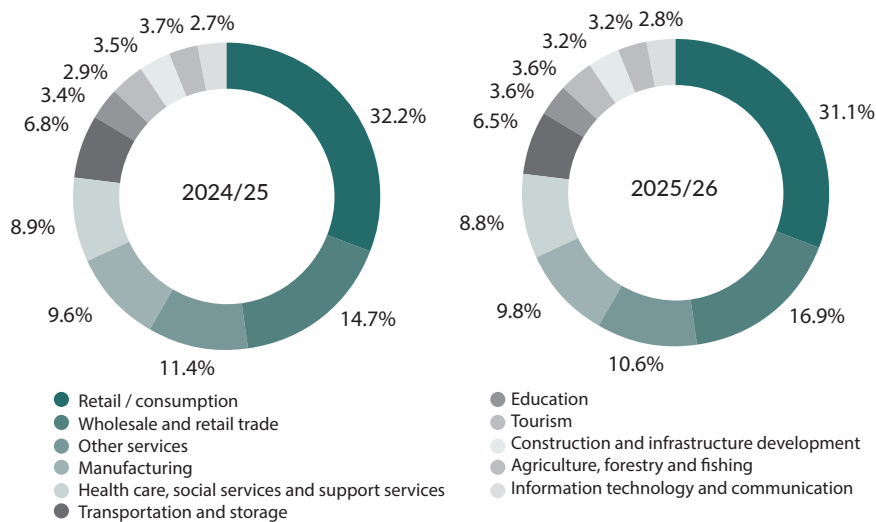
As at 31 March 2025	Stage 1: 12 months ECL Rs.000	Stage 2: lifetime ECL not credit impaired Rs.000	Stage 3: lifetime ECL credit impaired Rs.000	Total ECL Rs.000
Balance as at the beginning of the year	1,169,788	607,947	3,168,320	4,946,055
Changes due to loans and receivables recognised in opening balance 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 creditimpaired	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

23.3 Allowance for impairment against loan portfolio



23.4 Analysis of loans and receivables to customers

Sector Concentration



24 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.

No impairment loss is recognised on equity investments classified quoted under FVOCI.

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March	Note	Page No.	2026 Rs.000	2025 Rs.000
Debt investments measured at amortised cost	24.1	320	2,785,713	6,752,815
Unquoted equity investments measured at FVOCI	24.2	320	37,910	37,910
Quoted equity investments measured at FVOCI	24.3	321	2,323,549	2,707,357
Total other investment securities			5,147,172	9,498,082

Maturity analysis of other investment securities is given in Note 47.

24.1 Debt investments measured at amortised cost

As at 31 March	2026 Rs.000	2025 Rs.000
Treasury Bills	1,494,394	6,031,187
Treasury Bonds	1,191,141	-
Unit trusts	100,178	141,898
Securitization	-	52,305
Commercial Paper	-	527,425
Debt investments measured at amortised cost	2,785,713	6,752,815

24.2 Unquoted equity investments measured as at FVOCI

As at 31 March 2026	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	3,778,618	37,786	37,786	37,786	37,786
Total unquoted equity investments		62,575	62,575	37,910	37,910

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	3,778,618	37,786	37,786	37,786	37,786
Total unquoted equity investments		62,575	62,575	37,910	37,910

*These unquoted investments were fully impaired

24.3 Quoted equity investments measured as at FVOCI

As at 31 March 2026	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
Teejay Lanka PLC	Consumer Durables	628,989	28.00	17,612	34,536	(16,924)
Aitken Spence PLC - Voting	Diversified Holdings	404,276	139.00	56,194	56,637	(443)
Ceylinco Holdings PLC - Voting	Insurance	682,464	3,296.50	2,249,743	1,355,988	893,755
Total equity investments				2,323,549	1,447,161	876,388

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	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	Retailing	2,100,000	20.20	42,420	48,204	(5,784)
Aitken Spence PLC - Voting	Capital Goods	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

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 loss amounted to Rs. 97 Mn from the disposal of investments has been transferred to retain earnings as disclosed in the changes in equity. Refer note No.39.3.

NOTES TO THE FINANCIAL STATEMENTS

25 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.

As at 31 March	2026			2025		
	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	495,090	70,910	566,000	464,090	70,910	535,000
Additions during the year	-	-	-	31,000	-	31,000
Transfer during the year	(464,090)	(70,910)	(535,000)	-	-	-
Balance as at the end of the year	31,000	-	31,000	495,090	70,910	566,000
Accumulated depreciation						
Balance as at the beginning of the year	-	7,909	7,909	-	-	-
Charged during the year	-	-	-	-	7,909	7,909
Transfer 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	31,000	-	31,000	495,090	63,001	558,091

In the financial year 2025 the Company acquired property situated at Kandy Road, Nittambuwa.

Additionally, the Company had previously acquired an investment property situated at No. 79/81, Colombo Street, Kandy, during the financial year 2023. In the financial year 2026, this property was reclassified from investment property to property, plant, and equipment (PPE), in line with management's intention to utilize the asset for operational purposes. Given its proximity to the heritage area of Kandy and its commercial potential, the property is expected to support the Company's long-term strategic objectives.

25.1 Information on investment properties

Location	Land Extent	Number of Building	Building Area	Cost	Fair value 2026	Fair value 2025
	Perch		Sqft.	Rs.000	Rs.000	Rs.000
No. 79/81, Colombo Street, Kandy	17.56	1	8,580	535,000	-	540,000
Kandy Road, Nittambuwa	12.12	-	-	31,000	30,960	30,960

25.2 Information on Investment Properties – Valuations

The Company engages an independent professional valuer to perform the revaluation of its investment property, with such valuations being carried out once every three years.

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	Range of Estimates for Unobservable Inputs	Fair Value of the Investment Property Rs.000
A. R. Ajith Fernando Kandy Road, Nittambuwa.	Profit method DRD method Prince per perch	Rs. 3,000,000 per perch	31,000

25.3 Valuation Techniques and Sensitivity of the Fair Value Measurement of the Investment Property

Valuation Technique	Significant Unobservable Valuation Inputs	Sensitivity of the fair value Measurement to Inputs
<p>Profit method</p> <p>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.</p>	Price per Perch for Land	Estimated fair value would increase/ (decrease) if; Price per Perch for Land would increase/ (decrease)
<p>DRC method</p> <p>This method reflects the amount that would be required currently to replace the service capacity of the asset.</p>		

There were no restrictions on the realisability of investment property as at the reporting date.

There were no income recognised in the statement of profit or loss during the year.

NOTES TO THE FINANCIAL STATEMENTS

26 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.

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 free hold land as at 31 March 2025. Method and significant assumptions including unobservable market inputs employed in estimating fair value is given in Note 26.1.

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 2025	2,947,695	833,857	1,381,451	728,457	413,568	834,560	58,003	7,197,591
Additions/transfers during the year	466,800	43,200	221,639	103,284	75,151	540,800	281,490	1,732,364
Disposal during the year	-	-	-	-	-	(123,473)	-	(123,473)
Balance as at 31 March 2026	3,414,495	877,057	1,603,090	831,741	488,719	1,251,887	339,493	8,806,482
Accumulated depreciation								
Balance as at 1 April 2025	-	177,717	1,047,337	674,564	294,243	346,053	-	2,539,914
Charged during the year	-	20,847	123,182	32,420	40,685	181,239	-	398,373
Disposal during the year	-	-	-	-	-	(94,151)	-	(94,151)
Balance as at 31 March 2026	-	198,564	1,170,519	706,984	334,928	433,141	-	2,844,136
Carrying value								
Balance as at 31 March 2026	3,414,495	678,493	432,571	124,757	153,791	818,746	339,493	5,962,346

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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 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

Maturity Analysis of property, plant and equipment given in Note 46 on page 354.

26.1 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 2026	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
Land - No. 79/81, Colombo Street, Kandy.	17.56	31-Mar-26	31-Mar-26	466,800
				3,414,495

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. 1,100,000/- to Rs. 1,300,000/- per perch.	Estimated fair value would increase if the market value of the per perch land value increases.
Land - 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 range 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 range 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.
Land - No. 79/81, Colombo Street, Kandy.			
G H A P K Fernando (FRICS, IRRV, FIV), Chartered Valuation Surveyor, BSc Estate Management & Valuation (Sp) USJ	Market Comparable Method *	The reference range of value for the properties in the area range from Rs. 30,000,000/- to Rs. 37,500,000/- 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.

26.2 Cost of the revalued properties

Property as at 31 March 2026	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
Land - No. 79/81, Colombo Street, Kandy.	466,800
Total cost of the revalued properties	1,640,583

Above table includes the original cost of the properties which carries at revalued amounts as at 31 March 2026.

26.3 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.

26.4 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.

26.5 Fully depreciated property, plant and equipment

The Company is having Rs. 2,136 Mn. fully depreciated assets available within the Company as at the reporting date. (2025 - 1,855 Mn)

26.6 Temporary idle property, plant and equipment

There were no any temporary idle property, plant and equipment as at the reporting date.

26.7 Property, plant and equipment retired from active use

There were no property plant and equipment retired from active use as at the reporting date.

26.8 Borrowing cost

There were no capitalised borrowing cost related to the acquisition of property, plant and equipment during the year.

26.9 Number of buildings in lands held by the Company

There are six 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
- Land - No. 79/81, Colombo Street, Kandy.

25.10 Property, plant and equipment pledged as securities

There were no any properties pledge as a security as at 31 March 2026.

27 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.

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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.

27.1 Right-of-use assets movement during the year

As at 31 March	2026 Rs.000	2025 Rs.000
Cost		
Balance as at the beginning of the year	1,999,017	1,761,652
Additions and improvements during the year	414,157	237,790
Disposals during the year	(58,704)	(425)
Balance as at the end of the year	2,354,470	1,999,017
Rent paid in advance	27,210	31,165
Total	2,381,680	2,030,182
Accumulated depreciation		
Balance as at the beginning of the year	1,074,341	880,911
Charge during the year	186,887	193,430
Balance as at the end of the year	1,261,228	1,074,341
Carrying value		
Total Right-of-use assets	1,120,452	955,841

27.2 Lease liabilities movement during the year

As at 31 March	Note	Page No.	2026 Rs.000	2025 Rs.000
Balance as at 1 April			982,001	912,177
Additions and improvements during the year			328,315	185,043
Disposals during the year			(58,704)	(262)
Accretion of interest during the year			140,838	144,020
Payments during the year	27.4	331	(268,833)	(258,977)
Balance as at 31 March			1,123,617	982,001

27.3 Amounts recognised in profit or loss

For the year ended 31 March	2026 Rs.000	2025 Rs.000
Depreciation of Right-of-use assets	186,887	193,430
Interest on lease liabilities	140,838	144,020
Total cost recognised in profit or loss	327,725	337,450

27.4 Amounts recognised in statement of cash flows

For the year ended 31 March	2026 Rs.000	2025 Rs.000
Total cash outflow for leases	(268,833)	(258,977)

27.5 Maturity analysis – Contractual undiscounted cash flows

As at 31 March	2026 Rs.000	2025 Rs.000
Less than one year	289,922	259,177
Between one and five years	953,654	873,962
More than five years	578,364	438,555
Total undiscounted cash flows	1,821,940	1,571,694

NOTES TO THE FINANCIAL STATEMENTS

28 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	2026 Rs.000	2025 Rs.000
Cost		
Balance as at the beginning of the year	651,160	568,406
Additions and improvements during the year	160,455	82,754
Balance as at the end of the year	811,615	651,160
Accumulated depreciation		
Balance as at the beginning of the year	317,690	259,853
Charge during the year	66,349	57,837
Balance as at the end of the year	384,039	317,690
Carrying value		
Balance as at the end of the year	427,576	333,470

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. 161 Mn. fully depreciated assets available within the Company as at the reporting date. (2024/25 - 122 Mn)

Maturity analysis of intangible assets is given in Note 46 on page 354.

29 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 cashgenerating 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.

As at 31 March	Note	Page No.	2026 Rs.000	2025 Rs.000
Balance as at the beginning of the year			-	19,628
Impairment charge during the year	29.1	333	-	(19,628)
Balance as at the end of the year			-	-

29.1 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 charge of Rs. 20 Mn recognised during 2024/25 as a result the recoverable amount has been reduced to zero.

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30 Other assets

Accounting Policy

Other assets mainly comprise insurance premium receivable, insurance commission receivable, advance payments and Unamortised cost on staff loans.

As at 31 March	Note	Page No.	2026 Rs.000	2025 Rs.000
Insurance premium and capitalised charges receivable			3,239,835	2,605,496
Insurance referral income receivable			88,158	58,950
Unamortised cost on staff loans			349,875	197,028
Advances for services & suppliers			667,689	360,012
Advances, prepayments and other receivables			888,964	712,124
Gross other assets			5,234,521	3,933,610
Less : Allowance for impairment	30.1	334	(276,563)	(223,563)
Net other assets			4,957,958	3,710,047

Maturity analysis of other assets is given in Note 46 on page 354.

30.1 Allowance for impairment

As at 31 March	2026 Rs.000	2025 Rs.000
Balance as at the beginning of the year	223,563	223,563
Provision for impairment	53,000	-
Balance as at the end of the year	276,563	223,563

31 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.	2026 Rs.000	2025 Rs.000
Due to banks	31.1	335	56,909,106	21,128,075
Due to foreign institutional lenders	31.2	336	19,032,687	9,862,545
Securitisation	31.3	336	-	805,269
Bank Overdraft			1,403,757	346,486
Total			77,345,550	32,142,375

Maturity analysis of other interest – bearing borrowings is given in Note 46 on page 354.

31.1 Due to banks

As at 31 March	Loan obtained Rs.000	2026 Rs.000	2025 Rs.000
Cargills Bank Limited - Term Loan	500,000	219,073	344,157
Commercial Bank - Term Loan 1	1,500,000	969,128	1,343,598
Commercial Bank - Term Loan 2	2,500,000	2,136,358	-
Commercial Bank - Short Term Loan 1	500,000	502,690	-
Commercial Bank - Short Term Loan 2	500,000	500,877	-
DFCC Bank PLC - Term Loan 1	750,000	62,474	212,377
DFCC Bank PLC - Term Loan 2	2,000,000	1,214,702	-
DFCC Bank PLC - Short Term Loan	200,000	-	200,838
Hatton National Bank PLC - Term Loan 2	1,500,000	-	156,789
Hatton National Bank PLC - Term Loan 3	1,449,988	-	1,455,990
Hatton National Bank PLC - Term Loan 4	1,000,000	625,601	875,968
Hatton National Bank PLC - Term Loan 5	2,000,000	1,749,925	-
Hatton National Bank PLC - Term Loan 6	4,000,000	4,015,659	-
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
Hatton National Bank PLC - Short Term Loan 4	1,000,000	1,005,123	-
Hatton National Bank PLC - Short Term Loan 5	1,000,000	1,006,660	-
Hatton National Bank PLC - Short Term Loan 6	1,000,000	1,006,660	-
Hatton National Bank PLC - Short Term Loan 7	500,000	502,092	-
Hatton National Bank PLC - Short Term Loan 8	250,000	250,492	-
National Development Bank - Term Loan 1	4,000,000	3,668,818	-
National Development Bank - Short Term Loan 1	1,000,000	1,000,276	-
Nations Trust Bank PLC - Term Loan 1	1,000,000	-	476,598
Nations Trust Bank PLC - Term Loan 2	9,600,000	6,542,328	7,917,473
Nations Trust Bank PLC - Term Loan 3	2,000,000	1,330,436	1,995,237
Nations Trust Bank PLC - Term Loan 4	2,500,000	2,163,367	-
Nations Trust Bank PLC - Term Loan 5	1,000,000	862,785	-
Nations Trust Bank PLC - Term Loan 6	1,500,000	1,290,336	-
Nations Trust Bank PLC - Short Term Loan 1	200,000	-	200,843
Nations Trust Bank PLC - Short Term Loan 2	500,000	500,651	-
Nations Trust Bank PLC - Short Term Loan 3	200,000	200,260	-
Pan Asia Bank PLC - Term Loan 1	1,000,000	812,961	-
Pan Asia Bank PLC - Term Loan 2	2,565,000	2,290,056	-
Peoples Bank - Term Loan 1	10,000,000	8,349,650	-
Seylan Bank PLC - Term Loan 1	1,500,000	140,313	281,188
Seylan Bank PLC - Term Loan 2	1,500,000	1,225,407	-
Seylan Bank PLC - Term Loan 3	5,000,000	4,252,328	-
Seylan Bank PLC - Term Loan 4	3,000,000	3,020,173	-
Seylan Bank PLC - Term Loan 5	2,000,000	2,013,561	-
Seylan Bank PLC - Short Term Loan 1	200,000	-	200,678
Seylan Bank PLC - Short Term Loan 2	250,000	-	251,243
Seylan Bank PLC - Short Term Loan 3	1,000,000	1,003,837	-
Union Bank of Colombo PLC - Term Loan 1	1,000,000	474,049	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		56,909,106	21,128,075

Details of the assets pledged as security for liabilities are disclosed in Note 48.B.IV (Page 378) to these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

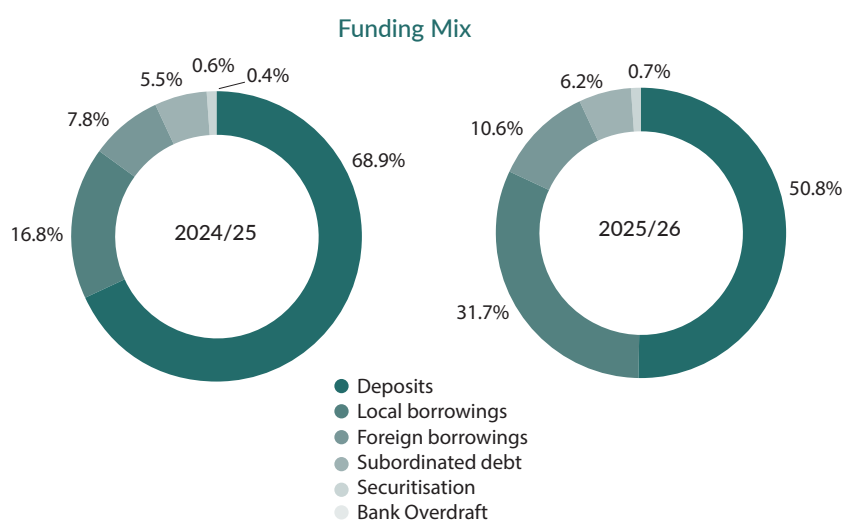
31.2 Due to foreign institutional lenders

As at 31 March	Loan obtained Rs.000	2026 Rs.000	2025 Rs.000
U.S. International Development Finance Corporation (DFC)	9,600,000	7,376,906	8,389,618
Micro, Small & Medium Enterprises Bonds S.A	1,468,000	1,570,683	1,472,927
ResponsA'bility and Sub Funds	2,700,000	2,937,922	-
Global Climate Partnership Fund S.A	2,320,500	2,389,396	-
Enabling Qapital Luxembourg SA	3,094,000	3,182,128	-
Global Gender Smart Fund S. A	1,546,250	1,575,652	-
Total due to banks		19,032,687	9,862,545

31.3 Securitisation

As at 31 March	Face value Rs.000	Maximum period (Months)	Trustee	2026 Rs.000	2025 Rs.000	Security
SEC 01	1,241,084	24	NDB	-	542,282	Mortgage over lease and hire purchase receivables
SEC 02	535,000	24	NDB	-	262,987	Mortgage over lease and hire purchase receivables
SEC 03	465,000	24	NDB	-	-	Mortgage over lease and hire purchase receivables
	2,241,084			-	805,269	

31.4 Analysis of interest-bearing funding mix



31.5 Movement of Due to banks and financial institutions

As at 31 March	2026 Rs.000	2025 Rs.000
Balance as at 1 April	31,795,889	27,655,805
Amount borrowed during the year	87,875,750	24,317,988
Interest expenses during the year	5,960,472	2,949,226
Repayments during the year	(49,690,318)	(23,127,130)
Sub total	75,941,793	31,795,889
Bank overdraft	1,403,757	346,486
Balance as at 31 March	77,345,550	32,142,375

32 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	2026 Rs.000	2025 Rs.000
Term deposits	84,152,576	80,177,629
Savings deposits	4,651,567	3,886,196
Mudharabah	2,527,209	2,785,379
Total deposits from customers	91,331,352	86,849,204

Maturity analysis of deposits from customers is given in Note 46 on page 354 and pre termination 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

- a. Deposit liabilities to member institutions
- b. Deposit liabilities to the Government of Sri Lanka inclusive of Ministries, Departments and Local Governments.
- c. 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.
- d. Deposit liabilities held as collateral against any accommodation granted.
- e. 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.

NOTES TO THE FINANCIAL STATEMENTS

33 Subordinated debts

Accounting Policy

Subordinated debts include Subordinated debts obtained 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.	2026 Rs.000	2025 Rs.000
Subordinated debts	33.1	338	11,112,457	6,969,330
Total Subordinated debts			11,112,457	6,969,330

Subordinated debts 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 debts instrument was issued in March 2021 with a maturity period of five years. During the year 2025, the Subordinated debts 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 2026. (2024/25 – Nil)

Maturity analysis of subordinated debts is given in Note 46 on page 354.

33.1 Movement of Subordinated debts

As at 31 March	2026 Rs.000	2025 Rs.000
Balance as at 1 April	6,969,330	2,788,338
Amount borrowed during the year	5,500,000	5,000,000
Interest expenses during the year	987,667	464,058
Repayments during the year	(2,344,540)	(1,283,066)
Balance as at 31 March	11,112,457	6,969,330

34 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 296 for more details on income tax expense.

The Company is subject to income taxes .

As at 31 March	Note	Page No.	2026 Rs.000	2025 Rs.000
Balance as at the beginning of the year			1,466,376	879,181
Current tax for the year	13.1	297	2,222,377	1,822,380
Under provision in respect of prior periods	13.1	297	-	130,765
Advance income tax setoff in respect of prior years			(38,844)	(35,716)
Self-assessment payment of tax			(1,920,257)	(1,330,234)
Balance as at the end of the year			1,729,652	1,466,376

Maturity analysis of current tax liabilities is given in Note 46 on page 354.

35 Net deferred tax assets/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.	2026 Rs.000	2025 Rs.000
Deferred tax liabilities			759,150	752,545
Deferred tax assets			(930,962)	(187,274)
Total net deferred tax liabilities/(Assets)	35.1	340	(171,812)	565,271

Maturity analysis of deferred tax asset and liabilities are given in Note 46 on page 354.

NOTES TO THE FINANCIAL STATEMENTS

35.1 Summary of net deferred tax liability

As at 31 March	2026		2025	
	Temporary difference	Tax effect	Temporary difference	Tax effect
Assumption	Rs.000	Rs.000	Rs.000	Rs.000
Deferred tax liabilities on:				
Accelerated depreciation for tax purposes – owned assets	756,586	226,976	710,468	213,140
Accelerated depreciation for tax purposes – leased assets	-	-	6,344	1,903
Deferred tax on revaluation surplus	1,773,912	532,174	1,773,912	532,174
Hedge reserve	-	-	17,760	5,328
Deferred tax liabilities	2,530,498	759,150	2,508,484	752,545
Deferred tax assets on:				
Right-of-Use Assets	(3,165)	(950)	(26,160)	(7,848)
Hedge reserve	(5,328)	(1,598)	-	-
Retirement benefit obligation	(2,426,304)	(727,891)	-	-
Expected credit losses on loans and receivables from customers	(668,411)	(200,523)	(598,088)	(179,426)
Deferred tax assets	(3,103,208)	(930,962)	(624,248)	(187,274)
Net deferred tax liabilities/(Assets)	(572,710)	(171,812)	1,884,236	565,271

35.2 Movement of net deferred tax liability

As at 31 March	2026			2025		
	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	565,271	-	-	560,581	-	-
Changes in net liability:						
Accelerated depreciation for tax purposes – Owned assets	13,950	13,950	-	12,861	12,861	-
Accelerated depreciation for tax purposes – Leased assets	(1,903)	(1,903)	-	(32,685)	(32,685)	-
Right of Use Assets	6,898	6,898	-	1,583	1,583	-
Expected credit losses on loans and receivables from customers	(21,097)	(21,097)	-	(189,715)	(189,715)	-
Change in deferred tax on revaluation due to rate change	-	-	-	207,318	-	207,318
Retirement benefit obligation	(727,891)	(482,696)	(245,195)	-	-	-
Change in derivative financial assets	(7,040)	-	(7,040)	5,328	-	5,328
Total effect on total comprehensive income	(737,083)	(484,848)	(252,235)	4,690	(207,956)	212,646
Net deferred tax liability as at 31 March	(171,812)			565,271		

36 Net 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 employee retirement benefit fund that is legally separate from the reporting entity and exists solely to pay or fund employee retirement benefits.

Refer Note 11.1 on page 293 for Company's policy on retirement benefit obligation/ asset.

As at 31 March 2026	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	2,073,217	1,519,327	553,890
Recognised in profit or loss			
Current service cost	174,312	-	174,312
Interest cost/Income	228,054	167,126	60,928
	402,366	167,126	235,240
Recognised in other comprehensive income			
Actuarial (gain)/loss	17,479	559,417	(541,938)
	17,479	559,417	(541,938)
Others			
Contributions made during the year	-	500,000	(500,000)
Benefits paid by the plan asset	(66,758)	(66,758)	-
	(66,758)	433,242	(500,000)
Balance as at the end of the year	2,426,304	2,679,112	(252,808)

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

Maturity analysis of retirement benefit obligation is given in Note 46 on page 354.

NOTES TO THE FINANCIAL STATEMENTS

36.1 Plan assets

Plan assets comprise the followings and all equity investments are quoted:

As at 31 March	2026 Rs.000	2025 Rs.000
Cash and cash equivalents	43,556	14,803
Quoted equity securities	1,899,021	989,205
Term deposits	479,198	259,954
Net other financial assets	257,337	255,365
Net assets available for benefit	2,679,112	1,519,327

36.2 Actuarial valuation

An actuarial valuation of the retirement benefit obligation was carried out as at 31 March 2026 and 31 March 2025 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	Description	2026	2025
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	18.00%	14.00%
Normal retirement age	Age which employee is normally retired	60 years	60 years
Duration	Weighted Average duration of Defined Benefit Obligation	4.7 Years	6.2 Years
Financial assumptions			
Discount rate	Determined based on the long-term Government Bond rate and expected inflation in long-term	10.00%	11.00%
Future salary growth	Normal annual salary increment rate per employee was considered	10.00%	12.00%

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		2026		2025	
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	2,326,835	(99,469)	1,961,724	(111,493)
	1% decrease	2,534,768	108,464	2,197,259	124,042
Future salary growth	1% increase	2,543,933	117,629	2,203,895	130,678
	1% decrease	2,316,567	(109,737)	1,953,683	(119,534)

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	2026	2025
	Rs.000	Rs.000
Within next year	257,726	169,321
Between 2 and 5 years	1,578,147	1,153,243
Beyond 5 years	590,432	750,653
Total benefits	2,426,305	2,073,217

37 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. The Company is subject to other taxes including VAT on financial services.

As at 31 March	2026	2025
	Rs.000	Rs.000
Accrued expenses	207,831	150,799
Supplier payable	1,099,059	833,525
Insurance premium payable	511,191	311,450
Rentals received in advance from loans and advances to customers	710,589	474,183
VAT on financial services	648,469	1,264,062
Withholding tax payable	64,668	32,390
Other taxes on financial services	187,124	188,112
Other liabilities	195,829	217,089
Total other liabilities	3,624,760	3,471,610

38 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	2026		2025	
	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	70,850,422	2,550,492
Issued during the year				
Exercise of share options – Voting	867,702	193,073	-	-
Balance as at the end of the year	71,718,124	2,743,565	70,850,422	2,550,492
Composition of number of shares				
Voting	61,374,456	2,268,734	60,506,754	2,075,661
Non-voting	10,343,668	474,831	10,343,668	474,831
Total stated capital	71,718,124	2,743,565	70,850,422	2,550,492

Subdivision of Shares Subsequent to the Reporting Date

Subsequent to the reporting date, the shareholders of the Company at the Extraordinary General Meeting held on 22 April 2026 approved the subdivision of the ordinary shares of the Company on the basis of one (1) existing ordinary share into ten (10) ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March	2026		2025	
	Number of shares	Value Rs.000	Number of shares	Value Rs.000
Composition of number of shares after sub-division				
Voting	613,744,560	2,268,734	605,067,540	2,075,661
Non-voting	103,436,680	474,831	103,436,680	474,831
Total stated capital	717,181,240	2,743,565	708,504,220	2,550,492

The subdivision of shares did not result in any change to the stated capital of the Company.

The subdivision has been treated as a non-adjusting event after the reporting period in accordance with LKAS 10 – Events after the Reporting Period.

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 final cash dividend of Rs. 1.00 per share for its voting and non-voting shares for the year ended 31 March 2025.

The Company has paid a interim cash dividend of Rs. 0.75 per share for its voting and non-voting shares for the year ended 31 March 2026

The board has proposed a final dividend of Rs. 1.00 per share for its voting and non-voting share holders for the Financial Year ended 31 March 2026, subject to approval of shareholders in the AGM.

38.1 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	September 1, 2021	September 1, 2022	September 1, 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	September 1, 2021	September 1, 2022	September 1, 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

Description of the valuation input as at grant date	Tranche 1		Tranche 2		Tranche 3	
	2026	2025	2026	2025	2026	2025
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Exercisable at the beginning of the year	-	18,114	799,372	799,372	1,097,293	1,097,293
Exercisable during the year	-	-	-	-	-	-
Exercised during the year	-	-	749,918	-	117,784	-
Expired during the year	-	(18,114)	(49,454)	-	-	-
Exercisable at the end of the year	-	-	-	799,372	979,509	1,097,293

867,702 Ordinary shares were listed during the March 2026, consequent to the exercising of options under employee share option schemes. There were no shares listed during the year ended 31 March 2025.

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39 Reserves

As at 31 March	Note	Page No.	2026 Rs.000	2025 Rs.000
Share option reserve	39.1	346	17,950	26,584
Revaluation reserve	39.2	346	1,245,149	1,245,149
Fair value reserve	39.3	347	876,387	518,755
Hedge reserve	39.4	347	1,598	12,432
Statutory reserve fund	39.5	347	3,673,410	3,448,149
Regulatory Loss allowance reserve	39.6	348	1,178,504	2,101,733
Total reserves			6,992,998	7,352,802

39.1 Share option reserve

The share option 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	2026 Rs.000	2025 Rs.000
Balance as at the beginning of the year	26,584	7,552
Employee share options exercised during the year	(20,703)	-
Transferred to the reserve during the year	13,263	19,707
Transfer of cost of expired ESOP shares	(1,194)	(675)
Balance as at the end of the year	17,950	26,584

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. 13 Mn arising from the above in the year ended 31 March 2026 (31 March 2025 - Rs.20 Mn).

39.2 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	2026 Rs.000	2025 Rs.000
Balance as at the beginning of the year	1,245,149	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	1,245,149

39.3 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	2026 Rs.000	2025 Rs.000
Balance as at the beginning of the year	518,755	20,554
Change in fair value during the year	260,447	624,551
Deferred tax on Financial investments at FVOCI	-	-
Net transfers during the year	97,185	(126,350)
Balance as at the end of the year	876,387	518,755

39.4 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	2026 Rs.000	2025 Rs.000
Balance as at the beginning of the year	12,432	-
Fair value changes in hedge reserve	(12,432)	17,760
Deferred tax effect on Hedge Reserve	1,598	(5,328)
Balance as at the end of the year	1,598	12,432

39.5 Statutory reserve fund

Statutory reserve fund is maintained by the Company in order to meet the legal requirements.

As at 31 March	2026 Rs.000	2025 Rs.000
Balance as at the beginning of the year	3,448,149	2,647,053
Transfers during the year	225,261	801,096
Balance as at the end of the year	3,673,410	3,448,149

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 5% of its net profit after taxation to the reserve fund as Company's capital funds to deposit liabilities, belongs to not less than 25% category. (2024/25 - Less than 25% and not less than 10%).

NOTES TO THE FINANCIAL STATEMENTS

39.6 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. 923 Mn from regulatory loss allowance reserve to retained earning during the year (2024/25-Rs 268 Mn).

As at 31 March	2026 Rs.000	2025 Rs.000
Balance as at the beginning of the year	2,101,733	2,369,809
Transfers during the year	(923,229)	(268,076)
Balance as at the end of the year	1,178,504	2,101,733

40 Retained earnings

As at 31 March	2026 Rs.000	2025 Rs.000
Balance as at the beginning of the year	14,032,995	11,850,972
Profit for the year	4,505,155	4,005,480
Net actuarial gain/(loss) on defined benefit plan	541,938	(567,257)
Differed tax effect on define benefit plan	245,195	-
Final dividend to equity holders for the year - 2023/24	(709,108)	(495,953)
Interim dividend to equity holders for the year - 2024/25	(537,886)	(354,252)
Transfers during the year	600,783	(406,670)
Transfer of cost of expired ESOP shares	1,194	675
Balance as at the end of the year	18,680,266	14,032,995

41 Net assets value per share

As at 31 March	2026	2025
Numerator		
Total equity attributable to equity holders (Rs.)	28,416,829,338	23,936,289,117
Denominator		
Total number of shares	717,181,240	708,504,220
Net assets value per share (Rs.)	39.62	33.78

42 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.	2026 Rs.000	2025 Rs.000
Contingencies				
- Guarantees	42.1	349	57,600	43,258
- Litigations against the Company	42.2	349	92,763	79,366
Commitments				
- Undrawn commitments	42.3	350	5,354,820	4,225,946
- Capital commitments	42.4	350	2,351,882	904,040
Total contingencies and commitments			7,857,065	5,252,610

42.1 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.

42.2 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 06th July 2026.
- 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 19th of May 2026.
- 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 07th May 2026.
- 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 will be called on 03rd June 2026.
- E. There are 8 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 17/ 25 / CL in the District Court of Gampaha, CL/53/25 in the District Court of Teldeniya , 268/ CL/ in the District Court of Kuliyaipitiya and 88/ CL in the District Court of Mawanella where the Plaintiffs have filed claim cases against CDB after the writ was executed based on the order received in favor of the lending facilities granted by CDB. The total value of the said cases is Rs. 2,493,079/- and the cases are at hearing stage.
- F. There are 10 cases pending bearing case numbers DSP 14/16 in the District Court of Kandy, DSP513/15, DSP 71/23, DHP/1525/23 and DSP 59/21 in the District Court of Colombo, 597/17M in the District Court of Jaffna, Special 2490 in the District Court of Balapitiya, M 1468/25 in the District Court of Mahiyanganaya, DSP 1706/26 in the District Court of Mount Lavinia and SPL 160/26 in the District Court of Nawalapitiya relating to lending facilities claiming a total sum of Rs. 33,882,956/- 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 Support on 16st July 2026.
- H. There are 2 cases pending bearing case numbers SCC/062 in the Small Claim Court of Dehiyattekandiya and 6028 in the District Court of Kuliyaipitiya where CDB has been made a Defendant due to an accident caused by a vehicle leased by CDB claiming a sum of Rs.4, 104,250/-.
- I. In Case No. DTR/08/2018 in the District Court of Colombo settlement terms have been entered.
- J. There are 2 cases pending bearing case numbers, MR/53/23 in the District Court of Welisara 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 3,240,744/-.

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

42.3 Undrawn commitments

As at 31 March	2026 Rs.000	2025 Rs.000
Direct credit facilities		
Undrawn credit card balances	3,851,217	3,464,797
Unutilised margin trading balances	1,503,603	761,149
Total undrawn commitments	5,354,820	4,225,946

42.4 Capital commitments

As at 31 March	2026 Rs.000	2025 Rs.000
Commitments in relation to property, plant and equipment		
– Approved but not contracted for	2,175,821	635,239
Commitments in relation to intangible assets		
– Approved but not contracted for	176,061	268,801
Total capital commitments	2,351,882	904,040

42.5 Tax assessment against the company

A tax assessment relating to Surcharge Tax amounting to LKR 392 million for the year of assessment 2020/21 is currently pending before the Court of Appeal.

In addition, tax assessments for the year of assessment 2022/2023 are outstanding and have been duly appealed. These include Income Tax amounting to LKR 80 million, Value Added Tax (VAT) on Financial Services amounting to LKR 216 million, and Social Security Contribution Levy amounting to LKR 7 million.

43 Related party disclosures

43.1 Parent and ultimate controlling party

The Company (CDB) does not have an identifiable parent of its own.

43.2 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

For the year ended 31 March	2026 Rs.000	2025 Rs.000
Short-term employment benefits	413,457	301,882
Post-employment benefits	27,810	21,600
Total compensation	441,267	323,482

In addition to the above, the Company has also provided non-cash benefits such as vehicles and fuel to Key Management Personnel in line with the approved employment benefits of the Company.

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 dependents 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	2026 Rs.000	2025 Rs.000
Interest income	-	-
Interest expense	3,997	5,767
Total transactions during the year	3,997	5,767

For the year ended 31 March	2026 Rs.000	2025 Rs.000
Liabilities		
Deposits placed by KMP and CFM	118,684	149,405
Other credit facilities	-	-
Total liabilities	118,684	149,405

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	2026	2025
Number of ordinary shares (Voting) held	7,007,360	6,571,761
Number of ordinary shares (Non-voting) held	131,083	131,083
Cash dividends paid (Rs.000)	124,923	83,786

43.3 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	Holding %			Nature of Transaction	2026	2025
	2026	2025	Common Directors		Rs.000	Rs.000
Related company						
Ceylinco Holdings PLC	34.66	34.66	Samith Hemachandra	Deposits	500,000	500,000
Asia Management Consultancy (Pvt) Ltd	20.38	18.61	None	None	-	-
Aseki Insurance Brokers (Pvt) Ltd	6.63	6.61	None	Insurance referral Income Receivable	88,158	58,950
				Insurance referral Income	337,628	254,471

Aseki Insurance Brokers (Pvt) Ltd is a fully own subsidiary of Asia Management Consultancy (Pvt) Ltd. Combined shareholding is 27.01% as at 31 March 2026. (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

44 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. 1.00 per share for its voting and nonvoting share holders for the Financial Year ended 31 March 2026 subject to the approval of the shareholders at the AGM.

Share split after reporting date

At an Extraordinary General Meeting held on 22 April 2026, the shareholders approved a share split in the ratio of 1:10.

As this is a non adjusting event under LKAS 10 - Events after the reporting period, it has not been recognised in the financial statements as at 31 March 2026.

However, the basic and diluted earnings per share have been retrospectively adjusted to reflect the share split in accordance with LKAS 33 - Earnings per share.

No circumstances have arisen since the reporting date which would require adjustments or disclosure in the financial statements other than disclosed above.

45 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 hire purchase
- Loans and advances
- Investments

Operating Segment	Type of the product and services offered
Leasing and hire purchase	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
Investments	Managing funding, investing and liquidity operations

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 2026 and comparative figures.

For the year ended 31 March	Leasing and hire purchase		Loans and advances		Investments		Total	
	2026 Rs.000	2025 Rs.000	2026 Rs.000	2025 Rs.000	2026 Rs.000	2025 Rs.000	2026 Rs.000	2025 Rs.000
Interest income	11,827,366	12,321,265	12,957,713	7,973,756	2,120,090	2,589,977	26,905,169	22,884,998
Non-interest income							3,251,870	2,713,534
Segmented revenue	11,827,366	12,321,265	12,957,713	7,973,756	2,120,090	2,589,977	30,157,039	25,598,532
Interest cost on deposits							7,753,780	8,076,742
Interest cost on borrowings							5,960,472	3,416,937
Charges for impairment and other credit losses	232,290	(329,574)	323,706	(285,895)	380	(28,759)	556,376	(644,228)
Segment contribution							15,886,411	14,749,081
Depreciation and amortisation	230,776	227,043	321,598	196,953	105,508	136,999	657,882	560,995
Unallocated expenses							7,010,307	6,265,717
Taxes on financial services							1,975,537	2,171,700
Profit from before tax							6,242,684	5,750,669
Income tax expenses							1,737,529	1,745,189
Profit for the year							4,505,155	4,005,480
As at 31 March								
Segment assets	70,691,969	59,367,478	98,512,430	51,499,431	32,319,315	35,822,599	201,523,714	146,689,508
Additions of property, plant and equipment during the year	607,691	350,643	846,845	304,172	277,827	211,579	1,732,363	866,394
Unallocated assets	-	-	-	-	-	-	11,428,140	9,380,444
Total assets	71,299,660	59,718,121	99,359,275	51,803,603	32,597,142	36,034,178	214,684,217	156,936,346
Segment liabilities	63,461,983	51,375,729	88,437,120	44,566,839	29,013,873	31,000,342	180,912,976	126,942,910
Unallocated liabilities	-	-	-	-	-	-	5,354,412	6,057,147
Total Liabilities	63,461,983	51,375,729	88,437,120	44,566,839	29,013,873	31,000,342	186,267,388	133,000,057

NOTES TO THE FINANCIAL STATEMENTS

46 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 2026

Assets/Liabilities	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	3,350,154	-	-	-
Derivative financial assets	19	236,550	-	-	-
Financial assets recognised through profit or loss	20	830,134	-	-	-
Securities purchased under resale agreements	21	1,209,607	31,008	4,289,303	-
Deposits with financial institutions	22	-	5,993,881	1,619,125	813,965
Loans and receivables to customers	23	19,852,395	35,214,883	15,213,952	31,299,641
Other investment securities	24	100,177	195,750	1,105,214	1,384,696
Investment properties	25	-	-	-	-
Property, plant and equipment	26	-	-	-	-
Right-of-use assets	27	17,527	35,052	51,404	100,510
Intangible assets	28	-	-	-	-
Goodwill on amalgamation	29	-	-	-	-
Net retirement benefit asset	36	-	-	-	-
Net deferred tax assets	35	20,159	35,758	15,448	31,782
Other assets	30	1,310,730	1,926,935	1,102,992	617,301
Total assets		26,927,433	43,433,267	23,397,438	34,247,895
Percentage of total assets (%)		12.54	20.23	10.90	15.95
Cumulative percentage (%)		12.54	32.77	43.67	59.63
Liabilities					
Due to banks and financial institutions	31	5,412,971	6,532,197	7,027,118	10,575,556
Deposits from customers	32	19,616,256	21,043,646	13,995,777	24,099,529
Subordinated debts	33	-	-	-	-
Lease liabilities	27	21,373	42,288	60,151	112,418
Current tax liabilities	34	-	1,729,652	-	-
Other liabilities	37	926,058	1,046,314	1,214,230	438,158
Total liabilities		25,976,658	30,394,097	22,297,276	35,225,661
Equity					
Stated capital		-	-	-	-
Reserves		-	-	-	-
Retained earnings		-	-	-	-
Total equity		-	-	-	-
Total equity and liabilities		25,976,658	30,394,097	22,297,276	35,225,661
Percentage of total liabilities and equity (%)		12.10	14.16	10.39	16.41
Cumulative percentage (%)		12.10	26.26	36.64	53.05
Maturity gap		950,775	13,039,170	1,100,162	(977,766)
Cumulative gap		950,775	13,989,945	15,090,107	14,112,341
Asset/Liability gap – Cumulative (%)		0.44	6.52	7.03	6.57

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		
-	-	-	-	-	-	3,350,154
-	-	-	-	-	-	236,550
-	-	-	-	-	-	830,134
-	-	-	-	-	-	5,529,918
1,627,929	4,558,161	2,848,876	-	-	-	17,461,937
23,656,721	19,869,921	21,213,094	2,883,793	-	-	169,204,400
-	-	-	-	2,361,335	-	5,147,172
-	-	-	-	31,000	-	31,000
-	-	-	-	5,962,346	-	5,962,346
194,576	164,115	256,252	301,016	-	-	1,120,452
-	-	-	-	427,576	-	427,576
-	-	-	-	-	-	-
-	-	252,808	-	-	-	252,808
24,021	20,176	21,540	2,928	-	-	171,812
-	-	-	-	-	-	4,957,958
25,503,247	24,612,373	24,592,570	3,187,737	8,782,257	-	214,684,217
11.88	11.46	11.46	1.48	4.09	-	
71.50	82.97	94.42	95.91	100.00	-	
19,863,153	16,077,045	11,857,510	-	-	-	77,345,550
9,670,339	1,635,175	1,270,630	-	-	-	91,331,352
-	-	11,112,457	-	-	-	11,112,457
188,591	156,752	248,425	293,619	-	-	1,123,617
-	-	-	-	-	-	1,729,652
-	-	-	-	-	-	3,624,760
29,722,083	17,868,972	24,489,022	293,619	-	-	186,267,388
-	-	-	-	2,743,565	-	2,743,565
-	-	-	-	6,992,998	-	6,992,998
-	-	-	-	18,680,266	-	18,680,266
-	-	-	-	28,416,829	-	28,416,829
29,722,083	17,868,972	24,489,022	293,619	28,416,829	-	214,684,217
13.84	8.32	11.41	0.14	13.24	-	
66.90	75.22	86.63	86.76	100.00	-	
(4,218,836)	6,743,401	103,548	2,894,118	(19,634,572)	-	
9,893,505	16,636,906	16,740,454	19,634,572	-	-	
4.61	7.75	7.80	9.15	-	-	

NOTES TO THE FINANCIAL STATEMENTS

Maturity analysis as at 31 March 2025

	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	4,582,802	-	-	-
Derivative financial assets	19	31,712	-	-	-
Securities purchased under resale agreements	21	2,917,583	578,662	175,597	-
Deposits with financial institutions	22	65,540	7,296,496	1,051,698	2,416,038
Loans and receivables to customers	23	16,582,161	19,643,565	8,468,008	20,209,675
Other investment securities	24	149,265	4,303,220	1,767,238	533,092
Investment properties	25	-	-	-	-
Property, plant and equipment	26	-	-	-	-
Right-of-use assets	27	18,180	35,974	51,170	95,632
Intangible assets	28	-	-	-	-
Other assets	30	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	31	1,858,856	5,495,836	1,868,195	4,061,128
Deposits from customers	32	20,412,922	27,347,586	11,179,048	20,161,039
Subordinated debts	33	-	-	-	1,268,507
Lease liabilities	27	18,679	36,958	52,570	98,249
Current tax liabilities	34	-	1,466,376	-	-
Net deferred tax liabilities	35	84,546	100,156	43,175	103,042
Net retirement benefit obligation	36	-	553,890	-	-
Other liabilities	37	676,327	1,592,475	879,074	323,734
Total liabilities		23,051,330	36,593,277	14,022,062	26,015,699
Equity					
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						Total
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	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
-	-	-	-	-	-	1,466,376
91,563	69,525	67,979	5,285	-	-	565,271
-	-	-	-	-	-	553,890
-	-	-	-	-	-	3,471,610
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	-	-	

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47 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 2025/26 and 2024/25

As at 31 March	Current presentation Rs.000	As disclosed previously Rs.000	Reclassification amount Rs.000
Statement of financial Position			
Current tax liabilities	1,466,376	2,950,940	(1,484,564)
Other liabilities	3,471,610	1,987,046	1,484,564

VAT on financial services, withholding tax payable and other taxes on financial services previously disclosed under current tax liabilities in the financial statements have been reclassified to the other liabilities for better presentation.

48 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 macroeconomic environment continues to stabilise following recent economic challenges, supported by ongoing fiscal consolidation measures, structural reforms, and the International Monetary Fund (IMF) Extended Fund Facility (EFF) programme. These developments have contributed to improved macroeconomic stability, easing inflationary pressures, and a gradual recovery in economic activity in Sri Lanka.

The Licensed Finance Company sector continues to operate under evolving market conditions influenced by monetary policy adjustments, liquidity dynamics, and sovereign risk considerations. During the period, credit growth in the sector has shown improvement, supported by the gradual recovery in economic activity and the reopening of vehicle imports, which has positively contributed to demand for asset-backed lending. However, funding conditions remain sensitive, and competition for stable deposits and long-term funding persists.

As a Licensed Finance Company regulated by the Central Bank of Sri Lanka (CBSL), the Company continues to comply with applicable prudential requirements, including capital adequacy, liquidity, and asset quality thresholds. The Company has maintained regulatory capital and liquidity ratios above the minimum requirements stipulated by CBSL during the reporting period.

The Company continues to adopt prudent risk management practices, including active asset-liability management, liquidity monitoring, and credit risk management initiatives. Recovery actions and portfolio monitoring processes have also been strengthened to support asset quality and cash flow stability.

In accordance with LKAS 1 Presentation of Financial Statements, management has performed a going concern assessment covering a period of at least twelve months from the reporting date. This assessment included the preparation of cash flow forecasts and scenario analyses, incorporating base case and reasonably possible downside scenarios, and considering key assumptions such as deposit renewals, funding availability, credit growth, asset quality, and operating performance.

Based on this assessment, management has concluded that the Company has adequate resources to continue its operations for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

- 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.

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.

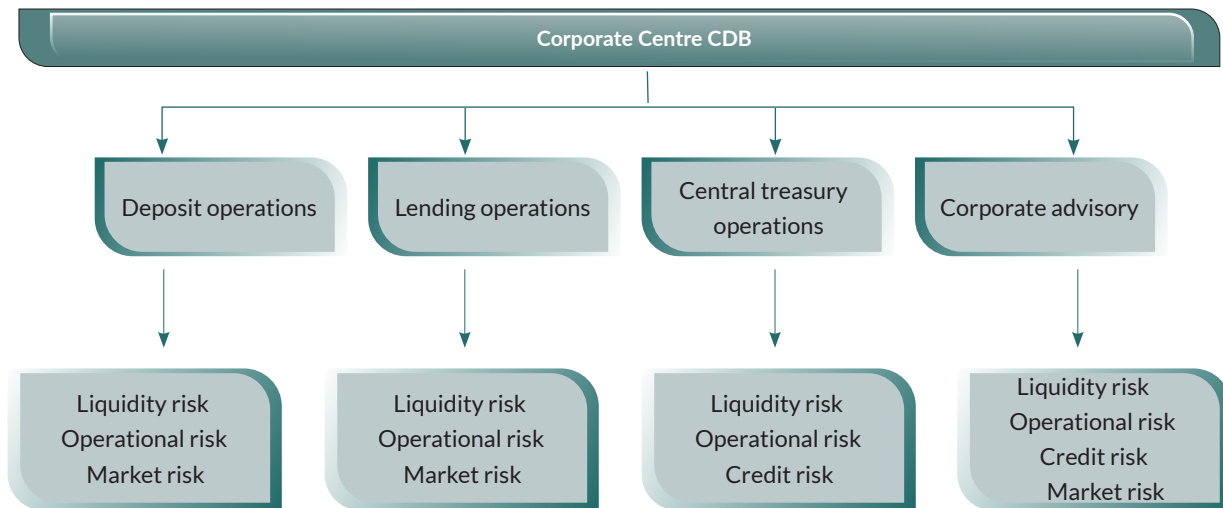
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Integrated risk management division

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

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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 2026			12 months ECL	Life Time ECL – Not credit impaired	Life time ECL – Credit impaired	Unclassified	Total
	Note	Page No.	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Cash and cash equivalents	18	311	3,350,154	-	-	-	3,350,154
Financial assets recognised through profit or loss	20	313	830,134	-	-	-	830,134
Securities purchased under resale agreements	21	315	5,529,918	-	-	-	5,529,918
Deposits with financial institutions	22	315	17,461,937	-	-	-	17,461,937
Loans and receivables to customers	23	316	148,355,730	16,300,546	4,548,124	-	169,204,400
Other investment securities	24	319	5,147,172	-	-	-	5,147,172
Other financial assets			2,315,844	511,483	1,018,121	-	3,845,448
Other non-financial assets			-	-	-	9,315,054	9,315,054
Total assets			182,990,889	16,812,029	5,566,245	9,315,054	214,684,217
As at 31 March 2025							
	Note	Page No.	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Cash and cash equivalents	18	311	4,582,802	-	-	-	4,582,802
Securities purchased under resale agreements	21	315	3,671,842	-	-	-	3,671,842
Deposits with financial institutions	22	315	18,069,873	-	-	-	18,069,873
Loans and receivables to customers	23	316	92,804,532	12,433,881	5,628,496	-	110,866,909
Other investment securities	24	319	9,498,082	-	-	-	9,498,082
Other financial assets			1,521,224	463,622	832,336	-	2,817,182
Other non-financial assets			-	-	-	7,429,656	7,429,656
Total assets			130,148,355	12,897,503	6,460,832	7,429,656	156,936,346

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:

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 forbearance
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.

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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.

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	Base case scenario along with two other scenarios has been used (Best Case and Worst Case)
Interest rate	
GDP Growth rate	
Inflation rate	
Exchange Rate	

As at 31 March 2026, 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.

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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 2026	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	347,106	258,221	3,145,512	3,750,839
Changes due to loans and receivables recognised in opening balance that have:				
Transferred from 12 months ECL	(282,999)	38,539	244,460	-
Transferred from lifetime ECL not credit-impaired	64,115	(98,069)	33,954	-
Transferred from lifetime ECL credit-impaired	94,855	42,798	(137,653)	-
Net remeasurement of loss allowance	139,316	10,792	23,264	173,372
Balance as at the end of the year	362,393	252,281	3,309,537	3,924,211

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

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 2026	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	123,562,023	-	-	123,562,023
Grade 2 – Low risk	25,156,100	-	-	25,156,100
Grade 3 – Watch list	-	10,749,866	-	10,749,866
Grade 4 – Watch list	-	5,802,961	-	5,802,961
Grade 5 – Default	-	-	1,264,366	1,264,366
Grade 6 – Default	-	-	621,684	621,684
Grade 7 – Default	-	-	344,338	344,338
Grade 8 – Default	-	-	5,627,273	5,627,273
Gross loans and receivables to customers	148,718,123	16,552,827	7,857,661	173,128,611
Expected credit loss allowance	(362,393)	(252,281)	(3,309,537)	(3,924,211)
Net loans and receivables to customers	148,355,730	16,300,546	4,548,124	169,204,400

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

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 2026	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	92,804,533	12,433,881	5,628,495	110,866,909
Changes due to loans and receivables recognised in opening balance that have				
- Transferred from 12 months ECL	(7,931,215)	6,808,621	1,122,594	-
- Transferred from lifetime ECL not credit impaired	2,732,195	(3,913,063)	1,180,868	-
- Transferred from lifetime ECL credit impaired	332,196	171,191	(503,387)	-
Financial assets that have been derecognised	(43,883,983)	(6,015,846)	(2,098,620)	(51,998,449)
Net change in expected credit loss allowance	139,316	10,792	23,264	173,372
Other net changes in portfolio	104,162,689	6,804,970	(805,091)	110,162,568
Balance as at the end of the year	148,355,730	16,300,546	4,548,124	169,204,400

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	62,052,427	5,270,300	(858,585)	66,464,142
Balance as at the end of the year	92,804,532	12,433,881	5,628,496	110,866,909

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		Securities purchased under resale agreements		Deposits with financial institutions		Other investment securities and financial assets measured at FVTPL	
	2026 Rs.000	2025 Rs.000	2026 Rs.000	2025 Rs.000	2026 Rs.000	2025 Rs.000	2026 Rs.000	2025 Rs.000
Financial assets measured at amortised cost								
0-30 day	148,718,123	93,151,638	5,529,918	3,671,842	17,462,317	18,069,873	5,171,837	9,522,747
31-60 days	10,749,866	8,519,729	-	-	-	-	-	-
61-90 days	5,802,961	4,172,373	-	-	-	-	-	-
Above 90 days	7,857,661	8,774,008	-	-	-	-	-	-
Total gross amount	173,128,611	114,617,748	5,529,918	3,671,842	17,462,317	18,069,873	5,171,837	9,522,747
Allowance for impairment	(3,924,211)	(3,750,839)	-	-	(380)	-	(24,665)	(24,665)
Net carrying amount	169,204,400	110,866,909	5,529,918	3,671,842	17,461,937	18,069,873	5,147,172	9,498,082
Financial assets measured at FTVPL								
0 days	-	-	-	-	-	-	-	-
Total gross amount	-	-	-	-	-	-	-	-
Allowance for impairment	-	-	-	-	-	-	-	-
Net carrying amount	-	-	-	-	-	-	-	-
Maximum exposure	169,204,400	110,866,909	5,529,918	3,671,842	17,461,937	18,069,873	5,147,172	9,498,082

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	2026 Rs.000	2025 Rs.000
Impaired financial instruments		
Loans and receivables to customers	4,548,124	5,628,495
Total credit impaired value	4,548,124	5,628,495

Loans and receivables with renegotiated terms and the Company's forbearance policy

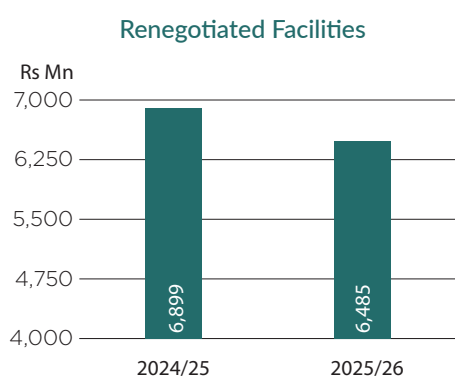
The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan whose terms have modified may be derecognised and the renegotiated 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	2026	2025
Gross carrying amount (Rs. '000)	6,485,153	6,899,205
Total gross loans and receivables (Rs. '000)	173,128,611	114,617,748
Percentage of renegotiated loans (%)	3.75	6.02



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.

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March	Note	Page No.	Percentage of exposure that is subject to collateral requirements		Type of collateral Held
			2026 %	2025 %	
Securities purchased under resale agreements					
Securities purchased under resale agreements	21	315	100	100	Marketable Securities
Loans and receivable to customers					
Lease and hiring contracts	23	316	100	100	Vehicles
Mortgage loan	23	316	100	100	Property and equipment
Personal loans and staff loans	23	316	100	100	Vehicles and guarantors
Loans against deposits	23	316	100	100	Lien deposits
Gold loans	23	316	100	100	Pawning articles
Margin trading	23	316	100	100	Equity securities

A.IV Concentration of credit risk

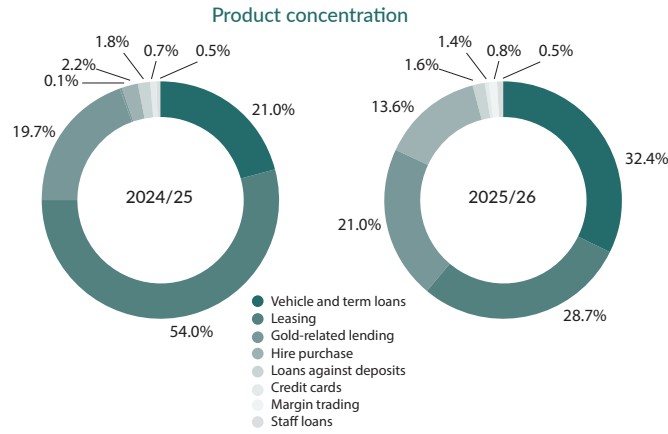
Company reviews on regular basis its concentration of credit granted in each of the products offered. The diversification was made to ensure that an acceptable level of risk in line with the risk appetite of the Company is maintained. The diversification decisions are made at the ALCO, where it sets 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.

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:

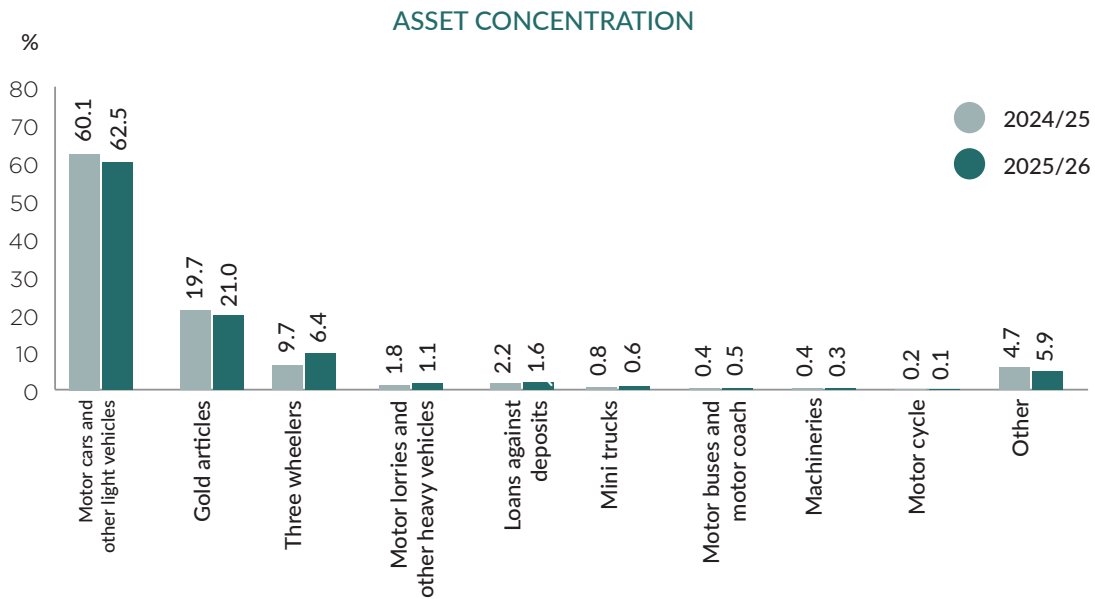
As at 31 March	2026		2025	
	Rs.000	%	Rs.000	%
Vehicle and term loans	56,004,963	32.4	24,105,324	21.0
Leasing	49,677,356	28.7	61,869,715	54.0
Gold-related lending	36,401,339	21.0	22,562,301	19.7
Hire purchase	23,550,891	13.6	69,169	0.1
Loans against deposits	2,798,572	1.6	2,476,805	2.2
Credit cards	2,474,047	1.4	2,069,166	1.8
Margin trading	1,334,397	0.8	831,921	0.7
Staff loans	875,182	0.5	621,483	0.5
Other	11,864	-	11,864	-
Gross loans and receivables to customers	173,128,611	100.0	114,617,748	100.0



Asset concentration

The Company monitors concentration of credit risk by asset categories and an analysis is shown below:

As at 31 March	2026		2025	
	Rs.000	%	Rs.000	%
Motor cars and other light vehicles	108,014,959	62.5	69,142,016	60.1
Gold articles	36,401,339	21.0	22,562,301	19.7
Three wheelers	11,005,035	6.4	11,095,876	9.7
Loans against deposits	2,798,572	1.6	2,476,805	2.2
Motor lorries and other heavy vehicles	1,900,677	1.1	2,018,703	1.8
Mini trucks	1,086,483	0.6	935,267	0.8
Motor buses and motor coach	843,034	0.5	453,874	0.4
Machineries	600,076	0.3	407,813	0.4
Motor cycle	245,479	0.1	191,292	0.2
Other	10,232,957	5.9	5,333,801	4.7
Gross loans and receivables to customers	173,128,611	100.0	114,617,748	100.0



NOTES TO THE FINANCIAL STATEMENTS

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	2026		2025	
	Rs.000	%	Rs.000	%
Western	94,469,295	54.6	59,262,770	51.6
North Western	24,633,882	14.2	15,613,905	13.6
Southern	13,530,618	7.8	8,864,675	7.7
Central	13,259,162	7.7	10,395,624	9.1
Sabaragamuwa	12,527,082	7.2	8,896,388	7.8
North Central	4,966,928	2.9	3,638,314	3.2
Uva	4,851,555	2.8	4,757,699	4.2
Eastern	3,307,227	1.9	2,195,726	1.9
North	1,582,862	0.9	992,647	0.9
Gross loans and receivables to customers	173,128,611	100.0	114,617,748	100.0

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.

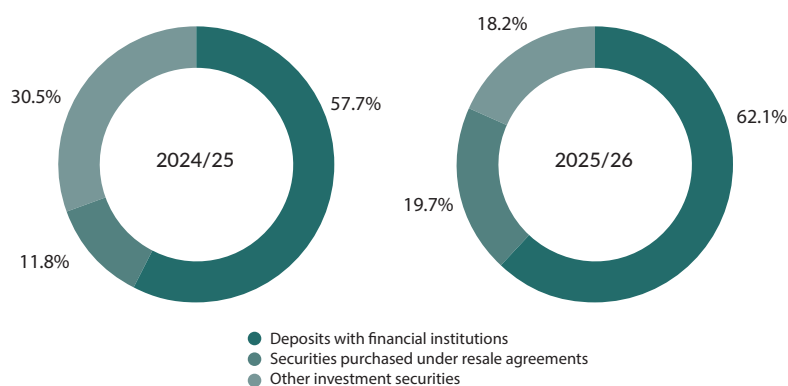
As at 31 March	2026		2025	
	Rs.000	%	Rs.000	%
Retail / consumption	53,776,329	31.0	36,914,880	32.4
Wholesale and retail trade	29,297,715	16.9	16,903,863	14.7
Other services	18,363,202	10.6	13,037,797	11.4
Manufacturing	16,923,877	9.8	11,042,931	9.6
Health care, social services and support services	15,198,375	8.8	10,233,935	8.9
Transportation and storage	11,260,956	6.5	7,842,692	6.8
Education	6,191,699	3.6	3,919,371	3.4
Tourism	6,158,074	3.6	3,379,191	2.9
Construction and infrastructure development	5,592,672	3.2	3,994,283	3.5
Agriculture, forestry and fishing	5,557,474	3.2	4,245,981	3.7
Information technology and communication	4,808,238	2.8	3,102,824	2.7
Gross loans and receivables to customers	173,128,611	100.0	114,617,748	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	2026		2025	
	Rs.000	%	Rs.000	%
Deposits with financial institutions	17,461,937	62.1	18,069,873	57.7
Securities purchased under resale agreements	5,529,918	19.7	3,671,842	11.8
Other investment securities	5,147,172	18.2	9,498,082	30.5
Total other financial investments	28,139,027	100.0	31,239,797	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 2026	Gross amount recognised in financial liabilities			Net exposure Rs.000	Underlying security
	Gross amount recognised in financial assets Rs.000	Offset in Statement of Financial Position Rs.000	Not offset in Statement of Financial Position Rs.000		
Types of financial assets					
Securities purchased under resale agreements	5,529,918	-	5,529,918	-	Treasury bills
Loans and receivables to customers	2,798,572	-	2,798,572	-	Term deposits

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2025	Gross amount recognised in financial liabilities			Net exposure Rs.000	Underlying security
	Gross amount recognised in financial assets Rs.000	Offset in Statement of Financial Position Rs.000	Not offset in Statement of Financial Position 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

A.VI Sensitivity of impairment provision on loans and receivables

As at 31 March 2026	Sensitivity on ECL sensitivity effect on Statement of Financial Position [Increase/ (Decrease) in impairment provision]				Sensitivity effect on income Rs.000
	Stage 1 Rs.000	Stage 2 Rs.000	Stage 3 Rs.000	Total Rs.000	
	PD 1% increase across all age buckets	24,032	6,175	-	
PD 1% increase across all age buckets	(24,032)	(6,175)	-	(30,207)	(30,207)
LGD 1% increase	96,517	62,170	65,238	223,925	223,925
LGD 1% decrease	(96,517)	(62,170)	(65,238)	(223,925)	(223,925)

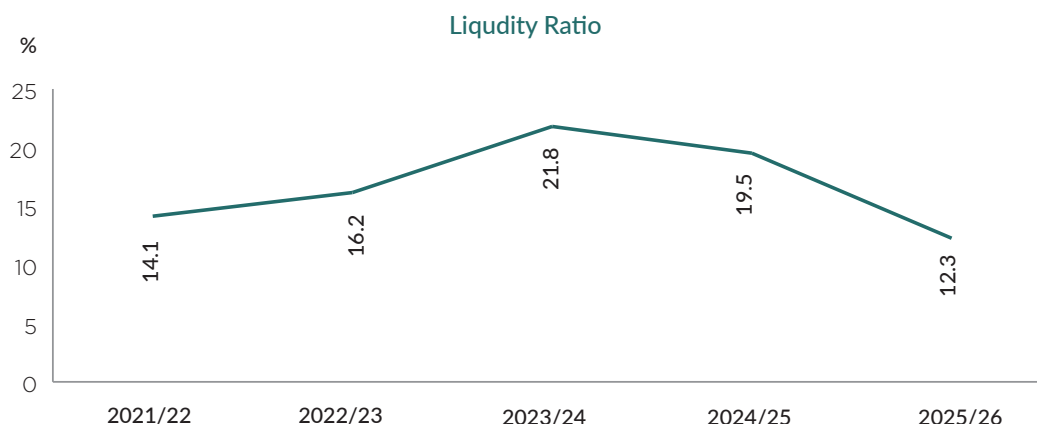
As at 31 March 2025	Sensitivity on ECL sensitivity effect on Statement of Financial Position [Increase/ (Decrease) in impairment provision]				Sensitivity effect on income Rs.000
	Stage 1 Rs.000	Stage 2 Rs.000	Stage 3 Rs.000	Total Rs.000	
	PD 1% increase across all age buckets	17,854	5,833	-	
PD 1% increase 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)

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	2026 %	2025 %
As at 31 March	12.26	19.52
Average for the year	15.52	17.89
Maximum for the year	21.74	23.77
Minimum for the year	12.02	13.26



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	2026 Rs.000	2025 Rs.000
Required minimum amount of liquid assets	12,037,978	10,572,131
Total liquid assets	25,035,949	20,256,078
Excess liquidity	12,997,971	9,683,947

B.II Maturity analysis for financial liabilities and financial assets

Detailed maturity analysis is given in Note 46 on page 354.

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 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			2026 Rs.000	2025 Rs.000
	Note	Page No.		
Financial assets				
Deposits with financial institutions	22	315	9,034,966	7,240,101
Loans and receivables to customers	23	316	67,623,529	45,963,500
Other investment securities	24	319	2,361,335	2,745,267
Other financial assets			3,845,448	2,817,182
Total financial assets			82,865,278	58,766,050
Financial liabilities				
Due to banks and financial institutions	31	334	47,797,708	18,858,360
Deposits from customers	32	337	12,576,144	7,748,609
Subordinated debts	33	338	11,112,457	5,700,823
Other financial liabilities			1,818,081	1,295,774
Total financial liabilities			73,304,390	33,603,566

NOTES TO THE FINANCIAL STATEMENTS

B.III Liquidity reserves

The table below sets out the components of the Company's liquidity reserves:

As at 31 March	2026 %	2025 %
Cash and balances with other banks	5,488,137	4,032,626
Other cash and cash equivalents	16,874,486	6,842,329
Investments in Government securities	2,673,326	9,381,123
Total liquidity reserves	25,035,949	20,256,078

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 2026			Encumbered		Unencumbered		Total
Assets	Note	Page No.	Nature of liability	Pledge as collateral Rs.000	Available as collateral Rs.000	Other* Rs.000	Rs.000
Cash and cash equivalents	18	311		-	-	3,350,154	3,350,154
Securities purchased under resale agreements	21	315	Due to banks and financial institutions	2,824,095	2,705,823	-	5,529,918
Deposits with financial institutions	22	315	Due to banks and financial institutions	10,210,311	7,251,626	-	17,461,937
Loans and receivables to customers	23	316	Due to banks and financial institutions	48,937,357	81,391,657	38,875,386	169,204,400
			Subordinated debts	-	-	-	-
Other investment securities	24	319		-	-	5,147,172	5,147,172
Non-financial assets				-	13,990,636	-	13,990,636
Total assets				61,971,763	105,339,742	47,372,712	214,684,217

As at 31 March 2025			Encumbered		Unencumbered		Total
Assets	Note	Page No.	Nature of liability	Pledge as collateral Rs.000	Available as collateral Rs.000	Other* Rs.000	Rs.000
Cash and cash equivalents	18	311		-	-	4,582,802	4,582,802
Securities purchased under resale agreements	21	315	Due to banks and financial institutions	326,463	3,345,379	-	3,671,842
Deposits with financial institutions	22	315	Due to banks and financial institutions	11,250,079	6,819,794	-	18,069,873
Loans and receivables to customers	23	316	Due to banks and financial institutions	11,985,476	74,249,966	24,631,467	110,866,909
			Subordinated debts	-	-	-	-
Other investment securities	24	319		-	-	9,498,082	9,498,082
non-financial assets			Property, plant and equipment	-	10,246,838	-	10,246,838
Total assets				23,562,018	94,661,977	38,712,351	156,936,346

* 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.

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 2026 and 31 March 2025.

As at 31 March 2026	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	3,350,154	-	-	-	-	-	3,350,154
Derivative financial assets	-	-	236,550	-	-	-	236,550
Financial assets recognised through profit or loss	-	-	830,134	-	-	-	830,134
Loans and receivables to banks	-	1,253,691	4,436,015	-	-	-	5,689,706
Deposits with financial institutions	-	6,185,826	2,414,231	3,537,275	3,095,116	-	15,232,448
Loans and receivables to customers	9,873,426	52,370,642	58,779,140	56,901,619	24,445,691	3,007,901	205,378,419
Other investment securities	-	2,645,528	2,489,435	-	-	-	5,134,963
Other financial assets	-	-	3,845,448	-	-	-	3,845,448
Total undiscounted financial assets	13,223,580	62,455,687	73,030,953	60,438,894	27,540,807	3,007,901	239,697,822
Financial Liabilities							
Due to banks and financial institutions	1,403,757	209,287	36,403,050	54,479,524	-	-	92,495,618
Deposits from customers	2,677,281	37,214,822	41,206,307	14,105,877	1,852,042	-	97,056,329
Subordinated debts	-	-	-	-	15,729,754	-	15,729,754
Lease liabilities	-	73,111	216,811	550,595	403,060	578,364	1,821,941
Other financial liabilities	-	-	1,818,081	-	-	-	1,818,081
Total undiscounted financial liabilities	4,081,038	37,497,220	79,644,249	69,135,996	17,984,856	578,364	208,921,723
Net liquidity position	9,142,542	24,958,467	(6,613,296)	(8,697,102)	9,555,951	2,429,537	30,776,099
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
Other financial assets	-	-	2,817,182	-	-	-	2,817,182
Total undiscounted financial assets	15,054,247	48,822,506	45,980,667	46,736,752	18,882,886	2,738,472	178,215,530
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
Subordinated debts	-	-	1,731,172	-	8,028,512	-	9,759,684
Lease liabilities	-	67,191	191,985	493,883	380,080	438,555	1,571,694
Other financial liabilities	-	-	1,295,774	-	-	-	1,295,774
Total undiscounted financial liabilities	4,232,682	44,657,651	38,100,893	10,608,569	16,730,705	25,773,840	140,104,340
Net liquidity position	10,821,565	4,164,855	7,879,774	36,128,183	2,152,181	(23,035,368)	38,111,190

NOTES TO THE FINANCIAL STATEMENTS

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 2026	On demand	Less than 3 months	3 to 12 months	Total
	Rs.000	Rs.000	Rs.000	Rs.000
Guarantees	-	57,600	-	57,600
Litigations against the Company	-	75,811	16,952	92,763
Undrawn commitments	-	5,354,820	-	5,354,820
Capital commitments	-	-	2,351,882	2,351,882
Total contingencies and commitments	-	5,488,231	2,368,834	7,857,065

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

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 2026	Carrying amount		Market risk measure		
			Trading assets	Non-trading assets	
			Rs.000	Rs.000	Rs.000
Note	Page No.	Rs.000	Rs.000	Rs.000	
Assets subject to market risk					
Cash and cash equivalents	18	311	3,350,154	-	3,350,154
Derivative financial assets	19	311	236,550	236,550	-
Financial assets recognised through profit or loss	20	313	830,134	830,134	-
Securities purchased under resale agreements	21	315	5,529,918	-	5,529,918
Deposits with financial institutions	22	316	17,461,937	-	17,461,937
Loans and receivables to customers	23	316	169,204,400	-	169,204,400
Other investment securities	24	319	5,147,172	5,147,172	-
Total assets subject to market risk			201,760,265	6,213,856	195,546,409
Liabilities subject to market risk					
Due to banks and financial Institutions	31	334	77,345,550	-	77,345,550
Deposits from customers	32	337	91,331,352	-	91,331,352
Subordinated debts	33	338	11,112,457	-	11,112,457
Total liabilities subject to market risk			179,789,359	-	179,789,359

As at 31 March 2025	Note		Page No.	Carrying amount Rs.000	Market risk measure	
					Trading assets	Non-trading assets
					Rs.000	Rs.000
Assets subject to market risk						
Cash and cash equivalents	18	311	4,582,802	-	4,582,802	-
Derivative financial assets	19	311	31,712	31,712	-	-
Securities purchased under resale agreements	21	315	3,671,842	3,671,842	-	-
Deposits with financial institutions	22	315	18,069,873	-	18,069,873	-
Loans and receivables to customers	23	316	110,866,909	-	110,866,909	-
Other investment securities	24	319	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	31	334	32,142,375	-	32,142,375	-
Deposits from customers	32	337	86,849,204	-	86,849,204	-
Subordinated debts	33	338	6,969,330	-	6,969,330	-
Total liabilities subject to market risk			125,960,909	-	125,960,909	

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 2026	Note		Page No.	Carrying amount Rs.000	Market risk measure			
					Less than 12 months	1-2 years	2-5 years	More than 5 years
					Rs.000	Rs.000	Rs.000	Rs.000
Interest-bearing assets								
Securities purchased under resale agreements	21	315	5,529,918	5,529,918	-	-	-	-
Deposits with financial institutions	22	315	17,461,937	17,461,937	-	-	-	-
Loans and receivables to customers	23	316	169,204,400	101,580,871	43,526,642	21,213,094	2,883,793	
Other investment securities	24	319	5,147,172	2,785,837	-	-	2,361,335	
Total interest-bearing assets			197,343,427	127,358,563	43,526,642	21,213,094	5,245,128	
Interest-bearing liabilities								
Due to banks and financial institutions	31	334	77,345,550	29,547,842	35,940,198	11,857,510	-	-
Deposits from customers	32	337	91,331,352	78,755,208	11,305,514	1,270,630	-	-
Subordinated debts	33	338	11,112,457	-	-	11,112,457	-	-
Lease Liabilities	27	329	1,123,617	236,230	345,343	248,425	293,619	
Total interest-bearing liabilities			180,912,976	108,539,280	47,591,055	24,489,022	293,619	
Net interest-bearing assets gap			16,430,451	18,819,283	(4,064,413)	(3,275,928)	4,951,509	

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2025			Market risk measure				
Note	Page No.	Carrying amount Rs.000	Less than 12 months Rs.000	1-2 years Rs.000	2-5 years Rs.000	More than 5 years Rs.000	
Interest-bearing assets							
Securities purchased under resale agreements	21	315	3,671,842	3,671,842	-	-	-
Deposits with financial institutions	22	315	18,069,873	10,829,772	3,048,464	2,667,405	1,524,232
Loans and receivables to customers	23	316	110,866,909	64,903,409	31,594,319	13,332,689	1,036,492
Other investment securities	24	319	9,498,082	6,752,815	-	-	2,745,267
Total interest-bearing assets			142,106,706	86,157,838	34,642,783	16,000,094	5,305,991
Interest-bearing liabilities							
Due to banks and financial institutions	31	334	32,142,375	13,284,015	10,009,433	6,185,496	2,663,431
Deposits from customers	32	337	86,849,204	79,100,595	6,979,802	768,807	-
Subordinated debts	33	338	6,969,330	1,268,507	-	5,700,823	-
Lease Liabilities	27	329	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	(7,701,735)	17,351,731	3,127,853	2,385,947

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	2026 100 bp		2025 100 bp	
	Increase Rs.000	Decrease Rs.000	Increase Rs.000	Decrease Rs.000
Sensitivity of projected net interest income	(1,255,738)	1,255,738	(65,143)	65,143
Sensitivity of reported net assets	(1,255,738)	1,255,738	(65,143)	65,143

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.

All foreign currency borrowings of the Company have either been placed in foreign currency deposits to secure local currency borrowings or have been designated in cash flow hedge relationships through derivative financial instruments. These hedges are designated to mitigate exposure to variability in cash flows attributable to foreign exchange and interest rate risks arising from interest and principal payments.

Foreign currency exposures of the Company is shown below:

As at 31 March	2026			2025			Net exposure Increase/decrease %
	Amount	Rate	Value	Amount	Rate	Value	
		LKR	Rs.000		LKR	Rs.000	
USD	540,490	311.65	168,444	316,381	292.07	92,404	82
SGD	33,141	239.80	7,947	29,645	216.16	6,408	24
GBP	26,069	410.22	10,694	21,145	376.51	7,961	34
EUR	235,284	356.28	83,827	205,462	313.40	64,392	30
CAD	14,911	222.38	3,316	10,678	202.69	2,164	53
AUD	71,471	211.65	15,127	61,261	181.79	11,137	36

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 %	2026		2025	
		Strengthening	Weakening	Strengthening	Weakening
		Rs.000	Rs.000	Rs.000	Rs.000
USD	1	1,684	(1,684)	924	(924)
EUR	1	838	(838)	643	(643)
USD	3	5,053	(5,053)	2,773	(2,773)
EUR	3	2,515	(2,515)	1,931	(1,931)
USD	5	8,422	(8,422)	4,621	(4,621)
EUR	5	4,191	(4,191)	3,219	(3,219)

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	2026			2025	
	Financial assets measured at FVTPL	Financial Assets measured at FVOCI	Total	Financial Assets measured at FVOCI	Total
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Market value of quoted equity instruments	830,134	2,323,549	3,153,683	2,707,357	2,707,357

NOTES TO THE FINANCIAL STATEMENTS

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	2026			2025		
	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)	83,015	232,355	315,370	-	270,871	270,871
10% shock (Decrease)	(83,015)	(232,355)	(315,370)	-	(270,871)	(270,871)

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
2026	1,212,226	46,440	56,295,483	36,401,339	19,894,144
2025	1,204,962	29,305	35,311,356	22,562,301	12,749,055

* 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	2026		2025	
	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)	5,629,548	5,629,548	3,531,136	3,531,136
10% shock (Decrease)	(5,629,548)	(5,629,548)	(3,531,136)	(3,531,136)

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	2026			2025		
	Financial Assets measured at FVTPL Rs.000	Other financial assets Rs.000	Total Rs.000	Financial Assets measured at FVTPL Rs.000	Other financial assets Rs.000	Total Rs.000
10% shock (Increase)	-	1,494,394	1,494,394	-	6,031,187	6,031,187

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	2026			2025		
	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)	(112,480)	-	(112,480)	(10,484)	-	(10,484)
10% shock (Decrease)	112,480	-	112,480	10,484	-	10,484

Rates on Government securities as per Central Bank of Sri Lanka 2025/26 – during the year

	Last traded rate as at 31 March 2025 %	Minimum rate %	Maximum rate %	Last traded rate as at 31 March 2026 %
Treasury Bills				
91 Days	7.50	7.51	7.95	7.80
181 Days	7.84	7.72	8.44	8.09
364 Days	8.25	7.94	8.48	8.41
Treasury Bonds				
5 Years	10.72	9.41	10.64	9.80
8 Years	11.40	10.29	10.97	10.70

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 %
Shock Levels				
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

NOTES TO THE FINANCIAL STATEMENTS

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.

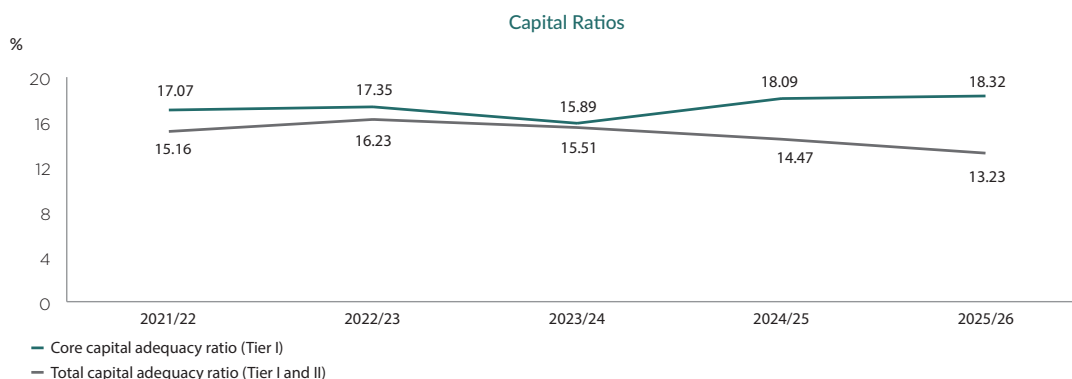
The minimum requirement for core capital adequacy ratio and total capital adequacy ratio are 10 % and 14% respectively for assets more than Rs. 100 Bn. LFCs.

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		2026	2025
		%	%
Core capital adequacy ratio (Tier I)	$\frac{\text{Core capital}}{\text{Risk-weighted assets}}$	13.23	14.47
Total capital adequacy ratio (Tier I and II)	$\frac{\text{Capital Funds}}{\text{Risk-weighted assets}}$	18.32	18.09



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.

SOURCES OF CONTINUITY

The Mahaweli River, Sri Lanka's longest river, sustains agriculture, generates energy, and supports communities across the island. Through its continuous flow and far-reaching impact, it has been a life-sustaining force for generations.

CDB's disclosures provide transparency and continuity, completing the cycle of progress for the year under review. By offering clarity and insight, they ensure that each stage of our journey remains accountable, enabling stakeholders to understand and carry forward the momentum of our growth.



AUDITORS' ASSURANCE REPORT INTEGRATED REPORTING



Shape the future
with confidence

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Independent practitioner's assurance report to the Board of Directors of Citizens Development Business Finance PLC on the Integrated Annual Report 2025/26

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 Information on how it's strategy, governance, performance and prospects, in the context of its external environment, lead to the creation, preservation or erosion of value over the short, medium and long term** (the "Subject Matter") contained in the **Citizens Development Business Finance PLC's** (the "Entity's") **Integrated Annual Report** for the year ended **31 March 2026** (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 **Integrated Reporting Framework (<IR> Framework)** initially developed by the **International Integrated Reporting Council (IIRC)** and currently maintained by the **Integrated Reporting and**

Connectivity Council (IRCC) of the IFRS Foundation.

(the "Criteria"),

Such Criteria were specifically designed for **the purpose of assisting in determining whether the capital management, stakeholder engagement, business model, strategy, organizational overview & external environment outlook presented in the Integrated Annual 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 24 March 2026.

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 International Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements, 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.

Partners: D K Hulangamuwa FCA FCMA LLB (London), 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, 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 FCA ACMA, C A Yalagala ACA ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), B Vasanthan ACA ACMA, W D P L Perera ACA, M U M Mansoor ACA

Principals: T P M Ruberu FCMA FCCA MBA, 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

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. 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:

- Performed a comparison of the content of the Integrated Annual Report against the Guiding Principles and Content Elements given in the Integrated Reporting Framework (<IR> Framework).

- Checked whether the information contained in the Integrated Annual Report – Financial Capital element information has been properly derived from the audited financial statements.
- Conducted interviews with the selected key management personnel and relevant staff and obtained an understanding of the internal controls, governance structure and reporting process relevant to the Integrated Report.
- Obtained an understanding of the relevant internal policies and procedures developed, including those relevant to determining what matters most to the stakeholders, how the organization creates value, the external environment, strategy, approaches to putting members first, governance and reporting.
- Obtained an understanding of the description of the organization's strategy and how the organization creates value, what matters most to the stakeholders and enquiring the management as to whether the description in the Integrated Report accurately reflects their understanding.
- Checked the Board of Directors meeting minutes during the financial year to ensure consistency with the content of the Integrated Report.
- Tested the relevant supporting evidence related to qualitative & quantitative disclosures within the Integrated Report against identified material aspects.

- Read the Integrated Report in its entirety for consistency with our overall knowledge obtained during the assurance engagement.

We also performed such other procedures as we considered necessary in the circumstances.

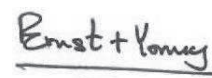
Emphasis of matter

Economic, Environment, Social and Intellectual capital 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 Annual 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 contained in the Integrated Annual Report of Citizens Development Business Finance PLC for the year ended 31 March 2026, in order for it to be in accordance with the Criteria.



05 June 2026

Colombo

AUDITORS' ASSURANCE REPORT ON SUSTAINABILITY REPORTING



Shape the future
with confidence

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Chartered Accountants
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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 2025/26

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 2026** (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 24 March 2026**. 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 International Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements, 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

Partners: D K Hulangamuwa FCA FCMA LLB (London), 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, 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 FCA ACMA, C A Yalagala ACA ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), B Vasanthan ACA ACMA, W D P L Perera ACA, M U M Mansoor ACA

Principals: T P M Ruberu FCMA FCCA MBA, G B Goudian ACMA, D L B Karunathilaka ACMA, W S J De Silva Bsc (Hons) - MIS Msc - IT, V Shakhthivel B.Com (Sp)

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lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. 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.

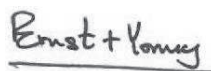
Emphasis of matter

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 2026**, in order for it to be in accordance with the Criteria.



05 June 2026

Colombo

GRI INDEX

Statement of use	Citizens Development Business Finance PLC has reported in accordance with the GRI Standards for the period
GRI 1 Used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	There is no applicable sector standard which is effective for this period.

Gri Standard/ Other Source	Disclosure	Location	Omission		GRI SECTOR STANDARD REF. NO.
			Requirement(S) Omitted	Reason	
General disclosures					
GRI 2: General Disclosures 2021	2-1 Organizational details	8			
	2-2 Entities included in the organization's sustainability reporting	5			
	2-3 Reporting period, frequency and contact point	4,6			
	2-4 Restatements of information	6			
	2-5 External assurance	6			
	2-6 Activities, value chain and other business relationships	68,142,193			
	2-7 Employees	157			
	2-8 Workers who are not employees	157			
	2-9 Governance structure and composition	43,48			
	2-10 Nomination and selection of the highest governance body	51,246			
	2-11 Chair of the highest governance body	48			
	2-12 Role of the highest governance body in overseeing the management of impacts	56,240			
	2-13 Delegation of responsibility for managing impacts	56, 240			
	2-14 Role of the highest governance body in sustainability reporting	6,56			
	2-15 Conflicts of interest	53			
	2-16 Communication of critical concerns	54			
	2-17 Collective knowledge of the highest governance body	52			
	2-18 Evaluation of the performance of the highest governance body	55			
	2-19 Remuneration policies	56,249			
	2-20 Process to determine remuneration	25,249			
	2-21 Annual total compensation ratio	-	2-21	Confidentiality constraints	Not Disclosed due to confidentiality
	2-22 Statement on sustainable development strategy	16			
	2-23 Policy commitments	77			
	2-24 Embedding policy commitments	77			
	2-25 Processes to remediate negative impacts	165			
	2-26 Mechanisms for seeking advice and raising concerns	59,155			
	2-27 Compliance with laws and regulations	60			
	2-28 Membership associations	142			
	2-29 Approach to stakeholder engagement	73			
	2-30 Collective bargaining agreements	167			

Gri Standard/ Other Source	Disclosure	Location	Omission			GRI SECTOR STANDARD REF. NO.
			Requirement(S) Omitted	Reason	Explanation	
Material topics						
GRI 3: Material Topics 2021	3-1	Process to determine material topics	70			
	3-2	List of material topics	70			
Economic performance						
GRI 3: Material Topics 2021	3-3	Management of material topics	120			
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	440			
	201-2	Financial implications and other risks and opportunities due to climate change	66			
	201-3	Defined benefit plan obligations and other retirement plans	167,168			
	201-4	Financial assistance received from government	-	204-1	Not applicable	Non received
Sustainable Financing						
GRI 3: Material Topics 2021	3-3	Management of material topics	198			
Responsible marketing and fair selling practices						
GRI 3: Material Topics 2021	3-3	Management of material topics	128			
Financial inclusion and capacity building						
GRI 3: Material Topics 2021	3-3	Management of material topics	128			
Macroeconomic turbulence						
GRI 3: Material Topics 2021	3-3	Management of material topics	64			
Incorporation of ESG factors in credit analysis						
GRI 3: Material Topics 2021	3-3	Management of material topics	198			
Tech disruption, digitalization and process automation						
GRI 3: Material Topics 2021	3-3	Management of material topics	182			
Systemic Risk Management						
GRI 3: Material Topics 2021	3-3	Management of material topics	218			
Corporate brand reputation and market presence						
GRI 3: Material Topics 2021	3-3	Management of material topics	182			
Anti-corruption practices, good governance and compliance						
GRI 3: Material Topics 2021	3-3	Management of material topics	58			
	205-1	Operations assessed for risks related to corruption	58			
GRI 205: Anti- corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	59			
	205-3	Confirmed incidents of corruption and actions taken	59			

GRI INDEX

Gri Standard/ Other Source	Disclosure	Location	Omission		GRI SECTOR STANDARD REF. NO.
			Requirement(S) Omitted	Reason Explanation	
Climate action, carbon footprint reduction and net zero ambition					
GRI 3: Material Topics 2021	3-3 Management of material topics	198			
GRI 302: Energy 2016	302-1 Energy consumption within the organization	206			
	302-2 Energy consumption outside of the organization	206			
	302-3 Energy intensity	207			
	302-4 Reduction of energy consumption	206			
	302-5 Reductions in energy requirements of products and services	201			
	305-1 Direct (Scope 1) GHG emissions	207			
	305-2 Energy indirect (Scope 2) GHG emissions	207			
	305-3 Other indirect (Scope 3) GHG emissions	207			
	305-4 GHG emissions intensity	208			
	305-5 Reduction of GHG emissions	207			
	305-6 Emissions of ozone-depleting substances (ODS)	208			
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	208			
Talent acquisition and retention					
GRI 3: Material Topics 2021	3-3 Management of material topics	153			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	158,159			
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	167			
	401-3 Parental leave	174			
Employee health and safety and favourable work					
GRI 3: Material Topics 2021	3-3 Management of material topics	153			
GRI 413: Local Communities 2016	403-1 Occupational health and safety management system	164			
	403-2 Hazard identification, risk assessment, and incident investigation	164,165			
	403-3 Occupational health services	164,165			
	403-4 Worker participation, consultation, and communication on occupational health and safety	164,165			
	403-5 Worker training on occupational health and safety	164,165			
	403-6 Promotion of worker health	164,166			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	164			
	403-8 Workers covered by an occupational health and safety management system	164			

Gri Standard/ Other Source	Disclosure	Location	Omission			GRI SECTOR STANDARD REF. NO.
			Requirement(S) Omitted	Reason	Explanation	
	403-9 Work-related injuries	164				
	403-10 Work-related ill health	164				
Career progression, learning and development						
GRI 3: Material Topics 2021	3-3 Management of material topics	153				
	404-1 Average hours of training per year per employee	163				
	404-2 Programs for upgrading employee skills and transition assistance programs	161				
	404-3 Percentage of employees receiving regular performance and career development reviews	164				
Community development and social investments						
GRI 3: Material Topics 2021	3-3 Management of material topics	128				
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	129,143				
	413-2 Operations with significant actual and potential negative impacts on local communities	143				
Cybersecurity , data integrity and privacy						
GRI 3: Material Topics 2021	3-3 Management of material topics	182				
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	191				

SASB INDEX

SASB FOR COMMERCIAL BANKS

TOPIC	METRIC	CATEGORY	UNIT OF MEASURE	CODE	PAGE REFERENCE
Data Security	(1) Number of data breaches, (2) percentage that are personal data breaches, (3) number of account holders affected 1	Quantitative	Number, Percentage (%)	FN-CB-230a.1	192
	Description of approach to identifying and addressing data security risks	Discussion and Analysis	n/a	FN-CB-230a.2	192
Financial Inclusion & Capacity Building	(1) Number and (2) amount of loans outstanding that qualify for programmes designed to promote small business and community development 2	Quantitative	Number, Presentation currency	FN-CB-240a.1	137
	(1) Number and (2) amount of past due and nonaccrual loans or loans subject to forbearance that qualify for programmes designed to promote small business and community development	Quantitative	Number, Presentation currency	FN-CB-240a.2	137
	Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers	Quantitative	Number	FN-CB-240a.3	137
	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers 3	Quantitative	Number	FN-CB-240a.4	137
Incorporation of Environmental, Social, and Governance Factors in Credit Analysis	Description of approach to incorporation of environmental, social and governance (ESG) factors in credit analysis	Discussion and Analysis	n/a	FN-CB-410a.2	85
Financed Emissions	Absolute gross financed emissions, disaggregated by (1) Scope 1, (2) Scope 2 and (3) Scope 3	Quantitative	Metric tons (t) CO ₂ -e	FN-CB-410b.1	260
	Gross exposure for each industry by asset class	Quantitative	Presentation currency	FN-CB-410b.2	198
	Percentage of gross exposure included in the financed emissions calculation	Quantitative	Percentage %	FN-CB-410b.3	198
	Description of the methodology used to calculate financed emissions	Discussion and Analysis	n/a	FN-CB-410b.4	100

SASB FOR CONSUMER FINANCE

TOPIC	METRIC	CATEGORY	UNIT OF MEASURE	CODE	Page Reference
Customer Privacy	Number of account holders whose information is used for secondary purposes 1	Quantitative	Number	FN-CF-220a.1	192
	Total amount of monetary losses as a result of legal proceedings associated with customer privacy 2	Quantitative	Presentation currency	FN-CF-220a.2	192
Data Security	(1) Number of data breaches, (2) percentage that are personal data breaches, (3) number of account holders affected 3	Quantitative	Number, Percentage (%)	FN-CF-230a.1	192
	Card-related fraud losses from (1) card- not-present fraud and (2) card-present and other fraud	Quantitative	Presentation currency	FN-CF-230a.2	192
	Description of approach to identifying and addressing data security risks	Discussion and Analysis	n/a	FN-CF-230a.3	192
Selling Practices	Percentage of total remuneration for covered employees that is variable and linked to the amount of products and services sold 4	Quantitative	Percentage (%)	FN-CF-270a.1	131
	Approval rate for (1) credit and (2) pre- paid products for applicants 5	Quantitative	Percentage (%)	FN-CF-270a.2	131
	(1) Average fees from add-on products, (2) average APR of credit products, (3) average age of credit products, (4) average number of credit accounts, and (5) average annual fees for pre-paid products	Quantitative	Presentation currency, Percentage (%), Months, Number	FN-CF-270a.3	131
	(1) Number of customer complaints filed, (2) percentage with monetary or non- monetary relief	Quantitative	Number, Percentage (%)	FN-CF-270a.4	131
	Total amount of monetary losses as a result of legal proceedings associated with selling and servicing of products 6	Quantitative	Presentation currency	FN-CF-270a.5	131

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.

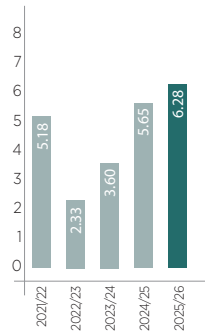
Equity

CDB is dedicated to creating value from shareholder capital by measuring performance against market and industry benchmarks with a disciplined approach.

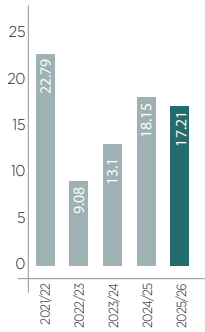
Price Earnings

We operate from a position of strength, ensuring the Company is well-positioned to deliver consistent, sustainable returns to shareholders.

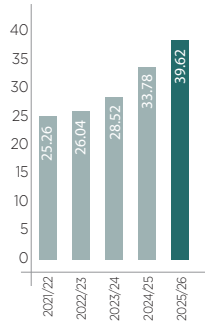
Earnings Per Share
(Rs.)



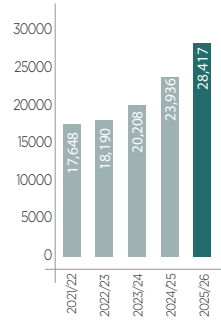
Return on Equity
(%)



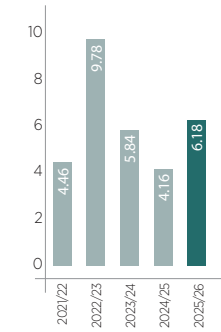
Net Asset Value per Share
(Rs.)



Equity
(Rs.Mn)



Price Earnings
(Times)



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

INSIGHTS FROM OUR SHARE HOLDERS

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



Meetings



Press Conferences and Releases

Extraordinary General Meetings Annual Reports and Annual General Meetings



Documents

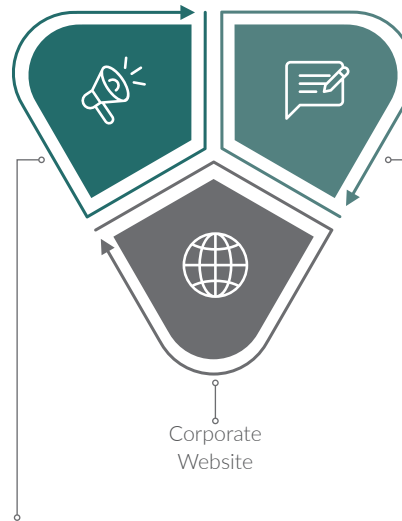


Press Conferences and Releases

Interim Financial Statements One-to-One Discussions



Announcements



Corporate Website

Announcements to CSE (Colombo Stock Exchange) Feedback Surveys

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

Key Indicator	2025/26	2024/25	2023/24	2022/23	2021/22
Net Asset value per share (Rs.)*	38.98	33.78	28.52	26.04	25.26
Earnings per share (Rs.)*	6.28	5.65	3.60	2.33	5.18
Dividend per share (Rs.)*	1.75	1.50	0.70	0.50	0.04
Market Price per share (Rs.)*	38.80	23.50	21.00	22.78	23.08
Dividend pay-out ratio (%)*	27.87	26.55	19.44	21.46	0.72
Dividend Yield (%)*	4.51	6.38	3.33	2.20	0.16

* Adjusted for subdivision of shares

CAPITAL MARKET PERFORMANCE

The Colombo Stock Exchange (CSE) experienced a strong performance during the financial year 2025/26. All Share Price Index (ASPI) demonstrated a positive trajectory, climbing from 15,814.80 points on 31 March 2025 to 21,066.18 points on 31 March 2026, reflecting a notable growth of 33.2%. Additionally, the market capitalisation of the CSE grew from Rs. 5,812.11 billion to Rs. 7,522.00 billion,

signifying a 29.4 % growth during the Financial year 2025/26. Further, S&P SL 20 index, which monitors the performance of prominent blue-chip companies, also grew from 4,734.72 points on 31 March 2025, to 5,904.10 points on 31 March 2026, resulting in a substantial 24.7% growth.

The number of listed companies remained same level of 271 during the FY 2025/26. The upward movement of

the ASPI & S&P SL 20 indexes suggest an encouraging trajectory for the economy and demonstrates investor 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 2025/26 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 SHARE

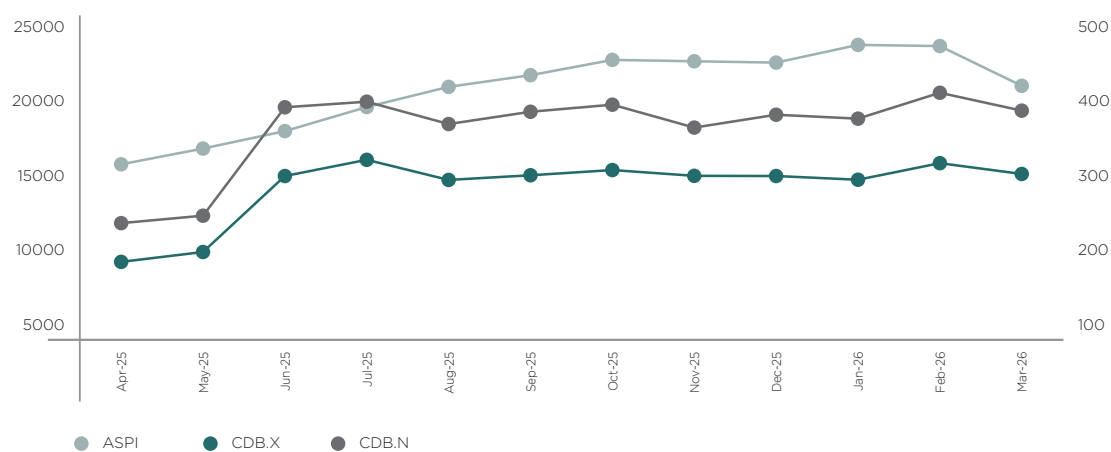
CDB demonstrated strong market performance in line with the broader upward trend of the ASPI and S&P SL20 indices during the financial year ended 31 March 2026.

Ordinary voting shares (CDB.N) recorded a capital appreciation of 63.71%, while ordinary non-voting shares (CDB.X) significantly outperformed the market with a remarkable gain of 63.78%. For context, the ASPI posted a year-on-year growth of 33.20%, 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. 225.00 to Rs. 460.00, while CDB.X ranged from Rs. 160.0 to Rs. 373.25. This positive price momentum translated into an 29.42% year-on-year increase in CDB's market capitalisation, rising from Rs. 16.08 Bn. in FY 2024/25 to Rs. 23.81 Bn. in FY 2025/26.

Comparison of CDB share movement with ASPI



OVERALL SHARE MARKET

As at 31 March 2026 the 271 companies were listed in the CSE with a market capitalisation of Rs. 7,522.00 Bn. reflecting an increase of 29.42% compared to Rs. 5,812.11 Bn. in the previous year.

	31 March 2025	31 March 2026
All Share Price Index (ASPI)	15,814	21,066
S&P Sri Lanka 20 Index (S&P SL 20)	4,734	5,904
Market capitalisation (Rs. Bn.)	5,812.11 billion	7,522.00 billion

SHARE PRICE INFORMATION

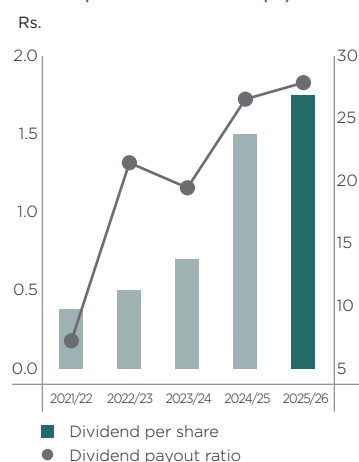
Prices (LKR)	2025/26	
	Voting	Non-Voting
High	460.00	373.25
Low	225.00	160.00
Last traded	388.00	303.00

DIVIDENDS

For the financial year ended 31 March 2026, CDB declared a cash dividend of Rs. 1.75 per share for both voting and non-voting shares of Rs. 223,171,406 and Rs. 38,788,755 respectively, which aggregated to a sum of Rs. 261,960,161.

FY	Dividend per share	Dividend payout %
2021/22	0.37	7.25
2022/23	0.50	21.47
2023/24	0.70	19.47
2024/25	1.50	26.55
2025/26	1.75	27.87

Dividend per share & Dividend payout



CDB VOTING SHARE PERFORMANCE

	Turnover (Rs. Mn.)	Share volume
Apr-25	7,251,075	30,754
May-25	11,592,221	48,508
Jun-25	858,549,409	3,192,925
Jul-25	59,184,123	150,844
Aug-25	31,059,148	79,471
Sep-25	712,041,656	2,019,341
Oct-25	411,535,433	1,086,018
Nov-25	34,755,005	90,517
Dec-25	12,026,718	31,975
Jan-26	369,955,380	998,571
Feb-26	183,221,560	432,621
Mar-26	113,968,217	291,520

CDB NON-VOTING SHARE PERFORMANCE

FY	Turnover (Rs. Mn.)	Share volume
Apr-25	25,188,218	139,070
May-25	118,537,598	613,538
Jun-25	207,347,401	805,353
Jul-25	273,105,202	874,463
Aug-25	63,080,987	205,543
Sep-25	75,544,638	258,250
Oct-25	62,730,638	202,898
Nov-25	18,082,556	58,667
Dec-25	28,578,760	99,014
Jan-26	35,488,950	118,671
Feb-26	276,324,064	862,800
Mar-26	83,272,392	280,076

INVESTOR RELATIONS

SHARE TRADING INFORMATION

ANNUAL TRANSACTION INFORMATION – ORDINARY VOTING SHARES

	2021/22	2022/23	2023/24	2024/25	2025/26
Number of transactions	2703	638	1387	1,596	5,686
Number of shares traded	1,928,617	5,682,209	1,558,947	13,726,302	8,453,065
Value of shares traded (Rs.Mn)	282	1,135	310	3,350	2,805

ANNUAL TRANSACTION INFORMATION – ORDINARY NON-VOTING SHARES

	2021/22	2022/23	2023/24	2024/25	2025/26
Number of transactions	10,459	3,381	2,901	5,163	11,571
Number of shares traded	5,905,811	1,303,693	1,108,592	2,199,499	4,518,343
Value of shares traded (Rs.Mn)	564	82	88	289	1,267

CDB VOTING SHARE PERFORMANCE

	High	Low	Closing
Apr-25	243.75	225.00	237.00
May-25	250.50	232.75	247.00
Jun-25	394.75	245.00	392.50
Jul-25	414.00	355.50	400.00
Aug-25	400.00	370.00	370.00
Sep-25	390.00	331.00	386.50
Oct-25	413.50	373.00	396.00
Nov-25	399.75	365.00	365.25
Dec-25	397.00	365.00	382.50
Jan-26	388.00	368.00	377.25
Feb-26	460.00	362.00	412.00
Mar-26	428.00	368.00	388.00

CDB NON-VOTING SHARE PERFORMANCE

	High	Low	Closing
Apr-25	192.50	160.00	185.00
May-25	210.00	181.00	198.25
Jun-25	302.00	204.00	300.25
Jul-25	340.00	285.00	322.00
Aug-25	336.75	287.75	295.00
Sep-25	310.00	284.00	301.25
Oct-25	318.00	299.75	308.25
Nov-25	349.50	300.00	300.50
Dec-25	310.00	275.00	300.25
Jan-26	308.75	291.00	295.25
Feb-26	373.25	290.00	317.50
Mar-26	315.00	280.00	303.00

QUARTERLY SUMMARY

Period - Voting	High (Rs.)	Low (Rs.)	Close (Rs.)	Trade volume	Share volume	Turnover (Rs.)	Days traded
2025/26 - Q1	250.50	225.00	392.50	1,443.00	3,272,187	877,392,706	56
2025/26 - Q2	414.00	331.00	386.50	1,083.00	2,249,656	802,284,928	62
2025/26 - Q3	413.50	365.00	382.50	848.00	1,208,510	458,317,156	59
2025/26 - Q4	460.00	362.00	388.00	2,312.00	1,722,712	667,145,158	59

Period - Non-voting	High (Rs.)	Low (Rs.)	Close (Rs.)	Trade volume	Share volume	Turnover (Rs.)	Days traded
2025/26 - Q1	302.00	160.00	300.25	2,801	1,557,961	351,073,219	57
2025/26 - Q2	340.00	284.00	301.25	2,983	1,338,256	411,730,829	63
2025/26 - Q3	349.50	275.00	300.25	1,842	360,579	109,391,956	61
2025/26 - Q4	373.25	280.00	303.00	3,945	1,261,547	395,085,407	59

MARKET CAPITALISATION AND FLOATING ADJUSTED MARKET CAPITALISATION

	Number of shares	MPS	Market capitalisation (Rs.)	Percentage of public holders	Float adjusted market capitalisation (Rs.)
Voting	61,374,456	388	23,813,288,928	45.58%	10,854,097,093
Non-voting	10,343,668	303	3,134,131,404	81.83%	2,564,659,728
Total	71,718,124		26,947,420,332		13,418,756,821

The float adjusted market capitalisation of the Company falls under Option 5 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	Resident			Non-resident					
	Number of share-holders	No. of shares	Percentage (%)	Number of share-holders	No. of shares	Percentage (%)	Number of share-holders	No. of shares	Percentage (%)
1 to 1000 Shares	1,564	261,474	0.43	2	307	0.00	1,566	261,781	0.43
1001 to 10,000 Shares	452	1,241,790	2.02	1	5,176	0.01	453	1,246,966	2.03
10001 to 100,000 Shares	120	3,418,640	5.57	2	64,885	0.11	122	3,483,525	5.68
100001 to 1000,000 Shares	34	7,953,369	12.96	0	0	0.00	34	7,953,369	12.96
Over 1,000,000 Shares	11	48,428,815	78.90	0	0	0.00	11	48,428,815	78.90
	2,181	61,304,088	99.88	5	70,368	0.12	2,186	61,374,456	100.00

COMPOSITION OF VOTING SHAREHOLDERS

Categories of shareholders	2025/26		
	No. of shareholders	No. of shares	Holding %
Individual	2,073	6,235,715	10.16
Institutional	113	55,138,741	89.84
	2,186	61,374,456	100

ORDINARY NON-VOTING - COMPOSITION ACCORDING TO SHAREHOLDING

Shareholdings	Resident			Non-resident					
	Number of share-holders	No. of shares	Percentage (%)	Number of share-holders	No. of shares	Percentage (%)	Number of share-holders	No. of shares	Percentage (%)
1 to 1000 Shares	2,454	379,883	3.67	6	1,555	0.02	2,460	381,438	3.69
1001 to 10,000 Shares	340	1,031,438	9.97	3	17,677	0.17	343	1,049,115	10.14
10001 to 100,000 Shares	82	2,544,925	24.60	3	169,440	1.64	85	2,714,365	26.24
100001 to 1000,000 Shares	15	4,350,511	42.06	1	108,009	1.04	16	4,458,520	43.10
Over 1,000,000 Shares	1	1,740,230	16.83	0	0	0.00	1	1,740,230	16.83
	2,892	10,046,987	97.13	13	296,681	2.87	2,905	10,343,668	100.00

COMPOSITION OF NON-VOTING SHAREHOLDERS

Categories of shareholders	2025/26		
	No. of shareholders	No. of shares	Holding %
Individual	2,790	5,006,706	48.40
Institutional	115	5,336,962	51.60
	2,905	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 2026

ORDINARY VOTING SHARES

No	Name	Shareholding	Percentage (%)
1	CEYLINCO LIFE INSURANCE LIMITED ACCOUNT NO.3 SHAREHOLDER'S FUND	19,120,225	31.15
2	ASIA MANAGEMENT CAPITAL VENTURES (PVT) LTD	7,809,039	12.72
3	CITIZENS DEVELOPMENT BUSINESS FINANCE PLC A/C 02 (CDB EMPLOYEE GRATUITY FUND)	4,894,383	7.97
4	SAMPATH BANK PLC/ASEKI INSURANCE BROKERS (PVT) LTD	4,000,000	6.52
5	PEOPLE S LEASING AND FINANCE PLC/ASIA MANAGEMENT CAPITAL VENTURES (PVT)LTD	2,900,000	4.73
6	PEOPLE'S LEASING & FINANCE PLC / MR.W.P.C.M.NANAYAKKARA	2,293,231	3.74
7	SANASA DEVELOPMENT BANK PLC/ASIA MANAGEMENT CAPITAL VENTURES (PVT) LTD	1,800,000	2.93
8	PEOPLE S LEASING AND FINANCE PLC/S.V.MUNASINGHE	1,454,259	2.37
9	PEOPLE S LEASING AND FINANCE PLC/R.H.ABEYGOONEWARDENA&V.F.ABEYGOONEWARDENA	1,445,547	2.36
10	CEYLINCO LIFE INSURANCE LIMITED ACCOUNT NO.1	1,423,548	2.32
11	SEYLAN BANK PLC/TENNAKON MUDIYANSELAGE DAMITH PRASANNA TENNAKON	1,288,583	2.10
12	CEYLINCO LIFE INSURANCE LIMITED ACCOUNT NO.2	954,323	1.55
13	SEYLAN BANK PLC/N.D.KODAGODA	561,388	0.91
14	J.B. COCOSHELL (PVT) LTD	405,900	0.66
15	ODYSSEY CAPITAL PARTNERS (PRIVATE) LIMITED	350,000	0.57
16	PEOPLE'S LEASING & FINANCE PLC/MR. H.K. DASSANAYAKE	299,115	0.49
17	DEUTSCHE BANK AG AS TRUSTEE FOR JB VANTAGE VALUE EQUITY FUND	296,302	0.48
18	SEYLAN BANK PLC/I.M.KOTIGALA	284,908	0.46
19	MR. J.S. RANATHUNGA	267,977	0.44
20	MR. M.A. JAFFERJEE	260,000	0.42
	Subtotal of top 20 shareholders	52,108,728	84.89
		9,265,728	15.11
	Total	61,374,456	100.00%

The percentage of shares held by the public as at 31 March 2026 was 45.58% (with 2,172 public shareholders)

ORDINARY NON-VOTING SHARES

No.	Name	Shareholding	Percentage (%)
1	J.B. COCOSHELL (PVT) LTD	1,740,230	16.82
2	SEYLAN BANK PLC/S.R. FERNANDO	720,592	6.97
3	DEUTSCHE BANK AG AS TRUSTEE FOR JB VANTAGE VALUE EQUITY FUND	491,891	4.76
4	ODYSSEY CAPITAL PARTNERS (PRIVATE) LIMITED	470,000	4.54
5	MR. Y.H. ABDULHUSSEIN	448,934	4.34
6	MISS R.H. ABDULHUSSEIN	376,776	3.64
7	ESSAJEE CARIMJEE INSURANCE BROKERS (PVT) LTD	325,000	3.14
8	COMMERCIAL BANK OF CEYLON PLC A/C NO. 04	324,696	3.14
9	MR. A. SITHAMPALAM	196,509	1.90
10	MR. H.M. ABDULHUSSEIN	188,902	1.83
11	MR. H.M. ABDULHUSSEIN	153,275	1.48
12	MR. L.T.R.S.L. JAYAWARDHANA	153,200	1.48
13	MRS. A.M. ESUFALLY	145,375	1.41
14	MR. S.M.P.L. JAYARATNE	133,966	1.30
15	SAMPATH BANK PLC/ DR. PALAMANDADIGE LAHIRU SHANTHAWARNA ARIYANANDA	121,295	1.17
16	GOLD INVESTMENT LIMITED	108,009	1.04
17	MR. W.P.A.D. GUNATHILAKE	100,100	0.97
18	ASSETLINE FINANCE PLC/H.M.A.K.B. HERATH	100,000	0.97
19	MR. N.K. D'ALWIS	100,000	0.97
20	SEYLAN BANK PLC/SIVAPIRAGASAM KANAGASINGAM AATHITHAN	92,057	0.89
	Subtotal of top 20 shareholders	6,490,807	62.76
		3,852,861	37.24
	Total	10,343,668	100.00%

The percentage of shares held by the public as at 31 March 2026 81.83% in non-voting shares (with 2,898 shareholders)

DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S SHAREHOLDING AS AT 31 MARCH 2026 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	2,293,231
5	PEOPLE'S LEASING & FINANCE PLC/MR. T.M.D.P. TENNAKON	257,846
6	MR. S. KUMARAPPERUMA	-
7	MR. S.V. MUNASINGHE	-
8	PEOPLE S LEASING AND FINANCE PLC/S.V.MUNASINGHE	1,454,259
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	1,445,547
11	MR. D.A. DE SILVA	-
12	DIALOG FINANCE PLC/D.A. DE SILVA	238,310
13	MR. J.P. ABHAYARATNE	-
14	MRS. P.R.W. PERERA	-
15	SEYLAN BANK PLC/TENNAKON MUDIYANSELAGE DAMITH PRASANNA TENNAKON	1,288,583
16	MR. E.R.S.G.S. HEMACHANDRA	-
17	MRS. P.N. GAMAGE	-
18	MRS. J. LOKULIYANA	-
19	MR.DR. R. WICKRAMASINGHE	-

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	-
4	MR. S.V. MUNASINGHE	-
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	-
8	MR. J.P. ABHAYARATNE	-
9	MRS. P.R.W. PERERA	-
10	MR. S. KUMARAPPERUMA	-
11	MR. E.R.S.G.S. HEMACHANDRA	-
12	MRS. P.N. GAMAGE	-
13	MRS. J. LOKULIYANA	-
14	DR. R. WICKRAMASINGHE	-

Credit rating

The National Long Term Rating of CDB is BBB(lka) with an evolving outlook as assigned by Fitch Ratings Lanka Ltd., with the most recent review being completed on 25th August 2025.

REGULATORY COMPLIANCE DISCLOSURES

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 Ref	Disclosure Requirement	Section Reference	Page Reference
7.6 (i)	Board of directors during the FY with profiles	Board of Directors	24-31
7.6 (ii)	Principal activities of the Entity and subsidiaries including any changes	Notes to the Financial Statements, Annual Report of the Board of Directors	283 & 264-266
7.6 (iii)	Top 20 shareholders - number of shares and % of Voting and non-voting shares LKR or Foreign Currency denominated	Investor Relations	404-405
7.6 (iv) (a)	Public holding details for LKR denominated Shares/ float adjusted market capitalization, public holding percentage (%), number of public shareholders option The public holding percentage (%) in respect of non-voting ordinary Shares (where applicable).	Investor Relations	398-406
7.6 (iv) (b)	Public holding details for Foreign Currency denominated Shares/ public holding percentage (%) number of public shareholders	Investor Relations	398-406
7.6 (v)	Each Director's and Chief Executive Officer's shareholding in each class of shares LKR and Foreign Currency denominated (as applicable).	Investor Relations	404-406
7.6 (vi)	Material foreseeable risk factors of the Entity	Risk Report	218-235
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	322-329
7.6 (ix)	Number of shares representing the Entity's stated capital.	Investor Relations, Notes to the Financial Statements	398-406 & 343-346
7.6 (x)	Distribution schedule - Number of holders and % for each class as per the format in the rules.	Investor Relations	403-404
7.6 (xi)	Stipulated Ratios and market price information relating to the following : Equity, Debt(listed), Any changes in credit ratings	Investor Relations	398-406
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	322-329
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	398-406
7.6 (xiv)	Required information in respect of Employee Share Option Schemes and Employee Share Purchase Schemes	Notes to the Financial Statements	344-345
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)	408-409
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	264-266
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 have not listed any type of mentioned securities listed on the Exchange.	N/A

REGULATORY COMPLIANCE DISCLOSURES

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.

Rule Ref	Disclosure Requirement	Page Reference/notes	Status of Compliance
9.1.3	Statement confirming the extent of compliance with the Corporate Governance Rules	Refer Pages 264-266, 259, 262-263	
9.2.2	Any waivers from compliance with the Internal Code of business conduct and ethics or exemptions granted	Refer Page 58	
9.2.3 (i)	List of policies in place as per Rule 9.2.1, with reference to website	(a) Policy on the matters relating to the Board of Directors (b) Policy on Board Committees (c) Policy on Corporate Governance, Nominations and Re-election (d) Policy on Remuneration (e) Policy on Internal Code of Business conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities (f) Policy on Risk management and Internal controls (g) Policy on Relations with Shareholders and Investors (h) Policy on Environmental, Social and Governance Sustainability (i) Policy on Control and Management of Company Assets and Shareholder Investments (j) Policy on Corporate Disclosures (k) Policy on Whistleblowing (l) Policy on Anti-Bribery and Corruption - All the policies are available on the corporate website - https://cdb.lk/	
9.2.3 (ii)	Any changes to policies adopted	ESG Policy was revised in line with the Latest practices of the organization and all other policies and procedures will be taken up or review in the financial year 2026/27.	
9.4.2	(a) The policy on effective communication and relations with shareholders and investors (b) The contact person for such communication (c) The policy on relations with shareholders and investors on the process to make all Directors aware of major issues and concerns of shareholders	Refer pages 60-61 on communication and relations with shareholders and investors	
9.5.2	Confirmation on compliance with the requirements of the Policy on matters relating to the Board of Directors. If non-complied reasons for the same with proposed remedial action.	All requirements are covered in the CDB Board Charter and complied with.	
9.6.3	Report of SID demonstrating the effectiveness of duties	The requirement for a SID, as stipulated, is not applicable to CDB	
9.6.4	Rationale for appointing SID	The requirement for a SID, as stipulated, is not applicable to CDB	
9.7.5	Statement on Directors and CEO satisfying Fit and Proper Assessment Criteria Any non-compliance/s and remedial action taken	Directors and CEO of the Company satisfy the Fit and Proper Assessment Criteria stipulated in the Listing Rules of the Colombo Stock Exchange. There were no any non-compliances during the 2025/26 FY. Refer Page 51.	
9.8.5	Names of Directors determined to be 'independent'	Refer Page 49.	






Rule Ref	Disclosure Requirement	Page Reference/notes	Status of Compliance
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 24 - 31 and 40 - 61.	
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 246 - 248	
9.12.8	A report of the Remuneration Committee including details of the Chairperson and members of the Committee, A statement regarding the remuneration policy and the aggregate remuneration of the Executive and Non-Executive Directors.	Refer the Human Resources and Governance Committee Report on pages 249 - 251	
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 236 -239	
9.14.8 (1)	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 252 - 254	
9.14.8 (2)	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 252 - 254	
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 252 - 254	
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 264 to 266, the Related Party Transactions Review Committee Report on pages 252 to 254 and Related Party Transaction Note 43 on pages 350 to 351 in the Financial Statements	
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 pages 252-254 and 264-266	
9.17 (ii)	Declaration on the status of review of the internal controls and obtaining reasonable assurance	Refer pages 260-261 and 267	
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 51-52 and 246-248	
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 60 and 264-266	

REGULATORY COMPLIANCE DISCLOSURES

CORPORATE GOVERNANCE DISCLOSURES



GRI 2-10, 2-11, 2-12, 2-19





CDB adheres to the voluntary standards outlined in the Codes on Best Practice, in addition to complying with all mandatory requirements stipulated by the regulatory bodies on Corporate Governance. CDB recognizes Corporate Governance Disclosures not just as a regulatory requirement but a strategic necessity where they play a crucial role in ensuring transparency, building trust, managing risks and etc. so that the operational efficiency is enhanced, the risk of fraud is reduced and sustainable growth is achieved ultimately. Demonstrating its commitment to excellence, CDB has voluntarily adopted the latest Code of Best Practice on Corporate Governance 2023, issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka). Furthermore, CDB has complied with the Corporate Governance Direction No. 05 of 2021 issued by the Central Bank of Sri Lanka.

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 50.	
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 41-43 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.	





Caption	CASL Reference	CBSL Section	Principle, Compliance and Implementation	Status of Compliance
		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 organization through shared ownership and responsibility. The Company's Policy Framework operationalizes these embedded values and culture. Key policies—including the Board Charter, Code of Conduct and Ethics, Policy on Relations with Shareholders and Investors, Policy on Corporate Disclosures (both the preceding Policies govern communication with shareholders and all stakeholders, 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 53. CDB's commitment to sustainable finance is also rooted in its vision and values, as illustrated in pages 240-242 and 83 - 109.	
		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.	



REGULATORY COMPLIANCE DISCLOSURES

Caption	CASL Reference	CBSL Section	Principle, Compliance and Implementation	Status of Compliance
		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 24-31) 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.	




Caption	CASL Reference	CBSL Section	Principle, Compliance and Implementation	Status of Compliance
		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.	
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), 8.1-8.7	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. Refer pages 52 -53 for more details.	
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 enable 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.	

REGULATORY COMPLIANCE DISCLOSURES

Caption	CASL Reference	CBSL Section	Principle, Compliance and Implementation	Status of Compliance
Dedication of Adequate Time and Effort for Matters of the Board	A.1.6	1.5 a) & 7.4	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. Further meetings and additional discussions are held with the management whenever the need arises.	
Resolutions to be Presented	A.1.7		One-third of the Directors can call for a resolution to be presented to the Board.	
Training for New and Existing Directors	A.1.8	1.5 c)	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. Refer page 51 -52 and 246 - 248 on Corporate Governance Section for more details.	
Delegation of Functions by the Board		9	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 43-48, 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.	




Caption	CASL Reference	CBSL Section	Principle, Compliance and Implementation	Status of Compliance
Board Subcommittees		10	<p>Board Subcommittees are formed abiding by the regulatory framework and meetings are held sufficiently regularly as stipulated from pages 43-48. Performance, duties, and functions of all Subcommittees are disclosed on pages 236-258 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 Independent 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 44-45 and the two subsequent sections herein.</p>	





REGULATORY COMPLIANCE DISCLOSURES

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 Independent 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; 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. 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 24-31.	







Caption	CASL Reference	CBSL Section	Principle, Compliance and Implementation	Status of Compliance
BALANCE OF THE BOARD				
Presence of Non-Executive Directors	A.5.1	3.6	During the FY 2025/26, eight of the thirteen Directors are Non-Executives (NED).	✓
Independent Directors	A.5.2	3.7 a) & b)	During the FY 2025/26, 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.	✓
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.	✓








REGULATORY COMPLIANCE DISCLOSURES

Caption	CASL Reference	CBSL Section	Principle, Compliance and Implementation	Status of Compliance
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.	
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.	






Caption	CASL Reference	CBSL Section	Principle, Compliance and Implementation	Status of Compliance
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 (KRPs). 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. Refer pages 51-52 and 246 - 248 for more information	
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.	






REGULATORY COMPLIANCE DISCLOSURES

Caption	CASL Reference	CBSL Section	Principle, Compliance and Implementation	Status of Compliance
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 2025/26.	
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. Accordingly Dr. Rasitha Wickramasinghe's appointment to the Board dated 20th October 2025 was disclosed.	
Disclosures on the Nomination and Governance Committee	A.7.5	16.1 Vi	The Report by BNGC on pages 246-248 includes its Composition and Work undertaken.	
RE-ELECTION				
Terms of Appointment of Non-Executive Directors	A.8.1		Articles of Association of the Company require each Non- Executive 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.	

Caption	CASL Reference	CBSL Section	Principle, Compliance and Implementation	Status of Compliance
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 2025/26.	
Non-Attendance of Board Meetings		7.8	Provision is reflected in the company policies and not applicable for financial year 2025/26, 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, 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 249-251 for the "Report of the Human Resources and Remuneration Committee" in the Annual Report, and pages 55-58 on Corporate Governance Report for details of the criteria considered for performance evaluation of the Board.	






REGULATORY COMPLIANCE DISCLOSURES

Caption	CASL Reference	CBSL Section	Principle, Compliance and Implementation	Status of Compliance
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 pages 24-31)	
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. Refer pages 55 - 56 for more information	
DIRECTORS' REMUNERATION				
Remuneration Committee	B.1., B.2.1 & B.2.16	10.1 a) & b), 10.5 c) - h)	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 249-251. 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. 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.	
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 Human Resources Remuneration Committee Report on pages 249 to 251.	


Caption	CASL Reference	CBSL Section	Principle, Compliance and Implementation	Status of Compliance
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 benchmarking against comparable 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 Human Resources Remuneration Committee, on a need basis through the Board Secretary.	
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. Refer pages 56 - 58 and 249 - 251 for more information	
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 (BHRRC) 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 exercised Employee Share options during the financial year 2025/26. Refer pages 350 - 351 for more information.	

REGULATORY COMPLIANCE DISCLOSURES

Caption	CASL Reference	CBSL Section	Principle, Compliance and Implementation	Status of Compliance																				
Compensation Commitments on Early Termination	B.2.11 & B.2.12		No early termination event has occurred during the financial year. The Human Resources and 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 BHRRC Report on pages 249 - 251 of the Annual Report.																					
<table border="1"> <thead> <tr> <th>Aggregate Remunerations Paid to Directors 2025/26</th> <th>Amount (Rs.'000)</th> </tr> </thead> <tbody> <tr> <td>Basic Salary</td> <td>185,400</td> </tr> <tr> <td>Board and Sub Committee Fees</td> <td>47,817</td> </tr> <tr> <td>Fixed Allowances</td> <td>47,400</td> </tr> <tr> <td>Variable Allowances</td> <td>-</td> </tr> <tr> <td>Bonuses</td> <td>123,981</td> </tr> <tr> <td>Reimbursement Expenses</td> <td>-</td> </tr> <tr> <td>Other Monetary Benefits (If Any)</td> <td>7,539</td> </tr> <tr> <td>Non-Monetary Benefits (Converted in Monetary Terms)</td> <td>1,320</td> </tr> <tr> <td>Total Remuneration paid to Directors</td> <td>413,457</td> </tr> </tbody> </table>					Aggregate Remunerations Paid to Directors 2025/26	Amount (Rs.'000)	Basic Salary	185,400	Board and Sub Committee Fees	47,817	Fixed Allowances	47,400	Variable Allowances	-	Bonuses	123,981	Reimbursement Expenses	-	Other Monetary Benefits (If Any)	7,539	Non-Monetary Benefits (Converted in Monetary Terms)	1,320	Total Remuneration paid to Directors	413,457
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<table border="1"> <thead> <tr> <th>Aggregate Remunerations Paid to Senior Management 2025 / 26</th> <th>Amount (Rs.'000)</th> </tr> </thead> <tbody> <tr> <td>Basic Salary</td> <td>131,980</td> </tr> <tr> <td>Fixed Allowances</td> <td>30,426</td> </tr> <tr> <td>Variable Allowances</td> <td>-</td> </tr> <tr> <td>Bonuses</td> <td>96,902</td> </tr> <tr> <td>Reimbursement Expenses</td> <td>-</td> </tr> <tr> <td>Other Monetary Benefits (If Any)</td> <td>4,852</td> </tr> <tr> <td>Non-Monetary Benefits (Converted in Monetary Terms)</td> <td>1,440</td> </tr> <tr> <td>Total Remuneration paid to Senior Management</td> <td>265,600</td> </tr> </tbody> </table>					Aggregate Remunerations Paid to Senior Management 2025 / 26	Amount (Rs.'000)	Basic Salary	131,980	Fixed Allowances	30,426	Variable Allowances	-	Bonuses	96,902	Reimbursement Expenses	-	Other Monetary Benefits (If Any)	4,852	Non-Monetary Benefits (Converted in Monetary Terms)	1,440	Total Remuneration paid to Senior Management	265,600		
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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 249 - 251.																					
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.																					





Caption	CASL Reference	CBSL Section	Principle, Compliance and Implementation	Status of Compliance
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.	
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.	

REGULATORY COMPLIANCE DISCLOSURES

Caption	CASL Reference	CBSL Section	Principle, Compliance and Implementation	Status of Compliance
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 Transactions Review 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 2026 and at the end of each Quarter of the financial year 2025/26. 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 264 - 266 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 63 to 77.	





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	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). 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. 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.	
Responsibility of all Employees		11.3	The Company promotes the risk management culture and all employees share the responsibility for ensuring effective internal controls.	


REGULATORY COMPLIANCE DISCLOSURES

Caption	CASL Reference	CBSL Section	Principle, Compliance and Implementation	Status of Compliance
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 address the risk management aspect of the company where Board undertaking is depicted. Refer pages 259 - 261 for more information	
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.	
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-Executive Directors. 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 BIRMC Report in the Annual Report pages 243 to 245.	




Caption	CASL Reference	CBSL Section	Principle, Compliance and Implementation	Status of Compliance
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 the 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.	



REGULATORY COMPLIANCE DISCLOSURES

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 243 to 245.	
AUDIT COMMITTEE				
Composition	D.3.1	10.1 a) & e), 10.2 a) & b)	The Company's Audit Committee comprises of three Non-Executive Directors, including two Independent Directors. The Committee is chaired by a Independent Directors, ensuring objectivity and independence in its oversight responsibilities. The Committee operates within clearly defined terms of reference. Details of the members, invitees and the secretary of the Committee are provided in the Audit Committee Report in this Annual Report on pages 236 to 239.	

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. The BAC reviewed and approved the Internal Audit Plan for the financial year and meets at least 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. 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. 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.</p>	

REGULATORY COMPLIANCE DISCLOSURES






Caption	CASL Reference	CBSL Section	Principle, Compliance and Implementation	Status of Compliance
			<p>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. 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. 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. 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. 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 236 to 239).	
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, every other 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. The Committee held 11 meetings in the financial year which included 02 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>	

Caption	CASL Reference	CBSL Section	Principle, Compliance and Implementation	Status of Compliance
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 252 to 254 for more information.	
Duties	D.5.3	12.1 b) & c), 12.2 & 12.3	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. 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. 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 43 on pages 350 and 351). The BRPTRC maintains an updated list of related parties in compliance with applicable regulations and conducts periodic reviews as needed. 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. Please refer the BRPTRC report on pages 252 to 254 and the related party transaction disclosures on pages 350 to 351 for more information.	

REGULATORY COMPLIANCE DISCLOSURES

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 Board 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 on pages 16 - 19.	

Caption	CASL Reference	CBSL Section	Principle, Compliance and Implementation	Status of Compliance
Conflict of Interest		7.7 & 15	At the Board level, all Directors are guided by the newly consolidated Management of Conflicts of Interest Policy and the Board Charter, which require the prompt disclosure of any actual, potential, or perceived conflict of interest. Directors are expected to refrain from participating in discussions, deliberations, or decisions where a conflict exists. The Board upholds high standards of professional conduct and collectively ensures that no Director exercises undue influence or coercion over decision-making processes. These expectations are further supported by established governance and oversight mechanisms. The Company's approach to managing conflicts of interest is detailed on pages 53 -54 and addresses the requirements of this provision.	
CORPORATE GOVERNANCE DISCLOSURES				
Adherence to Principles and Practices of Corporate Governance	D.71	16.1 x	The Chapter on Corporate Governance, presented on pages 40 to 61, outlines the governance framework, policies, and practices adopted by CDB to ensure adherence to the principles and practices of good governance. It provides details of the Company's compliance with applicable regulatory requirements and its commitment to maintaining governance standards aligned with recognised best practices.	
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 voting rights ensuring that their voting intentions are effectively translated into practice. The Annual General Meeting serves as the key forum for constructive engagement between the Company and its shareholders, providing an opportunity to discuss matters of relevance and address issues of interest or concern to the wider shareholder base.	
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 information brought to their attention, particularly in relation to the structure, composition, independence, and effectiveness of the Board..	
OTHER INVESTORS				
Investing/ Divesting Decision	F.1	1.3 d), 1.7 a), 6.4 i) & 16.1 xiii)	Individual shareholders are encouraged to conduct appropriate analysis and/or obtain independent professional advice when making investment or divestment decisions.	
Shareholder Voting	F.2	1.3 d), 1.7 a), 6.4 i) & 16.1 xiii)	Individual shareholders are encouraged to actively participate in General Meetings and to exercise their voting rights in an informed and responsible manner.	

Caption	CASL Reference	CBSL Section	Principle, Compliance and Implementation	Status of Compliance
INTERNET OF THINGS AND CYBER SECURITY				
Cyber Security Risk Management Process	G.1 – G.5	10.3 c) & f)	Company has implemented a structured framework to identify and manage cybersecurity risks arising from Internet of Things and broader digital connectivity, supported by Board oversight and approved policies. The framework includes risk management processes, incident response, vendor management, disaster recovery planning, and independent ICT audits, with regular Board-level discussions and external assurance to ensure effectiveness and alignment with best practices. Further details are provided on pages 181-196 and 218 - 235	
SUSTAINABILITY: ESG RISK AND OPPORTUNITIES				
H.1	H.1	16.1 xii		
H.2.1	H.2.1	1.3 (c)		
H 3.1	H 3.1	1.3 (c)	Please refer SLFRS S1 and S2 Sustainability related financial disclosures on pages 83-109.	
H.4.1-4.3	H.4.1-4.3	1.3 (c)		
H.5.1-5.4	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 408-409.	
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 408-409.	
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.	

QUARTERLY STATISTICS

	2025/2026				2024/2025			
	30.06.2025	30.09.2025	31.12.2025	31.03.2026	30.06.2024	30.09.2024	31.12.2024	31.03.2025
Statement of Profit or Loss (Rs. 000)								
Revenue	6,881,499	7,390,978	7,707,431	8,177,131	6,184,438	6,487,980	6,434,613	6,491,501
Net Interest Income	3,082,224	3,204,730	3,302,167	3,601,796	2,620,235	2,883,149	2,826,994	3,060,941
Total Operating Income	3,963,497	4,248,550	4,043,142	4,187,598	3,216,299	3,642,978	3,542,266	3,703,310
Net Operating Income	3,723,550	4,245,813	4,037,670	3,879,378	3,078,059	3,735,397	3,573,487	4,362,138
Non-interest Expenses	2,467,156	2,627,495	2,674,460	1,874,616	2,020,144	2,369,552	2,300,092	2,308,624
Profit Before Tax	1,256,394	1,618,318	1,363,210	2,004,762	1,057,915	1,365,845	1,273,395	2,053,514
Income Tax Expense	380,575	284,990	421,310	650,654	306,000	405,000	368,000	666,189
Profit for the Period	875,819	1,333,328	941,900	1,354,108	751,915	960,845	905,395	1,387,325
Statement of Financial Position (Rs. 000)								
Total Assets	167,665,501	178,199,588	203,896,993	214,684,217	136,749,164	141,731,085	143,641,505	156,936,346
Loans and Advances to Customers	123,737,836	136,019,544	152,581,583	169,204,400	90,098,372	96,972,567	102,571,863	110,866,909
Deposits and Borrowings	134,546,328	146,663,793	170,643,763	179,789,359	110,632,205	115,392,370	115,431,827	125,960,909
Shareholder's Funds	24,969,313	25,669,547	26,620,786	28,416,829	21,067,704	21,401,548	22,964,673	23,936,289
Key Ratios								
Net Assets Value per Share (Rs.)	35.21	35.79	37.12	39.62	29.74	30.21	32.41	33.78
Return on Average Shareholders' Equity (Annualised %)(%)	14.33%	17.81%	16.62%	17.21%	14.57%	16.47%	16.17%	18.15%
Net Non-Performing Loans Ratio (%)	3.25%	2.59%	2.27%	1.53%	7.07%	5.56%	4.14%	3.10%
Capital Adequacy Tier I (%)	13.61%	13.53%	12.25%	13.23%	15.43%	15.54%	14.98%	14.47%
Tier II (%)	16.39%	17.19%	17.84%	18.32%	18.69%	18.50%	17.37%	18.09%

TEN YEAR STATISTICAL SUMMARY

As at 31 March	2025/26 Rs.000	2024/25 Rs.000	2023/24 Rs.000	2022/23 Rs.000	2021/22 Rs.000
Operating Results					
Income	30,157,039	25,598,532	23,893,966	21,561,194	17,572,154
Interest Income	26,905,169	22,884,998	22,219,786	20,133,427	15,194,413
Interest Expenses	13,714,252	11,493,679	13,126,771	12,577,015	6,156,858
Non-Interest Income	3,251,870	2,713,534	1,674,180	1,427,767	2,377,741
Operating Expenses (Including VAT)	9,643,727	8,998,412	7,061,011	6,489,960	6,147,352
Profit/(Loss) Before Income Tax	6,242,684	5,750,669	3,706,184	2,494,219	5,267,944
Income Tax on Profit	1,737,529	1,745,189	1,190,634	867,336	1,655,864
Profit/Loss After Taxation	4,505,155	4,005,480	2,515,550	1,626,883	3,612,080
Liabilities and Shareholders' Funds					
Customer Deposits	91,331,352	86,849,204	73,258,779	62,875,226	52,216,802
Borrowings	89,581,624	40,093,706	31,549,680	21,292,801	31,494,028
Other Liabilities	5,354,412	5,491,876	3,201,106	2,403,562	3,430,968
Deferred Taxation	-	565,271	560,581	403,901	630,110
Shareholders' Funds	28,416,829	23,936,289	20,207,838	18,190,221	17,648,075
Total Liabilities and Shareholders' Funds	214,684,217	156,936,346	128,777,984	105,165,711	105,419,983
Assets					
Loans and Receivables to Customers (Net)	169,204,400	110,866,909	85,963,874	76,476,889	78,725,310
Cash and Short Term Funds	32,319,315	35,822,599	33,691,265	20,134,612	18,403,020
Property, Plant & Equipment	7,541,374	6,505,079	5,126,336	4,965,289	4,256,548
Other Assets	5,619,128	3,741,759	3,996,509	3,588,921	4,035,105
Total Assets	214,684,217	156,936,346	128,777,984	105,165,711	105,419,983
Ratios					
Growth in Income (%)	18	7	11	23	6
Growth in Interest Expenses (%)	19	(12)	4	104	(15)
Growth in Other Expenses (%)	7	27	9	6	5
Growth in Profit After Tax (%)	12.47	59.23	54.62	(54.96)	41.26
Growth in Total Assets (%)	36.80	21.87	22.45	(0.24)	12
Earnings Per Share (Rs.)*	6.28	5.65	3.60	2.33	5.18
Return on Average Assets (%)	2.42	2.80	2.15	1.55	3.62
Interim Dividend per Share (Rs.)*	0.75	0.50	-	-	-
Final Dividend per Share (Rs.)*	1**	1.00	0.70	0.50	0.375

* Adjusted for subdivision of shares

**Proposed

2020/21 Rs.000	2019/20 Rs.000	2018/19 Rs.000	2017/18 Rs.000	2016/17 Rs.000
16,622,791	17,362,985	16,240,520	11,784,862	8,591,218
14,877,242	15,636,833	14,174,517	10,117,149	7,587,180
7,282,499	8,998,331	8,949,018	6,662,828	4,699,482
1,745,549	1,726,152	2,066,003	1,667,713	1,004,038
5,873,339	6,092,731	5,180,136	3,435,217	2,664,235
3,466,953	2,271,923	2,111,366	1,686,817	1,227,501
909,999	434,873	401,173	285,629	220,986
2,556,954	1,837,050	1,710,193	1,401,188	1,006,515
48,999,341	43,305,775	47,222,578	44,709,832	32,601,836
26,822,967	32,657,672	30,817,488	19,195,517	13,032,648
4,079,981	5,066,071	3,732,225	3,583,543	1,429,915
376,460	609,271	1,336,061	860,819	628,721
14,052,220	11,556,360	8,870,269	7,152,399	6,241,165
94,330,969	93,195,149	91,978,621	75,502,110	53,934,285
75,058,331	72,422,827	71,582,081	59,438,349	43,189,010
11,089,139	11,889,393	14,150,350	10,749,272	5,695,608
3,090,338	2,950,554	2,384,016	2,029,222	1,839,091
5,093,161	5,932,375	3,862,174	3,285,267	3,210,576
94,330,969	93,195,149	91,978,621	75,502,110	53,934,285
(4)	7	38	37	15
(19)	1	34	42	31
(4)	(10)	51	29	1
39	7	22	39	1
1	1	22	40	7
3.66	2.63	3.01	2.58	1.85
2.73	1.98	2.04	2.17	1.93
-	-	-	-	-
0.75	-	0.50	0.50	0.35

ECONOMIC VALUE ADDED STATEMENT

GRI 201-1

Economic value added aim to provide a value creation and distribution analysis of the Company among its key stakeholders.

Value Created (Rs 000')	2025/26	2024/25	2023/24	2022/23	2021/22
Interest income	26,905,169	22,884,998	22,219,786	20,133,427	15,194,413
Fee Commission Income	358,421	272,909	240,497	242,015	311,128
Other Operating Income	2,893,449	2,440,625	1,433,683	1,185,752	2,066,613
Total Direct Economic Value Generated	30,157,039	25,598,532	23,893,966	21,561,194	17,572,154
Value Distributed					
Operating costs	4,727,447	3,403,943	4,160,470	4,040,715	3,809,628
To the Employees as salaries wages and other benefits	3,448,599	2,739,735	1,940,116	1,806,530	1,772,596
To the Government as Income tax and taxes on financial services	3,713,066	3,916,889	2,083,750	1,472,655	2,195,608
To providers of capital as dividend	1,246,994	850,205	349,280	261,960	523,447
To society as corporate social responsibility	48,520	38,806	67,309	37,396	25,384
To depositors and lenders as interest payments	13,714,252	11,493,679	13,126,771	12,577,015	6,156,858
Total Economic Value Distributed	26,898,878	22,443,257	21,727,696	20,196,271	14,483,521
Economic Value Retained	3,258,161	3,155,275	2,166,270	1,364,923	3,088,633

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	2026 USD' 000	2025 USD' 000
Revenue	95,679	86,380
Interest income	85,362	77,223
Interest expense	43,511	38,784
Net interest income	41,851	38,439
Fee and commission income	1,137	921
Other operating income	9,180	8,236
Total operating income	52,168	47,596
Less: Impairment charges/(reversal) and other credit losses	1,765	(2,174)
Net operating income	50,403	49,770
Less: Operating expenses		
Personnel expenses	10,941	9,245
Premises, equipment and establishment expenses	10,864	11,442
Other expenses	2,523	2,349
Total operating expenses	24,328	23,036
Operating profit before taxes on financial services	26,075	26,734
Less: Taxes on financial services	6,268	7,328
Profit before tax	19,807	19,406
Less: Income tax expense	5,513	5,889
Profit for the year	14,294	13,517
Other comprehensive income		
Items that are or may be reclassified subsequently to profit or loss		
Changes in fair value of hedge reserve (Net of tax)	(34)	42
Items that will not be reclassified to profit or loss		
Change in revaluation surplus (Net of tax)	-	1,632
Change in fair value of financial investments at FVOCI	826	2,107
Actuarial gain/(loss) on defined benefit plan (Net of tax)	2,497	(1,914)
Total other comprehensive income	3,289	1,867
Total comprehensive income for the year	17,583	15,384
Earnings per share		
Basic earnings per share	0.020	0.019
Diluted earnings per share	0.020	0.019

Figures in brackets indicate deductions.

Exchange rate of USD was Rs 315.19 as at 31st March 2026 (Rs 296.35 as at 31st March 2025).

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	2026 USD' 000	2025 USD' 000
Assets		
Cash and cash equivalents	10,629	15,464
Financial assets measured at fair value through profit or loss (FVTPL)	2,634	-
Derivative financial assets	750	107
Loans and receivables to banks	17,545	12,390
Deposits with financial institutions	55,401	60,975
Loans and receivables to customers	536,833	374,108
Other investment securities	16,330	32,050
Investment property	98	1,883
Property, plant and equipment	18,917	15,717
Intangible assets	1,357	1,125
Goodwill on amalgamation	-	-
Deferred tax assets	545	
Retirement benefit assets	802	-
Right-of-use assets	3,555	3,225
Other assets	15,730	12,519
Total assets	681,126	529,563
Liabilities		
Deposits from customers	289,766	293,063
Debt securities issued and Subordinated debts	35,256	23,517
Due to banks and financial institutions	245,393	108,461
Lease liabilities	3,565	3,314
Current tax liabilities	8,344	9,958
Deferred tax liabilities	-	1,907
Retirement benefit obligation	-	1,869
Other liabilities	8,644	6,704
Total liabilities	590,968	448,793
Equity		
Stated capital	8,704	8,606
Reserves	22,187	25,083
Retained earnings	59,266	47,081
Total equity	90,158	80,770
Total liabilities and equity	681,126	529,563
Net assets value per share (USD)	0.13	0.11
Contingencies and commitments (USD)	24,927	17,724

Exchange rate of USD was Rs 315.19 as at 31st March 2026 (Rs 296.35 as at 31st March 2025).

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 NETWORK

GRI 2-6

	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.202, Main Street, 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	Colpity	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, Negombo 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 NETWORK

	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, Wennappuwa

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.

GLOSSARY

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.

E

Earnings per Ordinary Share (EPS)

The profit attributable to ordinary shareholders divided by the number of ordinary shares in issue.

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.

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.

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 intended 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.

GLOSSARY

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 Company'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.

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

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	IR	Integrated Reporting
BHRRC	Board Human Resources & Remuneration Committee	IRMD	Integrated Risk Management Department
BIRMC	Board Integrated Risk Management Committee	IRR	Interest Rate Risk
BNGC	Board Nomination and Governance Committee	KRI	Key Risk Indicators
BRPTRC	Board Related Party Transactions Review Committee	KMP	Key Management Personnel
CAR	Capital Adequacy Ratio	LCB	Licensed Commercial Bank
CASL	Institute of Chartered Accountants of Sri Lanka	LCR	Liquidity Coverage Ratio
CBSL	Central Bank of Sri Lanka	LSB	Licensed Specialised Bank
CCF	Credit Conversion Factor	LGD	Loss Given Default
CEO	Chief Executive Officer	LKAS	Sri Lanka Accounting Standards
CFM	Close Family Members	LTV	Loan to Value Ratio
CFO	Chief Financial Officer	NFR	Net Flow Rate
CGU	Cash Generating Unit	NII	Net Interest Income
COO	Chief Operating Officer	NIM	Net Interest Margin
CRO	Chief Risk Officer	NPA	Non-Performing Assets
CRRO	Climate-Related Risks & Opportunities	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	SASB	Sustainability Accounting Standards Board
FX	Foreign Exchange	SEC	Securities and Exchange Commission of Sri Lanka
FY	Financial Year	SLFRS	Sri Lanka Financial Reporting Standards
FVTPL	Fair Value Through Profit or Loss	SME	Small and Medium Enterprise
GDP	Gross Domestic Product	SLAR	Statutory Liquid Assets Ratio
GOSL	Government of Sri Lanka	SRRO	Sustainability-Related Risks & Opportunities
		TCFD	Task Force on Climate-related Financial Disclosures
		VaR	Value at Risk
		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 2026 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 2026 with the Report of the Auditors thereon.
- 2) To declare a Final Dividend of Rs. 1.00 per share for the financial year ended 31 March 2026 as recommended by the Directors.
- 3) To re-elect Non-Executive Independent Director Mrs. P.R.W. Perera, 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 Independent Director Mr.S. Kumarapperuma, 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 2026

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.

A series of horizontal dotted lines for writing, spanning the width of the page.

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 Mudiyanseleage Damith Prasanna Tennakoon whom failing

Mr Roshan Hasantha Abeygoonewardena whom failing

Mr Sasindra Virajith Munasinghe whom failing

Mr Dave Anthony De Silva whom failing

Dr. Rasitha Wickramasinghe 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 2026 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 2026 with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2. To declare a Final Dividend of Rs. 1.00 per share for the financial year ended 31 March 2026 as recommended by the Directors.	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect Non Executive Independent Director Mrs. P.R.W. Perera, 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 Independent Director Mr.S. Kumarapperuma, 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)

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 Mudiyanseelage Damith Prasanna Tennakoon whom failing

Mr Roshan Hasantha Abeygoonewardena whom failing

Mr Sasindra Virajith Munasinghe whom failing

Mr Dave Anthony De Silva whom failing

Dr. Rasitha Wickramasinghe 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

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Signed this.....day of Two Thousand and Twenty-Five.

.....
Signature/s of Shareholder/s

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.
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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 2025/2026 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 2025/25, 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 2026

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

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

Dr Rasitha Wickramasinghe

B Eng (LSBU, UK) MBA (WBS, UK) PhD (SHU, 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, Habib Bank Bank of China, Muslim Commercial Bank

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