COMMERCIAL CREDIT



SYNERGY

COMMERCIAL CREDIT AND FINANCE PLC

ANNUAL REPORT 2024/2025

COMMERCIAL CREDIT

In 2024, Sri Lanka began to rise steadily from the shadows of its most difficult economic period. As a purpose-driven organisation, we are proud to have stood strong through the storm, contributing meaningfully to the country's gradual recovery. Guided by our shared values we continued to nurture a culture of resilience, collaboration, and innovation within our teams.

This year marked a notable turning point. Encouraged by the progress of national reforms, policy stability, and improved economic indicators, we remained agile and forward thinking. As the economy began to show encouraging signs rising investor confidence, easing inflation, currency appreciation, and improved fiscal performance we positioned ourselves to support and accelerate this progress.

We believe that true strength lies in unity. With a win-win mindset and deep-rooted belief in mutual growth, we continued to strengthen our relationships with stakeholders and uplift the communities we serve. By investing in people, embracing change, and pursuing long-term value creation, we ensured our organisation remained not only resilient but also relevant.

While global uncertainties remain, Sri Lanka's path forward is filled with opportunity. We stand ready to face what lies ahead committed to our purpose, confident in our capabilities, and hopeful for a brighter future for our nation.



PURPOSE, VISION AND MISSION



PURPOSE

To build leaders who uplift the lives of people by simple acts of love.

VISION

To be the most liberated Company admired for its people, partnership and performance.

MISSION

To be a dynamic Finance Company which develops and nurtures leaders at every level of the organisation to serve society with passion.

https://www.cclk.lk/aboutus/overview/en

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SHARED VALUES



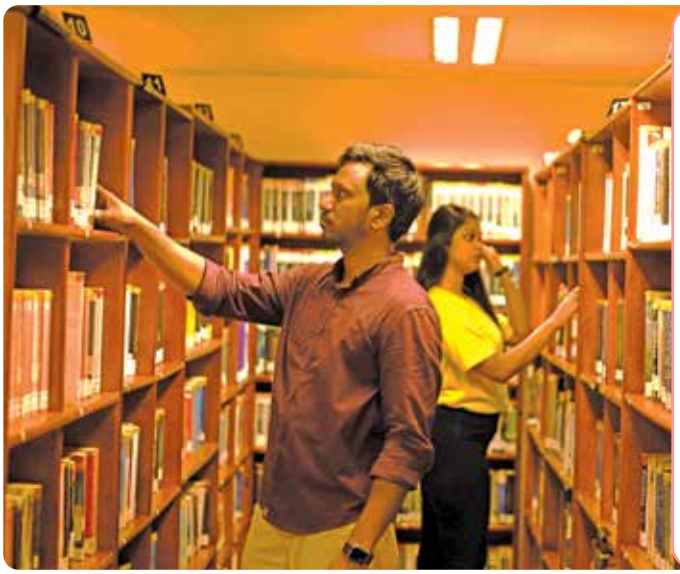
LOVING AND CARING

Love is defined by CCFP as the unspoken sacrifices made or the extra miles travelled to uplift others' lives. Those who seek to love are pleased and joyful. Everyone is energized by love, and the advantages of unconditional love and respect are invaluable. One of the most fundamental needs for human existence is genuine appreciation, and making someone feel good which releases positive energy reserves.

INTEGRITY AND TRUST

We believe that becoming trustworthy is the key to having effective relationships. It determines how relationships begin and grow. A trustworthy individual has the gift of lifting others and making them do good deeds. Integrity means that our lives are integrated around principles and that our security comes from within, not from outside. Being a person of integrity is of utmost importance to all team members at CCFP. sometimes even impossible ones. Therefore, we place great emphasis on creating a culture of integrity where an individual does the right thing even when no one is watching.





LEARNING AND DEVELOPMENT

At CCFP, learning and development is defined as the process of renewing and enhancing the Physical, Spiritual, Mental and Emotional/Social components of our lives in order to support personal and interpersonal development. The most successful investment anybody can make is focusing on their own learning and development, which is a constant process that leads to effective, efficient, and long-lasting results. CCFP encourages a culture that places a high value on learning and development and works hard to encourage its staff to continuously renew themselves in the above four quadrants.



THINK WIN-WIN

Win-Win is one paradigm of human interaction and it arises from a character of integrity, maturity and the abundance mentality. Human interactions in life are cooperative and are based on mutual respect and mutual benefit. A culture of Think Win-Win is also demonstrated by agreements that effectively manage and explain expectations. The processes and supporting systems of CCFP are constantly being adjusted to promote this win-win mentality. Our main goal is to constantly establish win-win situations, where everyone involved is satisfied with the outcome and no one feels undervalued. It is an attitude that has been readily embraced by our team members and one that has created countless satisfied customers.



SYNERGY AND TEAMWORK

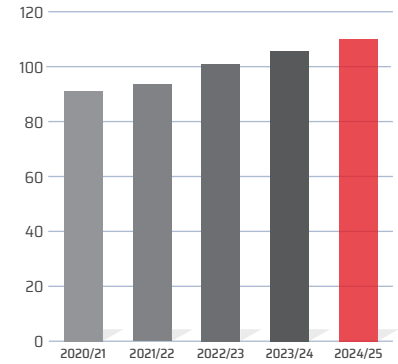
CCFP believes that synergy creates third alternatives by valuing the mental, emotional, and psychological differences among individuals. Acknowledging that diversity, not similarity, is where power rests, CCFP team members always try to combine individual strengths with a shared commitment to perform towards common goals aligning to the Company purpose.

FINANCIAL HIGHLIGHTS

	Company		Group	
	2024/25	2023/24 Restated	2024/25	2023/24 Restated
	Rs.'000'	Rs.'000'	Rs.'000'	Rs.'000'
FINANCIAL PERFORMANCE				
Gross Income	31,752,732	33,132,973	31,752,949	33,372,845
Net Interest Income	17,861,430	14,885,773	17,884,191	14,897,925
Profit Before Taxation	9,618,724	5,509,096	9,621,653	5,738,675
Profit After Taxation	6,219,424	3,478,774	6,147,086	3,640,742
FINANCIAL POSITION	-		-	
Leases, Hire Purchases, Loans and Receivables	69,884,542	79,588,190	69,884,542	79,588,214
Total Assets	110,103,495	105,702,708	110,269,954	105,937,427
Total Deposit Base	55,708,840	62,121,240	55,681,779	62,121,240
Borrowings	17,911,783	13,902,823	17,911,783	13,902,823
Shareholders' Funds	28,389,582	23,011,759	28,502,158	23,196,673
Liquid Assets	25,211,243	13,224,298	25,560,678	13,425,548
KEY INDICATORS PER ORDINARY SHARE				
Earnings per Share(Rs.)	19.55	10.94		
Net Assets per Share (Rs.)	89.25	72.35		
Year end Market Price per Share	56.40	35.30		
KEY PERFORMANCE INDICATORS				
Return on Average Assets- After tax (%)	5.76	3.37		
Equity / Assets (%)	25.78	21.77		
Gross Stage 3 Loans Ratio (%)	26.07	41.75		
Net Stage 3 Loans Ratio (%)	13.39	30.52		
Satge 3 Impairment Coverage Ratio (%)	48.63	26.90		
Total Impairment Coverage Ratio (%)	18.10	15.18		
Return on Average Shareholders' Funds (%)	24.20	16.21		
STATUTORY RATIOS				
Capital Funds to Deposits (%)	43.76	24.49		
Core Capital (Tier I Capital)	24,380,306	15,215,539		
Core Capital (Tier II Capital)	24,476,757	15,311,990		
Core Capital Ratio (%)	25.63	14.87		
Total Risk Weighted Capital Ratio (%)	25.74	14.96		
MEMORANDUM INFORMATION				
Number of Employees	3,095	2,999		
Number of Branches	133	133		
External Credit Rating (Lanka Rating Limited)	BBB (Stable)	BBB (Positive)		

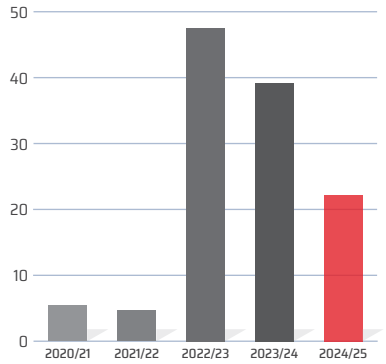
Total Assets

Rs.Bn



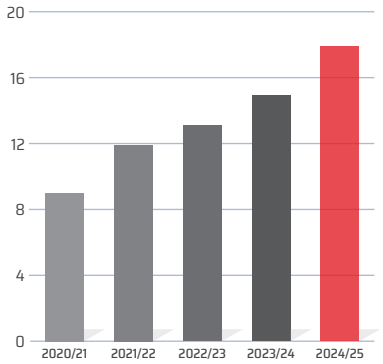
Gross Non Performing Accomodation

Rs.Bn



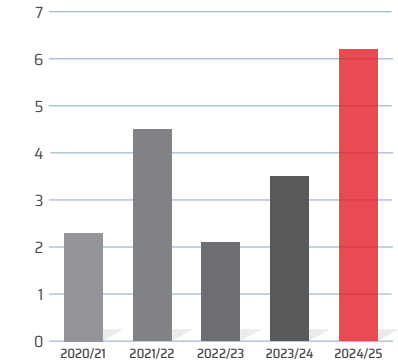
Net Interest Income

Rs.Bn



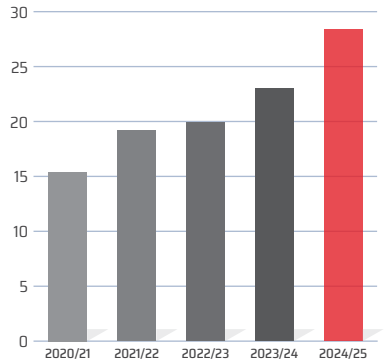
Profit after Tax

Rs.Bn



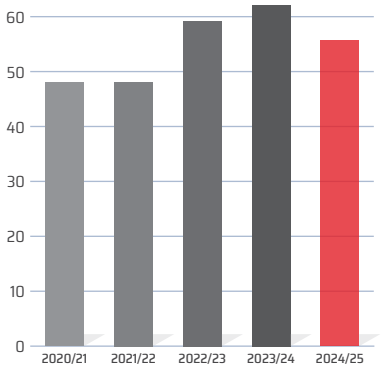
Total Equity

Rs.Bn



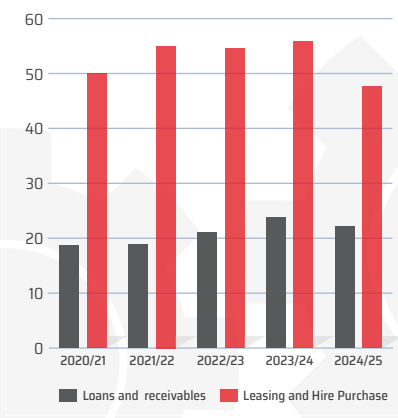
Total Deposits

Rs.Bn



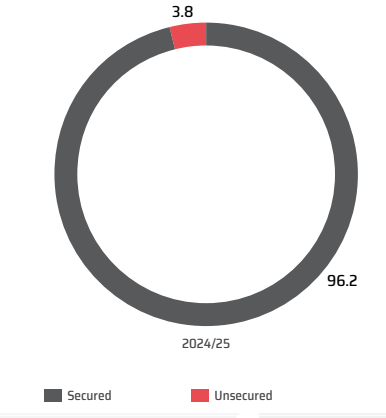
Net Lending Portfolio

Rs.Bn



Secured (collateral) and Unsecured Portfolio Composition

%



Note : *2022/23 and 2023/24 data has been restated to reflect necessary adjustments.*



OUR LEADERS

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SYNERGY

"No candle loses its light while lighting another candle. Never stop sharing, caring and helping others, Because it makes our life more meaningful."



LEADERSHIP INSIGHTS

CHAIRMAN'S STATEMENT

"Steady Progress Rooted in Purpose and Principles"

G. B. Egodage
Chairman
Commercial Credit and Finance PLC

On behalf of the Board of Directors, I warmly welcome you to the 42nd Annual General Meeting of Commercial Credit and Finance PLC. It is my pleasure to present the Annual Report for the fiscal year ending March 31, 2025. The report has been made available to shareholders for the required period, and with your consent, I consider it acknowledged.

In 2024, Sri Lanka's economy showed steady signs of recovery after its most challenging period, and we too saw our own growth and resilience alongside national progress. By remaining proactive and aligning our efforts with long-term priorities, we successfully navigated a year of transition. Our value-driven approach continued to support and retain our customers, and we focused on fostering stronger relationships with all stakeholders, which allowed us to capitalize on the positive economic shifts.

We are pleased with the progress we have made during this year of recovery, and we remain committed to our purpose-driven approach. By staying aligned with our core shared values and focusing on long-term sustainability, we believe we are well positioned to continue adapting and growing as the broader economy evolves. Furthermore, on behalf of the Board, I want to assure you that the Directors, Management, and employees of Commercial Credit and Finance PLC have consistently upheld integrity and diligence in carrying out the company's operations, fully aligned with our shared values, ethics, and business code of conduct.

ECONOMIC PERFORMANCE

In the financial year 2024, the Sri Lankan economy demonstrated a strong recovery following years of economic hardship. This recovery was driven by robust GDP growth of 5%, supported by improvements in key economic indicators, including declining inflation, strengthened external resilience, and better fiscal management. The government, in collaboration with the Central Bank, implemented targeted policy measures and pursued structural reforms under the Extended Fund Facility (EFF) arrangement with the International Monetary Fund (IMF), contributing significantly to macroeconomic stability.

The Gross Domestic Product (GDP) expanded by 5% in 2024, marking a notable improvement compared to contractions of 7.3% in 2022 and 2.3% in 2023. The financial performance in 2024 was bolstered by increased revenue generation driven by higher tax rates and reduced exemptions—and disciplined expenditure management. Annual average CCPI inflation dropped to as low as 1.2% by 2024, while the primary balance showed a surplus, and the overall budget deficit narrowed further.

The government finalized debt restructuring plan, which helped reduce external debt pressures and improve fiscal sustainability. Nominal GDP growth and currency appreciation contributed to a more favorable debt-to-GDP ratio. Additionally, external resilience was enhanced through increased tourism earnings and remittances, which offset the widened trade deficit caused by rising import expenditures.

These developments are expected to positively impact Sri Lanka's finance industry and broader economic prospects. However, it remains essential for authorities to continue implementing structural reforms to ensure sustainable recovery and inclusive growth in 2025 and beyond.

OPERATING ENVIRONMENT:

Despite the challenging economic environment in 2024, Sri Lanka's non-banking financial institutions (NBFI) sector demonstrated notable resilience, underpinned by strong capital and liquidity buffers maintained throughout the year. The sector experienced steady growth across key financial indicators, including total assets, deposit base, and profitability. Loans and advances continued to represent a significant portion of the sector's asset portfolio, accounting for 74.1 percent of total assets, reflecting sustained credit extension to the economy.

The asset quality of the sector showed signs of gradual improvement, with the Gross Stage 3 Loans Ratio declining to 11.3 percent by the end of 2024, compared to higher levels in previous years, indicating a slow but positive trend in credit risk management. Profit After Tax (PAT) increased substantially to Rs. 59.7 billion, supported by higher net

interest income and non-interest income, reflecting improved operational performance despite lingering economic uncertainties. The capital base of the NBFI sector recorded a marginal increase of 8.6 percent, reaching Rs. 357.4 billion by the end of 2024, ensuring compliance with regulatory capital requirements and providing a cushion against potential shocks. Liquidity levels remained robust, consistently above the minimum thresholds set by the Central Bank of Sri Lanka (CBSL), with customer deposits continuing to dominate liabilities at 54.7 percent, underscoring depositor confidence. Overall, the sector's stability and adaptability were reinforced by ongoing regulatory reforms and consolidation initiatives aimed at strengthening the financial system.

BUSINESS PERFORMANCE

Sri Lanka's economic recovery gained steady momentum in 2024, outpacing many other debt-distressed nations. Structural reforms began yielding positive results, investor confidence improved with signs of policy continuity, and progress on external debt restructuring bolstered national economic stability.Amidst this evolving landscape, the Company demonstrated strong resilience and adaptability. With a focus on sustainable growth, we delivered a Profit After Tax of Rs. 6.2 billion, driven by Net Interest Income of Rs. 17.8 billion, Fee and Commission Income of Rs. 2.4 billion, and Other Operating Income of Rs. 1.1 billion — reflecting a balanced and diversified income model. ROA improved to 5.76% (from 3.9%), ROE strengthened to 24.20% (from 18.8%), Net Interest Margin expanded to 17.34%, supported by a 34% reduction in interest expenses. The Company's capital adequacy ratios remained strong, with the Core Capital Ratio at 25.63% and the Total Risk-Weighted Capital Ratio at 25.74%, both well above regulatory requirements.

Our asset base expanded to Rs. 110.1 billion, and while the net loan book adjusted to Rs. 69.9 billion due to a strategic emphasis on collections, our secured loan portfolio strengthened to 96.20% of total loans, reaffirming asset quality. A technical revision in accounting treatment led to a temporary increase in the Gross NPA ratio to 26.07%. Consequently, the Net NPA ratio rose from 1% to 13.39%, reflecting a more realistic and prudent assessment of credit quality. This shift underscores the Company's proactive approach to provisioning, enhanced balance sheet integrity, and improved resilience in navigating future uncertainties. Reinforcing our sound fundamentals and continued commitment to shareholder value, the Board has recommended a final dividend of Rs. 6.00 per share for FY2024/25.

Looking ahead, the Company remains committed to enhancing credit quality, strengthening its capital position, and creating long-term value for all stakeholders.

NAVIGATING THROUGH THE CHALLENGES

The Company has continued to uphold strong standards of ethics and governance, with a clear focus on creating sustainable value for all stakeholders. In the face of ongoing socio-economic challenges in the country, the Board strengthened its oversight to reinforce internal controls and ensure that key risks were effectively identified and managed.

Throughout the year, all Board Sub-Committees and Executive Sub-Committees met regularly to support management with strategic guidance, monitor emerging developments, and recommend appropriate actions. The active participation of a largely Non-Executive Board was instrumental in maintaining business continuity and enabling the Company to navigate challenges while capitalizing on emerging opportunities in the market.

DEFINING THE FUTURE

Following a successful financial year, Sri Lanka's economic recovery has been supported by the measures taken by the Government and the Central Bank. The implementation of the IMF-EFF programme and progress in debt restructuring were key milestones in this journey. Importantly, many of the major reforms aimed at restoring stability were frontloaded and completed during the initial phase of the macroeconomic adjustment programme.

While significant progress has been made and macroeconomic stability has been largely restored, the path ahead still requires focus and commitment. For our company, this means preparing for a new phase, one that brings fresh opportunities along with moderate challenges. By remaining proactive and strategically focused, we can navigate this evolving environment and contribute meaningfully to the country's long-term growth, while continuing to build a strong foundation for our organisation's future.

APPRECIATIONS

The Board of Directors and I extend our heartfelt appreciation to our valued customers for their continued trust and loyalty. Your confidence in our products and services has been a cornerstone of our progress and resilience.

I also wish to express my sincere gratitude to my fellow Board members for their steadfast support, wise counsel, and collaborative spirit throughout a year of considerable challenges. Your collective expertise has been vital in guiding the company forward.

A special note of appreciation goes to our Chief Executive Officer and Board Member, Mr. Roshan Egodage, for his inspiring leadership and dedication in steering the company through this period of transition and recovery.

We are equally grateful to our senior management team and our passionate, committed employees. Their hard work, discipline, and perseverance have driven our achievements and laid the groundwork for continued success.

Our sincere thanks also go to the Central Bank of Sri Lanka for their ongoing guidance and support. Finally, we deeply appreciate the trust placed in us by all our stakeholders, and we look forward to their continued partnership as we move ahead with confidence and purpose.



G.B.Egodage
Chairman
29th August 2025



LEADERSHIP INSIGHTS

REVIEW OF THE CHIEF EXECUTIVE OFFICER

"Living Our Shared values, Growing Together"

R.S. Egodage
CEO
Commercial Credit and Finance PLC

As the conclusion of the fiscal year 2024/25 drawn to a close, I am pleased to share an overview of Commercial Credit and Finance PLC's performance for the year ending March 31, 2025.

This year's report highlights some of our key achievements and important milestones. For a detailed look at our results and the factors that shaped them, I encourage you to read the Management Discussion & Analysis and other sections of this Annual Report, where you will find a comprehensive review of our performance and insights into the year's developments.

IMPORTANCE OF SHARED VALUES

In 2024, Sri Lanka's economy demonstrated a measured recovery after the severe crisis of recent years. The country recorded positive GDP growth estimated at around 5% marking a rebound from the contraction experienced during the height of the crisis. This turnaround was driven by decisive government action and Central Bank interventions, including fiscal consolidation, tighter monetary policy, and the implementation of key structural reforms. These measures helped restore a degree of macroeconomic stability, with inflation moderating and the currency stabilizing, though challenges such as elevated poverty and high living costs persisted for many citizens.

Amidst the challenges of Sri Lanka's recent economic crisis and the gradual recovery witnessed in 2024, we remained anchored to our Company's purpose and guiding principles. Rather than reacting to circumstances, we chose to act with intention focusing on what we could influence and seeking to create meaningful impact. By listening empathetically to the needs of those most affected, we worked collaboratively to uplift and empower our communities, fostering trust and mutual respect. Our shared vision and proactive mindset enabled us to turn adversity into opportunity, building bridges of support and hope. In doing so, we not only weathered the storm but also laid the foundation for sustainable growth and collective well-being.

The progress we achieved over the past year reflects the quiet dedication and genuine care shown by every member of the Commercial Credit family. Our strength lies not just in what we do, but in how we do it guided by our shared values and a culture rooted in integrity and mutual respect. These principles shape our daily choices and help us build lasting relationships with our customers and communities. By working together with trust and openness, we have fostered an environment where innovation and growth come naturally. Our people are encouraged to listen deeply, act thoughtfully, and support one another, regardless of their role or title. This spirit of collaboration and continuous learning helps us serve our clients with empathy and understanding, making a positive difference in their lives.

As we look ahead, we remain committed to nurturing this culture one where every individual strives to grow, lead by example, and contribute to the well-being of those around them. In doing so, we continue to build a company that stands out not just for its achievements, but for the shared values and principles that guide us every day.

What truly sets us apart is not just our achievements, but the shared values and principles that shape our actions every day. At the heart of our organisation are our five Shared Values, which we weave into the fabric of our company through thoughtful and consistent practices. We believe that living our purpose "To build leaders who uplift the lives of people by simple acts of love" requires more than words; it calls for a culture that is intentionally nurtured. To bring this culture to life, we have introduced a variety of meaningful initiatives. Regular training sessions help us grow together, while starting each day and every corporate event with our trilingual Theme Song reminds us of our unity and shared vision. Wearing Value Badges serves as a daily reminder of what we stand for, and special occasions like Value Day celebrate the principles that bind us. Through these efforts, we strive to create a workplace

where everyone feels a sense of belonging and well-being. We encourage our people to approach each day with a spirit of growth and purpose, allowing these shared values to guide not only their work, but also their interactions with others both within and beyond our organisation.

We recognize and celebrate those who consistently embody our Shared Values, both within the workplace and in the wider community. The upgrading of value badges is more than a symbol it plays a meaningful role in our approach to recognition, remuneration, and career advancement. These badges are awarded to team members who truly live our shared values in their everyday actions. To ensure fairness and support personal growth, we use our ERP system to conduct quarterly 360-degree evaluations. This process provides a well-rounded view of each employee's character and capabilities, drawing on feedback from colleagues at all levels. By combining recognition with thoughtful, comprehensive assessment, we create an environment where everyone is encouraged to grow, contribute, and reach their full potential.

The wisdom and example of the late Dr. Stephen Covey, whose work has shaped countless lives through "The 7 Habits of Highly Effective People," continues to guide and inspire our company. Drawing from his legacy, we have introduced a range of initiatives to help our employees embrace and live out these powerful principles in their daily work and personal lives. Comprehensive training programs have been launched across all our branches, engaging employees from every level of the organisation. These efforts are thoughtfully designed to weave Covey's timeless principles into the fabric of our culture, supporting both personal growth and professional excellence. By nurturing these habits, we aim to empower our people to become more effective, collaborative, and purpose-driven in all that they do.

Through these ongoing initiatives, our employees are encouraged to lead lives grounded in strong principles, which enhances their effectiveness both at work and beyond. This positive transformation is reflected in greater well-being and fulfillment among our team, influencing not only their professional achievements but also their personal lives. As these changes take root, the benefits extend throughout our organisation, creating a ripple effect that enriches the experiences of everyone we serve-both within our company and in the wider community.

I strongly believe the establishment of a well-equipped Training Academy as essential for realizing our company's purpose. This academy serves as a center for growth, where our employees can strengthen both their character and competencies. With this new facility, we are now better prepared to provide our team with the resources and support they need to thrive. Investing in our people in this way not only empowers our employees, but also brings lasting value to our clients and enhances our overall business performance. I am confident that our Training Academy will remain a cornerstone of our company's success for many years, helping us build a culture of continuous learning and excellence.

PERFORMANCE

Sri Lanka's economic recovery continued to gain momentum in 2024, supported by structural reforms and steady progress in external debt restructuring, which together contributed to improved macroeconomic stability and renewed investor confidence. In this evolving environment, the Company demonstrated resilience and focus, recording a Profit After Tax of Rs. 6.2 billion for the financial year ended March 31, 2025 an increase from the previous year. This performance was supported by Net Interest Income of Rs. 17.9 billion, Fee and Commission Income of Rs. 2.4 billion and Other Operating Income of Rs. 1.1 billion.

Net Interest Margin expanded to 17.34%, reflecting a 34% reduction in interest expenses, while improved efficiency led to a rise in Return on Assets to 5.76% and Return on Equity to 24.20%. The Company's asset base grew to Rs. 110.1 billion, with the net loan book closing at Rs. 69.9 billion, supported by a continued focus on collections and credit quality.

Notably, the secured loan portfolio accounted for 96.20% of total loans, reinforcing the strength of our asset quality. Although the Gross NPA ratio rose to 26.07% due to revised accounting treatment of restructured loans, the Net NPA ratio raised to 13.39%, reflects a more realistic assessment of credit quality underscoring the Company's proactive provisioning strategy.

On the funding front, public deposits remained the cornerstone of our funding base, accounting for 75.6% and totaling Rs. 55.7 billion demonstrating continued customer trust and funding resilience. Reflecting confidence in our financial position and consistent performance, the Board of Directors is pleased to recommend a final dividend of Rs. 6.00 per share. As we look to the future, we remain firmly committed to strengthening asset quality, optimizing our funding mix, and creating sustainable long-term value for all stakeholders.

FUTURE FOCUS

As we look to the future, our focus remains on building strong, lasting relationships with our customers. We are committed to understanding their needs and supporting them in making sound financial decisions. By being transparent and empathetic, we hope to empower our customers and earn their trust, creating partnerships that benefit everyone involved.

Looking ahead, we see digitalization as a key part of our growth strategy. We plan to expand our use of digital platforms to better serve our customers, adapt to changing expectations, and offer new, innovative services. Collaborating with fintech partners will help us tap into specialized expertise and advanced technologies, allowing us to stay relevant in a rapidly evolving digital world.

Artificial intelligence will play an increasingly important role in our journey. By integrating AI into our operations, we

REVIEW OF THE CHIEF EXECUTIVE OFFICER

aim to improve efficiency, personalize customer experiences, and make more informed decisions. We believe that AI, combined with human insight, will help us deliver even greater value to our customers.

We also recognise the importance of keeping our customers' data safe. That's why we are investing in strong cybersecurity measures, including advanced security protocols, ongoing monitoring, and regular staff training to protect against potential threats.

Finally, we acknowledge the need for greater female representation and leadership within our company and the wider finance industry. We are committed to creating more opportunities for women, both by recruiting talented female professionals and by supporting their growth and development within our organisation.

APPRECIATION

I am pleased to acknowledge the progress Commercial Credit has made in recent years, strengthening our role in the Non-Bank Financial Institutions (NBFI) sector. These achievements reflect our ongoing commitment, thoughtful planning, and the steady focus we maintain on our company's purpose.

Reflecting on Commercial Credit's journey and the milestones we have achieved in the NBFI sector is truly encouraging. Our success has been made possible by the trust and support of our valued customers and shareholders. I sincerely thank each of you for placing your confidence in us and helping turn our aspirations into reality. Your belief in our purpose continues to inspire us and drive our efforts toward achieving meaningful progress.

I want to express my sincere appreciation for the team at Commercial Credit. Their dedication to our company's purpose, along with their hard work, professionalism, and willingness to embrace new ideas, has been central to our progress. It is thanks to their efforts that we have been able to achieve so much together.

Finally, I would like to extend my heartfelt thanks to the members of our Board of Directors, led by our Chairman, Mr. Bandula Egodage. Their steady support and thoughtful guidance, especially during challenging times, have helped us navigate many obstacles. The experience and leadership of the Chairman and the Board have played an important role in our company's growth and success.



R. S. Egodage
Executive Director/ Chief Executive Officer
29th August 2025

BOARD OF DIRECTORS



G. B. EGODAGE

Chairman / Non-Executive Director

Mr. Bandula Egodage is a seasoned professional with over 40 years of experience in the local and international business markets. He possesses a diverse range of experience in both the private and government sectors in Sri Lanka, having served in senior management and board levels in various organisations. Mr. Egodage has excelled in his career, demonstrating proficiency in public affairs, regulatory affairs, sales, corporate communications, and crisis management functions.

Mr. Egodage was appointed as a Director of Commercial Credit Finance PLC in October 2021 and has been serving as the Chairman since November 2022. He is also a member of the Board Human Resource and Remuneration Committee, the Board Audit Committee, the Board Integrated Risk Management Committee, the Board Related Party Transactions Review Committee, and the Board Nomination and Governance Committee.

Mr. Egodage serves as the Chairman and Non-Executive Director of the Asia Pacific Institute of Information Technology (APIIT) Lanka (Pvt) Ltd and as a Non-Executive Director at Suwasevana Hospitals. He is also an executive member of the SAARC Chamber of Commerce and Industry and a member of the Sri LankaMaldives Business Council, the Export Development Board's Advisory Committee on Education, the Swiss Business Circle, and the Sri Lanka Institute of Directors (SLID).

Mr. Egodage previously served as the Vice President of Nestlé Lanka Ltd and the Chairman of Export Development Board of Sri Lanka, the Industrial Association of Sri Lanka, the National Packaging Center, and Development Holdings (Pvt) Ltd. Additionally, he was a Director at Trade Finance PLC, the National Gem and Jewellery Authority of Sri Lanka, and the Sri Lanka Coconut Cultivation Board.



R. S. EGODAGE

Chief Executive Officer / Executive Director

Mr. Egodage assumed his position on the Board of Commercial Credit in March 2011 subsequent to the company's acquisition by BG Investments (Private) Limited. Since then, as Chief Executive Officer, he has spearheaded the company towards remarkable success, steering it with visionary leadership and driving substantial growth.

Prior to taking over the stewardship of Commercial Credit, Mr. Egodage held several senior management positions in the finance industry while also serving on the Boards of several group of companies simultaneously.

Mr. Egodage previously held the positions of General Manager Finance, Planning and Administration at Kotagala Plantations PLC and General Manager – Projects and Planning at Agalawatte Plantations PLC.

Having earned a BSc. Eng. degree from the University of Peradeniya and initially embarking on a career in engineering, he then set his sights on a career in business management, earning an MBA from the University of Colombo. Mr. Egodage is a fellow member of the Chartered Institute of Management Accountants, UK (FCMA), and an associate member of the Chartered Institute of Marketing, UK (ACIM) and an associate member of the Institute of Certified Management Accountants, Sri Lanka (ASCMA).

He currently serves as the Non-Executive Director of BG Capital (Pvt) Ltd, BG Investments (Pvt) Ltd, Colombo International Nautical & Engineering College (CINEC), K Seeds Investments (Pvt) Ltd and Dankotuwa Pocelain PLC.



L.L.S. WICKREMASINGHE

Senior Director/ Independent Non-Executive Director

Mr. Lasantha Wickremasinghe, is a fellow member and a past president of the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and a fellow member of the Association of Accounting Technicians of Sri Lanka (AAT).

He was appointed to the Board of Commercial Credit and Finance PLC on 26th June 2019 and designated as Senior Director on 17th November 2022. Currently, he serves as the Chairman of the Board Audit Committee, the Board Integrated Risk Management Committee and the Board Nomination and Governance Committee of Commercial Credit and Finance PLC. Additionally, he is a member of the Board Related Party Transaction Review Committee.

Mr. Wickremasinghe is a Partner at B. R. De Silva & Co. Chartered Accountants, a member firm of Nexia International. He also holds several positions, including Independent Director at Colombo Fort Investments PLC, Maskeliya Plantations PLC, Harischandra Mills PLC; Assistant Treasurer of Sri Lanka Cricket; and member of the Board of Management of the Api Wenuwen Api Fund.



G. R. EGODAGE

Executive Director

Ms. Egodage joined Commercial Credit as an Executive Director following the takeover by BG Investments (Private) Limited in December 2009. Currently, she serves as a Non-Executive Director of BG Investments (Private) Limited and BG Capital (Private) Limited.

Ms. Egodage began her career as an Assistant Lecturer in the Department of Chemistry at the University of Peradeniya. She then served for four years as a Process Chemist at Ansell Lanka. From 1996 to 2005, she served as Assistant Director of Quality Control and Quality Assurance at the Coconut Development Authority.

Ms. Egodage brings her experience and dedication to her role as an Executive Director of Commercial Credit, playing an integral part in the company's success. She holds a BSc (Hons) in Chemistry from the University of Peradeniya and a Postgraduate Diploma in Business Administration from the Open University of Sri Lanka.



F.A.P.L SOLBANI

Non-Executive Director

Mr. Frederic Solbani holds a Master's degree in Marketing with a specialization in Management and Communication from EDHEC Business School, France.

He has a wide range of experience in private sector organisations at senior management level and Board levels, including more than seven years of experience working with global companies.

He currently serves as the Chief Executive Officer of Group Lease Finance, Indonesia. Additionally, he holds Executive Directorships at Group Lease Laos, BG Micro Finance Myanmar, and Group Lease PLC.



R. CASIE CHITTY

Chief Operating Officer/Executive Director

Mr. Rajiv Casie Chitty is a fellow of the Association of Chartered Certified Accountants (ACCA), UK, an Associate Member of the Chartered Institute of Management Accountants (ACMA), UK, and a Chartered Financial Analyst (CFA), USA. He completed his MSc in Computer Science at Staffordshire University, UK, and earned his Masters in Economics from the University of Colombo. He has received the Janashakthi Gold Award at the 2006 CIMA Pinnacle Awards. Furthermore, Mr. Casie Chitty is the former President of the ACCA Sri Lanka panel, a former council / committee member of CIMA, Sri Lanka and CFA Sri Lanka.

Mr. Casie Chitty has over 33 years' experience in the private sector, including more than 18 years at the senior management level, with exposure to a variety of industries including manufacturing, distribution, plantations and finance. He is currently employed as the Chief Operating Officer / Executive Director of Commercial Credit and Finance PLC for the past ten years.

He also serves as a Non-Executive Director of several companies, including ACL Cables PLC, Tangerine Beach Hotel PLC, Royal Palm Beach Hotel PLC, Ceyline Holdings (Pvt) Ltd, Lakdhanavi Limited, TVS Lanka (Pvt) Ltd, CMA Ships

Lanka Ltd, BG Marine Investments (Pvt) Ltd, Mercantile Marine Management (Pvt) Ltd, Mercantile Seamans Training Institute (Pvt) Ltd and Ceyline Investments (Pvt) Ltd.



G. EDWARDS

Independent Non-Executive Director

Ms. Gillian Edwards is a career banker with over 36 years of experience in the Sri Lankan Banking Sector. She has accumulated over 11 years of experience at the senior corporate management level at DFCC Bank PLC and Seylan Bank PLC. Her experience encompasses transformative years in Retail Banking. Under her Leadership, Personal Financial Services / Retail Banking were established at DFCC Vardhana Bank PLC and she progressed to head the Consumer Banking at DFCC Bank PLC.

With her previous roles as Senior Vice President of Consumer Banking at DFCC Bank PLC and Assistant General Manager of Personal Banking at Seylan Bank PLC, Ms. Edwards has gained extensive experience across all areas of retail banking, including small and medium enterprises (SMEs) and micro, small, and medium enterprises (MSMEs).

Ms. Edwards holds a Masters in Business Administration from University of Southern Queensland, Australia, a Post Graduate Executive Diploma in Bank Management from the Institute of Bankers of Sri Lanka, and is an Associate Member of the Certified Management Accountants, Australia. She was honoured for her achievements in the Banking Sector at the "Top 50 Professional and Career Women Awards Sri Lanka and Maldives, 2020".

She was appointed to the Board of Commercial Credit and Finance PLC as Independent Non-Executive Director in July 2021. She currently serves as the Chairperson of the Board Related Party Transactions Review Committee and the Board Human Resource and Remuneration Committee of Commercial Credit and Finance PLC. Additionally, she is a member of the Board Audit Committee, Board Integrated Risk Management Committee, and Board Nomination and Governance Committee.

Mrs Edwards also serves on the boards of Seylan Developments PLC and Mahaweli Coconut Plantations PLC in the capacity of an Independent Non-Executive Director and is a Trustee/Treasurer of The Federation of Environmental Organisations.



W. D. BARNABAS

Independent Non-Executive Director
Retired (w.e.f) 3rd May 2025

Mr. Barnabas served as the Managing Director and Chief Executive Officer of ICRA Lanka Limited (ICRA Lanka), a Group Company of Moody's. He established the credit rating operations in Sri Lanka for the Moody's group in 2011 and served the Company until his retirement in January 2022.

He has also held the positions of CEO and Director at NDB Stock Brokers, Capital Development and Investment Company, NDB Housing Bank Ltd and Maldives Finance Leasing Company. In addition, he has been a Director and Investment Committee member of Ayjona Fund Management Company, a venture capital fund Management Company. Mr. Barnabas spent over 20 years with the NDB group, holding several senior positions. He was one of the pioneers who established investment banking at NDB bank and eventually led the department. After retiring from NDB Bank, he served as CEO of Overseas Realty PLC.

Mr. Barnabas earned his MBA from the University of Colombo and holds a first class B.Sc degree from Madras University.

He was appointed to the Board of Commercial Credit and Finance PLC in February 2023 and was a member of the Board Integrated Risk Management Committee.



DR J. KURUPPU

Independent Non-Executive Director

Dr (Ms) Kuruppu was appointed to the Board of Commercial Credit and Finance PLC in August 2023 as an Independent Non-Executive Director.

Her extensive experience in the finance sector includes serving as the first Chairperson of the Regional Development Bank, which she established in 2010 by merging six provincial level banks with over 250 branches. She is also a former Director of Commercial Bank of Ceylon PLC, Director of Sarvodaya Development Finance PLC for 7 years, and a Director of CBC Finance for 9 years.

Dr Kuruppu began her career as an entrepreneur, and was instrumental in bringing Nielsen to Sri Lanka by inviting them to invest in her market research company, SMART and was the first Managing Director, of Nielsen Lanka, transforming it into the largest market research company at that time. Subsequently, she served as the Group Director Strategic Planning and Business Development at the Cargills Group and an Independent Non-Executive Director of Colombo Dockyard Ltd.

After an illustrious career in the private sector covering over 12 industries, Dr Kuruppu served the public sector for seven years in an advisory capacity. Her tenure in public service is marked by many milestones. She was the first Chairperson of the Regional Development Bank and the first female Chairperson of the Sri Lanka Tea Board. As the Director – Strategic Planning at the Presidential Secretariat she also served as an adviser to the Cabinet Sub-Committee for Food Security and Cost of Living Management. In 2008, she set up her own charitable foundation under the brand Mother Sri Lanka, dedicated to promoting Responsible Citizenship and Livelihood Development.

In addition to receiving more than seven awards locally and internationally for her performance, Dr. Kuruppu has the rare honour of being appointed to the Steering Committee of AgriFin, a joint project of the Bill and Melinda Gates Foundation and the World Bank focused on agriculture financing. Dr. Kuruppu holds a PhD from the University of Colombo, an M.A. in Statistics, and a B.Sc. in Mathematics from the University of Missouri, USA.

Currently, Dr. Kuruppu serves as the Chairperson of the Mother Lanka Foundation. She runs her own business ventures and works as a freelance business strategy and development consultant while also serving on various corporate boards.



MS. C.S. JESUDIAN

Independent Non-Executive Director

Appointed (w.e.f) 13th June 2025

Ms. Christine Shiromi Jesudian brings over 20 years of experience in the banking and finance industry, having held various leadership roles in corporate management. With more than 11 years of senior management experience at National Savings Bank, she has contributed to key committees, including the Asset and Liability Management Committee, Product Development Committee, and Strategic Planning Committee.

Ms. Jesudian's expertise extends to Portfolio Management, Debt Instrument Structuring, and Corporate Finance, particularly from her time as Head of Operations at Bartleet Asset Management (Pvt) Ltd. Additionally, she has served as a visiting lecturer for the MBA program at the University of Colombo, the Centre for Banking Studies, CBSL, and the Colombo Stock Exchange (CSE). She currently serves as a visiting lecturer at the University of Kelaniya and a faculty member of the Institute of Bankers of Sri Lanka.

Ms. Jesudian holds a Master of Business Administration from the University of Colombo and a B.Sc. (Hons) in Business Administration from the University of Sri Jayewardenepura.

In June 2025, she was appointed as an Independent Non-Executive Director to the Board of Commercial Credit and Finance PLC.

EXECUTIVE MANAGEMENT TEAM



ROSHAN EGODAGE



GEYA EGODAGE



ANURADHA RANAWEERA



RAJIV CASIE CHITTY



K.L.A. SENEVIRATHNE



JANAKA DESHAPRIYA



INDIKA THENNAKOON



SHALIKA HERATH



AYESH PITIGALA



HAVINDU BALASOORIYA



SISIRA ATTANAYAKE



THILAN PREMATHILAKA



SHAMMI JAYATHILAKE

ABOUT THE COMPANY

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SYNERGY

"Be the reason someone believes in the goodness of people."

ABOUT THE COMPANY

Commercial Credit and Finance PLC was founded on the 4th of October 1982, with its incorporation as a Private Limited Liability Company under the Companies Act No. 17 of 1982 in Kandy, Sri Lanka's hill capital, under the name Commercial Credit (Pvt) Ltd.

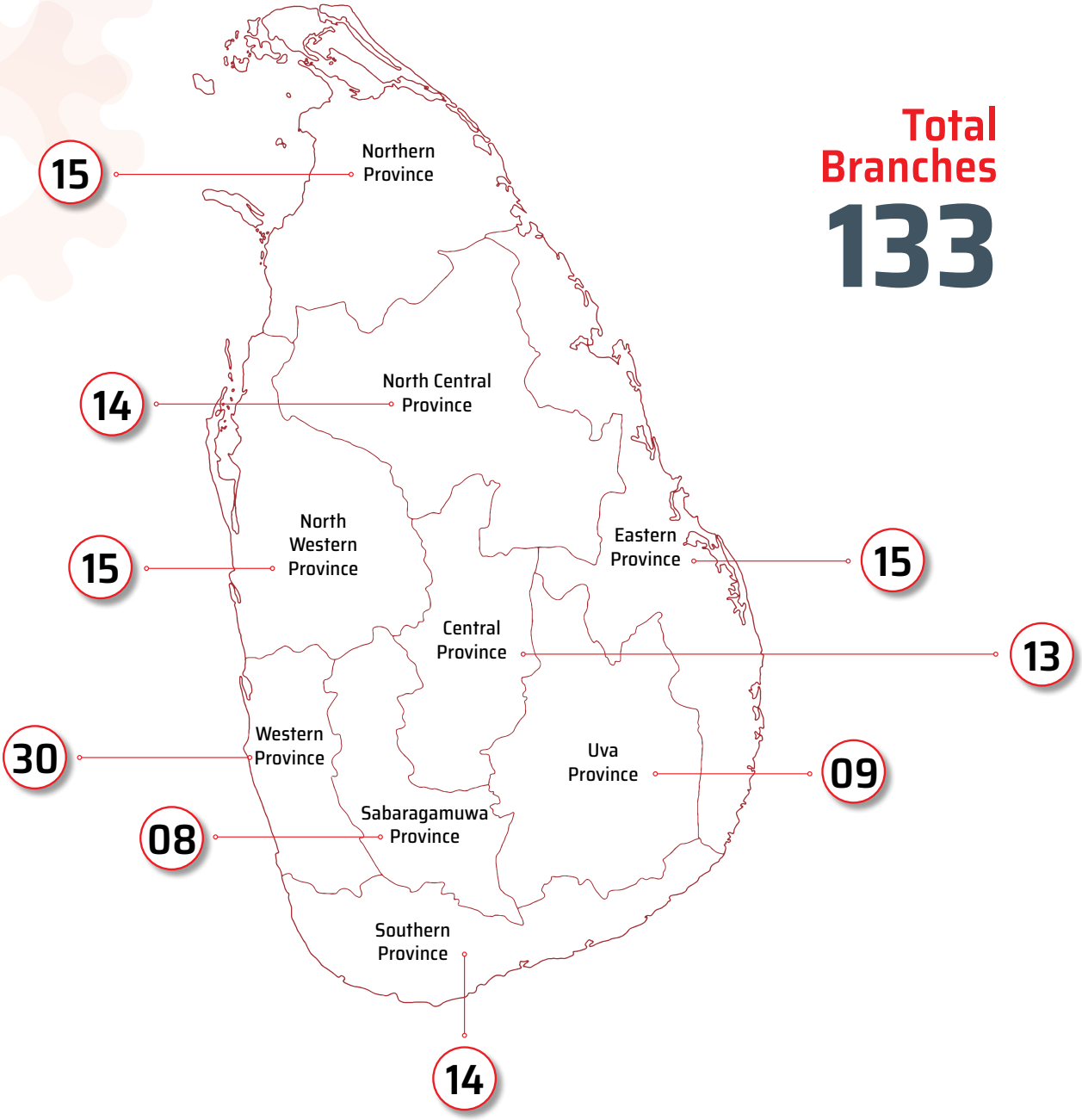
Later, on the 16th of December 1989, it was registered as a Public Limited Liability Company, known as Commercial Credit Ltd, in accordance with the aforementioned Act. Subsequently, the Company was re-registered under the Companies Act No. 07 of 2007 on the 8th of April 2008 and under the Finance Business Act No. 42 of 2011 on the 6th of August 2012. With the listing of its shares on the Dirisavi Board of the Colombo Stock Exchange on the 1st of June 2011, the Company's name was changed to Commercial Credit PLC. To comply with the provisions of the Finance Business Act No. 42 of 2011, the Company adopted its current name, Commercial Credit and Finance PLC, effective from 17th May 2012.

Initially founded with an emphasis on agricultural lending, the Company adopted a process and system-oriented culture from the beginning, which has provided numerous advantages over time. However, in October 2009, a shift in majority shareholdings brought in a new management team. This energetic team introduced a principle centered culture, aligning the Company's philosophy with long-term success and fostering meaningful societal development.

Throughout these milestones and strategic changes, Commercial Credit and Finance PLC has continuously evolved, adapting to market dynamics and striving to create lasting value for its stakeholders.



BRANCH NETWORK



Total Branches

133

FEW OF OUR LOCATIONS








PEOPLES AWARDS
Champions


Winner



MANAGEMENT DISCUSSIONS AND ANALYSIS

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SYNERGY

"Being humble means that we are not on earth to see how important we can become, but to see how much difference we can make in the lives of others."

ECONOMIC REVIEW



SRI LANKAN ECONOMY

In 2024, Sri Lanka's economy continued its gradual recovery from the severe crisis of recent years. Building on the stabilization efforts initiated in 2023, the country saw further improvements in key economic indicators. Inflation remained under control, and external stability was strengthened, supported by prudent monetary policy and ongoing fiscal consolidation. The Government and the Central Bank, with continued support from the International Monetary Fund's Extended Fund Facility (IMF-EFF), pressed ahead with structural reforms. These efforts were crucial in restoring confidence, encouraging investment, and laying the groundwork for sustainable growth.

The correction of the persistent twin deficits namely, the government's budget deficit and the external current account deficit remained a central focus in 2024. The government maintained a primary budget surplus, while the external current account continued to show positive momentum. Importantly, foreign exchange reserves, which had been severely depleted during the crisis, were gradually rebuilt over the year, further enhancing economic resilience. While challenges such as high living costs and the need for continued reform persist, 2024 marked a year of cautious optimism for Sri Lanka, as the country took meaningful steps toward a more stable and sustainable economic future.

ECONOMIC GROWTH

In 2024, Sri Lanka's economy showed clear signs of recovery after two years of contraction. The country achieved GDP growth of around 5%, a notable turn-around from the 2.3% contraction in 2023 and the even sharper decline in 2022. This improvement was driven by a strong rebound in the industrial sector especially construction and manufacturing as well as a significant recovery in tourism, which saw arrivals return close to pre-crisis levels. The services sector also benefited from increased activity in tourism related industries, accommodation, and food services, while IT and telecommunications continued to expand. The construction sector, in particular, saw renewed momentum, supported by revived infrastructure projects, growing housing demand, and increased foreign investment in tourism and real estate. Manufacturing showed positive trends, with growth in key areas such as textiles and chemicals. Despite these gains, some challenges remain. Private consumption is still affected by subdued household incomes, and food insecurity persists for a significant portion of the population. Labor force participation has declined, and poverty

Graph 01: Annual GDP Growth Rate



Source: Central Bank of Sri Lanka, Annual Economic Review 2024

and inequality remain concerns even as macro-economic stability improves. Looking ahead, the outlook for Sri Lanka remains cautiously optimistic. The easing of monetary policy, stable inflation, and a more favorable external environment are expected to support continued growth. Projections for 2024 suggest GDP growth in the range of 4.5% to 5%. However, risks such as potential inflationary pressures, the need for further fiscal reforms, and global economic uncertainties will require ongoing attention.

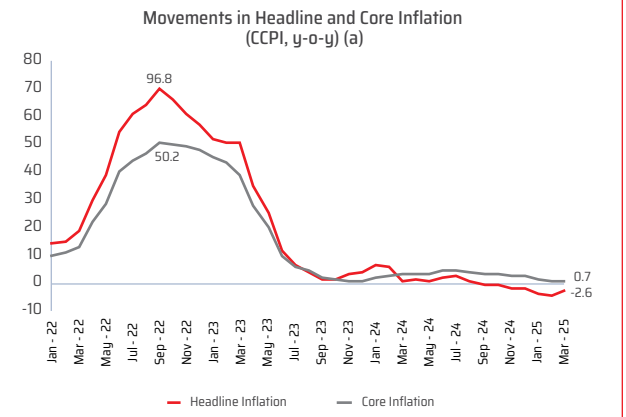
Overall, 2024 marks a year of meaningful progress for Sri Lanka, with the economy moving from stabilization toward a more sustained growth path, supported by improvements in key sectors and continued policy reforms.

INFLATION

By the end of 2023, Sri Lanka successfully brought inflation down to single-digit levels, following the historic highs of the previous year. This achievement allowed the Central Bank to gradually ease monetary policy, with several reductions in policy interest rates throughout 2024 to support economic recovery. Headline inflation, which saw a temporary uptick in early 2024 due to tax adjustments, declined notably as the year progressed. This moderation was supported by significant reductions in electricity, fuel, and LP gas prices, as well as a slowdown in food inflation and an appreciating rupee.

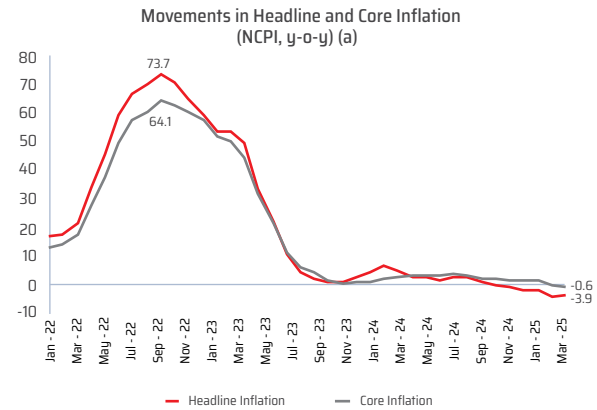
Throughout 2024, inflation remained well below the Central Bank's target of 5%, annual average CCPI inflation is 1.2% in August 2024. The Central Bank maintained an accommodative stance, further reducing policy rates to encourage lending and investment. Projections indicate that inflation will stay below or around the 5% target in the coming months, with expectations well anchored for the medium term. However, risks remain. Domestic and global uncertainties, including adverse weather, supply disruptions, and geopolitical tensions, could still pose challenges to maintaining low inflation. The Central Bank continues to monitor these developments closely, aiming to keep inflation within the desired range while supporting ongoing economic recovery.

Graph 02: Inflation Dynamics in Sri Lanka %



Source: Central Bank of Sri Lanka,Annual Economic Review 2024

Graph 03: Inflation Dynamics in Sri Lanka %



Source: Central Bank of Sri Lanka,Annual Economic Review 2024

EXTERNAL SECTOR DEVELOPMENTS

Sri Lanka's external sector continued to show resilience in 2024, building on the stability achieved in the latter part of 2023. The current account remained in surplus for much of the year, supported by strong growth in workers' remittances, robust earnings from tourism, and steady inflows from services exports. Workers' remittances rose by over 10% to reach approximately USD 6.6 billion, while tourism earnings saw significant growth, with arrivals surpassing two million and related income reaching over USD 3 billion.

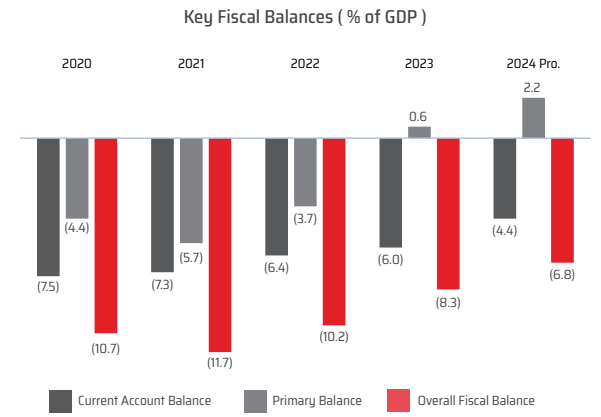
Despite these positive trends, the trade deficit widened in 2024, rising to around USD 6 billion as import expenditure grew faster than export earnings. Merchandise exports increased by 7.2% to USD 12.8 billion, marking the second-highest annual export figure in Sri Lanka's history. However, imports expanded by 12.1% to USD 18.9 billion, driven by higher demand for machinery, textiles, chemicals, and consumer goods. The increase in imports was partly due to the relaxation of import restrictions, including on vehicles, which also benefited the financial sector, particularly Licensed Finance Companies (LFCs). Sri Lanka's gross official reserves strengthened to about USD 6.1 billion by the end of 2024, up from USD 4.4 billion at the end of 2023, reflecting improved foreign exchange inflows and prudent reserve management. The Sri Lankan Rupee appreciated by over 10.7% during the year, further supporting external stability.

Looking ahead, the outlook for the external sector will depend on the successful completion of external debt restructuring and continued progress with reforms under the IMF-supported program. While the external sector has demonstrated resilience, ongoing global uncertainties, shifts in capital flows, and the need for sustained export growth remain areas to watch. Nevertheless, the improvements in reserves, remittances, and tourism provide a solid foundation for continued stability and gradual growth in the years ahead.

ECONOMIC REVIEW

Graph 04: Highlights of the External Sector

%



Source: Central Bank of Sri Lanka,Annual Economic Review 2024

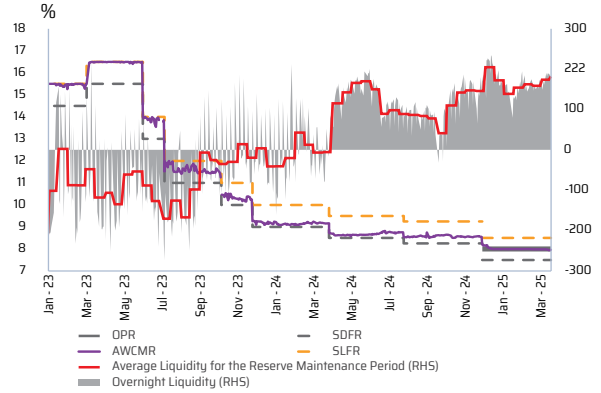
DOMESTIC MONEY MARKET LIQUIDITY AND SHORT TERM INTEREST RATES

In 2024, liquidity conditions in Sri Lanka's domestic money market improved markedly, shifting from previous deficits to a significant surplus by year-end. By December 2024, the market recorded a liquidity surplus of Rs. 168.1 billion the first positive balance in two years primarily driven by Central Bank foreign exchange purchases and swap transactions.

Throughout the year, the Central Bank continued to support market liquidity through open market operations, including term reverse repo auctions and overnight facilities, while also providing targeted liquidity assistance to institutions facing shortages. In November 2024, the Central Bank introduced the Overnight Policy Rate (OPR) as its primary monetary policy tool, set at 8.00%, streamlining its policy framework and enhancing the effectiveness of monetary policy transmission. Although surplus liquidity was unevenly distributed among banks, regular Central Bank interventions helped maintain stability in short-term interest rates and supported the broader financial environment. These measures, alongside an accommodative monetary policy stance, contributed to improved credit growth and a more resilient financial sector as the economy continued its recovery.

Graph 05: Key Policy Interest Rates, AWCMR and Overnight Money Market Liquidity

Rs. Bn

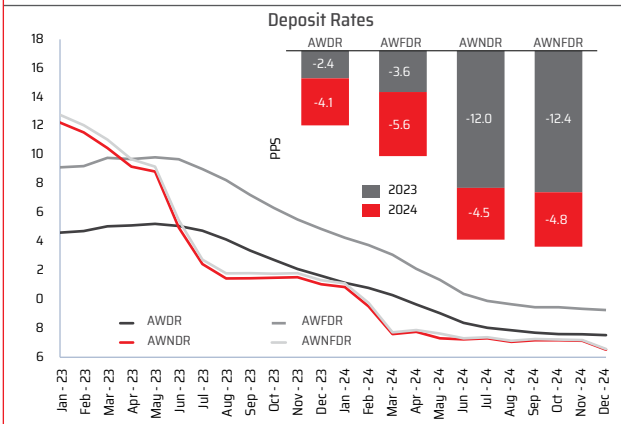


Source: Central Bank of Sri Lanka,Annual Economic Review 2024

Market interest rates in Sri Lanka declined steadily throughout 2024, following the significant reductions in policy rates that began in mid-2023. The Central Bank continued its accommodative stance, lowering policy rates by a cumulative 700 basis points since June 2023. In November 2024, the Central Bank streamlined its monetary policy framework by introducing a single Overnight Policy Rate (OPR) set at 8.00%, marking an effective reduction of 50 basis points from previous levels. These policy actions, along with administrative measures to guide lending rates lower, led to a noticeable and broad-based decline in market interest rates. By April 2025, the Average Weighted Lending Rate (AWLR) had fallen to around 8.6%, while deposit and fixed deposit rates also moderated. The pass-through from policy rate cuts to market rates has been significant, supporting credit growth and easing financial conditions. Overall, the decline in interest rates has helped stimulate economic activity, with the Central Bank maintaining a focus on keeping inflation near its 5% target while supporting the country's ongoing economic recovery.

Graph 06: Movement of deposits and Lending Rates

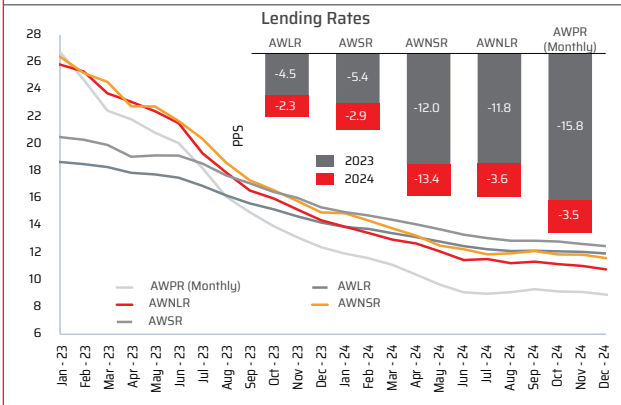
%



Source: Central Bank of Sri Lanka,Annual Economic Review 2024

Graph 07: Movement of deposits and Lending Rates

%



Source: Central Bank of Sri Lanka,Annual Economic Review 2024

FINANCIAL SECTOR

In 2024, Sri Lanka's financial sector continued to demonstrate resilience and improvement as the economy recovered from recent crises. The banking sector, which accounts for over 61% of total financial sector assets, remained stable and well-capitalized. Banks maintained capital

and liquidity well above regulatory requirements, with the Rupee Liquidity Coverage Ratio (LCR) rising to 349.9% and the Net Stable Funding Ratio (NSFR) at 164.8% by the end of 2024 both comfortably above minimum standards. Deposits continued to be the main funding source, making up 81% of total liabilities, while borrowings and equity represented 5.8% and 9.2% respectively. Credit growth in the banking sector reversed its previous contraction, with loans and receivables expanding by 4.1% year-on-year at end 2024, compared to a 2.6% contraction at end 2023. Asset quality showed some improvement, with the Stage 3 (non performing) loans ratio declining to 4.87% in Q2 2024 from 5.59% in Q1, although challenges remain with overall credit risk. Profitability and return on equity improved, supported by increased net interest income and better macroeconomic conditions.

The non-bank financial institutions (NBFI) sector, including finance companies, also saw significant expansion in 2024. The sector grew in loans, advances, deposits, and borrowings, while maintaining capital and liquidity above regulatory minimums. Asset quality improved, as reflected by a reduction in the Stage 3 loans ratio, and profitability increased by over 20% year-on-year.

The insurance sector continued its positive trajectory, with total assets growing by nearly 11% year-on-year and profits before tax rising by 35% in Q1 2024. Long-term (life) insurance showed strong premium growth, while general insurance saw a modest decline in gross written premiums. The sector remained stable and played a vital role in supporting broader economic recovery.

Liquidity conditions in the domestic money market improved markedly, shifting from persistent deficits to a surplus of Rs. 168.1 billion by the end of 2024 the first such surplus in two years. This improvement was driven by Central Bank foreign exchange purchases and swap transactions, supported by a more accommodative monetary policy stance. The Central Bank also introduced a new single policy rate of 8% in November 2024 to further support economic recovery.

Overall, 2024 marked a year of resilience and progress for Sri Lanka's financial sector. The sector benefited from regulatory reforms, improved macroeconomic stability, and enhanced investor and depositor confidence. While some risks remain particularly around asset quality and credit risk ongoing reforms and prudent oversight continue to strengthen the sector's foundation for sustainable growth.

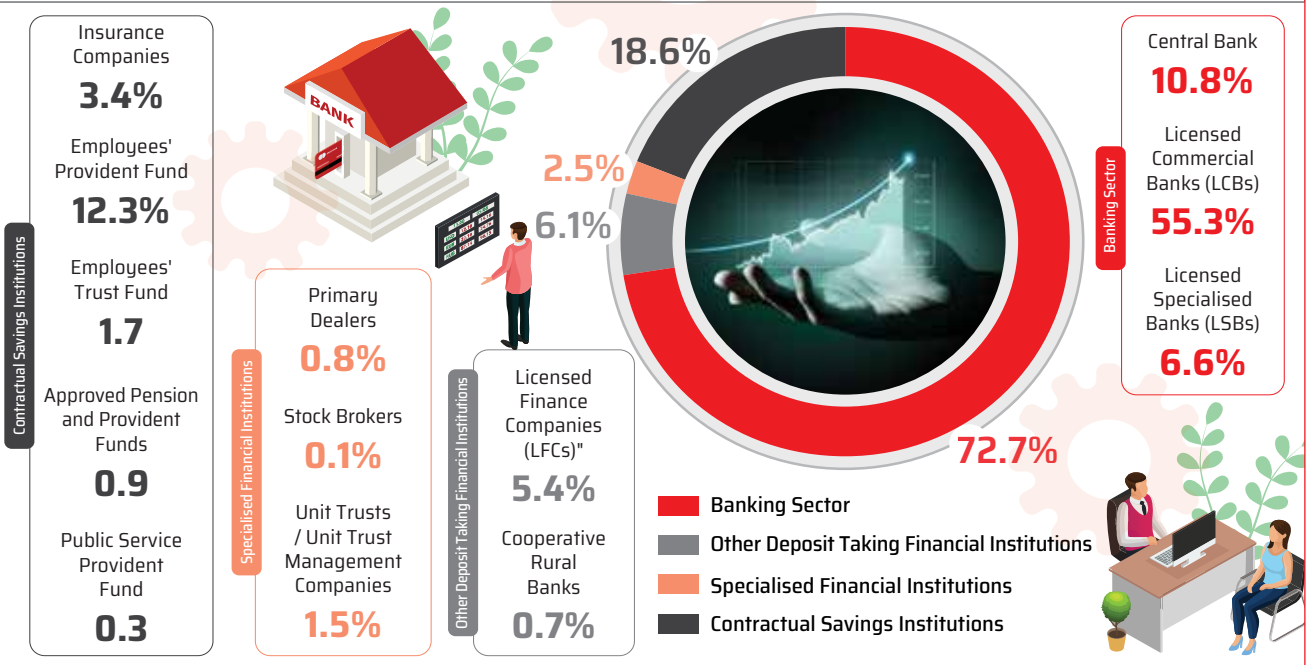
LICENSED FINANCE COMPANIES & SPECIALIZED LEASING COMPANIES (LFC AND SLC) SECTOR

In 2024 and early 2025, the Licensed Finance Companies (LFCs) and Specialized Leasing Companies (SLCs) sector in Sri Lanka demonstrated notable growth across credit expansion, asset quality, and profitability, maintaining their position as key contributors to the country's financial system comprising about 5% of total sector assets. Credit growth in the sector rebounded strongly, with LFC sector loan growth expanding by an estimated 9.6% year-on-year in the first quarter of FY-25, up from 2.2% in FY-24. This turn-around was supported by the broader economic recovery, lower interest rates, and the gradual relaxation of vehicle import restrictions, which boosted demand for leasing and vehicle financing. Private sector credit held by LFCs increased to approximately 18.4% of total private sector credit by the second quarter of FY-25.

ASSETS

By the second quarter of FY-25, the asset base of Sri Lanka's Licensed Finance Companies (LFCs) sector had expanded to approximately LKR 1,838 billion, marking robust growth from LKR

Graph 08: Composition of the Total Assets in the Financial System %



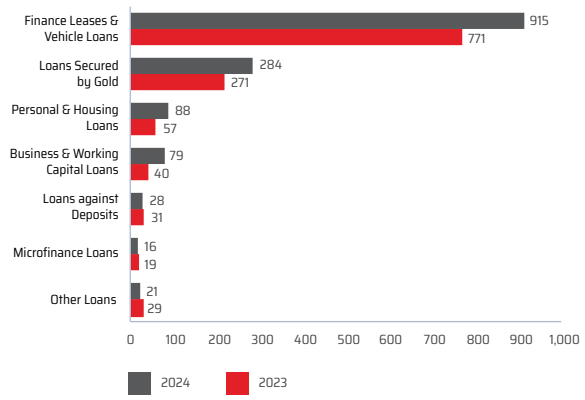
Source: Central Bank of Sri Lanka,Annual Economic Review 2024

ECONOMIC REVIEW

1,692 billion at the end of 2023. This increase was primarily driven by a significant expansion in the loans and advances portfolio, which accounted for around 73% of total assets (LKR 1,340 billion). Investments, particularly in government securities, remained the second largest asset component, representing about 19% of the sector's total assets.

Within the loans and advances portfolio, finance leases continued to dominate, making up about 41% of total credit, while other secured loans including vehicle loans comprised roughly 36%. Notably, pawning advances have grown in prominence, now accounting for about 19% of total credit, up from just 4% a few years ago. Cash and bank balances, along with fixed assets, contributed less than 5% each to the total asset base.

Graph 09: Product wise loans and Advances — Rs. Bn



Source: Central Bank of Sri Lanka,Annual Economic Review 2024

The sector's asset quality also improved significantly during this period. The gross non-performing loan (NPL) ratio declined to approximately 12.8% by 2QFY25, down from 22% a year earlier, reflecting better credit risk management and improved borrower repayment capacity. The provision coverage ratio for NPLs also strengthened, reaching about 39%.

Overall, the LFC sector's strong asset growth in 2024 and early 2025 was underpinned by increased lending activity, a diversified credit portfolio, and prudent investment strategies, positioning the sector for continued resilience and stability in Sri Lanka's evolving financial landscape.

LIABILITIES AND CAPITAL

Customer deposits continued to be the main funding source for the LFCs sector in 2024, accounting for about 56% of total liabilities. Deposits grew steadily, rising by approximately 8% year-on-year to reach around LKR 1,010 billion by early 2025. In contrast, sector borrowings declined further, falling by nearly 18% to roughly LKR 217 billion, reflecting a shift towards more stable deposit based funding.

The capital base of the LFCs sector also strengthened, increasing by about 4% to LKR 342 billion. Both core capital and total capital ratios remained well above regulatory requirements, standing at 21.5% and 22.7% respectively by the first quarter of 2025. This solid capital position, combined with a growing deposit base, has helped enhance the sector's resilience and ability to support continued credit expansion.

CREDIT QUALITY

In 2024, the asset quality of the LFCs sector showed signs of improvement following the challenges of the previous year. The Gross Stage 3 Loans Ratio, which had risen to 17.8% by the end of 2023 due in part to stricter classification rules (reducing the overdue period for Stage 3 from 120 to 90 days), began to decline as credit conditions stabilized. By early 2025, the Gross Stage 3 Loans Ratio had improved to approximately 13.6%, reflecting better borrower repayment capacity and enhanced credit risk management.

Meanwhile, the Net Stage 3 Loans Ratio also improved, declining to around 10.5%. The impairment coverage ratio for Stage 3 loans strengthened as well, rising to about 39% by the first quarter of 2025. These improvements indicate that the sector is making progress in addressing credit risk and strengthening its overall asset quality as the broader economic environment recovers.

PROFITABILITY

In 2024, the profitability of the LFCs sector continued to improve. Profit After Tax (PAT) rose by about 13% year-on-year, reaching approximately LKR 54 billion by early 2025, supported by growth in net interest income and a rebound in non-interest income as economic conditions stabilized. Return on Assets (ROA) increased further to 4.6%, reflecting more efficient asset utilization, while Return on Equity (ROE) remained steady at around 12.5%. The cost to income ratio edged up slightly to 82%, as operating costs rose in line with business expansion. Overall, the sector's financial performance remained strong, underpinned by improved income generation and prudent cost management.





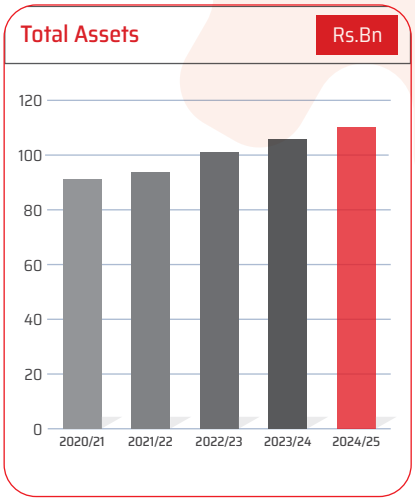
COMPANY FINANCIAL REVIEW

For the financial year ended March 31, 2025, the company successfully navigated a challenge to deliver robust profitability and strengthen its long-term financial stability. The year was characterized by a series of strategic decisions aimed at enhancing asset quality, optimizing the funding mix, and improving operational efficiency. Due to the impact of reclassification of concessionary loans granted, the company prioritized balance sheet integrity and a renewed focus on collections to improve asset quality.

This led to a contraction in the loan portfolio, which in turn guided a strategic reduction of the deposit base while diversifying funding sources. These actions culminated in a Profit After Tax (PAT) to Rs. 6.2 billion.

ASSET GROWTH AND COMPOSITION

The company's total asset base saw stable growth, reflecting a strategic shift in composition towards strengthening liquidity and investments, driven by a primary focus on improving portfolio health. The asset base grew by 4.1% year-on-year, increasing from Rs. 105.7 billion to Rs. 110.1 billion as of March 31, 2025. This moderate growth was a conscious choice, contrasting with the NBFI sector's more aggressive 13.9% expansion.

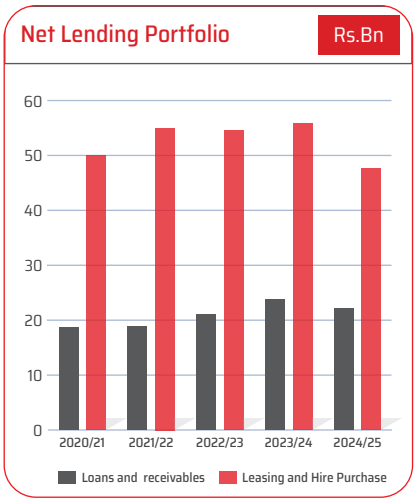


The increase in Non-Performing Loans (NPLs) led to a strong focus on collections and NPA reduction to improve asset quality, which in turn resulted in a planned decline in the lending portfolio. Key declines included a decrease in net lease rentals receivable and stock out on hire from Rs. 55.8 billion to Rs. 47.7 billion and a fall in net loans and receivables from Rs. 23.8 billion to Rs. 22.2 billion. This was balanced by significant growth in other key areas, including a substantial increase in liquid assets and investment properties.

LENDING PORTFOLIO

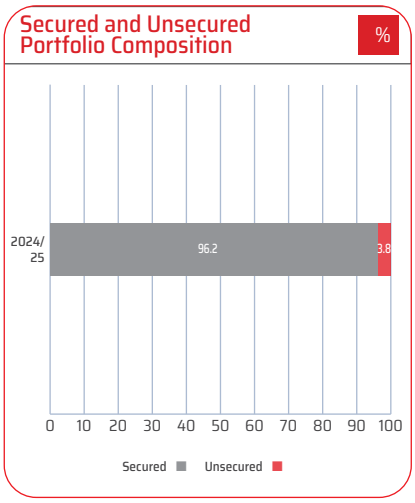
Driven by the strategic imperative to improve asset quality, the lending portfolio contracted due to significant focus on enhancing asset quality. The total net loan book stood at Rs. 69.9 billion as of March 31, 2025, a decline from the previous year's Rs. 79.6 billion. This shift was the direct result of a successful strategy to strengthen collections and enhance overall portfolio quality in response to the rise in NPAs.

Within the portfolio, growth was focused on secured segments like the gold loan portfolio, which grew by 1.84% to Rs. 14.95 billion, and business loans, which increased



COMPANY FINANCIAL REVIEW

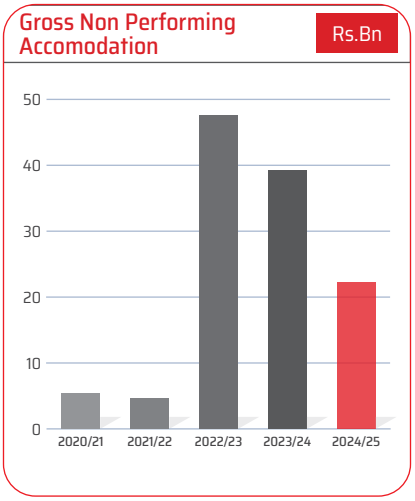
from Rs. 338.9 million to Rs. 482.9 million. The secured loan portfolio is 96.2% of the total portfolio, reinforcing a predominantly low-risk structure. Meanwhile, unsecured loans now account for just 3.8%, indicating a strong emphasis on asset-backed lending.

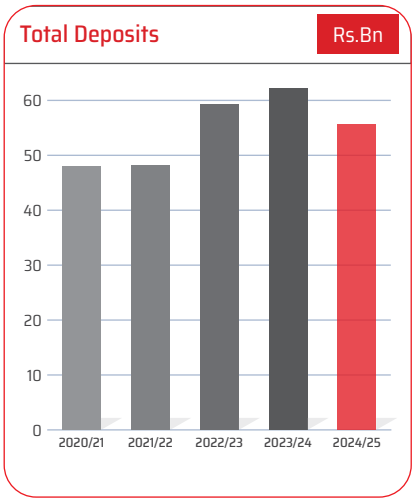


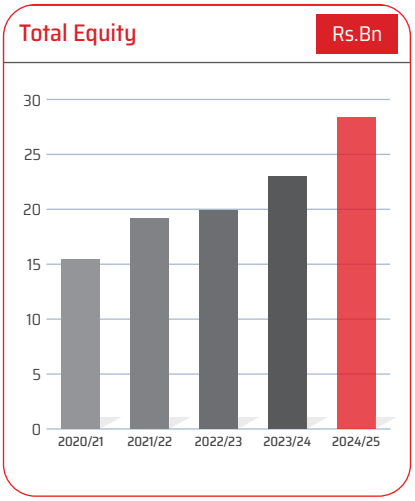
ASSET QUALITY

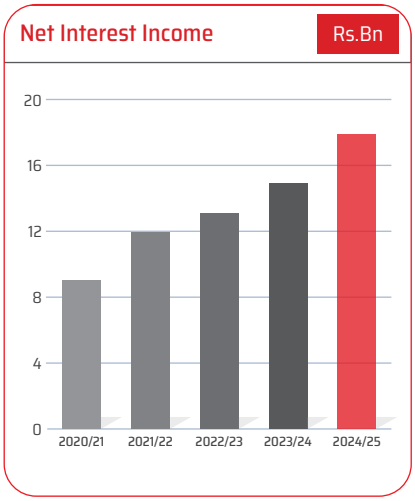
The company took decisive measures to manage asset quality, to manage the elevated Non-Performing Accommodation (NPA) ratios but positioned the business for sustainable future growth. The Gross NPA ratio was reported at 26.07%, while the Net NPA ratio increased to 13.39%. This increase was primarily due to the reclassification of concessionary loans granted to customers facing continuous economic hardships from downturns in earlier years.

This reclassification was undertaken in line with regulatory requirements and led to necessary changes in the accounting treatment for expected credit losses and interest recognition. These adjustments, which arose from correcting prior period errors related to these concessions, necessitated the restatement of the financial figures for the year ended March 31, 2024.









FUNDING AND DEPOSITS

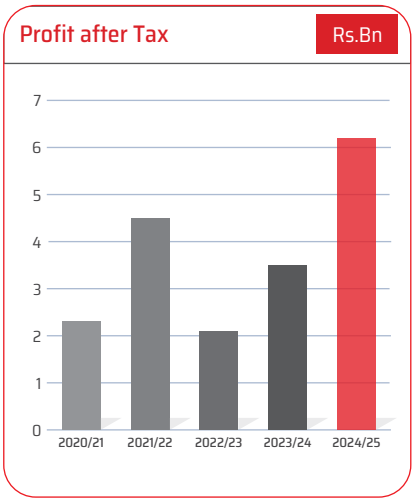
Public deposits remain the primary source of funding, and the liability structure was strategically managed in response to the changes on the asset side of the balance sheet. The deposit base stood at Rs. 55.7 billion, a 10.3% contraction from the previous year.

The decline in the loan book led to excess funds, which reduced the need to attract and retain cost fixed deposits, thus resulting in a reduction of the FD base. This contraction was also affected by a successful funding diversification strategy, evidenced by an increase in liabilities from amounts due to banks from Rs. 12.6 billion to Rs. 15.1 billion and the securing of a new unsecured subordinate term loan of Rs. 1.5 billion. Savings Deposits grew from Rs. 1.76 billion to Rs. 1.94 billion.

NET INTEREST MARGIN

Proactive and disciplined interest rate management led to a significant improvement in Net Interest Income and overall margin, forming a solid base of the year's profitability. Net Interest Income (NII) grew by a strong 20% to Rs. 17.9 billion for the year, up from a restated Rs. 14.9 billion in the prior year.

The primary driver of NII growth was a substantial 34.4% reduction in interest expenses, which fell from Rs. 14.4 billion to Rs. 9.5 billion due to repricing of liabilities. Consequently, the company's Net Interest Margin (NIM) increased to a healthy 17.34% for the year, up from 15.45% in the prior period.



PROFITABILITY AND CAPITAL

The company reported exceptional growth in profitability, significantly outperforming the previous year and demonstrating the success of its strategic initiatives. Profit After Tax (PAT) for the year was Rs. 6.2 billion, a remarkable 78.8% increase from the restated Rs. 3.5 billion in the previous year.

This performance was driven by the strong NII, complemented by a 2.8% increase in Net Fee and Commission Income to Rs. 2.4 billion and a 20.2% rise in Other Operating Income to Rs. 1.2 billion highlighting the strength of the core earnings growth.

Key performance indicators showed marked improvement, with Return on Assets (ROA) increasing to 5.76% from 3.4% and Return on Equity (ROE) improving significantly to 24.20% from 16.21% in the prior year. The company's capital adequacy also remains robust, with the core capital and total risk-weighted capital ratios improving to 25.63% and 25.74% (14.96%) respectively, well above minimum regulatory requirements.

ROA

5.76%

ROE

24.20%

SUSTAINABILITY REVIEW

CCFP firmly believes that staying true to our purpose and shared values is key to building a sustainable business model. Inspired by the philosophy of Stephen R. Covey's "7 Habits of Highly Effective People". We strive to embed a principle-centered approach into every aspect of our products, services, and daily work. By being proactive and focusing on what we can influence, we ensure that our actions align with our Principled Purpose. We begin with the end in mind, setting clear goals for our teams and initiatives, and making sure our efforts support both business growth and effective social impact. Through collaboration and valuing diverse perspectives, we seek win-win outcomes for our employees, customers, and the wider community. By continuously learning and encouraging personal development, we foster a culture where everyone is empowered to grow.

This alignment across all departments, guided by the Principled Culture, helps us build a resilient and responsible organisation, empowering every team member to work proactively, collaborate effectively, and remain adaptable as we face future challenges and opportunities together.

MARKETING AND BRANDING

OVERVIEW

CCFP's strong culture, rooted in its purpose and shared values, is consistently reflected in all our communications, whether through traditional channels or digital marketing platforms. Our marketing and branding efforts are designed mainly to highlight the importance of principle-centered living. By leveraging digital marketing, we extend our reach and ensure our message resonates with a broader audience, inspiring meaningful engagement.

This approach allows us to make a genuine impact on society, demonstrating how everyday actions can uplift lives and foster a sense of community. Alongside our promotional activities, we actively participate in community initiatives that align with our shared values, nurturing empathy and social responsibility within and beyond our organisation.

We recognize the significant influence our communications can have, so we take great care to ensure our messages inspire positive change among our staff, customers, and the broader community. Our commitment is to deliver exceptional service and authentic communications that reflect our company's purpose and dedication to all stakeholders. We believe in inspiring others through our actions and words, staying true to our shared values rather than manipulating them.

DELIVERING TECHNOLOGY-BACKED PRODUCTS AND SERVICES

OVERVIEW

As we work toward a sustainable business model, we recognize the importance of building a strong infrastructure that benefits all our stakeholders, both inside and outside the organisation. To support this goal, CCFP has established the Information & Communication Technology (ICT) Department, which focuses on delivering advanced IT solutions across our operations. Our main aim is to equip our teams with modern ICT tools and responsive support, helping them carry out their daily responsibilities efficiently and effectively.

We are also committed to strengthening our infrastructure to support the company's ongoing digital transformation. This includes investing in scalable technologies and platforms that can adapt to changing business needs and customer expectations. By embracing digital innovation, we seek to streamline our processes, improve customer experiences, and drive long-term growth.



At the same time, we place strong emphasis on cybersecurity in today's digital environment. We have put in place a comprehensive Cyber Security Strategy to protect our digital assets, customer information, and organisational integrity. This includes regular risk assessments, employee training, and the use of advanced security protocols and tools. By prioritizing cybersecurity, we reduce risks and reinforce trust with our stakeholders.

Through these efforts, CCFP is dedicated to delivering technology-driven products and services that exceed client expectations while ensuring the security and resilience of our digital infrastructure.

EMPLOYEES

We recognize that our true strength and distinctiveness stem from a purpose-driven culture built on principles and shared values. Nurtured with intentional focus and strengthened through thoughtful investment in people, our culture has become the company's most enduring source of strength.

At CCFP, our people are the driving force behind every achievement. We embrace the opportunity to empower our people to enrich their own lives, beginning with recruitment and extending through every stage of their journey with us. Our approach centers on encouragement, open communication, and support, nurturing an environment where each individual is inspired to grow and realize, and unleash their full potential while supporting others for the same. We are steadfast in fostering a workplace built on mutual trust, respect, and collaboration, where diverse perspectives are valued and everyone is empowered to contribute meaningfully. This commitment is especially reflected in our efforts to create a safe and inclusive environment for all, with particular attention given to supporting and elevating our female workforce through equitable opportunities and thoughtful policies.

By inculcating a culture where every person feels respected, valued, and empowered, we ensure that our employees are not only able to thrive, but also become transition people for meaningful change within the organisation and on the broader community.

The true dedication, professionalism, and enthusiasm of our employees have been key drivers of our company's continued growth and success. With the support of the Management, our Human Resources Development and Learning & Development teams carry out a pivotal role in fostering this environment, shaping leaders who make a meaningful difference both within the organisation and in the broader community. We remain committed to strengthening these functions, consistently refining our approaches and practices to ensure a supportive and collaborative workplace for all.

By focusing on nurturing our distinctive culture and investing in the development of our people, CCFP is well-equipped to preserve its unique identity and make an effective contribution in an ever-evolving business landscape.

MAINTAINING COMPLIANCE

The company has established a robust framework of policies and procedures that guide all aspects of employee rights, responsibilities, and conduct. These guidelines are crafted to equip employees with clarity and confidence in their roles, empowering them to navigate both routine and unexpected situations with integrity and effectiveness. While fully aligned with the Shop and Office Employees Act No. 15 of 1954 and other related governance, our practices go beyond compliance, aiming to create a principled environment where individuals are equipped to grow and contribute meaningfully and ethically.

Beyond statutory requirements, we have developed and implemented an ethical conduct framework to align employee behavior with good governance principles and a set of internal policies and operational protocols that address key areas such as grievance resolution, attendance and leave management, disciplinary actions, performance assessment, recruitment, onboarding, resignation and termination, retirement planning, staff benefits, and processes for transfers and promotions. These span the entire employee journey, from recruitment to retirement, ensuring that each process supports personal accountability, mutual respect, and continuous development.

Reflecting our commitment to a progressive and principled workplace, we have also introduced policies on anti-sexual harassment, whistleblowing, and ethical conduct. These initiatives are designed to foster an environment of respect, inclusivity, and personal accountability, empowering employees to act with integrity and contribute positively to our organisational culture.

MAINTAINING EFFECTIVE INFRASTRUCTURE FOR PEOPLE

The Company is deeply committed to supporting the well-being of its employees and has taken meaningful steps to safeguard both their health and overall quality of life. Employees are provided with affordable access to the Fitness Center, encouraging them to prioritize physical wellness and embrace a healthy lifestyle. In addition, comprehensive medical and other life insurance coverages are extended to all employees and their families, ensuring their healthcare needs are met with care and attention.



SUSTAINABILITY REVIEW

These initiatives reflect our ongoing commitment to nurturing an intentionally cultivated environment where the well-being of our team remains a core priority—empowering every individual to renew themselves continuously in Physical, Spiritual, Mental, and Emotional quadrants to become their better versions every day.

The Company fosters an inclusive and principle-centered environment through its intentionally practiced open-door culture, empowering every employee, regardless of position, to engage directly with the Chief Executive Officer, Executive Director, and other members of Management whenever needed. This approach has become part of our organisational culture, reflected in consistently high satisfaction scores from our biannual employee surveys. This environment of accessibility and genuine connection has encouraged deep commitment and inspiration across the team, driving meaningful impact. Additionally, by consciously moving away from conventional hierarchical titles, we have reinforced a culture rooted in shared values and mutual respect, promoting unity, humility, and collaboration irrespective of the designations we hold, which has resulted in CCFP having a flat organisational structure.

The creation of our CCFP academy represents a purposeful step in our enduring commitment to our purpose, nurturing the holistic growth of our people. With the Commercial Credit Academy being operational since February 2023, our team is already actively engaging in a broad spectrum of training programs that support continuous renewal. More than a learning center, the Academy stands as a safe-haven for transformation, empowering individuals to pursue excellence across all dimensions: Physical (PQ), Spiritual (SQ), Mental (IQ), and Emotional (EQ). By fostering an environment rooted in intentional growth and personal accountability, we enable our employees to adapt, innovate, and contribute meaningfully in every sphere of their lives. This initiative reflects our belief in the principle of continuous renewal, equipping our people to unleash their fullest potential while contributing to the effectiveness of the organisation.

With the establishment of the Academy, we aim to empower our employees to build strong character anchored in enduring principles, while equipping them with the insight, skills, and tools needed to thrive in their roles. Through a thoughtfully designed array of development programs, we encourage each team member to take ownership of their growth journey, pursuing renewal and excellence not just in their professional responsibilities but across all areas of life. This approach reflects our belief that principled living is the key to sustained success, both for the individual and the organisation.

CCFP introduced its in-house management trainee program (STF Program) in 2018, with the intention of nurturing future leaders of the company from within. This program features a thoughtful and collaborative selection process, where Management and respective supervisors identify individuals who are continuously making an effort to develop themselves in character and competence, and also who have the potential to uplift and inspire others. Once selected, these STF candidates undergo an extensive training program in character development and enhancing competencies related to products and services, preparing them for future leadership roles within the Company. Through this initiative, we are intentionally building a culture where emerging leaders are empowered to grow, adapt, and contribute meaningfully, ensuring our leadership pipeline remains aligned with our shared values and equipped to sustain long-term success.

Recognizing the need to elevate female leadership and engagement, both within Sri Lanka and in our organisation, we are committed to empowering women through focused development and learning opportunities. These initiatives are thoughtfully designed to help women rise above limiting cultural norms and realize their inherent potential, while also encouraging all employees to embrace more progressive, inclusive mindsets.

We are encouraged by the progress achieved so far; the proportion of female staff has increased from 19% in 2023/2024 to 24% in 2024/2025. This reflects our continued focus on cultivating an inclusive and diversified workplace. To further support this journey, we have introduced a confident network offering mentorship, ongoing learning, and a safe space for open dialogue. Rooted in respect and shared growth, this platform aims to build a culture where every individual, regardless of gender, feels supported, valued, and empowered to contribute fully and confidently.

MANAGING AND ASSESSING EMPLOYEE SATISFACTION

The Company places great importance on cultivating a fulfilled and engaged workforce, recognizing the far-reaching benefits it brings. When individuals find meaning and satisfaction in their roles, they are more energized, committed, and effective, creating positive momentum for the entire organisation. To nurture such an environment, our Human Resources Department takes proactive and thoughtful steps to ensure every employee experiences a workplace that is supportive, enriching, and aligned with their potential to perform and grow at their best.

Conducting regular employee satisfaction surveys is a vital part of our approach, allowing us to engage in empathic listening and gain authentic insights into how our team members experience their work. These surveys help us identify areas that need care and attention, while also revealing what truly inspires our people. The feedback we receive becomes a guiding force in shaping meaningful growth opportunities and forward-thinking initiatives. By placing genuine engagement at the center, we foster a culture, strengthen productivity, and build the foundation for lasting, shared success.

We employ two key surveys, the On-Board Satisfaction Survey and the Employee Satisfaction Survey, to gain meaningful insight into employee experiences at different stages of their journey. The On-Board Satisfaction Survey, conducted at the completion of the fifth month, focuses on new hires during their probationary period. It thoughtfully explores areas such

as working conditions, relationships with colleagues and supervisors, alignment with company culture, and the overall learning environment, helping us understand how well we are supporting early growth and integration.

The General Employee Satisfaction Survey is administered to employees who have been with the company for more than six months, twice a year, in June and December. With 15 thoughtfully designed questions, the survey invites employees to share honest reflections on their workplace experiences. These insights provide a valuable foundation for understanding collective needs and perspectives, enabling us to respond with clarity and purpose as we work to enhance the overall environment for everyone.

In addition, our 360-Degree Appraisal system serves as a holistic evaluation tool, inviting feedback from superiors, peers, and subordinates alike. This inclusive process cultivates mutual respect and accountability while empowering individuals at every level to contribute meaningfully. By integrating these perspectives with our broader appraisal and feedback mechanisms, we affirm our commitment to truly listening, responding with empathy, and fostering a culture of continuous growth and shared success.

To cultivate an environment where employees can fully engage in learning while nurturing meaningful family bonds, CCFP extends special privileges that allow staff to bring their families to the Academy during training sessions at discounted rates. Employees may also reserve the facility for personal events at nominal costs, encouraging a healthy integration of work and personal life. Understanding the unique challenges faced by mothers, especially those with young children, we offer added support by allowing them to bring their children along with a caretaker, often free of charge or at reduced rates. These thoughtful initiatives reflect our commitment to removing obstacles to growth, fostering inclusion, and supporting the well-being of the whole person, professionally and personally.

LEARNING AND DEVELOPMENT

At CCFP, we believe that true employee growth is rooted in a clear sense of Principle-Centered purpose and a strong foundation of shared values. That growth could come to life only through a culture of continuous learning and development, which impacts employees both professionally and personally. Throughout the year, we have delivered a wide array of training programs and workshops across all locations, each designed to reinforce a principles-driven culture. A guiding inspiration behind these efforts has been the timeless philosophy of The 7 Habits of Highly Effective People. By focusing on developing a principle-based character, this framework empowers our employees to take initiative, align daily actions with the Company's purpose, prioritize what matters most, collaborate effectively, and engage in continuous renewal. This commitment to holistic growth equips individuals to be effective in their roles while leading lives of greater meaning, balance, and contribution.

We believe that the consistent practice of principle-based habits is essential for embedding our Company's shared values at a personal and lasting level. To support this journey of internalization and growth, our Mentors, together with Location Heads, facilitate monthly Value Hours at each branch. These dedicated sessions create a safe and structured space for employees to engage in open dialogue about real-life challenges they encounter while living out our 05 Shared values. Through this reflective practice, employees are encouraged to pause, recalibrate, and align their daily actions with what matters most—cultivating self-awareness, mutual understanding, and a more profound sense of purpose. By nurturing this habit of regular reflection and principle-centered discussion, we are not only reinforcing our culture but also empowering individuals to grow in character to become truly effective people.

In parallel with our efforts to cultivate a principle-centered culture, we are committed to developing our employees' skills and competencies through a wide array of training programs. These sessions are delivered in both virtual and in-person methods, with a strong emphasis on leveraging the expertise within our organisation. By tapping into the knowledge and experience of our own employees being trainers for most of these training programs, combined with external specialists who bring insights into character development and industry best practices, we create a well-rounded approach to our employees' personal and professional growth.

A key feature of our training offerings is the distinctive five-day Induction Program, which provides new CCFP team members with an introduction to what CCFP is and what we value the most, giving the most knowledge of how a new employee could live according to our principle-centered culture. The first four days are dedicated to in-person physical training at our own CCFP Academy, where new members learn about our 05 shared values, Introduction and concepts of the 7 Habits philosophy, Key behavioural Guidelines in major roles of life, and participate in scenario-based discussions. They also get the opportunity to hear the importance of becoming a Principle-centered Leader, which CCFP drives through the Company's purpose, directly from our CEO, ED, and DCEO through their speeches. The final day is a virtual session that reinforces these foundational lessons while also familiarizing them with our products and services. This cultural engagement represents 60% of the program, emphasizing the importance of aligning personal growth with shared values and principles, preparing new employees to be truly effective in their day-to-day roles.

SUSTAINABILITY REVIEW

SHARED VALUES

THE LAUNCH OF OUR SHARED VALUES

CCFP's Shared Values were officially introduced at the Value Day event on March 4, 2012, held at the BMICH, with the active participation of the entire workforce.

This occasion marked the beginning of a deeply purposeful journey to build a principle-centered culture. The event featured the launch of the Value Policy, the Company's trilingual Theme Song, the Value Oath, and Value Badges, each thoughtfully crafted to symbolize our enduring commitment to a value-driven organisation. Since then, we have remained proactive in embedding these shared values into our daily operations through consistent practices such as daily singing of the Theme Song across all CCFP locations, wearing Value Badges with purpose, and participating in ongoing training programs to develop our character and competencies.

These Shared Values serve not only as reminders but also as reinforcements of who we are and who we aspire to become, both as individuals and as a collective. By nurturing a sense of identity, belonging, and personal responsibility, these initiatives align with our belief that lasting success is rooted in character and shared purpose. They support continuous growth, encourage employees to lead with integrity, and create an environment where everyone is inspired to become their best versions. Ultimately, our Shared Values have become more than symbols. They are the compass that keeps us united and moving forward with clarity and conviction.

INSTILLING OUR SHARED VALUES

To deeply root our Shared Values within the CCFP team, particularly as new members join, we have launched a series of purpose-driven initiatives throughout the year. While some programs build upon our existing cultural foundations, others are newly introduced to enhance our capacity for values-based development. A notable initiative is the Mentor Network: a collective of nominated employees from all Locations, who proactively serve as cultural stewards, modeling our purpose and guiding others with the continuous knowledge they get from Mentor Culture Development programs on principle-centered leadership.

At the heart of this effort are monthly Value Hour discussions, conducted at every location and department. These sessions provide a consistent and trusted space for employees to pause, reflect, and engage in meaningful dialogue around our values. They not only encourage their fellow CCFP Members for collective ownership of living with shared values but also promote synergy, foster mutual learning, and contribute to the ongoing renewal of everyone. Through these efforts, we try to cultivate a synergistic environment where everyone is inspired to lead with a developed character and collaborate toward meaningful, lasting success.

Another key initiative is the 360-Degree Value Appraisal System, introduced in 2012 and closely aligned with our Shared Values and Purpose of developing leaders who uplift people's lives through simple acts of love. This system plays a vital role in shaping a principle-centered culture by recognizing employees who consistently try to develop their character and live aligned with the company's shared values. Conducted quarterly evaluations through our HRIS platform, the 360-Degree Appraisal invites holistic feedback from peers, subordinates, and superiors, fostering a culture of mutual respect, self-awareness, and continuous personal growth. As a value-driven organisation, we consider this process essential, not only to celebrate excellence but also to reinforce the need for continuous improvement to become better persons who can make a lasting and meaningful impact on everyone we interact with.

THEME SONG AND VALUE BADGES

Each morning at 8:25 a.m., the Company's trilingual Theme Song is played across all offices and featured at major events, serving as a daily reminder of company's purpose and shared values, which bring out self-reflection and encourage every employee to do better every day. Further, employees are encouraged to wear the heart-shaped Value Badge, beginning with the bronze level, as an initial symbol of commitment towards principle-centred living. As individuals consistently align their behaviors with the Company's shared values, they may progress through silver, gold, and ultimately platinum badges. This visible progression not only celebrates personal growth but also fosters a sense of purpose, belonging, and shared achievement throughout the organisation.

VALUE DAY

Every three to four years, the Company hosts a special event called Value Day - a meaningful celebration that honours employees who consistently live out our five Shared Values. More than just a recognition event, Value Day serves as a platform to uplift those who lead by example, demonstrating principle-centred behavior and inspiring others to do the same.

The selection process reflects a spirit of collaboration and mutual respect, with peers nominating colleagues for Value Badge upgrades based on consistent character and contribution. These nominations, together with results from the 360 Degree Value Appraisal, are carefully considered to recognize individuals who exemplify



excellence. Deserving individuals are then advanced through the Value Badge levels from bronze to silver, gold, and ultimately platinum, affirming their commitment to personal growth and service to others, which drives all of us forward.

Value Day is more than just an event-it's a unique opportunity for departments and employees to come together, blending their talents, ideas, and energy into a wonderful end result created through synergy. Everyone united with great enthusiasm, inspiring creativity at every step of this event makes it a memorable event we all accomplish together.







VALUE POLICY

The commitment of Commercial Credit to its Purpose and Shared Values is embodied in the Value Policy, which serves as a comprehensive guide for promoting a principled, purpose-driven culture across the organisation. This policy outlines clear guidelines, procedures, and a framework to ensure that employees consistently align their actions and decisions with the company's shared values. It applies to all employees and extends to every activity carried out in any form, strengthening a harmonious and ethical standard of conduct. For the policy to be effective, all team members are continuously making aware of its contents and adhere to them diligently. By doing so, CCFP tries to cultivate an environment rooted in principles, ensuring that our shared values are not only upheld but also lived throughout every aspect of our operations.

VALUE REGISTER

The Value Register is a living record that captures exceptional behaviors and actions reflecting our Shared Values, both in the workplace and beyond. When an employee witnesses a meaningful act by a colleague, it is noted in the Value Register, creating space for recognition and authentic appreciation across the organisation. This practice not only reinforces a culture of mutual respect and encouragement but also inspires others to act with purpose and integrity. With the option to commend peers anonymously, the Value Register functions as a collaborative platform for positive reinforcement. Over time, each employee develops a unique Value profile based on the acknowledgments received, showcasing their ongoing commitment to our shared values and their role in fostering a high-trust, values-driven culture.



SUSTAINABILITY REVIEW

LEADING WITH PURPOSE: OUR SUSTAINABILITY MILESTONES

At Commercial Credit & Finance PLC (CCFP), sustainability is embedded at the heart of our business strategy. We view it not just as a corporate obligation, but as a driver of long-term resilience and value creation for all stakeholders. Our approach is anchored on three pillars: Environmental Responsibility, Social Impact, and Strong Governance, aligning closely with Sri Lanka's National Sustainable Development Vision and the United Nations Sustainable Development Goals (SDGs).



SUSTAINABILITY GOALS AND STRATEGY

Our sustainability goals guide every aspect of our operations, from expanding financial inclusion to supporting climate action and promoting responsible business practices. These goals are practical, integrated into our business model, and serve as a compass for our long-term strategy and stakeholder engagement.

- **Enhancing Financial Inclusion:** We prioritize access to finance for under-served groups, including women, rural communities, and small entrepreneurs, supporting SDGs 1, 5, and 8.



- **Supporting Climate Action:** Through green lending and reducing our own carbon footprint, we directly contribute to SDGs 7 and 13.



- **Promoting Responsible Practices:** We uphold transparency and ethical governance, reinforcing trust and long-term value (SDGs 16 and 17).



- **Empowering Communities:** Our community engagement and education programs foster inclusive economic participation (SDGs 4).



ENVIRONMENTAL RESPONSIBILITY

Environmental stewardship remains a strategic and operational cornerstone at CCFP. We continue to integrate sustainability into our lending, internal operations, and long-term vision to mitigate environmental impact and foster sustainable growth.

- **GREEN FINANCING INITIATIVES:**

  In FY 2024/25, we strengthened our focus on sustainable mobility and energy. Our Credit Department has partnered with Sri Lanka's top five electric bike companies, positioning us as their official finance partner for the next three years.

  Over 30% of our unregistered motorbike financing portfolio now comprises electric vehicles (EVs), with a strategic target to surpass 50% within the next three years.

  Looking ahead, we aim to capture at least 50% of the projected EV market by 2029 estimated at 10,000 units monthly aligning closely with our environmental and business objectives.

  These efforts are underpinned by our commitment to the **Green Leasing concept,** contributing to emissions reduction and long-term environmental conservation.

  SDG Alignment: *SDG 7 (Affordable and Clean Energy), SDG 13 (Climate Action)*

- **GREENING OPERATIONS:**

  We are transitioning our branch networks to renewable energy by installing solar panels, with a target of implementing solar-powered branches by 2027.

  Concurrently, we aim to cut our overall energy consumption , leveraging technology and optimized resource management.

  SDG Connections: SDG 7 (Affordable and Clean Energy): Promoting clean energy in our operations supports broader energy sustainability.

- **PAPERLESS AND ECO-EFFICIENT PRACTICES:**

  We are expanding digital workflows and green procurement initiatives to further minimize paper use and operational waste reducing our ecological footprint while promoting sustainability best practices across the industry.

SOCIAL IMPACT AND FINANCIAL INCLUSION

At CCFP, we view financial services as a vehicle for social empowerment. Our mission continues to focus on inclusive

growth and addressing socio-economic disparities through sustainable financial solutions.

- **INCLUSIVE FINANCIAL SERVICES:**

  We have empowered so many underserved individuals, particularly rural micro-entrepreneurs, and notably, **100% of our microfinance customers are women.** This reflects our deep-rooted commitment to gender equity and grassroots economic resilience.

  SDG Alignment: *SDG 1 (No Poverty), SDG 5 (Gender Equality), SDG 8 (Decent Work and Economic Growth)*

- **CAPACITY BUILDING AND FINANCIAL LITERACY:**

  During FY 2024/25, we conducted **505 training programs,** amounting to over **256,000 training hours.** These extended beyond internal audiences, reaching community groups and external stakeholders reinforcing our role in promoting inclusive financial literacy.

  SDG Alignment: *SDG 4 (Quality Education)*

- **CCFP ACADEMY:**

  Our in-house CCFP Academy serves as a platform for holistic development focusing on **physical, mental, spiritual, and social wellbeing.** Through structured modules, wellness programs, and values-driven learning, we foster ethical leadership and community responsibility, building both personal and professional capacity.

- **EMPOWERING WOMEN:**

  Gender inclusion is embedded into our talent strategy. We aim for **at least 50% female representation across all organisational levels,** with a strong focus on enhancing leadership roles for women in traditionally male-dominated functions like credit, lending, and recovery.

  Our initiatives span from equitable recruitment to mentorship, career progression, and family-friendly policies creating an inclusive, performance-driven culture that mirrors the diversity of the communities we serve.

GOVERNANCE, RISK, AND STAKEHOLDER ENGAGEMENT

We continue to embed sustainability into our governance framework, ensuring strong oversight, risk responsiveness, and stakeholder inclusivity.

- **SUSTAINABILITY GOVERNANCE:**

  Our **Sustainability Risk Management Committee (SRMC)** ensures strategic ESG oversight. Plans are underway to establish a **Board-level ESG sub-committee** to further integrate sustainability into corporate governance.

  SDG Alignment: *SDG 16 (Peace, Justice and Strong Institutions)*

- **ESG RISK MANAGEMENT:**

  Sustainability-related risks are now fully embedded in our enterprise risk management framework, with new environmental and social indicators designed for proactive monitoring and mitigation.

- **STAKEHOLDER ENGAGEMENT:**

  We maintain open, ongoing dialogue with regulators, employees, customers, and civil society. Our reporting aligns with **Colombo Stock Exchange (CSE)** standards and international best practices. We are also working toward TCFD-aligned climate risk disclosures by FY 2026.

  SDG Alignment: *SDG 17 (Partnerships for the Goals)*

FUTURE OUTLOOK

Our sustainability journey is one of innovation, accountability, and resilience. As we progress into FY 2025/26, our key priorities include:

- **SUSTAINABILITY-LINKED FINANCIAL PRODUCTS:**

  We are in the process of launching credit offerings tied to ESG performance metrics, incentivizing positive environmental and social outcomes.

- **ESG CAPACITY BUILDING:**

  ESG-focused training will be expanded across all employee levels to foster a culture of sustainability-first thinking.

- **SUSTAINABLE PROCUREMENT POLICY:**

  We will introduce a procurement framework that embeds sustainability into supplier evaluation and purchasing decisions.

- **STANDALONE SUSTAINABILITY REPORT:**

  We plan to publish our **first GRI-aligned Sustainability Report,** reflecting our dedication to transparency, stakeholder communication, and accountability.

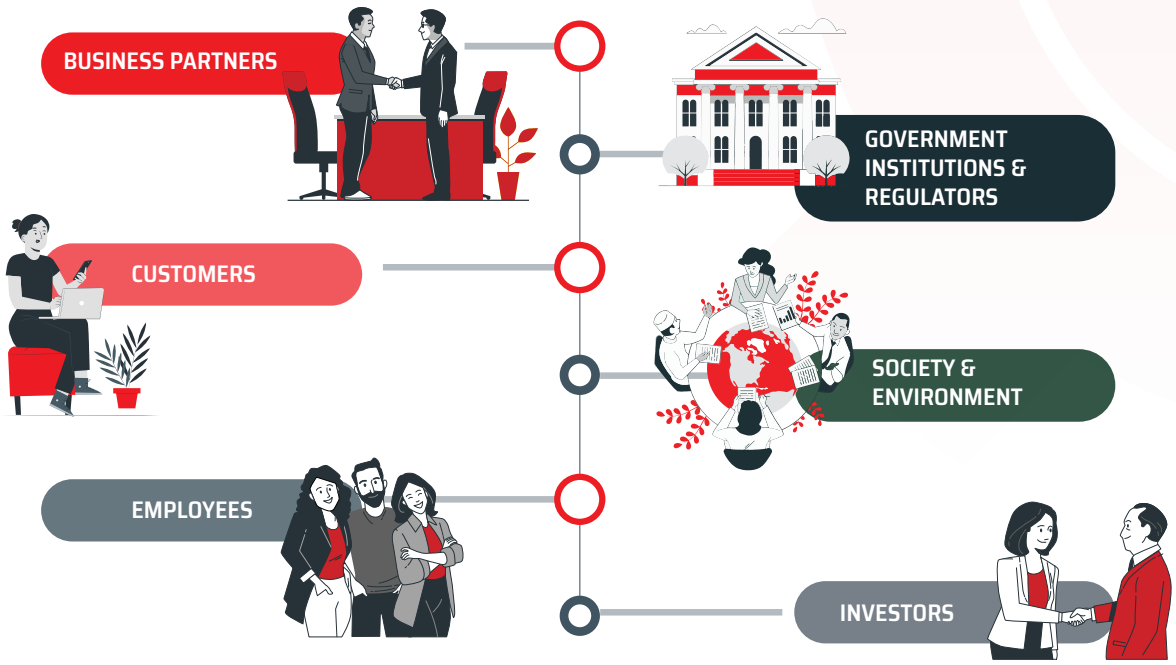
  SDG Alignment: *SDG 4 (Quality Education), SDG 12 (Responsible Consumption and Production), SDG 17 (Partnerships for the Goals)*

Our forward strategy remains tightly aligned with SDGs 4, 7, 12, 13, 16, and 17 positioning us to drive lasting impact across education, clean energy, governance, climate action, and partnerships.

As we advance, CCFP remains steadfast in aligning commercial objectives with sustainable development, generating lasting value for our stakeholders, communities, and environment. Our commitment strengthens our resilience, unlocks new growth opportunities, and solidifies our role as a responsible corporate citizen.

STAKEHOLDER ENGAGEMENT

Commercial Credit and Finance PLC believes that genuine sustainability requires engaging closely with stakeholders in building mutually beneficial relationships. As a value driven organisation, the Company has formed valuable relationships with its stakeholders and maintains a routine of checks and balances to ensure these relationships are sustained. Much of our interactions take place in conducting our daily operations, while structured activities are also conducted to bring stakeholders closer. This association helps us gain vital feedback on our products and services in a bid to exceed the expectations of our stakeholders.



BUSINESS PARTNERS



STAKEHOLDER ASPIRATIONS	ENGAGEMENT MECHANISM	FREQUENCY
• Contractual performance	Supplier relationship management	As required
• Future business opportunities	On-site visits and meetings	As required
• Maintaining healthy relationships		
• Timely settlement of dues		
• Ease of working		
• Growth potential		
• Collaboration for new technologies		

GOVERNMENT INSTITUTIONS & REGULATORS

STAKEHOLDER ASPIRATIONS	ENGAGEMENT MECHANISM	FREQUENCY
• Compliance with directives and codes	On-site surveillance	As required
• Micro-finance and SME development	Directives and circulars	As required
• Maintaining healthy relationships	Meetings and consultations	As required
	Press releases	As required
	Periodic returns	As required
	Submissions to policymakers	As required





CUSTOMERS

STAKEHOLDER ASPIRATIONS	ENGAGEMENT MECHANISM	FREQUENCY
• Customer security and privacy	Customer visits and meetings	As required
• Service quality	Branch network and call center	Continuous
• Financial inclusion	Media advertisements	As required
• Affordability of services and convenience	Corporate website	Continuous
• Grievance handling mechanism	Customer workshops	As required
• Financial education and literacy	Sponsorships for social events	As required
• Financial support for revival of business		

SOCIETY & ENVIRONMENT

STAKEHOLDER ASPIRATIONS	ENGAGEMENT MECHANISM	FREQUENCY
• Responsible financing	Media advertising campaigns	As required
• Commitment to community	Press releases, conferences and media briefings	As required
• Financial inclusion and awareness	Informal briefings and communications	As required
• Ethics and business conduct	Public events and gatherings	As required
• Environmental performance	Corporate website	Continuous
• Employment opportunities	Sponsorships for social events	As required



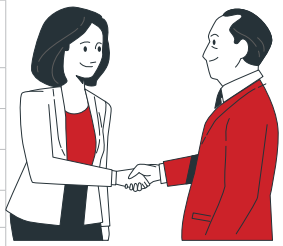


EMPLOYEES

STAKEHOLDER ASPIRATIONS	ENGAGEMENT MECHANISM	FREQUENCY
• Performance and reward management	Social events: value day, family day etc	Continuous
• Training and development	360 degree staff appraisal	Quarterly
• Career advancement opportunities	Training programmes	As required
• Work-life balance	Open door policy	Continuous
• Retirement benefit plans	Intranet	Continuous
• Value driven corporate culture	Special staff events	Continuous
• Diversity and inclusion	Employee satisfaction survey	Biannually
• Perception of a prosperous future in the Company	Code of conduct and whistle blower policy	Continuous

INVESTORS

STAKEHOLDER ASPIRATIONS	ENGAGEMENT MECHANISM	FREQUENCY
• Financial performance	Annual Reports and Annual General Meetings (AGMs)	Annually
• Governance	Extraordinary General Meetings	As required
• Transparency and disclosure	Interim financial statements	Quarterly
• Business expansion plans	Press conferences and releases	As required
• Risk management	Announcements to CSE	As required
• Sustainable growth	Corporate website	Continuous
	Investor feedback forms	Annually



RISK MANAGEMENT

IN RESPONSE TO THE CHALLENGING CONDITIONS DURING THE YEAR, THE BIRMC ADOPTED A MORE PROACTIVE AND RESILIENT APPROACH TO RISK MANAGEMENT.

OVERVIEW

Risk Management underpins the day today management of the Company's operations and supports the achievement of the Company's long term strategic objectives. Staying firmly anchored to its core risk principles, the Company has adopted a precautionary approach to ensure Risk Management, regulatory requirements as well as best practices and industry trends that emerge both in the local market and the global environment.

In this context, the Company seeks to manage its risk profile carefully in line with the Board approved Risk Appetite Statement that sets out the limits for managing its most significant risks. The Risk Appetite limits play a vital role in the Company's risk strategy together with the Company's Integrated Risk Management Framework (IRMF), serve as the foundation for ensuring that all material risks are identified, well understood, accurately measured and proactively managed in order to safeguard the Company's financial strength and reputation as well as retain the public trust in the Company.

The ability to manage multiple risk factors arising across multiple locations, product categories, asset classes, customer segments and functional departments is one of the key factors that determines the degree of success and sustainability of a financial institution. Since risk management is a responsibility of each and every employee of the Company and they need to clearly understand the risks the Company is exposed to, Commercial Credit has enhanced its risk management capabilities and insights to facilitate more robust and better risk based decision making processes to ensure that the Company continues to create value to its stakeholders.

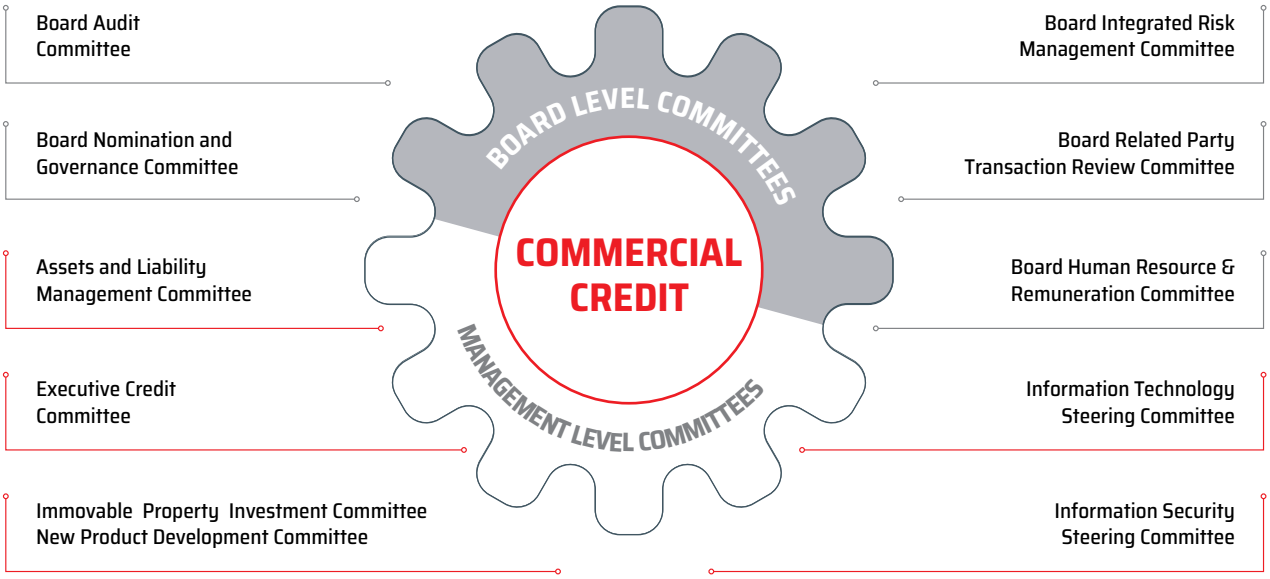
RISK GOVERNANCE STRUCTURE

The overall responsibility for risk governance lies with the Company's Board of Directors. The Board sets the Company's risk strategy and risk appetite boundaries for all key risk categories. As the ultimate authority responsible for risk management, the Board determines guidelines for the management and control of the Company's key risks and for ensuring appropriate risk policies and limits for all important risk areas. Based on the business model and the strategic objectives of the Company, the Board has approved risk policies for various risk areas. These risk policies are subject to review and approval by the Board annually.

The Corporate Management takes proactive measures to execute and monitor the risk mitigants for each activity. The management also inculcates the principles of responsible risk management among employees at all levels. The Company has invested in establishing strong risk management architecture, which includes an independent Risk Management Department, Board-approved risk appetite and risk tolerance levels along with well-defined procedures to support effective management of risk.

FUNCTIONAL STRUCTURE OF THE INTEGRATED RISK MANAGEMENT FRAMEWORK





Meanwhile, the day to day management of risks is cascaded down to the operational level via the threelines of defense mechanism that reflects the Company's belief that "managing risk is everyone's responsibility".

1st Line of Defense

BUSINESS LINES

Ownership for the day to day management of risk. Ensure that risks accepted are within the Company's risk appetite and risk management policies

DEPARTMENT HEADS/ BRANCH MANAGERS

2nd Line of Defense

RISK MANAGEMENT AND CONTROLS

Direction for Risk Management and Compliance, facilitating high level of risk awareness throughout the organisation. Independent monitoring of the effective implementation of risk Management Framework.

RISK MANAGEMENT DEPARTMENT / COMPLIANCE DEPARTMENT

3rd Line of Defense

ASSURANCE

Providing independent and objective assurance on the Risk Management processes and practices in place.

INTERNAL AUDIT/ EXTERNAL AUDIT

As such all business heads and branch managers are deemed the first line of defense and are held accountable for identifying and managing risks and operating within the approved risk policies. The second line of defense comprises the Risk Management Department (RMD) and the Compliance Department (CD) headed by independent CRO and CO respectively. The RMD monitors all key risks in line with Board approved appetite boundaries and plays a key role in assisting the Board in its routine risk review process. The RMD performs periodic assessments to determine any shift in the individual risk profiles based on new developments or trends in the macroeconomic environment. More frequent need based assessments are also often carried out in times of uncertainty. The RMD is also tasked with monitoring new and emerging risks within the Company's risk universe. Due diligence procedures conducted by the Company's internal audit team and external auditors act as the third lines of defense in providing independent assurance regarding the overall efficacy of the Company's Integrated risk management framework in meeting its stated objectives.

Business decisions are made in a manner that the safeguarding of stakeholders' interest of the Company and profitability arising from various sources of risk contribute towards our strategic objectives. Underlying systems and processes permit the creation of risk awareness across the entire Company and identify, measure, analyse and evaluate risks. Processes are also in place to develop and implement appropriate response strategies according to the set risk appetite in order to manage such identified risks. As in the case of all activities of the Company, it could be said that the efforts made to develop a culture based on the Shared Values of the Company form a very fundamental aspect of Risk Management at Commercial Credit.

RISK MANAGEMENT

The activities of Commercial Credit's Risk Management system take place at three broad levels as follows:

STRATEGIC LEVEL

At the strategic level, Risk Management functions are performed by the Board of Directors and the Board Integrated Risk Management Committee (BIRMC). Tasks include defining risks, ascertaining risk appetite, formulating strategies and policies for managing risks and establishing adequate systems and controls to ensure that overall risk remains within the risk appetite.

MANAGEMENT LEVEL

At the management level, Risk Management within business areas or across business lines ensures that strategies, policies and directives approved at the strategic level are operationalized. Development and implementation of underlying procedures, processes and controls are ensured at the management level. Assuring the compliance with laid down policies, procedures and controls, and reviewing the outcome of operations, and measuring and analyzing risk related information are also performed at this level.

OPERATIONAL LEVEL

At the operational level, Risk Management activities are performed by individuals who take risks on Company's behalf, which includes front, middle and back office personnel. They are required to comply with approved policies, procedures and controls. Operational level personnel give valuable inputs to continuously improve risk related activities undertaken in day-to-day operations.

RISK MANAGEMENT PROCESS



A comprehensive Risk Management process has been developed and is continuously reviewed by the Board Integrated Risk Management Committee (BIRMC) together with the Operational Management.

The Company has established risk sub-committees in the areas of credit and Information Technology in addition to the Assets and Liabilities Management Committee (ALCO). The effectiveness of these sub-committees are assessed by the BIRMC annually.

The risk sub-committees comprise of selected representatives from Operational Management, Middle Management and Operational Staff from respective disciplines. These sub-committees meet regularly and are responsible for identifying and analyzing risks. The identified risks are taken up for discussion at risk sub-committee meetings where issues are discussed in detail. The minutes of the sub-committee meetings are submitted for approval of the BIRMC and the ALCO meeting minutes are circulated to the board through BIRMC. The decisions and directives of the BIRMC are communicated to the Operational Management through sub-committees for operationalization of such decisions and directives. The BIRMC meets on a regular basis to review and discuss various reports related to Risk Management presented to the Committee by the Management and the findings of the risk sub-committees.

CREDIT RISK MANAGEMENT STRUCTURE AND APPROACH

BOARD OF DIRECTORS	RISK APPETITE
CHIEF RISK OFFICER	CREDIT RISK MANAGEMENT FRAMEWORK
CREDIT COMMITTEE	CREDIT RISK POLICY
PRODUCT HEADS	CREDIT PROCEDURES

Risks related to areas under each sub committee have been identified and Risk Registers have been developed and maintained. Each identified risk has been categorized based on the probability of occurrence and expected impact. The impact has been categorized as critical, high, medium and low. The probability has been categorized as certain, likely, possible and remote. Control activities are developed for all risks and the appropriate risk treatment identified and actioned.

TYPES OF RISKS

In pursuing the Company's desired strategic objectives, Commercial Credit is exposed to several risks which have been categorized as follows;

CREDIT RISK

Credit risk is the risk of financial loss if a customer or counter party fails to honour its financial or contractual obligations to the company. The Company's credit risk arises mainly from various accommodations granted and could be identified as the most significant risk faced by the Company. The credit risk management objective is to minimize credit risk while ensuring optimal risk rewards pay off for the financial institution and maximize the return and maintain the quality of the portfolio by minimizing the non-performing loans and probable losses.

The Credit Risk Management Framework deals with the credit risk management of the Company and the credit policy and credit procedures are used as the

tools for implementing the credit risk management framework. The Credit Policy and credit procedures play a central role in managing daily business activities. The policy is reviewed at least once a year and approved by the Board of Directors, ensuring consistency with the Company's business strategy. The Executive Credit Committee meetings drive policy decisions and implementation plans. Credit is required to be granted according to the approved policies and procedures of the Company. Special attention is given to Credit Risk Management in terms of analyzing customer credit worthiness through comprehensive customer investigations before and after credit facilities are provided. Repayment of accommodations granted is closely monitored by those responsible for granting various facilities as well as those directly responsible for recovery activities. Indicators have been developed to measure risks associated with credit which are reviewed on a continuous basis for the entire organisation as well as for each product and operational location.

The credit facility origination process comprises of initial screening and credit appraisal. The evaluation focuses on the borrower's ability to meet his/her obligations in a timely manner. Efforts are made to ensure that consistent standards are maintained in credit approval. Collateral and guarantees form an important part of the credit risk mitigation process.

To safeguard the Company against possible losses, problems that may arise in granting credit facilities need to be identified early. The Credit Risk sub-committee measures and tracks the status of the credit portfolio. Credit reports need to be prepared monthly without failing to review high level credit portfolio concentration and assess performance of the facilities granted.

Default loans are managed by the Recovery and Credit Division of the company. This unit is responsible for all aspects of an overdue facility, restructuring of the credit facility, scrutiny of legal documents and liaising with the customer until all recovery matters are finalized. Regular meetings are held in order to ensure the smooth functioning of the recoveries function.

Credit Quality Parameters such as Credit quality related ratios, Product-wise NPA, Provision covers, and as a percentage of the total portfolio are monitored.

Lending Parameters such as Single borrower exposure (individual), Group borrower exposure, Sector-wise concentration, Product-wise concentration, collateral wise concentration, geographical concentration, and related party exposure limits were monitored.

INTEREST RISK MANAGEMENT APPROACH

The Company encounters interest rate risk in several ways, including repricing risk, and yield curve risk. Interest rate risk parameters such as WACC, Incremental Cost of funds, and maturity profiles of assets and liabilities are monitored. Further, the Company maintains an adequate Net Interest Margin (NIM) so that increases in interest expenses can be absorbed. Although the mismatch in assets and liabilities in terms of maturity is widely prevalent in the industry, in view of the composition of the portfolio of the Company, this mismatch has been mitigated to a significant extent. Gold prices are monitored continuously and LTV rates for pawning and gold loan advances are revised on a regular basis taking the tenure of each product into account.

RISK APPETITE	BOARD OF DIRECTORS
ASSETS AND LIABILITY MANAGEMENT POLICY	ASSETS AND LIABILITY MANAGEMENT COMMITTEE
TREASURY PROCEDURE	HEAD OF TREASURY

MARKET RISK

Market risk is the risk arising from fluctuations in market variables such as interest rates, exchange rates, vehicle prices and gold prices. The market risk is addressed through Liquidity risk management and interest rate risk management. This is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in the market variables. As the Company's operations involve granting accommodations, accepting deposits and obtaining funding facilities, the movements in interest rates constitute the most important market risk for the Company. The company's market risk management is operationalized through ALCO Policy, Treasury procedures and Board-approved Risk appetite limits.

INTEREST RATE RISK

Interest rate risk exists in an interest-bearing asset, such as lending and borrowings, due to the possibility of a change in the interest rates. Interest rate risk is an integral part of finance business, and may even be a source of profit.

LIQUIDITY RISK

Liquidity risk is the risk of being able to meet liquidity obligations at increased cost or, ultimately, being unable to meet obligations as they fall due. In the case of the Company, this relates mainly to the ability to meet repayment of deposits obtained from the public as they fall due and the settlement of installments on bank and other borrowings.

LIQUIDITY RISK MANAGEMENT APPROACH

Special attention is given on the liquidity of the Company as it provides critical defense against this and several other risks such as reputation, compliance, and financial risks. The company maintains a conservative outlook towards managing Liquidity Risk, which is governed by the Board approved ALCO Policy, Investment Policy

RISK MANAGEMENT

and appropriate Risk Appetite Limits. The Company works towards ensuring adequate resources are maintained at all times to meet obligations and prevent potential liquidity shocks. From the governance perspective, the responsibility for managing the company's Liquidity risk lies with ALCO while clearly defined responsibilities ensure its management at operational level.

The treasury department is responsible for maintaining the Liquid Asset Ratio above the Central Bank stipulated levels, while the ALCO is responsible for monitoring the liquid assets ratio. The assets and liabilities mismatch of the company is monitored on a monthly basis at the ALCO and reported to the BIRMC if there is any deviation from the Board approved risk appetite limits.

The Company's projected liquidity requirements are assessed on a continuous basis to ensure that they can be met as and when such requirements arise. The Company also strives to ensure that the liquidity ratios required to be maintained by the applicable Central Bank regulations are complied with the requirements of Finance Companies (Liquid Assets) Direction No. 04 of 2013.

OPERATIONAL RISK

Operational risk is the risk of losses or failed internal processes, people and systems, or from external events such as natural disasters, social or political events. It is inherent in all financial products and processes and the company's objective is to control it in a cost-effective manner. Operational risk includes legal risk but excludes strategic and reputational risk.

OPERATIONAL RISK MANAGEMENT APPROACH

The Company manages operational risk through policies, risk assessment, risk mitigation including insurance coverage, managing technology risk, a comprehensive Business Continuity Plan (BCP) and Disaster Recovery Plan (DRP), creating a culture of risk awareness across the Company, stress testing and monitoring and reporting. The degree of compliance of staff with such operational policies, processes and controls is regularly reviewed.

Awareness building and comprehensive training sessions are undertaken to educate staff on the significance of the compliance with operational policies, processes and controls. In this context, the Value driven culture which is rigorously promoted across all levels of Commercial Credit in ensuring that employees are self-disciplined, plays a key role. Internal Frauds as an operational risk parameter is monitored.

REPUTATIONAL RISK

Reputational risk is the risk of adverse impact on earnings, assets and liabilities or brand value arising from negative stakeholder perception of the Company's business practices, activities and financial position. The Company recognizes that reputational risk is driven by a wide range of other business risks relating to the "conduct" of the company that must all be actively managed. In addition, the increase of social media has widened the stakeholder base and expanded the sources of reputational risk.

Further, with the emergence of the Company as a major player among NBFIs, it is critical that due attention is given to safeguard the high reputation the Company has earned among all stakeholders. In today's highly interconnected environment with the capability to communicate rapidly, an excellent reputation carefully built over a long period could be at risk instantly.

REPUTATIONAL RISK MANAGEMENT APPROACH

Accordingly, reputational risk is broadly managed through the systems and controls adopted for all other risk types such as credit, market, operational risk, etc., which are underpinned by communication policy and ethical framework that prohibit unethical behavior and promote employees to live a principle-based life. Further, promotion of the value driven culture within the organisation and customer confidence building initiatives employed, enhance the reputation of the Company. The Company pays close attention to ensure that there is no reputation-reality gap for any stakeholder group of Commercial Credit.

INFORMATION TECHNOLOGY (IT) RISK

IT risk is the business risk associated with use, ownership, operation, involvement, influence and adoption of IT within an organisation. It is a major component of operational risk comprising IT-related events such as system interruptions/ failures, errors, frauds through system manipulations, cyberattacks, obsolescence in applications, falling behind competitors concerning the technology, etc., that could potentially affect the whole business.

Given the uncertainty with regard to frequency and magnitude, managing IT risk poses challenges. Hence, the Company has accorded top priority to addressing IT risk, giving more focus to cyber security strategies and continually investing on improving the cyber security capabilities. With the growing needs of the business, the focus on managing IT risks is intensified in recent years with an ever increasing emphasis on strengthening IT governance to align with CBSL directives as well as globally accepted best practices.

INFORMATION TECHNOLOGY RISK MANAGEMENT APPROACH

The Company has strengthened the governance of information technology security and Information Security risk management, by establishing ISSC (Information Security Steering Committee), ITSC (Information Technology Steering Committee) and an Information security unit which is headed by the Chief Information Security Officer (CISO) and an IT Risk Committee which reports to the BIRMC and is responsible for managing risks relating to information security. The IS function is supported by the outsourced Security Operation Center which monitors systems on a 24x7 basis. The Information Security Risk Management Program focuses on Identifying risks and addressing all levels of IT risk, conducting vulnerability assessments for all critical systems, ensuring strict compliance with all regulations and best practices and raising awareness among employees and customers.

A comprehensive Disaster Recovery Plan is in place in preparation of contingent risk incidents. As a result of our continuous efforts in managing ICT risk, minimal system disruptions, with no significant impact on operations, were experienced. Information Security/ Information Technology Governance Framework provide the framework to the Company.

STRATEGIC RISK

Strategic risk is related to strategic decisions and may manifest in the Company not being able to keep up with the evolving market dynamics, resulting in loss of market share and failure to achieve strategic goals. Corporate planning and budgeting process and critical evaluation of their alignment with the Company's vision, mission and the risk appetite facilitate management of strategic risk.

STRATEGIC RISK MANAGEMENT APPROACH

The primary means of managing strategic risk is through a Board approved Strategic Plan prepared annually to outline the future direction of the Company through a set of long-term goals, objectives and priorities along with the actions needed to achieve them in line with the Company's purpose on a three year rolling basis. It is the key document used by the leadership to prioritize the allocation of resources, to strengthen the Company's competitive position.

COMPLIANCE AND REGULATORY RISK

Compliance and regulatory risk refers to the potential risk to the Company resulting from non-compliance with applicable laws, rules and regulations and codes of conduct and could result in regulatory fines, financial losses, and disruptions to business activities and reputational damage.

COMPLIANCE AND REGULATORY RISK MANAGEMENT APPROACH

A compliance function reporting directly to the Board of Directors is in place to assess the Company's compliance with external and internal regulations on an ongoing basis. The Company's culture and the shared values too play a key role in managing this risk.

RISK APPETITE

Risk Appetite is defined as the quantum of risk the Company is willing to assume in different areas of business in achieving its strategic objectives and ensuring the stringent maintenance of the desired risk profile. The Risk Appetite Framework and Risk Tolerance Limits have been defined by the Board in consultation with the Senior Management of the Commercial Credit in line with the Commercial Credit's overall business strategy, providing clear direction to the business units for ongoing operations and risk management. The Risk Appetite Framework and Risk Tolerance Limits are reviewed and adjusted by the Board when required, based on developments in the operating environment.

In the event the risk appetite threshold has been breached, risk management and business controls are implemented to bring the exposure level back within the accepted range. Risk appetite, therefore, translates into operational measures such as limits or qualitative checkpoints for the dimensions of capital, earnings volatility and concentration risk etc. In order to effectively implement Risk appetite, Commercial Credit has defined quantitative indicators (e.g., capital adequacy level and risk limits) or qualitatively embedded same in the policies and procedures.

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SYNERGY

"Position, ranking and titles are temporary. But the way you treat people with principles will always be remembered."

CORPORATE GOVERNANCE

Corporate Governance is the system of rules, practices and processes by which a Company is managed. Good Corporate Governance helps in driving the Company towards performance excellence while complying with external and internal regulations, guidelines and ethical standards. Sound internal controls and procedures play an integral part in maintaining high standards of transparency, disclosure, financial controls and accountability in good Corporate Governance.

The Company is committed to upholding the highest standards of corporate governance and continually seeks ways to enhance our governance practices. We integrate these requirements with our principle-based culture, ensuring our actions consistently reflect our purpose, shared values, and commitments to these principles. As a company dedicated to cultivating leaders who uplift lives through simple acts of love, the Company upholds this purpose with unwavering determination. This purpose guides our actions and inspires us to make a positive impact every day, further encouraging others to live in alignment with the Company's purpose through shared values and principles.

The systems are designed and developed to influence the behavior of everyone assigned with the responsibility of managing the affairs of the Company ensuring that the interests of all stakeholders are effectively served on a consistent basis. The Board of Directors holds ultimate accountability for the Company's operations and has established an effective governance framework to ensure the proper execution of its responsibilities. The Board is supported by several sub-committees that focus on specialized areas and those requiring substantial attention. The Board sub-committee reports are available in this annual report and include comprehensive explanations of their responsibilities and actions.

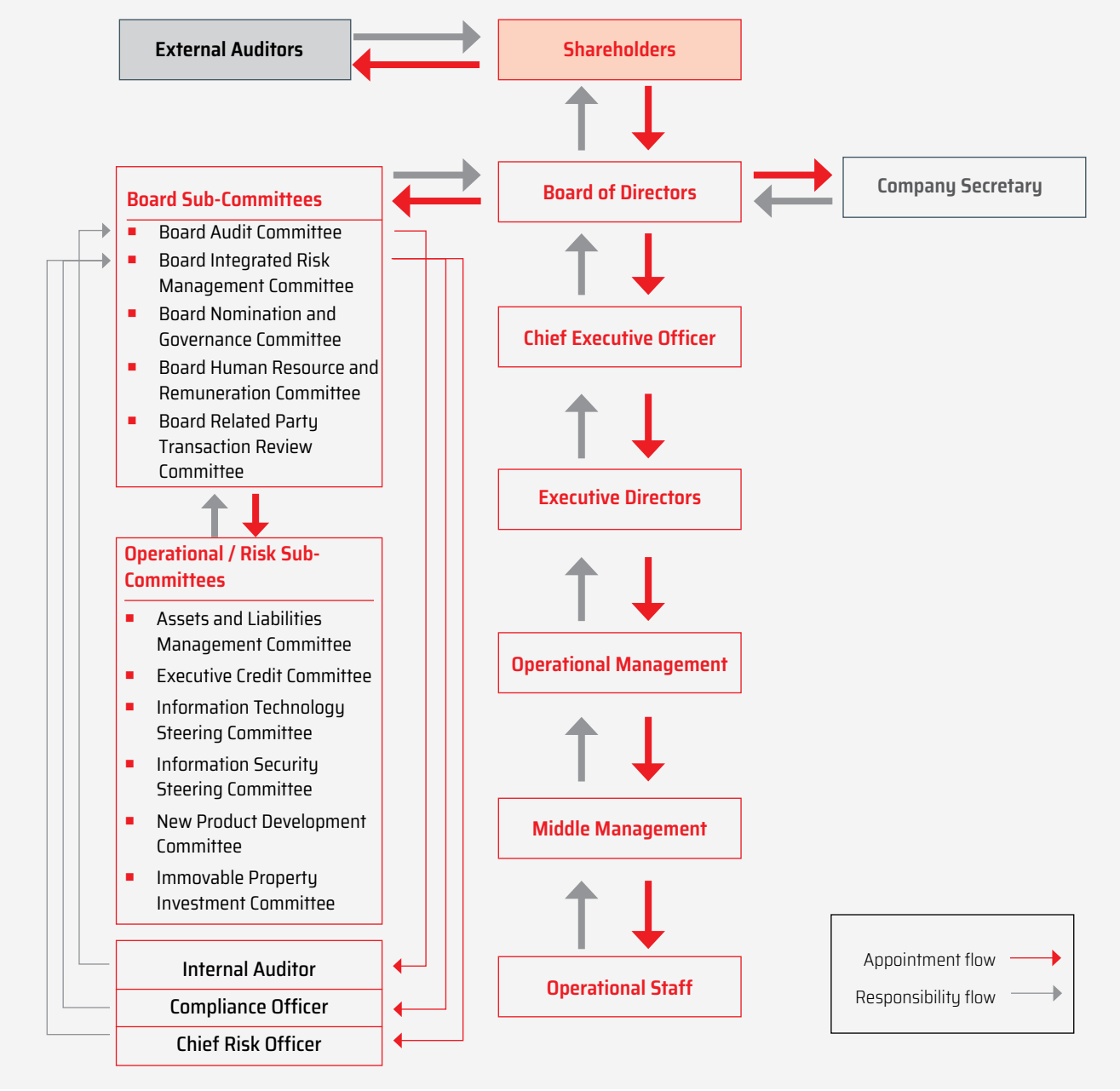
GOVERNANCE FRAMEWORK

The Company's Corporate Governance model has been built and enhanced based on the following requirements and guidelines,

1. Companies Act No. 07 of 2007
2. Finance Business Act No. 42 of 2011 and Directions/Guidelines/Rules/ Determinations/ Notices issued by the Central Bank of Sri Lanka including Finance Business Act Directions No. 5 of 2021, Corporate Governance
3. Listing Rules of Colombo Stock Exchange
4. Finance Business Act Directions No.06 of 2021 on Assessment of Fitness and Propriety of Key Responsible Persons.
5. Securities and Exchange Commission of Sri Lanka Act No. 19 of 2021
6. All other applicable regulations

GOVERNANCE STRUCTURE OF THE COMPANY

The governance structure of the Company comprises several governance bodies with well-defined roles and responsibilities, accountability and clear reporting lines.



BOARD OF DIRECTORS

The Board of Directors as the highest decision making authority of the Company jointly provides strategic leadership and direction to the Company while ensuring that strategies are formulated and implemented so that consistent progress is made by the Company towards its Purpose in keeping with our Shared Values.

The Board is led by the Chairman who is a Non-Independent and Non-Executive Director and the Board has appointed one of the Independent directors as a Senior Director as required by the regulator. The Board of Directors of the Company comprised nine (09) members as at the end of the financial year under review. The Company's Board of Directors consists of professionals in varied fields who collectively possess a wealth of knowledge and experience are thus eminently suitable to provide the leadership and direction required.

CORPORATE GOVERNANCE

The CEO has been given the responsibility of leading the organisation as its chief executive by the Board. The Board has also designated additional Key Responsible Persons (KRPs) who direct activities, oversee business operations, and have significant influence over policies. The Board has created a comprehensive succession plan for these critical roles in order to ensure the operational continuity and minimize interruptions.

The Board has instituted an annual self-assessment program for each director to assess their own performance as well as the performance of the Board and its sub-committees. The objective of this is to improve the Board's and its sub-committees' effectiveness. The Chairperson's performance is evaluated by the Senior Director and other Board of Directors, while the Chief Executive Officer is evaluated by the Non-Executive directors. Every year, these assessments are carried out in compliance with the best practices for corporate governance. In order to strengthen its procedures and to improve its practices, the Board examines the outcomes of these self-evaluations.

The Board convenes approximately once a month, or as necessary, to address prevailing issues and undertake requisite actions. During the financial year under review, a total of eighteen (18) Board meetings were conducted, including three (03) sessions exclusively for Non-Executive Directors in the absence of Executive Directors (One meeting was held to evaluate the performance of the Chairperson with the Non-Executive Directors in the absence of the Chairperson) and one (01) session exclusively for Independent Non-Executive Directors in the absence of Executive Directors and Non-Independent Non-Executive Directors. Through regular meetings and those of the Board Sub-Committees, the Board of Directors evaluates the Company's performance in the best interests of all stakeholders. Close attention is given to financial performance, compliance with regulations, and risk management. The Board reviews and approves financial budgets, plans, and related resource requirements for the forthcoming financial period. Additionally, the Board meets with Executive Management as needed during the performance review of the Company. The Board of Directors ensure that they are aware of the applicable laws, rules, and regulations, and of changes, particularly to CBSL regulations, listing rules, and applicable market provisions.

BOARD SUB-COMMITTEES

The Board has delegated authority to five specialized Board Sub-Committees to dedicate additional time and resources to specific focus areas. These include the Board Audit Committee, the Board Integrated Risk Management Committee, the Board Nomination and Governance Committee, the Board Human Resource and Remuneration Committee, and the Board Related Party Transaction Review Committee.

These Committees consist of members of the Board and were established in accordance with the Listing Rules of the CSE and the relevant directives of the CBSL. The reports of each individual Committee can be found in this annual report.

These Committees are entrusted with the deliberation and resolution of specific subjects and specialized matters, presenting well-considered recommendations to the Board. The terms of reference of the sub-committees are approved by the Board and define the responsibility and scope of each committee. The Committees convene regular meetings and detailed recordings of proceedings are maintained by the Committee secretary and subsequently reported to the Board.

The composition of the Board during the period under review is detailed below, accompanied by a comprehensive record of attendance at both Board and Board Sub-Committee meetings.

MEETING MEMBERSHIP

Director / Category	Directorship Status	Board	Audit Committee	Intergraded Risk Management Committee	Related Party Transaction Review Committee	Human Resource and Remuneration Committee	Nomination and Governance Committee	Non-Excutive Directors Meeting
Mr. G.B. Egodage	Non-Executive/ Non-Independent	♀	♂	♂	♂	♂♀ (up to 30.09.2024)	♂	♀
Mr. L.L.S. Wickremasinghe	Senior Director/ Non-Executive/ Independent	♂	♂♀ (w.e.f. 26.02.2025)	♀	♂	N/A	♀	♀♂
Mr. R.S. Egodage	Executive	♂	N/A	N/A	N/A	N/A	N/A	N/A
Ms. G.R. Egodage	Executive	♂	N/A	N/A	N/A	N/A	N/A	N/A
Mr. P.S.R. Casie Chitty	Executive	♂	N/A	N/A	N/A	N/A	N/A	N/A
Ms.T.M.L. Paktsun (resigned w.e.f 24.02.2025)	Non-Executive/ Independent	♂	♀	♂	♀	♂	♂	♂
Ms.G.A.M. Edwards	Non-Executive/ Independent	♂	♂ (w.e.f. 26.02.2025)	♂	♀ (w.e.f. 26.02.2025)	♂♀ (w.e.f. 01.10.2024)	♂ (w.e.f. 26.02.2025)	♂
Mr. F. Solbani	Non-Executive/ Non-Independent	♂	N/A	N/A	N/A	N/A	N/A	♂
Mr. W. D. Barnabas (retiered w.e.f 03.05.2025)	Non-Executive/ Independent	♂	N/A	♂	N/A	N/A	N/A	♂
Dr(Ms). J.P. Kuruppu	Non-Executive/ Independent	♂	N/A	♂ (w.e.f. 27.11.2024)	N/A	♂ (w.e.f. 26.02.2025)	N/A	♂

♀ - Chairman / Chairperson, ♂ - Member

MEETING ATTENDANCE

	Director / Category	Directorship Status	Board	Audit Committee[N1]	Intergraded Risk Management Committee[N1]	Related Party Transaction Review Committee[N1]	Human Resource and Remuneration Committee[N1]	Nomination and Governance Committee[N1]
			Attended / Eligible	Attended / Eligible	Attended / Eligible	Attended / Eligible	Attended / Eligible	Attended / Eligible
1	Mr. G.B. Egodage	Non-Executive/ Non-Independent	16/16*	16/16**	11/11	08/08	07/07	11/11
2	Mr. L.L.S. Wickremasinghe	Non-Executive/ Independent / Senior Director	18/18*	16/16**	11/11	08/08	N/A	11/11
3	Mr. R.S. Egodage	Executive	14/14	N/A	N/A	N/A	N/A	N/A
4	Ms. G.R. Egodage	Executive	14/14	N/A	N/A	N/A	N/A	N/A
5	Mr. P.S.R. Casie Chitty	Executive	14/14	N/A	N/A	N/A	N/A	N/A
6	Ms.T.M.L. Paktsun (resigned w.e.f 24.02.2024)	Non-Executive/ Independent	13/13*	12/12**	09/09	07/07	06/06	08/08
7	Ms.G.A.M. Edwards	Non-Executive/ Independent	18/18*	04/04**	11/11	01/01	07/07	02/02
8	Mr. F. Solbani	Non-Executive/ Non-Independent	17/17*	N/A	N/A	N/A	N/A	N/A
9	Mr. W. D. Barnabas (retiered w.e.f 03.05.2025)	Non-Executive/ Independent	18/18*	N/A	11/11	N/A	N/A	N/A
10	Dr (Ms). J.P. Kuruppu	Non-Executive/ Independent	18/18*	N/A	05/05	N/A	01/01	N/A

* Includes three (03) sessions exclusively for Non-Executive Directors in the absence of Executive Directors (One meeting was held to evaluate the performance of the Chairperson with the Non-Executive Directors in the absence of the Chairperson) and one (01) session exclusively for Independent Non-Executive Directors in the absence of Executive Directors and Non-Independent Non-Executive Directors.

** Includes two meetings with the External Auditors in the absence of the Executive Directors and Management and One meeting with the internal Audit team in the absence of the Executive Directors and Management and One meeting with the Finance team in the absence of the Executive Directors and Internal Audit team.

CORPORATE GOVERNANCE

ANNUAL PERFORMANCE EVALUATION

The Board in compliance with Finance Business Act Direction on Corporate Governance No.05 of 2021 conducts an annual performance of the sub-committees. Further, the Board adopted an annual self assessment by each Director on individual performance and as of its Board as a whole. The Chairman of the CCFP Board is evaluated by the Board of Directors of the Company. The evaluation is carried out annually to determine the Chairman's effectiveness in discharging his assigned duties and responsibilities as the Board Chair. The performance of the CEO is assessed annually by the Chairman and the Board of directors based on the agreed goals and objectives for a particular financial year, set at the commencement of that particular year.

OPERATIONAL AND RISK SUBCOMMITTEES

To ensure effective implementation of the Board's policies and decisions, regular meetings are conducted among operational management, functional heads, and branch leaders of the Company. These meetings concentrate on achieving operational targets, identifying resource needs, and assessing underlying processes and risks. The Company periodically holds meetings with all Key Responsible Persons (KRPs), providing a platform specifically for Independent KRPs to discuss their concerns and offer input on ongoing business and regulatory requirements.

The Assets and Liabilities Management Committee (ALCO) and various Risk Sub-Committees, such as those overseeing Information Technology, Information Security, and Credit, have been established to identify and review risk aspects related to the Company's operations while supporting to the board. These Sub-Committees comprise risk management and operational personnel who convene regularly to discuss matters and make decisions. The outcomes of these discussions and decisions are communicated to the Board Integrated Risk Management Committee (BIRMC).

COMPANY SECRETARY

The Board has appointed a new Company Secretary as an employee of CCFP, effective from 15.01.2025, following the resignation of former company secretary Ms. Chamila Nilanthi. The secretary is responsible for handling secretarial services for the Board and its sub-committees.

This individual assumes a pivotal role in ensuring the Company's compliance with the Companies Act No. 07 of 2007, the regulations of the CBSL and CSE, and other regulatory bodies. Additionally, the Company Secretary oversees adherence to Board procedures and ensures timely provision of information to shareholders. The authority for the appointment and removal of the Company Secretary is exclusively vested in the Board of Directors. In addition, the Company Secretary is responsible for preparing minutes of Board and sub-committee meetings and securely maintaining them.

COMMUNICATION WITH STAKEHOLDERS

The Company strives at all times to maintain its corporate credibility and instill investor and other stakeholders confidence in the Company by practicing a structured Communication Policy approved by the Board which covers all stakeholders; including depositors, creditors, shareholders, borrowers and potential customers. It spells out the process through which timely, transparent, consistent, and credible information on corporate strategies, operational performance, and financial data is disseminated.

CORPORATE CULTURE

The Company is committed to upholding the highest standards of corporate governance while practicing the industry's best practices and continually seeks ways to enhance our governance practices. We integrate these requirements with our principle-based culture, ensuring our actions consistently reflect our purpose, shared values, and commitments to these principles. As a company dedicated to cultivating leaders who uplift lives through simple acts of love, the Company upholds this purpose with unwavering determination. This purpose guides our actions and inspires us to make a positive impact every day, further encouraging others to live in alignment with the Company's purpose through shared values and principles.

INTERNAL CONTROL

The Board has, over time, established a comprehensive system of internal controls Including internal control over financial reporting and compliance with internal/ external regulations. The Board Audit Committee (BAC) is charged with oversight of this key function. An independent Internal Audit function provides support and assurance in accordance with the annual audit plan which is approved annually by BAC. BAC monitors progress of the same, reviews the internal audit reports and monitors implementation of recommendations. BAC also conducts an Independent meeting with the Chief Internal Auditor, Finance Team and external auditors annually to discuss any potential areas of concern.

WHISTLE BLOWING POLICY

All employees are able to report any occurrences or suspected wrongdoing that may harm the Company, its employees, customers, or other stakeholders through the company's Board approved Whistle-Blowing Policy. Employees are encouraged to adhere to this policy in order to maintain integrity within the company. The company's Human Resource Information System (HRIS) has a unique feature that enables workers to anonymously report problems to any staff member, including executive directors. Furthermore, employees have access to an exclusive email channel where they can address concerns with the Board of Directors directly.

Awareness of the whistle-blower policy is emphasized during the induction program for all new employees. Senior Management periodically conducts awareness programs to encourage staff to raise genuine concerns. Moreover, the company has established a dedicated network called the Confidant Network, where each branch has a confidant available to support employees. This network enables employees to confidentially share their concerns or grievances and escalate issues to the relevant authorities as needed.

GROUP GOVERNANCE

The Company's Governance Framework outlines precise tasks and responsibilities for Group Governance, which is responsible for supervising and putting into practice group-wide policies that effectively protect the interests of the Group's stakeholders. The Board and the BIRMC regularly assess the possible risks, which may arise in subsidiary companies and have developed the necessary procedures to identify potential risks and to take timely action to minimize such risks.

INFORMATION TECHNOLOGY AND INFORMATION SECURITY GOVERNANCE

As part of our commitment to safeguarding Commercial Credit and Finance PLC (CCFP) assets and customer data, we continuously assess and enhance our information security posture. This year, we have made substantial progress in reinforcing our Information Security, cybersecurity defenses and adapting to the evolving threat landscape. Our information security posture encompasses our strategic approach to managing, mitigating, and responding to cyber risks, ensuring that our digital infrastructure is resilient and that sensitive information is protected to serve our customers secure facilities all the time when it is needed.

- **Governance and Risk Management :** A strong information security posture starts with robust governance and risk management frameworks. Our organisation has implemented a comprehensive Information Security Management System (ISMS) based on international standards, such as ISO 27001, to align our policies, procedures, and practices with global best practices.
- **Cyber Resilience and Incident Response:** Cyber threats are dynamic, and our response to them must be just as adaptive. Our organisation has invested in building a resilient cybersecurity framework based on international standards, such as NIST Cyber Security Framework (NIST CSF), enabling us to rapidly detect, respond to, and recover from any cyber incidents. This includes deploying advanced monitoring tools, conducting 24*7 real-time threat detection, and implementing incident response plans that are regularly tested and updated with a Security Operation Center (SOC).
- **Data Privacy and Regulatory Compliance :** Protecting the privacy of customer and employee data is one of our top priorities. We have implemented robust data protection measures that ensure the confidentiality, integrity, and availability of sensitive information. We also ensure compliance with relevant data protection laws and regulations, such as Sri Lanka Central Bank regulations and the Personal Data Protection Act (PDPA) along with CCFP internal Policies and Procedures. Regular audits and assessments are conducted to ensure that our practices remain in compliance with these laws, and we stay ahead of any regulatory changes.
- **IT Business Continuity Management System (BCMS):** Recognizing that the impact of a cyberattack, natural disaster, or other unforeseen disruption can severely affect operations, we have integrated our information security posture with an IT Business Continuity Management System (BCMS). This ensures that we not only protect our assets from security breaches but also have a well-defined strategy to maintain operations during times of crisis. Our BCMS is based on industry-leading frameworks, such as ISO 22301, and is designed to ensure that critical business functions remain operational, even in the face of a disruption.
- **Third Party Risk Management:** In an increasingly interconnected world, third party relationships pose a significant cybersecurity risk. We carefully evaluate and manage the security posture of our third party vendors and partners to ensure that their practices align with our security standards. This includes conducting security assessments, reviewing contractual obligations, and requiring compliance with our security protocols.

Information security is an ongoing journey, and we remain steadfast in our commitment to continuously strengthening our security posture. We conduct regular security audits and assessments that offer critical insights into potential vulnerabilities and opportunities for enhancement. Our cybersecurity architecture is reviewed periodically to integrate emerging technologies and industry best practices, enabling us to proactively address evolving threats. We maintain 24/7 monitoring of our systems through a combination of internal mechanisms and trusted third-party tools, ensuring real-time threat detection and swift incident response.

Our information security framework underscores our dedication to safeguarding sensitive data, maintaining business continuity, and building lasting trust with our customers, partners, and stakeholders. Through comprehensive risk management, resilient infrastructure, continuous employee training, and a culture of continuous improvement, we are well-equipped to meet the dynamic challenges of the cybersecurity landscape. Looking ahead, we will continue to enhance our defenses, uphold regulatory compliance, and empower our teams to sustain a secure and resilient environment for all.

COMPLIANCE WITH LEGAL REQUIREMENTS

All Directors have access to the guidance and support of the Company Secretary, as well as access to the financial information of the Company and external consultants, if necessary and at the Company's expense. Directors strive to uphold compliance with relevant laws and regulations. Additionally, the Company has appointed a Compliance Officer to enhance adherence to regulatory and statutory requirements governing the Company's operations.

HIGHLIGHTS FOR 2024/25

- **Directors' Appointment/ Re-designation/ Re-appointments**

  Mr. R S Egodage, Executive Director of the Company who was first appointed to the Board on 15th March 2011 was re-elected at the Annual General Meeting held on 31st July 2024.

CORPORATE GOVERNANCE

- Ms. G R Egodage appointed as an Executive Director of the Company with effect from 26th December 2009 was reelected at the Annual General Meeting held on 31st July 2024.

- Ms. T M L Paktsun appointed as an Independent Non-Executive Director of the Company with effect from 13th February 2020 was reelected at the Annual General Meeting held on 31st July 2024.

- Mr. G B Egodage appointed as a Non-Executive Director of the Company with effect from 01st October 2021 was reelected at the Annual General Meeting held on 31st July 2024.

- Director Retirement / Resignation

  Ms. T M L Paktsun resigned as an Independent Non-Executive Director of the Company with effect from 24th February 2024.

APPOINTMENT OF SUB-COMMITTEE CHAIRPERSONS

- Mr. L.L.S. Wickremasing has been appointed as the new Chairperson of the Board Audit Committee, following the resignation of the former Chairperson, Ms. T.M.L. Paktsun, effective from 24th February 2025

- Ms.G.A.M. Edwards has been appointed as the new Chairperson of the Board Related Party Transaction Committee, following the resignation of the former Chairperson, Ms. T.M.L. Paktsun, effective from 24th February 2025

- Ms. G.A.M. Edwards has been appointed as the Chairperson of the Board Human Resources and Remuneration Committee, effective 29th September 2024, succeeding Mr. G.B. Egodage, Non-Independent Non-Executive Director, who stepped down from the position in compliance with Listing Rule 09 requirements.

Appointment of Auditors

- KPMG, Chartered Accountants were Appointed as the external Auditors of the company at the AGM held on 29th August 2023

- Appointment of KPMG, Chartered Accountants for assessment of Corporate Governance and Compliance.

- The Company engaged the services of KPMG, Chartered Accountants to seek their assessment of the Company's compliance with the requirements of the Corporate Governance Direction issued by the CBSL.

- Appointment of KPMG Chartered Accountants for Certification on the process adapted by the Directors on the system of Internal Controls over Financial Reporting.

- The Company also engaged the services of KPMG, Chartered Accountants to seek an assurance on the process adopted by the Directors on the system of Internal Control Over Financial Reporting.

Appointment of New Company Secretary

- The Board has appointed a new Company Secretary as an employee of CCFP, effective from 15.01.2025, following the resignation of Ms.Chamila Edirisinghe.

GOVERNANCE ROAD MAP FOR 2025/26

The Board has outlined the following key governance priorities for the upcoming year, with a continued emphasis on strengthening oversight, ensuring regulatory compliance, and enhancing enterprise-wide accountability:

- Implementation of SLFRS Sustainability Disclosure Standards:

  The Company will prioritize the integration of robust processes and systems to ensure full compliance with the SLFRS Sustainability Disclosure Standards. To support this initiative, enhanced internal controls will be introduced to verify the accuracy, completeness, and reliability of sustainability related disclosures in the 2024/25 Annual Report and other regulatory submissions. In addition, dedicated Board-level and management-level committees will be established to provide oversight, strategic direction, and coordination of sustainability reporting efforts across the organisation.

- Implementation of the Personal Data Protection Act (PDPA):

  In anticipation of the full enforcement of the PDPA, the Company will implement appropriate technological and procedural safeguards to ensure data privacy and security. The Board will oversee initiatives aimed at embedding data governance practices, aligning with regulatory expectations, and strengthening the overall information security framework.

- Preparation for the 2026 FATF Mutual Evaluation:

  In preparation for the upcoming Financial Action Task Force (FATF) Mutual Evaluation in 2026, the Company will focus on aligning its policies, procedures, and compliance frameworks with applicable anti-money laundering (AML) and counter-terrorist financing (CTF) standards. This includes reinforcing risk-based approaches, ensuring effective record keeping, and promoting organisation-wide awareness of compliance obligations.

  Through these initiatives, the Board aims to promote greater transparency, accountability, and operational efficiency, while reinforcing a culture of sound governance across all levels of the organisation.

COMPLIANCE WITH FINANCE COMPANIES DIRECTION

Compliance with the Finance Business Act Directions No.05 of 2021 on Corporate Governance issued by the Central Bank of Sri Lanka for Licensed Finance Companies.

COMPLIANCE WITH THE FINANCE BUSINESS ACT DIRECTIONS NO.05 OF 2021 ON CORPORATE GOVERNANCE ISSUED BY THE CENTRAL BANK OF SRI LANKA FOR LICENSED FINANCE COMPANIES.

SECTION	DIRECTION	STATUS OF COMPLIANCE
1	**OVERALL RESPONSIBILITIES OF THE BOARD**	
	The Board shall have overall responsibility and accountability for the Finance Company (FC), by setting up the strategic direction, governance framework, establishing corporate culture and ensuring compliance with regulatory requirements the Board shall carry out the functions listed in Direction 1.2 to 1.7 below in effectively discharging its responsibilities.	The Board of Directors (Board) provides strategic leadership and direction to the Company, ensuring that strategies are crafted and implemented to consistently drive the Company towards its Purpose, Vision, and Mission, in harmony with our Shared Values. Additionally, the Board has instituted a robust governance framework and ensures strict compliance with regulatory requirements.
1.2	**Business Strategy and Governance Framework**	
a)	Approving and overseeing the implementation of the FC's overall business strategy with measurable goals for next three years and update it annually in view of the developments in the business environment.	Overall business strategy with measurable goals for next three financial years (2025/26, 2026/27,2027/28) was approved by the Board of Directors on 28.02 .2025
b)	Approving and implementing FC's governance framework commensurate with the FC's size, complexity, business strategy and regulatory requirements.	The required policies and procedures for the Governance framework are in place.
c).	Assessing the effectiveness of its governance framework periodically.	The effectiveness of the governance policies is monitored by the Internal Audit Department, which reports to the Board Audit Committee through their routine audits.
d)	Appointing the Chairperson and the Chief Executive Officer (CEO) and define the roles and responsibilities.	The Chairman and the CEO are appointed by the Board, and their functions and responsibilities are defined and approved by the Board of Directors. The Chairman and Chief Executive positions are held by two individuals, and the functions of the Chairman and the Chief Executive are clearly documented on a policy document and separated by the Board, thereby preventing unfettered powers for decision making being vested in one individual. There is a clear division of responsibilities between conducting the business of the Board and the day-to-day operations of the Company in order to ensure a balance of power and authority. The Chairman is responsible for leading the Board and ensuring its effectiveness. The Chief Executive Officer (CEO) 's role is primarily to conduct the business operations of the Company with the help of Senior Management.
1.3.	**Corporate Culture and Values**	
a)	Ensuring that there is a sound corporate culture within the FC, which reinforces ethical, prudent and professional behavior.	The Company maintains a shared value-based, sound corporate culture that reinforces ethical, prudent, and professional behavior. The underlying component that has attributed to the Company's continuous success through the years is the Company's shared values and unique principle-based culture. A Board approved Ethical Framework (Code of Conduct) for employees is in place.
b)	Playing a lead role in establishing the FC's corporate culture and values, including developing a code of conduct and managing conflicts of interest.	The Board plays a leading role in establishing the corporate culture and values. They have adopted an ethical framework (Code of Conduct) and policy to effectively manage conflicts of interest.

CORPORATE GOVERNANCE

SECTION	DIRECTION	STATUS OF COMPLIANCE
c)	Promoting sustainable finance through appropriate environmental, social and governance considerations in the FC's business strategies.	The Board approved sustainable finance policy (ESG Policy) is in place. The strategic plan of the Company also includes the integration of sustainable development activities .
d)	Approving the policy of communication with all stakeholders, including depositors, shareholders, borrowers and other creditors, in the view of projecting a balanced view of the FC's performance, position and prospects in public and regulators.	The Board is dedicated to maintain effective communication for the best interest of all stakeholders of the Company. Further the Board has adopted policy on communication in line with the regulatory requirements.
1.4.	**Risk Appetite, Risk Management and Internal Controls**	
a)	Establishing and reviewing the Risk Appetite Statement (RAS) in line with FC's business strategy and governance framework.	The Board approved Risk Appetite Statement (RAS) is in place that is in line with the Company's business strategy and governance framework.
b)	Ensuring the implementation of appropriate systems and controls to identify, mitigate and manage risks prudently.	The Board of Directors, through the Board Integrated Risk Management Committee (BIRMC) has adopted processes to identify, mitigate and manage risk pertaining to credit, market, operational, and other residual risks of the Company.
c)	Adopting and reviewing the adequacy and the effectiveness of the FC's internal control systems and management information systems periodically.	The Board of Directors, through the Board Audit Committee (BAC) has adopted and reviewed the adequacy and the effectiveness of the Company's internal control systems and management information systems (MIS).
d)	Approving and overseeing business continuity and disaster recovery plan for the FC to ensure stability, financial strength, and preserve critical operations and services under unforeseen circumstances.	The Board approved business continuity and disaster recovery plan is in place to ensure stability, financial strength, and preserve critical operations and services under unforeseen circumstances.
1.5.	**Board Commitment and Competency**	
a)	All members of the Board shall devote sufficient time on dealing with the matters relating to affairs of the FC.	The Board has devoted sufficient time on dealing with the matters relating to affairs of the Company by attending monthly Board meetings and other sub-committee meetings. *Please refer to the record of the attendance at Board meetings and Board Sub-Committee meetings.*
b)	All members of the Board shall possess necessary qualifications, adequate skills, knowledge, and experience.	All members of the Board possess proven track records, necessary skills, knowledge, and experience. *Please refer to the Board of Directors' profiles in this annual report*
c)	The Board shall regularly review and agree the training and development needs of all the members.	The Board has recognized the need for continuous training and actively participates in professional development to enhance their capabilities in carrying out their duties as Directors. Furthermore, the Board has adopted the policy on "Composition, Independence, and Capacity Building of the Board of Directors."Any training programs relevant to the Board are communicated to the Board by the Company Secretary for the Directors' participation.
d)	The Board shall adopt a scheme of self-assessment to be undertaken by each director annually on individual performance, of its Board as a whole and that of its committees and maintain records of such assessments.	A procedure is in place for self-assessments to be undertaken annually by each Director, as well as by the Board as a whole and its committees. The summary of assessments were discussed at the Board and the records of these assessments are maintained by the Company Secretary.

SECTION	DIRECTION	STATUS OF COMPLIANCE
e)	The Board shall resolve to obtain external independent professional advice to the Board to discharge duties to the FC.	The Board approved procedure in seeking independent professional advice is in place.
1.6.	**Oversight of Senior Management**	
a)	Identifying and designating senior management, who are in a position to significantly influence policy, direct activities and exercise control over business operations and risk management.	The Board of Directors has identified and designated personnel who hold significant influence over policy, direct activities, and exercise control over business activities as Key Responsible Persons (KRPs) in line with the directives of the Central Bank of Sri Lanka (CBSL).
b)	Defining the areas of authority and key responsibilities for the senior management.	The Company has approved areas of key responsibilities and has defined specific areas of key responsibilities for management KRPs.
c)	Ensuring the senior management possess the necessary qualifications, skills, experience and knowledge to achieve the FC's strategic objectives.	The Board has ensured that management KRPs possess the necessary qualifications, skills, experience, and knowledge to effectively perform their job duties and contribute to the achievement of the Company's strategic objectives. Further Management KRPs are recommended by the Board Nomination and governance Committee for Board approval and fit & proper assessment of CBSL.
d)	Ensuring there is an appropriate oversight of the affairs of the FC by senior management.	The Board has ensured that the management KRPs are providing appropriate oversight of the Company's affairs. Additionally, the management KRPs make regular presentations to the Board and its sub-committees to ensure effective performance of the Company.
e)	Ensuring the FC has an appropriate succession plan for senior management.	The Board approved succession plan for management KRPs is in place.
f)	Meeting regularly with the senior management to review policies, establish in lines of communication and monitor progress towards strategic objectives.	The Executive Directors ,Chief Operating Officer ,Chief Financial Officer and Deputy Chief Executive Officer are called to regular Board Meetings to review policies and monitor the progress towards the corporate objectives. The management KRPs attend Board meetings and its sub-committee meetings on invitation to review policies, establish in lines of communication and monitor progress towards strategic objectives.
1.7.	**Adherence to the Existing Legal Framework**	
a)	Ensuring that the FC does not act in a manner that is detrimental to the interests of and obligations to, depositors, shareholders and other stakeholders.	The Board has adopted a governance framework in line with regulatory requirements to ensure that the Company does not engage in any actions that are detrimental to any of its stakeholders.
b)	Adherence to the regulatory environment and ensuring compliance with relevant laws, regulations, directions and ethical standards.	The company adheres to all applicable regulatory requirements, including directives issued by the Central Bank of Sri Lanka (CBSL) and the Colombo Stock Exchange (CSE). Furthermore, the company has adopted an ethical framework (Code of Conduct) that applies to all employees, ensuring that the company maintains the highest ethical standards. All concerns raised by the CBSL are being addressed.

CORPORATE GOVERNANCE

SECTION	DIRECTION	STATUS OF COMPLIANCE
c)	Acting with due care and prudence, and with integrity and be aware of potential civil and criminal liabilities that may arise from their failure to discharge the duties diligently.	The Board is fully aware of the potential civil and criminal liabilities that may arise from their failure to diligently discharge their duties. Furthermore, the Company has obtained Directors & Officers liability insurance cover to mitigate civil liabilities.
2.	**GOVERNANCE FRAMEWORK**	
2.1.	Board shall develop and implement a governance framework in line with these directions and including but not limited to the following.	
a)	Role and responsibilities of the Board	Policy on responsibility of the Board of Directors is in place.
b)	Matters assigned for the Board.	Policy on matters reserved for the Board of Directors is in place.
c)	Delegation of authority.	The Board approved delegation of authority is in place.
d)	Composition of the Board.	Policy on composition, independence and capacity building of Board of Directors is in place.
e)	The Board's independence.	Policy on composition, independence and capacity building of Board of Directors is in place.
f)	The nomination, election and appointment of directors and appointment of senior management.	Policy on the nomination, election, appointment of Directors and other key responsible persons is in place.
g)	The management of conflicts of interests	Policy on conflict of interest is in place.
h)	Access to information and obtaining independent advice.	Procedure for seeking independent professional advice is in place
i)	Capacity building of Board members.	Policy on composition, independence and capacity building of Board of Directors is in place.
j)	The Board's performance evaluation.	The Board performance evaluation mechanism is in place.
k)	Role and responsibilities of the Chairperson and the CEO.	Policy on functions and responsibilities of Chairperson and Chief Executive Officer is in place.
l)	Role of the Company secretary.	The policy on the role of the Company Secretary is in place.
m)	Board sub- committees and their role; and	The Company has established five Board Committees, namely the Audit Committee, Integrated Risk Management Committee, Related Party Transactions Review Committee, Human resource and Remuneration Committee, Nomination and Governance Committee. Further the board has adopted charters for each aforementioned sub-committees
n)	Limits on related party transactions.	Policy on Related Party Transaction is in place.
3.	**COMPOSITION OF THE BOARD**	
3.1.	The Board's composition shall ensure a balance of skills and experience as may be deemed appropriate and desirable for the requirements of the size, complexity and risk profile of the FC.	All members of the Board possess extensive experience, qualifications, sufficient skills, and knowledge in their respective fields. *Please refer to the Board of Directors' profiles in this annual report*

SECTION	DIRECTION	STATUS OF COMPLIANCE
3.2.	The number of directors on the Board shall not be less than seven (07) and not more than thirteen (13).	During the year, the Board comprised a minimum of 7 and a maximum of 13 Directors, in accordance with the regulatory requirement. As of March 31, 2025, the Board consists of nine (9) Directors.
		▪ Mr. G.B Egodage (NI/NED appointed as the Chairman w.e.f 17.11.2022) ▪ Mr. L.L.S. Wickramasinghe (IND/NED-Senior Director) ▪ Ms.T. M. L. Paktsun (IND/NED Resigned w.e.f 24.02.2025) ▪ Ms.G.A.M. Edwards (IND/NED) ▪ Mr. F.A.P.L. Solbani (NI/NED) ▪ Mr.W. D. Barnabas (IND/NED Retired w.e.f 03.05.2025) ▪ Dr.(Ms) J.P Kuruppu (IND/NED) ▪ Mr. R.S.Egodage (ED/CEO) ▪ Mr. R.C. Chitty (ED) ▪ Mrs. G.R. Egodage (ED) *Please refer to the section on the composition of the Board and meeting attendance in this annual report*
3.3.	The total period of service of a director other than a director who holds the position of CEO/executive director shall not exceed nine years, subject to direction 3.4.	None of the Non-Executive Directors have held office for more than nine (9) years
3.4.	Non-executive directors, who directly or indirectly holds more than 10% of the voting rights or who appointed to represent a shareholder who directly or indirectly holds more than 10% of the voting rights by producing sufficient evidence are eligible to hold office exceeding 9 years of service with prior approval of Director, Department of Supervision of Non-Bank Financial Institutions subject to provisions contained in direction 4.2 and 4.3. Provided, however number of Non-Executive directors eligible to exceed 9 years are limited to one-fourth (¼) of the total number of directors of the Board.	None of the Non-Executive directors of the Company have exceeded nine years of service as at 31 March 2025
3.5.	**Executive Directors**	
a)	Only an employee of a FC shall be nominated, elected and appointed, as an executive director of the FC, provided that the number of executive directors shall not exceed one-third (1⁄3) of the total number of directors of the Board.	The number of Executive Directors does not exceed one-third (1/3) of the total number of Directors on the Board. Currently, there are (3) three Executive Directors, and all of them are employees of the Company.
b)	A shareholder who directly or indirectly holds more than 10% of the voting rights of the FC, shall not be appointed as an executive director or as senior management. Provided however, existing executive directors with a contract of employment and functional reporting line and existing senior management are allowed to continue as an executive director/senior management until the retirement age of the FC and may re-appoint as a Non-Executive director subject to provisions contained in direction 4.2 and 4.3. Existing executive directors without a contract of employment and functional reporting line need to step down from the position of executive director from the effective date of this direction and may re-appoint as a Non-Executive director subject to provisions contained in direction 4.2 and 4.3.	The Company has complied with the requirement as all existing Executive Directors have contracts of employment and functional reporting lines in place.

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SECTION	DIRECTION	STATUS OF COMPLIANCE
c)	In the event of presence of the executive directors, CEO shall be one of the executive directors and may be designated as the managing director of the FC.	The CEO is one of the Executive Directors.
d)	All Executive directors shall have a functional reporting line in the organisation structure of the FC.	All Executive Directors have a clear functional reporting line within the organisational structure of the Company.
e)	The executive directors are required to report to the Board through CEO	Executive Directors are reporting to the Board through the CEO
f)	Executive directors shall refrain from holding executive directorships or senior management positions in any other entity.	The Executive Directors have not held any executive directorships or senior management positions in any other entities.
3.6.	**Non-Executive Directors**	
a)	Non-executive directors shall possess credible track records, and have necessary skills, competency and experience to bring independent judgment on the issues of strategy, performance, resources and standards of business conduct.	The Non-Executive Directors of the Company possess extensive experience and skills in their respective fields. *Please refer to the Board of Directors' profiles in this annual report*
b)	A Non-Executive director cannot be appointed or function as the CEO/executive director of the FC.	None of the Non-Executive Directors are appointed or function as the Executive Directors or CEO of the Company.
3.7.	**Independent Directors**	
a)	The number of independent directors of the Board shall be at least three (03) or one-third (1/3) of the total number of directors, whichever is higher.	The number of Independent Non-Executive Directors is in compliance with the regulatory requirement that at least 3 or one-third (1/3) of the total number of Directors on the Board as there were four Independent Non-Executive Directors as end of the reporting period. *Please refer to the section on the composition of the Board and meeting attendance in this annual report*
b)	Independent directors appointed shall be of highest caliber, with professional qualifications, proven track record and sufficient experience.	All Independent Non-Executive Directors of the Company possess, professional qualifications, a proven track record, and substantial experience in their respective fields. A brief profile of their expertise and experience is given on the annual report board of directors profile *Please refer to the Board of Directors' profiles in this annual report*
c)	A Non-Executive director shall not be considered independent if such:	All Independent Non-Executive Directors have complied with the independence requirements as specified by the regulatory direction. Further, the Company has adopted policy on composition, independence and capacity building of Board of Directors to determine the independence factors of the Non-Executive Directors.
	i. Director has a direct or indirect shareholding exceeding 5% of the voting rights of the FC or exceeding 10% of the voting rights of any other FC.	

SECTION	DIRECTION	STATUS OF COMPLIANCE
	ii. Director or a relative has or had during the period of one year immediately preceding the appointment as director, material business transaction with the FC, as described in direction 12.1(c) hereof, aggregate value outstanding of which at any particular time exceeds 10% of the stated capital of the FC as shown in its last audited statement of financial position.	
	iii. Director has been employed by the FC or its affiliates or is or has been a director of any of its affiliates during the one year, immediately preceding the appointment as director.	
	iv. Director has been an advisor or consultant or principal consultant/advisor in the case of a firm providing consultancy to the FC or its affiliates during the one year preceding the appointment as director.	
	v. Director has a relative, who is a director or senior management of the FC or has been a director or senior management of the FC during the one year, immediately preceding the appointment as director or holds shares exceeding 10% of the voting rights of the FC or exceeding 20%of the voting rights of another FC.	
	vi. Director represents a shareholder, debtor, creditor or such other similar stakeholder of the FC.	
	vii. Director is an employee or a director or has direct or indirect shareholding of 10% or more of the voting rights in a Company, in which any of the other directors of the FC is employed or is a director.	
	viii. Director is an employee or a director or has direct or indirect shareholding of 10% or more of the voting rights in a Company, which has a transaction with the FC as defined in direction 12.1(c), or in which any of the other directors of the FC has a transaction as defined in direction 12.1(c), aggregate value outstanding of which at any particular time exceeds 10% of the stated capital as shown in its last audited statement of financial position of the FC.	
d)	The nomination committee and Board should determine whether there is any circumstance or relationship, which is not listed at direction 3.7, which might impact a director's independence, or the perception of the independence.	No such circumstance transpired during the reporting period.
e)	An independent director shall immediately disclose to the Board any change in circumstances that may affect the status as an independent director. In such a case, the Board shall review such director's designation as an independent director and notify the Director, Department of Supervision of Non-Bank Financial Institutions in writing of its decision to affirm or change the designation.	No such circumstance transpired during the reporting period. Declarations have been obtained from the Directors regarding the status of their independence / Non-Independence against the specified criteria, and copies of the same are under the custody of the Company Secretary for review.

CORPORATE GOVERNANCE

SECTION	DIRECTION	STATUS OF COMPLIANCE
3.8.	**Alternate Directors**	
a)	Representation through an alternate director is allowed only;	No such circumstance transpired during the reporting period.
	i) With prior approval of the Director, Department of Supervision of Non-Bank Financial Institutions under Finance Business Act (Assessment of Fitness and Propriety of Key Responsible Persons) or as amended; and	
	ii) If the current director is unable to perform the duties as a director due to prolonged illness or unable to attend more than three consecutive meetings due to being abroad.	
b)	The existing directors of the FC cannot be appointed as an alternate director to another existing director of the FC.	
c)	A person appointed as an alternate director to one of the directors cannot extend the role as an alternate director to another director in the same Board.	
d)	An alternate director cannot be appointed to represent an executive director.	
e)	In the event an alternate director is appointed to represent an independent director, the person so appointed shall also meet the criteria that apply to an independent director.	
3.9.	**Cooling off Periods**	
a)	There shall be a cooling off period of six months prior to an appointment of any person as a director, CEO of the FC, who was previously employed as a CEO or director, of another FC. Any variation thereto in exceptional circumstances where expertise of such persons requires to reconstitute a Board of a FC which needs restructuring, shall be made with prior approval of the Monetary Board.	No such circumstance transpired during the reporting period.
b)	A director, who fulfills the criteria to become an independent director, shall only be considered for such appointment after a cooling off period of one year if such director has been previously considered as Non-Independent under the provisions of this Direction.	
3.10.	**Common Directorships**	
	Director or a senior management of a FC shall not be nominated, elected or appointed as a director of another FC except where such FC is a parent Company, subsidiary Company or an associate Company or has a joint arrangement with the first mentioned FC subject to conditions stipulated in Direction 3.5(f).	No such circumstance transpired during the reporting period.
3.11.	The Board shall determine the appropriate limits for directorships that can be held by directors. However, a director of a FC shall not hold office as a director or any other equivalent position (shall include alternate directors) in more than 20 companies/societies/bodies, including subsidiaries and associates of the FC.	According to the declarations given by the directors for the year 2024/25, there are no Directors who hold Directorship in more than twenty (20) companies/ societies / bodies / corporate including associate companies and subsidiaries of the Company

SECTION	DIRECTION	STATUS OF COMPLIANCE
4.	**ASSESSMENT OF FITNESS AND PROPRIETY CRITERIA**	
4.1.	No person shall be nominated, elected or appointed as a director of the FC or continue as a director of such FC unless that person is a fit and proper person to hold office as a director of such FC in accordance with the Finance Business Act (Assessment of Fitness and Propriety of Key Responsible Persons) Direction or as amended.	The Board has appointed Directors in accordance with the policy on the nomination, election, and appointment of Directors and other key responsible persons, which aligns with the Finance Business Act (Assessment of Fitness and Propriety of Key Responsible Persons) Direction.
4.2.	A person over the age of 70 years shall not serve as a director of a FC.	There are no Directors who are over seventy (70) years of age during the financial year ended 31st March 2025
4.3.	Not with standing provisions contained in 4.2 above, a director who is already holding office at the effective date of this direction and who attains the age of 70 years on or before 31.03.2025, is permitted to continue in office as a director, exceeding 70 years of age up to maximum of 75 years of age subject to the following,	No such situation has arisen during the financial year 2024/25.
a)	Assessment by the Director/Department of Supervision of Non-Bank Financial Institutions on the fitness and propriety based on the criteria specified in the Finance Business Act (Assessment of Fitness and Propriety of Key Responsible Persons) Direction.	No such situation has arisen during the financial year 2024/25
b)	Prior approval of the Monetary Board based on the assessment of the Director/Department of Supervision of Non-Bank Financial Institutions in 4.3(a).	
c)	The maximum number of directors exceeding 70 years of age is limited to one-fifth (1/5) of the total number of directors.	
d)	The director concerned shall have completed a minimum period of 3 continuous years in office, as at the date of the first approval.	
5.	**APPOINTMENT AND RESIGNATION OF DIRECTORS AND SENIOR MANAGEMENT**	
5.1.	The appointments, resignations or removals shall be made in accordance with the provisions of the Finance Business Act (Assessment of Fitness and Propriety of Key Responsible Persons) Direction.	The Company has complied with the provisions outlined in Finance Business Act Direction No. 6 of 2021 concerning the assessment of fitness and propriety of Key Responsible Persons for appointments, resignations, or removals.
6.	**THE CHAIRPERSON AND THE CEO**	
6.1.	There shall be a clear division of responsibilities between the chairperson and CEO and responsibilities of each person shall be set out in writing.	The responsibilities of the Chairman and the CEO are clearly separated and documented in the policy on the functions and responsibilities of the Chairperson and Chief Executive Officer.
6.2.	The chairperson shall be an independent director, subject to 6.3 below.	The Chairman holds the position of a Non-Independent Non-Executive Director, and the Company has appointed one of the Independent Directors as a Senior Director with appropriate terms of reference. The performance of the Chairman has been assessed for the financial year 2024/ 2025

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SECTION	DIRECTION	STATUS OF COMPLIANCE
6.3.	In case where the chairperson is not independent, the Board shall appoint one of the independent directors as a senior director, with suitably documented terms of reference to ensure a greater independent element. Senior director will serve as the intermediary for other directors and shareholders. Non-executive directors including senior director shall assess the chairperson's performance at least annually.	
6.4.	**Responsibilities of the Chairperson**	The Board approved policy on the functions and responsibilities of the Chairperson includes the requirement of the regulations. Furthermore, performance of the Chairperson has been assessed by the Non-Executive Board members. Company Secretary prepares the agenda in consultation with the Chairman, as this function has been delegated to the Company Secretary by the Chairman. The Board approved policy is in place for communication with all stakeholders including depositors, creditors, shareholders, and borrowers.
	The responsibilities of the chairperson shall at least include the following:	
	a) Provide leadership to the Board.	
	b) Maintain and ensure a balance of power between executive and Non-Executive directors.	
	c) Secure effective participation of both executive and Non-Executive directors.	
	d) Ensure the Board works effectively and discharges its responsibilities.	
	e) Ensure all key issues are discussed by the Board in a timely manner.	
	f) Implement decisions/directions of the regulator.	
	g) Prepare the agenda for each Board Meeting and may delegate the function of preparing the agenda and to maintaining minutes in an orderly manner to the Company secretary.	
	h) Not engage in activities involving direct supervision of senior management or any other day to day operational activities.	
	i) Ensure appropriate steps are taken to maintain effective communication with shareholders and that the views of shareholders are communicated to the Board.	
	j) Annual assessment on the Performance and the contribution during the past 12 months of the Board and the CEO.	
6.5.	**Responsibilities of the CEO**	The Board approved policy on the functions and responsibilities of the CEO includes the requirement of the regulations. Further, CEO performance has been assessed by the Non-Executive Board members.
	The CEO shall function as the apex executive in charge of the day-to-day management of the FC's operations and business. The responsibilities of the CEO shall at least include:	
	a) Implementing business and risk strategies in order to achieve the FC's strategic objectives.	
	b) Establishing a management structure that promotes accountability and transparency throughout the FC's operations and preserves the effectiveness and independence of control functions.	
	c) Promoting, together with the Board, a sound corporate culture within the FC, which reinforces ethical, prudent and professional behavior.	

SECTION	DIRECTION	STATUS OF COMPLIANCE
	d) Ensuring implementation of proper compliance culture and being accountable for accurate submission of information to the regulator.	
	e) Strengthening the regulatory and supervisory compliance framework.	
	f) Addressing the supervisory concerns and non-compliance with regulatory requirements or internal policies in a timely and appropriate manner.	
	g) CEO must devote the whole of the professional time to the service of the FC and shall not carry on any other business, except as a Non-Executive director of another Company, subject to Direction 3.10.	
7.	**MEETINGS OF THE BOARD**	
7.1.	The Board shall meet at least twelve times a financial year at approximately monthly intervals. Obtaining the Board's consent through the circulation of papers to be avoided as much as possible.	Board Meetings were held regularly, and a total of 18 Board meetings (Includes three (03) sessions exclusively for Non-Executive Directors in the absence of Executive Directors and one (01) session exclusively for Independent Non-Executive Directors in the absence of Executive Directors and Non-Independent Non-Executive Directors.) were conducted during the financial year 2024/25. Furthermore, there were 52 instances where the Board's consent was obtained through the circulation of resolutions/papers, which were subsequently ratified by the Board at their meetings. *Please refer to the section on the composition of the Board and meeting attendance in this annual report*
7.2.	The Board shall ensure that arrangements are in place to enable matters and proposals by all directors of the Board to be represented in the agenda for scheduled Board Meetings.	A Board approved policy is in place to include matters and proposals in the agenda of the Board meeting.
7.3.	A notice of at least 3 days shall be given for a scheduled Board meeting. For all other Board meetings, a reasonable notice shall be given.	The Board provides a notice period of at least 3 days for regular Board meetings.
7.4.	A director shall devote sufficient time to prepare and attend Board meetings and actively contribute by providing views and suggestions.	All members of the Board have made significant contributions during the Board meetings, and these deliberations are duly recorded in the minutes of the Board meetings. *Please refer to the section on the composition of the Board and meeting attendance in this annual report*
7.5.	A meeting of the Board shall not be duly constituted, although the number of directors required to constitute the quorum at such meeting is present, unless at least one-fourth (¼) of the number of directors that constitute the quorum at such meeting are independent directors.	No such situation has arisen during the financial year 2024/25 and the Company has complied with the requirement.
7.6.	The chairperson shall hold meetings with the Non-Executive directors only, without the executive directors being present, as necessary and at least twice a year.	Two meetings were conducted exclusively with the participation of Non-Executive Directors, without the presence of Executive Directors

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SECTION	DIRECTION	STATUS OF COMPLIANCE
7.7.	A director shall abstain from voting on any Board resolution in relation to a matter in which such director or relative or a concern in which he has substantial interest, is interested, and he shall not be counted in the quorum for the relevant agenda item in the Board meeting.	The Board approved policy on conflicts of interests is in place. Directors' interests (if any) are disclosed to the Board and any Director who has a particular interest in matters set before the Board abstains from participating and voting.
7.8.	A director who has not attended at least two-thirds (2/3) of the meetings in the period of 12 months immediately preceding or has not attended three consecutive meetings held, shall cease to be a director. Provided that participation at the directors' meetings through an alternate director shall be acceptable as attendance, subject to applicable directions for alternate directors.	In 2024/25, no such incidents occurred. Further, the Company Secretary monitors attendance. During the financial year 2024/25, none of the directors has been absent for three consecutive meetings.
7.9.	**Scheduled Board Meetings and Ad Hoc Board Meetings**	The Board meetings have been scheduled using a hybrid method, as detailed in the annual report.
	For the scheduled meetings, participation in person is encouraged and for ad hoc meetings where director cannot attend on a short notice, participation through electronic means is acceptable.	
8.	**COMPANY SECRETARY**	
8.1.	a) The Board shall appoint a Company secretary considered to be a senior management whose primary responsibilities shall be to handle the secretarial services to the Board and of shareholder meetings, and to carry out other functions specified in the statutes and other regulations.	The Board has appointed a person as the Company Secretary and designated as KRP whose primary responsibilities are to handle the secretarial services to the Board. The Company Secretary has been appointed in accordance with the provisions outlined in Finance Business Act Direction No. 6 of 2021.The new Company Secretary assumed duties with effect from 15.01.2025, following the resignation of the previous Secretary on 14.01.2025
	b) The Board shall appoint its Company secretary, subject to transitional provision stated in 19.2 below, a person who possesses such qualifications as may be prescribed for a secretary of a Company under section 222 of the Companies Act, No. 07 of 2007, on being appointed the Company secretary, such person shall become an employee of FC and shall not become an employee of any other institution.	A transitional period until 01st July 2024 has been granted by the Central Bank of Sri Lanka (CBSL) to ensure compliance. However, the Company proactively recruited and appointed a Company Secretary in 2023 to carry out the functions of the Company in alignment with regulatory expectations.
8.2.	All directors shall have access to advice and services of the Company secretary with a view to ensuring the Board procedures laws, directions, rules and regulations are followed.	A Board approved procedure in seeking advice from Company secretary by a director is in place.
8.3.	The Company secretary shall be responsible for preparing the agenda in the event chairperson has delegated carrying out such function.	Company Secretary is responsible for the preparation of the agenda, in consultation with the Chairman.
8.4.	The Company secretary shall maintain minutes of the Board meetings with all submissions to the Board and/or voice recordings/video recordings for a minimum period of 6 years.	The Company Secretary maintains the minutes and all submissions of the Board Meetings, and directors have access to past Board minutes and papers at any time. Minutes of the Board meetings with all submissions to the Board are maintained for a minimum period as applicable in the regulations.

SECTION	DIRECTION	STATUS OF COMPLIANCE
8.5.	The Company secretary is responsible for maintaining minutes in an orderly manner and shall follow the proper procedure laid down in the Articles of Association of the FC.	The Board approved policy on the role of Company secretary is in place to ensure the regulatory requirements. Minutes of the Board meetings with all submissions to the Board are maintained for a minimum period of 6 years.
8.6.	Minutes of the Board meetings shall be recorded in sufficient detail so that it is possible to ascertain whether the Board acted with due care and prudence in performing its duties. The minutes of a Board meeting shall clearly include the following:	Board minutes contain required details, such as data and information used by the Board in its deliberations, matters considered by the Board, fact-finding discussions, decisions, and Board resolutions, which are used by the Board members in their decision making.
	(a) a summary of data and information used by the Board in its deliberations;	
	(b) the matters considered by the Board;	
	(c) the fact-finding discussions and the issues of contention or dissent, including contribution of each individual director;	
	(d) the explanations and confirmations of relevant parties, which indicate compliance with the Board's strategies and policies and adherence to relevant laws, regulations, directions;	
	(e) the Board's knowledge and understanding of the risks to which the FC is exposed and an overview of the risk management measures adopted; and	
	(f) the decisions and Board resolutions.	
8.7.	The minutes shall be open for inspection at any reasonable time, on reasonable notice by any director.	Directors have access to past Board minutes and documents at any time.
9.	**DELEGATION OF FUNCTIONS BY THE BOARD**	
9.1.	The Board shall approve a Delegation of Authority (DA) and give clear directions to the senior management, as to the matters that shall be approved by the Board before decisions are made by senior management, on behalf of the FC.	The Board approved delegation authority limits is in place to give clear directions to the senior management of the Company.
9.2.	In the absence of any of the sub-committees mentioned in Direction 10 below, the Board shall ensure the functions stipulated under such committees shall be carried out by the Board itself.	The Board has appointed Board sub-committees as required by the direction.
9.3.	The Board may establish appropriate senior management level sub-committees with appropriate DA to assist in Board decisions.	The Board has approved senior management level sub-committees, namely the Assets and Liability Committee, Credit Committee, Information Technology Steering Committee, and Information Security Steering Committee, which are currently in place. *Please refer to the section Governance Structure Of The Company in this annual report*

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SECTION	DIRECTION	STATUS OF COMPLIANCE
9.4.	The Board shall not delegate any matters to a board sub-committee, executive directors or senior management, to an extent that such delegation would significantly hinder or reduce the ability of the Board as a whole to discharge its functions.	The Board approved policy on matters reserved for the Board of Directors is in place.
9.5.	The Board shall review the delegation processes in place on a periodic basis to ensure that they remain relevant to the needs of the FC.	The delegation process is periodically reviewed to ensure that it meets the demands of the Company. The Board has approved the delegation of authority for Credit limits and Finance limits
10	**BOARD SUB-COMMITTEES**	
10.1	**a) Board Sub-Committees**	
	Shall establish a Board Audit Committee (BAC), Board Integrated Risk Management Committee (BIRMC), Board Nomination and Governance Committee (BNGC) , Board Human Resource and Remuneration Committee (BHRRC) and Board Related Party Transactions Review Committee (BRPTRC)	The Company has established five Board Committees, namely the Board Audit Committee, Board Integrated Risk Management Committee, Board Related Party Transactions Review Committee, Human Resource and Remuneration Committee, and Nomination and Governance Committee. Each sub-committee is governed by its own terms of reference and Company Secretary who maintains minutes and records under the supervision of the Chairperson of the sub-committee. The reports of the Board sub-committees are included in this Annual Report.
	Meetings	
	Meetings shall be held at least once in two months for BAC and BIRMC. Other committees shall meet at least annually.	The Board Audit Committee (BAC) meetings were held sixteen times (16) and Board Integrated Risk Management Committee (BIRMC) meetings were held eleven times (11) during the financial year 2024/25. The Board Nomination and Governance Committee (BNGC) meetings have been held eleven times (11) , Board Related Party Transactions Review Committee (BRPTRC) have been held eight times (08) and Board Human Resource and Remuneration Committee (BHRRC) was held seven times (07) during the under review. *Please refer to the section on the composition of the Board and meeting attendance in this annual report*
b)	Each Board sub-committee shall have a board approved written terms of reference specifying clearly its authority and duties.	Written terms of reference (charters) clearly specifying the authority and duties are in place for each sub-committee.
c)	The Board shall present a report on the performance of duties and functions of each Board sub-committee, at the annual general meeting of the FC.	Each sub-committee has provided reports in the annual report, disclosing its performance, duties, and functions. Refer to the Reports of each Board Sub-Committee

SECTION	DIRECTION	STATUS OF COMPLIANCE
d)	Each sub-committee shall appoint a secretary to arrange its meetings, maintain minutes, voice or video recordings, maintenance of records and carry out such other secretarial functions under the supervision of the chairperson of the committee.	The Company secretary appointed as the secretary for all Board sub-committees and minutes contain required details.
e)	Each Board sub-committee shall consist of at least three Board members and shall only consist of members of the Board, who have the skills, knowledge and experience relevant to the responsibilities of the committee.	The Board sub-committee consists of at least three Board members and consists only of members of the Board who have the skills, knowledge, and experience relevant to the responsibilities of the committee.
f)	The Board may consider occasional rotation of members and of the chairperson of Board sub-committees, as to avoid undue concentration of power and promote new perspectives.	When necessary, the rotation of Chairs and members of the Board's sub-committees will be taken into consideration.
10.2	**Board Audit Committee (BAC)**	
a)	The chairperson of BAC shall be an independent director who possesses qualifications and experience in accountancy and/ or audit.	The Chairperson of the Committee is an Independent Non-Executive Director, and the profile of the Chairperson is provided in this Annual Report. Mr. L.L.S. Wickremasing has been appointed as the new Chairman of the Board Audit Committee, following the resignation of the former Chairperson, Ms. T.M.L. Paktsun, effective from 24th February 2025 *Please refer to the Board of Directors' profiles in this annual report*
b)	The Board members appointed to the BAC shall be Non-Executive directors and majority shall be independent directors with necessary qualifications and experience relevant to the scope of the BAC.	All members of the Board Audit Committee are Non-Executive Directors and majority members are Independent directors with necessary qualifications and experience relevant to the scope of the BAC. Please refer to the Board of Directors' profiles in this annual report
c)	The secretary to the BAC shall preferably be the Chief Internal Auditor (CIA).	The Company Secretary functions as the Secretary of the BAC.
d)	**External Audit Function**	
	i. The BAC shall make recommendations on matters in connection with the appointment of the external auditor for audit services to be provided in compliance with the relevant statutes, the service period, audit fee and any resignation or dismissal of the auditor.	The Auditor's appointments, service periods, and fees are determined and recommended by the BAC.
	ii. 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. Further, FC shall not use the service of the same external audit firm for not more than ten years consecutively.	KPMG Auditors functions as the External Auditor of the Company. The engagement of the same audit partner has not exceeded five years and has not been re-engaged for the audit before the expiry of three years from the date of the completion of the previous term. The Company adhered to the aforementioned section, which came into effect on 1st July 2024, and appointed a new Auditor, KPMG, at the AGM held on 31.07.2024.

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SECTION	DIRECTION	STATUS OF COMPLIANCE
	iii. Audit partner of an FC shall not be a substantial shareholder, director, senior management or employee of any FC.	KPMG functions as the External Auditor of the Company and the audit partner has declared that he is not a substantial shareholder, director, senior management or employee of any other finance Company.
	iv. The committee shall review and monitor the external auditor's independence and objectivity and the effectiveness of the audit processes in accordance with applicable standards and best practices.	The Committee monitors the External Auditor's independence objectivity and effectiveness of the audit process taking into account relevant professional and regulatory requirements. The Committee has obtained a representation from the External Auditors that confirmed the External Auditors are independent.
	v. Audit partner shall not be assigned to any non-audit services with the FC during the same financial year in which the audit is being carried out. The BAC shall develop and implement a policy with the approval of the Board on the engagement of an external audit firm to provide non-audit services that are permitted under the relevant regulatory framework. In doing so, the BAC shall ensure that the provision of service by an external audit firm of non-audit services does not impair the external auditor's independence or objectivity.	A Board approved policy on the engagement of the External Auditor to provide non-audit services is in place. The BAC ensures that the External Auditors are able to maintain objectivity and independence and are suitable to perform the required non-audit services.
	vi. The BAC shall, before the audit commences, discuss and finalise with the external auditors the nature and scope of the, including: (i) an assessment of the FC's compliance with Directions issued under the Act and the management's internal controls over financial reporting; (ii) the preparation of financial statements in accordance with relevant accounting principles and reporting obligations; and (iii) the co-ordination between auditors where more than one auditor is involved.	The Committee has discussed and finalized the nature and scope of the audit with the External Auditor including the assessment of the Company's compliance with Directions issued under the Act and the management's internal controls over financial reporting, the preparation of financial statements in accordance with relevant accounting principles and reporting obligations prior to the commencement of the audit.
	vii. The BAC shall review the financial information of the FC, in order to monitor the integrity of the financial statements of the FC in its annual report, accounts and periodical reports prepared for disclosure, and the significant financial reporting judgments contained therein. In reviewing the FC's annual report and accounts and periodical reports before submission to the Board, the committee shall focus particularly on: (i) major judgmental areas; (ii) any changes in accounting policies and practices; (iii) significant adjustments arising from the audit; (iv) the going concern assumption; and (v) the compliance with relevant accounting standards and other legal requirements.	The BAC has a process to review financial information of the Company in order to monitor the integrity of the financial statements of the Company, its annual report, accounts and periodical reports prepared for disclosure and the significant financial reporting judgments contained therein.
	viii. The BAC shall discuss issues, problems and reservations arising from the interim and final audits, and any matters the auditor may wish to discuss including those matters that may need to be discussed in the absence of senior management, if necessary.	The Committee has met External Auditors in the absence of senior management to discuss issues, problems and reservations arising from the final audit and any matters the auditor may wish to discuss.
	ix. The BAC shall review the external auditor's management letter and the management's response thereto within 3 months of submission of such, and report to the Board.	The management letter and the management's response are reviewed by the BAC, and oversight is given to any corrective actions required.

SECTION	DIRECTION	STATUS OF COMPLIANCE
e)	The BAC shall at least annually conduct a review of the effectiveness of the system of internal controls.	The BAC conducts reviews to ensure the effectiveness of the internal control system. Further, the effectiveness of the Company's internal control mechanism has been certified by the Directors in the annual report under the heading "Directors' Statement on Internal Controls over Financial Reporting."
f)	The BAC shall ensure that the senior management are taking necessary corrective actions in a timely manner to address internal control weaknesses, non-compliance with policies, laws and regulations, and other problems identified by auditors and supervisory bodies with respect to internal audit function of the FC.	The BAC ensures that senior management takes corrective actions in a timely manner for internal control weaknesses, non-compliance with policies, laws and regulations, and other problems identified by auditors and supervisory bodies regarding the internal audit function of the Company.
g)	**Internal Audit Function**	
	i) The committee shall establish an independent internal audit function either in house or outsourced as stipulated in the Finance Business Act (Outsourcing of Business Operations) Direction or as amended that provides an objective assurance to the committee on the quality and effectiveness of the FC's internal control, risk management, governance systems and processes.	The Company has an in-house internal audit function with an appropriate internal audit mandate that covers the scope and functions of the internal audit department as required by the regulations.
	ii) The internal audit function shall have a clear mandate, be accountable to the BAC, be independent and shall have sufficient expertise and authority within the FC to carry out their assignments effectively and objectively.	There is a Board-approved internal audit mandate that defines the purpose, authority, and responsibility of the internal auditor. It ensures independence, sufficient resources, and authority for the internal auditor to carry out their functions effectively and objectively. The Board Audit Committee has reviewed and approved the Annual Internal Audit Program. Internal Audit Reports, with the management comments, have been discussed at length, and action is taken to rectify the same.
	iii) The BAC shall take the following steps with regard to the internal audit function of the FC:	
	(i) Review the adequacy of the scope, functions and skills and resources of the internal audit department and ensure the internal audit department has the necessary authority to carry out its work.	The BAC has reviewed the scope, functions, and skills and resources of the internal audit department. Furthermore, the committee has ensured that the internal auditors have the necessary authority to carry out their work in accordance with the mandate.
	(ii) Review the internal audit program and results of the internal audit process and, where necessary, ensure appropriate actions are taken on the recommendations of the internal audit.	The Committee reviewed the audit programs, internal audit findings and results of the internal audit process and, where necessary, ensured that appropriate actions are taken on the recommendations of the internal Audit Department.
	(iii) Assess the performance of the head and senior staff members of the internal audit department.	The Committee has carried out of the performance appraisal of the Head of Internal Audit and other senior staff members of the Internal Audit Department.
	(iv) Ensure the internal audit function is independent and activities are performed with impartiality, proficiency and due professional care.	Internal audit function is independent and activities are performed with impartiality, proficiency and due professional care through the implementation of internal audit mandate.
	(v) Ensure internal audit function carry out periodic review of compliance function and regulatory reporting to regulatory bodies.	The BAC reviews the compliance reviews conducted by Internal Audit department.

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SECTION	DIRECTION	STATUS OF COMPLIANCE
	(vi) Examine the major findings of internal investigations and management's responses thereto.	The Committee considers the major findings of the internal audit department and the management's responses to them. They ensure that the recommendations have been implemented.
h)	The BAC shall review the statutory examination reports of the Central Bank of Sri Lanka (CBSL) and ensure necessary corrective actions are taken in a timely manner and monitor the progress of implementing the time bound action plan quarterly.	The BAC reviews the progress of the implementation of recommendations from the CBSL on-site investigation report on a quarterly basis.
i)	**Meetings of the Committee**	
	i. The BAC shall meet as specified in 10.1 above, with due notice of issues to be discussed and shall record its conclusions in discharging its duties and responsibilities.	Every BAC meeting is conducted with due notice of the issues to be discussed. Discussions during the meetings are recorded, and minutes are subsequently submitted to the Board for its information.
	ii. Other Board members, senior management or any other employee may attend meetings upon the invitation of the committee when discussing matters under their purview.	The BAC invites other Board members, Key Responsible Persons (KRPs), and any other required employees to attend meetings when discussing matters under their purview.
	iii. BAC shall meet at least twice a year with the external auditors without any other directors/senior management/ employees being present.	During the financial year 2024/25, the BAC has held two (02) meetings with external auditors without the presence of any other directors, senior management, or employees.
10.3.	**Board Integrated Risk Management Committee (BIRMC)**	
a)	The BIRMC shall be chaired by an independent director. The Board members appointed to BIRMC shall be Non-Executive directors with knowledge and experience in banking, finance, risk management issues and practices. The CEO and Chief Risk Officer (CRO) may attend the meetings upon invitation. The BIRMC shall work with senior management closely and make decisions on behalf of the Board within the framework of the authority and responsibility assigned to the committee.	The BIRMC is chaired by an Independent director, and the composition of the Committee complies with the requirements stipulated in the direction. The Committee works closely with management KRP's and makes decisions on behalf of the Board within the framework of the authority and responsibility assigned to the Committee. Mr.L.L.S. Wickremasinghe, Independent Non-Executive Director/Senior Director is the Chairperson of the Committee
b)	The secretary to the committee may preferably be the CRO.	The Company secretary functions as the secretary to the committee.
c)	The committee shall assess the impact of risks, including credit, market, liquidity, operational, strategic, compliance and technology, to the FC at least on once in two months basis through appropriate risk indicators and management information and make recommendations on the risk strategies and the risk appetite to the Board.	The Committee has established a process to assess all risks, including credit, market, liquidity, operational, strategic, compliance, and technology risks to the Company on a monthly basis using appropriate risk indicators and management information. Additionally, the committee assesses the risk appetite statement of the Company and reports to the board, highlighting key risks and mitigation strategies of the Company.

SECTION	DIRECTION	STATUS OF COMPLIANCE
d)	Developing FC's risk appetite through a Risk Appetite Statement (RAS), which articulates the individual and aggregate level and types of risk that a FC will accept, or avoid, in order to achieve its strategic business objectives. The RAS should include quantitative measures expressed relative to earnings, capital, liquidity, etc., and qualitative measures to address reputation and compliance risks as well as money laundering and unethical practices. The RAS should also define the boundaries and business considerations in accordance with which the FC is expected to operate when pursuing business strategy and communicate the risk appetite linking it to daily operational decision making and establishing the means to raise risk issues and strategic concerns throughout the FC.	The BIRMC has developed a Board-approved risk appetite statement (RAS) that includes both quantitative and qualitative measures as required by the regulations. The RAS also defines maximum limits and business considerations in accordance with which the Company is expected to operate when pursuing its business strategy.
e)	The BIRMC shall review the FC's risk policies including RAS, at least annually.	The BIRMC periodically reviews risk policies, including the risk appetite statement (RAS).
f)	The BIRMC shall review the adequacy and effectiveness of senior management level committees (such as credit, market, liquidity investment, technology and operational) to address specific risks and to manage those risks within quantitative and qualitative risk limits as specified by the committee.	The BIRMC has reviewed the effectiveness of the performance of management level Committees.
g)	The committee shall assess all aspects of risk management including updated business continuity and disaster recovery plans.	The committee has reviewed the business continuity and disaster recovery plans and assessed all aspects of the Company's risk management.
h)	BIRMC shall annually assess the performance of the compliance officer and the CRO.	The BIRMC assessed the performance of the Compliance Officer and the Chief Risk Officer for the financial year 2024/25.
i)	**Compliance Function**	
	i. BIRMC shall establish an independent compliance function to assess the FC's compliance with laws, regulations, directions, rules, regulatory guidelines and approved policies on the business operations.	The Company has established an independent compliance function which is independent from day-to-day management operations.
	ii. For FCs with asset base of more than Rs. 20 bn, a dedicated compliance officer considered to be senior management with sufficient seniority, who is independent from day-to-day management shall carry out the compliance function and report to the BIRMC directly. The compliance officer shall not have management or financial responsibility related to any operational business lines or income-generating functions, and there shall not be 'dual hatting', i.e. the chief operating officer, chief financial officer, chief internal auditor, chief risk officer or any other senior management shall not serve as the compliance officer.	A dedicated Compliance Officer has been appointed.
	iii For FCs with an asset base of less than Rs. 20bn, an officer with adequate seniority considered to be senior management shall be appointed as compliance officer avoiding any conflict of interest.	Not applicable.
	iv. The BIRMC shall ensure responsibilities of a compliance officer would broadly encompass the following:	The Board-approved mandate of the Compliance Officer (CO) encompasses the regulatory requirements. All concerns raised by the CBSL are being addressed.

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SECTION	DIRECTION	STATUS OF COMPLIANCE
	i) develop and implement policies and procedures designed to eliminate or minimize the risk of breach of regulatory requirements;	Compliance related policies and procedures have been developed to minimize the risk of breaching regulatory requirements.
	ii) ensure compliance policies and procedures are clearly communicated to all levels of the FC to enhance the compliance culture;	A Board approved Compliance policies are in place and have been communicated to all KRPs. It is also available in the HRIS system (intranet system), accessible by all employees of the Company.
	iii) ensure reviews are undertaken at appropriate frequencies to assess compliance with regulatory rules and internal compliance standards;	Periodic reviews are conducted to assess the level of compliance with regulatory requirements.
	iv) understand and apply new legal and regulatory developments relevant to the business of FC;	The Company implements all new legal and regulatory developments that are applicable to its business.
	v) secure early involvement in the design and structuring of new products and systems, to ensure conformity with the regulatory requirements, internal compliance and ethical standards;	The Board approved new product development policy is in place and sign off is obtained from all required officers including compliance prior to implementation of a new product.
	vi) highlight serious or persistent compliance issues and where appropriate, work with the management to ensure that they are rectified within an acceptable time; and	Compliance concerns were highlighted to the BIRMC and with the support of the management, they were rectified.
	vii) maintain regular contact and good working relationship with regulators based upon clear and timely communication and a mutual understanding of the regulators' objectives with highest integrity.	A positive working relationship is upheld with the regulator. There is maintenance of timely reporting and communications.
j)	**Risk Management Function**	
	i. BIRMC shall establish an independent risk management function responsible for managing risk-taking activities across the FC.	The Company has established an independent risk management function.
	ii. For FCs with asset base of more than Rs.20 bn, it is expected to have a separate risk management department and a dedicated CRO considered to be senior management shall carry out the risk management function and report to the BIRMC periodically.	A dedicated Chief Risk Officer (CRO) has been appointed to carry out the risk management function and regular reports are submitted to the BIRMC.
	iii. The CRO has the primary responsibility for implementing the Board approved risk management policies and processes including RAS in order to ensure the FC's risk management function is robust and effective to support its strategic objectives and to fulfill broader responsibilities to various stakeholders.	The Board approved Risk Management Framework, along with the risk management policy, process, strategy, procedures, and Risk Appetite Statement (RAS), has been developed.
	iv. The BIRMC shall ensure that the CRO is responsible for developing and implementing a Board approved integrated risk management framework that covers:	The Board approved mandate of the CRO is in line with the regulatory requirement.
	(i) various potential risks and frauds;	Various potential risk and frauds and sources of such risk and frauds have been identified and discussed in the BIRMC
	(ii) possible sources of such risks and frauds;	

SECTION	DIRECTION	STATUS OF COMPLIANCE
	(iii) mechanism of identifying, assessing, monitoring and reporting of such risks which includes quantitative and qualitative analysis covering stress testing ;	The BIRMC has established a mechanism for identifying, assessing, and monitoring risks, and regular reports are forwarded to the committee. These reports are discussed, and measures are taken to control and mitigate the identified risks.
	(iv) effective measures to control and mitigate risks at prudent levels; and	
	(v) relevant officers and committees responsible for such control and mitigation. The framework shall be reviewed and updated at least annually.	The risk management framework reviewed and updated frequently.
	v. The CRO shall also participate in key decision-making processes such as capital and liquidity planning, new product or service development, etc., and make recommendations on risk management.	The CRO participates in key decision-making processes including strategic planning, capital, liquidity planning, new product development etc. All concerns raised by the CBSL are being addressed.
	vi. The CRO shall maintain an updated risk register, which shall be submitted to the BIRMC on a quarterly basis.	Risk register of the Company is updated and forwarded to the BIRMC committee on timely manner.
	vii. The BIRMC shall submit a risk assessment report for the upcoming Board meeting seeking the Board's views, concurrence and/or specific directions.	A risk report is submitted by the BIRMC to the upcoming board meeting for the Board review.
10.4.	**Nomination and Governance Committee**	
	The following shall apply in relation to the Nomination and Governance Committee:	
a)	The committee shall be constituted with Non-Executive directors and preferably the majority may be independent directors. An independent director shall chair the committee. The CEO may be present at meetings by invitation of the committee.	The Board Nomination and Governance Committee (BNGC) is Chaired by an Independent Director, and the composition of the Committee complies with the requirements stipulated in the direction. Mr.L.L.S. Wickremasinghe, Independent Non-Executive Director/Senior Director is the Chairperson of the Committee
b)	Secretary to the Nomination and Governance Committee may preferably be the Company secretary.	The Secretary to the committee is the Company Secretary.
c)	The committee shall implement a formal and transparent procedure to select/appoint new directors and senior management. Senior management are to be appointed with the recommendation of CEO, excluding CIA, CRO and compliance officer.	The policy on the nomination, election, and appointment of Directors and other key responsible persons is in place. The appointment of new key responsible persons is subject to the recommendation of the BNGC.
d)	The committee shall ensure that directors and senior management are fit and proper persons to perform their functions as per the Finance Business Act (Assessment of Fitness and Propriety of Key Responsible Persons) Direction.	The BNGC has ensured that all the KRPs are fit and proper individuals to perform their functions in accordance with the directives of CBSL. The Company has obtained the necessary approval from CBSL for their initial appointments and for the continuing Directors as required by the Direction.
e)	The selection process shall include reviewing whether the proposed directors (i) possess the knowledge, skills, experience, independence and objectivity to fulfill their responsibilities on the board; (ii) have a record of integrity and good repute; and (iii) have sufficient time to fully carry out their responsibilities.	All KRPs are appointed in accordance with the policy on the nomination, election, and appointment of Directors and other key responsible persons. This policy ensures adherence to the stipulated selection criteria for the appointment of KRPs.

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SECTION	DIRECTION	STATUS OF COMPLIANCE
f)	The committee shall strive to ensure that the Board composition is not dominated by any individual or a small group of individuals in a manner that is detrimental to the interests of the stakeholders and the FC as a whole.	The committee strive to ensure that the composition of the Board is structured in a way that prevents any form of domination by an individual or a small group of individuals.
g)	The committee shall set the criteria, such as qualifications, experience and key attributes required for eligibility, to be considered for appointment to the post of CEO and senior management.	The committee has set criteria that are required for eligibility to be considered for appointment of management KRPs.
h)	Upon the appointment of a new director to the Board, the committee shall assign the responsibility to the Company secretary to disclose to shareholders: (i) a brief resume of the director; (ii) the nature of the expertise in relevant functional areas; (iii) the names of companies in which the director holds directorships or memberships in Board committees; and (iv) whether such director can be considered as independent.	The committee ensures that the stipulated requirements are in compliance for the appointment of a new Director.
i)	The committee shall consider and recommend (or not recommend) the re-election of current directors, taking into account the combined knowledge, performance towards strategic demands faced by the FC and contribution made by the director concerned towards the discharge of the Board's overall responsibilities.	The committee ensured compliance of the stipulated requirements for the reelection of a current Director.
j)	The committee shall consider and recommend from time to time, the requirements of additional/new expertise and the succession arrangements for retiring directors and senior management	The Board approved succession plan for Key Responsible Persons (KRPs), recommended by the BNGC, is in place.
k)	A member of the nomination committee shall not participate in decision making relating to own appointment/ reappointment and the Chairperson of the board should not chair the committee when it is dealing with the appointment of the successor.	Members of the BNGC are not involved in the decision-making process for their own appointment or re-appointment.
10.5.	**Human Resource and Remuneration Committee**	
	The following shall apply in relation to the Human Resources and Remuneration Committee:	
a)	The committee shall be chaired by a Non-Executive director and the majority of the members shall consist of Non-Executive directors.	The committee is chaired by a Independent Non-Executive director, and its composition complies with the required guidelines. Ms. G.A.M. Edwards has been appointed as the Chairperson of the Board Human Resources and Remuneration Committee, effective 29th September 2024, succeeding Mr. G.B. Egodage, Non-Independent Non-Executive Director, who stepped down from the position in compliance with Listing Rule 09 requirements.
b)	The secretary to the human resource and remuneration committee may preferably be the Company secretary.	The Company secretary serves as the secretary of the BHRRC.

SECTION	DIRECTION	STATUS OF COMPLIANCE
c)	The committee shall determine the remuneration policy (salaries, allowances, and other financial payments) relating to executive directors and senior management of the FC and fees and allowances structure for Non-Executive directors.	The Company has a Board approved Remuneration policy for Executive Directors and Senior Management. The remuneration of Non-Executive Directors is governed by the board-approved Non-Executive Directors Remuneration Policy, which falls under the purview of the BHRRC and is approved by the Board
d)	There shall be a formal and transparent procedure in developing the remuneration policy.	The Remuneration Policy ensures that remuneration (salaries, allowances, and other financial payments) to all employees of the Company is based on considerations such as individual performances, adherence to the Company's purpose and values, overall Company performance, and industry best practices. The remuneration policy is recommended by the BHHRC and approved by the Board, and subject to periodic reviews.
e)	The committee shall recommend the remuneration policy for approval of the Board on paying salaries, allowances and other financial incentives for all employees of the FC. The policy shall be subject to periodic review of the Board, including when material changes are made.	
f)	The remuneration structure shall be in line with the business strategy, objectives, values, long-term interests and cost structure of the FC. It shall also incorporate measures to prevent conflicts of interest. In particular, incentives embedded within remuneration structures shall not incentive employees to take excessive risk or to act in self-interest.	The committee has ensured that the remuneration structure is aligned with the business strategy, objectives, values, long-term interests, and cost structure of the Company.
g)	The committee shall review the performance of the senior management (excluding chief internal auditor, compliance officer, chief risk officer) against the set targets and goals, which have been approved by the Board at least annually, and determine the basis for revising remuneration, benefits and other payments of performance-based incentives.	The BHRRC has reviewed the emoluments structure of Key Responsible Personnel (excluding the Chief Internal Auditor, Compliance Officer, and Chief Risk Officer), as well as their Performance Evaluation scores and any changes compared to the previous year's data.
h)	The committee shall ensure that the senior management shall abstain from attending committee meetings, when matters relating to them are being discussed.	The committee ensures that senior management are not in attendance when matters relating to them are being discussed.
11.	**INTERNAL CONTROLS**	
11.1.	FCs shall adopt well-established internal control systems, which include the organisational structure, segregation of duties, clear management reporting lines and adequate operating procedures in order to mitigate operational risks.	The effectiveness of the Company's internal control mechanism has been certified by the Directors in the annual report under the heading "Directors' Statement on Internal Controls over Financial Reporting. *Refer Directors' Statement on Internal Controls over Financial Reporting.* Further, the External Auditors were engaged in providing assurance on the aforementioned report, and their opinion is submitted to the Board. All concerns raised by the CBSL are being addressed.
11.2.	**A proper internal control system shall:** (a) promote effective and efficient operations; (b) provide reliable financial information; (c) safeguard assets; (d) minimize the operating risk of losses from irregularities, fraud and errors; (e) ensure effective risk management systems; and (f) ensure compliance with relevant laws, regulations, directions and internal policies.	The BAC has adopted and reviewed the adequacy and the effectiveness of the Company's internal control systems and management information systems (MIS). Internal Audit Department supports the process by carrying out audits to assess the internal controls over financial reporting and management information systems.

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11.3.	All employees shall be given the responsibility for internal controls as part of their accountability for achieving objectives.	All employees are given the responsibility for internal controls through their appointment letters and acceptance of ethical framework of the Company.
12.	**RELATED PARTY TRANSACTIONS**	
12.1.	Board shall establish a policy and procedures for related party transactions, which covers the following.	
a)	All FCs shall establish a Related Party Transactions Review Committee (RPTRC) and the chairperson shall be an independent director and the members shall consist of Non-Executive directors.	The Company has established an RPTRC, with an Independent Director serving as the Chairperson and two Non-Executive Directors as members. Ms.G.A.M. Edwards has been appointed as the new Chairperson of the Board Related Party Transactions Review Committee, following the resignation of the former Chair, Ms. T.M.L. Paktsun, effective from 24th February 2025.
b)	All related party transactions shall be prior reviewed and recommended by the RPTRC.	The committee approved mechanism is in place to avoid any conflicts of interest that may arise from such transactions.
c)	The business transactions with a related party that are covered in this Direction shall be the following:	Except for specific transactions mentioned in the RPT policy, all other Related party transactions are post reviewed and recommended by the RPTRC. The prior approval process commenced on 1st September 2024. All related party transactions have been disclosed in the Financial Statements. No accommodation has been granted to Directors and/or their close relatives during the year. The process will be further strengthened in future in line with the requirement of the Direction.
	i. Granting accommodation.	
	ii. Creating liabilities to the FC in the form of deposits, borrowings and any other payable.	
	iii. Providing financial or non-financial services to the FC or obtaining those services from the FC.	
	iv. Creating or maintaining reporting lines and information flows between the FC and any related party which may lead to share proprietary, confidential or information not available in the public domain or otherwise sensitive information that may give benefits to such related party.	
12.2.	The committee shall take the necessary steps to avoid any conflicts of interest that may arise from any transaction of the FC with any person, and particularly with the following categories of persons who shall be considered as "related parties" for the purposes of this Direction. In this regard, there shall be a named list of natural persons/institutions identified as related parties, which is subject to periodic review as and when the need arises.	A Board approved related party transaction policy is in place, which addresses various types of related party transactions in accordance with the relevant directives. The purpose of this policy is to prevent any conflicts of interest that may arise from such transactions involving the identified related parties. In this regard, the Company maintains a name list of the identified related parties.
	a) Directors and senior management.	
	b) Shareholders who directly or indirectly holds more than 10% of the voting rights of the FC.	
	c) Subsidiaries, associates, affiliates, holding Company, ultimate parent Company and any party (including their subsidiaries, associates and affiliates) that the FC exert control over or vice versa.	
	d) Directors and senior management of legal persons in paragraph (b) or (c).	
	e) Relatives of a natural person described in paragraph (a), (b) or (d).	

SECTION	DIRECTION	STATUS OF COMPLIANCE
	f) Any concern in which any of the FC's directors, senior management or a relative of any of the FC's director or senior management or any of its shareholders who has a shareholding directly or indirectly more than 10% of the voting rights has a substantial interest.	
12.3.	The committee shall ensure that the FC does not engage in business transactions with a related party in a manner that would grant such party "more favorable treatment" than that is accorded to other similar constituents of the FC. For the purpose of this paragraph, "more favorable treatment" shall mean:	A monitoring system is in place at the Company where the Company extracts quarterly reports on all related party transactions which are reviewed by the committee to ensure that the Company does not grant related parties more favorable treatment than accorded to other customers.
a)	Granting of "total accommodation" to a related party, exceeding a prudent percentage of the FCs regulatory capital, as determined by the committee.	
b)	Charging of a lower rate of interest or paying a rate of interest exceeding the rate paid for a comparable transaction with an unrelated comparable counter party.	
c)	Providing preferential treatment, such as favorable terms, that extends beyond the terms granted in the normal course of business with unrelated parties.	
d)	Providing or obtaining services to or from a related party without a proper evaluation procedure; or	
e)	Maintaining reporting lines and information flows between the FC and any related party which may lead to share proprietary, confidential or otherwise sensitive information that may give benefits to such related party, except as required for the performance of legitimate duties and functions.	
13.	**GROUP GOVERNANCE**	
13.1.	**Responsibilities of the FC as a Holding Company**	
a)	The FC is responsible for exercising adequate oversight over its subsidiaries and associates while complying with the independent legal, regulatory and governance responsibilities that apply to them.	The Board has established a group governance framework to ensure adequate oversight over its group, in compliance with the regulatory requirements. The purpose of this group governance framework is to ensure that Commercial Credit and Finance PLC (CCL) as a holding Company exercises adequate oversight over its subsidiaries and associates, while complying with independent legal, regulatory, and governance responsibilities. Currently, the Company has one subsidiary named Commercial Credit Insurance Brokers Private Limited and another Company named TVS Lanka Private Ltd with significant influence under LKAS 24
b)	i) Ensure that the group governance framework clearly defines the roles and responsibilities for the oversight and implementation of group-wide policies.	
	ii) Ensure that the differences in the operating environment, including the legal and regulatory requirements for each Company, are properly understood and reflected in the group governance framework.	
	iii) Have in place reporting arrangements that promote the understanding and management of material risks and developments that may affect the holding FC and its subsidiaries.	
	iv) Assess whether the internal control framework of the group adequately addresses risks across the group, including those arising from intra-group transactions; and	

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SECTION	DIRECTION	STATUS OF COMPLIANCE
	v) Ensure that there are adequate resources to effectively monitor compliance of the FC and its subsidiaries with all applicable legal and regulatory requirements.	
	c) The FC, as the apex entity, shall ensure that the group structure does not undermine its ability to exercise effective oversight. The Board shall establish a clearly defined process of approving the creation of new legal entities under its management and identifying and managing all material group-wide risks through adequate and effective policies and controls.	
	d) The Board and senior management of the FC shall validate that the objectives, strategies, policies and governance framework set at the group level are fully consistent with the regulatory obligations of the FC and ensure that Company specific risks are adequately addressed.	
	e) The FC shall avoid setting up complicated structures that lack economic substance or business purpose that can considerably increase the complexity of the operations.	
13.2.	**Responsibilities as a Subsidiary**	
	If the FC is a subsidiary of another financial institution subject to prudential regulation, FC shall discharge its own legal and governance responsibilities.	The Company is not a subsidiary of another financial institution and the Company discharges its own legal and governance responsibilities.
14.	**CORPORATE CULTURE**	
14.1.	A FC shall adopt a Code of Conduct which includes the guidelines on appropriate conduct and addresses issues of confidentiality, conflicts of interest, integrity of reporting, protection and proper use of Company assets and fair treatment of customers.	The Company has established an Ethical Framework (Code of Conduct) that provides awareness and guidance on the values of Commercial Credit, corporate governance practices, good business ethics, professionalism, and the expected behaviors when fulfilling duties and responsibilities. The Ethical Framework (Code of Conduct) also outlines breaches and their consequences.
14.2.	The FC shall maintain records of breaches of code of conduct and address such breaches in a manner that upholds high standards of integrity.	The Company has adopted Human Resource Operating Procedure and all the breaches are addressed in accordance with the said procedure. Further, the Company maintains records of breaches.
14.3.	A FC shall establish a Whistle blowing policy that sets out avenues for legitimate concerns to be objectively investigated and addressed. Employees shall be able to raise concerns about illegal, unethical or questionable practices in a confidence manner and without the risk of reprisal. The BAC shall review the policy periodically.	The Company has adopted a Whistle blowing policy and the BAC has reviewed the policy regularly.
15.	**CONFLICTS OF INTEREST**	
15.1.	a) Relationships between the directors shall not exercise undue influence or coercion. A director shall abstain from voting on any Board resolution in relation to a matter in which such director or any of the relatives or a concern in which such director has substantial interest, is interested, and such director shall not be counted in the quorum for the relevant agenda item in the Board meeting.	The Board has adopted Conflict of Interest policy which has ensured the compliance with the stipulated requirements

SECTION	DIRECTION	STATUS OF COMPLIANCE
	b) The Board shall have a formal written policy and an objective compliance process for implementing the policy to address potential conflicts of interest with related parties. The policy for managing conflicts of interest shall,	
	i. Identify circumstances which constitute or may give rise to conflicts of interests.	
	ii. Express the responsibility of directors and senior management to avoid, to the extent possible, activities that could create conflicts of interest.	
	iii. Define the process for directors and senior management to keep the Board informed on any change in circumstances that may give rise to a conflict of interest.	
	iv. Implement a rigorous review and approval process for director and senior management to follow before they engage in certain activities that could create conflicts of interest.	
	v. Identify those responsible for maintaining updated records on conflicts of interest with related parties, and	
	vi. Articulate how any non-compliance with the policy to be addressed.	
16.	16.1. The Board shall ensure that: (a) annual audited financial statements and periodical financial statements are prepared and published in accordance with the formats prescribed by the regulatory and supervisory authorities and applicable accounting standards, and that (b) such statements are published in the newspapers in Sinhala, Tamil and English. The Board shall ensure that at least following disclosures are made in the Annual Report of the FC.	Annual audited financial statements and interim financial statements were prepared in accordance with formats prescribed by the supervisory and regulatory authorities and accounting standards and are published in the newspapers in all three languages.
	i. **Financial statements**	
	In addition to the set of financial statements as per LKAS 1 or applicable standard annual report shall include,	This is being disclosed in the report of the Board of Directors on the Affairs of the Company. *Refer report of the Board of Directors on the Affairs of the Company*
	▪ A statement to the effect that the annual audited financial statements have been prepared in line with applicable accounting standards and regulatory requirements, inclusive of specific disclosures.	
	▪ A statement of responsibility of the Board in preparation and presentation of financial statements.	
	ii. **Chairperson, CEO and Board related disclosures**	
	▪ Name, qualification and a brief profile.	Refer “Profiles of the Board Of Directors” in this annual report.

CORPORATE GOVERNANCE

SECTION	DIRECTION	STATUS OF COMPLIANCE
	▪ Whether Executive, Non-Executive and/or independent director.	
	▪ Details of the director who is serving as the senior director, if any.	
	▪ The nature of expertise in relevant functional areas.	
	▪ Relatives and/or any business transaction relationships with other directors of the Company.	The Chief Executive Officer (CEO) maintains a professional association with an Executive Director of the Company, as both individuals serve on the Board of Directors of CINEC Campus (Pvt) Ltd. Additionally the Chief Executive Officer is married to an Executive Director of the Company and both individuals serve on the board of directors BG capital (PVT) Ltd and BG Investment (PVT) Ltd with the exception of these aforementioned relationship ,there are no other bushiness relationship with directors of the Company.
	▪ Names of other companies in which the director/CEO concerned serves as a director and whether in an Executive or Non-Executive capacity.	Refer "Profiles of the Board of Directors" in this annual report.
	▪ Number/percentage of board meetings of the FC attended during the year;	Refer record of the attendance at Board meetings and Board Sub-Committee meetings.
	▪ Names of board committees in which the director serves as the chairperson or a member.	
	iii. Appraisal of board performance	
	▪ An overview of how the performance evaluations of the Board and its committees have been conducted	A procedure is in place for self-assessments to be conducted annually by each Director, as well as for the Board as a whole and its committees. These assessments are undertaken to evaluate the effectiveness and performance of the Board and its committees. The records of these assessments are maintained by the Company Secretary.
	iv. Remuneration	
	▪ A statement on remuneration policy, which includes Board fee structure and breakdown of remuneration of senior management, level and mix of remuneration (financial and non-financial, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation)	The Board approved Remuneration policy is in place for the Executive directors and for Senior Management. The Remuneration Policy ensured that payment of remuneration (salaries, allowances and other financial payments) to all employees of the Company is by considering the individual performances, adherence to the Company's purpose and values, the performance of the Company as a whole and industry best practices. Non-Executive Directors remuneration is governed by the board approved Non-Executive Directors Remuneration Policy and is under the purview of the BHRRC and approved by the Board. *Please refer to the report of the Board Human resource remuneration Committee.*
	▪ The aggregate values of remuneration paid by the FC to its directors and senior management.	Refer the Report of the Board of Directors on the Affairs of the Company and notes to the financial statements on related party transactions in this annual report for the director's remuneration details. Remuneration paid to Senior Management (KRP's) (including Executive Directors): Rs.311,899,571/-

<table>
<tr><th>SECTION</th><th>DIRECTION</th><th>STATUS OF COMPLIANCE</th></tr>
<tr><td></td><td>v. Related party transactions</td><td></td></tr>
<tr><td></td><td>■ The nature of any relationship [including financial, business, family or other material/relevant relationship(s)], if any, between the Chairperson and the CEO and the relationships among members of the Board.</td><td>The Chairman, who serves as a Non-Independent Non-Executive Director, has a related party business relationship with the Company, as he also serves on the Board of Asia Pacific Institute of Information Technology Ltd., a fellow subsidiary of Commercial Credit and Finance PLC under the common parent Company, B.G. Investments. Other than this, the Chairman has no financial or other relationships with any other member of the Board.

Additionally, the Chief Executive Officer (CEO) of the Company is the spouse of one of the Executive Directors.</td></tr>
<tr><td></td><td>■ Total net accommodation granted in respect of each category of related parties and the net accommodation outstanding in respect of each category of related parties as a percentage of the FC's core capital.</td><td>
<table>
<tr><th>Category</th><th>Net accommodation granted (Rs)</th><th>Outstanding (Rs)</th><th>% Core capital</th></tr>
<tr><td>Directors and other KRPs</td><td>27,459,129.29</td><td>10,889,267.68</td><td>0.04%</td></tr>
<tr><td>Subsidiaries, associates, affiliates, holding Company, ultimate parent</td><td>145,300,000.00</td><td>141,801,787.72</td><td>0.58%</td></tr>
<tr><td>Relatives of KRPs</td><td>23,977,052.96</td><td>3,129,154.2</td><td>0.01%</td></tr>
</table>
</td></tr>
<tr><td></td><td>■ The aggregate values of the transactions of the FC with its senior management during the financial year, set out by broad categories such as accommodation granted, and deposits or investments made in the FC.</td><td>Remuneration paid to Senior Management (KRP's) (including Executive Directors) – Rs.311,899,571/-

Accommodations granted to Senior Management (KRP's) – Rs. 27,459,129.29 Deposits made by Senior Management (KRP's) (including Executive Directors) : Rs. 87,456,035.40/-</td></tr>
<tr><td></td><td>vi. Board appointed committees</td><td></td></tr>
<tr><td></td><td>■ The details of the chairperson and members of the board committees and attendance at such meetings.</td><td>Refer to the Board committee reports and attendance at Board meetings and Board Sub-Committee meetings.</td></tr>
<tr><td></td><td>vii. Group Structure</td><td></td></tr>
<tr><td></td><td>■ The group structure of the FC within which it operates.
■ The group governance framework.</td><td>The Board has established group governance framework for exercising adequate oversight over its group in accordance with the regulatory requirements.

The purpose of this group governance framework is to ensure that Commercial Credit and Finance PLC (CCL) as a holding Company exercises adequate oversight over its subsidiaries and associates, while complying with independent legal, regulatory, and governance responsibilities.

Currently, the Company has one subsidiary named Commercial Credit Insurance Brokers Private Limited and one Company with significant influence named TVS Lanka Private Ltd (share percentage is below 20%)</td></tr>
</table>

CORPORATE GOVERNANCE

SECTION	DIRECTION	STATUS OF COMPLIANCE
	viii Director's report	
	A report, which shall contain the following declarations by the Board:	
	▪ The FC has not engaged in any activity, which contravenes laws and regulations.	*Refer the Report of the Board of Directors on the Affairs of the Company*
	▪ The directors have declared all related party transactions with the FC and abstained from voting on matters in which they were materially interested.	
	▪ The FC has made all endeavors to ensure the fair treatment for all stakeholders, in particular the depositors.	
	▪ The business is a going concern with supporting assumptions; and	
	▪ The Board has conducted a review of internal controls covering material risks to the FC and have obtained reasonable assurance of their effectiveness.	
	ix Statement on Internal Control	
	▪ A report by the Board on the FC's internal control mechanism that confirms that the financial reporting system has been designed to provide a reasonable assurance regarding the reliability of financial reporting, and that the preparation of financial statements for external purposes has been done in accordance with relevant accounting principles and regulatory requirements.	*Refer Directors Statement on Internal Control Over Financial Reporting.*
	▪ The external auditor's assurance statement on the effectiveness of the internal control mechanism referred above, in respect of any statement prepared or published.	
	▪ A report setting out details of the compliance with prudential requirements, regulations, laws and internal controls and measures taken to rectify any non-compliances.	
	▪ A statement of the regulatory and supervisory concerns on lapses in the FC's risk management, or non-compliance with the Act, and rules and directions.	
	x Corporate governance report	
	▪ Shall disclose the manner and extent to which the Company has complied with Corporate Governance Direction and the external auditor's assurance statement of the compliance with the Corporate Governance Direction.	The Corporate Governance report is disclosed in this annual report. *Refer Corporate Governance report* The Company has obtained an independent assurance statement (factual findings report) from the External Auditors over compliance with Finance Business Act Direction No. 05 of 2021 on Corporate Governance.

SECTION	DIRECTION	STATUS OF COMPLIANCE
	xi. Code of Conduct	
	▪ FC's code of business conduct and ethics for directors, senior management and employees. ▪ The Chairperson shall certify that the Company has no violations of any of the provisions of this code.	The Company has established an Ethical Framework (code of conduct) that offers awareness and guidance to the Company on the values of Commercial Credit and Finance PLC's corporate governance practices, good business ethics, professionalism, and the connected behaviors required to demonstrate when carrying out duties and responsibilities. The framework also defines breaches and their consequences. Furthermore a Board Directors Engagement Charter is in place. *Please refer to the Chairperson's message.*
	xii. Management report	
	▪ Industry structure and developments ▪ Opportunities and threats ▪ Risks and concerns ▪ Sustainable finance activities carried out by the Company ▪ Prospects for the future	*Refer Management Discussion & Analysis of the annual report.* *Refer Sustainability Report of the annual report* *Refer CEO' Review report of the annual report*
	xiii. Communication with shareholders	
	▪ The policy and methodology for communication with shareholders. ▪ The contact person for such communication.	The Board approved policy on communications with the relevant stakeholders is in place. The Company Secretary communicates with shareholders through the Annual Report, Quarterly Reports, and notices/ announcements issued to the shareholders. Further, shareholder meetings are chaired by the Chairman of the Board of Directors of the Company wherever possible. If the Chairman is unable to attend the meeting, a Chairman for the meeting will be appointed as per the Articles of Association.

CORPORATE GOVERNANCE

Compliance with the continuing listing requirements sections 7.6 on corporate governance rules for listed companies issued by the Colombo stock exchange

RULE NO.	DISCLOSURE REQUIREMENT	SECTION/REFERENCE	STATUS
7.6 (i)	Names of the Directors who held duties during the financial year	Refer the Report of the Board of Directors on the Affairs of the Company in the Annual Report	Complied
7.6 (ii)	Principal activities of the Company and its subsidiaries during the year and any changes therein	Refer the Report of the Board of Directors on the Affairs of the Company in the Annual Report	Complied
7.6 (iii)	The names and the number of shares held by the 20 largest holders of voting and non voting shares and the percentage of such shares held	Refer Investor Information Report in the Annual Report	Complied
7.6 (iv)	The public holding percentage	Refer Investor Information Report in the Annual Report	Complied
7.6 (v)	Directors' and Chief Executive Officer's holding in shares of the Company at the beginning and end of the financial year	Refer the Report of the Board of Directors on the Affairs of the Company in the Annual Report	Complied
7.6 (vi)	Information pertaining to material foreseeable risk factors	Refer the Report of the Board of Directors on the Affairs of the Company in the Annual Report	Complied
7.6 (vii)	Details of material issues pertaining to employees and industrial relations	There were no material issues pertaining to employees and industrial relations	Complied
7.6 (viii)	Extents, locations, valuations and the number of buildings of the Company's land holdings and investment properties	Refer Note 18 & 19 of the Audited Financial Statements in this Annual Report (Investment Property & Property Plant and Equipment)	Complied
7.6 (ix)	Number of shares representing the stated capital	Refer the Report of the Board of Directors on the Affairs of the Company in the Annual Report	Complied
7.6 (x)	A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings	Refer the Report Investor Information Report in this Annual Report	Complied
7.6 (xi)	Ratios and market price information on Equity , debt and any changes in credit rating	Refer the Report Investor Information Section in this Annual Report	Complied
7.6 (xii)	Significant changes in the Company's or its subsidiaries' fixed assets and the market value of land, if the value differs substantially from the book value	Not Applicable	N/A
7.6 (xiii)	Details of funds raised through an Initial Public issue, Rights Issue and private Placement	Not Applicable	N/A
7.6 (xiv)	Information in respect of Employee Share Ownership or Stock Option Scheme	Not Applicable	N/A
7.6 (xv)	Disclosures pertaining to Corporate Governance practices in terms of Rules Section 9 of the Rules	Company complies with the Corporate Governance requirement of the listing rules (Sec. 9) issued by the Colombo Stock Exchange (CSE)	Complied
7.6 (xvi)	Related Party transactions exceeding ten (10) percent of the Equity or five (5) percent of the total assets of the Entity as per Audited Financial Statements, whichever is lower	Not applicable as there were no related party transactions that have exceeded the stipulated limit.	Complied
7.6 (xvii)	Additional disclosures in the event the Company has its Foreign Currency denominated Securities listed on the Exchange,	Not applicable	Complied

Compliance with the continuing listing requirements sections 9 on corporate governance rules for listed companies issued by the Colombo stock exchange

RULE NO.	REQUIREMENT	STATUS OF COMPLIANCE
9.1/ 9.1.1/ 9.1.2	**APPLICABILITY OF CORPORATE GOVERNANCE RULES** The Company has complied with the rules set out in section 9.2 to 9.16 on continuous basis.	Complied
9.2	**POLICIES**	
9.2.1	Listed Entities shall establish and maintain the following policies and disclose the fact of existence of such policies together with the details relating to the implementation of such policies by the Entity on its website; (a) Policy on the matters relating to the Board of Directors. (b) Policy on Board Committees to mention regarding the TOR. (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 Whistle-blowing (l) Policy on Anti-Bribery and Corruption	All 12 Board-approved policies have now been implemented and are available on the Company's official website for stakeholder reference.
9.2.2	Any waivers from compliance with the Internal Code of business conduct and ethics or exemptions granted by the Listed Entity shall be fully disclosed in the Annual Report.	No such waivers were granted during the year under review.
9.2.3	Listed Entities shall disclose in its Annual Report: (i) The list of policies that are in place in conformity to Rule 9.2.1 above, with reference to its website. (ii) Details pertaining to any changes to policies adopted by the Listed Entities in compliance with Rule 9.2 above.	All 12 Board-approved policies have now been implemented and are available on the Company's official website for stakeholder reference.
9.2.4	Listed Entities shall make available all such policies to shareholders upon a written request being made for any such Policy.	Upon written request, a copy of the policy will be furnished to the shareholder.
9.3	**BOARD COMMITTEES**	
9.3.1	Listed Entities shall ensure that the following Board committees are established and maintained at a minimum and are functioning effectively. The said Board committees at minimum shall include; (a) Nominations and Governance Committee (b) Remuneration Committee (c) Audit Committee (d) Related Party Transactions Review Committee.	The Company has established the Board Committees in terms of the Listing rules.
9.3.2	Listed Entities shall comply with the composition, responsibilities and disclosures required in respect of the above Board committees as set out in these Rules.	The Company complies with the said requirement.

CORPORATE GOVERNANCE

RULE NO.	REQUIREMENT	STATUS OF COMPLIANCE
9.3.3	The Chairperson of the Board of Directors of the Listed Entity shall not be the Chairperson of the Board Committees referred to in Rule 9.3.1 above.	The Company complies with the stated requirement, and the Chairperson of the Board does not serve as Chairperson of any sub-committees. In line with this, the appointment was made on 30.09.2024 and the relevant disclosure was made to the Colombo Stock Exchange (CSE) on 01.10.2024. The Board Human Resources and Remuneration Committee was restructured with the appointment of Ms. G.A.M. Edwards (Independent Non-Executive Director) as Chairperson. The role was previously held by the Board's Chairperson, who will continue to serve as a member of the Committee.
9.4	**ADHERENCE TO PRINCIPLES OF DEMOCRACY IN THE ADOPTION OF MEETING PROCEDURES AND THE CONDUCT OF ALL GENERAL MEETINGS WITH SHAREHOLDERS**	
9.4.1	Listed Entities shall maintain records of all resolutions and the following information upon a resolution being considered at any General Meeting of the Entity. The Entity shall provide copies of the same at the request of the Exchange and/or the SEC. (a) The number of shares in respect of which proxy appointments have been validly made; (b) The number of votes in favor of the resolution; (c) The number of votes against the resolution; and (d) The number of shares in respect of which the vote was directed to be abstained.	The Company secretary maintains records of all resolutions, which are being considered at the Annual General Meeting.
9.4.2	Communication and relations with shareholders and investors (a) Listed Entities shall have a policy on effective communication and relations with shareholders and investors and disclose the existence of the same in the Annual Report and the website of the Listed Entity. (b) Listed Entities shall disclose the contact person for such communication. (c) The policy on relations with shareholders and investors shall include a process to make all Directors aware of major issues and concerns of shareholders, and such process shall be disclosed by the Entity in the Annual Report and the website of the Entity. (d) Listed Entities that intend to conduct any shareholder meetings through virtual or hybrid means shall comply with the Guidelines issued by the Exchange in relation to same and published on the website of the Exchange.	The Company has complied with the requirement and has implemented a Board-approved Communication Policy, which incorporates provisions to ensure effective communication with all stakeholders.

RULE NO.	REQUIREMENT	STATUS OF COMPLIANCE
9.5	**POLICY ON MATTERS RELATING TO THE BOARD OF DIRECTORS**	
9.5.1	Listed Entities shall establish and maintain a formal policy governing matters relating to the Board of Directors and such policy shall: (a) Recognize the need for a balance of representation between Executive and Non-Executive Directors and cover at minimum board composition, the roles and functions of the Chairperson and Chief Executive Officer or equivalent position (hereinafter commonly referred to as the CEO), Board balance and procedures for the appraisal of Board performance and the appraisal of the CEO. (b) Where a Listed Entity decides to combine the role of the Chairperson and CEO, (i) Set out the rational for combining such positions; and, (ii) Require the Board Charter of the Listed Entity to contain terms of reference/functions of the Senior Independent Director (SID) and the powers of the SID, which should be equivalent to that of the Chairperson in the instance of a conflict of interest. (iii) Set out the measures implemented to safeguard the interests of the SID.	The Company has a Board-approved policy on matters related to the Board of Directors, along with several other Board-approved governance policies addressing various aspects of Board-related matters.
	(c) Require diversity in Board composition for Board effectiveness in terms of a range of experience, skills, competencies, age, gender, industry requirements and importance of objective selection of directors.	
	(d) Stipulate the maximum number of Directors with the rationale for the same (e) Specify the frequency of Board meetings, having regard to the requirements under the Listing Rules. (f) Provide mechanisms for ensuring that Directors are kept abreast of the Listing Rules and ongoing compliance and/or non-compliance by the Listed Entity with obligations arising under such Rules. (g) Specify the minimum number of meetings, in numbers and percentage, that a Director must attend, in order to ensure consistent attendance at Board Meetings and to avoid being deemed to vacate such position. (h) Provide requirements relating to trading in securities of the Listed Entity and its listed group companies and disclosure of such requirements. (i) Specify the maximum number of directorships in Listed Entities that may be held by Directors. (j) Recognize the right to participate at meetings of the Board and Board Committees by audio visual means and for such participation to be taken into account when deciding on the quorum.	
9.5.2	Listed Entities shall confirm compliance with the requirements of the policy referred to in Rule 9.5.1 above in the Annual Report and provide explanations for any non-compliance with any of the requirements with reasons for such non-compliance and the proposed remedial action.	Company is in compliance with the requirements stated in the in section 9.5.1
9.6	**CHAIRPERSON AND CEO**	
9.6.1	The Chairperson of every Listed Entity shall be a Non-Executive Director and the position of the Chairperson and CEO shall not be held by the same individual, unless otherwise a SID is appointed by such Entity in terms of Rule 9.6.3 below.	The Chairperson is a Non-Executive Director, and the roles of Chairman and Chief Executive Officer are held by two separate individuals. The responsibilities of the Chairman and the CEO are clearly defined and documented in the policy outlining the functions and responsibilities of both positions.

CORPORATE GOVERNANCE

RULE NO.	REQUIREMENT	STATUS OF COMPLIANCE
9.6.2	A Listed Entity that is unable to comply with Rule 9.6.1 above shall make a Market Announcement within a period of one (1) month from the date of implementation of these Rules or an immediate Market Announcement from the date of non-compliance (if such date falls subsequent to the implementation of these Rules). Such Market Announcement shall include the following: (a) The reasons for non-compliance (b) The rationale for combining the positions of the Chairperson and CEO	Not applicable
9.6.3	**The Requirement for a SID**	
	(a) A Listed Entity shall appoint an Independent Director as the SID in the following instances: i. The Chairperson and CEO are the same person ii. The Chairperson and CEO are Close Family Members or Related Parties Such appointment shall be immediately disclosed with reasons for such appointment, by way of a Market Announcement.	The same individual does not hold the roles of Chairperson and CEO. The Chairperson holds the position of a Non-Independent Non-Executive Director, and the Company has appointed one of the Independent Directors as a Senior Director with appropriate terms of reference on 17th November 2022.
	(b) The Independent Directors shall meet at least once a year or as often as deemed necessary at a meeting chaired by the SID without the presence of the other Directors to discuss matters and concerns relating to the Entity and the operation of the Board. The SID shall provide feedback and recommendations from such meetings to the Chairperson and the other Board Members. (c) The SID shall chair a meeting of the Non-Executive Directors without the presence of the Chairperson at least annually, to appraise the Chairperson's performance and on such other occasions as are deemed appropriate. (d) The SID shall be entitled to a casting vote at the meetings specified in Rules 9.6.3. (b) and (c) above. (e) The SID shall make a signed explanatory disclosure in the Annual Report demonstrating the effectiveness of duties of the SID.	The Chairman, Non-Independent Non-Executive Director maintains a related party business relationship with the Company by virtue of his position on the Board of Asia Pacific Institute of Information Technology Ltd., a subsidiary of Commercial Credit and Finance PLC, sharing the same parent Company, B.G. Investments. Three (03) meetings were conducted exclusively for Non-Executive Directors in the absence of Executive Directors on 31/07/2024, 19/03/2025 and 31/03/2025 and one (01) meeting was conducted exclusively for Independent Non-Executive Directors in the absence of Executive Directors and Non-Independent Non-Executive Directors on 25/11/2024. The Senior Independent Director (SID) chaired 2 meetings on 25/11/2024 and 31/03/2025. On 31/03/2025 the SID chaired the meeting to evaluate the performance of the Chairperson with the Non-Executive Directors in the absence of the Chairperson.
9.6.4	Until Listed Entities comply with Rule 9.6.1 above, such Entities shall be required to explain the reasons for non-compliance with Rule 9.6.1 in the Annual Report.	The Company has complied as per the listing rules requirement.

RULE NO.	REQUIREMENT	STATUS OF COMPLIANCE
9.7	**FITNESS OF DIRECTORS AND CEOS**	
9.7.1	Ensure Fit and proper assessment of Directors and CEO	The Company has complied as per the listing rules requirement.
9.7.2	Recommendations by the Board Nominations and Governance Committee as Directors are fit and proper	There is a procedure in place to get a declaration from individuals whose names are suggested for appointment as Directors from the Board Nomination and Governance Committee (BNGC) attesting to their compliance with the fit and proper requirements outlined in section 9.7.3 of the listing rules.
9.7.3	Fit and Proper Assessment Criteria outlined in Section 9.7.3 of the Listing Rules, which include: a) Honesty, integrity, and reputation; b) Competence and capability; and c) Financial soundness.	The Company is in compliance as per the listing rules requirement. All the Directors and CEO have declared that they are complied with the fit and proper criteria set out in the section 9.7.3 of the listing rules.
9.7.4	Listed Entities shall obtain declarations from their Directors and CEO on an annual basis confirming that each of them have continuously satisfied the Fit and Proper Assessment Criteria set out in these Rules during the financial year concerned and satisfies the said criteria as at the date of such confirmation.	The Company is in compliance with the requirements of the Listing Rules and the Finance Business Act Direction No. 06 of 2021 on the Assessment of Fitness and Propriety of Key Responsible Persons. Declarations are obtained annually from the Directors and the CEO to confirm that they have continuously satisfied the Fit and Proper Assessment Criteria.
9.7.5	Disclosures in the Annual Report of Listed Entities Listed Entities shall include the following disclosures/reports in the Annual Report; (a) A statement that the Directors and CEO of the Listed Entity satisfy the Fit and Proper Assessment Criteria stipulated in the Listing Rules of the Colombo Stock Exchange. (b) Any non-compliance/s by a Director and/or the CEO of the Listed Entity with the Fit and Proper Assessment Criteria set out in these Rules during the financial year and the remedial action taken by the Listed Entity to rectify such non-compliance/s.	The Company relies on the annual fit and proper declaration as defined in the Finance Business Act Direction No.06 of 2021 on Assessment of Fitness and Propriety of Key Responsible Persons. Further the Board has appointed Directors in accordance with the policy on the nomination, election, and appointment of Directors and other key responsible persons, which aligns with the Finance Business Act (Assessment of Fitness and Propriety of Key Responsible Persons) Direction. No such instances recorded during the year under review.

CORPORATE GOVERNANCE

RULE NO.	REQUIREMENT	STATUS OF COMPLIANCE
9.8	**BOARD COMPOSITION**	
9.8.1	The Board of Directors of a Listed Entity shall, at a minimum, consist of five (05) Directors.	As at 31st March 2025, the Board consists of nine (9) Directors, in compliance with the applicable statutory requirements. 1. Mr. G.B Egodage (NI/NED appointed as the Chairman w.e.f 17.11.2022) 2. Mr. L.L.S. Wickramasinghe (IND/NED Senior Director) 3. Ms.T. M. L. Paktsun (IND/NED Resigned w.e.f 24.02.2025) 4. Ms.G.A.M. Edwards (IND/NED) 5. Mr. F.A.P.L. Solbani (NI/NED) 6. Mr.W. D. Barnabas (IND/NED Retired w.e.f 03.05.2025) 7. Dr.(Ms) J.P Kuruppu (IND/NED) 8. Mr. R.S.Egodage (ED) /CEO 9. Mr. R.C. Chitty (ED) 10. Mrs. G.R. Egodage (ED)
9.8.2	Minimum Number of Independent Directors (a) The Board of Directors of Listed Entities shall include at least two (2) Independent Directors or such number equivalent to one-third (1/3) of the total number of Directors of the Listed Entity at any given time, whichever is higher. (b) Any change occurring to this ratio shall be rectified within ninety (90) days from the date of the change.	As at the end of the reporting period, there were four (4) Independent Non-Executive Directors on the Board. Ms. T.M. Paktsum, an Independent Non-Executive Director, resigned from the Board with effective from 24th February 2025 with the approval of the Central Bank of Sri Lanka (CBSL).
9.8.3 9.8.4	Criteria for determining independence Criteria for determining independence for the purpose of rule 9.8.3 The Company determines the independence of Directors by considering the criteria set out in the revised CSE Listing Rules, Direction No. 5 of 2021 on Corporate Governance issued under the Finance Business Act by the CBSL and the Code of Best Practice on Corporate Governance issued by CA Sri Lanka (2023).	The Company has obtained a declaration from the directors as specified in appendix 9A to ensure their independence.
9.8.5.	The Board of Directors of Listed Entities shall require: (a) Each Independent Director to submit a signed and dated declaration annually of his or her "Independence" or "Non-Independence" against the criteria specified herein and in the format in Appendix 9A, containing at a minimum the content prescribed therein. (b) Make an annual determination as to the "Independence" or "Non-Independence" of each Independent Director based on the Directors` declaration and other information available to it and shall set out the names of Directors determined to be 'Independent' in the Annual Report.	The Company has obtained a declaration from the directors as specified in appendix 9A to ensure their independence.
	(c) If the Board of Directors determines that the independence of an Independent Director has been impaired against any of the criteria set out in Rule 9.8.3, it shall make an immediate Market Announcement thereof.	No such instances occurred during the year under review.
9.9	**ALTERNATE DIRECTORS**	There are no Alternate Directors in the Board during the financial year
9.10	**DISCLOSURES RELATING TO DIRECTORS**	
9.10.1	Listed Entities shall disclose its policy on the maximum number of directorships it's Board members shall be permitted to hold in the manner specified in Rule 9.5.1. In the event such number is exceeded by a Director(s), the Entity shall provide an explanation for such non-compliance in the manner specified in Rule 9.5.2 above.	The Company has complied with the requirement and has implemented a Board-approved Policy on the Composition, Independence, and Capacity Building of the Board of Directors.

RULE NO.	REQUIREMENT	STATUS OF COMPLIANCE
9.10.2	Listed Entities shall, upon the appointment of a new Director to its Board, make an immediate Market Announcement setting out the following; i. a brief resume of such Director; ii. his/her capacity of directorship; and, iii. Statement by the Entity indicating whether such appointment has been reviewed by the Nominations and Governance Committee of the Entity.	No such matters occurred during the year under review.
9.10.3	Listed Entities shall make an immediate Market Announcement regarding any changes to the composition of the; i. Board of Directors, and ii. Board Committees referred to in Rule 9.3 above. The announcement shall, at a minimum, contain the details of changes including, appointments, resignations and the capacity of directorship with the effective date thereof.	The Company confirms its compliance with Rule No. 9.10.3 of the Listing Rules, having made three disclosures during the financial year as follows: ■ In accordance with Listing Rule No. 9.3.3, the Chairperson of the Board stepped down from the position of Chairperson of the Board Human Resources and Remuneration Committee (BHRRC). Ms. G.A.M. Edwards, an Independent Director, was appointed as the new Chairperson of the BHRRC, and this was disclosed on 1st October 2024. ■ On 10th March 2025, a disclosure was made regarding the resignation of Ms. T.M. Paktsum, an Independent Director.
		■ Following her resignation, the compositions of all sub-committees were restructured, and two new Chairpersons were appointed for the Board Audit Committee (BAC) and the Board Related Party Transactions Review Committee (BRPTRC). A disclosure detailing these appointments was made on 3rd March 2025.
9.10.4	Details relating to Directors in the Annual Report	Directors details are given in the annual report director's profile section on the Annual Report.
9.11	**NOMINATIONS AND GOVERNANCE COMMITTEE**	The Board Nomination Committee (BNC) has renamed as the Board Nomination and Governance Committee (BNGC) on 23rd September 2024.The BNGC handle nomination and governance-related matters. A Board-approved Charter for the committee is available, defining its scope, roles, responsibilities, and other pertinent details.
9.11.1	Availability of Nomination and Governance committee	BNGC complied with the requirements set out in rule 9.11 of listing rules. Refer Board Nomination and Governance Committee report on this annual report.

CORPORATE GOVERNANCE

RULE NO.	REQUIREMENT	STATUS OF COMPLIANCE
9.11.2	Board appointments through Nomination and Governance Committee	A Board-approved policy is in place to ensure a formal and transparent process for the appointment of new Directors and their re-election to the Board through the Board Nominations and Governance Committee (BNGC).
9.11.3	Terms of reference of Nominations and Governance Committee	A Charter for the Board Nomination and Governance Committee is available, defining its scope, roles, responsibilities, and other pertinent details.
9.11.4	Composition	
	(1) The members of the Nomination Committee shall; (a) Comprise of a minimum of three (03) Directors of the Listed Entity, out of which a minimum of two (02) members shall be Independent Directors of the Listed Entity. (b) Not comprise of Executive Directors of the Listed Entity. (2) An Independent Director shall be appointed as the Chairperson of the Nominations and Governance Committee by the Board of Directors. (3) The Chairperson and the members of the Nominations and Governance Committee shall be identified in the Annual Report of the Listed Entity.	The Committee is comprised of two Independent Non-Executive Directors and one Non-Executive Director. Mr. L.L.S. Wickramasinghe, who serves as the Senior Independent Director of the Board (Independent and Non-Executive Director), chairs the Committee. The Composition of the BNGC has changed and appointed new Independent Director Ms. G.A.M. Edwards from 26.02.2025 with the resignation of Ms. T.M.L. Paktsun (IND). Refer Board Nomination and Governance Committee report in this annual report.
9.11.5	Functions of the Board Nomination and Governance Committee	Refer Board Nomination and Governance Committee report in this annual report.
9.11.6	Disclosure in Annual Report	Refer Board Nomination and Governance Committee report in this annual report.
9.12	**REMUNERATION COMMITTEE**	
9.12.1	For the purposes of Rule 9.12, the term "remuneration" shall make reference to cash and all non-cash benefits whatsoever received.	The Board Human Resources and Remuneration Committee is in place in compliance with the applicable requirement.
9.12.2	Listed Entities shall have a Remuneration Committee that conforms to the requirements set out in Rule 9.12 of these Rules.	
9.12.3	The Remuneration Committee shall establish and maintain a formal and transparent procedure for developing policy on Executive Directors' remuneration and for fixing the remuneration packages of Individual Directors. No Director shall be involved in fixing his/her own remuneration.	A Board-approved remuneration policy is in place to ensure a formal and transparent process for setting remuneration and to comply with the relevant requirements.
9.12.4	Remuneration for Non-Executive Directors should be based on a policy which adopts the principle of non-discriminatory pay practices among them to ensure that their independence is not impaired.	A separate Board-approved Remuneration Policy for Non-Executive directors is in place to comply with the relevant requirements.
9.12.5	Remuneration Committee shall have a written term of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings.	A Charter for the Board Human Resource and Remuneration Committee is available, defining its scope, roles, responsibilities, and other pertinent details.

RULE NO.	REQUIREMENT	STATUS OF COMPLIANCE
9.12.6	Composition (1) The members of the Remuneration Committee shall; (a) Comprise of a minimum of three (03) Directors of the Listed Entity, out of which a minimum of two (02) members shall be Independent Directors of the Listed Entity. (b) Not comprise of Executive Directors of the Listed Entity. (2) In a situation where both the parent Company and the subsidiary are 'Listed Entities', the Remuneration Committee of the parent Company may be permitted to function as the Remuneration Committee of the subsidiary. (3) An Independent Director shall be appointed as the Chairperson of the Remuneration Committee by the Board of Directors.	The Committee comprises two Independent Non-Executive Directors and one Non-Executive Director. The Committee chaired by Ms. G.A.M. Edwards from 26.02.2025, (Independent Non-Executive Directors). The profile of the Chairperson is provided in this Annual Report.
9.12.7	Functions (1) The Remuneration Committee shall recommend the remuneration payable to the Executive Directors and CEO of the Listed Entity and/or equivalent position thereof to the Board of the Listed Entity which will make the final determination upon consideration of such recommendations. (2) The Remuneration Committee may engage any external consultant or expertise that may be considered necessary to ascertain or assess the relevance of the remuneration levels applicable to Directors and CEO.	The Remuneration Policy of the Company, encompassing salaries, allowances, and other financial benefits related to the Executive Directors , CEO and senior management, is determined by the Board Human Resource and Remuneration Committee (BHRRC).
9.12.8	Disclosure in Annual Report (a) Names of the Chairperson and members of the Remuneration Committee and the nature of directorships held by such members; (b) A statement regarding the remuneration policy; and, (c) The aggregate remuneration of the Executive and Non-Executive Directors.	The report of Board Human Resource and Remuneration Committee (BHRRC) is given in the Annual Report.
9.13	**AUDIT COMMITTEE**	
9.13.1	Where Listed Entities do not maintain separate Committees to perform the Audit and Risk Functions, the Audit Committee of such Listed Entities shall additionally perform the Risk Functions set out in Rule 9.13 of these Rules.	The Company currently operates two separate committees: a Board Audit Committee (BAC) and a Board Integrated Risk Management Committee (BIRMC).
9.13.2	The Audit Committee shall have a written terms of reference clearly defining its scope, authority and duties.	A Board-approved Charter is in place, defining the scope, authority, and duties.
9.13.3	Composition of the Board Audit Committee	The Committee is comprised of two Independent Non-Executive Directors and one Non-Executive Director. Mr. L.L.S. Wickramasinghe chairs the Board Audit Committee from 26.02.2025, who serves as the Senior Independent Director of the Board (Independent and Non-Executive Director). Majority members are Independent directors with necessary qualifications and experience relevant to the scope of the BAC The profile of the Chairperson is provided in this Annual Report.

CORPORATE GOVERNANCE

RULE NO.	REQUIREMENT	STATUS OF COMPLIANCE
9.13.4	Functions (1) The functions of the Audit Committee shall include the following: (i) Oversee the Entity's compliance with financial reporting requirements, information requirements under these Rules, the Companies Act and the SEC Act and other relevant financial reporting related regulations and requirements. (ii) Review the quarterly results and year-end financial statements of the Entity prior to tabling for the approval of the Board of Directors of the Entity with special reference to: (a) Changes in or implementation of major accounting policy changes; (b) Significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed; (c) Compliance with accounting standards and other legal requirements; (d) Any related party transaction and conflict of interest situation that may arise within the Listed Entity or group including any transaction, procedure or course of conduct that raises questions of management integrity; (e) Any letter of resignation from the external auditors of the Listed Entity; and, (f) Whether there is reason (supported by grounds) to believe that the Listed Entity's external auditor is not suitable for re-appointment	BAC ensures the compliance to laws and regulations through Internal Audit activities conducted by Internal Audit Department. Requirements are already incorporated into the BAC Charter.
	(iii) To make recommendations to the Board pertaining to appointment, reappointment and removal of external auditors and to approve the remuneration and terms of engagement of the external auditors.	The BAC has a process in place to review the financial information of the Company, aiming to monitor the integrity of its financial statements, annual report, quarterly accounts, and other periodical reports prepared for disclosure, along with the significant financial reporting judgments therein. Before making a recommendation for the Board's approval, a thorough discussion is held with an emphasis on critical areas, modifications to accounting procedures, important audit findings in the Financial Statements, and adherence to pertinent laws and standards.
	(iv) Obtain and review assurance received from: (a) The CEO and the CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the Entity's operations and finances; and (b) The CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the Entity's risk management and internal control systems.	
	(v) Review the internal controls in place to prevent the leakage of material information to unauthorized persons.	Currently this aspect is addressed by the BAC
	(vi) Oversee the processes to ensure that the Entity's internal controls and risk management are adequate to meet the requirements of the Sri Lanka Auditing Standards.	Complied with the requirements
	(vii) Review and assess the Company's risk management process, including the adequacy of the overall control environment and controls in areas of significant risks and updated business continuity plans.	Complied with the requirements through BIRMC
	(viii) Review the risk policies adopted by the Entity on an annual basis.	Complied with the requirements through BIRMC
	(ix) Take prompt corrective action to mitigate the effects of specific risks in the case such risks are at levels beyond the prudent levels decided by the committee on the basis of the Listed Entity's policies and regulatory requirements.	Complied with the requirements through both BIRMC and BAC

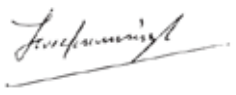
RULE NO.	REQUIREMENT	STATUS OF COMPLIANCE
	(x) Review the scope and results of the internal and external audit and its effectiveness, and the independence, performance and objectivity of the auditors.	The Board Audit Committee and the Board Integrated Risk Management Committee execute their respective tasks as defined in their charters.
	(xi) To develop and implement policy on the engagement of the external auditor to supply non-audit services, at minimum taking into account relevant ethical guidance regarding the provision of non-audit services by an external audit firm; and to report to the Board identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps ought to be taken.	
	(xii) if a change of auditor is recommended by the Audit Committee in circumstances where the audit opinion of the immediately disclosed financial period or any period where subsequent disclosure of audit opinion is pending and such opinion carries a modification or an emphasis of matter of going concern, then the Audit Committee report shall include the rationale of the Audit Committee for recommending the removal of the auditor.	
	(xiii) Where the Audit Committee is of the view that a matter reported by it to the Board of Directors of a Listed Entity has not been satisfactorily resolved resulting in a breach of these Requirements, the Audit Committee shall promptly report such matter to the Exchange.	
	(2) Where Listed Entities maintain two (02) separate Committees to carry out the Audit and Risk functions, the terms of reference of such Committees shall, at a minimum, include the respective functions stipulated in Rule 9.13.4 (1) above.	
9.13.5	Disclosures in Annual Report	
	(1) The Audit Committee shall also prepare an Audit Committee Report which shall be included in the Annual Report of the Listed Entity. The Audit Committee Report shall set out the manner in which the Entity has complied with the requirements applicable to the Audit Committee during the period for which the Annual Report relates. (2) The Audit Committee Report shall contain the following disclosures: (a) the names of the Chairperson and the members of the Audit Committee, and the nature of directorships held by such members (or persons in the parent Company's committee in the case of a group Company); (b) the status of risk management and internal control of the Listed Entity and as a Group (where applicable). (c) A statement that it has received assurance from the CEO and the CFO of the Entity's operations and finances. (d) An opinion on the compliance with financial reporting requirements, information requirements under these Rules, the Companies Act and the SEC Act and other relevant financial reporting related regulations and requirements. (e) whether the listed entity has a formal Audit Charter (f) the manner in which internal audit assurance is achieved and a summary of the work of the internal audit function; (g) Details demonstrating the effective discharge of its functions and duties for that financial year of the Listed Entity; (h) a statement confirming that written assurance was obtained from the external auditors approved by the SEC, confirming that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements; and	The Report of the Board Audit Committee and BIRMC is given in this Annual Report. Further refer the CEO's & CFO's responsibility statement in this Annual Report.

CORPORATE GOVERNANCE

RULE NO.	REQUIREMENT	STATUS OF COMPLIANCE
	(i) a statement confirming that the Audit Committee has made a determination of the independence of auditors and the basis of such determination. It shall also contain details on the number of years that the external auditor and the audit partner were engaged. If the external auditor provides non-audit services, explanations must be made of How auditor objectivity and independence are safeguarded taking into consideration fees paid for non-audit services provided by the external Auditor and affiliated parties.	
9.14	**RELATED PARTY TRANSACTIONS REVIEW COMMITTEE**	
9.14.1	Listed Entities shall have a Related Party Transactions Review Committee that conforms to the requirements set out in Rule 9.14 of these Rules.	The Company has established its own Related Party Transactions Review Committee (BRPTRC) BRPTRC comprises a total of three Non-Executive Directors, out of which majority is an Independent Directors. The Chairperson is an Independent Director. The committee Chaired by Ms. G.A.M. Edwrads from the 26.02.2025 with the resignation of the Ms T.M Paktusun the former chairperson of the committee from the Board.
9.14.2	Composition	
9.14.3	Functions	
9.14.4/ 9.14.5	General Requirements and Related Party Transactions Review Committee and Review of Related Party Transactions by the Related Party Transactions Review Committee	The committee convened 8 times a year as follows ▪ 07th May 2024 ▪ 31st July 2024 ▪ 07th August 2024 ▪ 07th November 2024 ▪ 25th November 2024 ▪ 31st December 2024 ▪ 07th February 2025 ▪ 26th February 2025 The BRPTRC members has the knowledge and experience to evaluate every facet of suggested related party transactions. When necessary, the committee should consult a suitably qualified individual to acquire professional and expert opinion. Please refer to the BRPTRC report included of this annual report.
9.14.6	Shareholder Approval	The procedure outlined in section 9.14.6 (1) of the listing rules for obtaining shareholder approval through a special resolution for RPTs is in place. No transactions occurred that needed to be immediately disclosed to the market in accordance with section 9.14.7 of the listing rules.
9.14.7	The Company shall make an immediate Market Announcement to the CSE for Related Party Transactions listed in Section 9.14.7 (a) and (b)	None

RULE NO.	REQUIREMENT	STATUS OF COMPLIANCE
9.14.8	Disclosures in the Annual Report	There were no non recurrent related party transactions which exceed 10% of the equity or 5% of the total assets of the Company whichever is lower which required to be disclosed in the annual report as required by section 9.14.8 of the listing rules. Refer the RPT Note No. 52 of the Financial Statements in this annual report. There were no recurrent related party transactions which exceed aggregate value 10% of gross revenue/income or 5% of the total assets of the Company whichever is lower which required to be disclosed in the annual report as required by section 9.14.8 of the listing rules. Refer the BRPTRC on this annual report.
9.14.9	Acquisition and disposal of Assets from / to Related Parties	None
9.14.10	Exempted Related Party Transactions	Complied
9.16	**ADDITIONAL DISCLOSURES**	
	(1) They have declared all material interests in contracts involving in the Entity and whether they have refrained from voting on matters in which they were materially interested; (2) They have conducted a review of the Internal controls covering Financial , operational and compliance controls and risk management and have obtained reasonable assurance of their effectiveness.	Directors' interest register and Directors' interest in contracts or proposed contracts is being maintained as required by the Companies Act. Refer annual report of the board of directors on the affairs of the company and Report on directors' statement on internal control
	(3) they made arrangements to make themselves aware of applicable laws, rules and regulations and are aware of changes particularly to Listing Rules and applicable capital market provisions;	Given in the Annual Report of the board of Directors on the affairs of the company in this Annual Report. Further, this has address in the Corporate Governance Report in this Annual Report. Furthermore, the Board has adopted the policy on "Composition, Independence, and Capacity Building of the Board of Directors. Any training programs relevant to the Board are communicated to the Board by the Company Secretary for the Directors' participation
	(4) disclosure of relevant areas of any material non-compliance with law or regulation and any fines, which are material, imposed by any government or regulatory authority in any jurisdiction where the Entity has operations	None
9.17	**ENFORCEMENT PROCEDURE FOR NON-COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS.**	None

On behalf of the Board Nomination and Governance Committee



L.L.S. Wickramasinghe
Chairperson Board Nomination and Governance Committee
29th August 2025, Colombo

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

The Board of Directors hereby submits to the shareholders the annual report concerning the affairs of the company for the year ended on 31st March, 2025. This report provides information in accordance with the provisions of the Companies Act No. 7 of 2007 (the "Companies Act"), as well as other disclosures mandated by the Listing Rules of the Colombo Stock Exchange (the "Listing Rules").

PRINCIPAL ACTIVITIES

The principal activities of Commercial Credit and Finance PLC (the "Company") are accepting deposits, granting of leasing facilities, hire purchase facilities, personal loans, micro finance loans, gold loans and other credit facilities.

CHANGES TO THE NATURE OF BUSINESS

There were no significant changes to the principle activities of the Company during the financial year ended 31st March, 2025.

FINANCIAL STATEMENTS

The financial statements for the year ended 31st March, 2025 are set out in this annual report.

DIRECTOR'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors are responsible for preparing and presenting the financial statements, as set out in this annual report. The financial statements have been prepared in conformity with the Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka and are in compliance with the requirements of the Companies Act.

The directors are of the view that the financial statements give a true and fair view of the state of affairs of the Company and of the profit for the year then ended.

MATERIAL ACCOUNTING POLICIES

The material accounting policies adopted in the preparation of the financial statements are given on pages 137 to 152. The Directors consider that, in preparing these financial statements, suitable accounting policies have been used which are applied consistently and supported by reasonable and prudent judgment and that all applicable accounting standards have been followed. The financial statements are prepared on a Going Concern basis.

CORPORATE GOVERNANCE

The Board ensures that the Company's corporate governance framework remains robust and relevant. The corporate governance practices within the Company are set out in pages 54 to 105 of this report

DIRECTORS

The names and the profiles of the directors as who held office during the year are set out on Pages 15 to 18.

RELATED PARTY TRANSACTIONS

The Related Party Transaction Review Committee considers all transactions that require approval, in line with the Company's Related Party Transaction Policy and in compliance with section 9 of the Listing Rules, Sri Lanka Accounting Standard and the Directions issued by the Central Bank of Sri Lanka and are disclosed in Note 53 to the financial statements.

Further, the directors have abstained from voting on matters, if any, in which they were materially interested as related parties.

Biannual declarations from the Board of Directors are collected as affirmative statements confirming compliance with the Listing Rules of the Colombo Stock Exchange pertaining to Related Party Transactions, or as negative statements.

INTEREST REGISTER

An interest register is being maintained as required by the Companies Act.

DIRECTORS' SHAREHOLDING

The shares held by the directors at the beginning and at the end of the financial year were as follows. (The Articles of Association of the Company do not stipulate a share qualification for directors):

NAME OF DIRECTOR	AS AT 31ST MARCH 2024	AS AT 31ST MARCH 2025
G.B. Egodage	Nil	Nil
R.S. Egodage	Nil	Nil
G.R. Egodage	Nil	Nil
P.S.R. Casie Chitty	429,808	429,808
L.S. Wickremasinghe	Nil	Nil
T.M.L. Paktsun (resigned on 24.02.2025)	Nil	Nil
G.A.M. Edwards	Nil	Nil
F. Solbani	Nil	Nil
W. D. Barnabas (Retired w.e.f. 3rd May 2025)	Nil	Nil
J.P.Kuruppu (appointed on 01.08.2023)	Nil	Nil

There are no Company debentures held by the directors

PROPERTY, PLANT & EQUIPMENT

The details of the property, plant & equipment of the Company, additions during the year and the depreciation charges for the year are shown in Note No. 20 to the financial statements. The directors consider the market value of the property, plant & equipment as at 31st March, 2025 not to be significantly different to the amounts disclosed.

STATED CAPITAL

The stated capital of the Company remains at LKR 2,150,640,315/ consisting of 318,074,365 Ordinary (Voting) Shares. The shares of the Company are listed on the Colombo Stock Exchange (CSE).

EQUITABLE TREATMENT FOR STAKEHOLDERS

The Directors declare that the Company made endeavors to ensure the fair treatment for all Stake holders including shareholders and depositors.

GOING CONCERN

The Board of Directors is satisfied that the Company can continue its operations in the foreseeable future.

SHAREHOLDERS

The total shareholder base of the Company as at 31st March, 2025 was 4,293. The distribution of the shareholding and a list of the 20 major shareholders are given under Investor Information in page 242 of this report.

STATUTORY PAYMENTS

The directors, to the best of their knowledge and belief are satisfied that all statutory payments had been made up to date.

DONATIONS

During the year the Company has made LKR 1,616,407as charitable contributions (2024 LKR 832,308/)

DIRECTOR'S FEES & EMOLUMENTS

Directors' fees and emoluments for the financial year ended 31st March, 2025, was LKR 16,850,000 (2024 LKR 13,940,997).

COMPLIANCE

We certify that the Company complies with the prudential requirements, regulations, laws and internal controls and are taking measures to rectify any non-compliance. Further, we declare that the Company has not engaged in any activity which contravenes laws and regulations.

AUDITORS

The financial statements for the period under review have been audited by KPMG, Chartered Accountants and the audit report is set out in pages 126 to 129 of this report.

The audit & audit related fees and non-audit fees payable to KPMG for the year under review amounted to LKR 7,150,000/ and LKR 4,470,000/ respectively.

As far as the directors are aware, the auditors do not have any relationship other than that of an auditor with the Company or any of its subsidiaries.

A resolution appointing M/s KPMG Chartered Accountants as the auditors of the Company for the Financial Year 2025/26 and authorizing the directors to determine their remuneration will be proposed at the annual general meeting.

By Order of the Board.



Shashika Naguruge
Company Secretary



G.B.Egodage
Chairman



R. S. Egodage
Executive Director/ Chief Executive Officer

29th August 2025
Colombo

REPORT OF THE BOARD AUDIT COMMITTEE

The Board audit Committee (BAC) exercises oversight on behalf of the Board in discharging its responsibilities over financial reporting, internal audit, internal controls and external audit. The Board approved Charter for the BAC clearly defines the Terms of Reference of the Committee and regulates the composition, role and responsibilities of the BAC. The BAC Charter is subjected to a review periodically and was last reviewed and approved by the Board on 28/03/2024.

The Committee assessed the Company's compliance with financial reporting and disclosure requirements under the Companies Act No. 7 of 2007, the Finance Business Act No. 42 of 2011, the Listing Rules issued by the Colombo Stock Exchange (CSE), and other applicable financial reporting regulations and frameworks, including Sri Lanka Accounting Standards (SLFRS/LKAS).

COMPOSITION OF THE COMMITTEE

The Committee comprises of three Non-Executive Directors, the majority of whom are Independent. Mr. L. L. S. Wickramasinghe, an Independent Non-Executive Director, has served as Chairperson since 26/02/2025, while the other members are Ms. G. A. M. Edwards, an Independent Non-Executive Director, and Mr. G. B. Egodage, a Non-Executive Director.

The former Chairperson, Ms. T. M. L. Paktsun, an Independent Director, resigned from her position with effect from 24/02/2025. Following her resignation, Ms. G. A. M. Edwards was appointed to the Committee as an Independent Non-Executive Director with effect from 26/02/2025.

The Chairman of the Committee is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka. Brief profiles of the Members are given on pages 15 to 18 of the Annual Report.

THE COMMITTEE IS EMPOWERED BY THE BOARD TO:

- Ensure that financial reporting systems in place are effective and well managed in order to provide accurate, appropriate and timely information to the Board, the Regulatory Authorities, the Management and other stakeholders.
- Review the adequacy and effectiveness of accounting policies, financial controls and other internal controls and the financial reporting process.
- Exercise independent oversight of the Company's external auditors and internal audit function and ensure the independence and effectiveness of both.
- Review the Company's compliance with relevant legal and regulatory requirements and accounting standards in the preparation, reporting and presentation of financial information and monitor the integrity of the Financial Statements and other reports issued by the Company in terms of disclosure requirements.

MEETINGS

The Committee held sixteen meetings Includes two meetings with the External Auditors in the absence of the Executive Directors and Management and One meeting with the internal Audit team in the absence of the Executive Directors and Management and One meeting with the Finance team in the absence of the Executive Directors and Internal Audit team during the year ended 31 March 2025 The proceedings of these meetings are reported to the Board. Details of attendance of the Committee members at these meetings are given in the table on page 57.

The Committee met during the year and in the absence of the Management, with the Chief Financial Officer and the senior finance team, to ensure the independence of the financial reporting function, the Head of Internal Audit and Senior Internal Audit staff to ensure their independence and the External Auditor twice during the year in the absence of the Management to ensure that the Auditors had the independence to discuss and express their opinion on any matter and that there was no limitation of scope in relation to the audit.

The Committee invites members of the senior management team on a need's basis to participate in the BAC meetings, including but not limited to the Head of Internal Audit, the Chief Executive Officer, the Deputy Chief Executive Officer, the Chief Operating Officer, the Chief Financial Officer, the Chief Risk Officer and the Compliance Officer. The Company's External auditors and members of the Operational Management team are also invited to participate when deemed necessary.

REPORTING TO THE BOARD

The proceedings of the Committee meetings, including sufficient detail on matters discussed, were regularly reported to the Board to support its overall oversight of financial reporting, internal controls, and the internal and external audit functions.

ACTIVITIES DURING THE YEAR

Financial Reporting, risks and internal controls

- The Committee supported the Board in its oversight of the preparation of the financial statements by ensuring the statements were prepared in accordance with the Company's accounting records and in compliance with the provisions of Sri Lanka Accounting Standards and the Companies Act No7 of 2007.
- The Committee ensured that the accounting policies and practices are appropriate and adequate internal controls and procedures were in place to provide reasonable assurance that the financial reporting system is effective and provides reliable and timely information.
- The Committee reviewed the impact of adopting new accounting standards, the accounting treatment of significant risks and uncertainties and key estimates and judgments material to the Company's financial reporting and whether disclosures made in the published financial statements were adequate and appropriate.
- The Committee satisfied itself that adequate internal controls and procedures are in place to provide reasonable assurance that the Company's assets are safeguarded.

- During the year the committee placed additional focus on prevailing macro economic challenges and its impact on the financial reporting process. The Committee also reviewed the adequacy of the impairment provision on Loans and advances and related management overlays computed to address the impact of the challenging macro economic environment.
- The committee reviewed the assurance statement from the CEO and CFO that the financial records have been properly maintained and the financial statements provide a true and fair view of the Company's finances.
- The committee obtained and reviewed the assurance received from the CEO and other Key Management Personnel who are responsible for the adequacy and effectiveness of the Company's risk management and internal control systems.
- The Committee met, in the absence of the Management, with the Chief Financial Officer and the senior finance team during the year, to ensure the independence of the financial reporting function.

INTERNAL AUDIT

- Ensured that the Internal Audit function is independent of the activities it audits and that audits are performed with impartiality, objectivity and due professional care.
- Reviewed and approved the internal audit plan for the year and evaluated its adequacy and its frequency of coverage.
- Reviewed the internal audit reports and significant findings with management responses and the status of implementation of BAC recommendation, on a regular basis.
- Evaluated the Internal Audit function covering key areas such as scope, quality of internal audits, independence and resource availability.

EXTERNAL AUDIT

- In accordance with Finance Business Direction No. 05 of 2021, the Company is mandated not to engage the services of the same External Auditor for more than ten consecutive years. Accordingly, KPMG, Chartered Accountants, were appointed as the External Auditor for the financial year ended 31 March 2025. This appointment was duly approved by the Board of Directors and subsequently ratified by the shareholders at the Annual General Meeting held on 31/07/2024.
- The Committee assisted the Board in engaging External Auditors for audit services, in compliance with regulatory provisions and recommended the reappointment of KPMG as external auditor for the year 2025/2026 for shareholder approval
- The committee evaluated the independence, objectivity and effectiveness of the audit process and obtained a statement confirming the independence in terms of the relevant professional and regulatory requirements.
- The Committee reviewed the non-audit services provided by the auditors, ensuring such assignments do not fall within the restricted services and the provision of such services and would not impair the external auditor's independence and objectivity.
- The committee reviewed the details and related fees for all Audit and Non-audit services obtained from the External Auditor to ensure that non-audit related fees do not exceed the combined fees and expenses payable for audit and audit related services and the ratio of 2:1 was maintained between audit and audit related work and non-audit fees during the year under review.
- KMPG Auditors functions as the External Auditor of the Company. The engagement of the same audit partner has not exceeded five years and has not been reengaged for the audit before the expiry of three years from the date of the completion of the previous term.
- The Committee discussed the audit plan, scope and the methodology proposed to be adopted in conducting the audit with the External Auditor prior to the commencement of the annual audit.
- The Committee discussed all relevant matters arising from the interim and final audits, together with the Management Letter and management responses thereto.
- In accordance with the Finance Business Direction No 5 of 2021, the appointment of KPMG (Chartered Accountants) as the external auditor for the year 2025/26 was recommended to the Board for shareholder approval at the forth coming Annual General Meeting to be held on 30th September 2025.

SEEK INDEPENDENT PROFESSIONAL ADVICE

The Committee has the authority to seek external professional advice on matters within its purview.

COMMITTEE EFFECTIVENESS

The Committee completed the annual evaluation process with a self-assessment during the year and concluded that the Committee continues to operate effectively.



L. L. S. Wickremasinghe

Chairperson – Board Audit Committee

29th August 2025
Colombo

REPORT OF THE BOARD HUMAN RESOURCE AND REMUNERATION COMMITTEE

The Human Resource and Remuneration Committee of the Board was appointed by the Board of Directors of the Company to provide oversight in the creation and execution of a remuneration framework that is both equitable and transparent. The Board of Directors has entrusted the Committee with the responsibility of formulating Human Resources and Remuneration Policies designed to attract, develop, and retain the talent needed to achieve the Company's objectives.

COMPOSITION OF THE COMMITTEE

The Board Human Resource and Remuneration Committee appointed by the Board of directors consists of three (3) Non-Executive Directors. The majority of whom are independent.

The Board Human Resource and Remuneration Committee was restructured with the appointment of Ms.G.A.M.Edwards, Independent Non-Executive Director, as the Chairperson of the Committee on the 1st of October 2024, a role previously held by the Chairperson of the Board. Mr. G. B. Egodage, Non-Executive Director, who stepped down from the position of Chairperson of the Committee in compliance with Listing Rule 9 of the Colombo Stock Exchange and will continue to serve as a member of the Committee.

Ms. T. M. L. Paktsun, Independent Non-Executive Director and former member of the Committee, resigned from her position with effect from 24th February 2025. Dr. J.P. Kuruppu, Independent Non-Executive Director, was appointed to the committee as a member on 26th February 2025 upon the resignation of Ms. T.M.L. Paktsun.

Brief profiles of the Members are given on pages 15 to 18 of the Annual Report.

The Committee is independent of the Management and free from any business, personnel or any other relationships that may interfere in making independent judgments.

MEETINGS

The Committee held seven (7) meetings during the year under review. The proceedings of the Committee meetings were regularly reported to the Board of Directors. The Board Human Resource and Remuneration Committee has complied with the Listing rule requirements and the committee has met on the following dates during the financial year ending 31st March 2025 as detailed below.

- 09/04/2024
- 25/06/2024
- 24/07/2024
- 12/09/2024
- 31/12/2024
- 10/01/2025
- 28/02/2025

SCOPE OF OPERATION

- The Committee operates within the Board approved Charter (TOR) which contains the role and functions of the Committee under relevant regulated statutes.
- The Committee is responsible to the Board for reviewing the remuneration of the Executive Director/Chief Executive Officer and to recommend appropriate remuneration benefits and other payments.
- The Committee established a non-discriminatory remuneration policy for all members of the Board of Directors so far as their contributions on the Board and their participation and leadership of the Board Sub-Committees are concerned. This policy will be reviewed as required.
- The Committee shall consider / evaluate the performance of the CEO against the targets and goals set and determine the basis for revising the remuneration, increments, bonuses and other performance-based incentives of the CEO.
- The Committee Periodically evaluates the performance of the Key Responsible Persons (KRPs) against set targets and goals and determine the basis for revising remuneration, benefits and other payments.
- A signed statement by the Chairman of the Committee on the matters highlighted at the meeting and included in the minutes are tabled at Board meetings as appropriate. Recommendations made by the Committee are discussed at Board meetings and the final determination based on such recommendations if any is required, is made by the Board of Directors.

EVALUATION OF THE COMMITTEE

The Committee conducted its annual self-evaluation to assess its effectiveness, and a summary of the findings was submitted to the Board for their information. A declaration by the Board of Directors affirming compliance with the SEC Code of Best Practice on Corporate Governance, the CSE Listing Rules, and the relevant Directions issued by the Central Bank of Sri Lanka applicable to Licensed Finance Companies is disclosed in the Corporate Governance section of this Annual Report.



G.A.M Edwards
Chairperson – Board Human Resource and Remuneration Committee

29th August 2025
Colombo

REPORT OF THE BOARD NOMINATION AND GOVERNANCE COMMITTEE

The Committee ensures that the Company upholds the highest standards of good governance by maintaining a structured and transparent process for the selection, appointment, and succession planning of Key Responsible Persons. Furthermore, the Committee ensures that the Company's Governance Framework together with its Corporate Governance structure, principles, policies, and practices adopted by the Board of Directors of Commercial Credit and Finance PLC enables compliance with the governance requirements of the Central Bank of Sri Lanka, the Colombo Stock Exchange, and the Securities and Exchange Commission of Sri Lanka.

COMPOSITION OF THE COMMITTEE

The Committee comprises three Non-Executive Directors, the majority of whom are Independent Directors. Mr.L.L.S.Wickremasinghe, Independent Non-Executive Director/Senior Director is the Chairperson of the Committee. Ms. G.A.M Edwards, an Independent Non-Executive Director, was appointed as a member of the Committee and assumed duties with effect from 26th February 2025, and Mr.G.B.Egodage, Non-Executive Director, are the other two members. The former member Ms. T. M. L. Paktsun, an Independent Non-Executive Director, resigned from her position with effect from 24th February 2025.

Brief profiles of the Members are given on pages 15 to 18 of the Annual Report.

The Committee is independent of the Management and free from any business, personnel or any other relationships that may interfere in making independent judgments.

The proceedings of the Committee meetings were regularly reported to the Board of Directors. The Board Nomination and Governance Committee (BNGC) has complied with the Listing Rule requirements and convened at least once every quarter, as detailed below, during the financial year ended 31st March 2025. The Committee held eleven [11] meetings during the year under review, and the attendance of the members at these meetings is presented on page 55 of this Report.

The committee has met on the following dates during the financial year ending 31st March 2025 as below;

- 17/05/2024
- 03/07/2024
- 23/09/2024
- 31/10/2024
- 25/11/2024
- 17/12/2024
- 23/01/2025
- 21/02/2025
- 26/02/2025
- 04/03/2025
- 31/03/2025

SCOPE OF OPERATION

- The Committee supports the Board in fulfilling its statutory and fiduciary responsibilities relating to the selection/ appointment of new Directors, reappointment of current Directors, selection and appointment of the CEO and the Executive Directors and senior management to ensure the highest levels of Corporate Governance in the Company and among members of the Board of Directors.
- Whilst exercising oversight with respect to the corporate governance by the Board of Directors, the Committee also considers and recommends succession arrangements from time to time for the retiring Directors, the Chief Executive Officer, Executive Directors and senior management taking into account the additional/new expertise required. The Committee regularly reviewed the structure, size, composition including gender representation and competencies (including the skills, knowledge and experience) of the Board members and made recommendations to the Board with regard to any changes.
- The Committee ensures that robust procedures, a code of ethics (Ethical teamwork), and other internal policies and guidelines are established and maintained in compliance with applicable regulatory and legal requirements.
- Reviewed and evaluated the declarations submitted by the Non-Executive Directors concerning their status of independence or Non-Independence in accordance with the Listing Rules of the Colombo Stock Exchange, as well as assessed their fitness and propriety based on the criteria outlined in the said regulations.
- Ensure that the Board of Directors of the Company comprises individuals of high caliber, possessing relevant professional qualifications, a proven track record, and extensive experience in their respective fields, thereby enabling them to perform their duties effectively.
- The fitness and propriety of the Directors and the new KRP's were considered during the year as and when required to ensure compliance with the CBSL requirements and Corporate Governance Rules of the CSE.

BOARD SUB COMMITTEES

To support the Board in fulfilling its oversight responsibilities, several sub-committees have been established. These sub-committees form an integral part of the Company's Corporate Governance Framework and regularly report to the Board with comprehensive updates on their respective activities. Each sub-committee comprises a mix of Board members and is attended by relevant Key Responsible Persons, as specified in the committee's Terms of Reference and in accordance with applicable regulatory guidelines.

COMPANY SECRETARY

The Company Secretary holds the primary responsibility for providing secretarial services to the Board of Directors and for managing shareholder meetings, in addition to performing other duties as prescribed by relevant statutes and regulations. The Company Secretary also serves as the liaison with the Registrar of Companies and other regulatory authorities, while offering guidance and advice to Board members as required.

Ms. Shashika Ruwanmali has been appointed as the Company Secretary and also serves as the Secretary to the Board sub-committees. Minutes of the meetings of the Board and its sub-committees are securely maintained under the custody of the company secretary.

REPORTING TO THE BOARD

The approved minutes of the Committee meetings are tabled at Board meetings, enabling all Board members to have access to them.

COMMITTEE EFFECTIVENESS

The Committee completed the annual evaluation process with a self-assessment in April 2025 and concluded that the Committee continues to operate effectively. The Corporate Governance requirements stipulated under the Finance Companies Direction No. 05 of 2021 and the Listing Rules of the Colombo Stock Exchange are complied and disclosed in the Corporate Governance section of the Annual report.

ANNUAL PERFORMANCE EVALUATION

The Board in compliance with Finance Business Act Direction No.05 of 2021 conducts an annual performance evaluation of the sub-committees.



L.L.S. Wickremasinghe
Chairperson Board Nomination & Governance Committee

Colombo, 29th August 2025

REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The Board Related Party Transactions Review Committee (the Committee) of the Company was established as a Board Sub Committee on 22nd September 2015. The scope of the committee is to ensure compliance with the rules set out in the Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka.

COMPOSITION OF THE COMMITTEE

The Committee, appointed by the Board of Directors, consists of three Non-Executive Directors the majority of whom are independent. Ms. G.A.M Edwards, an Independent Director, was appointed as a member of the Committee and assumed duties as Chairperson with effect from 26th February 2025. The other two members of the Committee are Mr. L. L. S. Wickremasinghe and Mr. G. B. Egodage.

The former Chairperson, Ms. T. M. L. Paktsun, an Independent Director, resigned from her position with effect from 24th February 2025.

Brief profiles of the Directors representing the Committee are given on pages 15 to 18

THE CHARTER (TERMS OF REFERENCE)

The Committee operates within the framework of its Charter and the Related Party Transactions (RPT) Procedure, as approved by the Board of Directors. The Charter sets out the guidelines and responsibilities for the identification, review, approval, and reporting of Related Party Transactions, excluding transactions that are exempted under applicable regulations and internal policies.

MEETINGS

The Committee held eight (8) meetings during the year under review. The proceedings of the Committee meetings were regularly reported to the Board of Directors. The Board Related Party Transaction Review Committee has complied with the requirements of the Listing Rules and the committee has met on the following dates during the financial year ending 31 March 2025, as detailed below

- 07 May 2024
- 31 July 2024
- 07 August 2024
- 07 November 2024
- 25 November 2024
- 31 December 2024
- 07 February 2025
- 26 February 2025

PURPOSE OF THE COMMITTEE

The Committee was formed to assist the Board in reviewing all related party transactions carried out by the company and is governed by a Charter approved by the Board of Directors.

THE MANDATE OF THE COMMITTEE INCLUDES

- Reviewing to evaluate and consider all transactions with related parties (except those expressly exempted by Listing Rule 9.14.10 of the CSE) in order to ensure that transactions with related parties are on normal commercial terms and not better than the best terms afforded to other non-related parties.
- Determining whether Related Party Transactions that are to be entered into by the company, require Board or shareholder approval
- Establishing guidelines for recurrent related party transactions for senior management to follow in its ongoing dealings with the related parties
- Ensuring immediate market disclosures and disclosures in the Annual Report as required by rules /regulations are made on a timely manner.

SCOPE OF OPERATION

- The committee has ensured that a company has the necessary processes to identify, review and disclose Related Party transactions.
- The monitoring of the system in place to capture information on Related Party Transactions and to ascertain that these transactions and dealings are in strict conformity with Statutory and Regulatory requirements the Company is obliged to adhere to.
- The monitoring of the system in place to obtain a comprehensive list of Related Parties based on latest available declarations by Directors and Key Responsible Persons.
- The Committee shall identify and report all recurrent and non-recurrent related party transactions as required in Section 9.14.6 of CSE Rules for shareholder approval as necessary.
- The Committee shall identify related party transactions that require immediate disclosures, in terms of Section 9.14.7 of CSE Rules, and ensure that required disclosures are made by the Company Secretary to CSE.
- Committee undertakes the review of quarterly reports concerning related party transactions. As part of its oversight responsibilities, the Committee conducts a comparative analysis of these transactions against established benchmark criteria for non-related party transactions. This ensures that related parties are not accorded more favorable or preferential treatment compared to other parties. By following this formal review process, the Committee maintains transparency, fairness, and compliance with relevant regulatory standards governing related party transactions.
- The company had collected the biannual declaration from the Board of directors and KRP's affirmative statement of the compliance with these Rules pertaining to Related Party Transactions or a negative statement.
- The Committee shall adopt an acceptable process to ensure that conflicts of interest situations are avoided, in exercising the review function.

The Committee has the right of access as well as the right to call for clarifications and explanations from the Management and Auditors on any related matter.

RELATED PARTY TRANSACTIONS DURING THE PERIOD

Details of Related Party Transactions are disclosed under Note No. 53 to the financial statements in this Annual Report. The committee has reviewed the related party transactions during the financial year and has communicated the comments/ observations to the Board of Directors in the report by RPTRC

REPORTING TO THE BOARD

The approved minutes of the Committee meetings are regularly submitted to the Board of Directors to keep them informed and to obtain their guidance and strategic direction, where necessary.

COMMITTEE EFFECTIVENESS

The Committee completed its annual evaluation process through a self-assessment in March 2025 and concluded that it operates effectively. A declaration by the Board of Directors affirming compliance with the SEC Code of Best Practice on Corporate Governance, the CSE Listing Rules, and the relevant Directions issued by the Central Bank of Sri Lanka applicable to Licensed Finance Companies is disclosed in the Corporate Governance section of this Annual Report



G.A.M Edwards
Chairperson-Related Party Transactions Review Committee

29th August 2025
Colombo

REPORT OF THE BOARD INTEGRATED RISK MANAGEMENT COMMITTEE

The Board's Integrated Risk Management Committee (BIRMC) has been established by the Board of Directors in compliance with the corporate governance for licensed non-bank financial institutions in Sri Lanka, issued by the Monitory Board of the Central Bank of Sri Lanka (CBSL), CSE Listing Rules and relevant SEC regulations. The composition and the scope of work of the committee are in line with the same, as set out in the BIRMC charter, and clearly sets out the membership, authority, duties and responsibilities of the committee.

The BIRMC assists the Board of Directors in fulfilling its responsibilities for overseeing the Company's risk management framework and activities, including the review of major risk exposures and the steps taken to monitor and control those exposures pertaining to the numerous risks faced by the Company in its business operations. The Corporate Management is responsible for identifying relevant risks and notifying the BIRMC. Duties of the BIRMC include determining the adequacy and effectiveness of such measures taken, and to ensure that the actual overall risk profile of the Company conforms to the desirable risk appetite of the Company, as approved by the Board.

COMPOSITION OF THE COMMITTEE

The BIRMC is made up of four Independent Non-Executive Directors and One Non-Executive Director. Chief Executive Officer, an Executive Director and Members of the Corporate Management supervising broad risk categories are invitees of the meeting.

During the year under review the BIRMC was made up of the following:

- Mr. L. L.S. Wickremasinghe Independent Non-Executive Director – Chairman
- Ms.T. M. L. Paktsun Independent Non-Executive Director (Resigned w.e.f 24th Feb 2025)
- Mr. G. B. Egodage Non-Executive Director
- Ms. G. Edwards Independent Non-Executive Director
- Mr. W. D. Barnabas Independent Non-Executive Director (Retired w.e.f. 3rd May 2025)
- Dr. (Mrs.) J. P. Kuruppu Independent Non-Executive Director (Appointed to the committee w.e.f 27th Nov 2024)

Brief Profiles of the Directors are given in the Board of Directors section.

MEETINGS

Eleven (11) Meetings of the BIRMC were held during the period under review and attendance of the Directors at these meetings is given in this Annual Report. All key risks such as credit, operational, market, liquidity, information technology, strategic, etc. are assessed by the BIRMC regularly through a set of defined risk indicators. The Committee works very closely with the Key Responsible Personnel and the Board in fulfilling its statutory, fiduciary, and regulatory responsibilities for risk management. The risk profile of the Company is communicated to the Board of Directors periodically through the Risk Assessment Report submitted to the Board following each BIRMC meeting. A self-assessment of the effectiveness of the BIRMC was made by the members of the committee and the assessment was conveyed to the Board of Directors.

ACTIVITIES IN 2024/2025

In discharging the above duties and responsibilities vested on the BIRMC, the Committee reviewed significant risks during the year. The activities carried out by the Committee are detailed below

- Main focus area for the year 2024/2025 was on the deteriorated credit quality level of the industry amidst socio-economic challenges that the country is facing. Deliberations on sectors affected and the factors that are within the control of the Company to mitigate the associated risks were given due consideration with a view to arresting the deterioration of credit quality.
- Excess liquidity arising out of mediocre credit growth, challenges stemming from decreasing interest rates attracted the attention of the Committee in most of the deliberations leading to formulation of strategies by the Management.
- Amidst the heightened cyber threats in the environment, the BIRMC focused on the progress of the key information security of the Company which is included in data leakage prevention policy implementation.
- Reviewed periodic reports from the Management on the metrics used to measure, monitor and manage risks, including acceptable and appropriate levels of risk exposures.
- Improvements were recommended to the Company's risk management framework and related policies and procedures as deemed suitable.
- Reviewed and revised the Terms of Reference of all Management Committees dealing with specific risks or some aspects of risk, such as Asset and Liability Management Committee and Executive Credit Committee. Actions initiated by the Senior Management were monitored periodically to verify the effectiveness of the measures taken by these respective Committee.
- Assessed the compliance function to ascertain the Company's compliance with laws, regulations, directions, rules, regulatory guidelines, internal controls and approved policies on all areas of business Operations.
- Conducted stress testing to evaluate the potential effects of earnings, capital levels and liquidity, ensuring a comprehensive and forward-looking risk assessment.
- Assessed the impact of changes in interest yields, gross loan portfolio, cost of funds, impairment charges and other key parameters by using a range of additional stress tests.

- Actions were taken to mitigate enhanced Cyber Risk and data leakage prevention by conducting periodic internal and external vulnerability assessments, timely patch upgrades/ update databases, applications, middleware and operating systems, strengthening the security measures.
- Assessed contracts that have been granted moratoriums and due skips, and advised management on identifying and classifying contracts as non-performing loans (NPLs) under potential risk.
- Monitored collections from the lending portfolio, with particular focus on contracts granted a due skips, and provided management with recommendations for proactive actions to reduce NPL levels.
- The Company's Risk Appetite limits were reviewed based on the strategic plan of the Company.
- Involvement in the development of an Early Warning System to management for proactively accessing information regarding potential risks of the Company.
- The Company's Credit Risk Management framework was further strengthened with the recent review and implementation of credit delegation authority levels of the Company.

On behalf of the Board Integrated Risk Management Committee,



Lasantha Wickremasinghe

Chairperson – Board Integrated Risk Management Committee

29th August 2025

CEO'S & CFO'S RESPONSIBILITY STATEMENT

The Financial Statements of the Commercial Credit and Finance PLC (Company) as at 31 March 2025 are prepared and presented in compliance with the following regulatory requirements:

I. Sri Lanka Accounting Standards (SLFRS/ LKAS) issued by The Institute of Chartered Accountants of Sri Lanka

II. Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995

III. Companies Act No. 07 of 2007

IV. Finance Business Act No. 42 of 2011

V. Directions, circulars and guidelines issued to Licensed Finance Companies by the Central Bank of Sri Lanka

VI. Listing Rules of the Colombo Stock Exchange

The Accounting Policies of the Company are in compliance with Sri Lanka Accounting Standards (SLFRS's and LKAS's) issued by The Institute of Chartered Accountants of Sri Lanka and have been consistently applied by the Company.

Significant Accounting Policies and estimates that involve a high degree of judgment and complexity were discussed with the Board Audit Committee and the External Auditors. All significant items have been disclosed and explained by way of Notes to the Financial Statements.

We confirm to the best of our knowledge, that the Financial Statements presented herewith give a true and fair view of the financial position, Statement of Profit or Loss and the cash flows of the Company for the year ended 31 March 2025. We also confirm that the Company has adequate resources to continue its operations into the foreseeable future and accordingly adopt the going concern basis in preparing these Financial Statements.

We accept responsibility for the integrity and the objectivity of the Financial Statements. The estimates and judgments relating to the Financial Statements were made on a reasonable and prudent basis; in order that the Financial Statements reflect a true and fair view; the form and the substance of transactions and that the state of affairs of the Company is reasonably presented. To ensure this, the company has taken proper and sufficient care in implementing internal control systems, for safeguarding assets and for preventing and detecting fraud as well as other irregularities, which is reviewed, evaluated and updated on an ongoing basis. The Internal Auditor of the company has conducted periodic audits to provide reasonable assurance that the established policies and procedures of the company are consistently followed. However, there are inherent limitations that should be recognized in weighing the assurance provided by any system of internal control and accounting.

The Financial Statements of the Company were audited by KPMG, Chartered Accountants. The Report issued by them is available on page 126 to 129 of this Report. The audit and non-audit services provided by KPMG are approved by the Board Audit Committee, to ensure that the provision of such services does not contravene with the guidelines issued by the Central Bank of Sri Lanka or impair KPMG's independence.

The Board Audit Committee meets periodically with the internal audit team and the external auditor to review their audit plans and to discuss their reports on internal controls and financial reporting issues. To ensure complete independence, the External Auditors and the Internal Auditors have full and free access to the members of the Board Audit Committee to discuss any matter of substance. The Board Audit Committee Report is available on pages 108 to 109.

We confirm to the best of our knowledge that

- The Company has complied with all applicable laws, rules, regulations and guidelines;
- There is no material non-compliance;
- There is no material litigation against the company other than those disclosed in Note 51 of the Financial Statements section of this Annual Report;
- All taxes, duties, levies and all statutory payments by the company and all contributions, levies and taxes payable on behalf of and in respect of the employees of the company as at the reporting date have been paid, or where relevant provided for.



Janaka Deshapriya
Chief Financial Officer



Roshan Egodage
Director/Chief Executive officer

29th August 2025
Colombo

SENIOR INDEPENDENT DIRECTOR'S STATEMENT

As the Senior Independent Director, it is my privilege to present this statement for the annual report. Over the past year, the company has demonstrated resilience and adaptability in a rapidly changing business environment. I am pleased to report on the key activities and accomplishments that have contributed to the company's continued success and adherence to high standards of corporate governance.

CORPORATE GOVERNANCE

The company's commitment to strong corporate governance remains a cornerstone of Commercial Credit and Finance PLC's strategy. The Board of Directors, supported by its various committees, has worked diligently to uphold the principles of transparency, accountability, and integrity. We have undertaken regular reviews of our governance framework to ensure compliance with the requirements of the Central Bank of Sri Lanka (CBSL), the Colombo Stock Exchange (CSE), and the Securities and Exchange Commission of Sri Lanka (SEC). These reviews have been instrumental in maintaining robust oversight and fostering a culture of ethical conduct across the organisation.

BOARD EFFECTIVENESS

A key focus this year has been on enhancing the effectiveness of the Board. We have conducted comprehensive evaluations to assess the performance of individual directors and the Board as a whole. These evaluations have provided valuable insights and have led to targeted initiatives aimed at improving our governance practices. We have also prioritized succession planning to ensure the continuity of leadership and the infusion of fresh perspectives.

A total of eighteen Board meetings were convened during the 2024/25 financial year, encompassing three sessions held exclusively amongst Non-Executive Directors and a further session held solely amongst Independent Non-Executive Directors. I presided over two of these four specialized meetings in my capacity as Senior Independent Director. The Chief Executive Officer's performance was subject to evaluation by the Non-Executive Board members. In discussions concerning the Chairperson's performance evaluation, the Chairperson recused themselves from the Board meeting, requesting that I, as Senior Independent Director, assume the role of pro tem Chairperson and conduct the proceedings.

STAKEHOLDER ENGAGEMENT

Engaging with our stakeholders is fundamental to our approach. The Company have continued to strengthen our communication channels with shareholders, employees, customers, and other key stakeholders. This engagement has provided us with a deeper understanding of their expectations and has informed our decision making processes. We remain committed to fostering open and constructive dialogue with all our stakeholders.

ETHICAL STANDARDS AND COMPLIANCE

Maintaining the highest standards of integrity is paramount. All employees, including the Executive Directors, are bound by the Employee Ethical Framework, which outlines our values and expectations. This framework ensures that our interactions with stakeholders are conducted with the utmost professionalism and fairness. Regular training and awareness programs have been conducted to reinforce these ethical standards and to encourage employees to raise any concerns through our whistle-blowing channels.

LOOKING AHEAD

As we look to the future, the company remain focused on navigating the challenges and opportunities that lie ahead. Commercial Credit's strategic priorities will continue to be underpinned by our commitment to sound corporate governance, effective risk management, and sustainable growth. As a senior independent director, I am confident that with the continued dedication of our Board, management team, and employees, we will achieve our goals and deliver long-term value for our shareholders.

In closing, I would like to express my gratitude to my fellow directors for their unwavering support and to our stakeholders for their trust and confidence in our company. Together, we will strive to uphold the highest standards of governance and ethical conduct in all our endeavors.



L.L.S Wickremasinghe
Senior Independent Director

29th August 2025
Colombo

STATEMENT OF DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

This statement elucidates the accountability of the Board of Directors (hereinafter referred to as "the Board") concerning the Financial Statements of Commercial Credit and Finance PLC (hereinafter referred to as "the Company") and its subsidiary, which have been prepared in conformity with the stipulations of the Companies Act No. 07 of 2007 (hereinafter referred to as "the Companies Act").

The responsibility of the external auditor in relation to the financial statements is set out in the report of the auditors given on pages 126 to 129 of the annual report.

In terms of sections 150 (1), 151, 152 and 153(1) and (2) of the Companies Act, the directors are required to prepare financial statements for each financial year, which should give a true and fair view of the state of affairs of the Company and its subsidiary as at the end of each financial year and place them before a general meeting. The financial statements comprise of the Statement of Financial Position as at 31 March 2025, the Statement of Profit or Loss and the Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow for the year then ended and notes thereto.

The financial statements of the Company and its subsidiary gives a true and fair view of the:

- Financial position of the Company and its subsidiary as at 31 March 2025 and
- Financial performance of the Company and its subsidiary for the financial year then ended.

In preparing the financial statements, the directors are required to ensure that appropriate accounting policies have been selected and applied consistently, reasonable and prudent judgments and estimates have been made and all applicable accounting standards as relevant have been complied with and material departures, if any, have been disclosed and explained.

The directors after considering the financial position, operating conditions, regulatory and other factors have reasonable expectation that the Company and its subsidiary has adequate resources to continue operations in the foreseeable future and have adopted the going concern basis in preparing these financial statements.

Further, the directors have a responsibility to ensure that the companies within the group maintain sufficient accounting records to disclose with reasonable accuracy, the financial position of the Company and its subsidiary. The financial statements prepared and presented in this report have been prepared based on Sri Lanka Accounting standards (SLFRSs/ LKASs) and are consistent with the underlying books of accounts and are in conformity with the requirements of Sri Lanka Accounting Standards, Companies Act, Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, directions and guidelines issued under the Finance Business Act No. 42 of 2011, the Listing Rules of the Colombo Stock Exchange and the Code of Best Practices on Corporate Governance 2017 issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

The Board has also instituted effective and comprehensive systems of internal control for identifying, recording, evaluating and managing the significant risks faced by the Company throughout the year and is under regular review of the Board. The results of such reviews carried out during the year are given on pages 119 to 120 in the Directors Statement on Internal Control over Financial Reporting. The External Auditors Assurance Report on the Directors Statement on Internal Control is given on pages 121 to 122.

The Board has taken steps to ensure that the Company maintains proper books of accounts and reviews the financial reporting system at their regular meetings and also through the Board Audit Committee. The report of the Board Audit Committee is given on pages 108 to 109.

The Board also approves the interim and annual financial statements prior to their release following a review and recommendation by the Board Audit Committee.

The Board accepts responsibility for the integrity and objectivity of the financial statements presented in this annual report.

The Company's external auditors M/s KPMG were provided with every opportunity to carry out reviews and checks on the system of internal control they considered appropriate and necessary for expressing their independent audit opinion on the financial statements. They have examined the financial statements made available to them by the Company together with the financial records, related data and minutes of shareholders' and directors' meetings and expressed their opinion which appears as reported by them on pages 126 to 129.

The financial statements of the Company and its subsidiary have been certified by the Chief Financial Officer of the Company, the officer responsible for their preparation as required by section 150 (1) (b) and 152(1) (b) of the Companies Act and have been signed by two directors of the Company as required by section 150 (1) (c) and 152(1) (c) of the Companies Act.

Further as required by section 56(2) of the Companies Act, the Board has assessed the solvency of the Company immediately after the distribution of dividends based on the information available and confirms that the Company satisfies the solvency test as required by section 57 of the Companies Act and have obtained the necessary certificates of solvency from the external auditors.

The directors, to the best of their knowledge and belief, are satisfied that all statutory payments in relation to all relevant regulatory and statutory authorities, which were due and payable by the Company and its subsidiary as at the reporting date have been paid or where relevant provided for.

Accordingly, the directors are of the view that they have discharged their responsibilities as set out in this statement by order of the Board.



Shashika Naguruge
Company Secretary

29th August 2025
Colombo

DIRECTORS' STATEMENT ON INTERNAL CONTROL

DIRECTORS' STATEMENT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

RESPONSIBILITY

The Board of Directors ("the Board") of Commercial credit and finance PLC (the Company) presents this report on Internal Control over Financial Reporting, in compliance with Section 16 (1) (ix) of the Finance Business Act Direction No 5 of 2021 on Corporate Governance.

The Board is responsible for ensuring the adequacy and effectiveness of the internal control mechanism of the Company. This mechanism is designed to provide a reasonable assurance to maintain proper accounting records, generate reliable financial information and safeguard assets of the Company. The internal control mechanism can therefore provide only 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 mechanism of Internal Control over Financial Reporting as and when there are changes to business environment or regulatory guidelines.

Reviews of this process are conducted by the Board on a regular basis. On the basis of such reviews the Board expresses the view that the internal control mechanism over financial reporting in place is adequate to provide reasonable assurance regarding reliability of financial reporting and that the preparation of Financial Statements for external purposes is in accordance with relevant accounting principles and regulatory requirements.

Board's policies and procedures pertaining to Internal Control over Financial Reporting have been documented. The implementation of such policies and procedures is carried out with the assistance of the Management. In order to assess the internal control system over financial reporting, identified officers of the Company collated all procedures and controls that are connected with significant accounts and disclosures of the Financial Statement of the Company. The Internal Audit Department of the Company observes and checks them annually for suitability of design and operating effectiveness.

Given below are the key processes which have been established to review the adequacy and integrity of internal control, with respect of financial reporting:

- Establishment of various sub-committees to assist the Board with a view ensuring the effectiveness of the Company's daily operations and such operations conform to the Company's corporate objectives, strategies and the annual budget as well as policies and business directions approved by the Board.
- Policies and Procedures are developed to capture all functional areas of the Company, which are recommended by the relevant Board Sub-Committees and approved by the Board. These Policies and Procedures are reviewed periodically and approved by the Board.
- The Internal Audit Department of the Company verifies whether policies and procedures of the Company are being complied with, while ascertaining effectiveness of the internal control mechanism, on an ongoing basis during their process audits. The risk-based audit approach is adopted by the Company and the entire audit universe is reviewed periodically in accordance with the annual audit plan approved by the Board Audit Committee. Initiatives have been taken by Internal Audit Department to apply data analytics to review the large volume of transactions in a systematic manner and to enhance the real time monitoring. Independent and objective reports covering significant observations of the Internal Audit Department are also tabled for review by the Board Audit Committee, at their periodic meetings.
- The Board Audit Committee also reviews the internal audit functions, with particular reference to the scope and quality of the audits. Minutes of all the Board Audit Committee meetings are submitted to the Board for review. In addition, periodic summaries submitted by the Internal Audit Department indicating the functions carried out are reviewed by the Board Audit Committee.
- Evaluation of adequacy and effectiveness of Internal Controls over Financial Reporting is carried out by the Board Audit Committee through review of internal control issues identified by the Internal Audit Department, the External Auditors, Regulatory Authorities and the Management. In order to ensure that key management personnel comply with laid down systems and procedures and implement the required internal control systems at their work locations, a procedure has been introduced to obtain an annual certification from the respective officers.
- In order to assess the internal control mechanism, all procedures and controls which are connected with significant accounts and disclosures of the Financial Statements of the Company are continuously reviewed and updated by identified officers of the Company. The Internal Audit Department verifies the suitability of design and operating effectiveness of such procedures and controls, on an ongoing basis.
- The Company further strengthened its internal control processes to ensure that the impact of the economic crisis is accurately captured in the financial reporting by providing adequate impairment provisions for expected credit losses.
- Comments made by external auditors in connection with the internal control system during the financial year 2024/25 were taken into consideration and appropriate steps will be taken to incorporate them where appropriate during the ensuing year.

RESTATEMENT OF FINANCIAL STATEMENTS

In response to the economic crisis affecting its customers, the Company extended concessions to those facing financial

DIRECTORS' STATEMENT ON INTERNAL CONTROL

hardships. A subsequent review of these arrangements has indicated that the accounting treatment related to income recognition and impairment associated with these facilities requires revision.

Additionally, it has been identified the Accounting treatment related to an asset revaluation in the financial year ended 31st March 2023 requires revision.

To ensure a fair presentation of the Company's financial position and performance for the year ended 31 March 2025, the Company has restated its prior period financial statements. These restatements have been made in accordance with LKAS 8.

CONFIRMATION

Based on the above process, the Board confirms that the financial reporting system of the Company has been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes and is in accordance with relevant accounting principles and regulatory requirements of the Central Bank of Sri Lanka.

REVIEW OF THE STATEMENTS BY EXTERNAL AUDITORS

The external Auditors, Messrs. KPMG, have reviewed the above Directors' statement on Internal Control over Financial Reporting included in this Annual Report of the Company for the year ended 31st March 2025 and reported to the board that nothing has come to their attention that caused them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in the review of the design and effectiveness of the Internal Controls over Financial Reporting of the Company. Their report on the statement of Internal Control over Financial Reporting is given on page 121 to 122 of this Annual Report.

STATEMENT ON PRUDENTIAL REQUIREMENTS, REGULATIONS AND LAWS

There are no material non-compliances to prudential regulatory requirements, laws and internal controls affecting the Company.

There were no lapses which caused supervisory concern on the Company's Risk Management Systems or non-compliance with these directions which led to them being pointed out by the Director of Non Bank Supervision of the Central Bank of Sri Lanka and which have caused the Monetary Board to give directions that they be disclosed to the public.

Onsite observations of the Non - Bank supervision Department of CBSL were taken in to consideration and appropriate steps are being taken.



G.B. Egodage
Chairman



R. S. Egodage
Executive Director / Chief Executive Officer



L. L. S. Wickremasinghe
Director / Chairperson of Board Audit Committee

29th August 2025
Colombo

AUDITOR'S ASSURANCE REPORT ON THE DIRECTORS' STATEMENT ON INTERNAL CONTROL

KPMG
(Chartered Accountants)
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To the Board of Directors of Commercial Credit and Finance PLC

REPORT ON THE DIRECTORS' STATEMENT ON INTERNAL CONTROL

We were engaged by the Board of Directors of Commercial Credit and Finance PLC ("the Company") to provide assurance on the Director's Statement on Internal Control ("Statement") included in the annual report for the year ended 31st March 2025.

MANAGEMENT'S RESPONSIBILITY

Management is responsible for the preparation and presentation of the Statement in accordance with the "Guidance for Directors of License Finance Company/ Finance Leasing Company on the Directors' Statement on Internal Control" issued in compliance with Finance Business Act Direction No. 05 of 2021 on Corporate Governance by the Institute of Chartered Accountants of Sri Lanka.

OUR INDEPENDENCE AND QUALITY CONTROL

We have complied with the independence and other ethical requirement of the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior.

The firm applies Sri Lanka Standard on Quality Management 1 (SLSQM 1) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding professional compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

OUR RESPONSIBILITIES

Our responsibility is to assess whether the Statement is both supported by the documentation prepared by or for directors and appropriately reflects the process the directors have adopted in reviewing the design and effectiveness of the internal control of the Company.

We conducted our engagement in accordance with Sri Lanka Standard on Assurance Engagements SLSAE 3051, Assurance Report for License Finance Company on Directors' Statement on Internal Control, issued by the Institute of Chartered Accountants of Sri Lanka.

This standard requires that we plan and perform procedures to obtain limited assurance about whether Management has prepared, in all material respects, the Statement on Internal Control.

For purposes of this engagement, we are not responsible for updating or reissuing any reports, nor have we, in the course of this engagement, performed and audit or review of the financial information.

SUMMARY OF WORK PERFORMED

Our engagement has been conducted to assess whether the Statement is both supported by the documentation prepared by or for the Directors and appropriately reflects the process the Directors have adopted in reviewing the system of internal control for the License Finance Company/ Finance Leasing Company.

To achieve this objective, appropriate evidence has been obtained by performing the following procedures:

(a) Enquired the Directors to obtain an understanding of the process defined by the Board of Directors for their review of the design and effectiveness of internal control and compared their understanding to the Statement made by the Directors in the annual report.

(b) Reviewed the documentation prepared by the Directors to support their Statement made.

(c) Related the Statement made by the Directors to our knowledge of the License Finance Company obtained during the audit of the financial Statements.

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Ms. P.M.K. Sumanasekara FCA
T.J.S. Rajakarier FCA
W.K.D.C. Abeyrathne FCA
Ms. B.K.D.T.N. Rodrigo FCA
Ms. C.T.K.N. Perera ACA
R. G. H. Raddella ACA,
W.W.J.C. Perera FCA
G.A.U. Karunaratne FCA
R.H. Rajan FCA
A.M.R.P. Alahakoon ACA

Principals: S.R.I. Perera FCMA (UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, Ms. F.R Ziyard FCMA (UK), FCIT, K. Somasundaram ACMA (UK), Ms. D Corea Dharmaratne

AUDITOR'S ASSURANCE REPORT ON THE DIRECTORS' STATEMENT ON INTERNAL CONTROL

(d) Reviewed the minutes of the meetings of the Board of Directors and of relevant Board Committees.

(e) Attended meetings of the Audit Committee at which the annual report, including the Statement on Internal Control is considered and approved for submission to the Board of Directors.

(f) Considered whether the Director's Statement on Internal Control covers the year under review and that adequate processes are in place to identify any significant matters arising.

(g) Obtained written representations from Directors on matters material to the Statement on Internal Control where other sufficient appropriate audit evidence cannot reasonably be expected to exist.

SLSAE 3051 does not require us to consider whether the Statement covers all risks and controls, or to form an opinion on the effectiveness of the Company's risk and control procedures. SLSAE 3051 also does not require us to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

The procedures selected depend on our judgment, having regard to our understanding of the nature of the Company, the event or transaction in respect of which the Statement has been prepared.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

OUR CONCLUSION

Based on the procedures performed, nothing has come to our attention that causes us to believe that the Statement included on pages 119 to 120 of this annual report is inconsistent with our understanding of the process the Board of Directors have adopted in the review of the design and effectiveness of internal control system over the financial reporting of the Company.

CHARTERED ACCOUNTANTS

Colombo
29th August 2025



"The sign of a beautiful person is that they always see beauty in others."



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SYNERGY

"Being humble means that we are not on earth to see how important we can become, but to see how much difference we can make in the lives of others."

INDEPENDENT AUDITOR'S REPORT

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TO THE SHAREHOLDERS OF COMMERCIAL CREDIT AND FINANCE PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Commercial Credit and Finance PLC ("the Company") and the consolidated financial statements of the Company and its subsidiary ("the Group"), which comprise the statement of financial position as at 31st March 2025, and the statements of profit and loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including material accounting policies set out on pages 130 to 237.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as of 31st March 2025, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics for professional Accountants issued by CA Sri Lanka ("Code of Ethics"), and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Restatement of Comparative Balances

We draw attention to Note 56 to the financial statements which indicates that the comparative balances presented as at and for the year ended 31st March 2024 have been restated. Our opinion is not modified in respect of this matter.

Other Matter relating to comparative balances

The financial statements of the Group and the Company as at and for the years ended 31st March 2023 and 31st March 2024, excluding the adjustments described in Note 56 to the financial statements were audited by another auditor who expressed an unmodified opinion on those financial statements on 27th June 2023 and 30th May 2024 respectively.

As part of our audit of the financial statements as at and for the year 31st March 2025, we audited the retrospective adjustments described in Note 56 to the financial statements that were applied to restate the comparative balances as at and for the year ended 31st March 2024 and the statement of financial position as at 1st April 2023. We were not engaged to audit, review, or apply any procedures to the financial statements for the years ended 31st March 2023 or 31st March 2024 (not presented herein) or to the statement of financial position as at 1st April 2023, other than with respect to the retrospective adjustments described in Note 56 to the financial statements. Accordingly, we do not express an opinion or any other form of assurance on comparative balances. However, in our opinion, the adjustments described in Note 56 are appropriate and have been properly applied.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company and the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the Company and the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. **Allowance for impairment losses on loans and receivables, lease rental receivables and stock out on hire**

Risk Description

As disclosed in Notes 10 and 11 to the financial statements, the Company/ Group has recorded an impairment provision of LKR 2,037 Mn relating to loans and receivables and LKR 13,410 Mn relating to lease rentals receivables and stock out on hire as at 31st March 2025.

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Principals: S.R.I. Perera FCMA (UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, Ms. F.R Ziyard FCMA (UK), FCIT, K. Somasundaram ACMA (UK), Ms. D Corea Dharmaratne

KPMG

The determination of allowance for impairment losses using the expected credit loss method involves number of complex calculations, such as the calculation of probability of default (PD), loss given default (LGD), stage allocation and exposure at default (EAD) which are reliant on large volume of data and certain key assumptions and judgments including but not limited to macroeconomic scenarios including their weighting and judgment over the appropriateness of the period of input data used.

Additionally, the determination of impairment on individually assessed balances is carried out through the identification of exposures based on set thresholds and estimating the recoverable values considering the related values of assets pledged as securities with an appropriate discount.

Significant management judgement is involved in the selection of those models and the application of assumptions.

Accordingly, impairment allowance on loans and receivables, lease rental receivables and stock out on hire was considered as a key audit matter due to the significance to the financial statements and estimation uncertainty associated with the management assumptions and judgements used in the impairment allowance calculation.

Our audit procedures included;

- Obtaining an understanding of and assessing the design, implementation and operating effectiveness of management's key internal controls related to the measurement of allowance for impairment.
- Evaluating the appropriateness of the accounting policies related to ECL and underlying methodology applied based on the requirements of SLFRS 9 with the involvement of our FRM specialists and with our business understanding.
- Evaluating the completeness of customers/facilities assessed individually based on the criteria set for the same and checked the accuracy of the allowance for impairment for such identified individually significant exposures.
- Assessing the appropriateness of estimated overlays by the management for model limitations and independently calculating the stages of loans based on the set criteria for the collectively assessed exposures.
- Assessing the appropriateness of key parameters and assumptions particularly related to the macroeconomic scenarios used in the expected credit loss model.
- Testing the mathematical accuracy of the calculation of allowance for impairment.
- Evaluating the completeness, accuracy and relevance of underlying data used for the calculation of impairment allowance on a sample basis by agreeing to the source documents and IT systems.
- Assessing the adequacy and appropriateness of disclosures made in the financial statements with reference to the requirements of relevant accounting standards.

2. IT systems and controls over financial reporting

Risk Description

The Company's key financial accounting and reporting processes are highly dependent on the automated controls over its information systems. Automated accounting processes, calculations and controls over IT environment, which include IT governance, controls over programme changes, access to programmes, data and IT operations, are required to be designed and operated effectively to ensure accurate financial reporting.

System calculations related to interest income/expenses, impairment and integrations between business systems and financial reporting systems are key areas that could result in the financial records being materially misstated.

We identified IT systems and controls over financial reporting as a key audit matter because the Company's financial accounting and reporting systems are fundamentally reliant on complex IT systems and controls which are driven by significant transaction volumes caused by the size of the customer base.

We used our IT Audit specialists to perform audit procedures to assess IT systems and controls over financial reporting, which included,

- Obtaining an understanding of and assessing the design, implementation and operating effectiveness of key internal controls over the continued integrity of all major IT systems fundamental to dealing with the financial data, particularly financial reporting.
- Examining the framework of governance over the Company's IT organisation and the controls over programme changes, access to programmes, data and IT operations, including compensating controls where required.
- Evaluating the design, implementation and operating effectiveness of the IT general controls and IT application controls related to significant accounts and system calculations that are relevant to the Company`s financial reporting activities.

INDEPENDENT AUDITOR'S REPORT

KPMG

3. Valuation of Investment properties, land and buildings under property, plant and equipment

Risk Description

As at 31st March 2025, land and buildings carried at fair value classified as property, plant and equipment and investment properties amounted to LKR 5,395 Mn and LKR 4,223 Mn respectively for the Company/ Group.

Management's assessment of the fair value of land and buildings under property, plant and equipment and Investment properties is based on valuations performed by qualified independent property valuers in accordance with recognized industry standards.

We identified valuation of land and buildings under property, plant and equipment and investment properties as a key audit matter due to the significance of the value to the financial statements and the determination of the fair values involves significant judgments and estimation, particularly determining the appropriate valuation methodology to be used, and in estimating the key assumptions applied. These key assumptions includes but not limited to replacement cost per square feet, estimated rental income and current market price taking into consideration for differences such as location, size and condition of the property. A change in the key assumptions will have a significant impact on the fair value of land and buildings under property, plant and equipment and investment properties.

Our audit procedures included;

- Assessing the competency, objectivity and capabilities of the independent external valuers engaged by the management.
- Assessing the reasonableness of the valuer's assumptions and methods used in the valuation and comparing the same with evidence of current market values.
- Engaging our own internal resources to assess the reasonability of the valuation technique, per perch and per square feet prices determined by the management specialist.
- Assessing the adequacy of disclosures made in relation to the valuation of investment properties, revaluation of land and buildings under property, plant and equipment in the financial statements, including the description and appropriateness of the inherent degree of subjectivity and key assumptions used.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will 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 identified above when it becomes available 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.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide

KPMG

a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 3029.

Chartered Accountants

Colombo, Sri Lanka
14th July 2025

STATEMENT OF FINANCIAL POSITION

As at		Company			Group		
		31-Mar-2025	31-Mar-2024 (Restated)*	1-Apr-2023 (Restated)*	31-Mar-2025	31-Mar-2024 (Restated)*	1-Apr-2023 (Restated)*
	Notes	LKR	LKR	LKR	LKR	LKR	LKR
Assets							
Cash and cash equivalents	7	4,725,518,897	2,151,491,366	2,437,142,080	4,731,852,338	2,163,461,874	2,455,286,849
Placements with banks	8	4,706,923,262	3,648,330,913	2,666,945,165	4,706,923,262	3,790,360,489	2,666,945,165
Financial assets measured at fair value through profit or loss	9	6,740,464,733	6,883,129,751	8,437,229,910	6,740,743,298	6,883,380,225	8,437,448,650
Financial assets at amortised cost							
Loans and receivables	10	22,163,502,371	23,797,262,841	21,024,977,198	22,163,502,371	23,797,286,841	21,024,977,198
Lease rentals receivable & stocks out on hire	11	47,721,039,232	55,790,927,600	54,568,120,398	47,721,039,232	55,790,927,600	54,568,120,398
Debt & other instruments	12	9,038,336,314	541,345,511	860,000,000	9,381,179,018	588,345,511	860,000,000
Financial assets measured at fair value through other comprehensive income	13	137,554,019	56,554,019	2,554,019	137,554,019	56,554,019	2,554,019
Other financial assets	14	401,344,629	170,892,036	170,759,082	232,399,623	170,892,035	203,189,138
Inventories	15	52,425,671	68,776,384	215,979,349	52,425,671	68,776,384	215,979,349
Other assets	16	535,123,173	749,780,576	714,279,361	536,072,420	798,009,626	717,157,180
Investment in subsidiary	17	15,000,000	15,000,000	15,000,000	-	-	
Investment in associate	18	848,060,748	525,936,491	342,306,353	848,060,748	525,936,491	342,306,353
Investment properties	19	4,222,900,000	2,437,850,044	1,220,344,185	4,222,900,000	2,437,850,044	1,220,344,185
Property, plant and equipment	20	6,691,074,535	6,796,464,355	6,357,091,383	6,691,074,538	6,796,680,084	6,357,091,383
Right of use assets	21	590,213,436	476,082,498	383,532,475	590,213,436	476,082,498	383,532,475
Intangible assets & goodwill	22	761,709,717	828,262,603	894,398,277	761,709,717	828,262,603	894,398,277
Deferred tax asset	31	752,304,668	764,620,903	578,522,199	752,304,668	764,620,904	578,522,199
Total assets		110,103,495,405	105,702,707,891	100,889,181,434	110,269,954,359	105,937,427,228	100,927,852,818
Liabilities							
Due to banks	23	15,115,938,248	12,606,977,872	16,259,699,210	15,115,938,248	12,606,977,872	16,259,699,210
Due to customers	24	55,708,839,672	62,121,240,399	59,243,650,511	55,681,779,326	62,121,240,399	59,243,650,511
Debt instruments issued	25	1,295,844,686	1,295,844,686	1,295,844,686	1,295,844,686	1,295,844,686	1,295,844,686
Unsecured subordinate term loan	26	1,500,000,000	-	-	1,500,000,000	-	-
Other financial liabilities	27	1,907,970,958	1,486,660,789	984,158,637	1,907,970,958	1,486,660,789	996,498,438
Other liabilities	28	2,492,011,348	2,866,343,161	2,263,333,149	2,531,328,408	2,868,861,081	2,263,333,151
Post employment benefit obligations	29	709,298,357	495,936,946	365,950,612	709,298,357	495,936,946	365,950,612
Current tax liabilities	30	2,984,009,837	1,817,944,670	570,296,871	3,025,636,072	1,865,232,005	579,986,349
Total Liabilities		81,713,913,106	82,690,948,523	80,982,933,676	81,767,796,055	82,740,753,778	81,004,962,957
Shareholders' Funds							
Stated capital	32	2,150,640,315	2,150,640,315	2,150,640,315	2,150,640,315	2,150,640,315	2,150,640,315
Retained earnings	33	20,674,166,570	11,180,709,017	13,202,809,517	20,777,812,107	11,356,692,628	13,218,619,515
Reserves	34	5,564,775,414	9,680,410,036	4,552,797,926	5,573,705,882	9,689,340,507	4,553,630,031
Total Equity		28,389,582,299	23,011,759,368	19,906,247,758	28,502,158,304	23,196,673,450	19,922,889,861
Total Liabilities and Shareholders' Funds		110,103,495,405	105,702,707,891	100,889,181,434	110,269,954,359	105,937,427,228	100,927,852,818
Commitments and Contingencies	51	509,101,650	432,640,195	481,783,866	509,101,650	432,640,195	481,783,866

* Refer Note 56

Accounting policies and notes from pages 137 to 237 form an integral part of these Financial Statements.

I certify that these Financial Statements are in compliance with the requirements of the companies Act No. 07 of 2007 and Finance Business Act No 42 of 2011.



Janaka Deshapriya
Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these Financial Statements. Approved and signed for and on behalf of the Board of Directors by,



Bandula Egodage
Chairman



Roshan Egodage
Director/Chief Executive Officer

14th July 2025, Colombo

STATEMENT OF PROFIT OR LOSS

YEAR ENDED 31ST MARCH		Company		Group	
		2025	2024 (Restated)*	2025	2024 (Restated)*
	Notes	LKR	LKR	LKR	LKR
Gross income	35	31,703,252,196	33,132,972,756	31,703,469,368	33,372,845,160
Interest income	35.1	27,322,132,540	29,316,949,541	27,337,855,811	29,329,101,461
Interest expenses	35.2	(9,460,702,399)	(14,431,176,927)	(9,453,664,678)	(14,431,176,927)
Net interest income		17,861,430,141	14,885,772,614	17,884,191,133	14,897,924,534
Net fee and commission income	36	2,412,200,744	2,346,763,409	2,644,680,545	2,572,452,665
Net loss from trading	37	(24,739,655)	(3,084,237)	(24,739,655)	(3,084,237)
Other operating income	38	1,178,704,213	980,679,994	929,703,313	980,697,235
Change in fair value of investment properties	19	731,282,158	376,173,812	731,282,158	376,173,812
Total operating income		22,158,877,601	18,586,305,592	22,165,117,494	18,824,164,009
Impairment charges of financial assets	39	(1,651,887,619)	(4,235,129,608)	(1,651,887,619)	(4,235,129,608)
Net fair value losses from financial instruments at fair value through profit or loss		-	(8,083,850)	-	(8,083,850)
Net operating income		20,506,989,982	14,343,092,134	20,513,229,875	14,580,950,551
Operating expenses					
Personnel expenses	40	(3,408,302,862)	(2,867,314,940)	(3,410,476,862)	(2,874,388,440)
Depreciation & amortization	20,21	(570,760,178)	(508,907,549)	(570,760,178)	(509,004,059)
Other operating expenses	41	(4,706,411,405)	(3,982,807,824)	(4,707,548,775)	(3,983,917,151)
Operating profit before tax on financial services		11,821,515,537	6,984,061,821	11,824,444,060	7,213,640,901
VAT on Financial Services	42	(2,216,999,093)	(1,456,328,050)	(2,216,999,093)	(1,456,328,050)
Social Security Contribution Levy	42	(307,916,541)	(202,267,784)	(307,916,541)	(202,267,784)
Operating profit after Value Added Tax on financial services		9,296,599,903	5,325,465,987	9,299,528,426	5,555,045,067
Share of profit of associates		322,124,257	183,630,138	322,124,257	183,630,138
Profit before taxation		9,618,724,160	5,509,096,125	9,621,652,683	5,738,675,205
Income taxation	43	(3,399,299,853)	(2,030,321,976)	(3,474,566,450)	(2,097,933,722)
Profit for the year		6,219,424,307	3,478,774,149	6,147,086,233	3,640,741,483
Profit attributable to:					
Equity holders of the company		6,219,424,307	3,478,774,149	6,147,086,233	3,640,741,483
Non - controlling interests		-	-	-	-
		6,219,424,307	3,478,774,149	6,147,086,233	3,640,741,483
Basic Earnings Per Share	44	19.55	10.94	19.33	11.45
Diluted Earnings Per Share	44	19.55	10.94	19.33	11.45
Dividend Per Share	45	4.00	1.00		

* Refer Note 56

Accounting policies and notes from pages 137 to 237 form an integral part of these Financial Statements.

STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31ST MARCH		Company		Group	
		2025	2024 (Restated)*	2025	2024 (Restated)*
	Notes	LKR	LKR	LKR	LKR
Profit for the year		6,219,424,307	3,478,774,149	6,147,086,233	3,640,741,483
Revaluation gain on land and buildings		701,872,025	-	701,872,025	-
Deferred tax charge relating to revaluation gain on land buildings	31.2	(210,561,608)	-	(210,561,608)	-
		491,310,417	-	491,310,417	-
Actuarial losses on defined benefit plans	29	(86,591,906)	(78,840,247)	(86,591,906)	(78,840,247)
Deferred tax reversal relating to actuarial losses on defined benefit plans	31	25,977,572	23,652,074	25,977,572	23,652,074
		(60,614,334)	(55,188,173)	(60,614,334)	(55,188,173)
Total other comprehensive income not to be reclassified to Statement of profit or loss		430,696,083	(55,188,173)	430,696,083	(55,188,173)
Other comprehensive income for the year, net of taxes		430,696,083	(55,188,173)	430,696,083	(55,188,173)
Total comprehensive income for the Year		6,650,120,390	3,423,585,976	6,577,782,316	3,585,553,310
Total comprehensive income attributable to:					
Equity holders of the company		6,650,120,390	3,423,585,976	6,577,782,316	3,585,553,310
Non- controlling interests		-	-	-	-
Total comprehensive Income for the year		6,650,120,390	3,423,585,976	6,577,782,316	3,585,553,310

* Refer Note 56

Accounting policies and notes from pages 137 to 237 form an integral part of these Financial Statements.

STATEMENT OF CHANGES IN EQUITY

Company	Note	Stated Capital	Revaluation Reserve	General Reserve	Statutory Reserve	Regulatory Loss Allowance Reserve*	FVOCI Reserve	Retained Earnings	Total
		LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Balance as at 1 April 2023		2,150,640,315	358,508,001	58,751,125	4,145,538,800	-	(10,000,000)	13,655,576,607	20,359,014,848
Impact of Restatement	56.1.3	-	-	-	-	-	-	(452,767,090)	(452,767,090)
Balance as at 1 April 2023 (Restated)		2,150,640,315	358,508,001	58,751,125	4,145,538,800	-	(10,000,000)	13,202,809,517	19,906,247,758
Net profit for the year (Restated)	33	-	-	-	-	-	-	3,478,774,149	3,478,774,149
Other comprehensive income net of tax	33/34	-	-	-	-	-	-	(55,188,173)	(55,188,173)
Total comprehensive income		-	-	-	-	-	-	3,423,585,976	3,423,585,976
Transferred to statutory reserve	33/34	-	-	-	209,695,856	-	-	(209,695,856)	-
Transferred to regulatory loss allowance reserve	34	-	-	-	-	4,917,916,255	-	(4,917,916,255)	-
Dividend paid	45	-	-	-	-	-	-	(318,074,365)	(318,074,365)
Balance as at 31st March 2024 (Restated)		2,150,640,315	358,508,001	58,751,125	4,355,234,655	4,917,916,255	(10,000,000)	11,180,709,017	23,011,759,368
Balance as at 1st April 2024 (Restated)		2,150,640,315	358,508,001	58,751,125	4,355,234,655	4,917,916,255	(10,000,000)	11,180,709,017	23,011,759,368
Net profit for the year	33	-	-	-	-	-	-	6,219,424,307	6,219,424,307
Other comprehensive income net of tax	33/34	-	491,310,417	-	-	-	-	(60,614,334)	430,696,083
Total comprehensive income		-	491,310,417	-	-	-	-	6,158,809,973	6,650,120,390
Transferred to Statutory Reserve	33/34	-	-	-	310,971,215	-	-	(310,971,215)	-
Transferred from regulatory loss allowance reserve	34	-	-	-	-	(4,917,916,255)	-	4,917,916,255	-
Dividend paid	45	-	-	-	-	-		(1,272,297,460)	(1,272,297,460)
Balance as at 31 March 2025		2,150,640,315	849,818,418	58,751,125	4,666,205,870	-	(10,000,000)	20,674,166,570	28,389,582,299

* Refer Note 56

Accounting policies and notes from pages 137 to 237 form an integral part of these Financial Statements.

STATEMENT OF CHANGES IN EQUITY

Group	Note	Stated Capital	Revaluation Reserve	General Reserve	Statutory Reserve	Regulatory Loss Allowance Reserve*	FVOCI Reserve	Retained Earnings	Total
		LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Balance as at 1 April 2023		2,150,640,315	358,508,001	58,751,125	4,146,370,903	-	(10,000,000)	13,671,386,604	20,375,656,948
Impact of Restatement	56.1.3	-	-	-	-	-	-	(452,767,090)	(452,767,090)
Balance as at 1 April 2023 (Restated)		2,150,640,315	358,508,001	58,751,125	4,146,370,903	-	(10,000,000)	13,218,619,515	19,922,889,861
Adjustment		-	-	-	-	-	-	6,304,647	6,304,647
Net profit for the year	33	-	-	-	-	-	-	3,640,741,483	3,640,741,483
Other comprehensive income net of tax	33/34	-	-	-	-	-	-	(55,188,173)	(55,188,173)
Transferred to regulatory loss allowance reserve	34					4,917,916,255		(4,917,916,255)	-
Dividend paid	45							(318,074,365)	(318,074,365)
Total comprehensive income		-	-	-	-	4,917,916,255	-	(1,650,437,310)	3,267,478,945
Transferred to Statutory Reserve	33/34	-	-	-	217,794,223	-	-	(217,794,223)	-
Balance as at 31 March 2024 (Restated)		2,150,640,315	358,508,001	58,751,125	4,364,165,126	4,917,916,255	(10,000,000)	11,356,692,628	23,196,673,450
Balance as at 1 April 2024 (Restated)		2,150,640,315	358,508,001	58,751,125	4,364,165,126	4,917,916,255	(10,000,000)	11,356,692,628	23,196,673,450
Net profit for the year	33	-	-	-	-	-	-	6,147,086,233	6,147,086,233
Other comprehensive income net of tax	33/34	-	491,310,417	-	-	-	-	(60,614,334)	430,696,083
Dividend paid	45							(1,272,297,460)	(1,272,297,460)
Total comprehensive income		-	491,310,417	-	-	-	-	4,814,174,439	5,305,484,856
Transferred to Statutory Reserve	33/34	-	-	-	310,971,215	-	-	(310,971,215)	-
Transferred to regulatory loss allowance reserve	34	-	-	-	-	(4,917,916,255)	-	4,917,916,255	-
Balance as at 31 March 2025		2,150,640,315	849,818,418	58,751,125	4,675,136,341	-	(10,000,000)	20,777,812,107	28,502,158,304

* Refer Note 56

Accounting policies and notes from pages 137 to 237 form an integral part of these Financial Statements.

STATEMENT OF CASH FLOWS

YEAR ENDED 31ST MARCH		Company		Group	
		2025	2024 (Restated)	2025	2024 (Restated)
	Notes	LKR	LKR	LKR	LKR
Cash flows from operating activities					
Profit before income tax expense		9,618,724,160	5,509,096,125	9,621,652,683	5,738,675,205
Adjustments for					
Depreciation and amortisation	20/21	363,958,886	361,509,392	363,958,886	361,605,902
Amortisation of right of use assets	21	206,801,292	147,398,157	206,801,292	147,398,157
Share of profit of associate	43	(322,124,257)	(183,630,138)	(322,124,257)	(183,630,138)
Loss on revaluation		53,570,947	-	53,570,947	-
Impairment charge of loans and advances, lease,hire purchase	39	1,651,887,619	4,235,129,608	1,651,887,619	4,235,129,608
Net fair value adjustment of investment property	19	(731,282,158)	(376,173,812)	(731,282,158)	(376,173,812)
Disposal (loss)/gain on investment property	38	(3,816,039)	1,380,400	(3,785,056)	1,380,400
Net fair value gain from financial instruments		-	8,083,850	-	8,083,850
Provision for defined benefit plans	29	225,302,330	121,820,742	225,302,330	121,820,742
Operating profit before working capital changes		11,063,022,780	9,824,614,324	11,065,982,285	10,054,289,914
Decrease in inventories		16,350,713	147,202,965	16,350,713	147,202,965
Decrease/ (increase)in loans and advances		1,633,760,472	(2,768,885,201)	1,633,760,472	(2,768,909,401)
Decrease/(increase) in lease rentals receivable & stock out on hire		6,418,000,754	(4,883,771,691)	6,418,000,754	(4,883,771,691)
Increase of right of use assets		(330,117,317)	(239,948,179)	(330,117,317)	(239,948,179)
(Increase)/decrease in other financial assets		(230,452,598)	(132,955)	(230,452,594)	32,297,104
Increase in debt & other instruments		(210,921,656)	-	(210,921,656)	-
Decrease/(Increase) in other assets		(124,804,744)	(35,501,216)	142,833,163	(80,855,319)
(Decrease) /increase in amounts due to customers		(6,412,400,726)	2,877,589,887	(6,412,400,726)	2,877,589,888
Increase in other financial liabilities		421,310,169	502,502,151	421,310,169	496,469,860
(Decrease)/increase in other liabilities		(171,484,546)	2,698,110,744	(207,135,678)	2,720,170,662
Cash flows generated from Operations		12,072,263,301	8,121,780,829	12,307,209,585	8,354,535,803
Interest paid on lease liabilities		(60,142,627)	(41,221,178)	(60,142,627)	(41,221,178)
Post employment benefit obligation	29	(98,532,825)	(70,674,655)	(98,532,825)	(70,674,655)
Taxes paid		(2,405,502,486)	(3,486,739,700)	(2,449,080,047)	(3,536,295,383)
Net cash flows generated from Operating activities		9,508,085,363	4,523,145,296	9,699,454,086	4,706,344,587

Accounting policies and notes from pages 137 to 237 form an integral part of these Financial Statements.

STATEMENT OF CASH FLOWS

YEAR ENDED 31ST MARCH		Company		Group	
		2025	2024 (Restated)	2025	2024 (Restated)
	Notes	LKR	LKR	LKR	LKR
Cash flows from Investing activities					
Financial assets at fair value through other comprehensive income	13.2	(81,000,000)	(54,000,000)	(81,000,000)	(54,000,000)
Acquisition of investment property	19	(4,200,000)	(427,246,261)	(4,200,000)	(427,246,261)
Disposal proceeds from investment property		183,860,000	6,260,000	183,860,000	6,260,000
Acquisition of property, plant and equipment	20	(435,097,724)	(1,119,632,552)	(434,912,978)	(1,120,217,288)
Net investment in placements with banks		(1,356,572,710)	440,112,246	(1,356,572,710)	440,112,241
Acquisition of Intangible assets	22	-	(473,300)	-	(473,300)
Net investment in Financial assets recognised through profit or loss - measured at fair value		142,665,018	1,546,016,309	142,665,018	1,545,984,575
Proceed from sale of property, plant & equipments		6,120,900	24,000	6,120,900	296,500
Net cash flows (used in)/generated from Investing activities		(1,544,224,515)	391,060,442	(1,544,039,769)	390,716,467
Cash flows from financing activities					
Proceeds from Unsecured subordinate loan		1,500,000,000	-	1,500,000,000	-
Proceeds from Loans obtained	23	17,374,541,238	9,757,000,000	17,374,541,238	9,757,000,000
Lease Payments		(138,407,449)	(126,217,248)	(138,407,449)	(126,217,248)
Repayment of Bank Loans	23	(14,950,286,109)	(13,341,308,895)	(14,950,286,109)	(13,341,308,895)
Dividend paid	46	(1,272,297,460)	(318,074,365)	(1,287,297,460)	(318,074,365)
Net cash flows generated from/(used in) Financing activities		2,513,550,220	(4,028,600,508)	2,498,550,220	(4,028,600,508)
Net increase in Cash and Cash equivalents		10,477,411,067	885,605,230	10,653,964,537	1,068,460,546
Cash and Cash equivalents at the beginning of the year		6,297,428,280	5,411,823,050	6,498,428,364	5,429,967,818
Cash and Cash equivalents at the end of the year		16,774,839,348	6,297,428,280	17,152,392,901	6,498,428,364
Cash and Cash Equivalents For the Purpose of Cash Flow Statement					
Cash in Hand and balances with banks	7	4,725,518,897	2,151,491,367	4,731,852,338	2,163,461,874
Reverse repurchase agreements (less than three months)	12	8,827,414,659	541,345,511	9,170,257,363	588,345,511
Placements with Banks (less than three months)	8	3,350,350,552	3,648,330,913	3,378,727,960	3,790,360,490
Bank Overdrafts	23	(128,444,760)	(43,739,511)	(128,444,760)	(43,739,511)
Total Cash and Cash Equivalents For the Purpose of Cash Flow Statement		16,774,839,348	6,297,428,280	17,152,392,901	6,498,428,364

Accounting policies and notes from pages 137 to 237 form an integral part of these Financial Statements.

ACCOUNTING POLICIES
NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

1.1 General

Commercial Credit and Finance PLC ("Company") is a Limited Liability Company incorporated in Sri Lanka on 4th October 1982 under the Companies act no 17 of 1982 and domiciled in Sri Lanka. The Company was re-registered under the Companies Act No.7 of 2007 on 8th April 2008.It is a Licensed Finance Company registered under the Finance Business Act No. 42 of 2011.

The registered office of the Company and the principal place of business is located at No.106, Yatinuwara Veediya, Kandy. The shares of the company have a primary listing on the Colombo Stock Exchange (CSE).

1.2 Principal Activities and Nature of Operations

Company

During the year, the principal activities of the Company are acceptance of deposits, granting lease facilities, hire purchase, term loans, personal loans, micro loans, gold loan and other credit facilities, real estate development and related services.

Subsidiary

Commercial Credit Insurance Brokers (Pvt) Ltd (Formerly known as A.M.W Insurance Brokers (Pvt) Ltd)

Commercial Credit Insurance Brokers (Pvt) Ltd is a Limited Liability Company incorporated & domiciled in Sri Lanka.The registered office is situated at No.165, Kynsey Road, Colombo 08.The principle activities of the Company are the business of Insurance Brokering. Commercial Credit Insurance Brokers (Pvt) Ltd is also have same financial reporting period which 01st April to 31st March.

Associate Company

TVS Lanka (Pvt) Ltd

The company's primary activities involved import, assembling and distribution of brand new TVS motor bikes, motor bike spare parts, Tractors and Tractors spare part, lubricants, batteries and tyres. The registered office and principal place of business of the company is located at No.38, Old Negombo Road, Wattala. The Company holds 19.5% of the share of TVS Lanka (Pvt) Ltd. as at the reporting Date. The Chief Operating Officer of the Company is a director of TVS Lanka (Pvt) Ltd and it is considered an associate since Commercial Credit and Finance PLC has a significant influence.

1.3 Parent Entity and Ultimate Parent Entity

The Company's immediate parent is BG Investment (Pvt) Ltd. In the opinion of the directors, the Company's ultimate parent entity is BG Capital (Pvt) Ltd, which is incorporated in Sri Lanka while Mr. R.S. Egodage is the Company's ultimate controlling party.

1.4 Approval of financial statements by Directors

The Financial Statements of Commercial Credit and Finance PLC for the year ended 31st March 2025 was authorized for issue by the board of directors on 14th July 2025.

1.5 Responsibility for Financial Statements

The Board of Directors of the company is responsible for these Financial Statements of the Company as per the provisions of the Companies Act No.07 of 2007 and the Sri Lanka Accounting Standards.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements of the company have been prepared and presented in accordance with Sri Lanka Accounting Standards (SLFRSs and LKAS), laid down by the Institute of Chartered Accountants of Sri Lanka

In compliance with the requirements of the Companies Act No. 07 of 2007,the Finance Business Act No 42 of 2011 and CSE Listing Rules and SEC directions.

These financial statements include the following components.

- A Statement of Profit or Loss and Statement of Comprehensive Income providing the information of the financial performance of the Company
- A Statement of Financial Position providing the information on the financial position of the Company as at the year end
- A Statement of Changes in Equity depicting all changes in shareholder's equity during the year under review of the Company
- A Statement of Cash Flows providing the information to the users, on the ability of the Company to generate cash and cash equivalents and the needs of entity to utilize those cash flows
- Notes to the Financial Statements comprising accounting policies & other explanatory information

2.2 Basis of Measurement

The Financial Statements of the Company have been prepared on a historical cost basis, except for the following items stated in the Statement of Financial Position which have been measured at fair value.

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- Financial assets recognized through Profit or Loss (FVPL)
- Financial assets held at fair value through other comprehensive income (FVOCI)
- Investment Property
- Freehold Land & Buildings classified as Property, Plant & Equipment

2.3 Functional and presentation currency

The Financial Statements of the Company have been prepared in Sri Lanka Rupees (LKR), except when otherwise indicated.

2.4 Comparative Information

The comparative information is re-classified wherever necessary to conform to the current year's presentation. Refer Note 56.6 for reclassification made for the year ended 31 march 2025.

2.5 Presentation of Financial Statements

The assets and liabilities of the Company presented in the Statement of Financial Position are grouped by nature and listed in order that reflects their relative liquidity and maturity pattern. No adjustments have been made for inflationary factors affecting the financial statements.An analysis on recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 50 (Current & Non-Current analysis of Assets & Liabilities).

2.6 Materiality & Aggregation

Each material class of similar items are presented separately in the Financial Statements. Items of dissimilar nature or function are presented separately unless they are immaterial.

3 SIGNIFICANT ACCOUNTING JUDGEMENT, ESTIMATES AND ASSUMPTIONS

The preparation of Financial Statements of the Company/ Group in conformity with Sri Lanka Accounting Standards requires the Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Further, Management is also required to consider key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Actual results may differ from these estimates.

Accounting judgments, estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The key significant accounting judgments, estimates and assumptions involving uncertainty are discussed below, whereas the respective carrying amounts of such assets and liabilities are as given in the respective notes.

3.1 Going Concern

The Company has prepared the financial statement for the year ended 31st March 2025 on the basis that it will continue to operate as a going concern. In determining the basis of preparing the financial statements for the year ended 31st March 2025, based on available information, the management has assessed the prevailing macroeconomic conditions and its effects on Company and the appropriateness of the use of the going concern basis. It is view of the management that there are no material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern.

3.2 Impairment Losses on Lease Receivable, Hire Purchase Receivable and Loans and Advances to Customers

The measurement of impairment losses under Sri Lanka Accounting Standards - SLFRS 9 (Financial Instruments) across all categories of financial assets requires judgement. These estimates are driven by a number of factors, changes in which can result in different levels of impairment allowances.

The Company reviews its individually significant loans and advances at each reporting date to assess whether an impairment loss should be recorded in the Statement of Profit or Loss. In particular, management's judgment is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. Loans and advances that have been assessed individually and found to be not impaired and all individually insignificant loans and advances are then assessed collectively, by categorizing them into groups of assets with similar risk characteristics, to determine the expected credit loss on such loans and advances.

The expected credit loss (ECL) calculation under SLFRS 9 requires management to make judgments and estimates with regard to the following.

- The Company's criteria for assessing if there has been a significant increase in credit risk and so impairment for financial assets should be measured on a lifetime ECL basis

- Development of ECL models, including various formulas and the choice of inputs
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL model

It has been the Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary. The above assumptions and judgements are discussed in detail under Note 5.4.5 to the Financial Statements.

3.3 Impairment of other financial assets

The Company reviews its debt securities classified as FVOCI/ amortised cost, at each reporting date to assess whether they are impaired. Objective evidence that a debt security held at FVOCI/ amortised cost is impaired includes among other things significant financial difficulty of the issuer, a breach of contract such as a default or delinquency in interest or principal payments etc.

Equity instruments classified as Fair Value through Other Comprehensive Income (FVOCI) are not subject to impairment assessment.

3.4 Impairment of Goodwill

The Company assesses whether there are any indicators of impairment of goodwill at each reporting date or more frequently, if events or changes in circumstances necessitate to do so. This requires the estimation of the Value in Use (VIU) of the asset. Estimating VIU requires the Company to make an estimate of the expected future cash flows from the asset and also to select a suitable discount rate in order to calculate the present value of the relevant future cash flows. This valuation requires the Company to make estimates about expected future cash flows and discount rates and hence, they are subject to uncertainty. Refer Note 22 for details.

3.5 Taxation including Deferred Tax Assets

The Company is subject to income taxes and other taxes including VAT on financial services.

3.6 Fair Value of Property Plant and Equipment

The freehold land and buildings of the Company are reflected at fair value at the date of revaluation less any accumulated depreciation and impairment losses. The Company engages independent valuation specialists to determine fair value of freehold land and buildings, including methods of valuation are given in Note 20.6 to the financial statements.

3.7 Useful lifetime of Property Plant and Equipment

The Company reviews the residual values, useful lives and methods of depreciation of property, plant and 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.

3.8 Classification of Investment Property

Management requires using its judgment to determine whether a property qualifies as an investment property. The Company has developed criteria so it can exercise its judgment consistently. A property that is held to earn rentals or for capital appreciation or both and which generates cash flows largely independently of the other assets held by the Company are accounted for as investment property. On the other hand, a property that is used for operations or in the process of providing services or for administrative purposes and which do not directly generate cash flows as a standalone asset are accounted for as property, plant and equipment. The Company assesses on an annual basis the accounting classification of its properties taking into consideration the current use of such properties (Refer Note 19).

3.9 Fair value of Investment Property

The Company carries its Investment Property at fair value, with changes in fair values being recognised in the Statement of profit or loss. The Company engaged an independent valuer to determine the fair value as at 31st March 2025.

The best evidence of fair value is usually the current price in an active market for similar lease and other contracts. In the absence of such information, the Company determines the amount within a range of reasonable fair value estimates. In making such estimates, the Company considers information from a variety of sources including:

- Current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;
- Recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and
- Discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using capitalization rates that reflect current market assessments

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of the returns and yields, an uncertainty in the amount and timing of the cash flows.

3.9.1 Subsequent Transfers to/from Investment Property

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation, commencement of an operating lease to another party or completion of construction or development.

Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sale.

For a transfer from investment property to owner occupied property or inventories, the deemed cost of property for subsequent accounting is its fair value at the date of change in use. If the property occupied by the Company as an owner occupied property becomes an investment property, the Company, accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

For a transfer from inventories to investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the Income statement. When the Company completes the construction or development of a self constructed investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognized in the Income Statement.

3.10 Principal assumptions for management's estimation of fair value

If information on current or recent prices of assumptions underlying the discounted cash flow approach of investment properties is not available, the fair values of investment property are determined using discounted cash flow valuation techniques. The company uses assumptions that are mainly based on market conditions existing at each reporting date.

The principal assumptions underlying management's estimation of fair value are those related to: the future rentals, maintenance requirements, and appropriate capitalization rates / yields and voids. These valuations are regularly compared to actual market yield data and actual transactions by the company and those reported by the market.

3.11 Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determining using a variety of valuation techniques that include the use of mathematical models. The inputs of these models are derived from observable market data where possible, but if this is not available, judgements such as discount rates, default rate assumptions, etc. is required to establish fair values. The fair valuation of financial instruments is described in more in Note 48 to these financial statements.

The Company measures fair value using the fair value hierarchy that reflects the significance of input used in making measurements.

3.12 Defined Benefit Plan

The cost of the defined benefit plans and the present value of their obligations are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and possible future pension increases if any. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of Sri Lanka government bonds with maturities corresponding to the expected duration of the defined benefit obligations. The mortality rate is based on publicly available mortality tables. Future salary increases and pension increases are based on expected future inflation rate and expected future salary increase rates of the Company.

3.13 Right-of-Use Assets and Lease Liability

The Company uses its judgment to determine whether an operating lease contract qualifies for recognition of right-of-use assets. The Company applies judgments in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create economic benefits for it to exercise either the renewal or termination. Further, the Company cannot readily determine the interest rate implicit in the lease. Therefore, it uses its incremental borrowing rate to measure operating lease liability. The incremental borrowing rate is the rate of interest that the Company would have to pay to borrow over a similar term and with similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in similar economic environment.

3.14 Commitments and Contingent Liabilities

All discernible risks are accounted for in determining the amount of all known liabilities.

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be reliably measured. Unless the probability of occurrence is certain, contingent liabilities are not recognized in the statement of financial position but are disclosed in the statement of financial position. (Note 51).

3.14.1 Uncertainty Over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of LKAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of LKAS 12, nor does it specifically include requirements relating to interest and penalties associated within certain tax treatments. The interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

4. NEW AMENDMENTS TO ACCOUNTING STANDARDS ISSUED BUT NOT EFFECTIVE AS AT THE REPORTING DATE

- The Institute of Chartered Accountants of Sri Lanka has issued following new Sri Lanka Accounting Standards (SLFRSs/LKASs) which will become applicable for financial periods beginning on 01st January 2025. Accordingly, the Company has not applied these standards in preparing these Financial Statements.

1) SLFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information

2) SLFRS S2 – Climate Related Disclosure

The amendments to the following existing Sri Lanka Accounting Standards did not have a material impact on the Financial Statements of the Company.

- Sri Lanka Accounting Standard - LKAS 21 (The Effects of Changes in Foreign Exchange Rates) - The LKAS 21 has been amended to clarify the accounting for foreign currency transactions when there is a lack of exchangeability. The amendment, effective for annual periods beginning on or after January 1, 2025, provides guidance on when a currency is considered exchangeable and how to determine the exchange rate when it is not.

5. MATERIAL ACCOUNTING POLICIES

The material accounting policies set out below have been applied consistently to all periods presented in these financial statements of the Company, unless otherwise indicated. The accounting policies have been consistently applied by the Company where applicable.

5.1 Basis of Consolidation

The group financial statement comprise consolidation of the financial statements of the company and its subsidiary in terms of Sri Lanka Accounting standards (SLFRS 10) Consolidated financial statement.

Company's associate accounted under "Equity method of accounting" in terms of Sri Lanka Accounting Standard (LKAS 28) "Investments in Associates & Joint Ventures".

5.2 Business Combination and Goodwill

Business combinations are accounted for using the Acquisition method as per the requirements of Sri Lanka Accounting Standard (SLFRS 3) - "Business Combinations". When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

The Company measures goodwill as the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquire, less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss. Acquisition related costs are expensed as incurred and included in other expenses. Goodwill is initially recorded at cost and subsequently at cost less any accumulated impairment losses in accordance with the Sri Lanka Accounting Standard (SLFRS 3) - "Business Combinations".

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Goodwill has to be reviewed for impairment annually or more frequently if events or circumstances indicate that the carrying value may be impaired.

The Company elects on a transaction by transaction basis whether to measure non-controlling interest at its fair value, or at its proportionate share of the recognized amount of the identifiable net assets, at the acquisition date.

5.3 Foreign Currency Transactions and Balances

All foreign currency transactions are translated into the functional currency which is Sri Lankan Rupees (LKR) at the spot exchange rate at the date of the transactions were affected. In this regard, the Company's practice is to use the middle rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the spot rate of exchange at the reporting date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year adjusted for effective interest and payments during the year and the amortised cost in foreign currency translated at the exchange rate at the reporting date.

Non- monetary items that are measured in terms of historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition. Non-monetary items measured at fair value in a foreign currency are translated using the spot exchange rates at the date when the fair value was determined.

5.4 Financial instruments – initial recognition and subsequent measurement

5.4.1 Date of recognition

Financial assets and liabilities, with the exception of loans and advances to customers and balances due to customers, are initially recognized on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery or assets within the time frame generally established by regulation or convention in the market place. Loans and advances to customers are recognized when funds are transferred to the customers' accounts. The Company recognizes balances due to customers when funds are transferred to the Company.

5.4.2 Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments, as described in Notes 5.4.3.1(a) and Note 5.4.3.1(b). Financial instruments are initially measured at their fair value except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtracted from, this amount. Trade receivables are measured at the transaction price. When the fair value of financial instruments at initial recognition differs from the transaction price.

5.4.3 Measurement categories of Financial Assets and Liabilities

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortized cost, as explained in Note 5.4.3.1
- Fair value through Profit or loss Note5.4.3.2
- FVOCI, as explained in Note 5.4.3.3

The subsequent measurement of financial assets depends on their classification.

Financial liabilities, other than loan commitments and financial guarantees, are measured at amortised cost.

5.4.3.1 Loans and advances, Lease rental receivables

The Company only measures loans and receivables, Lease rentals receivable and stock out on hire and debt & other financial instruments at amortised cost if both of the following conditions are met,

- The financial asset is held within a business model with the objective of collecting contractual cash flows
- The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The details of these conditions are outlined below,

(a) Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objectives.

The Company's business model is not assessed on an instrument-by instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- The risk that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected.
- The expected frequency, value and timing of sales are also important aspects of the Group's assessment

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios in to account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

(b) The SPPI test

As a second step of its classification process, the Company assesses the contractual terms of financial instruments to identify whether they meet the SPPI test. Principal for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial assets (for example, if there are repayments of principal or amortization of the premium/ discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial assets is denominated and the period for which the interest rate is set. In contrast, contractual terms that introduce a more than de-Minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVPL.

5.4.3.2 Financial assets or financial liabilities at Fair Value through Profit or Loss (FVTPL)

The Company classified financial assets or financial liabilities as held for trading when they have been purchased or issued primarily for short term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent patterns of short term profit taking. Held for trading assets and liabilities are recorded and measured in the statement of financial position at fair value. Changes in fair value are recognized in net trading income. Interest income from financial assets held for trading is recorded under net interest income while dividend income is recorded in net trading income when the right to payment has been established.

Included in this classification are debt securities and equity investments that have been acquired principally for the purpose of selling or repurchasing in the near term

5.4.3.3 Equity instruments at FVOCI

Upon initial recognition, the Company occasionally elects to classify irrevocably some of its equity investments at FVOCI when they meet the definition of equity under LKAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by instrument basis.

Gains and losses on these equity instruments are never recycled to profit. Dividends are recognised in profit or loss as other operating income when the right of the payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI equity instruments are not subject to an impairment assessment.

5.4.3.4 Debt issued and other borrowed funds

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue of funds and costs that are an integral part of the EIR. The Company does not have compound financial instruments that contains both liability and equity components and require separation as at the date of the issue.

5.4.3.5 Financial guarantees and undrawn loan commitments

The Company issues financial guarantees and loan commitments. Financial guarantees are initially recognized in the financial statements at fair value, being the premium received. Subsequent to initial recognition, the Company's liability under each guarantee is measured at the higher of the amount initially recognized less

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cumulative amortization recognised in the income statement, and the ECL provision.

The premium received is recognised in the income statement under net fees and commission income on a straight-line basis over the life of the guarantee.

Undrawn loan commitments and letters of credits are commitments under which, over the duration of the commitment, the Company is required to provide a loan with pre-specified terms to the customer.

The nominal contractual value of financial guarantees and undrawn loan commitments where the loan agreed to be provided is on market terms, are not recorded in the statement of financial position. The nominal values of these instruments together with the corresponding ECLs are disclosed in Note 52

5.4.3.6 Reclassification of financial assets and liabilities

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company may acquire, dispose of, or terminates a business line (change in business model). When the Company reclassifies its financial assets, it applies the reclassification prospectively from the reclassification date without restating any previously recognised gains, losses (including impairment gains or losses) or interest. Financial liabilities are never reclassified when a financial asset is reclassified out of the amortised cost measurement category and into the fair value through profit or loss measurement category, its fair value is measure at the reclassification date. Any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognised in profit or loss.

When a financial asset is reclassified out of the fair value through profit or loss measurement category and into the amortised cost measurement category, its fair value at the reclassified date becomes its new gross carrying amount.

When a financial asset is reclassified out of the amortized cost measurement category and into the fair value through other comprehensive income measurement category, its fair value is measured at the reclassification date. Any gain or loss arising from a difference between the previous amortised cost of the financial asset and fair value is recognised in other comprehensive income.

The effective interest rate and the measurement of expected credit losses are not adjusted as a result of reclassification.

When a financial asset is reclassified out of the fair value through other comprehensive income measurement category and into the amortised cost measurement category, the financial asset is reclassified at its fair value at the reclassification date. However, the cumulative gain or loss previously recognised in other comprehensive income is removed from equity and adjusted against the fair value of the financial asset at the reclassification date. As a result, the financial asset is measured at the reclassification date as if it had always been measured at amortised cost.

The effective interest rate and measurement of expected rate and the measurement of expected credit losses are not adjusted as a result of the reclassification.

When a financial asset is reclassified out of the fair value through profit or loss measurement category and into the fair value through other comprehensive income measurement category, the financial asset continues to be measured at fair value.

When a financial asset is reclassified out of the fair value through other comprehensive income measurement category and into the fair value through profit or loss measurement category. The financial asset continues to be measured at fair value. The cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

5.4.4 Derecognition of financial assets and liabilities

5.4.4.1 Derecognition due to substantial modification of terms and conditions

The Company de-recognizes a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognized as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognized loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be credit impaired at the date of inception.

When assessing whether or not to de-recognize a loan to a customer, amongst others, the Group considers the following factors:

- Introduction of an equity feature
- Change in counterparty

- If the modification is such that the instrument would no longer meet the SPPI criteria

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the group records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

5.4.4.2 De-recognition other than for substantial modification

(a) Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is derecognized when the rights to receive cash flows from the financial asset have expired. The Group also derecognizes the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Company has transferred the financial asset if and only if, either:

- The Company has transferred its contractual rights to receive cash flows from the financial asset

Or

- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flow in full without material delay to a third party under a 'pass–through' arrangement

Pass-through arrangements are transactions whereby the Company retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- The Company has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates
- The Company cannot sell or pledge the original asset other than as security to the eventual recipients
- The Company has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Company is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either,

- The Company has transferred substantially all the risks and rewards of the asset.

Or

- The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognized only to the extent of the Company's continuing involvement, in which case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Company could be required to pay.

(b) Financial liabilities

A financial liability is de recognized when the obligation under the liability is discharged, canceled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de recognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

5.4.5 Impairment allowance for financial assets

5.4.5.1 Overview of the ECL principles

The Company has recorded the impairment for expected credit losses for all loans and debt & other financial instruments not held at FVPL, together with loan commitments and financial guarantee contracts. Equity instruments are not subject to impairment under SLFRS 9.

The ECL impairment is based on the credit losses expected to arise over the life of the asset (the

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lifetime Expected Credit Loss or (LTECL)], unless there has been no significant increase in credit risk since origination, in which case, the impairment is based on the 12 months' Expected Credit Loss (12MECL). The Company's policies for determining if there has been a significant increase in credit risk are set out in Note 5.4.5.3(a)

The Company has applied expert credit judgement (Management Overlays), in the assessment of underlying credit deterioration and migration of balances to progressive stages. The Company considered both quantitative and qualitative information in the assessment of significant increase in credit risk. Utilization of a payment deferral program was not necessarily considered an immediate trigger, in keeping with CA Sri Lanka and regulatory guidance, for an account to migrate to a progressive stage. Early observations of payment behavior of expires for this year were considered in the assessment of the changes in the risk of default occurring over the expected life of a financial instrument when determining staging and is a key input in determining migration.

The measurement of expected credit losses for each stage and the assessment of significant increase in credit risk considers information about past events and current conditions as well as reasonable and supportable projections of future events and economic conditions. The estimation and application of forward-looking information requires significant judgment.

The PD, LGD and EAD inputs used to estimate Stage 1 and Stage 2 credit loss allowances are modelled based on the macroeconomic variables (or changes in macroeconomic variables) that are most closely correlated with credit losses in the relevant portfolio. Each macroeconomic scenario used in our expected credit loss calculation includes a projection of all relevant macroeconomic variables used in our models for a five year period, subsequently reverting to long-run averages. Macroeconomic variables used in our expected credit loss models include, but are not limited to, unemployment rates, gross domestic product growth rates, interest rates and inflations.

The 12MECL is the portion of LTECLs that represent the ECLs that result from default events on financial instruments that are possible within the 12 months after the reporting date.

Both LTECLs and 12MECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments. The policy for grouping financial assets measured on a collective basis is explained in Note 5.4.5.8 The details of individual assessment of ECLs are given in Note 5.4.5.7

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. This is further explained in Note 5.4.5.1(a). Based on the above process, the Company categorize its loans into 'Stage 1', 'Stage 2', 'Stage 3' and 'originated credit impaired', as described below:

- **Stage 1**

When loans are first recognized, the group recognizes an impairment based on 12MECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from stage 2.

- **Stage 2**

When a loan has shown a significant increase in credit risk since origination, the Group records an impairment for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from stage 3.

- **Stage 3**

These loans are considered as credit impaired (as outlined in Note 5.4.5) The Company records an impairment for the LTECLs.

- **Originated credit impaired assets**

Originated credit impaired assets are financial assets that are credit impaired on initial recognition. They are recorded at fair value at original recognition and interest income is subsequently recognized based on a credit-adjusted EIR. ECLs are only recognized or released to the extent that there is a subsequent change in the expected credit losses.

For financial assets for which the Company has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

5.4.5.3 Credit-Impaired Financial Assets

(a) Definition of default and cure

The Company considers a financial instrument as defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

As a part of a qualitative assessment of whether an individually significant customer is in default, the Group also considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the Group carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate.

Such events include:

- Internal rating of the borrower indicating default or near-default
- The borrower requesting emergency funding
- The borrower having past due liabilities to public creditors or employees
- The borrower is deceased
- A material decrease in the underlying collateral value where the recovery of the loan is expected from the sale of the collateral
- A material decrease in the borrower's turnover or the loss of a major customer
- A covenant breach not waived by the Company
- The debtor (or any legal entity within the debtor's group) filing for bankruptcy application/ protection
- Debtor's listed debt or equity suspended at the primary exchange because of rumors or facts about the financial difficulties

It is the Company's policy to consider a financial instrument as "cured" and therefore re-classified out of Stage 3 when none of the default criteria has been present. Once cured, the decision whether to classify an asset as Stage 2 or Stage 1 largely depends on the days past due, at the time of the cure. The Company's criterion for 'cure' for rescheduled / restructured loans is more stringent than ordinary loans and is explained in Note 5.4.5.15

5.4.5.4 (b) Significant increase in credit risk

The Company continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the Company assesses whether there has been a significant increase in credit risk. Since initial recognition. The Company considers an exposure to have a significantly increased credit risk when it is past due for more than 30 days.

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.

The Company also applies a secondary qualitative method for triggering a significant increase in credit risk, such as restructuring or rescheduling of an assets while the asset is less than 30 days past due. In certain cases, the Company may also consider that events explained in Note 5.4.5.1(a) are significant increase in credit risk as opposed to a default, for customers who are considered as individually significant.

The Company monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews.

The PD, EAD and LGD models are subject to Company's policy on impairment assessment. There were no material changes to the policies during the year ended 31st March 2025.

5.4.5.5 The calculation of ECL

The Company calculates ECL based on three probability-weighted scenarios to measure the expected cash shortfall (the base case, best case and the worst case), discounted at an approximation to the EIR. Each of these is associated with different loss rates. The assessment of multiple scenarios incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset.

Key elements of the ECL calculations are outlined below:

- Probability of Default (PD)

The PD is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognized and is still in the portfolio. The concept of PDs is further explained in Note 5.4.5.9 (a)

- Exposure at default (EAD)

The EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. The EAD is further explained in Note 5.4.5.9(b)

- Loss Given Default (LGD)

The LGD is an estimate of the loss arising in the case where a

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default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD. The LGD is further explained in Note 5.4.5.9.(c).

With the exception of revolving facilities, for which the treatment is separately set out in Note 5.4.5.13, the maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Company has the legal right to call it earlier.

As at 31st March 2025, the base case assumptions have been updated to reflect the improved macro-economic conditions and economic forecasts provided by the Central Bank of Sri Lanka, and World Bank have been used. The key consideration for probability weightings in the current period is the macroeconomic growth prospects.

5.4.5.6 Post Model Adjustment (Management Overlays)

Post model 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 Bank's lending portfolios. Emerging local or global macroeconomic, micro-economic 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 post model adjustments may impact the amount of ECL recognized.

Management has applied a number of adjustments to the ECL calculated as per the modules as post model adjustment which are explained below.

The Company's post-model adjustments reflects the management's assessment of heightened credit risk across specific loan portfolios and exposures, resulting in increases in the loss allowance. These adjustments, based on a forward-looking evaluation of portfolio-specific risks, led to an increase in the loss allowance by LKR 5,429,762,899 as at 31st March 2025 (2024 – LKR 1,424,027,455).

5.4.5.7 Calculation of Expected Credit Losses for Individually significant loans

The Company first assess ECLs individually for financial assets that are individually significant. In the event the Company determines that such assets are not impaired (Not in stage 3), it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. However, assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment. The criteria used to determine whether individually significant customer is in default is discussed in Note 5.4.5.3(a).

If the asset is impaired, the amount of the loss is measured by discounting the expected future cash flows of a financial assets at its original effective interest rate and comparing the resultant present value with the Financial asset's current carrying amount. The impairment on individually significant accounts are reviewed more regularly when circumstances require. This normally encompasses re-assessment of the enforceability of any collateral held and the timing and amount of actual and anticipated receipts. Individually assessed impairment is only released when there is reasonable and objective evidence of a reduction in the established loss estimate. Interest on impaired assets continues to be recognized through the unwinding of the discount.

When ECLs are determined for individually significant financial assets, following factors are considered:

- Aggregate exposure to the customer including any undrawn exposures;
- The viability of the customer's business model and their capacity to trade successfully out of financial difficulties and generate sufficient cash flow to service debt obligations
- The amount and timing of expected receipts and recoveries
- The extent of other creditors' commitments ranking ahead of, or pari-passu with the Company and the likelihood of other creditors continuing to support the Company;

5.4.5.8 Grouping of financial assets measured on a collective basis

The Company calculates ECLs either on a collective or an individual basis. Asset classes where the Company calculates ECL on an individual basis include all customers whose exposure is more than or equal to the internal threshold for classifying them as individually significant. However, if the customer is determined to be in stage I or stage II, such customers are moved back to collective ECL calculation.

For all other asset classes, the Company calculates ECL on a collective basis. The Company categorizes these exposures into smaller homogeneous portfolios, based on a combination of internal and external characteristics of the loans, as described below:

- Product type
- Type of collateral
- Whether the loan is restructured /rescheduled

5.4.5.9 (a) PD Estimation process

PD estimation for loans and advances to other customers under SLFRS 9 is largely based on the Days Past Due (DPD) of the customers which is common for most Financial Institutions in the country at present.

Accordingly, exposures are categorized among 5 Company based on the DPD as follows,

- Zero days past due
- 1 – 30 days past due
- 31 - 60 days past due
- 61 – 90 days past due
- Above 90 days past due

The movement of the customers in to bad DPD categories are tracked at each account level over the periods and it is used to estimate the amount of loans that will eventually be written off.

5.4.5.9 (b) Exposure at default

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too.

5.4.5.9 (b) Exposure at default

To calculate the EAD for a Stage 1 loan, the Company assesses the possible default events within 12 months. However, if a Stage 1 loan that is expected to default within the 12 months from the balance sheet date is also expected to cure and subsequently default again, then all linked default events are taken into account. For Stage 2 and stage 3 financial assets and credit impaired financial assets at origination, events over the lifetime of the instruments are considered. The Company determines EADs by modelling the range of possible exposure outcomes at various points in time, corresponding the multiple scenarios. The SLFRS 9 PDs are then assigned to each economic scenario based on the outcome of Company's models.

5.4.5.9 (c) Loss Given Default

LGD values are assessed at least annually for each material collateral type. The Company segregates its customer loan book based on following major types of collaterals when calculating the LGD.

- Secured against motor vehicles and other movable properties
- Secured against immovable property
- Secured against cash / deposits held within the company
- Secured against gold

These LGD rates take into account the expected EAD in comparison to the amount expected to be recovered or realized from any collateral held. Historically collected loss data is used for LGD calculation and involves a wider set of transaction characteristics (e.g., product type, collateral type) as well as borrower characteristics. The LGD rates, where possible, are calibrated through back testing against recent recoveries.

5.4.5.10 Other revolving facilities

The Company's product offering includes Factoring and draft facilities in which the company has the right to cancel and/or reduce the facilities with a very short notice. The Company does not limit its exposure to credit losses to the contractual notice period, but instead calculates ECL over a period of 12 months to reflect the Company's expectations of the customer behavior, its likelihood of default and the Company's future risk mitigation procedures, which could include reducing or cancelling the facilities.

5.4.5.11 Forward looking information

In its ECL models, the Company relies on a broad range of forward looking information as economic inputs, such as:

- GDP growth
- Unemployment rates
- Interest rates
- Exchange rate
- Inflation rate

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary completeness and accuracy, the Company obtains the above data from third party sources (Central Bank, World Bank and International Monetary Fund etc).

5.4.5.12 Collateral valuation

To mitigate its credit risks on financial assets, the Company seeks to use collateral, where possible. The collateral comes in various forms, such as motor vehicles, cash, guarantees, real estate, receivables, inventories and other non-financial assets.

To the extent possible, the Company uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as independent valuation specialists.

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5.4.5.13 Collateral repossessed

The Company's policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to the relevant asset category.

5.4.5.14 Write-offs

Financial assets are written off either partly or in their entirety only when the Company has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated impairment, the difference is first treated as an addition to the impairment that is then applied against the gross carrying amount. Any subsequent recoveries are credited to the statement of profit or loss.

Financial assets that are written off could still be subject to enforcement activities in order to comply the Company's procedure for recovery of amounts due.

5.4.5.15 Rescheduled and restructured loans

The Company sometimes makes concessions or modifications to the original terms of loans in response to the borrower's financial difficulties, taking possession of the collateral. The Company considers a loan as rescheduled / restructured, when such concessions or modifications are provided as a result of the borrower's present or expected financial difficulties and the company would not have agreed to them if the borrower had been financially healthy. Indicators of financial difficulties include defaults on covenants, or significant concerns raised by the Credit Risk Department. Reschedulement / restructure may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms. It is the Company's policy to monitor future payments of these loans are paid as agreed.

Derecognition and classification of rescheduled / restructured facilities align with Direction No. 01 of 2020, Classification and Measurement of Credit Facilities, issued by Central Bank of Sri Lanka. 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.

5.4.5.16 Recognition of expected credit loss provision on government securities

The company does not recognise impairment provision in respect of rupee denominated government securities while recognition of impairment or foreign currency denominated government securities are generally determined based on applicable exposure of default, Probability of default and loss given default.

5.5 Lease

5.5.1 Identification of a Lease

Previously, the Company determined, at contract inception, whether an arrangement is or contains a lease under LKAS 17/ IFRIC 4. Under SLFRS 16, the Company assesses whether a contract is or contains a lease based on the definition of lease as explained in Note 21.

On transition, the Company elected to apply SLFRS 16, only to contracts that were previously identified as leases. Contracts that were not identified as leases under LKAS 17/IFRIC 4 were not reassessed to ascertain whether there is a lease. Therefore, the definition of a lease under SLFRS 16, was applied only to contracts entered in to or changed on or after 1st January 2019.

The Company applied SLFRS 16 using the modified retrospective approach and thereby the comparative figures were not restated and continues to be reported under LKAS 17.

5.5.2 As a Lessor

Lessor accounting under SLFRS 16 is substantially unchanged from LKAS 17. Lessor will continue to classify leases as either operating leases or finance leases using similar principles as in LKAS 17. Therefore, SLFRS 16 does not have an impact for leases where the Company is the lessor.

5.5.3 As a Lessee

As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying assets

to the Company. Under SLFRS 16, the Company recognises right of the use of assets and lease liabilities for most leases except for short term leases to which the Company applied recognition exemptions in SLFRS 16.

5.5.3.1 Leases classified as operating leases under LKAS 17

At transition, lease liabilities were measured at the present value of the remaining lease payments discounted at the incremental borrowing rates as at 1st April 2019. Rights of use of assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

In addition, the Company applied following practical expedients permitted by SLFRS 16, to Leases previously classified as operating leases under LKAS 17.

- Applied a Single discount rate to a portfolio of leases with similar characteristics
- Applied the exemption not to recognize right of use assets and liabilities for leases with less than 12 months of lease term.
- Exclude initial direct costs, from the measurement of the right of use asset for leases previously accounted for as operating leases at the date of initial application.
- Used hindsight when determining the lease term of the contact contains options to extend or terminate the lease.

5.6 Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's (Cash Generating Unit) fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

For assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimate the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of profit or loss.

5.7 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, where 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 of the amount of the obligation. The expense relating to any provision is presented in the Statement of profit or loss net of any reimbursement.

6 RECOGNITION OF INCOME AND EXPENSE

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following recognition criteria must also be met before revenue is recognized.

(i) Interest Income and Interest Expense

For all financial instruments measured at amortized cost, interest bearing financial assets classified as available for sale and financial instruments designated at fair value through profit or loss, interest income or expense is recorded using the EIR. EIR is the rate exactly discounts estimated future cash payment or receipt through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial assets and financial liability.

The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses.

The carrying amount of the financial assets and liability is adjusted if the Company revises its estimates of payment and receipts. The adjusted carrying amount is calculated based on the original EIR and the change in carrying amount is recorded as 'Interest and similar income' for the financial assets and 'Interest and similar expense' for financial liabilities.

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Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

(ii) Fee and commission income

The Company earns fee and commission income from a diverse range of services it provides to its customers. Fee income can be divided into the following two categories:

Performance obligation and revenue recognition

Fee and commission income of contracts with customers is measured based on the consideration specified in a contract with customers. The Company recognizes revenue when it transfers the control over a service to a customer.

The information about the nature and timing of the satisfaction of performance obligation in contracts with customers including significant payment terms and the related revenue recognition policies as follows;

- Fee income from providing transaction service

  Fees arising from negotiating or participating in the negotiation of a transaction for a third party, such as the purchase or sale of business is recognized on completion of the underlying transaction. Fees or components of fees that are linked to a certain performance are recognized at point in time after fulfilling the corresponding criteria.

- Performance obligation and revenue recognition policies

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies under SLFRS 15
Loans & advance related services Lease related services	The Company provides various services to customers including documentation, account management and servicing fees	Revenue related to transactions is recognised at the point in time when the transaction takes place.
	Transaction based fees are charged to customer's account when the transaction takes place	

The following table provides information about the nature and timing of satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

6.1 Dividend Income

Dividend income is recognized when the right to receive the payment is established.

6.2 Real Estate Sales

Revenue from the real estate sale is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer.

6.3 Current Taxes

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the Statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Refer note No. 31 for the accounting policy for deferred taxation.

6.4 VAT on Financial Services

VAT on financial services is calculated in accordance with VAT Act No.14 of 2002 and subsequent amendments thereto.

6.5 Social Security Contribution Levy (SSCL)

Social Security Contribution Levy (SSCL) shall be paid by any person carrying on the business of supplying financial services, on the liable turnover specified in the Second Schedule of the Social Security Contribution Levy Act No.25 of 2022 (SSCL Act), at the rate of 2.5%, with effect from 1st October 2022.SSCL is payable on 100% of the Value Addition attributable to financial services.

The Value Addition attributable to financial services shall be computed for the payment of SSCL on the business of supplying financial services by applying the attributable method referred in to Chapter IIIA of the Value Added Tax Act No. 14 of 2002.

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7 CASH AND CASH EQUIVALENTS

	Company		Group	
	2025	2024	2025	2024
	LKR	LKR	LKR	LKR
Cash in hand	869,164,074	657,277,512	869,164,074	657,277,512
Balances with banks	3,856,354,823	1,494,213,854	3,862,688,264	1,506,184,362
	4,725,518,897	2,151,491,366	4,731,852,338	2,163,461,874

7.1 Balances With Banks

	2025	2024	2025	2024
	LKR	LKR	LKR	LKR
Credit Rating				
A+ (lka)	257,026,954	-	257,026,954	-
A (lka)	1,661,946,061	620,869,149	1,668,279,502	632,839,657
A- (lka)	793,549,071	409,275,875	793,549,071	409,275,875
AA- (lka)	461,299,274	282,374,184	461,299,274	282,374,184
BB+ (lka)	-	458,638	-	458,638
BBB- (lka)	682,533,463	181,236,008	682,533,463	181,236,008
	3,856,354,823	1,494,213,854	3,862,688,264	1,506,184,362

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Cash and cash equivalents are defined as cash in hand, demand deposits and investments with short maturities i.e. three months or less from the date of acquisition.

For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand, deposits in banks net of outstanding bank overdrafts and reverse repurchase agreements. Investments with short maturities i.e. those having original maturities of three months or less from the date of acquisition are also treated as cash equivalents.

8 PLACEMENTS WITH BANKS

	Company		Group	
	2025	2024	2025	2024
	LKR	LKR	LKR	LKR
Time deposits				
Within three months	3,350,350,552	3,648,330,913	3,350,350,552	3,790,360,489
More than three months	1,356,572,710	-	1,356,572,710	-
	4,706,923,262	3,648,330,913	4,706,923,262	3,790,360,489

9 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	Company		Group	
	2025	2024	2025	2024
	LKR	LKR	LKR	LKR
Government of Sri Lanka Treasury bills	6,738,629,769	6,882,854,302	6,738,908,334	6,883,104,776
Quoted equity investments (Note 9.1)	1,834,964	275,449	1,834,964	275,449
	6,740,464,733	6,883,129,751	6,740,743,298	6,883,380,225

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9.1 Quoted Equity Investments

	Company/Group					
	2025			2024		
	No. of Shares	Cost of Investment	Market Value	No. of Shares	Cost of Investment	Market Value
		LKR	LKR		LKR	LKR
Asiri Surgical Hospital PLC	159,562	1,800,298	1,834,964		-	-
Pegasus Hotels Of Ceylon PLC	-	-	-	11,976	290,304	275,449
Total		1,800,298	1,834,964		290,304	275,449

10 LOANS AND RECEIVABLES

	Company / Group		
As at	31-Mar-2025	31-Mar-2024	1-Apr-2023
		(Restated)	(Restated)
	LKR	LKR	LKR
Loan against fixed deposits	1,280,195,898	1,281,121,852	1,665,452,979
Short Term loans	324,739,308	375,152,001	430,241,783
Microfinance loans	3,203,415,965	3,478,874,579	3,026,322,008
Abhivurdhi SME loans	243,426,157	219,462,856	138,311,250
Business loans	482,910,708	338,942,090	223,933,187
Gold Loans	14,954,614,575	14,684,501,999	12,370,989,914
Factoring receivables	36,082,350	38,358,067	44,753,062
Term draft loans	862,408,563	1,782,264,872	1,650,226,583
Auto Loans	1,651,264,345	2,236,422,684	2,008,592,553
Staff Loans	179,927,927	245,041,077	310,122,615
Education Loans	66,006,978	112,522,467	170,216,195
Other Loans	915,158,211	817,635,554	562,198,456
	24,200,150,985	25,610,300,098	22,601,360,585
Less : Allowance for impairment losses (Note 10.1)	(2,036,648,614)	(1,813,037,257)	(1,576,383,387)
Net loans and advances	22,163,502,371	23,797,262,841	21,024,977,198

10.1 Allowance for impairment losses

	Company / Group		
As at	31-Mar-2025	31-Mar-2024	1-Apr-2023
		(Restated)	(Restated)
	LKR	LKR	LKR
Balance as at 1st April	1,813,037,257	1,576,383,387	1,440,140,878
Charge for the year	232,706,352	261,777,551	487,261,870
Amounts written off	(9,094,995)	(25,123,681)	(351,019,361)
As at 31st March	2,036,648,614	1,813,037,257	1,576,383,387

Post Model Adjustment	31-Mar-2025	31-Mar-2024 (Restated)	1-Apr-2023 (Restated)
	LKR	LKR	LKR
Loss allowance before post model adjustment	1,318,177,657	1,529,973,494	1,576,383,387
Post model adjustment (Management Overlays)	718,470,957	283,063,763	-
Loss allowance after post model adjustment	2,036,648,614	1,813,037,257	1,576,383,387

The Company's allowance for impairment losses consists of collective impairment amounting to LKR 1,779,989,240/- (2024 - LKR 981,028,142/- 2023-LKR 1,297,029,522) and individual impairment amounting to LKR 256,659,374/- (2024 - LKR 289,225,765/-, 2023- LKR 279,353,865/-).

10.1.1 Disclosure on Staging of Financial Asset

Credit Exposure Movement (Company / Group)	Stage 1	Stage 2	Stage 3	Total
	LKR	LKR	LKR	LKR
Balance as at 1st April 2024 (Restated)	20,534,592,604	2,069,105,643	3,006,601,851	25,610,300,098
Granted During the year	18,482,498,544	1,765,452,893	354,995,442	20,602,946,879
Write off	(804,634)	(33,029,650)	(33,834,284)	(67,668,568)
Recoveries	(18,891,380,644)	(1,798,162,169)	(1,255,884,611)	(21,945,427,424)
Stage 1	(434,671,714)	251,361,836	183,309,878	-
Stage 2	109,750,674	(221,022,167)	111,271,493	-
Stage 3	81,031,947	55,742,702	(136,774,649)	-
As at 31st March 2025	19,881,016,777	2,089,449,088	2,229,685,120	24,200,150,985

2024 (Restated)	Stage 1	Stage 2	Stage 3	Total
	LKR	LKR	LKR	LKR
Balance as at 1st April 2023 (Restated)	16,100,758,085	2,820,770,335	3,679,832,165	22,601,360,585
During the year granted	19,648,585,377	1,817,117,251	512,859,145	21,978,561,773
Write off	(454,808)	(4,346,654)	(101,894,070)	(106,695,532)
Recoveries	(15,032,597,389)	(2,504,250,673)	(1,326,078,666)	(18,862,926,728)
Stage 1	(319,417,054)	122,892,272	196,524,782	-
Stage 2	118,100,747	(235,598,604)	117,497,857	-
Stage 3	19,617,646	52,521,716	(72,139,362)	-
As at 31st March 2024 (Restated)	20,534,592,604	2,069,105,643	3,006,601,851	25,610,300,098

Provision for Impairment Movement (Company / Group)	Stage 1	Stage 2	Stage 3	Total
	LKR	LKR	LKR	LKR
Balance as at 1st April 2024 (Restated)	292,972,090	161,947,828	1,358,117,339	1,813,037,257
Charge/(write back) to the Income Statement	326,474,405	26,185,375	(119,953,428)	232,706,352
Stage 1	(32,851,868)	22,701,631	10,150,237	-
Stage 2	23,496,598	(59,148,748)	35,652,150	-
Stage 3	20,573,496	13,245,703	(33,819,199)	-
Amounts written off	-	-	(9,094,995)	(9,094,995)
As at 31st March 2025	630,664,721	164,931,789	1,241,052,104	2,036,648,614

NOTES TO THE FINANCIAL STATEMENTS

Provision for Impairment Movement (Company / Group)	Stage 1	Stage 2	Stage 3	Total
	LKR	LKR	LKR	LKR
Balance as at 1st April 2023 (Restated)	223,970,506	148,777,036	1,203,635,845	1,576,383,387
Charge/(write back) to the Income Statement	55,484,401	36,334,989	169,958,161	261,777,551
Stage 1	(12,132,328)	7,701,256	4,431,072	-
Stage 2	18,376,572	(41,295,727)	22,919,155	-
Stage 3	7,272,939	10,430,274	(17,703,213)	-
Amounts written off	-	-	(25,123,681)	(25,123,681)
As at 31st March 2024 (Restated)	292,972,090	161,947,828	1,358,117,339	1,813,037,257

10.2 Gross Loans and Receivables

As at 31st March 2025 - LKR (Company / Group)				
	Stage 1	Stage 2	Stage 3	Total
	LKR	LKR	LKR	LKR
Loans against fixed deposits	773,091,511	495,317,458	11,786,929	1,280,195,898
Short Term loans	93,563,164	9,668,349	221,507,795	324,739,308
Microfinance loans	2,897,817,478	18,899,262	286,699,225	3,203,415,965
Abhivurdhi SME loans	218,396,980	2,284,932	22,744,245	243,426,157
Business loans	369,318,782	16,673,841	96,918,085	482,910,708
Gold Loans / Gold loan advances	13,905,388,007	900,177,743	149,048,825	14,954,614,575
Factoring receivables	11,632,845	-	24,449,505	36,082,350
Term draft loans	352,202,886	217,948,425	292,257,252	862,408,563
Auto Loans	865,590,845	249,741,718	535,931,782	1,651,264,345
Staff Loans	103,529,869	2,853,433	73,544,625	179,927,927
Education Loans	39,678,452	2,041,524	24,287,002	66,006,978
Other Loans	250,805,958	173,842,403	490,509,850	915,158,211
	19,881,016,777	2,089,449,088	2,229,685,120	24,200,150,985
Less: Impairment allowance				
Loans against fixed deposits	-	-	726,778	726,778
Short Term loans	12,002,364	2,932,859	150,083,397	165,018,620
Microfinance loans	314,800,729	6,558,422	185,180,649	506,539,800
Abhivurdhi SME loans	49,327,295	848,568	14,782,281	64,958,144
Business loans	19,897,925	4,257,503	73,706,718	97,862,146
Gold Loan / Gold loan advances	59,795,732	12,247,949	19,538,357	91,582,038
Factoring receivables	181,204	-	50,349,429	50,530,633
Term draft loans	907,268	5,201,513	155,059,801	161,168,582
Auto Loans	47,075,856	27,208,225	189,322,038	263,606,119
Staff Loans	3,992,285	785,774	50,544,305	55,322,364
Education Loans	2,045,660	325,216	15,108,734	17,479,610
Other Loans	120,638,403	104,565,760	336,649,617	561,853,780
	630,664,721	164,931,789	1,241,052,104	2,036,648,614
Net Loans and Receivables	19,250,352,056	1,924,517,299	988,633,016	22,163,502,371

The gross carrying value of the loan portfolio decreased due to the cautious lending approach adopted due to the particularly in auto loan and term draft products due to restrictions in vehicle imports.

10.2 Gross Loans and Receivables (Contd...)

As at 31st March 2024 (Restated) - LKR (Company / Group)				
	Stage 1	Stage 2	Stage 3	Total
	LKR	LKR	LKR	LKR
Loans against fixed deposits	824,794,339	351,552,403	104,775,110	1,281,121,852
Short term loans	79,913,760	34,922,814	260,315,427	375,152,001
Microfinance loans	3,196,979,737	18,488,893	263,405,949	3,478,874,579
Abhivurdhi SME loans	193,469,718	2,049,664	23,943,474	219,462,856
Business loans	238,728,263	10,744,471	89,469,356	338,942,090
Gold Loans / Gold loan advances	13,617,621,567	987,292,932	79,587,500	14,684,501,999
Factoring receivables	13,069,014	-	25,289,053	38,358,067
Term draft loans	993,373,527	334,710,777	454,180,568	1,782,264,872
Auto Loans	1,007,568,426	222,895,185	1,005,959,073	2,236,422,684
Staff Loans	168,393,347	14,089,317	62,558,413	245,041,077
Education Loans	33,374,479	5,848,039	73,299,949	112,522,467
Other Loans	167,306,427	86,511,148	563,817,979	817,635,554
	20,534,592,604	2,069,105,643	3,006,601,851	25,610,300,098
Less: Impairment allowance				
Loans against fixed deposits	-	-	13,767,998	13,767,998
Short term loans	14,614,779	7,300,650	218,035,472	239,950,901
Microfinance loans	24,226,322	5,176,102	170,274,068	199,676,492
Abhivurdhi SME loans	23,671,917	533,729	17,211,859	41,417,505
Business loans	18,169,905	3,573,270	65,039,742	86,782,917
Gold Loan / Gold loan advances	67,182,702	22,383,217	10,855,841	100,421,760
Factoring receivables	684,022	-	50,510,420	51,194,442
Term draft loans	5,217,005	23,615,783	241,670,647	270,503,435
Auto Loans	57,747,830	23,752,041	190,275,323	271,775,194
Staff Loans	13,927,889	4,672,210	59,622,008	78,222,107
Education Loans	1,338,986	597,464	25,466,914	27,403,364
Other Loans	66,190,733	70,343,362	295,387,047	431,921,142
	292,972,090	161,947,828	1,358,117,339	1,813,037,257
Net Loans and Receivables	20,241,620,514	1,907,157,815	1,648,484,512	23,797,262,841

NOTES TO THE FINANCIAL STATEMENTS

10.2 Gross Loans and Receivables (Contd...)

As at 1st April 2023 (Restated) - LKR (Company / Group)				
	Stage 1	Stage 2	Stage 3	Total
	LKR	LKR	LKR	LKR
Loans against fixed deposits	1,169,853,852	257,469,833	238,129,294	1,665,452,979
Short term loans	72,046,913	32,328,783	325,866,087	430,241,783
Microfinance loans	2,803,411,134	9,175,506	213,735,368	3,026,322,008
Abhivurdhi SME loans	112,241,373	-	26,069,877	138,311,250
Business loans	146,919,525	-	77,013,662	223,933,187
Gold Loan / Gold loan advances	10,300,221,792	1,928,227,967	142,540,155	12,370,989,914
Factoring receivables	17,241,465	-	27,511,597	44,753,062
Term draft loans	823,814,663	285,407,128	541,004,792	1,650,226,583
Auto Loans	317,948,090	251,143,484	1,439,500,979	2,008,592,553
Staff Loans	225,163,063	10,128,448	74,831,104	310,122,615
Education Loans	65,629,699	16,078,237	88,508,259	170,216,195
Other Loans	46,266,516	30,810,949	485,120,991	562,198,456
	16,100,758,085	2,820,770,335	3,679,832,165	22,601,360,585
Less: Impairment allowance				
Loans against fixed deposits	-	-	19,083,306	19,083,306
Short term loans	21,261,960	21,327,092	211,503,525	254,092,577
Microfinance loans	22,621,682	3,261,760	131,532,263	157,415,705
Abhivurdhi SME loans	17,539,935	-	13,059,655	30,599,590
Business loans	11,486,383	-	48,887,856	60,374,239
Gold Loan / Gold loan advances	70,728,014	53,150,003	27,448,451	151,326,468
Factoring receivables	-	-	53,788,109	53,788,109
Term draft loans	18,509,213	10,360,050	253,102,983	281,972,246
Auto Loans	20,799,648	28,335,235	165,360,375	214,495,258
Staff Loans	15,435,163	2,961,906	43,695,280	62,092,349
Education Loans	4,734,457	3,176,933	20,673,262	28,584,652
Other Loans	20,854,051	26,204,057	215,500,780	262,558,888
	223,970,506	148,777,036	1,203,635,845	1,576,383,387
Net Loans and Receivables	15,876,787,579	2,671,993,299	2,476,196,320	21,024,977,198

11 LEASE RENTALS RECEIVABLE AND STOCKS OUT ON HIRE

	Company / Group		
As at	31-Mar-2025	31-Mar-2024 (Restated)*	1-Apr-2023 (Restated)*
	LKR	LKR	LKR
Gross rentals receivable			
- Lease rentals	60,793,953,949	40,595,306,718	47,095,612,247
- Amounts receivable from hirers	20,750,384,701	53,579,269,999	43,386,138,208
	81,544,338,650	94,174,576,717	90,481,750,455
Less: Unearned income	(20,413,374,560)	(25,958,296,291)	(26,512,747,622)
Net rentals receivable	61,130,964,090	68,216,280,426	63,969,002,833
Less : Allowance for impairment losses (Note 11.1)	(13,409,924,858)	(12,425,352,826)	(9,400,882,435)
Total net rentals receivable (Note 11.2)	47,721,039,232	55,790,927,600	54,568,120,398

11.1 Allowance for impairment losses

	Company/Group		
	31-Mar-2025	31-Mar-2024 (Restated)*	1-Apr-2023 (Restated)*
	LKR	LKR	LKR
Balance as at 1st April	12,425,352,826	9,400,882,435	5,323,091,721
Charge for the year	1,274,567,530	3,977,437,118	5,454,312,534
Amounts written off	(289,995,498)	(952,966,727)	(1,376,521,820)
As at 31st March	13,409,924,858	12,425,352,826	9,400,882,435

	Company/Group		
Post Model Adjustment	31-Mar-2025	31-Mar-2024 (Restated)*	1-Apr-2023 (Restated)*
	LKR	LKR	LKR
Loss allowance before post model adjustment	8,698,632,916	11,284,389,134	9,400,882,435
Post model adjustment (Management Overlays)	4,711,291,942	1,140,963,692	-
Loss allowance after post model adjustment	13,409,924,858	12,425,352,826	9,400,882,435

The Company's allowance for impairment losses consists of collective impairment amounting to LKR 12,424,227,422/- (2024 -LKR 7,076,656,193/-, 2023-LKR 9,399,045,991) and individual impairment amounting LKR 4,523,596/- (2024 - LKR 14,640,932/-,2023- LKR 1,836,444).

NOTES TO THE FINANCIAL STATEMENTS

11.2 Gross rentals receivable (Company / Group)

As at 31st March 2025	(Company / Group)				
	Stage 1	Stage 2	Stage 3	Unearned Income	Total
	LKR	LKR	LKR	LKR	LKR
Lease rentals	40,323,861,468	7,593,921,012	12,876,171,469	(16,595,794,863)	44,198,159,086
Amounts receivable from hirers	6,699,502,335	3,331,366,981	10,719,515,385	(3,817,579,697)	16,932,805,004
	47,023,363,803	10,925,287,993	23,595,686,854	(20,413,374,560)	61,130,964,090
Less: Impairment allowance					
Lease rentals	2,191,168,638	803,654,339	5,170,973,626	-	8,165,796,603
Amounts receivable from hirers	436,623,740	401,712,543	4,405,791,972	-	5,244,128,255
	2,627,792,378	1,205,366,882	9,576,765,598	-	13,409,924,858
Net Loans and Receivables	44,395,571,425	9,719,921,111	14,018,921,256	(20,413,374,560)	47,721,039,232

As at 31st March 2024 (Restated)	(Company / Group)				
	Stage 1	Stage 2	Stage 3	Unearned Income	Total
	LKR	LKR	LKR	LKR	LKR
Lease rentals	11,135,628,233	3,825,982,804	25,633,695,681	(10,403,331,997)	30,191,974,721
Amounts receivable from hirers	24,816,272,837	7,417,394,831	21,345,602,331	(15,554,964,294)	38,024,305,705
	35,951,901,070	11,243,377,635	46,979,298,012	(25,958,296,291)	68,216,280,426
Less: Impairment allowance					
Lease rentals	838,313,348	499,658,746	5,572,885,040	-	6,910,857,134
Amounts receivable from hirers	1,277,861,045	629,581,221	3,607,053,426	-	5,514,495,692
	2,116,174,393	1,129,239,967	9,179,938,466	-	12,425,352,826
Net Loans and Receivables	33,835,726,677	10,114,137,668	37,799,359,546	(25,958,296,291)	55,790,927,600

As at 1st April 2023 (Restated)	(Company / Group)				
	Stage 1	Stage 2	Stage 3	Unearned Income	Total
	LKR	LKR	LKR	LKR	LKR
Lease rentals	6,229,945,716	6,353,411,968	34,512,254,563	(13,265,342,814)	33,830,269,433
Amounts receivable from hirers	9,125,439,805	7,768,473,336	26,492,225,067	(13,247,404,808)	30,138,733,400
	15,355,385,521	14,121,885,304	61,004,479,630	(26,512,747,622)	63,969,002,833
Less: Impairment allowance					
Lease rentals	543,743,937	694,571,651	4,569,120,378	-	5,807,435,966
Amounts receivable from hirers	534,002,814	639,806,721	2,419,636,934	-	3,593,446,469
	1,077,746,751	1,334,378,372	6,988,757,312	-	9,400,882,435
Net Loans and Receivables	14,277,638,770	12,787,506,932	54,015,722,318	(26,512,747,622)	54,568,120,398

11.3 Maturity of lease rentals receivables and stock out on hire - (Company / Group)

As at 31st March 2025	Within one year	1 - 5 years	Over 5 years	Total
	LKR	LKR	LKR	LKR
Gross rentals receivable				
- Lease rentals	34,719,700,642	26,071,768,300	2,485,007	60,793,953,949
- Amounts receivable from hirers	17,239,649,600	3,510,680,347	54,754	20,750,384,701
	51,959,350,242	29,582,448,647	2,539,761	81,544,338,650
Less: Unearned income	(13,524,990,604)	(6,888,045,360)	(338,596)	(20,413,374,560)
Net rentals receivable	38,434,359,638	22,694,403,287	2,201,165	61,130,964,090
Less : Allowance for impairment losses				(13,409,924,858)
Total net rentals receivable				47,721,039,232

As at 31st March 2024 (Restated)	Within one year	1 - 5 years	Over 5 years	Total
	LKR	LKR	LKR	LKR
Gross rentals receivable				
- Lease rentals	22,106,426,555	18,484,631,280	4,248,883	40,595,306,718
- Amounts receivable from hirers	34,486,436,839	19,092,820,553	12,607	53,579,269,999
	56,592,863,394	37,577,451,833	4,261,490	94,174,576,717
Less: Unearned income	(16,408,832,466)	(9,548,950,928)	(512,897)	(25,958,296,291)
Net rentals receivable	40,184,030,928	28,028,500,905	3,748,593	68,216,280,426
Less : Allowance for impairment Losses				(12,425,352,826)
Total net rentals receivable				55,790,927,600

11.4 Disclosure on Staging of Financial Assets (Company/Group)

11.4.1 Net Credit Exposure Movement

	Stage 1	Stage 2	Stage 3	Total
	LKR	LKR	LKR	LKR
As at 1st April 2024 (Restated)	24,046,350,167	8,007,267,165	36,162,663,094	68,216,280,426
During the year granted	24,031,744,038	3,836,820,368	556,776,331	28,425,340,737
Write Off	20,351,382	21,451,830	739,238,987	781,042,199
Recoveries	(13,355,332,767)	(4,827,921,607)	(18,108,444,898)	(36,291,699,272)
Stage 1	(4,885,507,643)	3,765,127,860	1,120,379,783	-
Stage 2	1,621,355,639	(3,738,582,412)	2,117,226,773	-
Stage 3	1,560,507,091	1,013,702,343	(2,574,209,434)	-
As at 31st March 2025	33,039,467,907	8,077,865,547	20,013,630,636	61,130,964,090

	Stage 1	Stage 2	Stage 3	Total
	LKR	LKR	LKR	LKR
As at 1st April 2023 (Restated)	10,487,757,325	9,638,348,430	43,842,897,078	63,969,002,833
During the year granted	20,367,609,759	4,281,188,617	2,327,906,941	26,976,705,317
Write Off	(28,145,670)	(638,249,575)	(1,868,832,560)	(2,535,227,805)
Recoveries	(6,018,391,813)	(4,292,544,716)	(9,883,263,390)	(20,194,199,919)
Stage 1	(1,838,437,974)	1,495,324,438	343,113,536	-
Stage 2	875,082,861	(3,405,849,792)	2,530,766,931	-
Stage 3	200,875,679	929,049,763	(1,129,925,442)	-
As at 31st March 2024 (Restated)	24,046,350,167	8,007,267,165	36,162,663,094	68,216,280,426

NOTES TO THE FINANCIAL STATEMENTS

11.4.2 Provision for impairment movement (Company/Group)

	Stage 1	Stage 2	Stage 3	Total
	LKR	LKR	LKR	LKR
As at 1st April 2024 (Restated)	2,116,174,393	1,129,239,967	9,179,938,466	12,425,352,826
Charge/(write back) to the Income Statement	336,894,473	40,716,541	896,956,516	1,274,567,530
Stage 1	(452,324,312)	349,088,606	103,235,706	-
Stage 2	251,057,737	(543,448,438)	292,390,701	-
Stage 3	375,990,087	229,770,206	(605,760,293)	-
Amounts written off	-	-	(289,995,498)	(289,995,498)
As at 31st March 2025	2,627,792,378	1,205,366,882	9,576,765,598	13,409,924,858

	Stage 1	Stage 2	Stage 3	Total
	LKR	LKR	LKR	LKR
As at 1st April 2023 (Restated)	1,077,746,751	1,334,378,372	6,988,757,312	9,400,882,435
Charge/(write back) to the Income Statement	1,077,089,855	(13,593,536)	2,913,940,799	3,977,437,118
Stage 1	(204,518,014)	166,840,479	37,677,535	-
Stage 2	137,634,621	(477,989,957)	340,355,336	-
Stage 3	28,221,180	119,604,609	(147,825,789)	-
Amounts written off	-	-	(952,966,727)	(952,966,727)
As at 31st March 2024 (Restated)	2,116,174,393	1,129,239,967	9,179,938,466	12,425,352,826

The gross carrying value of the lease and hire purchase receivables decreased during the year due to the vehicle import restriction imposed by the government.

12 Debt and other instruments

	Company		Group	
	2025	2024	2025	2024
	LKR	LKR	LKR	LKR
Reverse repurchase agreements	8,827,414,658	541,345,511	9,170,257,362	588,345,511
Commercial Papers-LOLC Holdings PLC	210,921,656	-	210,921,656	-
	9,038,336,314	541,345,511	9,381,179,018	588,345,511

The Company has invested in commercial papers issued by LOLC Holdings PLC. These commercial papers attract an interest of 10.25% p.a and are to be matured on 30th June 2025.

13 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Company / Group	
As at 31st March	2025	2024
	LKR	LKR
Unquoted equity instruments (Note 13.1)	137,554,019	56,554,019

13.1 Unquoted Equity Investments

The Group/Company holds these instruments for strategic purposes. Therefore theses instruments are classified as fair value through other comprehensive income

As at 31st March	2025			2024		
	No. of Shares	Investment	Fair Value	No. of Shares	Investment	Fair Value
	LKR	LKR	LKR	LKR	LKR	LKR
Credit Information Bureau	200	700,504	2,354,019	200	700,504	2,354,019
Finance House Consortium (Pvt) Ltd	40,000	400,000	200,000	40,000	400,000	200,000
Mega Pay (Pvt) Ltd (Note 13.2)	17,625	135,000,000	135,000,000	6,375	54,000,000	54,000,000
Total		136,100,504	137,554,019		55,100,504	56,554,019

13.2 The Company has entered into an Investment and Subscription Agreement with Megapay (Pvt) Ltd to invest in a 19.9% stake in Mega Pay (Pvt) Ltd for LKR 180,000,000 on 10th October 2023 over a period of 18 months. The Company has acquired 14.1% stake as of 31st March 2025.

13.3 Fair value measurement of these investments are classified as level 3 measurement. Significant unobservable input related to the fair value measurement includes net assets value per share as follows

Investee	Net asset per share
	LKR
Credit Information Bureau	11,770
Finance House Consortium (Pvt) Ltd	5

The Company holds an equity investment in Mega Pay (Pvt) Ltd which is classified as a financial asset measured at fair value through other comprehensive income (FVTOCI), with a fair value of Rs. 135,000,000 as at 3st1 March 2025. The valuation was determined using a price-to-revenue multiple method, with a market price range of approximately Rs. 7,500 to Rs. 8,000 per share. The fair value demonstrated a positive correlation to the fair value of the investment.

No Strategic investments were disposed during 2024/25, and there were no transfer of any cumulative gain or loss within equity relating to these investments.

The fair Value of unquoted investments is classified as level 03 in their value hierarchy.

14 OTHER FINANCIAL ASSETS

	Company		Group	
	2025	2024	2025	2024
	LKR	LKR	LKR	LKR
Refundable deposits	31,190,172	43,586,388	31,190,172	43,586,387
Other receivables	250,215,457	7,366,648	81,270,451	7,366,648
Compensation receivable from government over acquisition of investment properties (Note 14.1)	119,939,000	119,939,000	119,939,000	119,939,000
	401,344,629	170,892,036	232,399,623	170,892,035

NOTES TO THE FINANCIAL STATEMENTS

14.1 Compensation receivable from government

	Company / Group	
	2025	2024
	LKR	LKR
Government Compensation receivable	214,654,240	214,654,240
Less : Allowance for impairment losses (Note 14.2)	(94,715,240)	(94,715,240)
	119,939,000	119,939,000

The Government of Sri Lanka acquired a land with an extent of 955 perches from the Company during the year ended 31st March 2015. The amount receivable as compensation amount to LKR 119,939,000/-. Further information is on this disclosed in Note 19.1 to these financial statements.

14.2 Allowance for impairment losses

	Company / Group	
	2025	2024
	LKR	LKR
Balance as at 1st April	94,715,240	94,715,240
Charge during the year	-	-
As at 31st March	94,715,240	94,715,240

15 INVENTORIES

AS AT 31ST MARCH	Company / Group	
	2025	2024
	LKR	LKR
Real estate stocks	52,425,671	62,375,671
Vehicle stock	-	6,400,713
	52,425,671	68,776,384

16 OTHER ASSETS

	Company		Group	
	2025	2024	2025	2024
	LKR	LKR	LKR	LKR
Pre-paid expenses	226,251,600	377,393,474	227,200,857	377,438,888
Sundry assets	308,871,573	372,387,102	308,871,563	420,570,738
	535,123,173	749,780,576	536,072,420	798,009,626

17 INVESTMENT IN SUBSIDIARY

	Company		Group	
	2025	2024	2025	2024
	LKR	LKR	LKR	LKR
Commercial Credit Insurance Brokers (Pvt) Ltd	15,000,000	15,000,000	-	-
Total	15,000,000	15,000,000	-	-

Commercial Credit Insurance Brokers (Pvt) Limited is a Limited Liability Company incorporated & domiciled in Sri Lanka. The registered office is situated at No.165,Kynsey Road, Colombo 08. The principle activities of the Company are the business of Insurance Brokering. On 31st August 2022 Company acquired the Commercial Credit Insurance Brokers (Pvt) Limited and the Company holds 100% of voting shares of Commercial Credit Insurance Brokers (Pvt)Ltd.

The cost of an acquisition is measured at fair value of the consideration, which is cash consideration amounting to LKR 15,000,000.

18 INVESTMENT IN ASSOCIATES

	Company / Group	
	2025	2024
	LKR	LKR
TVS Lanka (Pvt) Ltd **(Note 18.1)**	848,060,748	525,936,491
	848,060,748	525,936,491

The Principle place of Business of TVS Lanka (Pvt) Ltd is located at No 38, Old Negombo Road ,Wattala.

The company holds 19.5% of voting shares of TVS Lanka (Pvt)Ltd.

18.1 TVS Lanka (Pvt) Limited

	2025	2024
	LKR	LKR
As at 1st April	525,936,491	342,306,353
Share of profit for the year	322,124,257	183,630,138
As at 31st March	848,060,748	525,936,491

18.2 The summarized financial information of the TVS Lanka (Pvt) Limited is as follows,

	TVS Lanka (Pvt) Limited	
	2025	2024
	LKR	LKR
For the year ended 31st March		
Revenue	22,474,754,452	7,591,564,458
Expenses	19,599,375,599	6,649,871,444
Tax	853,766,917	341,788,647
Net Profit after tax for the year	2,021,611,937	941,693,014
As at 31st March		
Non Current Assets	907,978,231	916,036,934
Current Assets	10,925,255,354	3,832,079,155
Total assets	11,833,233,585	4,748,116,089
Total liabilities	7,781,236,918	2,284,236,686

19 INVESTMENT PROPERTIES

	Company / Group	
	2025	2024
	LKR	LKR
Balance as at 1st April	2,437,850,044	1,220,344,185
Additions during the year	345,533,214	427,246,260
Disposal During the year	(180,043,961)	(7,640,400)
Transferred from Property Plant & Equipment	888,278,545	421,726,187
Fair value for the year	731,282,158	376,173,812
Balance as at 31st March	4,222,900,000	2,437,850,044

NOTES TO THE FINANCIAL STATEMENTS

19 INVESTMENT PROPERTIES (Contd...)

	Company / Group	
	2025	2024
	LKR	LKR
Rental income derived from investment properties	37,856,965	32,324,262
Expenses incurred to earn rentals	(17,203,703)	(3,551,694)
Profit arising from investment properties carried at fair value	20,653,262	28,772,568

19.1 During the financial year 2014/2015, the government of Sri Lanka, under the provisions of section 38 of the land acquisition Act No.28 of 1964, has acquired the Lot numbers 1 to 77 in plan No. 87/2010 dated 14th July 2010 of the investment properties located at Rassandeniya, Matara.

By a letter dated 9th August 2019 the "Divisional Secretariat of Matara Four Gravets", has been informed that the initiatives are in progress to pay the compensation. Further on 25th May 2016, the government of Sri Lanka, under the provisions of section 7 of the land acquisition Act No.28 of 1964, has issued the gazette notice detailing lands that is intended to be acquired and has requested the persons interested to claim for compensations through acquiring officer.

Accordingly, an amount corresponding to such compensation receivable was transferred to other financial assets reflected in Note 14.

19.2 Fair value of the investment properties is ascertained by independent valuations carried out by Chartered valuation surveyors, who have recent experience in valuing properties of akin location and category. Investment properties is appraised in accordance with SLFRS 13, International Valuation Standards published by the International Valuation Standards Committee (IVSC) and Sri Lankan Valuation Standrads by the independent valuers.

In determining the fair value, the current condition of the properties, future usability and associated redevelopment requirements have been considered. Also, the valuers have made reference to market evidence of transaction prices for similar properties, with appropriate adjustments for size and location. The appraised fair values are rounded within the range of values.

19.3 Investment properties are stated at fair value, which have been determined based on valuations performed by following independent qualified valuers, as at 31st March 2025.

1 Mr. H M N Herath
2 Mr.R M Gunarathna
3 Mrs.W.A.C.Wikramarachchi
4 Mr.K.G.A.Shantha
5 Mr.T.M.B.Thennakoon
6 Mrs.G.Wanigathunga
7 Mr.M.M.S.Manathunga
8 Mr.S A S Fernando
9 Mr.G.W.G Abeygunawardene
10 Mr. Chulananda Welapilli

19.4 The table below presents the sensitivity of the valuation to changes in the most significant assumptions underlying the valuation of investment properties as at 31st March 2025.

The sensitivity of the investment properties valuation is the effect of the assumed changes in land price per perch and cost of construction per square feet (while other variables are held constant) on the profit or loss for the year and carrying value of investment properties as at 31st March 2025.

Increase/(Decrease)			
	Value of the land (Per perch)	Cost of construction per square feet	Fair value gain/ (loss) on investment properties
2025			LKR
	5%	5%	211,145,000
	-5%	-5%	(211,145,000)
2024			
	5%	5%	130,715,000
	-5%	-5%	(130,715,000)

ACCOUNTING POLICY

Investment properties are measured initially at cost, including transaction costs. The carrying amounts includes the cost of replacing part of an existing investment properties at the time that cost is incurred if the recognition criteria are met; and exclude the costs of day to day servicing of an investment properties.

Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the Statement of profit or loss in the year in which they arise.

19.5 Description of valuation techniques used and key inputs to valuation on investment properties:

Property	Method of valuation	Effective date of valuation	"Significant unobservable inputs (Level 3)"	No. of buildings	Sensitivity of fair value to un-observable inputs	Value 2025	Value 2024
						(LKR)	(LKR)
Lot No. 1 in Plan No.0082 at Magammana, Dehiowita	Comparison and DRC Methods	31-Mar-25	Estimated price per perch 2025 -LKR 300,000/- (2024 LKR 250,000/) - (Land Extent - 45 perches) LGF : 2,108 Sq.ft @ Rs.2,250 P.Sq.ft GF : 3,073 Sq.ft @ Rs.4,250 P.Sq.ft 1st : 3,073 Sq.ft @ Rs.2,250 P.Sq.ft	1	Positively correlated sensitivity	38,200,000	38,100,000
Lot No 283 in Plan No 520004 at Moragahahena Road,Homagama	Comparison Method of valuation	31-Mar-25	Land : 385.45 Perch @ Rs.1,250,000 P.Perch	-	Positively correlated sensitivity	481,800,000	443,300,000
Lot No.01 in Plan No.5258 at Athurugiriya Road, Homagama	Comparison Method of valuation	31-Mar-25	Zone 01 100.00 Perch @ Rs.1,650,000 P.Perch Zone 02 80.00 Perch @ Rs.1,450,000 P.Perch Zone 03 83.39 Perch @ Rs.1,275,000 P.Perch	-	Positively correlated sensitivity	387,300,000	369,300,000
Plan No.5253 at High level road, Gangodawila, Nugegoda	Comparison Method of valuation	31-Mar-25	Estimated price per perch LKR 9,850,000/- (Land Extent - 29.68 perches)	-	Positively correlated sensitivity	292,300,000	289,400,000
Lot No.1 in Plan No.802 at Nawagamuwa	Residual Method of valuation	31-Mar-25	Estimated price per perch 110.52 p @ Rs.260,000 P.P (Less cost of development, PV 10% for the year) (2024 -LKR 250,000/)-	-	Positively correlated sensitivity	15,000,000	14,500,000
Lot No.C, in Plan No. 19338, Meegahawatta,Biyagama	Comparison Method of valuation	31-Mar-25	Estimated price per perch 2025 -LKR 600,000/- (2024 -LKR 581,197) (Land Extent - 0A 01R 58.5 perches)	-	Positively correlated sensitivity	35,100,000	34,000,000
Lot No. 3 in Plan No.1143 at Kuda-Payagala,Payagala	Comparison Method of valuation	31-Mar-24	Estimated price per perch 2024 -LKR 700,000/-(2023 -LKR 820,000/)- (Land Extent - 13.5 perches) Estimated current cost of construction per square foot LKR 3,000/- (2832 square feet)	1	Positively correlated sensitivity	-	17,600,000
Lot No. 2B in Plan No.477 at Bangalawatta Road, Kottawa	Comparison Method of valuation	31-Mar-25	Estimated price per perch 2025 -LKR 1,200,000/- (2024 -LKR 1,250,000/)- (Land Extent - 15.70 perches	1	Positively correlated sensitivity	18,800,000	22,100,000

Property	Method of valuation	Effective date of valuation	"Significant unobservable inputs (Level 3)"	No. of buildings	Sensitivity of fair value to un-observable inputs	Value 2025	Value 2024
						(LKR)	(LKR)
Lot No. A3,B,C1,D1 & E, Plan no. 1105, Dalaviyagodawatta, Kalawila Village, Beruwala	Comparison Method of valuation	31-Mar-25	Estimated price per perch Land : 61.50 Perch @ Rs.122,000 P.Perch (2021 -LKR 150,000)	-	Positively correlated sensitivity	7,500,000	10,332,740
Lot No X Plan no 4069, Mattakkuliya, Colombo 15	Comparison and DRC Methods	31-Mar-25	Estimated price per perch 2025-LKR 3,350,000 2024-LKR 3,400,000/- (Land Extent - 18.15 perches) GF : 2,478 Sq.ft @ Rs.3,000 P.Sq.ft 1st : 2,478 Sq.ft @ Rs.2,750 P.Sq.ft	1	Positively correlated sensitivity	75,000,000	83,400,000
Lot No.2 in Plan No.3047 Bunnehepola, Udubaddawa, Kurunegala	Comparison Method of valuation	31-Mar-25	Estimated price per perch Land : 40.00 Perch @ Rs.110,000 P.Perch (2018 -LKR 80,000/-)	-	Positively correlated sensitivity	4,400,000	2,500,000
Lot No 01 Plan no 20, Hakamuna village, Pelmadulla, Rathnapura	Comparison Method of valuation	31-Mar-25	192.08 Perch @ 45,000rs, Less (Deveopment cost 25%, Developer profit 20%, YP 1 Year 10%)	-	Positively correlated sensitivity	4,700,000	4,159,000
Lot No 01 Plan no 2151,Katumuna Land, Seethaeliya, Nuwaraeliya	Comparison Method of valuation	31-Mar-25	Estimated price per perch Land : 10.60 Perch @ Rs.425,000 P.Perch (2018-LKR 600,000/-)"	-	Positively correlated sensitivity	4,500,000	3,639,000
Lot No 99 Plan no 520022, Kahatagahaovitapillawa, Siyambalagoda, Homagama	Comparison Method of valuation	31-Mar-25	Estimated price per perch Land : 11.70 Perch @ Rs.725,000 P.Perch Old building : 775 Sq.ft @ Rs.2,250 P.Sq.ft New Part : 911 Sq.ft @ Rs.3,250 P.Sq.ft	-	Positively correlated sensitivity	13,200,000	4,900,000
Lot No X2 Plan no 7739, Gonapolakumbura Kattiya, Palannaruwa,Horana	Comparison Method of valuation	31-Mar-25	Land 10.8 @ Rs 1,000,000 PP Building 2850 sq ft @ 4,000 per sq ft Less (Dep 30%)	- -	Positively correlated sensitivity	18,800,000	10,399,000
Lot 3A Plan No. 5338 Katukurudugahawatta	Comparison Method of valuation	31-Mar-25	Estimated price per perch Land : 14.75 Perch @ Rs.1,025,000 P.Perch (2022 -LKR 900,000/-)	-	Positively correlated sensitivity	15,100,000	11,100,977
Homagama Land Lot Nos. 126/1 & 126/3 in Plan No. 3057	Comparison Method of valuation	31-Mar-25	Estimated price per perch Lot 126/1 : 12.50 Perch @ Rs.575,000 P.Perch Lot 126/3 : 13.10 Perch @ Rs.550,000 P.Perch	-	Positively correlated sensitivity	14,400,000	9,940,000

Property	Method of valuation	Effective date of valuation	"Significant unobservable inputs (Level 3)"	No. of buildings	Sensitivity of fair value to un-observable inputs	Value 2025	Value 2024
						(LKR)	(LKR)
Lot E Plan No.147 Kirineliya, urugamuwa	Comparison Method of valuation	31-Mar-25	Estimated price per perch Land : 92.00 Perch @ Rs.75,000 P.Perch (2018 -LKR 50,000/-)	-	Positively correlated sensitivity	6,900,000	2,992,182
Lot No. 11 in Plan No.225, Gorakamulla Kumbura	Comparison Method of valuation	31-Mar-25	Estimated price per perch Land : 11.50 Perch @ Rs.150,000 P.Perch (2019-LKR 147,558/-)	-	Positively correlated sensitivity	1,700,000	1,696,926
Lot No. 02 in Plan No. 1032, Attalawattha, Rathnapura	Comparison Method of valuation		Estimated price per perch 2019-LKR 115,000/- (Land Extent -00A-01R- 10.25 perches)	-	Positively correlated sensitivity	-	-
Lot No.01 Plan No.6894 Mawela South, Kaluthara	Comparison Method of valuation	31-Mar-25	Estimated price per perch Land : 24.80 Perch @ Rs.300,000 P.Perch (2018 -LKR 260,000/- Land Extent - 40 perches)	-	Positively correlated sensitivity	7,400,000	6,500,000
Lot No.01 Plan No.5405 Kahatagahalanda - Homagama	Comparison Method of valuation	31-Mar-25	Estimated price per perch 2025 -LKR 1,375,000/- 2024 -LKR 1,350,000/- (Land Extent - 346.86 perches)	-	Positively correlated sensitivity	477,000,000	468,300,000
Nuwaraeliya Land - Plan No.1002	Comparison Method of valuation	31-Mar-25	Land : 77.30 Perch @ Rs.4,850,000 P.Perch GF : 2650 Sq.ft @ Rs.12,500 P.Sq.ft GF : 1020 Sq.ft @ Rs.6,250 P.Sq.ft GF : 470 Sq.ft @ Rs.7,950 P.Sq.ft GF : 1500 Sq.ft @ Rs.8,250 P.Sq.ft	1	Positively correlated sensitivity	434,000,000	285,999,000
Hidellana, malangama, Attalawatta, Rathnapura Land	Comparison Method of valuation	31-Mar-25	Estimated price per perch 22 Perches @ 135,000 rs PP (2019 -LKR 115,000/-)	-	Positively correlated sensitivity	3,000,000	2,763,261
Avissawlaa road,Town Centre,Kaduwela Lot No 1 in Plan No 4331	Comparison Method of valuation	31-Mar-25	Land : 37.15 Perch @ Rs.6,500,000 P.Perch	1	Positively correlated sensitivity	241,500,000	138,484,000
Yatiyanthota Road, Avissawella Lot No. 1 in Plan No. 681	Comparison Method of valuation	31-Mar-25	Land : 24.24 Perch @ Rs.8,250,000 P.Perch	-	Positively correlated sensitivity	200,000,000	-
Kurunegala Land Depicted as Lot No. C1B1 in Plan No. 8533	Comparison Method of valuation	31-Mar-25	Zone 01 : 200 Perch @ Rs.725,000 P.Perch Zone 02 : 200 Perch @ Rs.675,000 P.Perch	-	Positively correlated sensitivity	280,000,000	-

Property	Method of valuation	Effective date of valuation	"Significant unobservable inputs (Level 3)"	No. of buildings	Sensitivity of fair value to un-observable inputs	Value 2025	Value 2024
						(LKR)	(LKR)
Bauddaloka Mawatha, Kurunegala Lot a in Plan No. 3543	Comparison Method of valuation	31-Mar-25	15.30 Perch @ Rs.13,750,000 P.Perch	-	Positively correlated sensitivity	210,400,000	-
TRIZEN Apartments Depicted as Unit No. 45 – B2, B4, B10, C2 & C1	Comparison Method of valuation	31-Mar-25	UNIT NO. 45-B4 - 46,658,782 UNIT NO. 45-B2 - 43,700,721 UNIT NO. 45-B10 - 46,483,139 UNIT NO. 45-C1 - 54,276,633 UNIT NO. 45-C2 - Rs. 62,731,103	5	Positively correlated sensitivity	345,600,000	-
Habarakada Athurugiriya 63/B/26, Kingsbury, 4th lane, Habarakada	Comparison Method of valuation	4-Oct-24	6.85 Perch @ Rs. 800,000 P.Perch	-	Positively correlated sensitivity	4,200,000	-
No 223, Anagarika Dharmapala Mawatha, Matara, Lot No. 375 in Block No. 02	Comparison Method of valuation	31-Mar-25	12.00 Perch @ Rs.8,000,000 P.Perch	-	Positively correlated sensitivity	96,000,000	-
Thurstan Road - Colombo 3 (Lot 4A No.519)	Comparison and DRC Methods	31-Mar-25	Land : 22.50 Perch @ Rs.19,500,000 P.Perch GF : 2915 Sq.ft @ Rs.9,500 P.Sq.ft FF : 2590 Sq.ft @ Rs.8,750 P.Sq.ft	1	Positively correlated sensitivity	489,100,000	-
						4,222,900,000	2,437,850,044

NOTES TO THE FINANCIAL STATEMENTS

20 PROPERTY, PLANT AND EQUIPMENT

20.1 As at 1st April 2023

20.1.1

Company / Group	Gross carrying Amount			Accumulated Depreciation		
	Balance As at 01.04.2023 (As previously reported)	Adjustments (Note 56)	Balance As at 01.04.2023 (Restated)	Balance As at 01.04.2023 (As previously reported)	Adjustments (Note 56)	Balance As at 01.04.2023 (Restated)
	LKR	LKR	LKR	LKR	LKR	LKR
At Cost						
Freehold assets						
Furniture & fittings	358,039,201	-	358,039,201	288,847,333	-	288,847,333
Office equipment	231,109,077	-	231,109,077	126,392,038	-	126,392,038
Motor vehicles	102,075,000	-	102,075,000	27,047,348	-	27,047,348
Computer equipments	1,101,922,047	113,529,290	1,215,451,337	882,229,010	216,529,290	1,098,758,300
Air conditioning system	147,434,300	-	147,434,300	96,718,313	-	96,718,313
Generators	65,717,452	-	65,717,452	18,439,307	-	18,439,307
Leasehold improvements	563,595,225	-	563,595,225	424,613,933	-	424,613,933
	2,569,892,301	113,529,289	2,683,421,591	1,864,287,281	216,529,289	2,080,816,571
At valuation						
Freehold Land	3,320,656,242	-	3,320,656,242	-	-	-
Building and building integrals	2,170,411,536	-	2,170,411,536	23,796,472	-	23,796,472
	5,491,067,778	-	5,491,067,778	23,796,472	-	23,796,472
Work in progress	287,215,356	-	287,215,356	-	-	-
Total	8,348,175,435	113,529,289	8,461,704,725	1,888,083,753	216,529,289	2,104,613,043

20.2 As at 31st March 2024

20.2.1

Company	Gross carrying amount					
	Balance As at 01.04.2023 (Restated)	Additions	Transfers	Disposals	Revaluation	Balance As at 31.03.2024 (Restated)
At Cost	LKR	LKR	LKR	LKR	LKR	LKR
Freehold assets						-
Furniture & fittings	358,039,201	42,999,975	-	-	-	401,039,176
Office equipment	231,109,077	49,679,613	-	24,000	-	280,764,690
Motor vehicles	102,075,000	4,913,130	-	-	-	106,988,130
Computer equipments	1,215,451,337	292,003,867	-	-	-	1,507,455,204
Air conditioning system	147,434,300	170,672,687	-	-	-	318,106,987
Generators	65,717,452	-	-	-	-	65,717,452
Leasehold improvements	563,595,225	27,451,024	-	-	-	591,046,249
	2,683,421,592	587,720,296	-	24,000	-	3,271,117,888
At valuation						
Freehold Land	3,320,656,242	380,735,200	418,500,000	-	-	3,282,891,442
Building and building integrals	2,170,411,536	173,279,721	3,226,188	-	-	2,340,465,069
	5,491,067,778	554,014,921	421,726,188	-	-	5,623,356,511
Work in progress	287,215,356	(45,715,202)				241,500,154
	5,778,283,134	508,299,719	421,726,188	-	-	5,864,856,665
Total	8,461,704,726	1,096,020,015	421,726,188	24,000		9,135,974,553

20.2 As at 31st March 2024

20.2.1

Company	Accumulated Depreciation					
	Balance As at 01.04.2023 (Restated)	Charge for the Year (Restated)	Transfers	Disposals	Revaluation	Balance As at 31.03.2024 (Restated)
At Cost	LKR	LKR	LKR	LKR	LKR	LKR
Freehold assets						
Furniture & fittings	288,847,333	19,404,180	-	-	-	308,251,513
Office equipment	126,392,038	23,407,401	-	3,261		149,796,178
Motor vehicles	27,047,348	25,540,616	-	-	-	52,587,964
Computer equipments	1,098,758,300	43,386,316	-	-	-	1,142,144,616
Air conditioning system	96,718,313	14,115,931	-	-	-	110,834,244
Generators	18,439,307	7,317,121	-	-	-	25,756,428
Leasehold improvements	424,613,933	58,369,905	-	-	-	482,983,838
	2,080,816,572	191,541,470	-	3,261	-	2,272,354,781
At valuation						
Building and building integrals	23,796,472	43,358,946	-	-	-	67,155,418
	23,796,472	43,358,946	-	-	-	67,155,418
Total	2,104,613,044	234,900,416	-	3,261	-	2,339,510,199
Net Book Value	6,357,091,682	861,119,599	421,726,188	20,739	-	6,796,464,355

NOTES TO THE FINANCIAL STATEMENTS

20.2 As at 31st March 2024

20.2.2

Group	Accumulated Depreciation					
	Balance As at 01.04.2023 (Restated)	Additions	Transfers	Disposals	Revaluation	Balance As at 31.03.2024 (Restated)
At Cost	LKR	LKR	LKR	LKR	LKR	LKR
Freehold assets						
Furniture & fittings	358,039,201	42,999,975	-	-	-	401,039,176
Office equipment	231,109,077	49,679,613	-	24,000	-	280,764,690
Motor vehicles	102,075,000	4,913,130	-	-	-	106,988,130
Computer equipments	1,215,451,337	292,276,367	-	-	-	1,507,727,704
Air conditioning system	147,434,300	170,672,687	-	-	-	318,106,987
Generators	65,717,452	-	-	-	-	65,717,452
Leasehold improvements	563,595,225	27,451,024	-	-	-	591,046,249
	2,683,421,592	587,992,796	-	24,000	-	3,271,390,388
At valuation						
Freehold Land	3,320,656,242	380,735,200	418,500,000	-	-	3,282,891,442
Building and building integrals	2,170,411,536	173,279,721	3,226,188	-	-	2,340,465,069
	5,491,067,778	554,014,921	421,726,188	-	-	5,623,356,511
Work in progress	287,215,356	(45,715,202)				241,500,154
Total	8,461,704,726	1,096,292,515	421,726,188	24,000	-	9,136,247,053

20.2 As at 31st March 2024

20.2.2

Group	Gross carrying amount					
	Balance As at 01.04.2023 (Restated)	Additions	Transfers	Disposals	Revaluation	Balance As at 31.03.2024 (Restated)
At Cost	LKR	LKR	LKR	LKR	LKR	LKR
Freehold assets						
Furniture & fittings	288,847,333	19,404,180	-	-	-	308,251,513
Office equipment	126,392,038	23,407,401	-	3,261	-	149,796,178
Motor vehicles	27,047,348	25,540,616	-	-	-	52,587,964
Computer equipments	1,098,758,300	43,443,087	-	-	-	1,142,201,387
Air conditioning system	96,718,313	14,115,931	-	-	-	110,834,244
Generators	18,439,307	7,317,121	-	-	-	25,756,428
Leasehold improvements	424,613,933	58,369,905	-	-	-	482,983,838
	2,080,816,572	191,598,241	-	3,261	-	2,272,411,552
At valuation						
Freehold Land	-	-	-	-	-	-
Building and building integrals	23,796,472	43,358,946	-	-	-	67,155,418
Total	2,104,613,044	234,957,187	-	3,261	-	2,339,566,970
Net Book Value	6,357,091,682	861,335,328	421,726,188	20,739	-	6,796,680,084

20.3 As at 31st March 2025

20.3.1

Company	Gross carrying amount					
	Balance As at 01.04.2024 (Restated)	Additions	Transfers	Disposals	Revaluation	Balance As at 31.03.2025
At Cost	LKR	LKR	LKR	LKR	LKR	LKR
Freehold assets						
Furniture & fittings	401,039,176	10,613,676	-	2,435,700	-	409,217,152
Office equipment	280,764,690	49,308,742	-	1,700,082	-	328,373,350
Motor vehicles	106,988,130	-	-	4,913,130	-	102,075,000
Computer equipments	1,507,455,204	70,316,439	-	-	-	1,577,771,643
Air conditioning system	318,106,987	12,432,150	-	1,643,625	-	328,895,512
Generators	65,717,452	344,000	-	924,400	-	65,137,052
Leasehold improvements	591,046,249	46,568,332	-	9,517,108	-	628,097,473
	3,271,117,888	189,583,339	-	21,134,045	-	3,439,567,182
At valuation						
Freehold Land	3,282,891,442	105,695,056	844,961,493		556,728,808	3,100,353,813
Building and building integrals	2,340,465,069	20,206,144	45,188,120	854,900	48,681,226	2,363,309,419
	5,623,356,511	125,901,200	890,149,613	854,900	605,410,034	5,463,663,232
Work in progress	241,500,154	119,033,609				360,533,763
Total	9,135,974,552	434,518,148	890,149,613	21,988,945	605,410,034	9,263,764,176

NOTES TO THE FINANCIAL STATEMENTS

20.3 As at 31st March 2025

20.3.1

Company	Accumulated Depreciation					
	Balance As at 01.04.2024 (Restated)	Charge for the Year (Restated)	Transfers	Disposals	Revaluation	Balance As at 31.03.2025
At Cost	LKR	LKR	LKR	LKR	LKR	LKR
Freehold assets						
Furniture & fittings	308,251,513	19,466,545	-	2,416,272	-	325,301,786
Office equipment	149,796,178	27,151,484	-	1,573,900	-	175,373,762
Motor vehicles	52,587,964	25,398,000	-	1,708,330	-	76,277,634
Computer equipments	1,142,144,616	89,856,748	-	-	-	1,232,001,364
Air conditioning system	110,834,244	31,261,712	-	1,561,082	-	140,534,874
Generators	25,756,428	7,230,786	-	364,294	-	32,622,920
Leasehold improvements	482,983,839	48,269,167	-	9,519,336	-	521,733,670
	2,272,354,782	248,634,442	-	17,143,214	-	2,503,846,010
At valuation						
Building and building integrals	67,155,418	47,083,417	1,871,068	17,649	43,506,487	68,843,631
	67,155,418	47,083,417	1,871,068	17,649	43,506,487	68,843,631
	2,339,510,200	295,717,859	1,871,068	17,160,863	43,506,487	2,572,689,641
Net Book Value	6,796,464,352	138,800,289	888,278,545	4,828,082	561,903,547	6,691,074,535

20.3.2

Group	Gross carrying amount					
	Balance As at 01.04.2024 (Restated)	Additions	Transfers	Disposals	Revaluation	Balance As at 31.03.2025
At Cost	LKR	LKR	LKR	LKR	LKR	LKR
Freehold assets						
Furniture & fittings	401,039,176	10,613,676	-	2,435,700	-	409,217,152
Office equipment	280,764,690	49,308,742	-	1,700,082	-	328,373,350
Motor vehicles	106,988,130	-	-	4,913,130	-	102,075,000
Computer equipments	1,507,727,704	70,316,439	-	272,500	-	1,577,771,643
Air conditioning system	318,106,987	12,432,150	-	1,643,625	-	328,895,512
Generators	65,717,452	344,000	-	924,400	-	65,137,052
Leasehold improvements	591,046,249	46,568,332	-	9,517,108	-	628,097,473
	3,271,390,388	189,583,339	-	21,406,545	-	3,439,567,182
At valuation						
Freehold Land	3,282,891,442	105,695,056	844,961,493	-	556,728,808	3,100,353,813
Building and building integrals	2,340,465,069	20,206,144	45,188,120	854,900	48,681,226	2,363,309,419
	5,623,356,511	125,901,200	890,149,613	854,900	605,410,034	5,463,663,232
Work in progress	241,500,154	119,033,609	-	-	-	360,533,763
Total	9,136,247,052	434,518,148	890,149,613	22,261,445	605,410,034	9,263,764,176

20.3 As at 31st March 2025

20.3.2

Group	Accumulated Depreciation					
	Balance As at 01.04.2024 (Restated)	Charge for the Year (Restated)	Transfers / Revaluation	Disposals	Revaluation	Balance As at 31.03.2025
At Cost	LKR	LKR	LKR	LKR	LKR	LKR
Freehold assets						
Furniture & fittings	308,251,513	19,466,545	-	2,416,272	-	325,301,786
Office equipment	149,796,178	27,151,484	-	1,573,900	-	175,373,762
Motor vehicles	52,587,964	25,398,000	-	1,708,330	-	76,277,634
Computer equipments	1,142,201,387	89,856,748	-	56,771	-	1,232,001,364
Air conditioning system	110,834,244	31,261,712	-	1,561,082	-	140,534,874
Generators	25,756,428	7,230,786	-	364,294	-	32,622,920
Leasehold improvements	482,983,839	48,269,167	-	9,519,336	-	521,733,670
	2,272,411,553	248,634,442	-	17,199,985	-	2,503,846,010
At valuation						
Building and building integrals	67,155,418	47,083,417	1,871,068	17,649	43,506,487	68,843,631
	67,155,418	47,083,417	1,871,068	17,649	43,506,487	68,843,631
Total	2,339,566,971	295,717,859	1,871,068	17,217,634	43,506,487	2,572,689,641
Net Book Value	6,796,680,081	138,800,289	888,278,545	5,043,811	561,903,547	6,691,074,538

20.4 Net book values

As at	Company			Group		
	31-Mar-2025	31-Mar-2024 (Restated)*	1-Apr-2023 (Restated)*	31-Mar-2025	31-Mar-2024 (Restated)*	1-Apr-2023 (Restated)*
At Cost	LKR	LKR	LKR	LKR	LKR	LKR
Freehold assets						
Furniture & fittings	83,915,366	92,787,663	69,191,868	83,915,366	92,787,663	69,191,868
Office equipment	152,999,588	130,968,512	104,717,039	152,999,588	130,968,512	104,717,039
Motor vehicles	25,797,366	54,400,166	75,027,652	25,797,366	54,400,166	75,027,652
Computer equipments	345,770,279	365,310,588	116,693,037	345,770,279	365,526,317	116,693,037
Air conditioning system	188,360,638	207,272,743	50,715,987	188,360,638	207,272,743	50,715,987
Generators	32,514,132	39,961,024	47,277,845	32,514,132	39,961,024	47,277,845
Leasehold improvements	106,363,803	108,062,411	138,981,292	106,363,803	108,062,411	138,981,292
	935,721,172	998,763,107	602,604,720	935,721,172	998,978,836	602,604,720
At valuation						
Freehold Land	3,100,353,813	3,282,891,442	3,320,656,242	3,100,353,813	3,282,891,442	3,320,656,242
Building and building integrals	2,294,465,788	2,273,309,651	2,146,615,064	2,294,465,788	2,273,309,651	2,146,615,064
	5,394,819,601	5,556,201,093	5,467,271,306	5,394,819,601	5,556,201,093	5,467,271,306
Work in progress	360,533,763	241,500,154	287,215,356	360,533,763	241,500,154	287,215,356
Total net book value	6,691,074,535	6,796,464,355	6,357,091,383	6,691,074,538	6,796,680,084	6,357,091,383

NOTES TO THE FINANCIAL STATEMENTS

20.5 During the financial year, the Company/Group acquired property, plant & equipment to the aggregate value of LKR 435,097,724/- (2024 - LKR 1,141,735,217/-). Cash payments amounting to LKR 435,097,724/- (2024- LKR1,141,735,217/-) was paid during the year for purchases of Property, Plant & Equipment.

20.6 The Company uses the revaluation model of measurement of land and buildings. The company engaged Abeygunawardene Associates (Pvt) Ltd and G.Wanigathunga , independent chartered valuation surveyors, to determine the fair value of its land and buildings as at 31st March 2025. The fair value was determined by Comparison Method using current market value of land, residual method of valuation and the depreciated replacement cost of buildings and Lands. Valuations are based on market prices, adjusted for any difference in the nature, location or condition of the specific property.

20 PROPERTY, PLANT AND EQUIPMENT (Contd...)

Location	Extent	Valuer	Valuation Date	Valuation Details	No. of buildings	Significant unobservable input: price per perch/ acre/range (Level 3)	Fair Value 2025	Fair Value 2024
							LKR	LKR
Fair Value of Lands								
Plan 548, Lot 1 ,Maithripala Senanayake Mawatta, New Town, Anuradhapura	P 12.02	Abeygunawardene Associates (Pvt) Ltd	31/3/2025	Comparison Method	-	Rs. 5,200,000/- per perch	62,504,000	33,000,000
No 106, Yatinuwara Veediya, Kandy	P 13.4		31/3/2025	Comparison Method	-	Rs.12,000,000/- per perch	160,800,000	136,680,000
Plan 3256, Lot C1A & C1B , Yaggapitiya, Kurunegala	P 337.2		31/3/2025	Comparison Method	-	Rs. 850,000/- Rs. 975,000/- per perch	311,300,000	143,300,000
Plan 806, Lot 2, Assessment No. 136 ,Kurunegala Road, Puttalam	P 13.64		31/3/2025	Comparison Method	-	Rs. 1,200,000/- per perch	16,368,000	13,640,000
Lot no.01 in Plan No.1351 at Kandy Road, Nuwaraeliya	P 18.50		31/3/2025	Comparison Method	-	Rs. 7,250,000/- per perch	134,125,000	105,450,000
No.113/11, Green road, Negombo	P 26.50		31/3/2025	Comparison Method	-	Rs. 5,500,000/- per perch	145,750,000	45,000,000
Plan 3333A, No 165,Kynsey Road, Colombo 08	P 66		31/3/2025	Comparison Method	-	Rs. 18,000,000/- per perch	1,188,000,000	1,122,000,000
Lot No.01 to 07 in Plan No.2762, Dampe Road,Bolgoda	P 458.12 P		31/3/2025	Comparison Method	-	Rs. 600,000/- per perch	274,872,000	216,576,485
Lot 4A in Survey Plan No.519,Thurstan Road,Colombo 03.	P 22.5		19/3/2021	Comparison Method	-	Rs. 17,500,000/- per perch		393,750,000
Lot No 01 Plan no 8002 at Nupe Anagarika Dharmapala Mawatha	P 12.00		31/3/2025	Comparison Method	1	Rs.8,750,000/- per perch	96,000,000	96,000,000
Welikanda	P 6		31/3/2025	Comparison Method	-		4,900,000	4,000,000
Plan No.8147 Main Street,Rathnapura Land	P 14.8		02/4/2022	Comparison Method	-	Rs. 21,000,000/- per perch	114,599,000	114,599,000
Battaramulla Land	P 23.1		07/3/2022	Comparison Method	-	Rs. 10,000,000/- per perch	171,362,757	171,362,757
Lot No 01 Plan No.6125, NO32, Baudhdhaloka Road,Kurunegala	P 15.3		14/3/2022	Comparison Method	-	Rs. 13,000,000/- per perch	-	202,799,000

Location	Extent	Valuer	Valuation Date	Valuation Details	No. of buildings	Significant unobservable input: price per perch/ acre/range (Level 3)	Fair Value 2025	Fair Value 2024
							LKR	LKR
Fair Value of land								
Awissawella Land	P 24.24	Abeygunawardene Associates (Pvt) Ltd	29/4/2023	Comparison Method	1	Rs. 7,500,000/- per perch	-	170,656,200
Delgahawatta Land	P 31.63		08/6/2023	Comparison Method	1	Rs. 8,000,000/- per perch	210,079,000	210,079,000
Wackwella Kekiribokka Land	P 17.435		28/2/2022	Comparison Method	-	Rs. 7,000,000/- per perch	103,999,000	103,999,000
No 147, Galle Road, Moratuwella	P19.75		31/8/2024	Comparison Method	1	Rs. 8,500,000/- per perch	105,695,056	
							3,100,353,813	3,282,891,442

Location	Extent	Valuer	Valuation Date	Valuation Details	No. of buildings	Significant unobservable input: price per perch/ acre/range (Level 3)	Fair Value 2025	Fair Value 2024
							LKR	LKR
Fair Value of Buildings								
Plan 806, Lot 2, Assessment No. 136 ,Kurunegala Road, Puttalam	1640 square feet	Abeygunawardene Associates (Pvt) Ltd	31/3/2025	Depreciated Replacement Cost	1	Rs. 5,250/- per square feet	8,610,000	5,921,700
Plan 548, Lot 1 ,Maithripala Senanayake Mawatta, New Town, Anuradhapura	3975 square feet		11/2/2025	Depreciated Replacement Cost	1	Rs. 9,500/- - Rs.9750/- per square feet	39,550,213	13,000,000
No 106, Yatinuwara Veediya, Kandy	14870 square feet		31/3/2025	Depreciated Replacement Cost	1	Rs. 7,250/- - Rs.10,500/- per square feet	139,856,500	59,958,988
113/11, Green road, Negombo	2700 square feet		31/3/2025	Depreciated Replacement Cost	1	Rs. 8,500/- - Rs.9500/- per square feet	24,325,000	90,000,000

Location	Extent	Valuer	Valuation Date	Valuation Details	No. of buildings	Significant unobservable input: price per perch/ acre/range (Level 3)	Fair Value 2025	Fair Value 2024
							LKR	LKR
Fair Value of Buildings								
Plan 3333A, No 165,Kynsey Road, Colombo 08	26,934 square feet	Abeygunawardene Associates (Pvt) Ltd	31/3/2025	Depreciated Replacement Cost & Investment or Income based valuation	1	Rs. 5,500/- Rs.13,500/- per square feet	319,561,000	323,208,000
Lot No.01 in Plan No.1351 at Kandy Road, Nuwaraeliya	12,267 square feet		31/3/2025	Depreciated Replacement Cost & Investment or Income based valuation	1	Rs. 4,750/- Rs.8,200/- per square feet	90,519,400	80,550,000
Lot 4A in Survey Plan No.519,Thurstan Road,Colombo 03.	3,550 square feet		19/3/2021	Depreciated Replacement Cost & Investment or Income based valuation	1	Rs. 9,282/- per square feet	-	32,951,180
Battaramulla	3,015 square feet		31/3/2023	Depreciated Replacement Cost & Investment or Income based valuation	1	Rs. 4,500/- per square feet	12,661,550	12,661,550
Plan No.8147 Main Street,Rathnapura Land	7,084 square feet		02/4/2022	Depreciated Replacement Cost & Investment or Income based valuation	1	Rs. 25,500/- per square feet	17,503,294	17,503,294

Location	Extent	Valuer	Valuation Date	Valuation Details	No. of buildings	Significant unobservable input: price per perch/ acre/range (Level 3)	Fair Value 2025	Fair Value 2024
							LKR	LKR
Fair Value of Buildings								
Welikanda	Under Constr uction			Depreciated Replacement Cost & Investment or Income based valuation	1	Under Construction	14,595,538	14,595,538
No.225 Anagarika Dharmapala Mawatha,Mathara	7,194 square feet		31/3/2023	Depreciated Replacement Cost & Investment or Income based valuation	1	Rs. 17,000/- per square feet	126,769,848	126,769,848
Lot no01 Plan No.6125, N032, Baudhdhaloka Road,Kurunegala	Container Box	Abeygunawardene Associates (Pvt) Ltd	14/3/2022		-	Container Box	-	854,900
Lot No.01 to 07 in Plan No.2762, Dampe Road,Bolgoda	110,325 square feet		31/3/2023	Depreciated Replacement Cost & Investment or Income based valuation	1	Rs. 14,000/- per square feet	1,550,253,132	1,562,490,072
No 147, Galle Road, Moratuwella	6,560 square feet		31/8/2024	Depreciated Replacement Cost & Investment or Income based valuation	1	Rs.4500/- 4750/- per square feet	19,103,944	-
							2,363,309,419	2,340,465,069

20.6 If land and buildings were measured using the cost model, the carrying amounts would be as follows:

	2025		2024	
	Land	Building & building integrals	Land	Building & building integrals
	LKR	LKR	LKR	LKR
Cost	1,604,505,155	2,020,246,653	1,498,810,099	1,998,637,700
Less: Accumulated depreciation	-	(135,417,417)	-	(95,012,484)
Net carrying amount	1,604,505,155	1,884,829,236	1,498,810,099	1,903,625,216

20.7 Property, Plant and equipment included fully depreciated assets having a gross amount of LKR 1,811,876,105/- (2024 - LKR 1,349,054,459/-).

20.8 Title Restriction on Property, Plant and Equipment

There were no restrictions on the title of the property, plant and equipment of the Company as at the reporting date.

20.9 Property, Plant and Equipment Pledged as Security for Liabilities

Refer Note 52

20.10 Temporarily Idle Property, Plant and Equipment

There were no temporarily idle Property, Plant and Equipment as at the reporting date.

ACCOUNTING POLICY

Property, Plant and equipment are recognised if it is probable that future economic benefits associated with the assets will flow to the entity and the cost of the asset can be measured reliably in accordance with LKAS 16 on Property, Plant and equipment. Initially Property, Plant and equipment are measured at cost.

Subsequent measurement

Property, Plant and equipment is stated at cost or valuation, excluding the costs of day to day servicing, less accumulated depreciation and accumulated impairment in value. Changes in the expected useful life are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates.

The Company has elected to use the revaluation model for land and buildings, while other classes of property, plant and equipment are measured using the cost model.

Cost Model

These are the amount of cash or cash equivalent paid or the fair value of other consideration given to acquire the asset at the time of its acquisition or construction, if it is probable that the future economic benefits embodied within that part will flow to the Company and it can be reliably measured.

Revaluation Model

Land and buildings are measured at fair value, less accumulated depreciation on buildings, and impairment losses recognised after the date of revaluation. Valuations are performed with sufficient frequency to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.s. Freehold land and buildings of the Company are revalued every three to five years or more frequently if the fair values are substantially different from carrying amounts to ensure that the carrying amounts do not differ from the fair values at the reporting date. Accumulated depreciation at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Depreciation

The provision for depreciation is calculated by using a straight line method on the cost or valuation of all Property, Plant & Equipment other than freehold land, in order to write off such amounts over the estimated useful lives.

NOTES TO THE FINANCIAL STATEMENTS

The estimated useful lives used are as follows:

Components included in buildings and building integrals	Useful Life
Buildings	50 years
Cladding	8 years
Furniture and Fittings	8 years
Leasehold Improvements	5 years
Office Equipment	8 years
Motor Vehicles	4 years
Computer Hardware	5 years
Air Conditioning System	8 years

De-recognition

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in 'Other Operating Income' in the Statement of profit or loss in the year the asset is derecognized.

21 RIGHT OF USE ASSET

The company assesses at the inception of a contract, whether 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 as per the guidelines of SLFRS 16. This assessment considers whether, throughout the period of use, the lessee has both the right to obtain all of the economic benefits from the use of the identified asset and the right to direct how and for what purpose the identified asset is used.

21.1 Movement in right-of-use assets

	Company / Group	
	2025	2024
	LKR	LKR
Balance as at 1st April	1,030,174,333	975,727,348
Additions / renewal lease during the year	330,117,317	240,023,183
Expiration of lease agreements during the year	(291,782,871)	(185,576,198)
Balance as at 31st March	1,068,508,779	1,030,174,333
Accumulated amortisation		
Balance as at 1st April	554,091,835	592,194,873
Amortisation for the year	206,801,292	147,398,157
Expiration of Amortisation for the year	(282,597,784)	(185,501,195)
Balance as at 31st March	478,295,343	554,091,835
Net Book Value as at 31st March	590,213,436	476,082,498

21.2 Movement in lease liabilities

	Company / Group	
	2025	2024
	LKR	LKR
Balance as at 1st April	386,430,463	316,819,046
Additions/renewal of lease agreements during the year	267,530,562	173,828,251
Accretion of interest	60,142,627	41,221,178
Payments to lease creditors	(198,550,076)	(145,438,012)
As at 31st March	515,553,576	386,430,463

The lease liabilities are presented under Note 28 to the financial statements. Above is the movement of the lease liability during the period.

Sensitivity of Right-of-Use Assets/Lease Liability to Key Assumption

Sensitivity to incremental borrowing rate

Increase/(decrease) in incremental borrowing rate as at 31st March 2025 by 1% would have (decreased)/increased the lease liability by approximately LKR 64,922,421 and LKR 66,233,985 respectively.

Sensitivity to discount rate

Increase/(decrease) of discount rate by 1%, the company profit before tax for the year would have (decreased)/increased by approximately LKR 8,777,174 and LKR 8,954,491 respectively.

ACCOUNTING POLICY

Basis of recognition

The Company applies Sri Lanka Accounting Standard SLFRS 16 "Leases" in accounting for all lease hold rights except for short term leases, which are held for use in the provision for services.

Basis of measurement

The Company recognises right-of-use assets at the date of commencement of the lease, which is the present value of lease payments to be made over the lease term. After initial recognition Right-of-Use assets are measured at cost less any accumulated amortization and impairment losses and adjusted for any re-measurement of lease liabilities. The cost of the right-of-use assets includes the amount of lease liabilities recognised, initial direct cost incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right of use assets are amortised on the straight line basis over the lease term.

Lease liability

At the commencement date of the lease, the company recognises lease liabilities, measured at present value of lease payments to be made over the lease term.

Interest expense on the lease liability is recognised in the profit or loss.

The Company applied modified retrospective approach in accordance with SLFRS 16 when accounting for right - of use assets and operating lease liabilities.

22 INTANGIBLE ASSETS & GOODWILL

	Company / Group	
	2025	2024
	LKR	LKR
Goodwill	741,712,566	741,712,566
Computer software (Note 22.1)	19,997,151	86,550,037
	761,709,717	828,262,603

Goodwill

Goodwill of LKR 741,712,566 has been recognized by Commercial Credit and Finance PLC in respect of acquisition of Trade Finance and Investments PLC on financial year 2014/2015. LKAS 36 states that an annual impairment test needs to be carried to for intangible assets such as goodwill acquired in a business combination. An impairment loss should be recorded if the carrying amount of the cash generating unit exceeds the recoverable amount. The recoverable amount is the higher of the cash generating unit's fair value less costs to sell or its value in use.

Since Trade Finance and Investments PLC was amalgamated with Commercial Credit and Finance PLC during the 2020/2021 financial year and its operations are no longer distinct, impairment testing has been performed based on the value in use of Commercial Credit

NOTES TO THE FINANCIAL STATEMENTS

and Finance PLC. For this assessment, the book value of Commercial Credit and Finance PLC has been adjusted to include the goodwill. Accordingly, if the calculated value in use exceeds the adjusted book value, the goodwill is considered unimpaired; if not, it indicates a potential impairment.

A Residual Income method has been utilized for the value in use computation. The model forecasts residual income for a certain time period and then estimates a terminal value. A persistence factor is used to calculate the level of residual income after the initial forecast.

The following table demonstrates the sensitivity to a reasonable possible change in the key assumptions employed with all other variables held constant in the value in use measurement, in respect of the year ended 31st March 2025.

Key Assumptions	Total Equity value
	LKR (MN)
Current Valuation of Company	35,191
Net Interest Margin increases by 1%	37,953
Net Interest Margin decreases by 1%	32,428
Cost to Income increases by 1%	34,419
Cost to Income decreases by 1%	35,962
NPL Provision increases by 1%	35,182
NPL Provision decreases by 1%	35,199
Gross Loans & advances CAGR increases by 1%	35,481
Gross Loans & advances CAGR decreases by 1%	34,903
Discount rate [CoE] increases by 1%	34,293
Discount rate [CoE] decreases by 1%	36,142

Key variables used for in the impairment test

Cost of Equity has been utilized for the purpose of impairment testing to account for volatility in the investment yields resulting from Sri Lanka. Cost of equity has been determined in consideration of inflation expectations as per IMF guidelines, a spread inline with previous yields and average inflation rate. A further equity risk premium of 6% has been assumed. Persistence factor has been assumed in consideration of market observations and that the industry is regulated and the barriers present for entry. The persistence factor implies residual income will decline to zero as RoE drops to cost of equity of the stage 2 period.

A further sensitivity analysis has been performed on testing parameters. Based on the results it does not indicate of a goodwill impairment. i.e the Recoverable value is higher than the Net Asset Value of the Company.

Goodwill of Rs.8,577,200 created on acquisition of Commercial Credit insurance Brokers (Pvt) Ltd has been charged to the Profit or loss in financial year ended 31st March 2023.

22.1 Computer software

Cost	Balance As At 01.04.2024	Additions	Balance As At 31.03.2025
	LKR	LKR	LKR
Computer software	332,829,239	-	332,829,239
	332,829,239	-	332,829,239

Amortisation	Balance As At 01.04.2024	Charged	Balance As At 31.03.2025
	LKR	LKR	LKR
Computer software	246,279,202	66,552,886	312,832,088
	246,279,202	66,552,886	312,832,088
Net Book Value	86,550,037		19,997,151

The amortization is calculated using straight line method on the cost over 5 years.

23 DUE TO BANKS

	Company / Group	
	2025	2024
	LKR	LKR
Bank Overdrafts	128,444,759	43,739,511
Securitised Borrowings, Syndicated Loans and Other Bank Facilities (Note 23.1)	14,987,493,489	12,563,238,361
Total	15,115,938,248	12,606,977,872

23.1 Securitised Borrowings and Direct Bank Facilities

	As at 01.04.2024	Loans Obtained	Interest Recognized	Repayments	As at 31.03.2025	Period	Security
	LKR	LKR	LKR	LKR	LKR		
Securitised Borrowings							
Hatton National Bank-Syndication 02	180,295,890		-	180,295,890	-	60 Months	Lease & HP receivables
Hatton National Bank-Syndication 03	133,622,622	-	35,816	100,102,622	33,555,816	36 Months	Lease & HP receivables
Hatton National Bank-Syndication 04	400,647,671	-	-	200,323,836	200,323,835	36 Months	Lease & HP receivables
Hatton National Bank-Trust -22 - 02	31,325,230	-	549,837	31,863,560	11,507	24 Months	Lease & HP receivables
Hatton National Bank-Trust -24	358,251,148	-	16,091,400	374,342,547	-	48 Months	Lease & HP receivables
Hatton National Bank-Syndication 05	907,151,425	-	171,288	307,151,425	600,171,288	48 Months	Lease & HP receivables
Hatton National Bank-Trust -26 - 03	1,025,125,989	-	-	761,125,989	264,000,000	18 Months	Lease & HP receivables
Peoples Bank-Trust -04	480,597,994	-	19,390,547	499,988,541	-	22 Months	Lease & HP receivables
Peoples Bank-Trust -05	1,009,747,223	-	96,648,791	1,023,810,397	82,585,617	48 Months	Lease & HP receivables
NDB Trust 01	1,102,251,529	-	118,676,484	1,198,405,822	22,522,191	18 Months	Lease & HP receivables
NDB Trust 02	1,141,685,987	-	166,686,043	539,954,603	768,417,427	24 Months	Lease & HP receivables
NDB Trust 04	-	1,799,541,238	149,366,250	5,843,496	1,943,063,992	60 Months	Lease & HP receivables
NDB Trust 03	-	2,000,000,000	169,245,927	-	2,169,245,927	24 Months	Lease & HP receivables
HNB Term Loan	-	250,000,000	-	250,000,000	-	39 Months	Gold loan receivables
	6,770,702,708	4,049,541,238	736,862,383	5,473,208,728	6,083,897,600		

	As at 01.04.2024	Loans Obtained	Interest Recognized	Repayments	As at 31.03.2025	Period	Security
	LKR	LKR	LKR	LKR	LKR		
Direct Bank Borrowings							
Seylan Bank PLC	62,503,972	-	-	62,503,972	-	48 Months	Lease & HP receivables
Sampath Bank PLC	420,021,447	-	1,068,854	253,355,447	167,734,854	24 Months	Lease & HP receivables
NTB Term Loan	804,974,904	-	2,438,630	304,974,904	502,438,630	3 Months	
Sampath Bank Short Term Loan	751,179,452	1,050,000,000	-	1,801,179,452	-	48 Months	HP & Lease Receivables
National Development Bank PLC	514,191,781	2,000,000,000	40,020,564	2,554,212,329	16	3 Months	Lease & HP receivables
Direct Bank Borrowings							
Peoples Bank	125,921,649	-	-	125,921,649	-	48 Months	Lease & HP receivables
Cargills Bank	852,649,878	500,000,000	17,034,507	1,363,404,549	6,279,836	3 Months	Lease & HP receivables
Bank Of Ceylon - Term Loan	26,831,605	-	-	26,831,605	-	3 Months	Lease & HP receivables
DFCC Bank	104,322,032	300,000,000	6,057,534	410,379,566	-	48 Months	Lease & HP receivables
HNB Term Loan	1,088,280,981	-	2,131,999	504,948,781	585,464,199	12 Months	Lease & HP receivables
HNB Term Loan	752,150,059	-	71,927	499,470,059	252,751,927	50 Months	Lease & HP receivables
NTB Term Loan	238,888,906	-	-	238,888,906	-	48 Months	Lease & HP receivables
Central Finance Company PLC	50,618,987	-	-	50,618,987	-	36 Months	Lease & HP receivables
Commercial Bank Of Ceylon PLC	-	750,000,000	1,220,469	137,500,000	613,720,469	60 Months	Lease & HP receivables
NTB Term Loan	-	1,500,000,000	5,283,699	416,666,667	1,088,617,032	36 Months	Lease & HP receivables
DFCC Bank	-	475,000,000	289,587	118,750,000	356,539,587	36 Months	Lease & HP receivables
NDB Term Loan	-	1,000,000,000	815,586	247,500,000	753,315,586	36 Months	Lease & HP receivables
Cargills Bank	-	1,000,000,000	842,973	16,666,667	984,176,306	60 Months	Lease & HP receivables
HNB Term Loan	-	2,750,000,000	1,869,863	1,000,000,000	1,751,869,863	1 Month	Clean Loan
Sampath Bank	-	2,000,000,000	943,288	166,666,664	1,834,276,624	48 Months	Gold Loan
Accrued interest for Unsecured subordinate term loan (APIIT)	-		6,410,960	-	6,410,960	60 Months	
	5,792,535,653	13,325,000,000	86,500,440	10,300,440,204	8,903,595,889		
	12,563,238,361	17,374,541,238	823,362,823	15,773,648,932	14,987,493,489		

NOTES TO THE FINANCIAL STATEMENTS

23.2 Changes in liabilities arising from financing activities (Securitised Borrowings, Syndicated Loans and Other Bank Facilities)

		Cash Flows		Non Cash Flows	
	Opening 1/4/2024	Loans Obtained	Capital Repaid and Interest Net Movement	prepaid expense amortisation	Closing 31/03/2025
	LKR	LKR	LKR	LKR	LKR
Company / Group					
Securitised Borrowings, Syndicated Loans and Other Bank Facilities	12,563,238,361	17,374,541,238	15,773,648,936	823,362,824	14,987,493,490

24 DUE TO CUSTOMERS

	Company		Group	
As at 31st March	2025	2024	2025	2024
	LKR	LKR	LKR	LKR
Term Deposits - Monthly	22,447,434,351	25,725,546,842	22,447,434,351	25,725,546,842
Term Deposits - Maturity	31,324,375,825	34,637,334,187	31,297,315,479	34,637,334,187
Savings Deposits	1,937,029,496	1,758,359,370	1,937,029,496	1,758,359,370
	55,708,839,672	62,121,240,399	55,681,779,326	62,121,240,399

25 DEBT INSTRUMENTS ISSUED

	Company / Group	
	2025	2024
	LKR	LKR
Debentures (Note 25.1)	1,295,844,686	1,295,844,686
	1,295,844,686	1,295,844,686

25.1 Debentures

						2025	2024
Type of debenture	Face value	interest Rate	Frequency of interest payment	Issued date	Maturity date	Amortised Cost	Amortised Cost
	(LKR)					LKR	LKR
Senior Rated, Guaranteed, Redeemable Debentures	1,287,590,000	9%	Yearly	5-Mar-21	4-Mar-26	1,295,844,686	1,295,844,686
						1,295,844,686	1,295,844,686

25.2 Changes in liabilities arrising from financing activities (Debentures)

		Cash Flows			Non Cash Flows	
	As at 01/04/2024	Debentures Capital Repaid	Debenture Interest Accrued	Debenture Interest Paid	Prepaid expense amortisation	As at 31/03/2025
	LKR	LKR	LKR	LKR	LKR	LKR
Debts Instruments Issued	1,295,844,686	-	115,883,100	(115,883,100)	-	1,295,844,686

26 UNSECURED SUBORDINATE LOAN

	Company/Group	
	2025	2024
	LKR	LKR
Asia Pacific Institute of Information Technology Lanka (Pvt) Ltd	1,500,000,000	-
	1,500,000,000	-

On 19th March 2025, the Company obtained an unsecured subordinated loan with a fixed annual interest rate of 13%, repayable in full at the end of a five-year term. Interest is payable annually.

27 OTHER FINANCIAL LIABILITIES

	Company		Group	
As at 31st March	2025	2024	2025	2024
	LKR	LKR	LKR	LKR
Trade Payables	1,907,970,958	1,486,660,789	1,907,970,958	1,486,660,789
	1,907,970,958	1,486,660,789	1,907,970,958	1,486,660,789

28 OTHER LIABILITIES

	Company			Group		
As at	31-Mar-2025	31-Mar-2024 (Restated)*	1-Apr-2023 (Restated)*	31-Mar-2025	31-Mar-2024 (Restated)*	1-Apr-2023 (Restated)*
	LKR	LKR	LKR	LKR	LKR	LKR
VAT Payables	850,824,369	1,575,430,850	1,107,030,207	854,841,194	1,575,430,850	1,107,030,209
Advances received against Real Estate stock	2,022,000	1,822,000	1,066,000	2,022,000	1,822,000	1,066,000
Dividend Payable	5,495,468	4,207,788	4,263,441	5,495,468	4,207,788	4,263,441
Other Liabilities	1,117,899,731	898,235,856	833,938,251	1,153,199,966	900,753,776	833,938,251
Lease Liabilities*	515,553,576	386,430,463	316,819,046	515,553,576	386,430,463	316,819,046
Deferred Revenue on Land sale income	216,204	216,204	216,204	216,204	216,204	216,204
	2,492,011,348	2,866,343,161	2,263,333,149	2,531,328,408	2,868,861,081	2,263,333,151

* The movement of the lease liability is shown in Note 21.2

28.1 Undiscounted Cash flow of Lease Liability

	Company/Group			
	Within one year	1 - 3 years	3 - 5 years	Total
	LKR	LKR	LKR	LKR
2025 March				
Lease Liability	95,263,558	375,365,169	267,513,304	738,142,031
2024 March				
Lease Liability	262,092,147	161,301,076	192,005,244	615,398,467

NOTES TO THE FINANCIAL STATEMENTS

29 POST EMPLOYMENT BENEFIT OBLIGATIONS

	Company / Group	
	2025	2024
	LKR	LKR
As at the 1st April	495,936,946	365,950,612
Amount Charged for the year **(Note 29.1)**	225,302,330	121,820,742
Payments made during the year	(98,532,825)	(70,674,655)
Actuarial Loss for the year	86,591,906	78,840,247
As at 31st March	709,298,357	495,936,946

29.1 Expenses on Defined Benefit Plan

	Company / Group	
	2025	2024
	LKR	LKR
Current Service Cost for the year	72,389,097	55,949,632
Interest cost for the year	60,999,780	65,871,110
Past Service Cost	91,913,453	-
	225,302,330	121,820,742

29.2 Assumptions

	Company / Group	
	2025	2024
	LKR	LKR
Discount Rate	10.00%	12.30%
Salary increase	10.00%	10.00%
Staff Turnover		
19-20 years	11.00%	29.00%
21-25 years	31.00%	27.00%
26-30 years	27.00%	15.00%
31-35 years	17.00%	11.00%
36-40 years	14.00%	12.00%
41-45 years	16.00%	9.00%
46-50 years	14.00%	7.00%
51-55 years	11.00%	7.00%
56-60 years	11.00%	8.00%
Mortality	A67/70 Ult tables	A67/70 Ult tables
Retirement age	60 years	60 years
Weighted average future expected working life	5.22	7.98

Due to the lack of long term high quality bonds available in the Sri Lankan market, discount rate is determined by examining short and medium term government and corporate bonds. For the purpose of this valuation, the Company has considered discount rate of 10%. A rate of discount of 12.3% has been used at the previous valuation.

An actuarial valuation of the gratuity of the Company was carried out as at 31st March 2025 by Smiles Global (Pvt) Limited, a firm of professional actuaries. The valuation method used by the actuary to value the Fund is the "Projected Unit Credit Method".

29.3 **The following table demonstrates the sensitivity to a reasonable possible change in the key assumptions employed with all other variables held constant in the employment benefit liability measurement, in respect of the year ended 31st March 2025.**

Increase/ (Decrease) in Salary increment rate	Increase/ (Decrease) in Discount Rate	Increase (Decrease) in PV of DBO	
		2025	2024
		LKR	LKR
	(-1%)	39,703,581	29,152,299
	1%	(35,483,734)	(33,064,308)
(-1%)		(38,767,410)	(35,792,371)
1%		42,618,029	32,028,494

29.4 **Distribution of Employee Benefit Obligation over Future Working Lifetime**

	2025	2024
	LKR	LKR
Less than or equal 1 year	82,077,776	36,101,245
Over 1 year and less than or equal 5 years	79,657,635	18,021,141
Over 5 year and less than or equal 10 years	547,562,946	441,814,560
Over 10 years	-	-
	709,298,357	495,936,946

ACCOUNTING POLICY

The Company measures the present value of the defined retirement benefits of gratuity which is a defined benefit plan using the projected unit credit actuarial valuation method. The actuarial valuation involves making assumptions about discount rate, expected rates of return on assets, future salary increases and mortality rates. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. All assumptions are reviewed at each reporting date.

All the employees of the Company are eligible for gratuity under the Payment of Gratuity Act No. 12 of 1983. the liability for payment to an employee arises only after the completion of 5 years of continued service.

Funding Arrangements

The Gratuity liability is not externally funded.

Defined Contribution Plan

Employees are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in line with respective Statutes and Regulations. The Company contributes 12% and 3% of salaries and other entitled allowances of employees to Employees' Provident Fund and Employees' Trust Fund respectively.

30 CURRENT TAX LIABILITIES

	Company			Group		
	31-Mar-2025	31-Mar-2024	1-Apr-2023	31-Mar-2025	31-Mar-2024	1-Apr-2023
		Restated	Restated		Restated	Restated
	LKR	LKR	LKR	LKR	LKR	LKR
Balance as at 1st April	1,817,944,670	570,296,871	1,193,392,657	1,865,232,005	579,986,349	1,193,392,657
Charge for the Year	3,571,567,653	2,192,768,606	1,019,743,092	3,646,834,250	2,260,380,353	1,029,432,570
Payments	(2,352,497,902)	(914,056,754)	(1,635,475,949)	(2,432,785,237)	(943,746,233)	(1,635,475,949)
WHT credits	(53,004,584)	(31,064,053)	(7,362,929)	(53,644,946)	(31,388,464)	(7,362,929)
Balance as at 31st March	2,984,009,837	1,817,944,670	570,296,871	3,025,636,072	1,865,232,005	579,986,349

NOTES TO THE FINANCIAL STATEMENTS

31 DEFERRED TAXATION

31.1 Summary of net deferred tax assets movement

	Note	31-Mar-2025	31-Mar-2024 (Restated)	1-Apr-2023 (Restated)
		LKR	LKR	LKR
Balance as at 1st April		764,620,903	578,522,199	700,374,665
Net charge during the year	31.2	(12,316,235)	186,098,704	(121,852,466)
Balance as at 31st March		752,304,668	764,620,903	578,522,199

31.2 (Charge)/reversal for the year

	2025	2024 (Restated)
	LKR	LKR
Recognized in profit or loss	172,267,801	162,446,630
Recognized in other comprehensive income for retirement benefit obligation	25,977,572	23,652,074
Recognized in other comprehensive income on revaluation of property, plant and equipment	(210,561,608)	-
	(12,316,235)	186,098,704

Company / Group		31-Mar-2025		31-Mar-2024 (Restated)		1-Apr-2023 (Restated)	
		Deductible / (Taxable) Temporary Difference	Deferred Tax	Deductible / (Taxable) Temporary Difference	Deferred Tax	Deductible / (Taxable) Temporary Difference	Deferred Tax
	Note	LKR	LKR	LKR	LKR	LKR	LKR
Deferred Tax Liabilities							
Property Plant and Equipment		(507,568,653)	(152,270,596)	(830,526,296)	(249,157,889)	(826,694,528)	(248,008,358)
Revaluation on lands		(811,726,967)	(243,518,090)	(254,998,159)	(76,499,448)	(254,998,159)	(76,499,448)
Revaluation on buildings		(189,220,930)	(56,766,279)	(97,033,217)	(29,109,965)	(97,033,217)	(29,109,965)
Investment Property		(1,457,163,711)	(437,149,113)	(907,014,348)	(272,104,304)	(527,614,348)	(158,284,304)
Right of Use Asset		(450,901,689)	(135,270,507)	(344,699,928)	(103,409,979)	(250,345,559)	(75,103,668)
Profit from associates		(538,659,546)	(80,798,932)	(216,535,288)	(32,480,293)	(32,905,150)	(9,871,545)
Lease rental receivables		(7,591,105)	(2,277,331)	(66,008,915)	(19,802,675)	(206,542,286)	(61,962,686)
Deferred Tax Assets					-		
Lease Liability	21.2	515,553,576	154,666,073	386,430,463	115,929,139	316,819,046	95,045,714
Retirement benefit obligation	29	709,298,357	212,789,507	495,936,946	148,781,084	365,950,612	109,785,184
Impairment losses for loans & other losses		4,976,333,121	1,492,899,936	4,274,917,443	1,282,475,233	3,441,770,919	1,032,531,276
			752,304,668		764,620,903		578,522,199

The Company has calculated the differed tax at the rate of 30% on its temporary differences as at 31st March 2025 (2024-30%). Differed tax on Profit from associates has calculated at the rate of 15% as at 31st March 2025 and 2024.

ACCOUNTING POLICY

Deferred tax is provided, using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and liabilities are off set if legally enforceable right exists to set off current tax assets against current income tax liabilities and Deferred tax relates to the same taxable entity and the same taxation authotity.

32 STATED CAPITAL

	Company / Group		Company / Group	
	2025		2024	
	No. of Shares	LKR	No. of Shares	LKR
At the beginning of the year	318,074,365	2,150,640,315	318,074,365	2,150,640,315
At the end of the year	318,074,365	2,150,640,315	318,074,365	2,150,640,315

32.1 Rights of Shareholders

The holders of ordinary shares have the right to receive dividends as declared from time to time and are entitled to one vote per share at meetings.

All shares rank equally with regard to the Company's residual assets.

NOTES TO THE FINANCIAL STATEMENTS

33 RETAINED EARNINGS

		Company			Group		
		2025	2024 Restated	2023 Restated	2025	2024 Restated	2023 Restated
	Note	LKR	LKR	LKR	LKR	LKR	LKR
As at 1st April		11,180,709,017	13,202,809,517	12,619,872,455	11,356,692,628	13,218,619,515	12,619,872,455
Audit Adjustment		-	-	-	-	6,304,646	-
Profit for the Year		6,219,424,307	3,478,774,149	2,146,861,452	6,147,086,233	3,640,741,483	2,163,503,555
Other Comprehensive Income net of tax		(60,614,334)	(55,188,173)	15,128,750	(60,614,334)	(55,188,173)	15,128,750
Dividend Paid	46	(1,272,297,460)	(318,074,365)	(636,148,730)	(1,272,297,460)	(318,074,365)	(636,148,730)
Provision for Surcharge Tax		-	-	(812,922,983)	-	-	(812,922,983)
Transfers to Statutory Reserve Fund	34	(310,971,215)	(209,695,856)	(129,981,427)	(310,971,215)	(217,794,223)	(130,813,532)
Transfers to Regulatory Loss Reserve	34	4,917,916,255	(4,917,916,255)		4,917,916,255	(4,917,916,255)	
As at 31st March		20,674,166,570	11,180,709,017	13,202,809,517	20,777,812,107	11,356,692,628	13,218,619,515

34 RESERVES

Company	2025					
	Revaluation Reserve	General Reserve (Note 34.1)	Statutory Reserve (Note 34.2)	Regulatory Loss Reserve (Note 34.3)	FVOCI	Total
	LKR	LKR	LKR	LKR	LKR	LKR
As at 1st April 2024	358,508,001	58,751,125	4,355,234,656	4,917,916,255	(10,000,000)	9,680,410,037
Other Comprehesive Income for the year net of tax	491,310,417	-	-		-	491,310,417
Transfers to/(from) during the year	-	-	310,971,215	(4,917,916,255)	-	(4,606,945,040)
As at 31st March 2025	849,818,418	58,751,125	4,666,205,871	-	(10,000,000)	5,564,775,414

	2024					
	Revaluation Reserve	General Reserve (Note 34.1)	Statutory Reserve (Note 34.2)	Regulatory Loss Reserve (Note 34.3)	FVOCI	Total
	LKR	LKR	LKR	LKR	LKR	LKR
As at 1st April 2023	358,508,001	58,751,125	4,145,538,799	-	(10,000,000)	4,552,797,925
Transfers to/(from) during the year	-	-	209,695,856	4,917,916,255	-	5,127,612,111
As at 31st March 2024	358,508,001	58,751,125	4,355,234,656	4,917,916,255	(10,000,000)	9,680,410,036

34 RESERVES (Contd...)

Group	2025					
	Revaluation Reserve	General Reserve (Note 34.1)	Statutory Reserve (Note 34.2)	Regulatory Loss Reserve (Note 34.3)	FVOCI	Total
	LKR	LKR	LKR	LKR	LKR	LKR
As at 1st April 2024	358,508,001	58,751,124	4,364,165,125	4,917,916,255	(10,000,000)	9,689,340,505
Other Comprehesive Income for the year net of tax	491,310,417	-	-		-	491,310,417
Transfers to/(from) during the year	-	-	310,971,215	(4,917,916,255)	-	(4,606,945,040)
As at 31st March 2025	849,818,418	58,751,124	4,675,136,340	-	(10,000,000)	5,573,705,882

	2024					
	Revaluation Reserve	General Reserve (Note 34.1)	Statutory Reserve (Note 34.2)	Regulatory Loss Reserve (Note 34.3)	FVOCI	Total
	LKR	LKR	LKR	LKR	LKR	LKR
As at 1st April 2023	358,508,001	58,751,125	4,146,370,903	-	(10,000,000)	4,553,630,029
Transfers to/(from) during the year	-	-	217,794,223	4,917,916,255	-	5,135,710,478
As at 31st March 2024	358,508,001	58,751,125	4,364,165,126	4,917,916,255	(10,000,000)	9,689,340,507

34.1 General reserve represents amounts set aside by the Board of Directors from time to time which is available for general application at the discretion of the Board. The purpose of setting up the General Reserve is to meet potential future unknown liabilities.

34.2 Statutory Reserve Fund is a capital reserve which contains profits transferred as required by Section 3(b)(ii) of Central Bank Direction No. 1 of 2003.

34.3 In terms of Finance Business Act direction No 1 of 2020, the Company is required to maintain the regulatory loss allowance reserve for the additional loss allowance calculated on the difference between the loss allowance calculated in line with regulatory loss allowance requirement and expected credit loss recognised in the financial statements. This is a non- distributable reserve.

35 GROSS INCOME

		Company		Group	
			(Restated)		(Restated)
		2025	2024	2025	2024
	Note	LKR	LKR	LKR	LKR
Interest income	35.1	27,322,132,540	29,316,949,541	27,337,855,811	29,329,101,460
Fee and Commission Income	36	2,495,872,940	2,462,253,647	2,729,367,741	2,689,956,893
Net loss from trading	37	(24,739,655)	(3,084,237)	(24,739,655)	(3,084,237)
Other operating income	38	1,178,704,213	980,679,993	929,703,313	980,697,232
Change in fair value of investment properties	19	731,282,158	376,173,812	731,282,158	376,173,812
		31,703,252,196	33,132,972,756	31,703,469,368	33,372,845,160

NOTES TO THE FINANCIAL STATEMENTS

35.1 Interest Income

	Company		Group	
		(Restated)		(Restated)
	2025	2024	2025	2024
	LKR	LKR	LKR	LKR
Financial Assets at Amortised Cost				
Loans and Advances	8,265,443,959	8,231,196,923	8,265,443,959	8,231,196,923
Lease rentals receivable & Stock out on hire	17,660,388,948	18,812,670,113	17,660,388,948	18,812,670,113
Reverse repurchase agreements	278,788,535	101,902,811	287,610,797	102,621,399
Placement with Banks and other Financial Institutions	484,982,610	598,020,280	486,771,074	608,661,898
Interest recognised using EIR method	26,689,604,052	27,743,790,127	26,700,214,778	27,755,150,333
Financial Assets recognised through Profit or Loss -Measured at Fair Value				
Government Securities	632,528,488	1,573,159,414	637,641,033	1,573,951,128
Total Interest Income	27,322,132,540	29,316,949,541	27,337,855,811	29,329,101,461

35.2 Interest Expenses

	Company		Group	
	2025	2024	2025	2024
	LKR	LKR	LKR	LKR
Due to Banks	2,113,294,050	3,206,303,049	2,113,294,050	3,206,303,049
Due to Customers	7,171,382,622	11,067,769,600	7,164,344,901	11,067,769,600
Debt instruments issued	115,883,100	115,883,100	115,883,100	115,883,100
Interest Expense on Lease Liabilities	60,142,627	41,221,178	60,142,627	41,221,178
Total Interest Expenses	9,460,702,399	14,431,176,927	9,453,664,678	14,431,176,927

36 NET FEE AND COMMISSION INCOME

	Company		Group	
	2025	2024	2025	2024
	LKR	LKR	LKR	LKR
Fee and Commission Income				
Credit Related Fees and Commissions	64,622	3,358,018	233,559,423	231,061,265
Service Charges	2,495,808,318	2,458,895,628	2,495,808,318	2,458,895,628
Total Fee and Commission Income	2,495,872,940	2,462,253,646	2,729,367,741	2,689,956,893
Fee and Commission Expense				
Borrowing Related Fees and Commissions	83,672,196	115,490,237	84,687,196	117,504,228
Total Fee and Commission Expense	83,672,196	115,490,237	84,687,196	117,504,228
Net Fee and Commission Income	2,412,200,744	2,346,763,409	2,644,680,545	2,572,452,665
Timing at Revenue Recognition				
Services transferred at a point in time	2,495,872,940	2,458,895,628	2,495,808,318	2,458,895,628
Services transferred over time	-	-	-	-

37 NET LOSS FROM TRADING

	Company		Group	
	2025	2024	2025	2024
	LKR	LKR	LKR	LKR
Financial assets recognised through profit or loss - measured at fair value	24,739,655	3,084,237	24,739,655	3,084,237
	24,739,655	3,084,237	24,739,655	3,084,237

38 OTHER OPERATING INCOME

	Company		Group	
	2025	2024	2025	2024
	LKR	LKR	LKR	LKR
Income from Real estate	-	840,486	-	840,486
Bad debt recoveries	860,074,681	967,906,761	860,074,681	967,906,761
Rent income	37,856,965	32,324,262	37,856,965	32,324,262
Dividend Income	249,458,107	385,042	457,207	385,042
Other sundry income	35,130,499	(19,396,157)	35,130,499	(19,378,916)
Gain/(Loss) from disposal of investment properties	3,816,039	(1,380,400)	3,816,039	(1,380,400)
Total Other Operating Income	1,178,704,213	980,679,994	929,703,313	980,697,235

39 IMPAIRMENT CHARGES OF FINANCIAL ASSETS

	Company		Group	
	2025	2024 (Restated)	2025	2024 (Restated)
	LKR	LKR	LKR	LKR
Loans and Receivables	232,706,352	261,777,551	232,706,352	261,777,551
Lease rentals receivable & Stock out on hire	1,274,567,530	3,977,437,118	1,274,567,530	3,977,437,118
Other Financial Assets	144,613,737	(4,085,061)	144,613,737	(4,085,061)
	1,651,887,619	4,235,129,608	1,651,887,619	4,235,129,608

40 PERSONNEL EXPENSES

		Company		Group	
		2025	2024	2025	2024
	Note	LKR	LKR	LKR	LKR
Salaries and bonus		2,706,371,498	2,365,056,907	2,708,296,498	2,370,096,907
Contribution to Defined Contribution Plan					
Contribution to EPF		246,320,220	223,814,362	246,519,420	224,419,162
Contribution to ETF		61,565,356	55,950,291	61,615,156	56,101,491
Contribution to defined benefit plan	29.1	225,302,330	121,820,742	225,302,330	121,820,742
Travelling & Subsistence		68,222,741	56,041,950	68,222,741	57,291,950
Other allowances & staff related expenses		100,520,717	44,630,688	100,520,717	44,658,188
		3,408,302,862	2,867,314,940	3,410,476,862	2,874,388,440

NOTES TO THE FINANCIAL STATEMENTS

41 OTHER OPERATING EXPENSES

	Company		Group	
	2025	2024	2025	2024
	LKR	LKR	LKR	LKR
Directors' Fees and Expense	16,850,000	13,956,197	16,850,000	13,956,197
Auditors' fees - Audit & audit related works	7,150,000	6,600,000	7,350,000	6,775,000
- Non-audit	4,470,000	3,835,000	4,470,000	3,835,000
Office Administration and Establishment Expenses	4,328,240,903	3,703,764,616	4,329,178,273	3,704,213,642
Advertising and Business Promotion Expenses	349,700,502	254,652,011	349,700,502	255,137,312
	4,706,411,405	3,982,807,824	4,707,548,775	3,983,917,151

42 TAX ON FINANCIAL SERVICES

	Company		Group	
	2025	2024 (Restated)	2025	2024 (Restated)
	LKR	LKR	LKR	LKR
Value added tax	2,216,999,093	1,456,328,050	2,216,999,093	1,456,328,050
Social Security Contribution Levy	307,916,541	202,267,784	307,916,541	202,267,784
	2,524,915,634	1,658,595,834	2,524,915,634	1,658,595,834

43 INCOME TAX

43.1 The major components of income tax expense for the years ended 31st March are as follows:

	Company		Group	
	2025	2024 (Restated)	2025	2024 (Restated)
	LKR	LKR	LKR	LKR
Current Income Tax				
Income Tax for the year	3,534,148,937	2,192,710,850	3,602,898,785	2,257,905,958
Dividend Tax	37,418,716	57,756	37,418,716	57,756
Tax on Investment Income	-	-	6,516,749	2,416,640
Deferred Tax				
Deferred Taxation Charge/(Reversal) (Note 31)	(172,267,800)	(162,446,630)	(172,267,800)	(162,446,630)
	3,399,299,853	2,030,321,976	3,474,566,450	2,097,933,724
Statement of Other Comprehensive Income				
Deferred tax related to other comprehensive income (Note 31)	184,584,036	(23,652,072)	184,584,036	(23,652,072)
Income tax charged directly Statement of Other Comprehensive Income	184,584,036	(23,652,072)	184,584,036	(23,652,072)

43.2 Reconciliation of Accounting Profit and Taxable Income

A reconciliation between the tax expense and the accounting profit based on the applicable tax rate of 30% for the years ended 31st March 2025 and 2024 is as follows:

	Company			
	2025	2024 (Restated)	2025	2024 (Restated)
	LKR	LKR	LKR	LKR
Acccounting profit before tax	9,618,724,160	5,509,096,125	9,621,652,683	5,738,675,205
Non deductible Expenses and Capital portion of lease rentals	4,981,150,930	6,478,923,228	4,981,148,659	6,478,813,093
Exempt Income	(1,314,130,996)	(526,413,133)	(1,087,891,089)	(538,565,052)
Allowable Expenses including depreciation allowances on leased hold assets	(1,523,970,993)	(4,189,207,841)	(1,523,970,993)	(4,189,207,841)
Total profit from businesses (leasing and non-leasing)	11,761,773,101	7,272,398,379	11,990,939,260	7,489,715,405
Profit on leasing business	18,723,356	36,637,787	18,723,356	36,637,787
Total Statutory Income	11,780,496,457	7,309,036,166	12,009,662,616	7,526,353,192
Taxable Income	11,780,496,457	7,309,036,166	12,009,662,616	7,526,353,192
Income Tax Expense	3,534,148,937	2,192,710,850	3,602,898,785	2,257,905,958
Effective tax rate	36.74%	36.85%	35.66%	36.51%

Current income tax assets and liabilities consists of amounts expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognized directly in equity and not in the Statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

44 EARNINGS PER ORDINARY SHARE

44.1 BASIC EARNINGS PER ORDINARY SHARE

Basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders by weighted average number of ordinary shares outstanding during the year, as per LKAS 33- Earnings Per Share.

	Company		Group	
For the year ended 31st March	2025	2024 Restated	2025	2024 Restated
	LKR	LKR	LKR	LKR
Amounts Used as the Numerators:				
Profit attributable to Ordinary Shareholders for Basic Earnings Per Share (LKR)	6,219,424,307	3,478,774,149	6,147,086,233	3,640,741,483
Number of Ordinary Shares Used as Denominators for Basic Earnings per share				
Weighted Average Number of Ordinary Shares	318,074,365	318,074,365	318,074,365	318,074,365
Basic Earnings per ordinary share (LKR)	19.55	10.94	19.33	11.45

NOTES TO THE FINANCIAL STATEMENTS

44.2 DILUTED EARNINGS PER ORDINARY SHARE

Diluted EPS is calculated by dividing the net profit for the year attributable to ordinary shareholders by 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 in to ordinary shares.

Number of Ordinary Shares Used as Denominators for Diluted Earnings per share

	Company		Group	
	2025	2024 Restated	2025	2024 Restated
	LKR	LKR	LKR	LKR
Amounts Used as the Numerators:				
Profit attributable to Ordinary Shareholders	6,219,424,307	3,478,774,149	6,147,086,233	3,640,741,483
Weighted Average Number of Ordinary Shares	318,074,365	318,074,365	318,074,365	318,074,365
Diluted Earnings per ordinary share (Rs.)	19.55	10.94	19.33	11.45

45 DIVIDEND PAID

45.1 Declared and Paid During the Year

	Company	
	2025	2024
	LKR	LKR
Dividends on Ordinary Shares:		
Final Dividend for 2022/23 Rs.1/- per share.	-	318,074,365
Final Dividend for 2023/24 Rs.4/- per share.	1,272,297,460	-
	1,272,297,460	318,074,365

ACCOUNTING POLICY

Dividend on ordinary shares are recognised as a liability and deducted from equity when they are approved by the company's shareholders. Interim dividends are deducted when they are declared.

46 OPERATING SEGMENTS

For management purposes, the Company is organised into seven operating segments based on services offered to customers as follows. The following table presents income and profit and certain asset and liability information regarding the Company's operating segments.

46.1

Company -2025	Finance Lease	Hire Purchase	Microfinance and SMELoans	Gold loan	Term Loan	Revolving Loans	Investments	Unallocated	Total
	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Interest income	6,879,948,023	11,706,704,426	1,798,046,266	4,188,183,931	52,100,548	191,276,054	1,396,299,632	1,109,573,660	27,322,132,540
Fee Based Income	607,412,899	1,033,554,796	158,744,876	369,763,977	4,599,823	16,887,270	123,275,700	97,961,403	2,412,200,744
Net gain from trading							(24,739,655)		(24,739,655)
Other operating income	296,807,861	505,038,976	77,569,520	180,682,457	2,247,670	8,251,841	60,237,767	47,868,121	1,178,704,213
Change in fair value of investment properties								731,282,158	731,282,158
Total Revenue	7,784,168,783	13,245,298,198	2,034,360,662	4,738,630,365	58,948,041	216,415,165	1,555,073,444	1,986,685,342	31,619,580,000
Segmental Result Before depreciation and amortisation	3,050,754,177	5,191,067,914	797,302,122	1,857,153,510	23,102,786	241,554,276	609,460,938	778,617,316	12,392,275,715
Depreciation and Amortisation									(570,760,178)
Operating Profit Before Tax On Financial Services									11,821,515,537
VAT on Financial Services									(2,216,999,093)
Social Security Contribution Levy									(307,916,541)
Share of profit of associates									322,124,257
Profit before Taxation									9,618,724,160
Income Tax Expenses									(3,399,299,853)
Net profit for the Year									6,219,424,307
Segment Asset	36,074,557,702	11,646,481,531	2,875,344,179	14,863,032,537	701,239,982	385,048,562	30,888,528,273	12,669,262,639	110,103,495,405
Segment Liabilities	26,779,756,329	8,645,703,713	2,134,496,481	11,033,493,271	520,561,777	285,838,755	22,929,934,924	9,384,127,858	81,713,913,106

46.2

Group - 2025	Finance Lease	Hire Purchase	Microfinance and SMELoans	Gold loan	Term Loan	Revolving Loans	Investments	Unallocated	Total
	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Interest income	6,879,948,023	11,706,704,426	1,798,046,266	4,188,183,931	52,100,548	191,276,054	1,419,060,624	1,102,535,939	27,337,855,811
Fee Based Income	665,570,292	1,132,513,598	173,944,073	405,167,422	5,040,238	18,504,160	137,280,775	106,659,987	2,644,680,545
Net gain from trading							(24,739,655)		(24,739,655)
Other operating income	233,972,646	398,120,539	61,147,794	142,431,378	1,771,831	6,504,899	48,259,285	37,494,942	929,703,314
Change in fair value of investment properties								731,282,158	731,282,158
Total Revenue	7,779,490,961	13,237,338,563	2,033,138,133	4,735,782,731	58,912,617	216,285,113	1,579,861,029	1,977,973,026	31,618,782,173
Segmental Result Before depreciation and amortisation	3,049,718,323	5,189,305,336	797,031,406	1,856,522,932	23,094,941	84,788,153	619,337,583	775,405,564	12,395,204,238
Depreciation and Amortisation									(570,760,178)
Operating Profit Before Tax On Financial Services									11,824,444,060
VAT on Financial Services									(2,216,999,093)
Social Security Contribution Levy									(307,916,541)
Share of profit of associates									322,124,257
Profit before Taxation									9,621,652,683
Income Tax Expenses									(3,474,566,450)
Net profit for the Year									6,147,086,233
Segment Asset	36,074,557,702	11,646,481,530	2,875,344,179	14,863,032,537	701,239,982	385,048,562	31,081,098,327	12,643,151,540	110,269,954,359
Segment Liabilities	26,750,143,265	8,636,143,291	2,132,136,154	11,021,292,430	519,986,139	285,522,675	23,047,374,273	9,375,197,828	81,767,796,055

For management purposes, the Group is organised into seven operating segments based on services offered to customers as follows. The following table presents income and profit and certain asset and liability information regarding the Group's operating segments.

46.1

Company -2024 (Restated)	Finance Lease	Hire Purchase	Microfinance and SMELoans	Gold loan	Term Loan	Revolving Loans	Investments	Unallocated	Total
	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Interest income	6,285,450,844	13,224,243,466	1,763,022,070	4,206,899,952	774,576,493	116,871,490	2,273,082,505	672,802,721	29,316,949,541
Fee Based Income	503,900,702	1,042,734,224	143,730,198	342,821,270	63,403,366	9,566,577	186,064,363	54,542,709	2,346,763,409
Net gain from trading							(3,084,237)		(3,084,237)
Other operating income	210,292,948	417,866,983	63,345,643	151,298,250	27,827,504	4,218,851	81,836,715	23,993,100	980,679,994
Change in fair value of investment properties								376,173,812	376,173,812
Total Revenue	6,999,644,494	14,684,844,673	1,970,097,911	4,701,019,472	865,807,363	130,656,918	2,537,899,346	1,127,512,342	33,017,482,519
Segmental Result Before depreciation and amortisation	1,588,495,482	3,332,570,594	447,092,939	1,066,846,780	196,485,848	29,651,209	575,949,485	255,877,033	7,492,969,370
Depreciation and Amortisation									(508,907,549)
Operating Profit Before Tax On Financial Services									6,984,061,821
VAT on Financial Services									(1,456,328,050)
Social Security Contribution Levy									(202,267,784)
Share of profit of associates									183,630,138
Profit before Taxation									5,509,096,125
Income Tax Expenses									(2,030,321,976)
Net profit for the Year									3,478,774,149
Segment Asset	23,281,117,586	32,509,810,014	3,457,243,439	14,584,080,239	1,511,761,436	252,159,173	16,499,306,515	13,607,229,491	105,702,707,891
Segment Liabilities	18,212,756,664	25,432,338,322	2,704,592,391	11,409,087,368	1,182,646,970	197,263,454	12,907,363,814	10,644,899,540	82,690,948,523

For management purposes, the Group is organised into seven operating segments based on services offered to customers as follows. The following table presents income and profit and certain asset and liability information regarding the Group's operating segments.

46.1

Group - 2024 (Restated)	Finance Lease	Hire Purchase	Microfinance and SMELoans	Gold loan	Term Loan	Revolving Loans	Investments	Unallocated	Total
	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Interest income	6,285,450,673	13,224,243,250	1,763,022,050	4,206,899,869	774,576,482	116,871,488	2,285,234,424	672,803,225	29,329,101,461
Fee Based Income	552,127,010	1,142,530,133	157,486,039	375,631,317	69,471,448	10,482,156	204,961,741	59,762,821	2,572,452,665
Net gain from trading							(3,084,237)		(3,084,237)
Other operating income	210,202,863	417,687,981	63,318,508	151,233,438	27,815,583	4,217,044	82,238,972	23,982,846	980,697,235
Change in fair value of investment properties								376,173,812	376,173,812
Total Revenue	7,047,780,546	14,784,461,364	1,983,826,597	4,733,764,624	871,863,513	131,570,688	2,569,350,900	1,132,722,704	33,255,340,936
Segmental Result Before depreciation and amortisation	1,420,908,876	2,980,707,506	399,960,924	954,378,208	175,777,125	26,526,075	518,008,964	228,369,164	6,704,636,842
Depreciation and Amortisation									(509,004,059)
Operating Profit Before Tax On Financial Services									7,213,640,901
VAT on Financial Services									(1,456,328,050)
Social Security Contribution Levy									(202,267,784)
Share of profit of associates									183,630,138
Profit before Taxation									5,738,675,205
Income Tax Expenses									(2,097,933,722)
Net profit for the Year									3,640,741,483
Segment Asset	23,281,117,586	32,509,810,014	3,457,243,439	14,584,080,239	1,511,761,436	252,159,173	16,685,557,073	13,655,698,268	105,937,427,228
Segment Liabilities	18,183,349,078	25,391,273,497	2,700,225,368	11,390,665,460	1,180,737,386	196,944,938	13,031,990,741	10,665,567,310	82,740,753,778

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 that relate to transactions with any of the Companies' other components, whose operating results are reviewed regularly by the Senior Management to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available.

For management purposes, the Company has identified eight operating segments based on products and services, as follows:

- Finance Lease
- Microfinance & SME loans
- Term loans
- Investments
- Hire purchase
- Gold loan
- Revolving loan
- Unallocated

Income taxes are managed on a Company basis and are not allocated to operating segments. Interest income is reported net, as management primarily relies on net interest revenue as a performance measure, not the gross income and expense. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the company's total revenue in 2025 or 2024.

47 ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS

47.1

	At Fair Value		At Amortised Cost	
As at 31st March 2025	Fair value through profit or Loss	Fair value through Other Comprehensive Income	Financial assets measured at amortised cost	Total
	LKR	LKR	LKR	LKR
Assets				
Cash and cash equivalents	-	-	4,725,518,897	4,725,518,897
Placements with banks	-	-	4,706,923,262	4,706,923,262
Financial assets recognised through profit or loss - measured at fair value	6,740,464,733	-	-	6,740,464,733
Financial assets at amortised cost				
Loans and Receivables	-	-	22,163,502,371	22,163,502,371
Lease rentals receivable & Stock out on hire	-	-	47,721,039,232	47,721,039,232
Debt & other instruments			9,038,336,314	9,038,336,314
Financial assets at fair value through other comprehensive income	-	137,554,019	-	137,554,019
Other financial assets	-	-	401,344,629	401,344,629
Total Financial Assets	6,740,464,733	137,554,019	88,756,664,705	95,634,683,457
Liabilities				
Due to Banks			15,115,938,248	15,115,938,248
Due to Customers			55,708,839,672	55,708,839,672
Debt Instruments Issued and Other borrowed funds			1,295,844,686	1,295,844,686
Unsecured subordinate term loan			1,500,000,000	1,500,000,000
Other Financial Liabilities			1,907,970,958	1,907,970,958
Total Financial Liabilities			75,528,593,564	75,528,593,564

NOTES TO THE FINANCIAL STATEMENTS

47.2

	At Fair Value		At Amortised Cost	
As at 31st March 2024	Fair value through profit or Loss	Fair value through Other Comprehensive Income	Financial assets measured at amortised cost	Total
	LKR	LKR	LKR	LKR
Assets				
Cash and cash equivalents	-	-	2,151,491,366	2,151,491,366
Placements with banks	-	-	3,648,330,913	3,648,330,913
Financial assets recognised through profit or loss - measured at fair value	6,883,129,751	-	-	6,883,129,751
Financial assets at amortised cost				-
Loans and Receivables	-	-	23,797,262,841	23,797,262,841
Lease rentals receivable & Stock out on hire	-	-	55,790,927,600	55,790,927,600
Debt & other instruments			541,345,511	541,345,511
Financial assets at fair value through other comprehensive income	-	56,554,019	-	56,554,019
Other financial assets	-	-	170,892,036	170,892,036
Total Financial Assets	6,883,129,751	56,554,019	86,100,250,267	93,039,934,037
Liabilities				
Due to Banks			12,606,977,872	12,606,977,872
Due to Customers			62,121,240,399	62,121,240,399
Debt Instruments Issued and Other borrowed funds			1,295,844,686	1,295,844,686
Other Financial Liabilities			1,486,660,789	1,486,660,789
Total Financial Liabilities			77,510,723,746	77,510,723,746

48 FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial Instruments recorded at Fair Value

The following is a description of how fair values are determined for financial instruments that are recorded at fair value using valuation techniques. These incorporate the Company's estimate of assumptions that a market participant would make when valuing the instruments.

Financial assets recognised through profit or loss - measured at fair value

Financial assets recognised through profit or loss are valued using a valuation technique and consists of government debt securities and listed equity securities.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income, primarily consist of equity securities which are valued using valuation techniques or pricing models. These assets are valued using models that use both observable and unobservable data. Quoted equities are valued using quoted market prices in the active market as at the reporting date.

48.1 Determination of Fair Value and Fair Value Hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques.

Level 1 : quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

48.2 The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy.

As at 31st March 2025	Level 1	Level 2	Level 3	Total
	LKR	LKR	LKR	LKR
Financial Assets				
Financial assets - Recognised through profit or loss				
Government of Sri Lanka Treasury Bills	-	6,738,629,769	-	6,738,629,769
Quoted equities	1,834,964	-	-	1,834,964
Financial assets -fire value through other comprehensive income				
Unquoted equities		-	137,554,019	137,554,019
Total Financial Assets	1,834,964	6,738,629,769	137,554,019	6,878,018,752
Non financial assets measured at fair value				
Freehold land	-	-	3,100,353,813	3,100,353,813
Building & Building integrals	-	-	2,654,999,551	2,654,999,551
investment properties	-	-	4,222,900,000	4,222,900,000
	-	-	9,978,253,364	9,978,253,364

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy.

As at 31st March 2024	Level 1	Level 2	Level 3	Total
	LKR	LKR	LKR	LKR
Financial Assets				
Financial assets - Recognised through profit or loss				
Government of Sri Lanka Treasury Bills		6,882,854,302	-	6,882,854,302
Quoted equities	275,449	-	-	275,449
Financial assets -fire value through other comprehensive income				-
Government of Sri Lanka Treasury Bills	-	-	-	-
Unquoted equities		-	56,554,019	56,554,019
Total Financial Assets	275,449	6,882,854,302	56,554,019	6,939,683,770
Non financial assets measured at fair value				
Freehold land	-	-	3,282,891,442	3,282,891,442
Building & Building integrals	-	-	2,514,809,805	2,514,809,805
investment properties	-	-	2,437,850,044	2,437,850,044
	-	-	8,235,551,291	8,235,551,291

There were no financial liabilities recorded at fair value as at 31st March 2025 and 31st March 2024.

48.3 Movements in level 3 financial instruments measured at fair value

	2025	2024
Equity Securities	LKR	LKR
As at 1st April	56,554,019	2,554,019
Sold during the financial year		-
Additions during the year	81,000,000	54,000,000
As at 31st March	137,554,019	56,554,019

NOTES TO THE FINANCIAL STATEMENTS

48.4 Movements in level 3 Non financial assets measured at fair value

	Free hold Land	Building & building integrals	investment properties
	LKR	LKR	LKR
Balance as at 1st April 2023	3,320,656,242	2,433,830,420	1,220,344,185
Disposals	-	-	(7,640,400)
Acquired during the year	380,735,200	173,279,721	427,246,260
Fair Value Recognised During the year	-	-	376,173,812
Transfers	(418,500,000)	(46,585,134)	421,726,187
Depreciation	-	(45,715,202)	-
Balance as at 31st March 2024	3,282,891,442	2,514,809,805	2,437,850,044
Disposals	-	-	(180,043,961)
Acquired during the year	105,695,056	139,239,753	345,533,214
Fair Value Recognised During the year	556,728,808	92,187,713	731,282,158
Transfers	(844,961,493)	(46,043,020)	888,278,545
Depreciation	-	(45,194,700)	-
Balance as at 31st March 2025	3,100,353,813	2,654,999,551	4,222,900,000

48.5 Estimated Fair Value of financial assets and liabilities carried at other than fair value

Set out below is the comparison, by class, of the carrying amounts of fair values of the Company's financial instruments that are not carried at fair value in the financial statements. This table does not include the fair values of non- financial assets and non- financial liabilities.

		2025		2024 (Restated)	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
	Level	LKR	LKR	LKR	LKR
Financial Assets					
Cash and Bank Balances		4,725,518,897	4,725,518,897	2,151,491,366	2,151,491,366
Placement with Banks		4,706,923,262	4,706,923,262	3,648,330,913	3,648,330,913
Loans and Receivables	Level 2	22,163,502,371	22,303,070,626	23,797,262,841	24,690,081,030
Lease rentals receivable & Stock out on hire	Level 2	47,721,039,232	52,778,286,860	55,790,927,600	58,989,175,169
Debt & other instruments	Level 2	9,038,336,314	9,038,336,314	541,345,511	541,345,511
Other financial assets		401,344,629	401,344,629	170,892,036	170,892,036
Total Financial Assets		88,756,664,705	93,953,480,588	86,100,250,267	90,191,316,025
Financial Liabilities					
Due to Banks	Level 3	15,115,938,248	13,388,600,643	12,606,977,872	12,551,130,390
Due to Customers	Level 3	55,708,839,672	55,864,148,189	62,121,240,399	65,763,285,460
Debt Instruments Issued	Level 3	1,295,844,686	1,295,844,686	1,295,844,686	1,277,078,757
Unsecured subordinate term loan		1,500,000,000	1,500,000,000	-	-
Other Financial Liabilities		1,907,970,958	1,907,970,958	1,486,660,789	1,486,660,789
Total Financial Liabilities		75,528,593,564	73,956,564,476	77,510,723,746	81,078,155,396

48 FAIR VALUE OF FINANCIAL INSTRUMENTS (Contd...)

48.6 The following describes the methodologies and assumptions used to determine the fair values for those financial instruments which are not already recorded at fair value in the Financial Statements.

Assets for which Fair value approximates carrying value

For financial assets and financial liabilities that have a short term maturity (original maturities less than a year), it is assumed that the carrying amounts approximate their fair values. This assumption is also applied to fixed deposits, certificate of deposits and savings deposits without a specific maturity.

Long term deposits accepted from customers for which periodical interest is paid and loans and advances granted to customers with a variable rate are also considered to be carried at fair value in the books.

Fixed Rate Financial Instruments

Carrying amounts are considered as fair values for short term credit facilities. Loans and Advances with fixed interest rates were fair valued using market rates at which fresh loans were granted during the fourth quarter of the reporting year. Conversely, fixed deposits with original tenors above one year and interest paid at maturity were discounted using current market rates offered to customers during the fourth quarter of the reporting year. Interest rates based on Treasury Bond rates with similar tenors have been used to arrive at the fair value of debentures issued.

49 RISK MANAGEMENT

49.1 INTRODUCTION

Risk is inherent in a financial business and such risks are managed through a process of ongoing identification, measurement and monitoring. This process of risk management is critical to the Company's continuing profitability and each individual within the Company is accountable for the risk exposures relating to his or her responsibilities.

The Company is primarily exposed to credit risk, interest rate risk, operational risk and liquidity risk the management of which is explained below.

49.1.1 Risk Management structure

The Board of Directors is responsible for establishing the overall risk management framework within the Company. The Board Integrated Risk Management Committee (BIRMC), which is a sub-committee of the board has been established with delegated risk management responsibilities. The BIRMC plays a vital role in establishing best practices in relation to risk policies and practices within the Company.

The activities of the Company's risk management system take place at three broad levels of hierarchy, as follows:

Strategic Level

Overall financial risks are monitored at the BIRMC level, and the decisions made by the BIRMC are communicated to the Board of Directors. The Board ratifies the risk policies and directions issued to the management by the BIRMC.

Management Level:

Development and implementation of underlying procedures, processes and controls are carried out at the Management Level. Assuring the compliance with laid down policies, procedures and controls and reviewing the outcomes of operations, and measuring and analysing risk related information is also performed at this level.

Operational Level:

The individuals accountable for the risk exposures relating to his or her responsibilities are required to comply with approved policies, procedures and controls.

49.1.2 Risk measurement and reporting system

A risk management process has been developed and is continuously reviewed by the BIRMC together with the operational management. The Company has established two risk sub committees, namely Credit Committee and Information Technology sub-committee to review operational risks related to each area. In addition the Assets and Liabilities Committee (ALCO) reviews market and liquidity risks. The effectiveness of these committees is assessed by the BIRMC.

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The risk sub committees comprise of selected members of the operational management, middle management and operational staff of each relevant department. These sub committees meet on a regular basis and are responsible for identifying and analysing risks. The identified risks are taken up for discussion at risk subcommittee meetings and the minutes of the subcommittee meetings are circulated among the members of the BIRMC. The decisions and directives of the BIRMC are communicated to the operational management through the sub committees for operationalization of such decisions and directives.

49.2 Credit Risk

Credit risk is the potential loss incurred in the event that a borrower fails to fulfil agreed obligations. The Company's credit risk arises mainly from various accommodations granted and could be identified as the most significant risk faced by the Company.

Impairment Assessment

The methodology of the impairment assessment is explained in Note 5.4.5 under Accounting policies. The references below should be read in conjunction with those Accounting policies.

Mitigation:

Credit is required to be granted according to the approved policies and procedures of the Company. Special attention is given to credit risk management in terms of analysing customer credit worthiness through rigorous customer investigation before and after credit facilities are provided. Repayment of accommodations granted is closely monitored by those responsible for granting various facilities as well as those directly responsible for recovery activities. Indicators have been developed to measure risks associated with credit which are reviewed on a continuous basis for the entire organisation as well as for each product and operational location.

Microfinance Loans & Abhiwurdhi SME Loans

As is the practice in the industry both in Sri Lanka and Internationally, Microfinance loans are granted without obtaining any security from the borrower. Abhiwurdhi Loans are granted mainly to Microfinance customers who have obtained Microfinance loans in the past and settled them satisfactorily. As these accommodations are not covered by collateral they could lead to substantial credit risks to the Company. Credit risks associated with Microfinance and Abhiwurdhi portfolios are controlled by the following measures:

- Limiting individual's first Microfinance loan to less than Rs. 40,000 and these are granted as Group-loans where loans granted to each member of the Group is guaranteed by the other members of the Group. Loans are granted after careful evaluation of the purpose for which they are taken and the repayment capacity,
- Microfinance Loans in higher amounts and Abhivurdhi SME Loans are granted based on past credit performance of applicants and with careful evaluation of the purpose for which they are taken and the repayment capacity,
- Weekly and fortnightly collection system which closely monitors each loan granted,
- Careful monitoring of various ratios such as Portfolio-at-Risk (PAR)

Gold Loans

The Company also has a substantial portfolio of loans and advances granted under pawn brokering and related activities. These facilities are granted mainly based on gold articles obtained as security. In the event the price of gold in the local market reduce substantially, this would lead to a reduction in the value of the security obtained thereby exposing the Company to the risk that some customers may not redeem the articles retained by the Company. Where the articles are not so redeemed, the difference between the realizable value of the article held and the total of the capital , interest and other charges due would result in a loss to the Company. In order to manage this risk the Company has adopted the following practices:

- Frequent review of gold prices in the local and international markets and adjusting the amount of the loans granted for each sovereign of gold contained in the article,
- Close follow up of the payment of capital and interest due on loans and advances granted,
- Structuring of the loans and advances granted in a manner that recovery action is possible

49.2.1 Assessment of Expected Credit Losses

(a) Analysis of the total impairment for expected credit losses is as follows,

Company / Group

As at 31st March 2025		Stage 1	Stage 2	Stage 3	Total
	Note	LKR	LKR	LKR	LKR
Loans and receivables	10.1	630,664,721	164,931,789	1,241,052,104	2,036,648,614
Lease Rentals Receivable & Stocks out on hire	11.1	2,627,792,378	1,205,366,882	9,576,765,598	13,409,924,858
Other Financial assets	14.1	94,715,240	-	-	94,715,240
		3,353,172,339	1,370,298,671	10,817,817,702	15,541,288,712

As at 31st March 2024		Stage 1	Stage 2	Stage 3	Total
	Note	LKR	LKR	LKR	LKR
Loans and receivables	10.1	292,972,090	161,947,828	1,358,117,339	1,813,037,257
Lease Rentals Receivable & Stocks out on hire	11.1	2,116,174,393	1,129,239,967	9,179,938,466	12,425,352,826
Other Financial assets	14.1	94,715,240	-	-	94,715,240
		2,503,861,723	1,291,187,795	10,538,055,805	14,333,105,323

Please refer **Note 10.1** and **11.1** for the movement of expected credit loss of the Loans & Receivables and Lease rentals receivables & Stock out on hire respectively.

(b) Sensitivity of factors used to determine impairment provisions

Given the current economic uncertainties and the judgements applied to factors used in determining the expected default of borrowers in future periods. Expected credit losses reported by the company should be considered as a best estimate within a range of possible estimates.

As at 31st March 2025	Sensitivity effect on Statements of Financial Position increase/(decrease) in impairment provision				Sensitivity effect on income Statement increase/ (decrease) in impairment charge
	Stage 1	Stage 2	Stage 3	Total	
	LKR	LKR		LKR	LKR
Change in Probability of Default (PD)					
Increase by 5%	123,424,049	39,991,382	-	163,415,431	163,415,431
Decrease by 5%	(123,424,049)	(39,991,382)	-	(163,415,431)	(163,415,431)
Change in Loss Given Default (LGD)					
Increase by 5%	127,266,054	56,205,140	159,910,385	343,381,579	343,381,579
Decrease by 5%	(127,266,054)	(56,205,140)	(159,910,385)	(343,381,579)	(343,381,579)
Change in Economic Factor Adjustment (EFA)					
Increase by 5%	33,308,096	14,931,282	-	48,239,378	48,239,378
Decrease by 5%	(33,308,096)	(14,931,282)	-	(48,239,378)	(48,239,378)

In the calculation of the Economic Factor adjustment under the Expected Credit Loss (ECL) model, quantitative factors include GDP growth, inflation, interest rates, and unemployment rates. Qualitative factors consist of government policies, the status of the industry or business, management outlook, and regulatory impact.

NOTES TO THE FINANCIAL STATEMENTS

49.2.2 Collateral held and other credit enhancement

As at 31st March	Percentage of exposure that is subject to collateral requirements		Types of Collateral Held
	2025	2024	
Type of credit exposure	%	%	
Hire Purchase Receivables	100	100	Vehicles
Finance Lease Receivables	100	100	Vehicles
Loans and Advances- Auto Loans	100	100	Vehicles
Loans and Advances- Micro Finance	100	100	Guarantors
Loans and Advances- RBL	100	100	Guarantors
Loans and Advances- Gold Loans	100	100	Pawning Articles
Loans and Advances- Loans against Deposits	100	100	Lien Deposits
Loans and Advances- Personal Loans	100	100	Guarantors
Loans to Employees	100	100	Vehicles and Guarantors
Placement with Banks	100	100	Cash
Financial Assets at Amortised Cost- Debt and Other Financial Instruments	100	100	Marketable Securities

49.2.3 Analysis of maximum exposure to credit risk and collateral

The following table shows the maximum exposure to credit risk by class of financial asset.

Company		As at 31st March 2025		As at 31st March 2024	
		Maximum Exposure to Credit Risk	Net Exposure	Maximum Exposure to C redit Risk	Net Exposure
	Note	LKR	LKR	LKR	LKR
Assets					
Cash and cash equivalents	7	4,725,518,897	4,725,518,897	2,151,491,366	2,151,491,366
Placements with Banks	8	4,706,923,262	4,706,923,262	3,648,330,913	3,648,330,913
Financial assets recognised through profit or loss - measured at fair value	9	6,740,464,733	6,740,464,733	6,883,129,751	6,883,129,751
Financial assets at amortised cost					
Loans and Receivables	10	24,200,150,985	4,618,623,712	25,610,300,098	4,603,450,456
Lease rentals receivable & Stock out on hire	11	61,130,964,090	653,397,712	68,216,280,426	32,280,020
Debt & other instruments		9,038,336,314	9,038,336,314	541,345,511	541,345,511
Financial assets recognised through profit or loss - measured at fair value	13	137,554,019	137,554,019	56,554,019	56,554,019
Other financial assets	14	401,344,629	401,344,629	170,892,036	170,892,036
Total Financial Assets		111,081,256,929	31,022,163,278	107,278,324,120	18,087,474,072

49.2.4 Credit quality analysis

The table below sets out an analysis of the loan and receivables from customers, net investment in leases and hire purchase portfolio and debt and other financial instruments between those that are neither past due nor impaired , those that are past due but not individually impaired and those that are individually impaired.

Credit quality analysis	Company		Group	
As at 31st March	2025	2024	2025	2024
	LKR	LKR	LKR	LKR
Neither past due nor individually impaired loans and leases	38,918,883,419	33,959,123,913	38,918,883,419	33,959,123,913
Past due but not individually impaired loans				
- Up to 30 days past due	10,506,965,634	10,987,616,789	10,506,965,634	10,987,616,789
- 31-60 days past due	6,510,818,456	5,739,232,076	6,510,818,456	5,739,232,076
- 61-90 days past due	4,573,506,608	4,437,342,066	4,573,506,608	4,437,342,066
- Over 90 days	24,393,340,572	38,133,618,408	24,393,340,572	38,133,618,408
Individually impaired loans	427,600,386	569,647,271	427,600,386	569,647,271
Individually significant impairment	(257,065,194)	(448,372,794)	(257,065,194)	(448,372,794)
Individually not significant impairment	(15,189,508,279)	(13,790,017,289)	(15,189,508,279)	(13,790,017,289)
Total loans and advances and leases	69,884,541,602	79,588,190,440	69,884,541,602	79,588,190,440

Debt and other financial instruments	Company		Group	
As at 31st March	2025	2024	2025	2024
	LKR	LKR	LKR	LKR
Neither past due nor individually impaired				
Government Securities (Treasury Bills & Bonds)	8,827,414,658	541,345,511	9,170,257,362	588,345,511
Commercial Papers (A (lka)	210,921,656	-	210,921,656	-
Coporate Debt - Entity External Rating				
AA-(lka)	1,468,951,629	1,348,785,531	1,468,951,629	1,348,785,531
A+(lka)	109,691,060	100,787,886	109,691,060	100,787,886
A-(lka)				
A(lka)	1,871,707,863	1,021,196,738	1,871,707,863	1,021,196,738
BBB+(lka)				
BBB-(LRA)	300,000,000	265,917,178	300,000,000	265,917,178
BBB(Stable)			27,060,346	137,933,125
Total	12,788,686,866	3,278,032,844	13,158,589,916	3,462,965,969
Individually impaired	-	-	-	-
Financial assets at amortised cost - Debt and other financial instruments	12,788,686,866	3,278,032,844	13,158,589,916	3,462,965,969

Debt and other financial instruments

The Debt and other financial instruments of the Company amounting to LKR 12,788,686,866 and Group amounting to LKR 13,158,589,916 are classified as neither past due nor individually impaired and reported as under Stage - 1 as of 31st March 2025. (The Debt and other financial instruments of the Company amounting to LKR 3,278,032,845 and Group amounting to LKR 3,462,965,970 were classified as neither past due nor individually impaired and reported as under Stage - 1 as of 31st March 2024.)

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49.2.5 Collateral held and other credit enhancement

The Company holds collateral and other credit enhancements against certain types of its credit exposures. The following table sets out the principal types of collateral held against different types of financial assets. The value of the collateral is capped at the amortised cost of the loan.

Company/Group

For the year ended 31 March	2025		2024	
	Gross Balance	Security Value	Gross Balance	Security Value
	LKR	LKR	LKR	LKR
Stage 1				
Cash collateral	773,091,510	2,004,847,382	824,794,339	2,018,405,426
Gold	13,905,388,007	22,079,049,349	13,617,621,567	19,706,984,039
Vehicle	34,480,032,160	76,281,877,344	26,203,188,073	57,430,651,361
Immovable Properties	122,684,065	476,614,725	114,967,455	494,660,875
Personal and Corporate Guarantees	3,639,288,942	-	3,820,371,337	-
Unsecured	-	-	-	-
	52,920,484,684	100,842,388,800	44,580,942,771	79,650,701,701
Stage 2				
Cash collateral	495,317,458	898,963,425	351,552,403	708,982,665
Gold	900,177,743	1,254,338,779	987,292,932	1,276,917,090
Vehicle	8,698,295,959	18,413,177,274	8,639,497,227	19,613,320,829
Immovable Properties	16,481,945	227,707,000	38,569,998	140,401,000
Personal and Corporate Guarantees	57,041,530	-	59,460,248	-
Unsecured	-	-	-	-
	10,167,314,635	20,794,186,478	10,076,372,808	21,739,621,584
Stage 3				
Cash collateral	11,786,929	28,810,795	104,775,110	190,172,036
Gold	149,048,825	296,181,125	79,587,500	165,125,533
Vehicle	20,846,530,273	37,397,165,026	37,882,688,720	66,574,176,676
Immovable Properties	312,786,388	873,876,025	367,865,807	1,127,747,525
Personal and Corporate Guarantees	806,697,986	-	664,664,927	-
Unsecured	116,465,355	-	69,682,881	275,027,550
	22,243,315,756	38,596,032,971	39,169,264,945	68,332,249,320
	85,331,115,075	160,232,608,249	93,826,580,524	169,722,572,605

49.2.6 Assets obtained by taking possession of collateral

Details of financial and non-financial assets obtained by the Company during the year by taking possession of collateral held as security against loans and advances and held at the year end are shown below:

	Company/Group	
	2025	2024
	LKR	LKR
Vehicles	647,298,046	339,207,822
Immovable Properties	-	-

49.2.7 Credit Impaired Loans

For credit impaired loans the value of collateral is based on the most recent appraisals

	Company/Group	
	2025	2024
	LKR	LKR
Less than 50%	2,076,998,056	4,450,427,612
51%-70%	17,013,978,140	30,305,527,783
More than 70%	2,345,641,575	3,748,644,623
Personal and Corporate	806,697,986	664,664,927
Total	22,243,315,757	39,169,264,945

49.2.8 Concentration of Credit Risk

The Company maintains prudent risk diversification by setting concentration limits within its established risk appetite framework. These limits are regularly monitored and reviewed by the Risk Management Department, Credit Committee, and BIRMC to adapt to evolving market, regulatory, and economic conditions.

This proactive approach enhances dynamic portfolio management and serves as an early warning mechanism for potential credit concentrations.An analysis of risk concentration of financial assets - Loans, lease rentals and hire purchases based on industry sector and geographical location is given below

	Company/Group	
	2025	2024
Industry	LKR	LKR
Consumption	28,222,019,637	41,373,612,034
Transportation	12,951,865,808	22,168,845,283
Other	9,446,263,141	4,088,292,362
Agriculture, Forestry and Fishing	12,672,947,180	9,994,752,854
Manufacturing	7,520,365,211	5,365,274,797
Wholesale and Retail Trade	6,539,751,707	4,612,597,253
Health Care, Social Services and Support Activities	2,977,815,885	2,551,011,319
Construction	1,853,764,094	1,541,719,620
Professional, Scientic & Technical Activites	3,146,322,412	2,130,475,002
Total	85,331,115,075	93,826,580,524

	Company/Group	
	2025	2024
Province	LKR	LKR
Central	9,356,040,134	11,542,139,083
Eastern	7,895,440,590	8,508,818,618
North Central	8,127,899,629	9,101,716,961
North Western	9,745,232,599	10,956,033,338
Northern	5,908,547,310	5,972,506,428
Sabaragamuwa	5,953,512,164	6,676,136,632
Southern	7,351,173,008	7,934,878,365
Uva	5,254,153,011	6,061,479,401
Western	25,739,116,629	27,072,871,699
Total	85,331,115,074	93,826,580,525

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49.2.9 Rescheduled Loans

The loan portfolio of the Company consist of LKR 914,188,057 of rescheduled loans as at 31st March 2025 and LKR 810,132,316 as at 31st March 2024.

49.2.10 Write-Offs

The contractual amount outstanding financial assets that were written off during the year ended 31st March 2025 and that are still subject to enforcement activity is LKR 38,633,546 (2024 - LKR 52,360,432)

49.3 Liquidity Risk & Funding Management

Liquidity risk is the risk of only being able to meet liquidity obligations at increased cost or, ultimately, being unable to meet obligations as they fall due. In the case of the Company this relates mainly to the ability to meet refund of deposits obtained from the public as they fall due and settlement of instalments on bank and other borrowings.

Mitigation:

Special attention is focused on the liquidity of the Company as it provides critical defense against this and several other risks such as reputational, compliance, and financial risks. An Asset Liability Management policy has been developed and integrated in to risk policy to provide necessary guidelines. The Company's projected liquidity requirements are assessed on a continuous basis to ensure that they can be met as and when such requirements arise. The Company also strives to ensure that the liquidity ratios required to be maintained by the applicable Central Bank regulations are complied with.

The Company's primary objective in liquidity risk management is to ensure adequate funding for its businesses throughout market cycles, including periods of financial stress. To achieve this objective the company regularly monitors liquidity position and maintain an adequate buffer of liquid assets. company also maintains access to diverse funding sources to meet unforeseen liquidity requirements. All statutory and prudent liquidity ratios are monitored against tolerance limits and stress testing is carried out regularly to assess the effectiveness of liquidity management. The company is comfortable with its existing buffer of liquid assets. The actions taken will help to maintain existing liquidity position while mitigating any disruptive effect on liquidity that may arise due to the continuously evolving nature of the pandemic.

49.3.1 The Finance Companies (Liquid Assets) Direction No. 01 of 2009 requires Company to maintain minimum liquid assets as follows;

a) 10% of the outstanding value of time deposits received by the company and accrued interest payable at close of business on such day; and

b) 15% of the outstanding value of savings deposits accepted by the company and accrued interest payable at close of business on such day: and

c) 10% of total outstanding borrowings and any other payable that may be determined by the CBSL excluding the borrowings that are included in the capital funds of the company and borrowings which are secured by the mortgage of any assets of the company.

49.3.2 Analysis Of Financial Assets And Liabilities By Remaining Contractual Maturities

The table below summarises the maturity profile of the undiscounted cash flows of the Company's financial assets and liabilities as at 31 March 2025.

Company	On Demand	Less than 03 Months	03-12 Months	01-05 Years	Over 05 Years	Total
	LKR	LKR	LKR	LKR	LKR	LKR
Financial Assets						
Cash and cash equivalents	4,725,518,897	-	-	-	-	4,725,518,897
Placement with Banks		3,350,350,552	1,356,572,710	-	-	4,706,923,262
Financial assets recognised through profit or loss - measured at fair value	1,834,964	4,893,951,778	1,844,677,991	-	-	6,740,464,733
Financial assets at amortised cost						
Loans and Advances	1,413,440,857	17,380,766,217	4,583,377,007	2,392,996,789	44,920,408	25,815,501,278
Lease rentals receivable & Stock out on hire	12,211,316,821	11,418,654,768	28,329,378,652	29,582,448,647	2,539,761	81,544,338,649
Debt & other instruments		9,038,336,314				9,038,336,314
Financial assets at fair value through other comprehensive income	-	-	-	-	137,554,019	137,554,019
Other financial assets	-	401,344,629	-	-	-	401,344,629
Total Financial Assets	18,352,111,539	46,483,404,258	36,114,006,360	31,975,445,436	185,014,188	133,109,981,781
Financial Liabilities						
Due to Banks	128,444,759	4,323,232,979	5,270,750,914	5,393,509,597	-	15,115,938,248
Due to Customers	1,937,029,496	5,297,127,108	23,620,382,749	22,106,542,922	-	52,961,082,275
Debt Instruments Issued and Other borrowed funds	-	-	1,295,844,686		-	1,295,844,686
Unsecured subordinate term loan				1,500,000,000		1,500,000,000
Other Financial Liabilities	-	1,907,970,958	-	-	-	1,907,970,958
Total Financial Liabilities	2,065,474,255	11,528,331,045	30,186,978,349	29,000,052,519	-	72,780,836,168
Total Net Financial Assets/(Liabilities)	16,286,637,284	34,955,073,213	5,927,028,011	2,975,392,917	185,014,188	60,329,145,613

49.3.2 Analysis Of Financial Assets And Liabilities By Remaining Contractual Maturities

The table below summarises the maturity profile of the undiscounted cash flows of the Group financial assets and liabilities as at 31 March 2025.

Group 2025 March	On Demand	Less than 03 Months	03-12 Months	01-05 Years	Over 05 Years	Total
	LKR	LKR	LKR	LKR	LKR	LKR
Financial Assets						
Cash and cash equivalents	4,731,852,338	-	-	-	-	4,731,852,338
Placement with Banks		3,350,350,552	1,356,572,710	-	-	4,706,923,262
Financial assets recognised through profit or loss - measured at fair value	2,113,529	4,893,951,778	1,844,677,991	-	-	6,740,743,298
Loans and Advances	1,413,440,857	17,380,766,217	4,583,377,007	2,392,996,789	44,920,407	25,815,501,277
Lease rentals receivable & Stock	12,211,316,821	11,418,654,768	28,329,378,652	29,582,448,647	2,539,761	81,544,338,649
out on hire						-
Loans and Advances- Personal	-	-	-	-	-	-
Loans						-
Debt & other instruments		9,381,179,018				9,381,179,018
Financial assets at fair value through other comprehensive income	-	-	-	-	137,554,019	137,554,019

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Group 2025 March	On Demand	Less than 03 Months	03-12 Months	01-05 Years	Over 05 Years	Total
	LKR	LKR	LKR	LKR	LKR	LKR
Other financial assets	-	232,399,623	-	-	-	232,399,623
Total Financial Assets	18,358,723,544	46,657,301,959	36,114,006,360	31,975,445,436	185,014,187	133,290,491,486
Financial Liabilities						
Due to Banks	128,444,759	4,323,232,979	5,270,750,914	5,393,509,597	-	15,115,938,248
Due to Customers	1,937,029,496	5,270,066,762	23,620,382,749	22,106,542,922	-	52,934,021,929
Debt Instruments Issued and Other borrowed funds	-	-	1,295,844,686		-	1,295,844,686
Unsecured subordinate term loan				1,500,000,000		1,500,000,000
Other Financial Liabilities	-	1,907,970,958	-	-	-	1,907,970,958
Total Financial Liabilities	2,065,474,254	11,528,331,045	30,186,978,349	29,000,052,519	-	72,780,836,168
Total Net Financial Assets/(Liabilities)	16,293,249,290	34,955,073,213	5,927,028,011	2,975,392,917	185,014,187	60,329,145,613

49.3.2 Analysis Of Financial Assets And Liabilities By Remaining Contractual Maturities (Contd...)

The table below summarises the maturity profile of the undiscounted cash flows of the Company's financial assets and liabilities as at 31 March 2024.

Company	On Demand	Less than 03 Months	03-12 Months	01-05 Years	Over 05 Years	Total
	LKR	LKR	LKR	LKR	LKR	LKR
Financial Assets						
Cash and cash equivalents	2,151,491,366	-	-	-	-	2,151,491,366
Placement with Banks	-	2,736,687,334	-	-	-	2,736,687,334
Financial assets recognised through profit or loss - measured at fair value	275,449	7,001,208,407	-	-	-	7,001,483,856
Loans and Advances	4,645,288,554	11,358,402,310	9,914,429,539	2,704,909,798	35,032,220	28,658,062,421
Lesae Rentals receiveble & Stock out on hire	13,159,324,140	11,242,839,055	32,190,700,199	37,577,451,833	4,261,490	94,174,576,717
Debt instruments issued		541,345,511				541,345,511
Loans and Advances- Personal	-	-	-	-	-	-
Loans						-
Financial assets at fair value through other comprehensive income	-	-	-	-	56,554,019	56,554,019
Other financial assets	-	170,892,035	-	-	-	170,892,035
Total Financial Assets	14,797,449,627	33,051,374,651	42,105,129,738	40,282,361,631	95,847,729	130,332,163,376
Financial Liabilities						
Due to Banks	43,739,511	3,512,754,981	5,091,139,441	3,247,448,201	-	11,895,082,134
Due to Customers	1,758,359,370	19,818,445,749	18,309,992,048	16,521,525,695	-	56,408,322,862
Debt Instruments Issued and Other borrowed funds	-	-	115,883,100	1,519,356,200	-	1,635,239,300
Other Financial Liabilities	-	1,486,660,789	-	-	-	1,486,660,789
Total Financial Liabilities	1,802,098,881	24,817,861,519	23,517,014,589	21,288,330,096	-	71,425,305,085
Total Net Financial Assets/ (Liabilities)	12,995,350,746	8,233,513,132	18,588,115,149	18,994,031,535	95,847,729	58,906,858,291

49.3.2 Analysis Of Financial Assets And Liabilities By Remaining Contractual Maturities (Contd...)

Group 2024 March	On Demand	Less than 03 Months	03-12 Months	01-05 Years	Over 05 Years	Total
	LKR	LKR	LKR	LKR	LKR	LKR
Financial Assets						
Cash and cash equivalents	2,163,461,874	-	-	-	-	2,163,461,874
Placement with Banks	-	3,790,360,489	-	-	-	3,790,360,489
Financial assets recognised through profit or loss - measured at fair value	275,449	7,001,208,407	-	-	-	7,001,483,856
Loans and Advances- Micro Finance						-
Loans and Advances	4,645,288,554	11,358,402,310	9,914,429,539	2,704,909,798	35,032,220	28,658,062,421
Lesae Rentals receiveble & Stock out on hire	13,159,324,140	11,242,839,055	32,190,700,199	37,577,451,833	4,261,490	94,174,576,717
Debt instruments issued		541,345,511				541,345,511
Loans and Advances- Personal	-	-	-	-	-	-
Loans						-
Financial assets at fair value through other comprehensive income	-	-	-	-	56,554,019	56,554,019
Other financial assets	-	170,892,035	-	-	-	170,892,035
Total Financial Assets	19,968,350,017	34,105,047,807	42,105,129,738	40,282,361,631	95,847,729	136,556,736,922

Group 2024 March	On Demand	Less than 03 Months	03-12 Months	01-05 Years	Over 05 Years	Total
	LKR	LKR	LKR	LKR	LKR	LKR
Financial Liabilities						
Due to Banks	43,739,511	3,512,754,981	5,091,139,441	3,247,448,201	-	11,895,082,134
Due to Customers	1,758,359,370	19,818,445,749	18,309,992,048	16,521,525,695	-	56,408,322,862
Debt Instruments Issued and Other borrowed funds	-	-	115,883,100	1,519,356,200	-	1,635,239,300
Other Financial Liabilities	-	1,486,660,789	-	-	-	1,486,660,789
Total Financial Liabilities	1,802,098,881	24,817,861,519	23,517,014,589	21,288,330,096	-	71,425,305,085
Total Net Financial Assets/ (Liabilities)	18,166,251,136	9,287,186,288	18,588,115,149	18,994,031,535	95,847,729	65,131,431,837

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49.3.3 Contractual Maturities Of Financial Commitments

The table below shows the contractual expiry by maturity of the customers' undrawn loan commitments. These are included in the time band containing the earliest date such can be drawn down by the Customers.

Company / Group

As at 31 March 2025	On Demand	Less than 03 Months	03-12 Months	01-05 Years	Over 05 Years	Total
	LKR	LKR	LKR	LKR	LKR	LKR
Commitments						
Commitment for unutilised facilities	184,917,650	-	-	-	-	184,917,650
Financial guarantee contracts	324,184,000			-	-	324,184,000
Total Commitments	509,101,650	-	-	-	-	509,101,650

Company / Group

As at 31 March 2024	On Demand	Less than 03 Months	03-12 Months	01-05 Years	Over 05 Years	Total
	LKR	LKR	LKR	LKR	LKR	LKR
Commitments						
Commitment for unutilised facilities	133,340,195	-	-	-	-	133,340,195
Financial guarantee contracts	299,300,000			-	-	299,300,000
Total Commitments	432,640,195	-	-	-	-	432,640,195

49.3.4 Financial assets available to support future funding

The table below sets out the availability of the Company's financial assets to support future funding.

		2025		2024	
		Pledged as collateral	Available as collateral	Pledged as collateral	Available as collateral
	Note	LKR	LKR	LKR	LKR
Cash and cash equivalents	7	742,646,083	163,561,245	875,805,555	190,480,251
Reverse repurchase agreements		-	-		-
Placements with banks	8	722,187,589	3,028,162,963	841,327,010	1,895,360,325
Financial assets recognised through profit or loss	9	-	6,740,464,733		6,883,129,751
Financial assets at amortised cost – Loans and advances to other customers		20,473,916,101	58,572,435,945	20,283,709,507	65,823,247,126
Financial assets at amortised cost – Debt and other financial instruments	13	-	-	-	-
Financial assets measured at fair value through other comprehensive income			-	-	-

49.5 Market Risk

Market risk is the risk arising from fluctuations in market variables such as interest rates, foreign exchange rates, equity prices and gold prices. This is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in the market variables. As the Company's operations involve granting accommodations, accepting deposits and obtaining funding facilities, the movements in interest rates constitute the most important market risk for the Company.

Mitigation:

Movements in interest rates are closely monitored. Further the Company maintains an adequate Net Interest Margin (NIM) so that increases in interest expenses can be absorbed. The assets and liabilities maturity mismatch is also closely monitored so that the possible adverse effects arising due to interest rate movements could be minimized. Although the mismatch in assets and liabilities

in terms of maturity is widely prevalent in the industry, in view of the composition of the portfolio of the Company, this mismatch has been mitigated to a significant extent.

49.5.1 Equity price risk

Equity price risk is the risk that the fair value of equities decreasing as a result of changes in the level of equity indices and individual stocks. The market value of the Company's equity portfolio as of 31 March 2025 is LKR 1,834,964/- (2024 - LKR 275,448/-).

The table below shows the impact on the profit or loss due to a reasonably possible change in the price of the Company's investment in trading securities with all other variables held constant:

	Impact on profit/loss	
	Company	
	2025	2024
	LKR	LKR
+10%	183,496	27,545
-10%	(183,496)	(27,545)

49.5.2 Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments.

49.5.3 Interest Rate Sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the company's profit or loss statements and equity, arising from interest bearing loans and borrowings.

Company / Group

Financial Instrument	Increase/ (Decrease) in basis points	Sensitivity of Profit/(Loss)		Sensitivity of Equity	
		2025	2024	2025	2024
		LKR Mn	LKR Mn	LKR Mn	LKR Mn
Long Term Loans linked to AWPLR*	+500/ (-500)	(563.88)/563.88	(349.73)/349.73	(563.88)/563.88	(349.73)/349.73

49.5.4 Interest Rate Risk Exposure On Financial Assets & Liabilities

The table below analyses the Company's interest rate risk exposure on financial assets & liabilities. The Company's assets & liabilities are included at carrying amounts and categorized by the earlier of contractual reprising or maturity dates.

Company

As at 31 March 2025	Up to 03 Months	03-12 Months	01-05 Years	Over 05 Years	Non interest bearing	Total as at 31 March 2025
	LKR	LKR	LKR	LKR	LKR	LKR
Assets						
Cash and Bank Balances	3,856,354,823	-	-	-	869,164,074	4,725,518,897
Placement with Banks	3,350,350,552	1,356,572,710	-	-	-	4,706,923,262
Financial assets recognised through profit or loss - measured at fair value	6,738,629,769	-			1,834,964	6,740,464,733
Loans and receivables	18,221,445,238	3,903,227,755	1,986,610,892	38,348,544	50,518,557	24,200,150,986
Lease rentals receivable & Stock out on hire	19,723,684,646	18,710,674,992	22,694,403,287	2,201,164	-	61,130,964,089
Debt & other Instruments	8,827,414,659	-	210,921,656	-	-	9,038,336,314

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2025	Up to 03 Months	03-12 Months	01-05 Years	Over 05 Years	Non interest bearing	Total as at 31 March 2025
	LKR	LKR	LKR	LKR	LKR	LKR
Financial assets at fair value through other comprehensive income	-	-	-	-	137,554,019	137,554,019
Other financial assets	-	-	-	-	401,344,629	401,344,629
Total Financial Assets	60,717,879,687	23,970,475,457	24,891,935,835	40,549,708	1,460,416,243	111,081,256,930
Financial Liabilities						
Due to banks	3,197,602,291	5,081,688,000	6,836,647,958	-	-	15,115,938,248
Due to Customers	25,547,776,510	14,726,944,330	15,434,118,832	-	-	55,708,839,672
Debt Instruments Issued and Other borrowed funds	-	1,295,844,686	-	-	-	1,295,844,686
Unsecured subordinate term loan			1,500,000,000			1,500,000,000
Other Financial Liabilities	-	-	-	-	1,907,970,958	1,907,970,958
Total Financial Liabilities	28,745,378,801	21,104,477,016	23,770,766,790	-	1,907,970,958	75,528,593,565
Interest Sensitivity Gap	31,972,500,886	2,865,998,441	1,121,169,045	6,086,205,000	(447,554,715)	35,552,663,365

Company

As at 31 March 2024	Up to 03 Months	03-12 Months	01-05 Years	Over 05 Years	Non interest bearing	Total as at 31 March 2024
	LKR	LKR	LKR	LKR	LKR	LKR
Assets						
Cash and Bank Balances	1,282,327,292	-	-	-	869,164,074	2,151,491,366
Placement with Banks	3,521,122,729	127,208,184	-	-	-	3,648,330,913
Financial Investments measured at amortised cost	6,882,854,302	-			275,449	6,883,129,751
Loans and receivables	14,394,268,842	9,079,820,752	2,058,240,985	28,450,822	49,518,697	25,610,300,098
Lease rentals receivable & Stock out on hire	20,146,921,291	20,037,109,637	28,028,500,905	3,748,593	-	68,216,280,426
Debt & other Instruments	541,345,511	-	-	-	-	541,345,511
Financial Investments - Available for Sale	-	-	-	-	56,554,019	56,554,019
Other financial assets	-	-	-	-	170,892,035	170,892,035
Total Financial Assets	46,768,839,967	29,244,138,573	30,086,741,890	32,199,415	1,146,404,274	107,278,324,119
Financial Liabilities						
Due to banks	3,986,860,204	5,326,938,086	3,293,179,585	-	-	12,606,977,875
Due to Customers	31,768,514,531	5,944,019,584	16,218,873,664	8,189,832,619	-	62,121,240,398
Debt Instruments Issued and Other borrowed funds	-	-	1,295,844,686	-	-	1,295,844,686
Other Financial Liabilities	-	-	-	-	1,486,660,789	1,486,660,789
Total Financial Liabilities	35,755,374,735	11,270,957,670	20,807,897,935	8,189,832,619	1,486,660,789	77,510,723,748
Interest Sensitivity Gap	11,013,465,232	17,973,180,903	9,278,843,955	(8,157,633,204)	(340,256,515)	29,767,600,371

50 CURRENT AND NON CURRENT ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

Company		2025			2024		
	Note	With in 12 Months	After 12 Months	Total as at 31 March 2025	With in 12 Months	After 12 Months	Total as at 31 March 2024
		LKR	LKR	LKR	LKR	LKR	LKR
Assets							
Cash and cash equvalents		4,725,518,897	-	4,725,518,897	2,151,491,366	-	2,151,491,366
Placement with Banks		4,706,923,262	-	4,706,923,262	3,648,330,913	-	3,648,330,913
Financial assets recognised through profit or loss - measured at fair value		6,738,629,769	1,834,964	6,740,464,733	6,882,854,302	275,449	6,883,129,751
Loans and Receivables		20,308,960,502	1,854,541,870	22,163,502,371	21,710,571,036	2,086,691,806	23,797,262,841
Lease rentals receivable & Stock out on hire		30,003,249,768	17,717,789,463	47,721,039,232	27,758,678,101	28,032,249,499	55,790,927,600
Debt & other instruments		8,827,414,658	210,921,656	9,038,336,314	541,345,511		541,345,511
Financial assets at fair value through other comprehensive income		-	137,554,019	137,554,019	-	56,554,019	56,554,019
Other financial assets		8,362,038	392,982,591	401,344,629	7,366,648	163,525,387	170,892,036
Inventories		-	52,425,671	52,425,671	-	68,776,384	68,776,384
Other assets		-	535,123,173	535,123,173	-	749,780,576	749,780,576
Investments in Subsidiaries		-	15,000,000	15,000,000	-	15,000,000	15,000,000
Investments in associates		-	848,060,748	848,060,748	-	525,936,491	525,936,491
Investment properties		-	4,222,900,000	4,222,900,000	-	2,437,850,045	2,437,850,044
Property, plant and equipment		-	6,691,074,535	6,691,074,535	-	6,796,464,355	6,796,464,355
Intangible assets & goodwill		-	761,709,717	761,709,717	-	828,262,603	828,262,603
Right of use assets		123,258,634	466,954,802	590,213,436	43,122,805	432,959,693	476,082,498
Deferred tax assets		-	752,304,668	752,304,668	-	764,620,903	764,620,903
Total Assets		75,442,317,528	34,661,177,877	110,103,495,405	62,743,760,682	42,958,947,210	105,702,707,891
Liabilities							
Due to Banks		8,279,290,291	6,836,647,957	15,115,938,248	9,313,798,290	3,293,179,582	12,606,977,872
Due to Customers		40,274,720,840	15,434,118,832	55,708,839,672	37,712,534,115	24,408,706,284	62,121,240,399
Debt instruments issued		-	1,295,844,686	1,295,844,686	-	1,295,844,686	1,295,844,686
Unsecured Subordinate Term Loan			1,500,000,000	1,500,000,000	-	-	-
Other Financial Liabilities		1,907,970,958	-	1,907,970,958	1,486,660,789	-	1,486,660,789
Other liabilities		2,492,011,348	-	2,492,011,348	2,690,503,221	175,839,940	2,866,343,161
Post employment benefit obligations		-	709,298,357	709,298,357	-	495,936,946	495,936,946
Current tax liabilities		2,984,009,837	-	2,984,009,837	1,817,944,670	-	1,817,944,670
Total liabilities		55,938,003,274	25,775,909,832	81,713,913,106	53,021,441,085	29,669,507,438	82,690,948,523

NOTES TO THE FINANCIAL STATEMENTS

51 COMMITMENTS AND CONTINGENT LIABILITIES

51.1 CONTINGENT LIABILITIES

There were no material contingent liabilities outstanding as at the reporting date other than disclosed below.

Legal Claims

The Company has controls and policies for managing legal claims. Once professional advice has been obtained and the amount of loss reasonably estimated, the Company makes adjustments to account for any adverse effects which the claims may have on its financial standing. There are seven unresolved legal cases against the Company amounting to LKR 17,574,130 as at 31st March 2025.

Although there can be no assurance, the Company believes, based on the information currently available, that the ultimate resolution of such legal procedures would not likely to have a material adverse effect of the results of operations, financial position of liquidity. Accordingly, no provision for any liabilities has been made in these Financial Statements.

Tax Assessments

The following tax assessments are outstanding and the company has duly appealed against.The Board of Directors are in the view of no additional provisions to be made in relation to these tax assessments as at 31st March 2025.

Period	Tax Type	Assessment Value	Current Status
		LKR	
2018/2019	Income Tax	1,716,825,536	Tax Appeal commission
2019/2020	Income Tax	607,365,349	Inland Revenue Department
2020/2021	Income Tax	437,297,413	Inland Revenue Department
2011/2012	VAT on FS	49,360,633	Court of Appeal
2012/2013	VAT on FS	89,118,664	Court of Appeal
2013/2014	VAT on FS	63,017,704	Tax Appeal commission
2016/2017	VAT on FS	252,827,890	Tax Appeal commission
2017/2018	VAT on FS	154,789,378	Tax Appeal commission
2018/2019	VAT on FS	293,943,953	Tax Appeal commission
2019/2020	VAT on FS	1,810,098	Tax Appeal commission
2020/2021	VAT on FS	99,977,616	Inland Revenue Department
2021/2022	VAT on FS	550,709,769	Inland Revenue Department

51.2 Commitments

	Company	
	2025	2024
	LKR	LKR
Commitment for unutilised facilities	184,917,650	133,340,195
Guarantees issued	324,184,000	299,300,000

52 ASSETS PLEDGED

The following assets have been pledged as security for liabilities.

Company/Group Nature of Assets	Nature of Liability	Carrying Amount Pledged Company		
		2025	2024	
		LKR	LKR	
Land & Building	Loans	855,069,848	846,150,000	Property, Plant and Equipment
Balance held in foreign currency account	Loans	742,646,083	875,805,555	Cash & Bank Balances
Placement with banks	Loans	722,187,589	841,327,010	Placement with banks
		2,319,903,520	2,563,282,565	

Financial assets and finacial assets are pledged as collateral as part of sales and repurchases, securities borrowing, and securitization transactions under terms that are usual and customary for such activities.

53 RELATED PARTY TRANSACTIONS

The Company carried out transactions with parties who are defined as Related Parties as per the Sri Lanka Accounting Standard - LKAS 24 'Related Party Disclosures'.

Details of significant related party transactions which the company had during the year are as follows,

The Company carried out transactions in the ordinary course of business on an arm's length basis at commercial rates with parties who are defined as related parties as per LKAS 24 - "Related Party Disclosures" under the supervision of Related Party Transactions Review Committee.

53.1 Transactions with Key Managerial Personnel (KMPs)

Related party includes KMPs defined as those persons having authority and responsibility for planning directing and controlling the activities for the Company and "Key Management Personnel" has been defined to be the Board of Directors of the Company fall under such definition.

53.1.1 Key Management Personnel Compensation

	Company	
	2025	2024
	LKR	LKR
Short Term Employment Benefits	116,475,891	92,694,142
Post Employment Benefits	10,967,724	10,332,900
Directors Fees & Expenses	16,850,000	13,940,997
	144,293,615	116,968,039

53.1.2 Aggregate Remuneration paid to Directors

	Company	
	2025	2024
	LKR	LKR
Form of Remuneration		
Basic Salary	73,118,160	68,886,000
Board and sub-committee sitting fees	16,850,000	13,940,997
Fixed allowance	12,150,000	7,200,000
Bonuses	24,632,366	15,794,000
Reimbursed expenses	143,236	281,713
Other monetary benefits (if any)	6,575,365	-
Non-monetary benefits (Converted into monetary terms)	646,120	683,126
Total remuneration paid to directors	134,115,247	106,785,836

53.1.3 Transactions, Arrangements and Agreements Involving KMPs, and their Close Members of Family (CFMs)

CFMs of a KMPs are those family members who may be expected to influence, or be influenced by, that KMP in their dealing with the entity.

	Company	
	2025	2024
	LKR	LKR
Deposits held at the end of the year	67,503,532	76,857,149
Interest on Fixed Deposits	6,019,096	6,054,516
Dividend Paid	1,719,232	5,643

NOTES TO THE FINANCIAL STATEMENTS

53.2 Transactions with related entities

53.2.1 Transactions with Ultimate Controlling Party

Amounts paid for being a member of the Key Management Personnel as included in 55.1 above.

53.2.2 Transactions with Ultimate Parent Entity

	Company	
	2025	2024
	LKR	LKR
BG Capital (Pvt) Ltd		
Investment in Fixed Deposit at Commercial Credit and Finance PLC	-	257,420,000

53.2.3 Transactions with Immediate Parent Entity

	Company	
	2025	2024
	LKR	LKR
BG Investments (Pvt) Ltd		
Dividends Paid (Gross)	515,328,700	159,832,175

53.2.4 Transactions with Significant Investor - Group Lease Holdings Pte Ltd

	Company	
	2025	2024
	LKR	LKR
Dividend Paid (Gross)	381,562,000	95,390,500

53.2.5 Transactions with Associates

	Company	
	2025	2024
	LKR	LKR
Investment/(Withdrawal) in Fixed Deposit at Commercial Credit and Finance PLC	(1,000,000)	-
Interest on Fixed Deposits	11,000	-
Repair Charges	-	386,376
Sponsorship Payment	-	50,000

53.2.6 Transactions with other group entities

	Company	
	2025	2024
	LKR	LKR
Unsecured Subordinate Loan		
Asia Pacific Institute of Information Technology Lanka (Pvt) Ltd	1,500,000,000	-
	1,500,000,000	-

On 19th March 2025, the Company obtained an unsecured subordinated loan with a fixed annual interest rate of 13%, repayable in full at the end of a five-year term. Interest is payable annually.

During the financial year there were no Non Recurrent Related party transactions, in aggregate that exceeds 10% of the equity or 5% of the total assets and, Recurrent related party transactions , in aggregate that exceeds 10% of the gross revenue / Income that required further disclosures.

53.2.7 Transactions with Subsidiary - Commercial Credit Insurance Brokers (Pvt) Ltd

	Company	
	2025	2024
	LKR	LKR
Investment in Fixed Deposit During the Year	26,000,000	
Withdrawal of Fixed Deposit During the year	(120,486,652)	
Investment in Fixed Deposit as at 31 March	27,567,727	142,388,368
Short term loan granted during the year	-	3,282,750
Transfer of Fixed Asset	218,000	-
Fixed deposit Interest paid for the period ended 31 March 2025	853,953	-

54 EVENTS AFTER THE REPORTING DATE

54.1 The Board of Directors of the Company, at its meeting held on 14 July 2025, approved the issuance of Listed, Rated, Unsecured, Subordinated, High-Yield Debentures to raise a sum of up to Sri Lanka Rupees Five Billion (LKR 5,000,000,000/-). The issuance is conditional upon receiving prior written approval from the Central Bank of Sri Lanka (CBSL) as well as other necessary regulatory approvals. The Debentures will have a par value of Sri Lanka Rupees One Hundred (LKR 100/-) each , a tenure of five (5) years , and will be offered via an initial issue of up to Sri Lanka Rupees Three Billion (LKR 3,000,000,000/-) with an option to issue a further Sri Lanka Rupees Two Billion (LKR 2,000,000,000/-) in the event of an oversubscription. The funds are intended to finance the growth of the lending portfolio and strengthen the Company's Tier 2 Capital base.

Other than the above, no circumstances have arisen which would require adjustments to or disclosure to these Financial Statements subsequent to the reporting date.

54.2 On 19th March 2025, the Company obtained an unsecured subordinated loan with a fixed annual interest rate of 13%, repayable in full at the end of a five-year term from a related party. The Governing Board of the Department of Supervision of Non Bank financial Institution of Central Bank of Sri Lanka has approved to include the unsecured subordinated loan of LKR 1,500,000,000 under the Tier II capital of the Company on 3rd June 2025. Refer **Note 26** and **Note 53.2.6.**

ACCOUNTING POLICY

All material events after the reporting date events have been considered where appropriate judgement or disclosures are made in respective notes to the Financial Statements.

55 CAPITAL MANAGEMENT

The Company is required to manage its capital taking into account the need to meet the regulatory requirements as well as the current and future business needs , stakeholder expectation and available options for raising capital . The Company is required to comply with the provisions of the Finance Companies (Capital Funds) Direction No.01 of 2003 , Finance Business Act Direction No. 03 of 2018 on Capital Adequacy Requirements and Finance Business Act Direction No. 2 of 2017 on Minimum Core Capital in respect of regulatory capital . The Core Capital Ratio and the Total Capital Ratio of Company as of 31 March 2025 stood at 25.63% and 25.74% respectively. The regulatory minimum for Core Capital Ratio and Total Capital Ratio is 10% and 14% respectively.

56 Comparative Figures

56.1 Correction of Prior Period Errors and Restatement of Financial Statements - Group / Company

Material prior priod errors explained below, identified by the Company during the year are adjusted in the financial statements of the Company / Group retrospectively in line with LKAS 8 - "Accounting policies, Changes in accounting estimates and errors" by restating the amounts previously presented as at 1st April 2023 and as at and for the year ended 31st March 2024.

56.1.1 Impact of correcting errors due to granting of payment concessions

(a) In response to the economic crisis impacting customers, the Company provided payment concessions to those facing hardships. As a result, days past due status of these facilites used in the calculation of expected credit losses were determined incorrectly resulting in adjustments to the provision for expected credit losses on loans and advances, lease receivables and stock out on hire being recognized as at 1st April 2023 and 31st March 2024.

(b) In addition, errors were identified in the amount of interest recognized during the period and as a result, adjustments to the interest income were made in equity as at 1st April 2023 and in the interest income for the year ended 31st March 2024.

NOTES TO THE FINANCIAL STATEMENTS

(c) Above mentioned adjustments have resulted in changes to the amounts previously recognized as income tax expenses, VAT on financial services and Social security contribution levy and deferred tax as at 1st April 2023 and for the year ended 31st March 2024.

(d) As specified in the Finance Business Act Direction No.01 of 2020, if the loss allowance for expected credit losses falls below the regulatory provision, the Company is required to maintain a non-distributable regulatory loss allowance reserve (RLAR) through an appropriation of its retained earnings. Accordingly, due to the above corrections the Company was required to maintain a non-distributable regulatory loss allowance reserve (RLAR) of LKR 4,917,916,254/- through an appropriation of its retained earnings for the year ended 31st March 2024 to be in line with this requirement. (31st March 2025: NIL)

56.1.2 Impact due to correction of an accounting error for revaluation of computer equipment

The Company has incorrectly accounted for a revaluation of computer equipment during the period ended 31st March 2023. As a result, adjustments were incorporated to accumulated depreciation, deferred tax asset as at 1st April 2023 and depreciation expense, income tax expense and deferred tax liability for the year ended 31st March 2024 to correct this error.

56.2 STATEMENT OF FINANCIAL POSITION

Cumulative impact of the adjustments mentioned in **Notes 56.1.1 & 56.1.2** recorded in the statement of financial position as at 1st April 2023 is as follows

	Company				
As at 1st April 2023	As previously reported	Adjustments Note 56.1.1	Adjustments Note 56.1.2	RLAR Adjustment Note 56.1.1	Restated Balances
	LKR	LKR	LKR	LKR	LKR
Assets not subject to adjustments	18,360,470,256	-	-	-	18,360,470,256
Financial assets at amortized cost			-	-	-
Loans and receivables	21,028,377,642	(3,400,445)	-	-	21,024,977,198
Lease Rentals Receivable & Stocks out on hire	55,142,285,509	(574,165,111)	-	-	54,568,120,398
Property, plant and equipment	6,460,091,383	-	(103,000,000)	-	6,357,091,383
Deferred tax Asset	1,163,215,632	(615,593,433)	30,900,000	-	578,522,199
Total assets	102,154,440,422	(1,193,158,989)	(72,100,000)	-	100,889,181,434
Liabilities not subject to adjustments	78,149,303,655	-	-	-	78,149,303,655
Other liabilities	2,365,992,815	(103,380,665)	721,000	-	2,263,333,150
Current tax liabilities	1,280,129,104	(709,832,233)	-	-	570,296,871
Total Liabilities	81,795,425,574	(813,212,898)	721,000	-	80,982,933,676
Shareholders' Funds					
Stated capital	2,150,640,315	-	-	-	2,150,640,315
Retained earnings	13,655,576,607	(379,946,090)	(72,821,000)	-	13,202,809,517
Reserves	4,552,797,926	-		-	4,552,797,926
Total equity attributable to equity holders of the company	20,359,014,848	(379,946,090)	(72,821,000)	-	19,906,247,758
Non Controlling Interests	-	-	-	-	-
Total Equity	20,359,014,848	(379,946,090)	(72,821,000)	-	19,906,247,758
Total Liabilities and Shareholders' Funds	102,154,440,422	(1,193,158,988)	(72,100,000)	-	100,889,181,434

	Group				
As at 1st April 2023	As previously reported	Adjustments Note 56.1.1	Adjustments Note 56.1.2	RLAR Adjustment Note 56.1.1	Restated Balances
	LKR	LKR	LKR	LKR	LKR
Assets not subject to adjustments	18,399,141,641	-	-	-	18,399,141,641
Financial assets at amortized cost		-	-	-	-
Loans and receivables	21,028,377,642	(3,400,445)	-	-	21,024,977,197
Lease Rentals Receivable & Stocks out on hire	55,142,285,509	(574,165,111)	-	-	54,568,120,398
Property, plant and equipment	6,460,091,383	-	(103,000,000)	-	6,357,091,383
Deferred tax Asset	1,163,215,632	(615,593,433)	30,900,000	-	578,522,199
Total assets	102,193,111,807	(1,193,158,989)	(72,100,000)	-	100,927,852,818
Liabilities not subject to adjustments	78,161,643,457	-	-	-	78,161,643,457
Other liabilities	2,365,992,816	(103,380,665)	721,000	-	2,263,333,151
Current tax liabilities	1,289,818,582	(709,832,233)	-	-	579,986,349
Total Liabilities	81,817,454,855	(813,212,898)	721,000	-	81,004,962,957
Shareholders' Funds					
Stated capital	2,150,640,315	-	-	-	2,150,640,315
Retained earnings	13,671,386,605	(379,946,090)	(72,821,000)	-	13,218,619,515
Reserves	4,553,630,031	-	-	-	4,553,630,031
Total equity attributable to equity holders of the company	20,375,656,951	(379,946,090)	(72,821,000)	-	19,922,889,861
Non Controlling Interests	-	-	-	-	-
Total Equity	20,375,656,951	(379,946,090)	(72,821,000)	-	19,922,889,861
Total Liabilities and Shareholders' Funds	102,193,111,806	(1,193,158,988)	(72,100,000)	-	100,927,852,818

NOTES TO THE FINANCIAL STATEMENTS

56.3 Cumulative impact of the adjustments mentioned in **Notes 56.1.1 & 56.1.2** recorded in the statement of financial position as at 31st March 2024 is as follows

	Company				
As at 31st March 2024	**As previously reported**	**Adjustments Note 56.1.1**	**Adjustments Note 56.1.2**	**RLAR Adjustment Note 56.1.1**	**Restated Balances**
	LKR	LKR	LKR	LKR	LKR
Assets not subject to adjustments	18,553,432,192	-	-	-	18,553,432,192
Financial assets at amortized cost					-
Loans and receivables	23,959,319,517	(162,056,676)	-	-	23,797,262,841
Lease Rentals Receivable & Stocks out on hire	57,478,508,628	(1,687,581,028)	-	-	55,790,927,600
Property, plant and equipment	6,922,680,160	-	(126,215,805)	-	6,796,464,355
Deferred tax Asset	1,073,893,464	(240,507,819)	(68,764,742)	-	764,620,903
Total assets	107,987,833,963	(2,090,145,523)	(194,980,547)	-	105,702,707,891
Liabilities not subject to adjustments	78,006,660,692	-	-	-	78,006,660,692
Other liabilities	3,178,408,511	(322,658,477)	10,593,127	-	2,866,343,161
Current tax liabilities	2,623,095,320	(823,150,650)	18,000,000	-	1,817,944,670
Total Liabilities	83,808,164,523	(1,145,809,127)	28,593,127	-	82,690,948,523
Shareholders' Funds					
Stated capital	2,150,640,315	-	-	-	2,150,640,315
Retained earnings	17,266,535,342	(944,336,394)	(223,573,674)	(4,917,916,255)	11,180,709,017
Reserves	4,762,493,782	-	-	4,917,916,255	9,680,410,036
Total equity attributable to equity holders of the company	24,179,669,439	(944,336,394)	(223,573,674)	-	23,011,759,368
Non Controlling Interests	-	-	-	-	-
Total Equity	24,179,669,439	(944,336,394)	(223,573,674)	-	23,011,759,368
Total Liabilities and Shareholders' Funds	107,987,833,963	(2,090,145,521)	(194,980,547)	-	105,702,707,891

	Group				
As at 31st March 2024	As previously reported	Adjustments Note 56.1.1	Adjustments Note 56.1.2	RLAR Adjustment Note 56.1.1	Restated Balances
	LKR	LKR	LKR	LKR	LKR
Assets not subject to adjustments	18,787,911,799	-	-	-	18,787,911,799
Financial assets at amortized cost					-
Loans and receivables	23,959,343,515	(162,056,674)	-	-	23,797,286,841
Lease Rentals Receivable & Stocks out on hire	57,478,508,628	(1,687,581,028)	-	-	55,790,927,600
Property, plant and equipment	6,922,895,890	-	(126,215,806)	-	6,796,680,084
Deferred tax Asset	1,073,893,465	(240,507,819)	(68,764,742)	-	764,620,904
Total assets	108,222,553,297	(2,090,145,521)	(194,980,548)	-	105,937,427,228
Liabilities not subject to adjustments	78,006,660,692	-	-	-	78,006,660,692
Other liabilities	3,180,926,431	(322,658,477)	10,593,127	-	2,868,861,081
Current tax liabilities	2,670,382,655	(823,150,650)	18,000,000	-	1,865,232,005
Total Liabilities	83,857,969,778	(1,145,809,127)	28,593,127	-	82,740,753,778
Shareholders' Funds					
Stated capital	2,150,640,321	-	-	-	2,150,640,321
Retained earnings	17,442,518,944	(944,336,394)	(223,573,674)	(4,917,916,255)	11,356,692,621
Reserves	4,771,424,253	-		4,917,916,255	9,689,340,508
Total equity attributable to equity holders of the company	24,364,583,518	(944,336,394)	(223,573,674)	-	23,196,673,450
Non Controlling Interests	-	-			-
Total Equity	24,364,583,518	(944,336,394)	(223,573,674)	-	23,196,673,450
Total Liabilities and Shareholders' Funds	108,222,553,297	(2,090,145,521)	(194,980,547)	-	105,937,427,228

NOTES TO THE FINANCIAL STATEMENTS

56.3 STATEMENT OF PROFIT OR LOSS

Cumulative impact of the adjustments mentioned in **Notes 56.1.1 & 56.1.2** recorded in the statement of profit or loss for the year ended 31st March 2024 is as follows

	Company				
Year ended 31st March 2024	As previously reported	Adjustments Note 56.1.1	Adjustments Note 56.1.2	Reclassification Note 56.7	Restated Balances
	LKR	LKR	LKR	LKR	LKR
Gross Income	31,055,221,986	2,077,750,770	-	-	33,132,972,756
Interest income	27,239,198,771	2,077,750,770	-	-	29,316,949,541
Interest expenses	(14,431,176,927)	-	-	-	(14,431,176,927)
Net interest income	12,808,021,844	2,077,750,770			14,885,772,614
Fee and commission income	2,346,763,409	-	-	-	2,346,763,409
Net loss from trading	(3,084,237)	-	-	-	(3,084,237)
Other operating income	980,679,994	-	-	-	980,679,994
Change in fair value of Investment properties	376,173,812	-	-	-	376,173,812
Total operating income	16,508,554,822	2,077,750,770	-	-	18,586,305,592
Impairment Charges of financial assets	(885,306,693)	(3,349,822,914)	-	-	(4,235,129,608)
Net fair value gains/(losses) from financial instruments at fair value through profit or loss	(8,083,850)	-	-	-	(8,083,850)
Net operating income	15,615,164,279	(1,272,072,144)	-	-	14,343,092,134
Operating expenses					
Personnel expenses	(4,128,959,529)	-	-	1,261,644,589	(2,867,314,940)
Depreciation & amortization	(425,691,743)	-	(83,215,806)	-	(508,907,549)
Other operating expenses	(2,788,446,136)	-	67,282,901	(1,261,644,589)	(3,982,807,824)
Operating profit before Tax on financial services	8,272,066,871	(1,272,072,144)	(15,932,905)	-	6,984,061,821
VAT on Financial Services	(1,633,801,712)	186,259,150	(8,785,488)	-	(1,456,328,050)
Social Security Contribution Levy	(226,916,903)	25,869,326	(1,220,207)	-	(202,267,784)
Operating profit after Value Added Tax on financial services	6,411,348,256	(1,059,943,668)	(25,938,600)	-	5,325,465,987
Share of profit of associate	183,630,138	-	-	-	183,630,138
Profit before Taxation	6,594,978,394	(1,059,943,668)	(25,938,600)	-	5,509,096,125
Income Taxation	(2,401,061,265)	350,874,548	19,864,742	-	(2,030,321,976)
Profit for the year	4,193,917,129	(709,069,120)	(6,073,858)	-	3,478,774,149

	Group				
Year ended 31st March 2024	As previously reported	Adjustments Note 56.1.1	Adjustments Note 56.1.2	Reclassification Note 56.7	Restated Balances
	LKR	LKR	LKR	LKR	LKR
Gross Income	31,295,094,390	2,077,750,770	-	-	33,372,845,160
Interest income	27,251,350,691	2,077,750,770	-	-	29,329,101,461
Interest expenses	(14,431,176,927)	-	-	-	(14,431,176,927)
Net interest income	12,820,173,764	2,077,750,770	-	-	14,897,924,534
Fee and commission income	2,572,452,665	-	-	-	2,572,452,665
Net (loss)/gain from trading	(3,084,237)	-	-	-	(3,084,237)
Other operating income	980,697,235	-	-	-	980,697,235
Change in fair value of Investment properties	376,173,812	-	-	-	376,173,812
Total operating income	16,746,413,239	2,077,750,770	-	-	18,824,164,009
Impairment Charges of financial assets	(885,306,694)	(3,349,822,914)	-	-	(4,235,129,608)
Net fair value gains/(losses) from financial instruments at fair value through profit or loss	(8,083,850)	-	-	-	(8,083,850)
Losses from disposal of repossessed vehicles	-				-
Net operating income	15,853,022,695	(1,272,072,144)	-	-	14,580,950,551
Operating expenses					
Personnel expenses	(4,136,033,029)	-	-	1,261,644,589	(2,874,388,440)
Depreciation & amortization	(425,788,253)	-	(83,215,806)	-	(509,004,059)
Other operating expenses	(2,789,555,463)	-	67,282,901	(1,261,644,589)	(3,983,917,151)
Operating profit before Tax on financial services	8,501,645,950	(1,272,072,144)	(15,932,905)	-	7,213,640,901
VAT on Financial Services	(1,633,801,712)	186,259,150	(8,785,488)	-	(1,456,328,050)
Social Security Contribution Levy	(226,916,903)	25,869,326	(1,220,207)	-	(202,267,784)
Operating profit after Value Added Tax on financial services	6,640,927,335	(1,059,943,668)	(25,938,600)	-	5,555,045,067
Share of Profit of associates	183,630,138	-	-	-	183,630,138
Profit before Taxation	6,824,557,473	(1,059,943,668)	(25,938,600)	-	5,738,675,205
Income Taxation	(2,468,673,012)	350,874,548	19,864,742	-	(2,097,933,722)
Profit for the year	4,355,884,461	(709,069,120)	(6,073,858)	-	3,640,741,483

NOTES TO THE FINANCIAL STATEMENTS

56.4 Impact on the basic and diluted earnings per share for the year ended 31st March 2024

Cumulative impact of the adjustments mentioned in **Notes 56.1.1 & 56.1.2** to the basic and diluted earnings per share for the year ended 31st March 2024 is as follows

	Company		
	As previously reported	Increase / (Decrease)	Restated amount
	LKR	LKR	LKR
Basic Earnings Per Share	13.19	(2.25)	10.94
Diluted Earnings Per Share	13.19	(2.25)	10.94

	Group		
Basic Earnings Per Share	13.69	(2.25)	11.45
Diluted Earnings Per Share	13.69	(2.25)	11.45

56.5 Impact on the statement of cash flows

Adjustments mentioned in **notes 56.1.1 & 56.1.2** made retrospectively do not have an impact on the cash flows from operating activities, financing activities and investing activities reported previously.

56.6 Reclassifications

Following reclassifications have been made for comparative figures to facilitate comparison and better presentation. The below reclassifications have not resulted in any changes to the net assets or profits of the Group / the Company reported previously.

(i) Reclassification of CEFT receivable amounting to LKR 22,282,727 from cash and cash equivalents to other assets. (2024- LKR 11,425,951)

(ii) Reclassification of staff travelling and subsistence amounting to LKR 1,290,840,161 from personnel costs to Other operating expenses.(2024-LKR 1,261,644,589)

	Company		
	Current Presentation		As Previously Reported
	2025	2024	2024
	LKR	LKR	LKR
Statement of Financial Position			
Cash and bank balances	4,725,518,897	2,151,491,366	2,162,917,318
Other Assets	535,123,173	749,780,578	738,354,624
Statement of Profit or Loss			
Personnel Expenses	(3,408,302,862)	(2,867,314,940)	(4,128,959,528)
Other Operating Expenses	(4,706,411,405)	(3,982,807,824)	(2,903,936,373)

	Group		
	Current Presentation		As Previously Reported
	2025	2024	2024
	LKR	LKR	LKR
Statement of Financial Position			
Cash and bank balances	4,731,852,338	2,163,461,874	2,174,887,825
Other Assets	536,072,417	798,009,626	786,583,675
Statement of Profit or Loss			
Personnel Expenses	(3,410,476,862)	(2,874,388,440)	(4,136,033,028)
Other Operating Expenses	(4,707,548,775)	(3,983,917,151)	(2,907,059,690)



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SYNERGY

> "Great things in business are never done by one person; they're done by a team of people"
>
> *- Steve Jobs*

TEN YEAR SUMMARY

OPERATING RESULTS	2015/16	2016/17	2017/18	2018/19
	Group	Group	Group	Group
	LKR.'000	LKR.'000	LKR.'000	LKR.'000
Interest Income	16,418,292	19,927,371	21,724,832	22,125,266
Net Interest Income	10,212,068	11,930,703	11,951,694	12,465,523
Interest Expenses	6,206,224	7,996,668	9,773,137	9,659,743
Operating Expenses	5,114,541	5,756,181	5,901,096	6,959,003
Profit/(Loss) before Tax	3,027,203	4,234,076	3,869,285	3,562,858
Income Tax & VAT on Financial Services	1,196,160	1,948,894	2,338,224	2,103,227
Net Profit/(Loss)	2,322,228	3,116,513	2,542,058	2,635,586
Dividend Paid	318,074	477,112	318,078	238,556
ASSETS				
Cash & Bank Balance	1,155,204	1,947,457	1,746,911	2,340,080
Treasury Bills & Bonds	1,234,681	1,805,037	2,490,000	2,054,937
Placements with Banks & Other Finance Companies	1,300,959	1,518,067	2,014,315	3,513,125
Investment in Dealing Securities	306,710	201,357	132,066	60,257
Lease,Hire Purchase,Loans and Advances	60,967,186	71,680,227	74,030,750	70,082,305
Property, Plant and Equipment	1,421,201	1,574,347	1,812,095	3,131,139
Total Assets	72,494,365	85,721,370	90,119,003	89,142,633
LIABILITIES				
Deposits	50,381,350	54,637,126	55,858,727	53,936,319
Borrowings	5,709,210	11,271,748	11,250,383	14,374,366
Total Liabilities	64,480,168	75,025,477	77,215,198	76,316,667
SHARE HOLDERS' FUNDS				
Stated Capital	2,150,640	2,150,640	2,150,640	2,150,640
Reserves	5,843,647	8,541,073	10,747,757	10,669,185
Total Share Holders' Funds	8,014,197	10,695,894	12,903,805	12,825,967
RATIOS				
Growth of Income (%)	43.12	21.37	9.02	1.84
Growth of Net Profit (%)	5.87	34.20	-18.43	3.68
Interest Cover (times)	0.52	0.62	0.69	0.69
Net Assets Growth (%)	34.25	33.46	20.64	-0.60
Equity Assets Ratio (%)	11.05	12.48	14.32	14.39
Growth of Leases, Hire Purchases, Loans and Advances (%)	26.67	17.57	3.28	-5.33
Return on Assets (%)	1.18	1.12	1.01	0.95
Return on Equity (%)	43.30	45.26	32.79	27.69
Total Assets to Share Holders' Funds (times)	9.05	8.01	6.98	6.95
Fixed Assets to Share Holders' Funds (times)	0.18	0.15	0.14	0.24
Net Asset per Share	25.20	33.63	40.57	40.32
Earning per Share	7.29	9.79	7.99	8.28
Dividend per Share	1.00	1.50	1.00	0.75

2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Group	Amalgamated	Compnay	Group	Group	Group
LKR.'000	LKR.'000	LKR.'000	LKR.'000	LKR.'000	LKR.'000
20,835,015	16,086,956	18,365,076	27,004,225	29,329,101	27,337,856
10,912,143	9,035,088	11,948,942	13,056,137	14,897,925	17,884,191
9,922,873	7,051,868	6,416,135	13,948,087	14,431,177	9,453,665
6,466,977	5,463,040	5,858,222	6,661,277	7,367,310	8,688,786
2,185,069	3,192,394	6,391,345	3,308,305	5,738,675	9,621,653
1,159,955	1,670,018	3,271,998	2,201,985	3,554,262	5,691,566
2,006,616	2,334,756	4,520,313	2,163,504	3,640,741	6,147,086
318,074	-	795,186	636,149	318,074	1,272,297
1,208,462	2,239,713	2,632,255	2,455,287	2,163,462	4,731,852
2,034,739	3,821,889	5,064,096	8,437,449	6,883,380	6,740,743
3,826,996	4,487,754	1,811,884	2,666,945	4,378,706	14,088,102
39,202	39,740	23,419	2,554	56,554	137,554
71,066,766	68,567,137	73,993,334	75,593,098	79,588,214	69,884,542
3,126,825	3,457,055	4,826,749	6,357,091	6,796,680	6,691,075
89,862,177	91,129,873	93,630,228	100,927,853	105,937,427	110,269,954
48,948,642	47,989,537	48,077,988	59,243,651	62,121,240	55,681,779
18,946,897	22,302,676	18,733,076	16,259,699	12,606,978	15,115,938
75,366,000	75,733,517	74,436,899	81,004,963	82,740,754	81,767,796
2,150,640	2,150,640	2,150,640	2,150,640	2,150,640	2,150,640
12,338,347	13,245,715	17,042,689	4,553,630	9,689,341	5,573,706
14,496,177	15,396,356	19,193,329	19,922,890	23,196,673	28,502,159
-5.83	26.20	19.94	47.04	14.11	20.04
-23.86	16.35	93.61	-52.51	69.58	68.84
0.70	1.57	2.22	0.31	0.50	1.25
13.02	6.21	24.66	3.80	16.43	22.87
16.13	16.89	20.50	19.74	21.90	25.85
1.40	-3.52	7.91	14.76	8.38	-9.05
0.98	2.58	4.89	1.46	2.33	3.77
15.99	15.62	26.14	7.42	11.55	16.42
6.20	5.92	4.88	5.07	4.57	3.87
0.22	0.22	0.25	0.32	0.29	0.23
45.57	48.40	60.34	62.64	72.93	89.61
6.30	7.34	14.21	6.75	11.45	19.33
1.00	-	2.50	2.00	1.00	4.00

INVESTOR INFORMATION

1. Stock Exchang Listing

The Ordinary shares of the company listed on the clombo stock Exchange since 1 June 2011 and the stock exchange ticker symbol for commercial credit and finance PLC is " COCR ".

2. Share Holder Base

The Total Number of (Ordinary Voting) shareholders as at 31 March 2025 were 4,293 compared to 3,211 shareholders as at 31 March 2024.

3. Distribution Shareholders

	As at 31 March 2025			As at 31 March 2024	
Range of Shares	No of Shareholders	No of Shares	Percent of Shareholding	No of Shareholders	No of Shares
1- 1000	2,501	700,787	0.22%	1768	486,226
1,001-10,000	1296	5,057,050	1.59%	1005	4008029
10,001-100,000	426	12,772,410	4.02%	377	11924825
100,001-1,000,000	54	14,270,628	4.49%	45	15,202,574
1,000,001 & Over	16	285,273,490	89.69%	16	286,452,711
Total	4,293	318,074,365	100.00%	3211	318,074,365

4. Composition of Shareholders

	As at 31 March 2025			As at 31 March 2024		
Shareholders	No.of Shareholders	No.of Shares	% of Shareholdings	No.of Shareholders	No.of Shares	% of Shareholdings
Resident	4,269	221,603,978	69.67	3,198	222,318,527	69.90
Non- Resident	24	96,470,387	30.33	13	95,755,838	30.10
Total	4,293	318,074,365	100.00	3,211	318,074,365	100.00
Individual	4,066	34,346,422	10.80	2,975	31,357,633	9.86
Institution	227	283,727,943	89.20	236	286,716,732	90.14
Total	4,293	318,074,365	100.00	3,211	318,074,365	100.00

5. Top Twenty Shareholders

Ordinary Voting Shares — As at 31st March 2025

No.	Name of the Shareholder	No.of Shares
1	GROUP LEASE HOLDINGS PTE LTD (IN LIQUIDATION)	95,390,500
2	B G INVESTMENTS (PVT) LIMITED	83,832,175
3	LOLC FINANCE PLC/B.G.INVESTMENTS (PVT) LTD	45,000,000
4	PEOPLE S LEASING AND FINANCE PLC/B G INVESTMENTS (PVT) LIMITED	31,000,000
5	PEOPLE'S LEASING & FINANCE PLC /MS.S.N.EGODAGE	5,093,438
6	DR. E. FERNANDO	4,500,000
7	CEYLINCO LIFE INSURANCE LIMITED ACCOUNT NO.1	4,014,843
8	SEYLAN BANK PLC/S.R. FERNANDO	3,895,911
9	J.B. COCOSHELL (PVT) LTD	2,079,440
10	ASIA SECURITIES (PVT) LTD (TRADING ACCOUNT)	2,059,395
11	MRS. H.H.J. HEWAGE	1,946,124
12	MR. T.K. HEMACHANDRA	1,555,689
13	MR. S.M. HEMACHANDRA	1,295,000
14	MISS. S.N. EGODAGE	1,276,000
15	DFCC BANK PLC A/C NO .02	1,174,975
16	MRS. H.N. HEMACHANDRA	1,160,000
17	PEOPLE S LEASING AND FINANCE PLC/NAGOYA CEYLON TRADING (PVT) LTD	959,774
18	SEYLAN BANK PLC/JN LANKA HOLDINGS COMPANY (PVT) LTD	833,405
19	MELLON BANK N.A-ACADIAN FRONTIER MARKETS EQUITY FUND	793,369
20	MRS. R.J. VIDANAPATHIRANA	540,589
	Sub Total	288,400,627
	Other	29,673,738
	Total	318,074,365

INVESTOR INFORMATION

Ordinary Voting Shares — As at 31st March 2024

No.	Name of the Shareholder	No.of Shares
1	B G INVESTMENTS (PVT) LIMITED	148,832,175
2	GROUP LEASE HOLDINGS PTE LTD	95,390,500
3	PEOPLE'S LEASING & FINANCE PLC /BG INVESTMENTS (PVT) LIMITED	11,000,000
4	PEOPLE'S LEASING & FINANCE PLC /MS S N EGODAGE	5,093,438
5	DR ERASHA FERNANDO	5,000,000
6	CEYLINCO LIFE INSURANCE LIMITED ACCOUNT NO 1	4,014,843
7	PERERA & SONS BAKERS PVT LIMITED	2,100,000
8	ASIA SECURITIES (PVT) LTD (TRADING ACCOUNT)	2,000,000
9	SEYLAN BANK PLC/PHANTOM INVESTMENTS (PVT) LTD	2,000,000
10	DFCC BANK PLC A/C NO. 02	1,974,975
11	MRS HEWAGE HARSHANI JEEWANTHIKA HEWAGE	1,946,124
12	MR THUSITHA KUMARA HEMACHANDRA	1,555,689
13	COMMERCIAL BANK OF CEYLON PLC/W. JINADASA	1,500,000
14	MR SAMAPATH MIHINDU HEMACHANDRA	1,406,967
15	MRS HEMALI NISANSALA HEMACHANDRA	1,362,000
16	MISS SACHINI NATHASHA EGODAGE	1,276,000
17	MR AMARAKOON MUDIYANSELAGE WEERASINGHE	1,000,000
18	PHOENIX VENTURES PVT LTD	1,000,000
19	ROSEWOOD (PVT) LIMITED - ACCOUNT NO. 01	1,000,000
20	SEYLAN BANK PLC/ ANDARADENIYA ESTATE (PVT) LTD	1,000,000
	Sub Total	290,452,711
	Other	27,621,654
	Total	318,074,365

6. Compliance with minimum public shareholding

Company has listed in Diri Savi Board in Colombo Stock Exchange

Period	Option Under which the Company is complied	Float adjusted market capitalisation	Public Holding Percentage	No of public shareholders
As at 31/03/2024	Maintain minimum public holding of 10% and minimum public shareholders of 200	Rs. 2.1 Billion	18.98%	3201
As at 31/03/2025		Rs. 3.4 Billion	18.99%	4283

7. Director's Shareholding

	As at 31 March 2025		As at 31 March 2024
Name	No.of Shares	% of Holdings	No.of Shares
Girisa Bandula Egodage	Nil	Nil	Nil
Gillian Auril Mary Edwards	Nil	Nil	Nil
Prasanna Senani Rajiv Casie Chitty	429,808	0.14	429,808
Liyanage Lasantha Sadananda Wickremasinghe	Nil	Nil	Nil
Tamara Mu-Lin Lam Paktsun	Nil	Nil	Nil
Geya Rasi Egodage	Nil	Nil	Nil
Roshan Sanjaya Egodage	Nil	Nil	Nil
Frederic Alexandre Paul Laurent Solbani	Nil	Nil	Nil
Warnakulasooriya Don Barnabas	Nil	Nil	Nil
Dr. (Ms) J. Kuruppu	Nil	Nil	Nil

8. Share Information

	As at March 2025	As at March 2024 (Restated)
Net Asset per Share (LKR)	89.25	72.35
Share Price		
Highest (LKR)	56.70	36.80
Lowest (LKR)	50.80	27.30
Last Trated (LKR)	56.40	35.30
Earnings		
Basic Earning per share (LKR.)	19.55	10.94
Price Earning Ratio (Times)	2.88	3.23
Divident per share (LKR.)	4	1.00
Divident Payout Ratio	0.20	0.09
Market Capitalisation (LKR MN)	17,939	11,228
Public Holding (%)	18.99	18.98
Float Adjusted Market Capitalisation (LKR)	3,406,690,956	2,131,079,161

9. Debenture Information

	As at March 2025	As at March 2024 (Restated)
Debt/ Equity Ratio	2.75	3.49
Quick Asset Ratio	1.35	1.18
Interest Cover	1.25	0.48

Company issued LKR 1,287,590,000 rated,guranteed, senior redeemable Debentures for 5 years in March 2021.These debentures were listed on the Colombo Stock Exchange.

	As at March 2025	As at March 2024
Yield as at Date of last Trade	Not Traded	Not Traded
The Market Prices during the year		
Highest Price (LKR)	Not Traded	Not Traded
Lowest Price (LKR)	Not Traded	Not Traded
Last Trated Price (LKR)	Not Traded	Not Traded
Credit Rating (Instrument)	AA	AA
Comparable Goverment Security Coupon Rate	9.00	9.00

GLOSSARY

A

Accounting Policies

Principles, bases, conventions, rules and practices that are applied in recording transactions and in preparing and presenting Financial Statements.

Accrual Basis

Recognizing the effects of transaction and other events when they occur without waiting for receipt or payment of cash or its equivalent.

Amortisation

The systematic allocation of the depreciable amount of an intangible asset over its expected useful life.

Amortised Cost

The 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 (directly or through the use of an allowance account) for impairment or uncollectability.

Associate Company

An entity, including an unincorporated entity such as a partnership, over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture.

C

CCFP

Commercial Credit and Finance PLC

Cash Equivalents

Short-term highly liquid investments those are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Collectively Assessed Impairment

Impairment assessment on a collective basis for homogeneous groups of loans that are not considered individually significant and to cover losses which have been incurred but have not yet been identified on loans subject to individual assessment.

Commercial Paper

An unsecured, short-term debt instrument issued by a corporation, typically for the financing of accounts receivable, inventories and meeting short-term liabilities.

Commitments

Credit facilities approved but not yet disbursed to the customers as at the date of the Statement of Financial Position.

Consolidated Financial Statements

Financial statements of a holding Company and its subsidiaries based on their combined assets, liabilities and operating results.

Contingencies

A condition or situation, the ultimate outcome of which, gain or loss, will be confirmed only on the occurrence or nonoccurrence of one or more uncertain future events.

Core Capital

Representing permanent shareholders' equity (paid-up shares) and reserves created or increased by appropriations of retained earnings or other surplus, i.e, retained profits and other reserves.

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 the entity, the supervision of executive actions and accountability to owners and others stakeholders.

Cost/Income Ratio

Operating expenses as a percentage of net income.

Credit Risk

Credit risk is the potential that a borrower or counter party will fail to meet its obligations in accordance with agreed terms and conditions.

Credit Ratings

An evaluation of a corporate's ability to repay its obligation or the likelihood of non-defaulting, carried out by an independent rating agency.

Currency Risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Customer Deposits

Money deposited by account holders. Such funds are recorded as liabilities.

D

Dealing Securities

These are marketable securities acquired and held with the intention of resale over a short period of time.

Deferred Taxation

Sum set aside for tax in the Financial Statements that may become payable/ receivable in a financial year other than the current financial year.

Depreciation

The systematic allocation of the depreciable amount of a tangible capital asset or fixed asset over its useful life.

Derecognition

Is the removal of a previously recognised financial asset or financial liability form an entity's Statement of Financial Position.

Derivatives

A financial instrument or other contract, the value of which changes in response to some underlying variable (e.g. an 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 current year's distributable profits.

Dividend per Share

Value of the total dividend paid out and proposed to ordinary shareholders divided by the number of ordinary shares in issues; this indicates the proportion of current year's dividend attributable to an ordinary share in issue.

Dividend Yield

Dividend earned per share as a percentage of its market value.

Discount Rate

A rate used to place a current value on future cash flows. It is needed to reflect the fact that money has a time value

E

Earnings per Ordinary Share (EPS)

Profit attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue.

Economic Value Added

A measure of productivity that takes into consideration cost of total invested equity.

Effective Interest Method

Is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial asset or financial liabilities) and of allocating the interest income or interest expense over the relevant period.

Effective Tax Rate

Provision for taxation including deferred tax divided by the profit before taxation.

Exposure

A claim, contingent claim or position which carries a risk of financial loss.

Equity Method

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 of the investor includes the investor's share of the profit or loss of the investee.

Equity

This consists of issued and fully paid up ordinary shares and reserves.

F

Fair Value

The amount for which an asset could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction.

Finance Lease

A lease in which the lessee acquires all the financial benefits and risks attaching to ownership of the asset under lease.

Financial Asset

Any asset that is cash, an equity instrument of another entity or a contractual right to receive cash or another financial asset from another entity.

Financial Instrument

Is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Liability

A contractual obligation to deliver cash or another financial asset to another entity.

G

Gearing

Long-term borrowings divided by the total funds available for shareholders.

Gross Dividend

The portion of profits distributed to the shareholders including the tax with held.

Guarantees

A promise made by a third party (Guarantor), who is not a party to a contract between two others, that the guarantor will be liable if the guarantee fails to fulfill the contractual Obligations.

H

Hedging

A strategy under which transactions are effected with the aim of providing cover against the risk of unfavorable price movements (interest rate, foreign exchange rates, commodity prices, etc).

Held-to-Maturity

Investments and debt securities that a Company has the ability and intent to hold until maturity.

Hire Purchase

A system by which a buyer pays for an asset in regular installments while enjoying the use of such asset. During the repayment period, ownership(title) of the asset does not pass to the buyer.

I

Impairment

The value of an asset when the recoverable amount is less than its carrying amount.

Impaired Loans

Loans where the Company does not expect to collect all the contractual cash flows or expects to collect them later than they are contractually due.

Impairment Allowance for Loans and Receivables

Amount set aside against possible losses on loans, lease rentals and advances as a result of such facilities becoming partly or wholly uncollectible.

Individually Assessed Impairment

Exposure to loss is assessed on all individually significant accounts that do not qualify for collective assessment.

Intangible Assets

An intangible asset is an identifiable non-monetary asset without physical substance.

Interest Cover

Earnings before interest and taxes for the year divided by total interest expenses.

Interest in Suspense

Interest suspended on non-performing accommodations. (Leases, hire purchases, loans and other advances)

Interest Margin

Net interest income expressed as a percentage of average total assets.

GLOSSSARY

Interest Rate Risk

The risk that an investment's value will change due to a change in the absolute level of interest rates, in the spread between two rates, in the shape of the yield curve or in any other interest rate relationship.

Interest Spread

The difference between the average yield a financial institution receives from loans and other interest-accruing activities and the average rate it pays on deposits and borrowings.

Investment Properties

Property (land or a building – or part of a building – or both) held (by the owner or by lessee under a finance lease) to earn rentals or for capital appreciation or both, rather than for use or sale.

Investment Securities

Securities acquired and held for yield and capital growth purposes which are usually held to maturity.

K

Key Management Personnel

People having authority and responsibility for planning, directing and controlling the activities of an entity, either directly or indirectly. (The Board of Directors and Corporate Management).

L

Liquid Assets

Assets that are held in cash or can be converted to cash readily, such as deposits with other banks, Bills of Exchange, Treasury Bills and Bonds.

Liquidity Risk

The risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

Loans Payable

Loan payable are financial liabilities, other than short-term trade payable on normal credit terms.

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 or available for sale on initial recognition.

Loss Given Default (LGD)

The percentage of an exposure that a lender expects to lose in the event of obligor default.

M

Market Capitalisation

Number of ordinary shares in issue multiplied by the market value of a share as at a perticular date.

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 Asset Value per Ordinary Share

Total net asset value of a Company divided by the total number of ordinary shares in issue.

Net Interest Income

Difference between revenue generated from interest bearing assets and interest incurred on interest bearing liabilities.

Net Interest Margin

Net interest income as a percentage of average interest earning assets.

Non-Controlling Interest

Portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the parent.

Non-Performing Advances / Non-Performing Accommodations Loans and advances of which rentals are in arrears for six months or more.

NPA Ratio

Total Non-Performing Accommodations (net of interest in suspense and other adjustments) divided by total accommodations (net of interest in suspense and other adjustments).

O

Operational Risk

The losses arising from fraud, negligence, oversight, human error, process errors, system failures, external events, etc.

P

Parent

An entity that controls one or more subsidiaries.

Price Earnings Ratio

Market price of a share divided by the earnings per share.

Provision

The amount of an expense that an entity elects to recognise now, before it has precise information about the exact amount of the expense.

Provision Cover

Total provision for losses on loans, leases and advances expressed as a percentage of net non-performing loans before discounting for provision on non-performing loans, leases and advances.

R

Related Parties

Parties where one party has the ability to control the other party exercise a significant influence over the other party in making financial and operating decisions, directly or indirectly.

Related Party Transactions

Is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged or not.

Repurchase Agreements

Contracts to sell and subsequently repurchase securities at a specified price at a specified future date.

Return on Average Assets (ROA)

Profit after tax divided by total average assets.

Return on Equity

Profit after tax divided by total average equity.

Reverse Repurchase Agreements

The purchased of securities with the agreement to sell them at a specified price at a specified future date.

Risk Weighted Assets

On balance sheet assets and the credit equivalent of off balance sheet assets multiplied by relevant factors weighted by risk.

S

Segmental Analysis

Analysis of Financial Information by loan product.

Shareholders' Funds

This consists of issued and fully paid up ordinary shares and reserves.

Statutory Reserve Fund

A capital reserve created as per the provisions of Finance Companies (Capital Funds) Direction No. 01 of 2003.

Specific Impairment Provisions

Impairment is measured individually for loans that are individually significant to the Company

Subsidiary Company

An entity, including an unincorporated entity such as a partnership, which is controlled by another entity, known as Parent.

Substance Over Form

The consideration that the accounting treatment and the presentation in Financial Statements of transactions and the events are governed by their financial reality and not merely by its legal form.

T

Total Risk Weighted Capital

Supplementary capital that includes items such as revaluation reserves, undisclosed reserves, hybrid instruments and subordinated term debt.

NOTICE OF MEETING

NOTICE is hereby given that the Forty second (42nd) Annual General Meeting of Commercial Credit and Finance PLC (the "Company") will be held at Commercial Credit and Finance PLC, City Office, Third (3rd) Floor, Training Room, No. 165, Kinsey Road, Colombo 08 on 30th September 2025 at 09.00 a.m. and the business to be brought before the meeting will be as follows:

1. To receive and consider the audited financial statements for the year ended 31st March 2025 and the reports of the auditors and of the directors thereon.

2. To declare a final dividend of Rupees Six (Rs. 6.00) per share for the year ended 31st March 2025, as recommended by the directors.

3. Re-election of directors

    i. To re-elect Mr. P.S.R.C.Chitty, who retires by rotation in terms of Article 24(6) of the Articles of Association of the Company.

    ii. To re-elect Mr. L.L.S. Wickremasinghe, who retires by rotation in terms of Article 24 (6) of the Articles of Association of the Company.

    iii. To re-elect Ms.G.A.M.Edwards, who retires by rotation in terms of Article 24 (6) of the Articles of Association of the Company.

    iv. To re-elect Ms. C S Jesudian, who was appointed during the course of the year and retires in terms of Article 24 (2) of the Articles of Association of the Company.

4. To re-appoint M/s KPMG, Chartered Accountants, as auditors until the conclusion of the next annual general meeting of the Company in terms of section 158 (1) of the Companies Act No. 07 of 2007, to audit the financial statements of the Company for the financial year ending 31st March 2026 and to authorize the directors to determine their remuneration therefor.

5. To authorize the directors to determine contributions to charities.

6. Any Other Business

By Order of the Board

COMMERCIAL CREDIT AND FINANCE PLC



Shashika Naguruge (Ms.)
Company Secretary

3rd September 2025
Colombo

FORM OF PROXY

I/We.....

.....of .....

being a shareholder/s of Commercial Credit and Finance PLC do hereby appoint Mr/ Mrs/ Ms.....

..... (N.I.C.No.....) of.....

.....failing him/ her;

Mr. G B EGODAGE whom failing,

Mr. R S EGODAGE whom failing,

Ms. G R EGODAGE whom failing,

Mr. P S R C CHITTY, whom failing,

Mr. L L S WICKRAMASINGHE, whom failing,

Ms. G A M EDWARDS, whom failing,

Mr. F A P L SOLBANI whom failing,

Dr. (Ms) J P KURUPPU whom failing,

Ms. C S JESUDIAN, whom failing,

as my/our proxy to represent me/us and vote for me/us on my/our behalf at the Forty second (42nd) Annual General Meeting of the Company to be held on 30th September 2025 and at any adjournment thereof, and at every poll which may be taken in consequence thereof. I/We the undersigned hereby authorise my/our proxy to vote on my/our behalf in accordance with the preference indicated below:-

	FOR	AGAINST
1. To receive and consider the audited financial statements for the year ended 31st March 2025 and the reports of the auditors and of the directors thereon.		
2. To declare a final dividend of Six Rupees (Rs.6.00) per share for the year ended 31st March 2025, as recommended by the directors.		
3. Re-election of directors		
i. To re-elect Mr. P S R C Chitty, who retires by rotation in terms of Article 24(6) of the Articles of Association of the Company.		
ii. To re-elect Mr.L L S Wickramasinghe, who retires by rotation in terms of Article 24 (6) of the Articles of Association of the Company.		
iii. To re-elect Ms. G A M Edwards, who retires by rotation in terms of Article 24 (6) of the Articles of Association of the Company.		
iv. To re-elect Ms. C S Jesudian, who was appointed during the course of the year and retires in terms of Article 24 (2) of the Articles of Association of the Company.		
4. To re-appoint M/s KPMG, Chartered Accountants as auditors until the conclusion of the next annual general meeting of the Company in terms of section 158 (1) of the Companies Act No. 07 of 2007, to authorize the directors to determine their remuneration therefor.		
5. To authorize the directors to determine contributions to charities.		

As witness by my/our hand on this .....day of .....Two Thousand and Twenty Four

.....

Signature of Shareholder

.....

Shareholder's NIC No./ Co.Reg.No.

NOTES:

- Please indicate with an "x" in the space provided how your Proxy is to vote. If there is in the view of the Proxyholder doubt (by reason of the way in which the instructions contained in the Proxy have been completed) as to the way in which the Proxyholder should vote, the Proxy holder shall vote as he thinks fit.
- A Proxy holder need not be a member of the Company
- Instructions as to completion appear on the reverse hereof
- If you wish your Proxy to speak at the Meeting you should insert the words "to speak and" in the place indicated with an asterisk and initial such insertion.

FORM OF PROXY

INSTRUCTIONS AS TO COMPLETION

1. To be valid this Form of Proxy must be deposited at the City Office of the Company at No.165, Kynsey Road, Colombo-08 not less than 48 hours before the time appointed for the holding of the Meeting.

2. The instrument appointing a Proxy shall in the case of an individual be signed by the appointor or by his Attorney and in the case of a Company/Corporation, the Proxy Form must be executed under its Common Seal, which should be affixed and attested in the manner prescribed by its Articles of Association or other constitutional documents.

3. If the Proxy Form is signed by an Attorney, the relevant Power of Attorney or a notarially certified copy thereof, should also accompany the completed Form of Proxy if it has not already been registered with the Company.

4. The full name and address of the Proxy holder and of the Shareholder appointing the Proxy holder should be entered legibly in the Form of Proxy.

INVESTOR FEEDBACK FORM

To request information or submit a comment/query to the Company, please complete the following and return this page to,

Chief Financial Officer
Commercial Credit and Financial PLC No. 165, Kynsey Road,
Colombo 08,
Sri Lanka.
E-mail: janaka@cclk.lk

Name : .....

Permanent Mailing Address : .....

Contact Numbers : .....

E-mail : .....

Name of the Company : .....
(If Applicable)

Designation : .....
(If Applicable)

Company Address : .....
(If Applicable)

Comments/Queries : .....

NOTES

CORPORATE INFORMATION

COMPANY NAME

Commercial Credit and Finance PLC

LEGAL FORM

Originally incorporated as a Private Limited Liability Company in accordance with the Companies Act No. 17 of 1982, subsequently converted to a Public Company on 16 December 1989, and re-registered under the Companies Act No. 07 of 2007 on 08 April 2008. Registered as a Finance Company under the Finance Companies Act No. 78 of 1988, and re-registered under the Finance Business Act No. 42 of 2011. Registered as a Finance Leasing establishment pursuant to the Finance Leasing Act No. 56 of 2000, as amended. The company's shares were listed on the Dirisavi Board of the Colombo Stock Exchange on 01 June 2011, with the designated Stock Exchange code for its shares being "COCR".

REGISTRATION NUMBER

PB 269 PQ

PLACE OF INCORPORATION

Kandy, Sri Lanka

CITY OFFICE

No.165, Kynsey Road, Colombo 08

TELEPHONE

+94 11 2 000 000/ +94 81 2 000 000

FAX

+94 11 2 327 882 / +94 81 2 234 977

EMAIL

ccl@cclk.lk

WEBSITE

www.cclk.lk

BOARD OF DIRECTORS OF THE COMPANY

Mr. G.B. Egodage
Non- Executive Director/ Chairman

Mr. L.L.S. Wickremasinghe
Independent Non-Executive Senior Director

Mr. R.S. Egodage
Executive Director (Chief Executive Officer)

Ms. G.R. Egodage
Executive Director

Mr. P.S.R.C. Chitty
Executive Director

Ms. G.A.M. Edwards
Independent Non-Executive Director

Mr. W. D. Barnabas
Independent Non-Executive Director
Retired (w.e.f) 3rd May 2025

Mr. F.A.P.L. Solbani
Non-Executive Director

Dr. (Ms.) J.P. Kuruppu
Independent Non-Executive Director

Ms. C.S. Jesudian
Independent Non-Executive Director
Appointed (w.e.f) 13th June 2025

COMPANY SECRETARY

Shashika Naguruge

COMPANY AUDITORS

KPMG

No. 32A, Sir Mohomad Markar

Mawatha, Colombo 03

BANKERS OF THE COMPANY

Bank of Ceylon

Cargills Bank Limited

Commercial Bank of Ceylon PLC

DFCC Bank

Hatton National Bank PLC

National Development Bank PLC

Nations Trust Bank PLC

Pan Asia Banking Corporation PLC

People's Bank

Sampath Bank PLC

Seylan Bank PLC

BOARD AUDIT COMMITTEE

Mr. L.L.S. Wickramasinghe (Chairperson)

Mr. G.B. Egodage

Ms. G.A.M. Edwards

BOARD INTEREGRATED RISK ANAGEMENT COMMITTEE

Mr. L.L.S. Wickramasinghe (Chairperson)

Mr. G.B. Egodage

Ms. G.A.M. Edwards

Mr. W.D. Barnabas

Dr. (Ms) J.P. Kuruppu

BOARD RELATED PARTY TRANSACTION REVIEW COMMITTEE

Ms. G.A.M. Edwards (Chairperson)

Mr. L.L.S. Wickramasinghe

Mr. G.B. Egodage

BOARD NOMINATION AND GOVERNANCE COMMITTEE

Mr. L.L.S. Wickramasinghe (Chairperson)

Mr. G.B. Egodage

Ms. G.A.M. Edwards

BOARD HUMAN RESOURCE AND REMUNERATION COMMITTEE

Ms. G.A.M. Edwards (Chairperson)

Mr.G.B. Egodage

Dr. (Ms) J.P. Kuruppu

This Annual Report is conceptualised, designed and produced by Redworks.

