SENKADAGALA
FINANCE PLC

Momentum of Trust

Annual Report 2025/26



Momentum of Trust

With nearly 150 branches now pulsing across the island, our footprint mirrors both scale and ambition. At Senkadagala Finance, trust built over decades has become a powerful source of momentum, powering growth, expanding reach, and creating shared value. We remain focused on exploring new opportunities while maintaining the principles that have guided our journey thus far. As we move ahead from a position of strength, it is this enduring trust that continues to propel our reach, deepen our impact, and shape our future.

Lakshman Balasuriya

A Legacy of Vision, Discipline and Care



















As Senkadagala Finance reflects on a year of achievement and transition, we honour the life and legacy of Mr Lakshman Balasuriya, whose leadership shaped the Company for more than four decades. His story is inseparable from the story of Senkadagala Finance itself. It is the story of a man who saw possibility in a small financial services enterprise in Kandy and helped build it into an island-wide institution, guided by prudence, foresight, technological progress and a deep sense of responsibility towards people.

Mr Balasuriya joined Senkadagala Finance on 15 June 1981, soon after completing his higher studies. He held a Bachelor of Science degree from the University of London and a Master of Science degree from Lancaster University. On 7 July 1981, he was appointed Managing Director/Chief Executive Officer, beginning a leadership journey that would define the character, direction and values of the Company for generations.

Under his stewardship, Senkadagala Finance grew from a single-office operation in Kandy into the 150-branch institution it is today. This growth was not built on ambition alone. It was built on discipline, careful judgment and a belief that financial services must be grounded in trust. He understood that a finance company could only grow sustainably if it protected depositor confidence, served customers responsibly, strengthened its balance sheet and invested continuously in people, systems and governance.

One of Mr Balasuriya's most defining qualities was his ability to look ahead. Long before digital transformation became a familiar phrase in financial services, he recognised that technology could strengthen operational control, customer service and institutional resilience. Under his guidance, the Company introduced a local network-driven computerised operating environment in the late 1980s, with support from specialised vendors. By the early 1990s, computerisation was being developed in-house, creating a technology foundation that supported consistency, visibility and control as the business expanded.

This forward-looking mindset also shaped the Company's customer-facing services. Senkadagala Finance was among the early non-bank financial institutions (NBFIs) in Sri Lanka to introduce an ATM card linked to its savings product in 2007. In 2013, the Company introduced chip-and-PIN card technology with strong security features for that time. These initiatives reflected his belief that customers deserved modern and secure financial services, delivered by an institution that remained close to them and worthy of their trust.

His passion for technology also extended into the way operations were connected and controlled. Under his leadership, the Company pursued system integrations that improved efficiency, strengthened data reliability and reduced opportunities for manual intervention. These included initiatives to automate the risk-based underwriting model through electronic data interchanges that captured CRIB data and Department for Registration of Persons verification, helping support faster, more consistent and better-controlled credit evaluation.

In 2002, under his guidance, Senkadagala Finance became one of the early NBFIs in Sri Lanka to obtain a credit rating from an international rating agency, well before such ratings became a regulatory requirement. This decision was driven by his knowledge of international market practices, at a time when such practices were still emerging within Sri Lanka's NBFI sector, and by his desire to strengthen the Company's financial standing, improve transparency and build confidence among depositors, lenders, regulators and the wider market.

As the Company grew, he consciously encouraged professional management and stronger governance. He brought industry experts and professionals into the business, supported independent decision-making and helped build a culture in which knowledge, responsibility and accountability mattered. His leadership strengthened Senkadagala Finance not merely as a business, but as an institution capable of continuity, renewal and responsible growth.

Mr Balasuriya's vision also extended beyond the Company's core finance business. Under his leadership, Senkadagala Finance ventured into related financial services including asset management, insurance brokering and stockbroking, broadening the Group's ability to serve customers across a wider range of financial needs. This wider platform reflected his belief that the Company could evolve with its customers while remaining anchored in trust, discipline and service.

Yet, beyond strategy, systems and growth, Mr Balasuriya's greatest legacy was deeply human. He was meticulous and demanding, but also compassionate, generous and profoundly loyal to his people. He had a rare ability to identify talent, nurture it and give individuals both the resources and independence they needed to succeed. He believed in people, often before they fully recognised their own potential, and took immense pride in seeing them grow.

Those who knew him remember a leader of quiet dignity, humility and warmth. He did not need to command through noise. His influence came through thoughtfulness, composure and trust. To many employees, he was far more than a Chief Executive Officer. He was a mentor, guide and source of strength, someone who treated his people with care and made them feel that they belonged to something larger than themselves.

That care found lasting expression in the establishment of the Senfin Employee Health and Welfare Trust Fund in 2025. Created to provide financial assistance for eligible hospitalisation-related expenses not fully covered by the Company's general health insurance scheme, the Fund reflects his wish to support employees during moments of hardship and to carry forward his concern for their wellbeing beyond his own lifetime.

Mr Lakshman Balasuriya leaves behind a legacy of vision, discipline, innovation and humanity. The institution he helped build continues to carry the values he lived by: prudence, professionalism, technological progress, care for people and service with responsibility. As Senkadagala Finance looks to the future, it does so with gratitude for his life and leadership, and with a renewed commitment to preserve and build upon the foundation he created. His legacy will remain an integral part of the Company's identity and a continuing source of inspiration in the years ahead.

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About this Report

Senkadagala Finance PLC presents its fifty-seventh Annual Report for the financial year ended 31 March 2026.

This Report provides a balanced account of the Company's performance, governance, stakeholder relationships and value creation during FY 2025/26, in the context of a gradually stabilising but still evolving operating environment. It explains how we navigated the year through disciplined governance, prudent risk management, branch network expansion, strengthened systems and controls, and a continued focus on customers, employees, shareholders, regulators and communities. The Report also sets out how we created value through our financial, institutional, customer, employee, social and environmental, and shareholder and investor capitals.

Boundaries of the Report

This Report primarily covers the operations of Senkadagala Finance PLC, together with its subsidiaries, Senkadagala Insurance Brokers (Pvt) Ltd. and Senfin Asset Management (Pvt) Ltd., and its associate, Senfin Securities Limited. All business operations of the Senkadagala Finance Group are based in and carried out within Sri Lanka.

Reporting Frameworks

This Report has been prepared in accordance with the International Integrated Reporting Framework. In preparing the Report, we have also drawn on the concepts and principles set out in the following reporting frameworks and guidance:

- International Integrated Reporting Framework, IFRS Foundation
- Global Reporting Initiative (GRI) Standards
- The Smart Integrated Reporting Methodology™

Integrity of the Report

The Board of Directors assumes full responsibility for the integrity of this Report, which aligns with the Company's financial reporting cycle covering the 12-month period from 1 April 2025 to 31 March 2026. This Report has been prepared in alignment with GRI Standards and complies with the disclosures, regulations and standards applicable to a listed licensed finance company operating in Sri Lanka.

This is the tenth Integrated Annual Report of Senkadagala Finance PLC since adopting the International Integrated Reporting Framework in FY 2016/17. The Company reports on an annual basis, with the previous Annual Report covering the financial year ended 31 March 2025.

There were no restatements of previously reported non-financial or sustainability-related information during the year under review.

The non-financial and sustainability-related disclosures in this Report have not been subject to separate external assurance and have been reviewed through internal reporting, governance and management review processes.

Further Information

We welcome your comments and queries on this Report and invite you to direct them to:

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About Us

Finance becomes meaningful when it responds to real needs with care, responsibility and trust. Since our beginning in Kandy in 1968, Senkadagala Finance PLC has continued to support individuals and businesses across Sri Lanka through practical financial solutions, relationship-led service and a growing presence in the communities we serve. Our approach is shaped by experience, prudent decision-making and the belief that financial services should remain accessible, responsible and relevant to everyday economic activity.

Organisational Overview

Customer focus, operational discipline and responsible governance continue to guide the way we operate. Senkadagala Finance PLC offers a diversified range of financial products designed to meet the needs of individuals, small businesses and corporate customers, while responding to changing market conditions and evolving customer expectations. As the Company grows, we remain focused on service quality, responsible lending, financial stability and the careful management of our social and environmental responsibilities.



Mission

To provide a wide range of diversified financial services and to acquire a portfolio of loanable funds that yields an adequate return to our shareholders, whilst safeguarding the interests of our depositors and other stakeholders.



Vision

Our vision is to be a leading financial institution in Sri Lanka that delivers high quality services and achieves excellence in all spheres of activity while being socially conscious, at all times.

About the Company

From its beginnings in Kandy in 1968, Senkadagala Finance PLC has grown into a well-recognised licensed finance company with a broad island-wide presence. The Company serves individuals, small businesses and corporate customers through a financial solutions portfolio shaped by accessibility, relationship-led service and responsible financial intermediation. A network of 149 branches across Sri Lanka continues to strengthen our ability to serve customers across urban, semi-urban and regional markets.

Our product portfolio includes finance leasing, hire purchase, other loan products, gold-backed lending, margin trading, acceptance of fixed and savings deposits and foreign currency exchange. These solutions support a wide range of customer needs, including mobility, business activity, short-term liquidity, savings and investment-linked participation.

Our ability to grow with consistency is supported by experienced leadership, capable teams and the systems, controls and governance practices that guide day-to-day execution. As our operating footprint expands, these foundations help us maintain service quality, manage risk and preserve the trust of customers, depositors, investors, regulators and other stakeholders.

Senkadagala Finance PLC has been listed on the *Diri Savi* Board of the Colombo Stock Exchange since March 2011. Fitch Ratings affirmed the National Long-Term Rating of the Company at 'BBB (lka)' with a Stable Outlook in August 2025. This listed market presence, together with the Company's regulated status, governance framework and wider Group capabilities, supports our continued role as a trusted financial services provider in Sri Lanka.

Our Group Partners

At Group level, Senkadagala Finance extends its financial services proposition through its subsidiary and associate companies. These entities complement the Company's core finance company operations by providing access to insurance brokering, asset management and stockbroking services, supporting a broader financial services platform for customers and investors.

Senkadagala Insurance Brokers (Pvt) Ltd., launched in April 2012, provides insurance brokering services to individual and corporate customers. Through this company, the Group supports customers in accessing insurance solutions that complement their financial and business needs.

Senfin Asset Management (Pvt) Ltd. is a licensed asset management company, regulated by the Securities and Exchange Commission of Sri Lanka, and a wholly owned subsidiary of Senkadagala Finance PLC. The Company manages unit trust funds and private/ discretionary portfolios, serving investors seeking professionally managed investment solutions across conventional and Shariah-compliant fund options.

Senfin Securities Limited is the Group's stockbroking associate and a licensed stockbroker regulated by the Securities and Exchange Commission of Sri Lanka. As a Trading Member of the Colombo Stock Exchange, Senfin Securities provides equity and debt trading, investment advisory, research and online trading services to local and foreign individual and institutional investors.

Through these subsidiary and associate companies, Senkadagala Finance continues to build a more complete financial services platform, supporting customers and investors across financing, deposits, insurance brokering, investment management and capital market participation.

[1] https://www.fitchratings.com/research/non-bank-financial-institutions/fitch-affirms-senkadagala-finance-at-bbb-lka-outlook-stable-05-08-2025

Highlights of the year

	Company			Group		
	2026	2025	Change (%)	2026	2025	Change (%)
Financial Results of the Year (LKR Mn.)						
Gross income	10,626	9,212	15.35	11,011	9,497	15.94
Interest income	9,430	8,459	11.48	9,431	8,461	11.46
Net interest income	6,247	5,725	9.11	6,248	5,728	9.07
Profit before taxes on financial services	3,805	3,375	12.73	4,079	3,577	14.04
Profit before income tax	2,959	2,628	12.60	3,233	2,829	14.27
Profit for the year	1,848	1,622	13.91	2,051	1,772	15.73
Dividends paid	242	155	55.56	242	155	55.56
Earnings retained during the year	1,569	1,447	8.41	1,772	1,596	11.06
Financial Position (LKR Mn.)						
Loans and advances	41,205	30,099	36.90	41,201	30,094	36.91
Total assets	57,070	40,766	39.99	57,638	41,084	40.29
Deposit base	14,088	13,349	5.54	14,043	13,285	5.71
Borrowings	26,222	13,738	90.87	26,222	13,738	90.87
Subordinated term loan	1,544	1,543	0.07	1,544	1,543	0.07
Shareholders' funds	12,571	9,927	26.64	13,096	10,248	27.79
Operational Results of the Year (LKR Mn.)						
New advances disbursed	34,703	25,246	37.46	34,703	25,240	37.49
Net flow of deposits	739	(490)	250.69	758	(492)	254.09
Borrowings obtained	34,985	11,950	192.76	34,985	11,950	192.76
Capital expenditure incurred	519	300	72.86	521	302	72.72
Information per Ordinary Share (LKR)						
Market price per share	426.50	410.25	3.96	N/A	N/A	–
Earnings per share	20.56	18.07	13.80	22.82	19.74	15.62
Dividends per share	2.80	2.80	–	N/A	N/A	–
Net assets per share	138.77	115.05	20.61	144.56	118.78	21.70

	Company			Group		
	2026	2025	Change (%)	2026	2025	Change (%)
Key Performance Indicators						
Return on average total assets (%)	3.78	4.19	(0.41)	4.15	4.56	(0.41)
Return on average shareholders' funds (%)	16.42	17.60	(1.18)	17.57	18.73	(1.16)
Net interest margin (%)	14.50	17.53	(3.03)	14.48	17.51	(3.03)
Cost to income ratio (%)	42.62	40.54	2.08	41.94	40.07	1.87
Gross stage 3 loan ratio (%)	5.43	7.24	(1.81)	5.43	7.24	(1.81)
Stage 3 provision cover ratio (%)	51.19	57.56	(6.37)	51.19	57.56	(6.37)
Total provision coverage ratio (%)	7.18	8.67	(1.49)	7.18	8.67	(1.49)
Interest cost to interest earned ratio (%)	33.75	32.31	1.44	33.75	32.30	1.45
Interest cover (times)	1.93	1.96	(1.61)	2.02	2.04	(0.97)
Equity to assets ratio (%)	22.03	24.35	(2.32)	22.72	24.94	(2.22)
Debt to equity ratio (times)	2.21	1.54	43.07	2.12	1.49	42.19
Price earnings ratio (times)	20.74	22.71	(8.65)	N/A	N/A	–
Dividend yield (%)	0.66	0.68	(0.02)	N/A	N/A	–
Statutory Regulated Ratios						
Core capital ratio (%)	21.92	23.84	(1.92)	N/A	N/A	–
– Minimum statutory requirement 8.5%						
Total capital ratio (%)	23.84	27.30	(3.46)	N/A	N/A	–
– Minimum statutory requirement 12.5%						

Non-financial indicators

	Company			Group		
	2026	2025	Change (%)	2026	2025	Change (%)
Branches	149	125	19.2	157	131	19.85
Staff strength	1,215	985	23.35	1,236	1,005	22.99
Customers served	81,733	95,158	(14.11)	90,620	97,860	(7.40)

Credit rating

	Company	
	2026	2025
Fitch Ratings Lanka Limited	BBB (lka) Stable outlook	BBB (lka) Stable outlook

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Chairman's Message

2025/26 was a year of measured progress, strengthened confidence and careful stewardship. Amid a stabilising but still evolving operating environment, Senkadagala Finance surpassed the LKR 50 Bn. asset milestone, delivered the highest post-tax profit in its history, completed a successful rights issue and continued to strengthen its governance and risk foundations. With a clear long-term view, the Board remained focused on stability, resilience, stakeholder trust and responsible growth.

Highest profit after tax

LKR 1.85 Bn.

Consolidated profit after tax reached

LKR 2.05 Bn.

Rights issue completed

LKR 1.03 Bn.

New branches opened during the year

24 locations

Steady progress through careful stewardship

The financial year 2025/26 marked another important year in the continuing progress of Senkadagala Finance PLC. As Sri Lanka's economy moved further along its recovery path, the operating environment became more supportive than in the preceding years. Economic activity improved, credit demand strengthened, and market confidence continued to rebuild. At the same time, the wider environment required caution, with funding competition, evolving regulation, global uncertainty and climate-related disruptions continuing to shape the decisions of financial institutions.

Against this backdrop, Senkadagala Finance delivered a strong performance, reflecting the value of prudent governance, disciplined execution and the long-term foundations built over many years. The Company's asset base reached LKR 57.07 Bn. by year-end, surpassing the LKR 50 Bn. mark for the first time, while profit after tax rose to LKR 1.85 Bn., the highest in the Company's history. These results are a source of confidence, but more importantly, they reflect the Company's ability to grow while maintaining focus on capital strength, liquidity, asset quality and stakeholder trust.

The Board's role during the year was to ensure that growth remained measured and supported by the right controls. The Company expanded its branch network, strengthened its equity base, improved portfolio quality and continued to invest in governance, compliance, technology and people. These developments were not viewed in isolation. They were part of a broader effort to preserve institutional strength while positioning the Company for the next stage of growth.

Growth amidst stabilisation

The operating environment during the year was more favourable than in the immediate post-crisis period. The continued recovery of the economy supported improved credit activity, while greater stability in inflation and interest rates helped restore confidence among borrowers, investors and financial institutions. The NBFI sector also benefited from renewed private sector credit demand, improved profitability and stronger asset quality trends.

The Board, however, remained conscious that stabilisation does not remove risk. The sector continued to face competitive pressure, rising expectations around governance and compliance, and the need to maintain strong liquidity and capital buffers. For Senkadagala Finance, this reinforced the importance of growing with care, pricing risk appropriately and ensuring that expansion was supported by the Company's internal control environment.

During the year, asset quality continued to improve, with the gross Stage 3 ratio reducing to 5.43%. While legacy exposures from earlier periods continued to require close management attention, the improvement in credit quality reflected the benefit of strengthened underwriting, recovery focus and more careful portfolio monitoring. The Board continued to support management's approach of pursuing growth only where returns, risk and customer suitability were appropriately balanced.

Strengthening confidence through capital

A key milestone during the year was the successful completion of the LKR 1.03 Bn. rights issue. This strengthened the Company's equity base and supported its capacity to grow the lending portfolio from a position of capital strength. The additional capital reinforced the Company's financial flexibility, stakeholder confidence, and enhanced the ability to support future growth, while building on a capital position that remained well above applicable regulatory requirements. The response to the rights issue also reflected the continued confidence placed in Senkadagala Finance by shareholders.

This capital strengthening was particularly important in the context of the evolving NBFI sector. The Central Bank of Sri Lanka's continued focus on consolidation, capital strength, governance, transparency and institutional soundness is expected to further improve the quality and stability of the sector. We welcome this direction. A stronger sector ultimately serves depositors, customers, shareholders and the wider economy better.

For Senkadagala Finance, capital is not simply a regulatory measure. It is a foundation for confidence. It gives the Company capacity to grow, flexibility to respond to uncertainty and strength to protect stakeholder interests through changing market cycles.

Governance, risk and continuity

The Board continued to strengthen its oversight role during the year across risk management, compliance, internal audit, technology and business continuity. As the Company's operating footprint expanded, this oversight became even more important. Growth must be matched by governance, and scale must be supported by systems that provide visibility, accountability and timely action.

The strengthening of the in-house internal audit function supported more direct oversight of branch operations and internal controls. The Board also continued to receive focused updates on AML/CFT compliance, cybersecurity, liquidity management, operational resilience and business continuity planning. These areas are now central to the stability of financial institutions and will remain priorities for the Board.

During the year, the Board also approved the establishment of a Board IT Security and Steering Committee, effective from 1 April 2026. This reflects the increasing importance of technology governance and cybersecurity as the Company continues to expand and digital risks become more complex.

Responsible access and ESG integration

Senkadagala Finance continued to expand access to financial services during the year, opening 24 new branches and strengthening its presence across underserved, semi-urban and emerging markets. For the Board, branch expansion is not simply a matter of physical reach. It is about improving access, strengthening local relationships and ensuring that customers can engage with the Company through channels that remain practical and trusted.

The Board also continued to support the integration of environmental, social and governance (ESG) considerations into the Company's operating model.

The Environmental and Social Management System (ESMS) continued to support the assessment of environmental and social risks within the lending process, while digitalisation and paper-light processes supported greater operational efficiency. As sustainability and climate-related reporting expectations evolve, the Board will continue to guide the Company in strengthening governance, data readiness and risk management practices in this area.

Leadership and remembrance

The year under review was also a year of transition and reflection. We remember with deep respect the late Mr Lakshman Balasuriya, whose leadership shaped Senkadagala Finance over several decades. From its beginnings as a single-office operation in Kandy to the island-wide institution it is today, his vision, discipline, commitment to technology and care for people remain deeply embedded in the Company's identity.

The Board was called upon to ensure continuity during this difficult period, and I wish to acknowledge the professionalism and strength shown by management and employees. The appointment of Mr S K Balasuriya as Executive Director and Chief Executive Officer supported leadership continuity at an important moment for the Company.

I also record our appreciation to our former Chairman, Mr R Senanayake, who retired from the Board upon completion of his tenure, for his valuable service and guidance. The Board's continuing renewal will remain important as the Company responds to a more complex and opportunity-rich financial services landscape.

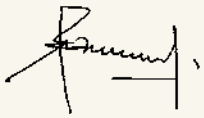
Looking ahead with measured confidence

The outlook for the year ahead remains cautiously optimistic. Sri Lanka's recovery is expected to continue, supported by improving macroeconomic stability, stronger business confidence and continued demand for credit. At the same time, global uncertainty, funding competition, climate-related events and evolving regulatory expectations will require continued prudence.

The Board's priorities will remain clear. We will continue to support balanced growth, preserve asset quality, maintain capital and liquidity strength, strengthen governance and guide digital transformation. We will also continue to ensure that the Company grows in a manner that protects trust and creates value for customers, depositors, shareholders, employees, regulators and communities.

On behalf of the Board, I extend my sincere appreciation to our customers, depositors, shareholders, lenders and business partners for their continued confidence. I also thank the Central Bank of Sri Lanka, the Colombo Stock Exchange and other regulatory authorities for their guidance and oversight. My gratitude goes to my fellow Directors for their counsel, and to the Chief Executive Officer, Senior Management and employees for their dedication during a year of achievement and transition.

Senkadagala Finance enters the year ahead with stronger foundations, wider reach and renewed purpose. We will continue to move forward with prudence, responsibility and confidence, guided by the trust placed in us and the long-term value we are committed to creating.



N Vasantha Kumar

Chairman

25 June 2026
Colombo

Chief Executive Officer's Review

In 2025/26, Senkadagala Finance delivered another milestone year, with the Company recording profit before tax of LKR 2.96 Bn., the highest in its history. Overall, the Group's profit after tax surpassed the LKR 2 Bn. milestone to reach LKR 2.05 Bn. for the financial year. This performance was built on disciplined execution, prudent risk management, portfolio diversification and operational efficiency. With asset quality, capital strength and measured expansion as our anchors, we continued to grow responsibly, strengthen institutional resilience and deepen our role as a trusted financial partner across Sri Lanka.

Profit after tax

LKR 1.85 Bn.

Total asset base surpassed

LKR 50 Bn.

Total branches

149

Total workforce surpassed

1,200

The financial year 2025/26 marked another important milestone in the growth journey of Senkadagala Finance PLC. Operating within a gradually stabilising, yet still evolving economic environment, the Company delivered strong financial and operational results, supported by disciplined execution, prudent risk management and a clear focus on long-term institutional strength. I am pleased to note that the Company's asset base surpassed the LKR 50 Bn. mark during the year to reach LKR 57.07 Bn., while profit after tax reached LKR 1.85 Bn., the highest in the Company's history.

This performance was not the result of growth pursued for its own sake. It reflected the deliberate choices we continued to make across the business: expanding lending where risk-adjusted returns were acceptable, preserving liquidity and capital strength, strengthening recovery and monitoring processes, and investing in systems, governance and people. In a year in which credit demand improved, competition intensified and customer needs continued to evolve, our priority was to grow with discipline rather than pursue volume at the expense of asset quality.

The year also saw several strategic achievements. We successfully completed a rights issue of LKR 1.03 Bn., expanded our branch network through the opening of 24 new branches, strengthened governance and compliance frameworks, and made further progress in digitalisation and technology-driven risk management. At Group level, the performance of Senfin Securities, Senfin Asset Management and Senkadagala Insurance Brokers also supported the broader value proposition of the Group, helping consolidated profit after tax reach LKR 2.05 Bn., exceeding the LKR 2 Bn. mark.

Asset quality as a strategic anchor

Asset quality remained one of our most important priorities during the year. The gradual recovery in economic activity, improving customer repayment capacity and stronger market confidence supported better credit behaviour across newly originated portfolios. At the same time, we continued to carry legacy exposures from prior years, particularly contracts that had moved into Stage 3 during more difficult economic conditions. Managing this required persistence, focus and a balanced approach to credit growth.

Our proprietary risk-driven customer screening framework continued to play a central role in this process. Since its introduction, the framework has helped us assess customer risk more consistently, align lending rates with borrower profiles and manage the relationship between growth, risk and return. Contracts originated after the strengthening of this model have demonstrated improved portfolio quality and repayment behaviour, validating the importance of disciplined underwriting and careful credit selection.

During the year, the gross Stage 3 ratio improved to 5.43%, compared to 7.24% in the previous year. This improvement reflected continued recovery efforts, closer monitoring and stronger credit evaluation. While adverse weather and other temporary disruptions created short-term stress for certain customer segments, the broader asset quality trajectory remained positive.

We also strengthened our recovery and legal management functions to accelerate the resolution of legacy non-performing exposures. This included restructuring legal teams, building specialised recovery capabilities and improving follow-up processes. These efforts allowed us to pursue portfolio growth while continuing to protect the quality and resilience of the balance sheet.

Navigating margins, funding and liquidity

The operating environment during 2025/26 remained dynamic. Interest rates were more stable than in the preceding periods, but profitability continued to require careful management as price competition increased and deposit costs began to come under upward pressure towards the latter part of the financial year. In this environment, maintaining margins required discipline in pricing, funding mix and portfolio selection.

We responded by continuing to optimise our funding strategy and balance sheet structure. Strong portfolio growth required active funding management and careful liquidity preservation. While market liquidity improved during much of the year, competition for deposits remained intense. We therefore relied on a combination of customer deposits, bank borrowings and institutional funding relationships to support growth, while avoiding aggressive price competition for depositor funding where it could weaken margins unnecessarily.

The successful completion of the rights issue further strengthened our capital base and supported liquidity management during a period of accelerated balance sheet expansion. This capital strengthening gave us greater flexibility to support loan portfolio growth while maintaining prudent gearing and regulatory buffers.

Our approach to pricing also remained closely linked to risk. The risk-driven customer screening and pricing framework enabled us to offer comparatively lower lending rates to creditworthy customers, while appropriately pricing facilities extended to higher-risk segments. This helped preserve portfolio quality and optimise risk-adjusted returns in a competitive lending environment.

Disciplined growth and portfolio diversification

The Company adopted a measured and risk-conscious approach to loan book growth during the year. Growth opportunities were captured across SME financing, vehicle financing, gold-backed lending and margin trading, but always with an emphasis on sustainability and asset quality.

The gradual easing of motor vehicle import restrictions generated renewed demand for vehicle financing, while the recovery in business activity supported financing needs within the SME sector. We also refined certain vehicle financing structures, including the use of hire purchase facilities in selected instances, to improve customer affordability and strengthen our competitiveness within the vehicle financing segment.

Margin trading recorded significant growth during the year, expanding from LKR 1.9 Bn. to LKR 3.8 Bn., supported by improved investor sentiment and strong equity market activity. Importantly, this growth was achieved with a relatively low operational cost profile, contributing positively to profitability and operational efficiency. It also supported portfolio diversification by reducing reliance on vehicle-backed financing and broadening the Company's revenue base.

Gold-backed lending also remained an important liquidity solution for customers requiring short-term funds. Governance and operational controls around this product were further strengthened during the year, supporting prudent growth while maintaining customer convenience and risk discipline.

Expanding with proximity and purpose

Branch expansion remained an important part of our strategy to improve access and strengthen our regional presence. During FY 2025/26, we opened 24 new branches, extending our footprint into select underserved, semi-urban and emerging markets. This expansion was not only about increasing physical presence. It was about bringing formal financial services closer to customers who need accessible, relationship-led support.

Our branch-led model continues to be relevant in many regional markets, where trust, familiarity and direct engagement remain important to customer confidence. By recruiting employees from the areas surrounding newly opened branches wherever possible, we also strengthened local relationships and improved our ability to understand market realities at ground level.

At the same time, expansion brings responsibility. Each new branch must be supported by appropriate systems, trained employees, internal controls and monitoring mechanisms. During the year, we therefore focused on ensuring that growth in reach was matched by growth in operational readiness. Workforce expansion, continued training and improved support functions helped us maintain service consistency across a wider network.

Institutional strengthening and risk governance

As the Company grew in scale, strengthening governance, compliance and risk management became even more important. During the year, we continued to enhance our governance architecture in line with regulatory expectations, business expansion and the increasing complexity of the operating environment.

A key initiative was the establishment and strengthening of the in-house internal audit function to independently carry out branch audits and control assessments. This enabled us to build stronger institutional knowledge, improve audit responsiveness and support more continuous monitoring across the expanded branch network.

We also strengthened the independent risk management function and restructured the Operational Integrated Risk Management Committee framework to better identify, monitor and respond to emerging risks. These improvements enhanced coordination across credit, liquidity, operational, compliance, technology and strategic risk areas.

During the year, we continued to strengthen the compliance function and embed automated AML/CFT controls, including real-time name screening capabilities, improving the consistency, speed and reliability with which we manage financial crime risk across a growing operational footprint. We also completed fieldwork relating to system security audits and penetration testing, while strengthening ICT infrastructure, cybersecurity readiness and business continuity capabilities. Together, these initiatives improved institutional resilience and positioned the Company to operate with greater control as volumes, branches and customer interactions increase.

Investing in people and operational capacity

Our people remained central to the year's progress. The Company's workforce expanded to 1,215 employees during the year, reflecting the scale of branch expansion and operational growth. As the network widened, we continued to invest in recruitment, training, performance management and succession planning to ensure that the organisation had the capacity to support growth responsibly.

Training and development focused on areas such as credit evaluation, compliance, customer service, operational risk management and leadership development. These areas are particularly important in a growing finance company, where frontline teams must be able to serve customers effectively while applying sound credit and compliance standards.

We also continued to strengthen performance-linked remuneration, with greater emphasis on aligning employee rewards with productivity, accountability and business outcomes. Internal career progression remained a priority, especially for managerial and supervisory roles in newly opened branches, which were offered to suitable internal employees wherever possible before considering external recruitment. This approach helped strengthen engagement, retention and institutional knowledge across the organisation.

Technology, customer experience and ESG integration

Digitalisation remained a strategic enabler of scalability, governance and customer service. During the year, we continued to use technology to support a wider operating footprint, strengthen centralised oversight and improve consistency across the branch network. In parallel, we continued to strengthen the integration of environmental, social and governance (ESG) considerations into our operating model, with particular focus on credit evaluation, resource management, regulatory readiness and operational efficiency.

During the year, we strengthened operational systems, automated workflows and improved monitoring capabilities across the business. Internal workflows, document retrieval systems, online document transfers, digital loan processing, online payment request mechanisms and digital document archiving supported faster turnaround times, reduced document duplication and improved access to operational information. These initiatives also helped us move towards a more paper-light operating environment while supporting service consistency across an expanding branch network.

Our Environmental and Social Management System (ESMS) continued to be embedded into credit evaluation, helping ensure that environmental and social risk considerations are assessed as part of lending decisions. Staff awareness and training also supported more consistent application of ESMS principles across the wider network, strengthening responsible finance and risk management as lending activity increased.

We also continued to strengthen our sustainability and climate readiness. In preparation for SLFRS S1 and S2 reporting, the Company began building the data, governance and internal capability required to identify and disclose sustainability and climate-related risks and opportunities more effectively. This work supports our broader environmental, social and governance agenda and will help us progressively strengthen climate risk assessment, resource management and responsible finance practices.

Group synergies and broader value creation

The year also demonstrated the value of the Group's broader financial services platform. Senfin Securities benefited from improved equity market activity and contributed positively to Group performance, particularly through synergies linked to the growth of margin trading. Senfin Asset Management continued to strengthen its position in the asset management industry, while Senkadagala Insurance Brokers supported the Group's wider customer proposition.

These businesses broaden our ability to serve customers and investors beyond core finance company operations. As markets become more sophisticated and customer needs continue to evolve, the ability to offer complementary financial services across lending, insurance brokering, asset management and stockbroking strengthens the Group's relevance and resilience.

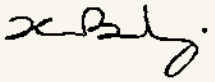
Looking ahead

The outlook for 2026 and beyond remains cautiously optimistic. Improving macroeconomic stability, recovering business confidence and continued opportunities in SME financing, vehicle financing and financial inclusion provide a supportive foundation for growth. At the same time, we remain mindful of risks arising from geopolitical developments, climate-related disruptions, competitive funding conditions and evolving regulatory expectations.

Our response will remain measured and disciplined. We will continue to prioritise asset quality, liquidity preservation, strong governance, digital transformation and operational resilience. We will also continue to strengthen our customer franchise by expanding access, improving service delivery and offering financial solutions that are relevant to the needs of individuals, businesses and communities.

As we pursue these priorities, I am deeply conscious of the foundations left by the late Mr Lakshman Balasuriya and of the responsibility to carry forward the values of disciplined growth, professional management, technology-led progress and care for people that he embedded in the Company. Building on that legacy, we will continue to move forward with humility, continuity and purpose.

The achievements of FY 2025/26 reflect the commitment of our employees, the confidence of our customers and depositors, the trust of our shareholders and lenders, and the guidance of the Board. I extend my sincere appreciation to all those who contributed to the Company's progress during the year. As we move forward, Senkadagala Finance will remain focused on balanced growth, responsible execution and the creation of long-term value for all stakeholders.



S K Balasuriya

Executive Director/Chief Executive Officer

25 June 2026
Colombo

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Our Business Model

From Stakeholders

Inputs

Financial Capital

- **LKR 9,927 Mn.** in shareholders' funds from FY 2024/25
- **LKR 1,035 Mn.** invested in share capital through the Rights Issue
- Property, plant, and equipment supporting a **125-branch network** at the start of the year
- Income streams from diversified lending products, with total loans and advances surpassing **LKR 30 Bn.** in FY 2024/25
- Margin trading portfolio reaching **LKR 2 Bn.** within just over a year of launch
- Financial covenants supporting access to funding lines
- Total assets exceeding **LKR 40 Bn.** in FY 2024/25, reflecting robust balance sheet growth

Institutional Capital

- Institutionalised knowledge and best practices
- Well-established risk management and internal control frameworks
- Business continuity protocols and remote access facilities
- Strengthened governance via new Sub-Committees and succession plans
- Upgraded ICT systems with custom integrations
- Established brand reputation and stakeholder trust
- Revitalised direct banking relationships
- Business collaborations and strategic alliances

Customer Capital

- Customer deposits of **LKR 13,349 Mn.** in FY 2024/25
- Long-standing relationships built on tailored financial solutions
- Findings from customer surveys
- Dedicated complaint-handling officer in place
- Strong local market insights enabling targeted offerings
- Renewed banking partnerships indirectly enhancing customer service reach

Employee Capital

- **1,215-strong workforce** with a **cumulative service of 6,573 years**
- Internal promotions
- Workforce strengthened with new recruitments
- **3,909 training hours** during the year
- Structured succession planning
- Findings from employee satisfaction survey and exit interviews
- Reinforced culture of ethical conduct and compliance under the Code of Conduct
- 26% female employee ratio

Social and Environmental Capital

- Continued financing support for underbanked MSMEs
- Deep-rooted relationships with rural and small business communities
- Responsible stewardship of land, water, energy, and natural resources
- Ongoing community initiatives and CSR engagements
- Commitment to uphold environmental and social safeguards in lending and operations

Activities

Vision Business Domain Mission

Governance Framework

- CBSL Directions and Guidelines
- CSE Listing Rules
- Code of Best Practice of CA Sri Lanka
- Governance framework, policies and procedures of the Company
- Continuous compliance monitoring and policy implementation aligned with CBSL, CSE and CA Sri Lanka requirements
- Reinforced compliance mindset through reviewed governance and conduct-related policies

Range of Products and Services

- Leasing and lending products
- Deposit products
- Fee-based services
- Foreign currency operations
- Insurance brokering
- Asset management
- Stock-brokering
- Reintroduction of hire purchase to better align products with evolving tax and regulatory conditions

Risk Management Framework

- Regulatory Directions and Guidelines
- Emerging risks
- Diversification
- Credit Risk Management Policy
- System-driven AML/CFT controls

Excellent Service Standards

- Customer-centric service
- Dedicated relationship managers
- Personalised service
- 1,215 passionate employees
- Customer complaint resolution mechanisms
- Data privacy controls



Network of Delivery Channels

- 150 branches as at June 2026
- Online portal
- Mobile App
- Relationship managers

Streamlined Internal Processes

- Robust core IT system
- Faster approvals
- Sound internal controls
- Prudent policies and procedures
- Improved loan processing workflows and turnaround times

Capital Management

- CBSL Directions and Guidelines
- Capital planning procedure in place
- Dividend policy
- Risk-weighted assets
- Prudent business expansion

Funding and Liquidity Management

- CBSL Directions and Guidelines
- Internal funding and liquidity targets
- Current and perceived interest rates
- Liquidity stress testing
- Asset and liability management
- Funding mix optimisation
- Standby credit/funding lines

To Stakeholders

Outputs

Shareholders and Other Investors

- Lending and investment portfolio growth
- Stable and growing deposit base of **LKR 14.09 Bn.**
- Sustainable asset growth, with total assets exceeding **LKR 57 Bn.**
- Strong profitability, with PBT recorded at **LKR 2.96 Bn.**
- Improved asset quality with Stage 3 ratio reduced to **5.43%**
- Continued focus on delivering healthy returns on investment

Institutional Capital

- Enhanced productivity and operational efficiency
- Optimum risk-return trade-off
- Improved credit evaluation and underwriting standards
- Benchmarked service delivery and internal processes
- Development and growth of new products
- Stronger internal assurance through expanded internal audit function
- Compliance controls strengthened through automated AML/CFT controls and real-time name screening capabilities

Customer Capital

- Competitive interest offerings for depositors
- Diverse funding solutions for borrowing customers, including MSMEs
- Financial advice and tailored credit support
- New offerings broadening customer choice
- Value-added services enhancing customer experience
- Extended reach to underbanked communities through **24 new branches**
- Leasing business disbursed during the year reached **LKR 27 Bn.**
- Gold-backed loan portfolio reached **LKR 927.9 Mn.**
- Margin trading portfolio reached **LKR 3.8 Bn.**

Employee Capital

- Fair remuneration and reward structures
- Ongoing training and development initiatives, with **3,909 training hours** clocked during the year
- Visible career progression through internal promotions to branch leadership
- New hiring fostering fresh ideas and operational expansion, with **469 new recruits** joining the team
- Succession planning ensuring leadership continuity
- Sustained culture of creativity and innovation

Social and Environmental Capital

- **LKR 1,368 Mn.** in corporate income taxes contributing to government revenues
- CSR initiatives supporting communities and local causes
- Financing underbanked MSMEs, driving economic inclusion
- Strengthening livelihoods and rural economies through targeted lending
- Responsible lending strengthened through continued application of the ESMS framework
- Financial literacy and awareness supported through **two university MOUs**

Outcomes

Shareholders and Other Investors

- Dividends, interest, and capital gains driven by stronger earnings
- Opportunities through rights issue and capital market actions, including the issue of **4,313,992 ordinary voting shares at LKR 240.00 per share**
- Higher price-to-book value reflecting improved fundamentals: **3.07 times**
- Stability supported by total assets exceeding **LKR 57 Bn.**
- Improved asset quality bolstering trust, with Stage 3 ratio at **5.43%**
- A loyal investor base with a long-term view
- Broader shareholder participation, with total shareholders increasing to **1,221** and public shareholders increasing to **1,209**
- Public holding maintained at **21.42%**, with float-adjusted market capitalisation of **LKR 8.28 Bn.**

Institutional Capital

- Strong brand value and brand equity underpinning market position
- Unblemished track record maintaining stakeholder confidence
- Sustained competitive advantage through product depth and market reach
- Improved asset quality
- Fitch Ratings Lanka Limited affirmed BBB (lka) with a Stable Outlook in August 2025, reflecting financial and risk discipline
- Continued innovation, including bespoke internal IT solutions
- Full spectrum of financial products meeting diverse customer needs
- Strengthened governance

Customer Capital

- Safety and security for deposits, supported by customer deposits of **LKR 14.09 Bn.**
- Realised growth opportunities through tailored funding, including to MSMEs
- Unparalleled convenience through expanded branch network of **149 branches** and digital channels
- A more active and well-served base of 81,733 customers
- Broader female customer participation, with female customers representing **23.8%** of the customer base
- Improved access to short-term liquidity through gold-backed lending of **LKR 927.9 Mn.**
- Increased access to investment-linked financial solutions through margin trading of **LKR 3.8 Bn.**

Employee Capital

- Career development
- Sustained job satisfaction and a supportive work environment
- High employee retention driven by visible growth pathways
- Occupational health, safety, and wellbeing upheld across operations
- Balanced work-life culture

Social and Environmental Capital

- Responsible financing aligned with ethical standards and governance oversight
- Deeper financial inclusion and broader promotion of financial literacy
- Enabling economic growth and community development
- Sustained "social licence" to operate through trust and stakeholder engagement
- Environmental and social risk management strengthened through continued application of the ESMS framework

Operating Environment

Sri Lanka's operating environment improved further in 2025, supported by continued macroeconomic stabilisation, lower inflation, easing monetary conditions, recovering domestic demand and ongoing structural reforms. Looking ahead to 2026, Sri Lanka's economic prospects will be subject to significant external and domestic risks, with the intensity of tensions in the Middle East, global energy prices, financial market volatility and climate-related disruptions requiring close attention.

Global Economic Performance

Global economic performance in 2025, as assessed in the IMF's World Economic Outlook (April 2026), reflected a period of moderate but uneven growth amid heightened global uncertainty. World output is estimated to have expanded by 3.4% in 2025, with growth forecast at 3.1% in 2026 and 3.2% in 2027 under the IMF's reference forecast.

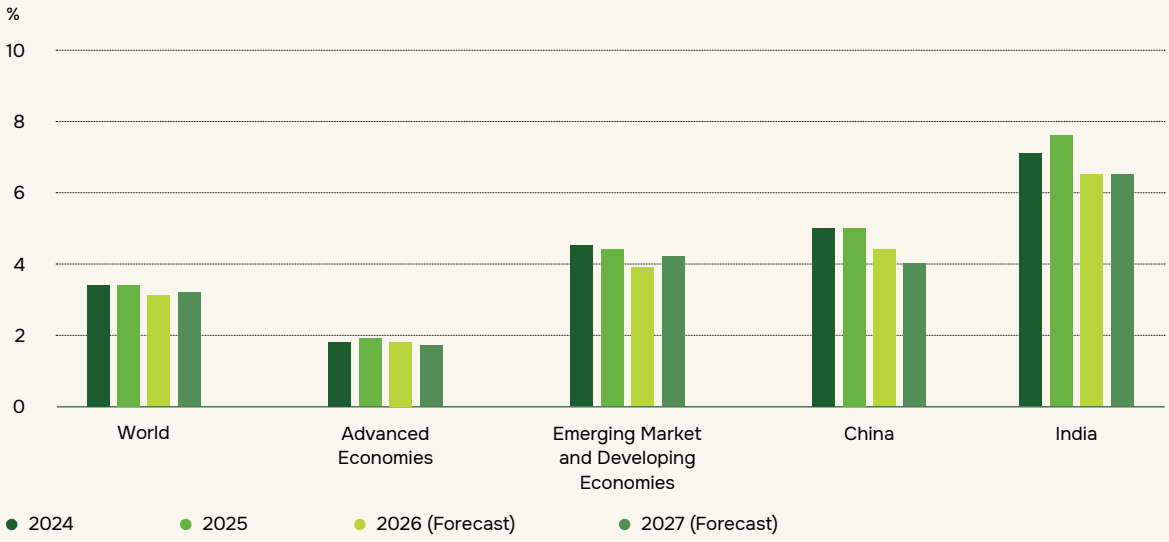
Advanced economies recorded growth of 1.9% in 2025, reflecting continued structural constraints, including weaker productivity, demographic pressures and the lagged effects of earlier monetary tightening.

Emerging market and developing economies recorded stronger growth of 4.4% in 2025. However, performance within this group remained uneven, with several economies continuing to face high debt levels, capital flow volatility, and exposure to external shocks.

China's economy grew by 5.0% in 2025, reflecting ongoing structural adjustments. India remained the fastest-growing major economy, with output expanding by 7.6% in 2025.

The outlook for global growth in 2026 is subject to considerable uncertainty, including risks from geopolitical tensions, financial market volatility, and further fragmentation of global trade, all of which could weigh on investment and productivity.

Global Economic Growth Projections



Sri Lankan Economy

Sri Lanka's operating environment improved further in 2025, aided by continued macroeconomic stabilisation, lower inflation, easing monetary conditions, recovering domestic demand and ongoing structural reforms. The economy maintained its recovery momentum, with real GDP growth recording 5.0% in 2025, marking the second consecutive year of expansion. Growth was supported by post-crisis macroeconomic stabilisation measures, ongoing reforms, improving business confidence, recovery in credit flows and renewed activity across agriculture, industry and services.

Fiscal performance continued to improve in 2025, underpinned by revenue-based consolidation, stronger tax collection and expenditure discipline. The achievement of a primary surplus for the third consecutive year reflected progress under the fiscal consolidation programme. Progress in sovereign debt restructuring and continued implementation of IMF-supported reforms further strengthened macroeconomic stability and investor confidence during the year, contributing to improvements in external financing conditions and medium-term fiscal sustainability.

Inflation remained subdued during 2025, reflecting the effects of tight policy measures implemented in previous years, improved supply conditions and administered price adjustments. After a period of deflation, inflation turned positive in August 2025 to reach 2.1% by the end of 2025, mainly due to the dissipation of the effects of earlier energy-price reductions, and higher food prices. Nevertheless, inflation remained well below the elevated levels seen during the economic crisis period, enabling the Central Bank of Sri Lanka to maintain an accommodative monetary policy stance, supporting lower market interest rates and credit demand.

Private sector credit growth was also supported by the relaxation of import restrictions, including vehicle imports, which increased demand for financing across related sectors. For licensed finance companies, this created opportunities for portfolio growth, particularly in leasing, vehicle finance, gold-backed lending, SME lending and consumer finance.

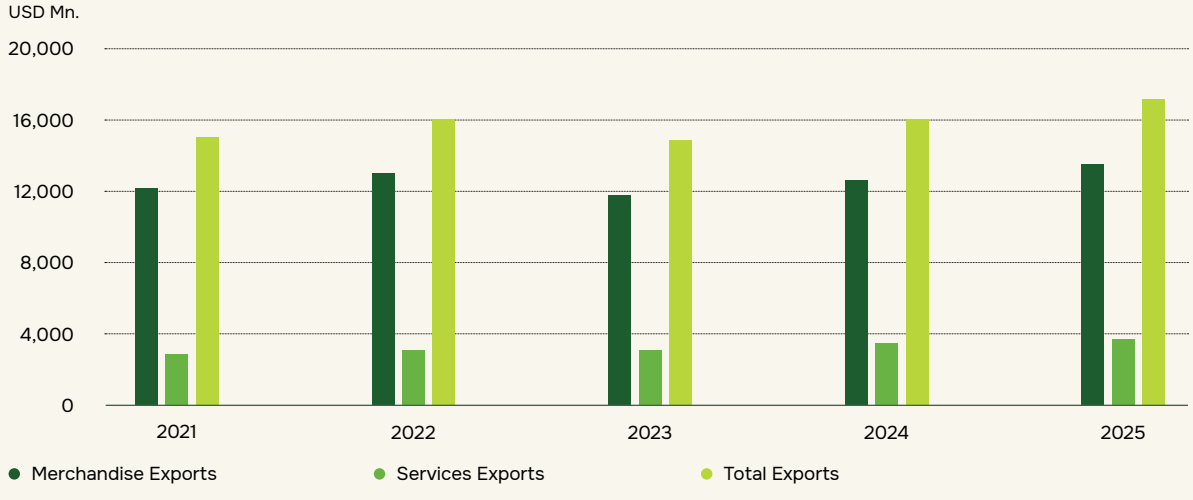
For a mid-sized and well-capitalised LFC such as Senkadagala Finance, these conditions supported selective growth in core lending segments while reinforcing the need to balance portfolio expansion with disciplined underwriting, borrower affordability assessments and liquidity discipline.

External Sector, Remittances and Tourism

The external sector remained a key source of stability in 2025, although the merchandise trade deficit widened due to higher imports. The impact was partly offset by strong foreign exchange inflows from workers' remittances, tourism earnings and services exports.

Export performance also supported the external sector, with total exports reaching approximately USD 17.3 Bn. in 2025, led mainly by merchandise exports and supported by continued growth in services exports.

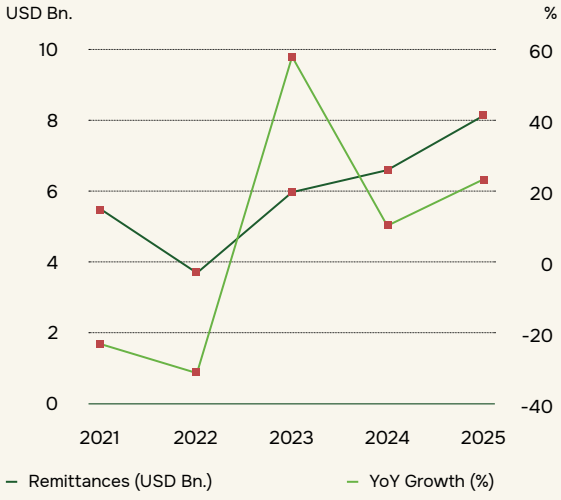
Export earnings



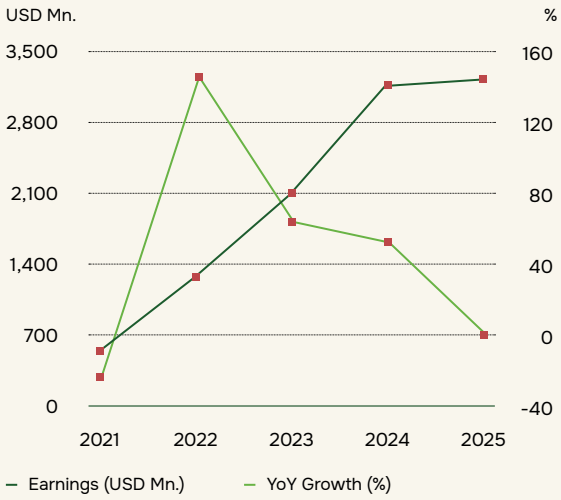
The current account recorded a surplus of USD 1.7 Bn. in 2025, compared to USD 1.2 Bn. in 2024, while gross official reserves increased to around USD 6.8 Bn. by the end of 2025, helped by IMF receipts, and CBSL net foreign exchange purchases of about USD 2.0 Bn.

Workers' remittances reached a historic high of around USD 8.1 Bn. in 2025, up by 22.8% year-on-year. Tourism earnings amounted to USD 3.2 Bn. in 2025, while tourist arrivals grew by 15.1%, surpassing the previous peak recorded in 2018. These inflows supported reserve accumulation, household income flows and economic activity across tourism-linked and consumption driven sectors.

Workers' remittances



Earnings from tourism



Under the IMF's Extended Fund Facility (EFF), the IMF Executive Board completed the combined Fifth and Sixth Reviews in May 2026, providing Sri Lanka with immediate access to USD 685 Mn, bringing total disbursements under the arrangement to approximately USD 2.4 Bn., further strengthening external buffers and supporting continued macroeconomic stabilisation and reform implementation.

Following Cyclone Ditwah, Sri Lanka received around USD 206 Mn under the IMF's emergency Rapid Financing Instrument in December 2025, separate from the EFF, to address urgent balance-of-payments and fiscal pressures.

For financial institutions, these developments contributed to improved customer confidence, repayment capacity and credit demand. However, Sri Lanka's external position remains sensitive to global oil prices, shipping costs, geopolitical tensions and any disruption to tourism or labour migration flows, particularly given the country's exposure to Middle Eastern labour markets and aviation routes.

Exchange rate

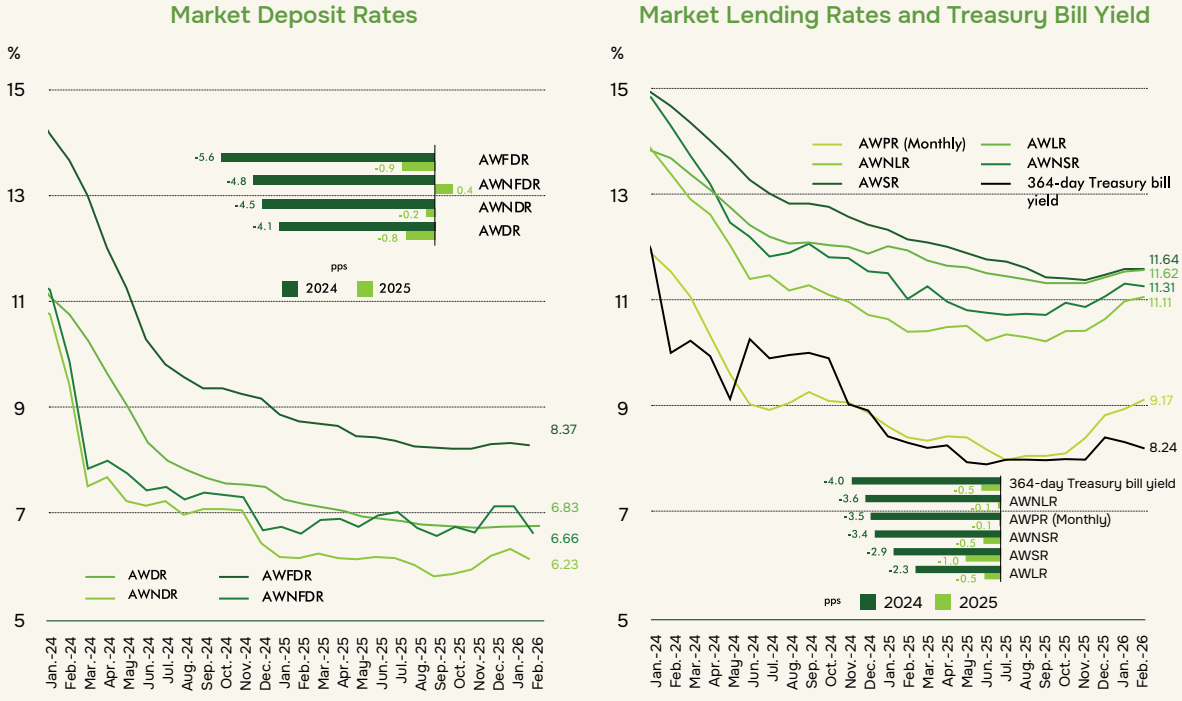
The USD/LKR exchange rate remained broadly stable compared with the volatility experienced during the crisis period, although the rupee recorded a modest depreciation during 2025. Exchange rate stability was supported by improved external inflows, greater confidence, continued policy discipline and the build-up of reserves. Gross official reserves increased further during the year, strengthening Sri Lanka's external buffers and improving the country's ability to absorb external shocks. This improvement was important for restoring confidence among investors, lenders, importers and consumers, while also supporting the stability of the financial system. However, going forward, geopolitical tensions could adversely affect the exchange rate and reserves. A sustained increase in oil prices or shipping costs would increase foreign exchange demand for imports, while risk aversion in global markets could reduce investor appetite for emerging and frontier market assets.

Interest rate movement

Interest rates remained significantly below the elevated levels experienced during the economic crisis period, reflecting improved macroeconomic conditions, subdued inflation and supportive monetary conditions. Lower borrowing costs strengthened credit demand from both households and businesses, contributing to a notable recovery in private sector lending during 2025. The decline in lending rates, together with improving business confidence, recovering consumer demand and the relaxation of import restrictions, supported financing activity across key sectors of the economy.

Figure 1.12

Movements of selected market interest rates



Note: The bar charts represent the annual adjustment in interest rates in 2024 and 2025

Sources: Central Bank of Sri Lanka
Annual Economic Review 2025

However, market developments subsequent to the financial period end indicate a gradual shift in interest rate expectations. The upward revision of the Overnight Policy Rate (OPR) by 100 basis points to 8.75% in May 2026, adjustments to regulatory measures such as loan-to-value limits on vehicle financing, and the upward movement in Government securities yields have contributed to expectations of higher funding costs across the financial sector. While credit demand is expected to remain supported by improving economic activity, financial institutions will need to carefully manage asset-liability repricing, funding costs, liquidity positions and borrower affordability to sustain portfolio growth and asset quality in a potentially rising interest rate environment.

Licensed finance companies sector

The Licensed Finance Companies (LFC) sector in Sri Lanka demonstrated a notable recovery in 2025, reflecting improving macroeconomic conditions and strengthened regulatory oversight. Following the economic stabilisation measures implemented in recent years, the operating environment for non-bank financial institutions improved, with easing inflation, greater exchange rate stability, and gradual recovery in economic activity enhancing borrower repayment capacity and credit demand. Within this context, LFCs continued to play a critical role in financial intermediation, particularly in extending credit to small and medium enterprises and retail customers.

The sector's asset base rose sharply by 44.0%, from LKR 1,928.4 Bn. in 2024 to LKR 2,776.7 Bn. in 2025, driven primarily by a resurgence in lending activity. Net loans and advances remained the dominant component of the asset base, accounting for an 80.2% share, while recording a growth rate of 56.0% compared to the previous year, reflecting renewed demand for leasing, pawning, and other retail lending products. This growth momentum also contributed to improved earnings performance, with profit after tax rising by 49.9%, from LKR 59.0 Bn. to LKR 88.5 Bn., aided by higher net interest income and impairment reversals, as asset quality conditions improved. The recovery was

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particularly relevant to business lines such as vehicle finance, leasing, gold-backed lending and consumer credit, where lower interest rates, improved household cash flows and renewed economic activity supported stronger demand. At the same time, rapid credit growth required continued focus on affordability, collateral quality, repayment behaviour and concentration risk.

A key positive development during 2025 was the marked improvement in asset quality across the sector. The gross Stage 3 loans ratio declined from 11.5% in 2024 to 6.1% in 2025, while the net Stage 3 loans ratio fell from 6.5% to 3.2%, reflecting strengthened recovery efforts, loan restructuring initiatives, and improved macroeconomic conditions. Additionally, provisioning levels were enhanced, reinforcing the resilience of LFC balance sheets. From a funding perspective, while deposits continued to be the primary source of funding, the pace of credit expansion outpaced deposit mobilisation, leading to a relatively higher loan-to-deposit ratio, highlighting the need for continued focus on liquidity management. For LFCs, this underlines the importance of maintaining stable deposit mobilisation, managing funding costs and preserving adequate liquidity buffers to support growth without compromising resilience.

Regulatory oversight by the Central Bank of Sri Lanka remained a key pillar underpinning sector stability, with continued emphasis on prudential requirements, capital adequacy, and governance standards. These measures, together with improved market confidence, supported the overall resilience of the sector. Notwithstanding the positive trajectory, the rapid growth in credit, increased dependence on borrowings, and weakening capital and liquidity cushions indicate that maintaining long-term performance will require prudent credit underwriting, stable funding sources, and continued regulatory supervision.

Outlook for the future

Looking ahead to 2026, Sri Lanka's economic prospects will be subject to significant external and domestic risks. A major consideration for 2026 is the intensity of tensions in the Middle East. The Middle East conflict has increased uncertainty in the global economy by raising concerns over energy supply, shipping routes, commodity prices, inflation and financial market volatility. The IMF has warned that conflict-related disruptions could weaken global growth, raise commodity prices, increase inflationary pressures and tighten global financial conditions. These risks are particularly relevant for small, open, and import-dependent economies such as Sri Lanka.

For Sri Lanka, the most direct transmission channel would be energy prices. Since Sri Lanka remains heavily dependent on imports to fulfil its petroleum requirements, the country remains highly exposed to any sustained increase in crude oil and refined fuel prices. Higher oil prices would increase the import bill, widen the trade deficit, and place upward pressure on inflation. Higher fuel prices would also increase operating costs across transport, logistics, agriculture, manufacturing and tourism-related sectors, thereby affecting overall economic activity. Further, the disruption of shipping routes may hamper fertiliser distribution, potentially causing food shortages and resulting increases in food prices.

The Middle East conflict could have considerable adverse repercussions on Sri Lanka's migrant workers' remittances and the country's tourism industry.

The conflict could also affect global inflation and interest rates. If energy prices remain elevated, central banks in advanced economies may delay monetary easing or maintain tighter financial conditions for longer. This would increase external financing costs for emerging markets, including Sri Lanka. Higher global interest rates could also affect capital flows, sovereign borrowing costs and investor sentiment. Therefore, Sri Lanka's policy space in 2026 will depend not only on domestic inflation and fiscal performance, but also on global financial conditions.

Senkadagala Finance PLC will continue to closely monitor the risks, opportunities and challenges that lie ahead in the context of an uncertain and highly volatile external environment and climate-related shocks. Against this backdrop, the Company will continue to pursue disciplined growth across its core business lines, with particular focus on vehicle finance, leasing, gold-backed lending and consumer credit, while maintaining prudent attention to borrower affordability, asset quality, deposit mobilisation, liquidity and capital strength.

Sources:

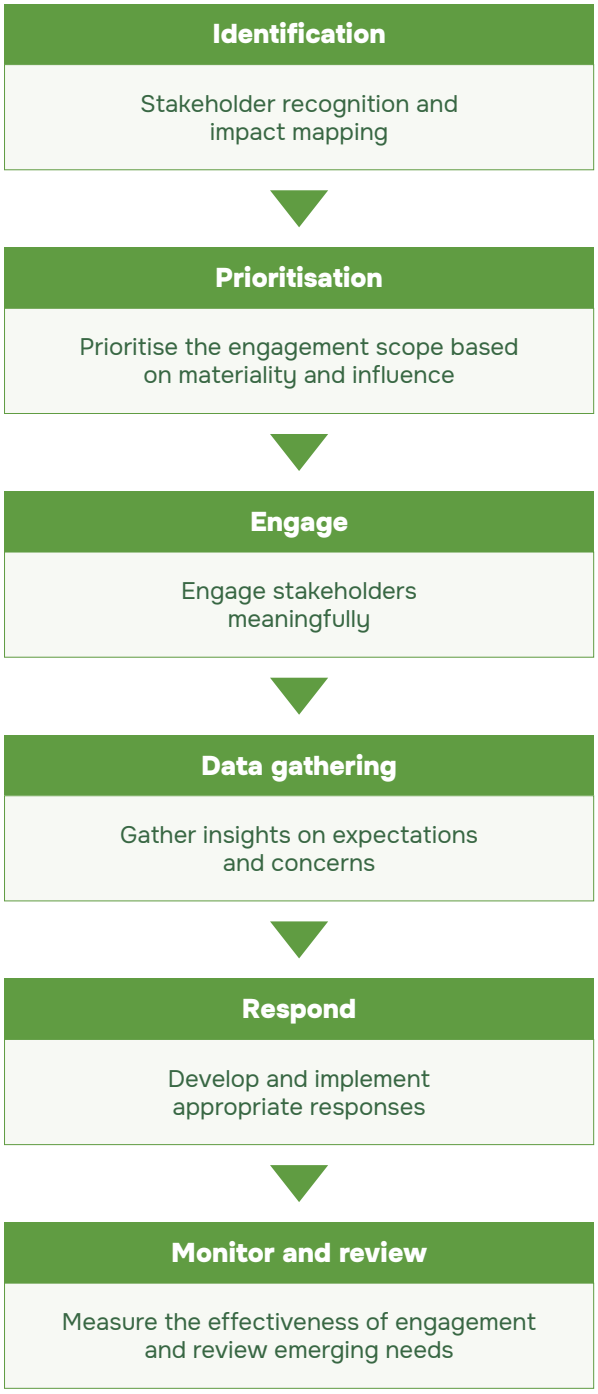
1. CBSL Annual Economic Review 2025
2. IMF World Economic Outlook, April 2026
3. IMF Rapid Financing Instrument for Sri Lanka, December 2025

Stakeholder Engagement

Comprehensive and purposeful stakeholder engagement directly supports our ability to create value and remain responsive to the needs of those who are affected by, or can influence, our business. At Senkadagala Finance, stakeholder engagement is guided by proactive, transparent and continuous dialogue. Through this process, we seek to understand expectations, identify concerns, respond appropriately and incorporate stakeholder perspectives into strategic and operational decision-making.

During FY 2025/26, stakeholder engagement remained particularly important as the Company expanded its branch network, strengthened customer access, completed a rights issue, reviewed governance and compliance frameworks, and continued to invest in technology, risk management and service delivery. These developments required clear communication and responsible execution across customers, employees, shareholders, investors, regulators, suppliers, business partners and communities.

Our stakeholder engagement process continued to follow a structured approach:



Stakeholder impact map

The following impact map illustrates the relationship between Senkadagala Finance and its key stakeholder groups. It outlines how stakeholders influence the Company and how our activities, decisions and services affect them.

Stakeholder	Impact of the stakeholder	Influence of Senkadagala Finance on stakeholder	Influence of stakeholder on Senkadagala Finance
Shareholders and other investors	Shareholders and investors support the Company's capital base, listed market presence and confidence in long-term growth. Their expectations influence transparency, financial discipline, governance and capital allocation.	H	H
Customers	Customers are central to the Company's financial intermediation role. Their needs, repayment capacity, trust and feedback influence product relevance, responsible lending, service quality and portfolio growth.	H	H
Employees	Employees support customer relationships, operational execution, compliance culture and service consistency across the branch network. Their capability and engagement remain essential to business continuity and growth.	H	H
Suppliers and business partners	Suppliers and business partners support operational continuity through goods, services, technology, branch fit-outs, maintenance and other operational requirements.	H	M
Government and regulatory authorities	Regulators and authorities influence licensing, compliance, governance, prudential standards, disclosures and the broader operating environment of the Company.	M	H
Society and environment	Communities and the environment shape the Company's social licence to operate. Our role in access to finance, responsible lending, resource use and environmental and social risk management supports wider social and environmental value.	M	L

H = High M = Medium L = Low

Mode and frequency of stakeholder engagement

Stakeholder	Engagement activity	Frequency	Topic of accountability	Method/FY 2025/26 update
Shareholders and other investors	Annual General Meeting (AGM)	Annually	Financial performance, governance, transparency, and other disclosures	The Company's 56th AGM facilitated open dialogue between the Company and investors
	Integrated Annual Report	Annually	Integrated performance, governance, transparency, and other disclosures.	The Report presents transparent and comprehensive information to make informed decisions
	Extraordinary General Meeting (EGM)	When required	Governance, transparency and other disclosures	An EGM was held on 19 January 2026 to approve the rights issue.
	Interim financial statements and investor presentations	Quarterly	Financial performance and investor communication	Interim financials provided to shareholders and other investors of the Company contain timely and relevant information
	Press conferences and releases	When required	Information related to business expansion, strategy and any other topic of relevance.	The Company has published its Half-Yearly Financial Statements in newspapers in compliance with the applicable regulatory and listing requirements.
	Communication made to the Colombo Stock Exchange (CSE)	When required	Matters pertaining to investor relations, financial information, transparency, regulatory requirements and corporate governance	Documents submitted and shared via the CSE
	One-to-one discussions	When required	Financial inclusion, corporate governance, risk management or any other topic relevant to shareholders/investors	In-person discussions
	Corporate website	Ongoing	Sustainable growth of the Company, relevant data and information.	Regular updates

Stakeholder Engagement

Stakeholder	Engagement activity	Frequency	Topic of accountability	Method/FY 2025/26 update
Customers	Physical and digital touchpoints	Ongoing	Financial inclusion	A wide range of services made available to our customer base through both personalised interactions across our network of 149 branches, and via various technological platforms
	Town storming, leaflet campaigns, banners, street promotions	When required	Creating awareness about new on-boarding, financial inclusion, affordability of services, new products and services, and convenience	Leaflet campaigns were carried out before opening new branches, in respective localities
	Relationship Managers	Ongoing	Service quality, customer satisfaction, information security, and mutually beneficial relationships.	Relationship Managers offer a personalised service to the customer, on a proactive or needs-based approach.
	Marketing communications and product awareness	When required	Scope and affordability of products and services, strength of the Company, and ease of access.	Print, electronic and social media platforms
	Corporate website	When required	Information related to offered products and services and sustainable growth of the Company	Regular updates
	Customer workshops	When required	Financial inclusion	In person meetings, workshops
	Feedback/customer support redress mechanisms	Ongoing	Complaints handling, service quality and customer experience	Complaints, feedback and service queries received through branches, call centres and digital touchpoints are reviewed and addressed through defined processes, with escalation where required.

Stakeholder	Engagement activity	Frequency	Topic of accountability	Method/FY 2025/26 update
Employees	Executive meetings	Monthly	Performance management and business developments.	Ongoing dialogue on business development, and potential concerns
	Managers' conference	When required	Performance, reward management, business developments, and other risk-related issues.	Purposeful discussions on performance evaluation and business development
	Regional review meetings	Quarterly	Local business development and regional performance	Data received from the Management Information System is analysed and discussed to improve performance to align with business objectives
	Memoranda	When required	Inclusion/information dissemination	Documented
	Emails	When required	Recruitment, retention and attrition, announcements, and other information.	Webmail services
	Training programmes	When required	Value-driven corporate culture, skill upgrading, knowledge sharing.	Through physical and digital platforms, 3,908.5 training hours were recorded in 2025/26
	Special events for staff engagement	When required	Diversity and inclusion and unity	Tailored to the specific event
	Open door policy	Ongoing	Whistleblower facilitation, Career progression, accountability, grievances, concerns	Direct engagement, and the updated Whistleblower policy of the Company
	Operational guidelines	Ongoing	Knowledge and technical capacity	Available as manuals, policies and procedures, physically and through the reference section of the core system of the Company and communicated during training programmes
	Code of conduct	Ongoing	Best practices and business value creation.	Facilitated by the HR department
	Performance evaluation	Ongoing	Performance management	Carried out annually through discussions
Suppliers and business partners	Supplier relationship management	Ongoing	Contractual performance and ongoing business development	Regional and branch level programmes
	On-site visits and meetings	When required	Responsible sourcing and future business opportunities.	Site visits

Stakeholder Engagement

Stakeholder	Engagement activity	Frequency	Topic of accountability	Method/FY 2025/26 update
Government and regulatory authorities	On-site and off-site surveillance	When required	Compliance with all regulatory requirements.	Timely disclosures and compliance
	Directives and circulars	Ongoing	Corporate governance, business expansion and growth.	A Compliance policy is in place to ensure that all such directives are adhered to and updated, as and when necessary
	Meetings and consultations	When required	Regulatory compliance	Periodic meetings organised by regulatory bodies
	Press releases	Semi-annual	Financial performance, business trends and KPIs.	Timely publishing of the financial results in line with regulatory requirements
	Periodic returns	Periodically when required	Financial performance	Timely submission of financial performance in the required format through online portals
Society and environment	Branch network	Ongoing	Responsible financial ethics and business conduct	Facilitation of financial inclusion in underserved areas.
	Press releases, conferences and media briefings	When required	Community investment	Media conferences
	Informal briefings and communications	When required	Financial inclusion	Leaflet campaigns, town storming, promotional campaigns
	Public events	When required	Recruitment and financial inclusion	No public events were organised during the year
	Call centre and information centre	Ongoing	Information relating to products and environmental impact	Wider public/community queries and concerns are addressed, including product and service information, provided to the general public through multiple channels.
	Environmental monitoring and resource use	Ongoing	Utility consumption, paper-light processes, waste management and responsible resource use	Environmental initiatives continued to be monitored as part of the Company's environmental footprint.
	Financial Literacy	When required	Financial literacy, capital market awareness and responsible participation	Engagement with universities through MoUs and organised competitions attracting target audiences
	Corporate website	Ongoing	Environmental accountability	Regular updates

These engagement mechanisms help us strengthen stakeholder confidence, manage expectations and respond to emerging needs. As the Company continues to expand, stakeholder engagement will remain an important part of maintaining trust, improving service delivery, strengthening governance and supporting responsible growth.

Materiality

Determining materiality is central to identifying the matters that influence value creation, stakeholder expectations and the long-term performance of Senkadagala Finance. It improves communication, sharpens strategic focus, strengthens risk management and improves the relevance of our reporting. By prioritising what matters most, the Company supports transparency, trust and responsible decision-making.

Materiality refers to the process of identifying and prioritising information that is important to understanding the Company's ability to create value over the short, medium and long term. This includes economic, environmental, social and governance matters that affect strategy, performance, risk, stakeholder confidence and future outlook.

During FY 2025/26, the Company's material matters continued to reflect its role as a licensed finance company, a listed entity and a financial services provider with an expanding island-wide presence.

Key areas included economic performance, access to finance, responsible lending, governance, compliance, cybersecurity, employee capability, customer privacy, environmental and social risk management, and resource efficiency.

The materiality assessment conducted in the previous year remained valid for FY 2025/26 and was reviewed by Management, with developments during the year reflected within the relevant capital narratives and management approach.

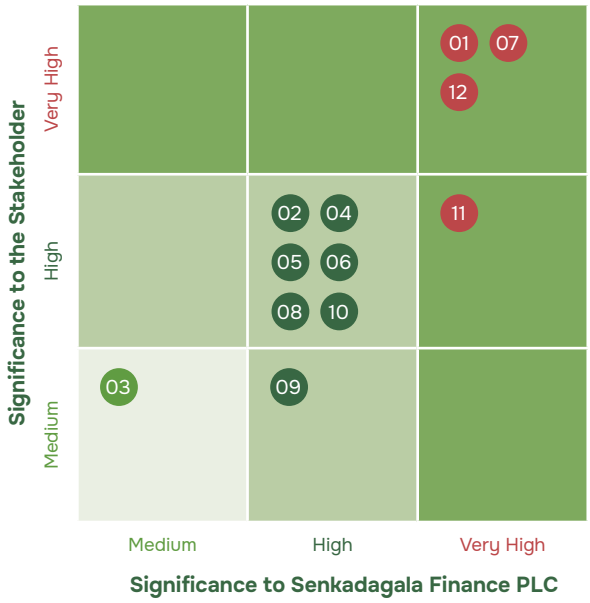
Materiality matrix

A materiality matrix helps identify and prioritise the Environmental, Social and Governance matters most relevant to both Senkadagala Finance and its stakeholders. The matrix supports integrated reporting by identifying the matters that should receive greater emphasis in the Annual Report and in ongoing management attention.

Identified material aspects

Aspect	Indication	Significance	
		to Senkadagala Finance	to stakeholders
Economy			
01. Economic performance	GRI 201	V	V
Environmental			
02. Energy	GRI 302	H	H
03. Water and effluents; Waste	GRI 303; GRI 306	M	M
04. Compliance	GRI 2-27	H	H
Social			
Labour practices and decent work			
05. Employment	GRI 401	H	H
06. Occupational health and safety	GRI 403	H	H
07. Training and education	GRI 404	V	V
08. Labour practices/Grievance mechanisms	GRI 2-26; GRI 405; GRI 406	H	H
Society			
09. Local communities	GRI 413	H	M
10. Anti-corruption	GRI 205	H	H
Product responsibility			
11. Product and service labelling	GRI 417	V	H
12. Customer privacy	GRI 418	V	V

M = Medium H = High V = Very High



Management approach

In delivering and deriving value from stakeholders, Senkadagala Finance bases its materiality decisions on shared values that promote ethical, responsible and sustainable operations. The Company places emphasis on aligning strategic objectives with stakeholder engagement, regulatory requirements and risk management practices. Key performance indicators are used to monitor material aspects where data is available, while Key Responsible Persons and Senior Management are expected to uphold transparency, accountability and ethical conduct at all times.

Policies, procedures and internal controls are in place to govern business operations and mitigate risk. During FY 2025/26, the Company reviewed and updated several policies, procedures and operational manuals across governance, risk management, compliance, information security, data protection, AML/CFT and proliferation financing, business continuity, credit risk, deposits and operations. These measures supported more consistent management of material matters across the Company's wider operating footprint.

The Company also continued to strengthen the management of social and environmental matters through responsible lending, ESMS application, paper-light processes, utility monitoring and branch-level engagement. As the branch network expanded, these areas became increasingly relevant to the way we assess impact, manage resources and support customers and communities.

Materiality is also reflected in our approach to customer engagement, employee development, financial inclusion and investor communication. During the year, branch expansion improved access to formal financial services, local recruitment supported regional engagement, investor communication was strengthened through the rights issue process and financial literacy initiatives through Senfin Securities supported broader capital market awareness.

The Company ensures timely disclosures in line with regulatory requirements, supported by Board and Committee oversight, internal audit, compliance monitoring and external audit processes. These mechanisms help ensure that material matters are identified, monitored and reported in a manner that supports transparency, governance and stakeholder confidence.

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Our Story in 2025/26



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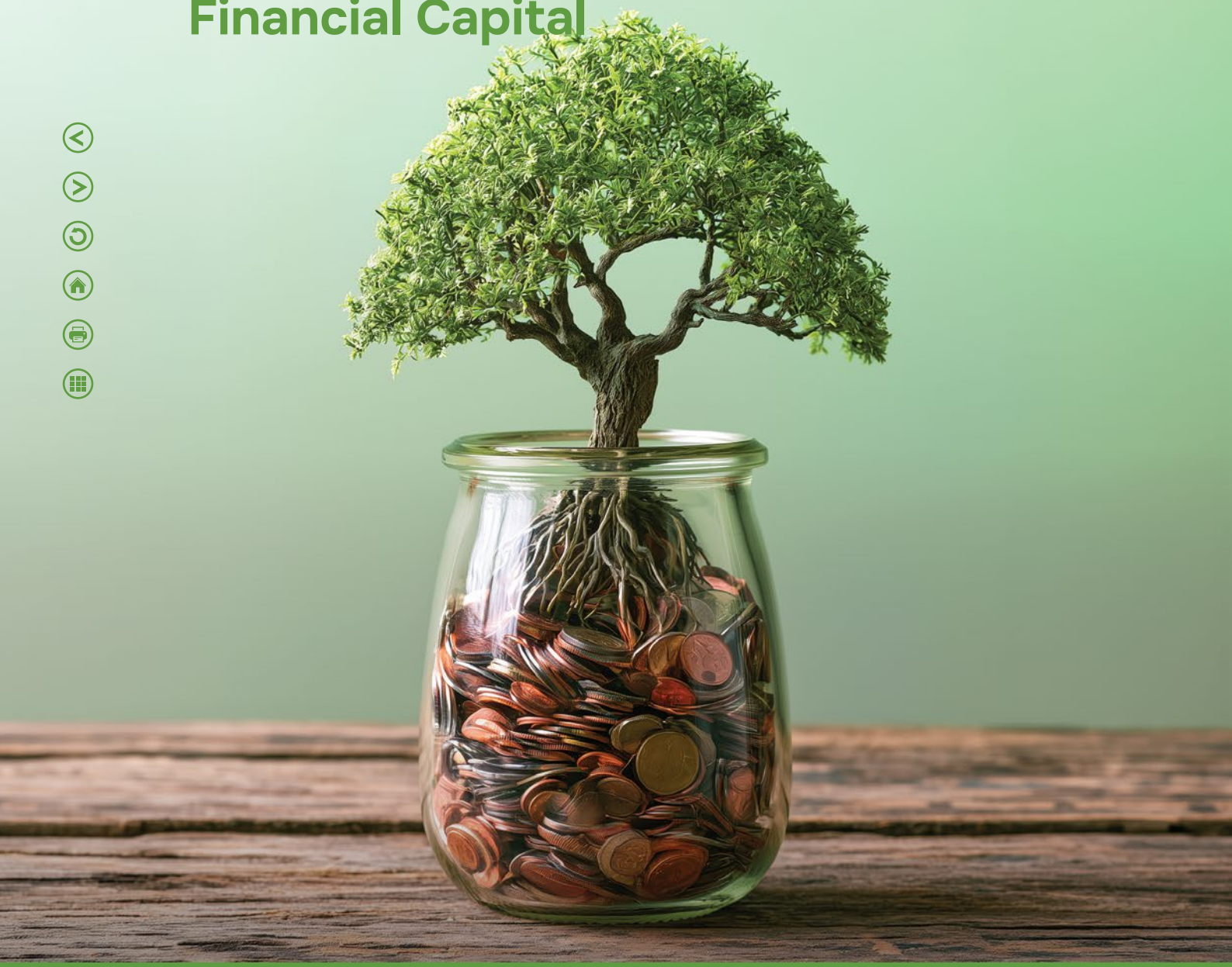
Financial Capital



Senkadagala Finance sustained its strong performance momentum during FY 2025/26, recording the highest-ever pre-tax and post-tax profits in the Company's history, with Group post-tax profit surpassing the LKR 2 Bn. milestone to reach LKR 2.05 Bn. Total assets surpassed the LKR 50 Bn. mark, with loans and advances recording year-on-year growth of 36.90%, reflecting sound financial management, disciplined portfolio growth and continued focus on sustainable value creation.

An overview of the year

The financial year 2025/26 presented a gradually stabilising operating environment for the non-bank financial institution sector. Moderating inflation, relative exchange rate stability and the normalisation of economic conditions supported improved credit activity and asset yields. At the same time, funding costs remained relatively elevated compared to historical levels, while competition for quality lending and depositor funding required active pricing discipline, portfolio management and careful balance sheet management.

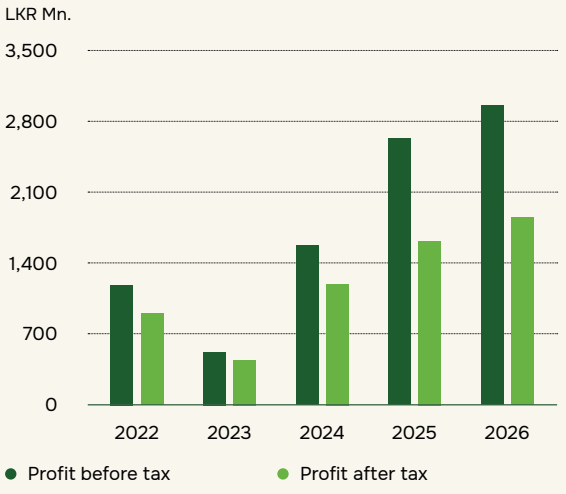
Against this backdrop, Senkadagala Finance delivered strong financial results, supported by prudent risk management, effective pricing strategies, portfolio optimisation and disciplined cost management. Profit before income tax increased to LKR 2,959 Mn., reflecting year-on-year growth of 12.60%, while profit after tax increased by 13.91% to LKR 1,848 Mn., marking the highest pre-tax and post-tax profits ever recorded by the Company.

Total assets of the Company reached LKR 57,070 Mn., crossing the LKR 50 Bn. milestone for the first time. This growth was primarily driven by the expansion of loans and advances, which reached LKR 41,205 Mn., compared to LKR 30,099 Mn. in the previous year. The lending portfolio was supported by continued demand across finance leases, hire purchase, margin trading, gold-backed lending and other credit products.

The Company also strengthened its capital position during the year through the successful rights issue, which supported the expansion of the lending portfolio while maintaining strong capital adequacy levels. As at 31 March 2026, the Company reported a core capital ratio of 21.92% and a total capital ratio of 23.84%, well above the applicable minimum regulatory requirements of 8.5% and 12.5% respectively. Customer deposits increased by 5.54% to LKR 14,088 Mn., reflecting the continued stability of the Company's deposit franchise amid a competitive funding environment.

Financial results	2026 (LKR '000)	2025 (LKR '000)	Change (%)
Total assets	57,069,586	40,765,724	39.99
Loans and advances	41,205,075	30,098,909	36.90
Customer deposits	14,087,686	13,348,714	5.54
Total equity	12,571,463	9,926,796	26.64
Gross income	10,625,813	9,211,900	15.35

Profit before and after tax



The comparison below places Senkadagala Finance's FY 2025/26 performance within the wider Licensed Finance Companies sector context. It provides a useful reference point for assessing the Company's sector-relative position and reflects the strength of its disciplined growth, sound financial management and resilient balance sheet.

Area	KPI	Senkadagala Finance	Industry	Status
Profitability	ROE	16.42%	17.13%	►
Profitability	ROA (before tax)	7.84%	6.24%	▲
Profitability	NIM	14.50%	10.01%	▲
Efficiency	Cost to Income	42.62%	46.92%	▲
Asset Quality	Gross Stage 3	5.43%	4.42%	▼
Asset Quality	Net Stage 3	2.65%	2.43%	►
Capital	Core Capital Ratio	21.92%	16.58 %	▲
Capital	Total Capital Ratio	23.84%	18.45%	▲
Liquidity	Liquid assets to total assets	15.58%	8.86%	▲

▲ Better than Industry ► In Line with Industry ▼ Below Industry

Source: Central Bank of Sri Lanka – Licensed Finance Companies Sector Statistics, March 2026.

Financial performance in detail

Net interest income

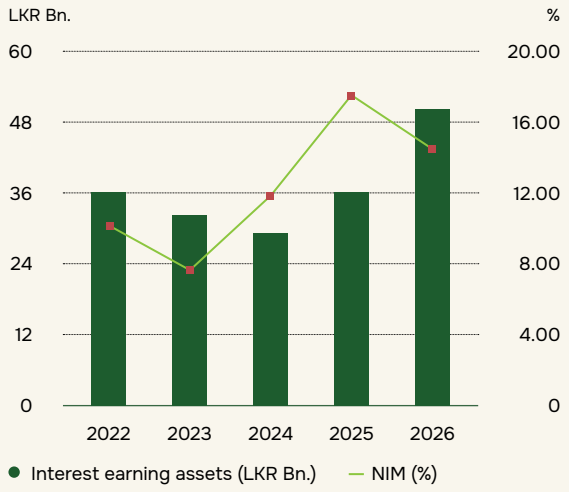
During the year, the interest rate environment stabilised at lower levels than those experienced during the peak of the economic crisis, supporting stronger credit activity across the sector. However, funding costs remained above longer-term historical levels and required management attention as the Company funded a larger lending portfolio while competing for quality lending opportunities. Senkadagala Finance responded by actively managing its pricing, funding mix and asset-liability position to support credit expansion while preserving returns.

Interest income increased to LKR 9,430 Mn., reflecting an 11.48% increase compared to the previous year. This was mainly supported by growth in the lending portfolio, with finance leases and hire purchase remaining the largest contributor. Interest income from other loans and receivables also increased during the year, supported by the continued growth of products such as margin trading and gold-backed lending.

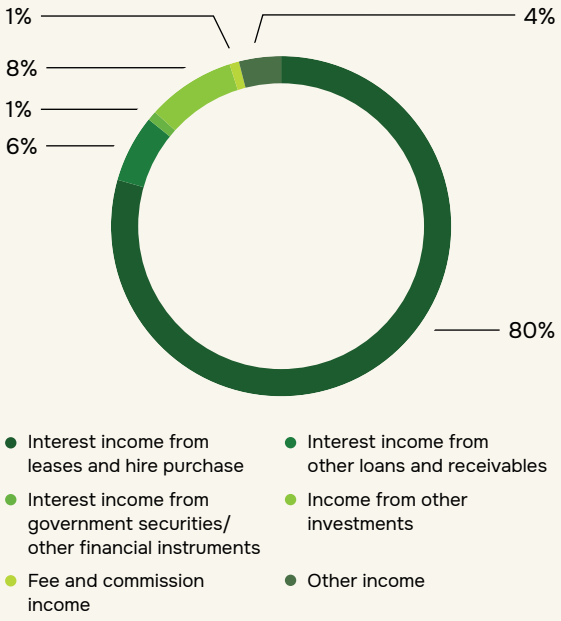
Interest expense increased to LKR 3,183 Mn., compared to LKR 2,733 Mn. in the previous year, largely due to the higher level of bank borrowings required to support portfolio growth. However, the Company continued to manage deposit pricing with discipline and deliberately avoided aggressive price competition for depositor funding, supporting the management of overall funding costs.

The Company's net interest income increased to LKR 6,247 Mn., up from LKR 5,725 Mn. in the previous year, reflecting year-on-year growth of 9.11%. While the Net Interest Margin moderated to 14.50% from 17.53% in FY 2024/25, the impact was partly mitigated by growth in asset volumes, disciplined pricing and effective balance sheet management.

Interest earning assets and NIM



Sources of income



Income

Fund-based income remained the primary contributor to the Company's income during the year. Gross income increased by 15.35% to LKR 10,626 Mn., compared to LKR 9,212 Mn. in FY 2024/25. Interest income from finance leases and hire purchase amounted to LKR 8,436 Mn., while interest income from other loans and receivables increased to LKR 678 Mn.

The Company also benefited from stronger gains on financial instruments measured at fair value through profit or loss, which increased to LKR 612 Mn. from LKR 141 Mn. in the previous year. Other operating income increased to LKR 427 Mn., supported mainly by gains on disposal of property, plant and equipment, dividend income, recoveries and other operating income streams.

Fee and commission income increased to LKR 93.4 Mn., supported by business expansion during the year. At Group level, fee and commission income increased to LKR 423 Mn., reflecting contributions from Group entities whose income streams include commission and management fee income.

Margin trading continued to gain traction, with the portfolio increasing to LKR 3,819 Mn., compared to LKR 1,960 Mn. in the previous year. Gold-backed lending also expanded, with gross gold-backed loans reaching LKR 927.9 Mn., supporting customers requiring short-term liquidity.

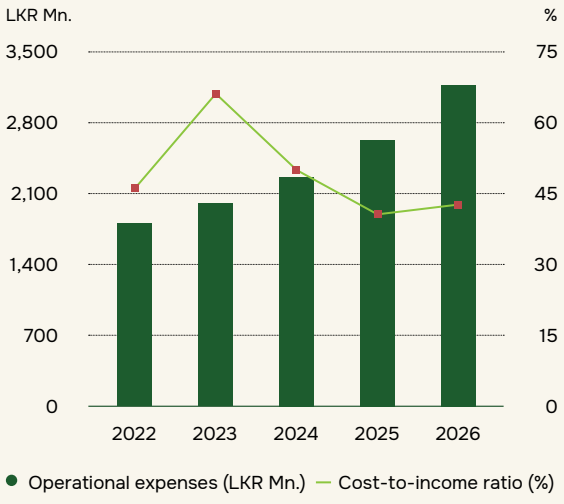
Operational efficiency

The Company continued to focus on operational efficiency while expanding its branch network and supporting a higher level of business activity. Cost management remained important during the year, particularly as the wider operating footprint required additional investment in people, premises, technology and support functions.

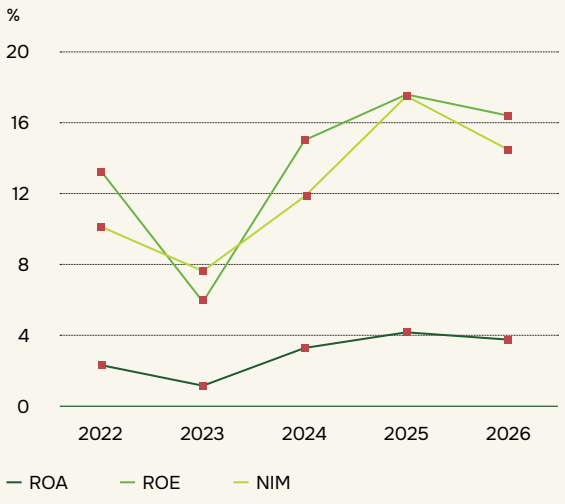
Personnel expenses increased to LKR 1,689 Mn., compared to LKR 1,208 Mn. in the previous year, reflecting the larger workforce base, salary adjustments and performance-related incentives. Depreciation and amortisation expenses increased to LKR 341 Mn., while other operating expenses increased to LKR 1,088 Mn., reflecting the wider operating scale and continued investment in operational capacity.

Despite the increase in operating expenses, the Company maintained a cost-to-income ratio of 42.62%. This was supported by growth in total operating income, process improvements, disciplined cost management and continued investment in systems, digitalisation, compliance automation and technology-enabled risk management.

Operational efficiency



Profitability indicators of the Company



Profitability

The Company recorded profit before income tax of LKR 2,959 Mn., compared to LKR 2,628 Mn. in the previous year, reflecting year-on-year growth of 12.60%. Profit after tax increased by 13.91% to LKR 1,848 Mn., compared to LKR 1,622 Mn. in FY 2024/25. This enabled the Company to achieve the highest post-tax profit in its history.

Profitability was supported by the expansion of the lending portfolio, growth in net interest income, stronger gains from financial instruments and continued cost discipline. The Company's risk-driven customer screening tool also supported this performance by enabling lending decisions and pricing to be aligned with borrower risk profiles, thereby balancing growth, risk and return.

In terms of profitability indicators, Return on Assets stood at 3.78%, while Return on Equity stood at 16.42%, reflecting continued profitability despite margin compression. While the Net Interest Margin moderated, the cost-to-income ratio stood at 42.62%, supported by income growth and disciplined cost management despite the expansion of the branch network and higher operating scale.

At Group level, profit after tax increased to LKR 2,051 Mn., compared to LKR 1,772 Mn. in the previous year. Profit before income tax stood at LKR 3,233 Mn., compared to LKR 2,829 Mn. in FY 2024/25, reflecting improved performance across the Company and its Group entities.

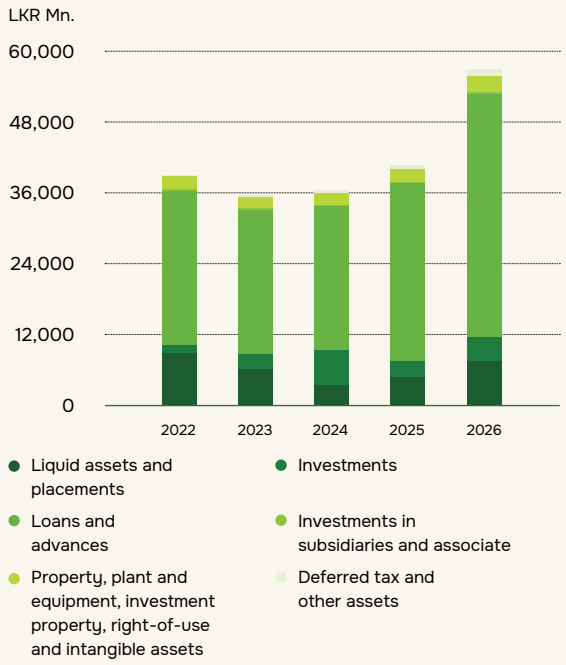
Assets

As at 31 March 2026, the Company's total assets rose to LKR 57,070 Mn., marking a 39.99% year-on-year increase from LKR 40,766 Mn. recorded in the previous year. This increase was largely driven by the continued expansion of the lending portfolio.

Loans and advances increased by LKR 11,106 Mn. during the year, reaching LKR 41,205 Mn. Finance leases and hire purchase remained the largest component of the portfolio, while other loans and receivables also grew, supported by margin trading, gold-backed lending and other credit products.

The Company maintained a sizeable liquid asset base to support loan growth and meet liquidity requirements. Liquid assets, as defined by CBSL guidelines, totalled LKR 8,891 Mn. as at the reporting date, compared to LKR 5,979 Mn. in the previous year. Liquid assets accounted for 15.58% of the Company's total assets at year-end.

Total assets



Loans and advances

Loan type	2026 (LKR '000)	2025 (LKR '000)	Change (%)
Finance leases and hire purchase	34,632,044	26,505,267	30.66
Commercial loans and personal loans	604,933	509,392	18.76
Gold-backed loans	910,952	547,529	66.38
Margin trading	3,819,171	1,959,728	94.88
Other advances	1,237,975	576,993	114.56
Total	41,205,075	30,098,909	36.90

Total loans and advances grew by 36.90% over the year, reaching LKR 41,205 Mn. compared to LKR 30,099 Mn. in the previous year. This increase reflected stronger credit demand, wider branch access and continued growth across the Company's core lending products.

Finance leases and hire purchase increased by 30.66% to LKR 34,632 Mn. The gradual easing of motor vehicle import restrictions supported demand for vehicle financing, while the re-introduction of hire purchase enabled the Company to better align its product offering with evolving market, tax and regulatory conditions.

Margin trading recorded growth of 94.88%, reaching LKR 3,819 Mn. by year-end, supported by improved investor sentiment and stronger equity market activity. Growth was accompanied by continued monitoring of collateral values and concentration limits. Net gold-backed loans increased by 66.38% to LKR 911 Mn., providing short-tenure liquidity support to customers. Other advances also increased to LKR 1,238 Mn. during the year.

Asset quality

Maintaining asset quality remained a key management priority during the year, particularly as the lending portfolio expanded. The Company continued to strengthen credit evaluation, monitoring and recovery processes, supported by its risk-driven customer screening tool and risk-based pricing framework.

The gross Stage 3 loan ratio improved to 5.43%, compared to 7.24% in FY 2024/25, while the net Stage 3 loan ratio improved to 2.65%, compared to 3.07% in the previous year. The stage-wise profile of the lending portfolio also improved, with Stage 1 increasing to 82.2% and Stage 3 reducing to 5.4%, reflecting continued credit discipline and focused recovery action.

While certain borrower segments continued to experience residual stress, proactive engagement, targeted recovery efforts and disciplined underwriting practices helped maintain asset quality within acceptable risk parameters. This enabled the Company to pursue portfolio growth while remaining focused on risk-adjusted returns.

Liabilities

As at the end of the reporting period, the Company's total liabilities stood at LKR 44,498 Mn., reflecting a 44.29% increase compared to LKR 30,839 Mn. in the previous year. This increase was mainly attributable to higher bank borrowings obtained to support the expansion of the lending portfolio.

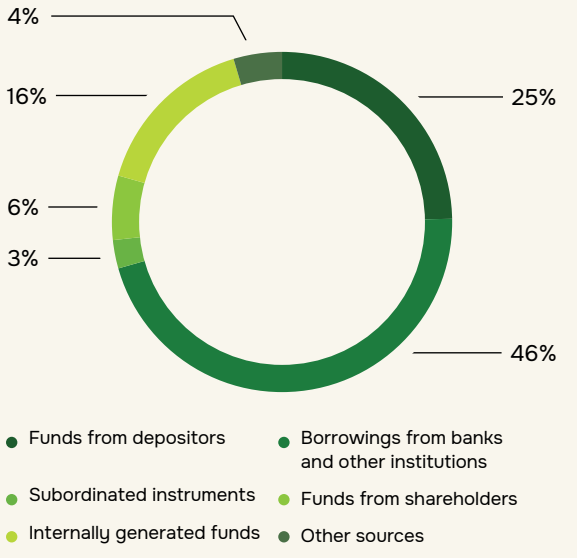
Bank borrowings increased to LKR 26,222 Mn., primarily to finance portfolio growth. Other borrowings declined to nil following the settlement of asset securitisation loans classified under other borrowings in the previous year. The subordinated term loan remained broadly stable at LKR 1,544 Mn. as at year-end.

The Company continued to rely on large-scale funding to finance portfolio growth, while also exploring shorter-term funding avenues to better manage asset-liability maturity alignment in line with the evolving product mix.

A key strength of the Company's funding strategy continued to be its longstanding relationships with commercial banks, development finance institutions and other funding partners. These relationships, supported by the Company's consistent financial performance, governance standards and track record of meeting obligations, enabled access to institutional funding while reducing the need to rely solely on aggressive deposit pricing in a competitive funding environment.

The Company did not list any debentures during FY 2025/26 and had no listed debentures or other listed debt instruments outstanding as at 31 March 2026.

Sources of funding



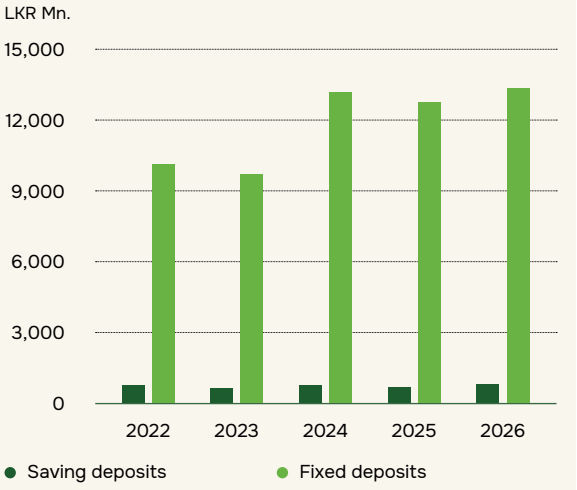
Deposits from customers

In a competitive funding environment, Senkadagala Finance maintained stability in its deposit base, recording a 5.54% increase from LKR 13,349 Mn. in the previous year to LKR 14,088 Mn. as at year-end. The Company continued to avoid aggressive price competition for depositor funding, supporting disciplined margin management.

Fixed deposits, which accounted for 94.28% of the total deposit base, increased to LKR 13,282 Mn., compared to LKR 12,691 Mn. in the previous year. Savings deposits, representing 5.72% of total deposits, increased to LKR 806 Mn., compared to LKR 658 Mn. in FY 2024/25.

To enhance the appeal of its savings products, the Company continued to offer value-added services and features comparable to bank deposit accounts, while providing customers with attractive returns.

Deposit base



Shareholders' funds and capital position

Total shareholders' funds increased by 26.64% during the financial year, reaching LKR 12,571 Mn. compared to LKR 9,927 Mn. in the previous year. This increase was supported by retained profits and the successful rights issue completed during the year, which strengthened the Company's equity base and supported the expansion of the lending portfolio.

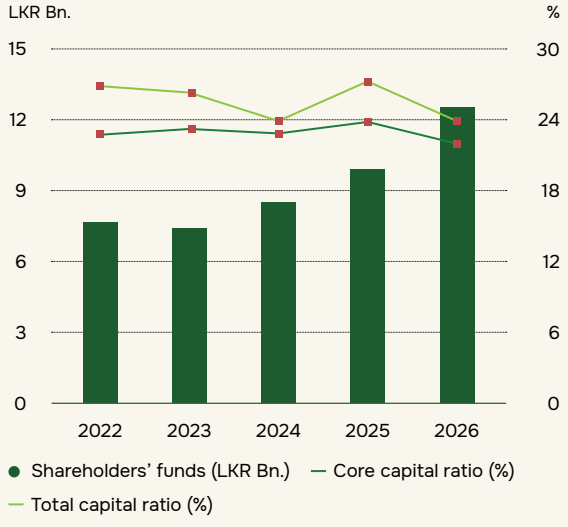
Stated capital increased to LKR 3,460 Mn. following the rights issue of ordinary voting shares. In line with the Finance Companies Capital Funds Directions, the Company transferred LKR 100 Mn. from annual profits to the Statutory Reserve Fund, increasing the Fund to LKR 776 Mn. by year-end.

Retained earnings increased to LKR 8,370 Mn., reflecting profit retained within the business after dividend distribution and statutory reserve transfer. The fair value reserve reported a negative balance of LKR 34.2 Mn., improving from a negative balance of LKR 74.8Mn of the previous year, reflecting changes in the fair value of equity investments measured at fair value through other comprehensive income.

As at 31 March 2026, the Company reported a core capital ratio of 21.92% and a total capital ratio of 23.84%, compared to 23.84% and 27.30% respectively in FY 2024/25. Both ratios remained well above the minimum regulatory requirements under the Finance Business Act Directions on capital adequacy.

The strengthened capital position supported business growth, improved financial resilience and reinforced confidence among depositors, lenders, shareholders and other stakeholders. Further information on the Company's capital position is detailed in the Shareholder and Investor Capital section of this Report.

Shareholders' funds and capital ratios



Cash flows and liquidity

Senkadagala Finance continued to maintain a balanced funding mix comprising customer deposits, borrowings and shareholders' equity. Liquidity management remained a key priority as lending activity expanded and the branch network continued to grow.

Driven by the significant growth in finance leases and lending during the year under review, operating cash flows reflected a net outflow of LKR 10,794 Mn. Investing activities recorded a net cash outflow of LKR 829 Mn., reflecting investment in trading securities and continued capital expenditure. Financing activities generated net cash inflows of LKR 13,013 Mn., supported by borrowings obtained during the year and proceeds from the rights issue.

As at year-end, the Company maintained total liquid assets of LKR 8,892 Mn., compared to the required minimum liquid asset amount of LKR 1,834 Mn. This liquidity buffer supported portfolio growth, business continuity and the Company's ability to respond to market volatility.

Group performance

At subsidiary level, Senkadagala Insurance Brokers (Pvt) Ltd., Senfin Asset Management (Pvt) Ltd. and Senfin Securities Limited contributed positively to the Group's performance during the year. Senfin Asset Management continued to grow its Assets Under Management and unitholder base, while Senfin Securities benefited from stronger capital market activity and improved investor participation. Together, these entities broadened the Group's income streams and supported the Group's ability to create value across lending, insurance brokering, asset management and capital market services.

Financial performance of subsidiaries and associate company

A summary of the financial performance of the subsidiaries and associate company for the year is presented below:

Financial results	SIB (LKR '000)	SFAM (LKR '000)	SSL (LKR '000)
Gross income	206,233	185,367	330,359
Profit before tax	187,220	86,848	132,917
Profit after tax	140,775	62,385	83,078
Total assets	313,439	356,149	839,353
Total equity	291,375	284,638	586,211

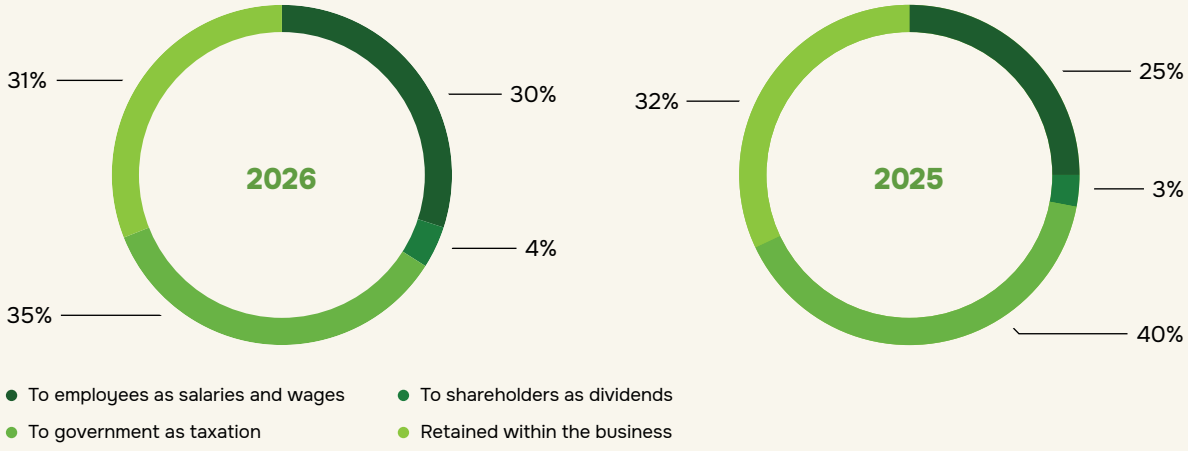
Value addition and distribution

The value addition and distribution analysis illustrates how the financial benefits generated through the Company's business activities were shared among key stakeholder groups, including employees, shareholders, government and the business itself.

During FY 2025/26, the value created through the Company's lending, leasing and financial services activities was distributed among employees, shareholders and the Government, while a substantial proportion was retained within the business to support future growth and strengthen the capital base.

The Company continued to contribute to Government revenue through income tax, taxes on financial services and other applicable levies. During the year, taxes on financial services increased to LKR 875.3 Mn., comprising Value Added Tax on financial services of LKR 768.2 Mn. and Social Security Contribution Levy of LKR 107.1 Mn. Income tax expense amounted to LKR 1,210.0 Mn., compared to LKR 1,179.0 Mn. in FY 2024/25.

Distribution of value addition



	2026 (LKR '000)	2025 (LKR '000)	Change (%)
Value added			
Gross income	10,625,813	9,211,900	15
Contribution from associate	29,263	11,984	144
Less:			
Cost of borrowings	(3,182,639)	(2,733,358)	16
Payments towards support services	(1,142,968)	(1,103,455)	4
Provisions for loan losses	(465,631)	(476,839)	(2)
Total value added	5,863,838	4,910,232	19

	2026 (LKR '000)	Share (%)	2025 (LKR '000)	Share (%)	Change (%)
Distribution of value addition					
To employees					
as salaries and wages	1,042,275	18	881,921	18	18
as other benefits	699,904	12	355,329	7	97
To shareholders					
as dividends	241,584	4	155,304	3	56
To government					
as income taxation	1,209,984	21	1,178,959	24	3
as taxes on financial services	875,307	15	758,863	15	15
Retained within the business					
as depreciation for replenishment of assets	340,872	6	314,748	6	8
as deferred taxation	(114,765)	(2)	(181,876)	(4)	(37)
as reserves	1,568,677	27	1,446,983	29	8
Total value distributed	5,863,838	100	4,910,232	100	19

Institutional Capital



Institutional capital enables effective decision-making, operational efficiency and compliance, while strengthening the organisational resilience required for long-term sustainability. At Senkadagala Finance, it represents the systems, structures, governance practices, internal controls, technology platforms and shared ways of working that guide how we operate, monitor performance and manage risk. This institutional strength allows us to maintain consistency across a growing operating footprint, respond to change with clarity, and continue building the trust of customers, regulators, investors and other stakeholders.

Institutional capital is not always the most visible part of the business, but it is one of the most important. It connects strategy with execution, and turns individual effort into collective performance. For a financial institution with an expanding branch network, growing transaction volumes and increasing regulatory expectations, these systems and controls provide the discipline, reliability and responsiveness needed to operate at scale. In 2025/26, this became particularly important as we continued to expand our physical presence, strengthen digital enablement and reinforce governance across the organisation.

Resilience through structure and discipline

Over its 57-year journey, Senkadagala Finance has built institutional resilience through deliberate investment in governance, systems, controls and values. This foundation has supported the Company through periods of economic uncertainty, regulatory change and evolving customer needs. It has also allowed us to grow with a clear understanding of risk, supported by established policies, defined responsibilities and a culture that values accountability.

At Senkadagala Finance, operational efficiency and compliance continue to be embedded in the way we work. The Three Lines of Defence model, reinforced in the previous year, continued to guide risk responsibilities from branch-level operations to Board-level oversight. Business operations formed the first line of defence, with independent risk management and compliance forming the second line, and internal audit providing independent assurance as the third line. During the year, this structure was further supported by the strengthening of the in-house internal audit process and clearer separation of risk, audit and compliance responsibilities, helping to ensure that accountability remained clearly defined, even as the organisation expanded.

ICT as a strategic enabler

Senkadagala Finance has long recognised that technology is not merely a support function, but a strategic enabler of business performance. Over the years, our ICT infrastructure has evolved from a modest PC network into a multi-user client-server architecture designed and developed in-house to meet the Company's operational requirements. This digital backbone supports key functions such as general ledger, MIS reporting and core business operations that are essential to day-to-day continuity.

In 2025/26, we continued to strengthen ICT infrastructure to support rapid business expansion, including the opening of new branches and the increase in transaction volumes. System enhancements focused on scalability, stability and real-time processing capability, enabling the Company to meet evolving operational and regulatory requirements. This was necessary because a wider branch network depends on reliable systems, timely information and secure access to common platforms in order to maintain service consistency across locations.

ICT also continued to support core business functions. Dedicated system modules remained central to areas such as lease processing, recoveries tracking and reporting. These systems reduce manual intervention, improve turnaround times, strengthen auditability and allow management to monitor activities with greater visibility. As the business grows, this kind of technology-enabled oversight helps ensure that scale is matched by control.

During FY 2025/26, the Company developed a tailored in-house system for margin trading, replacing the previously used off-the-shelf system. This enabled the Company to better align system functionality, risk-related controls and operational processes with its specific requirements, while supporting improved monitoring and control over the growing margin trading portfolio.

Data, analytics and management insight

As transaction volumes increased and the branch network widened, the ability to convert operational data into timely management insight became increasingly important. During the year under review, the Company continued to leverage institutional knowledge alongside technology-driven solutions to strengthen decision-making, portfolio monitoring and operational resilience.

The integration of data analytics into core processes supported more informed and timely decision-making, particularly in credit evaluation and portfolio monitoring. The Company's risk-driven customer screening mechanisms continued to play a critical role in aligning growth with risk and return objectives. This enabled business expansion to be pursued with greater clarity, allowing pricing and credit decisions to reflect the underlying risk profile of customers.

Governance, internal controls and compliance readiness

Governance practices and internal control frameworks were strengthened during the year in line with evolving regulatory expectations and increased operational complexity. As the Company expanded, the need for independent oversight, clear policies and reliable compliance monitoring became even more important. Growth in branch presence and lending activity requires not only greater operational capacity, but also stronger governance systems that can support responsible execution.

A key development during the reporting period was the expansion and strengthening of the internal audit function, which enhanced independent oversight and improved the effectiveness of internal controls across the organisation. This was complemented by continuous improvements in compliance monitoring, policy frameworks and Board-level oversight mechanisms. Together, these enhancements reinforced transparency, accountability and alignment with industry best practices.

The Company also enhanced its compliance infrastructure through the development of automated AML/CFT (Anti-Money Laundering/Combatting the Financing of Terrorism) controls, including real-time name screening capabilities. This strengthened the timeliness and effectiveness of regulatory compliance and financial crime risk mitigation. As customer volumes, digital records and regulatory expectations increase, automation in this area supports more consistent screening, faster identification of potential risks and stronger control over financial crime exposure.

Cyber resilience and business continuity

As our reliance on technology grows, digital risk management remains central to institutional resilience. The Company continued to strengthen its risk management framework to address cybersecurity, data protection and technology-driven vulnerabilities during the year under review. System-level controls, access protocols and continuous monitoring mechanisms were enhanced to safeguard data integrity and ensure secure operations in an increasingly digital environment.

The Company's Information System Security Policy continued to guide ICT governance, supported by defined access controls, user protocols and tiered authority levels. User access remained closely governed to reduce the risk of misuse, maintain traceability and ensure that employees operate within approved limits. These controls are particularly important in a business where data accuracy, customer confidentiality and system reliability are closely linked to stakeholder trust.

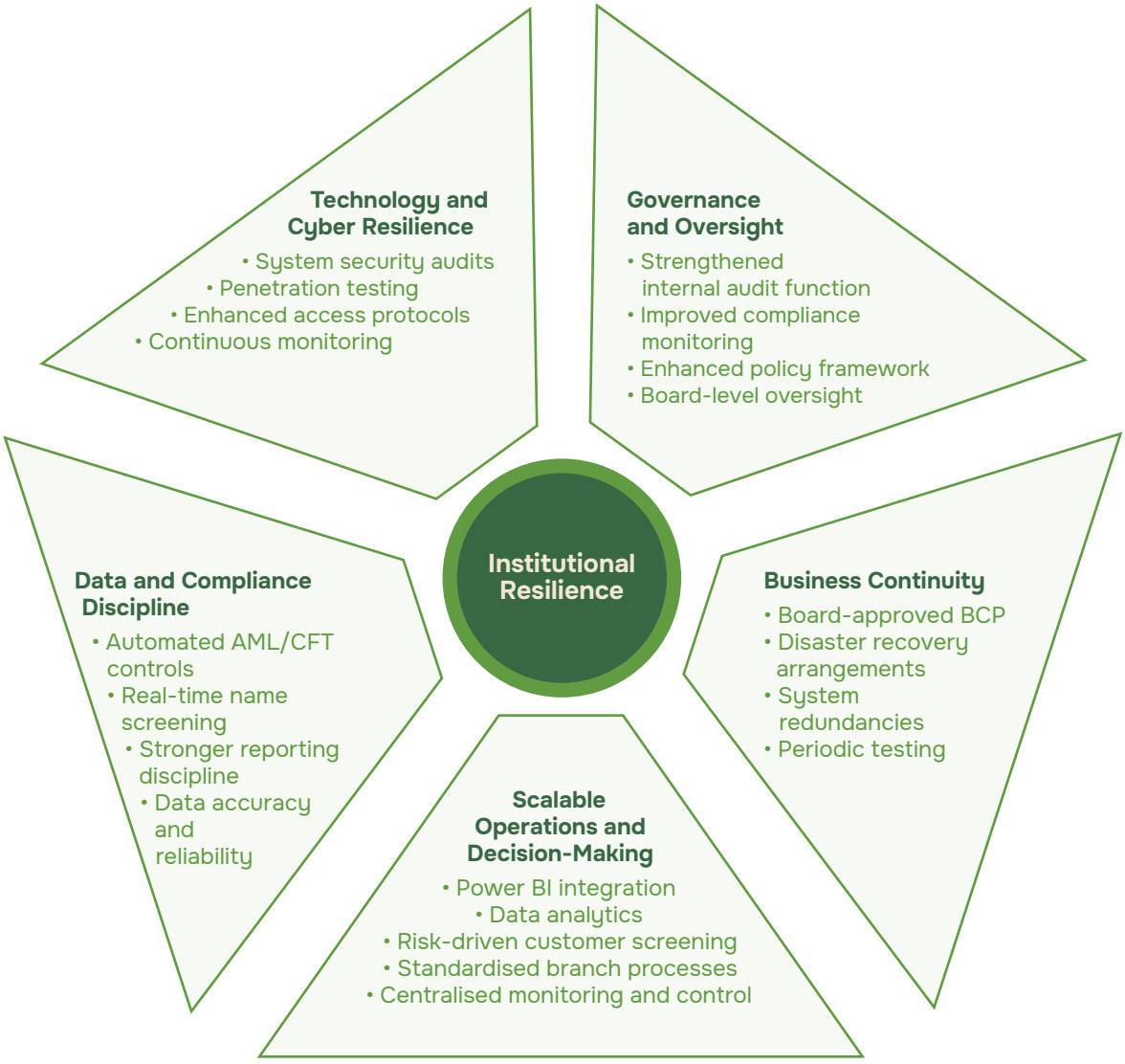
During the year, the Company carried out system security audits and penetration testing. This helped identify and address potential system vulnerabilities, strengthening overall cyber resilience. These initiatives reflect the Company's view that cybersecurity is not a one-time exercise, but a continuously evolving process of testing, learning and strengthening controls in response to emerging threats.

Business continuity capabilities were also reinforced through improved disaster recovery arrangements, system redundancies and periodic testing of security and business continuity plans. The Company established a Board-approved Business Continuity Plan (BCP), incorporating operational-level and critical IT continuity aspects to support uninterrupted operations under adverse conditions. During the year, system switchovers to and from the disaster recovery site were carried out seamlessly, supporting confidence in the Company's disaster recovery arrangements.

The BCP and Information System Security Policy together form the backbone of our digital risk posture. Off-site backups, recovery environments, replication systems and monitored access protocols continue to support operational resilience. These measures help ensure that essential systems remain available, data remains protected and the Company can respond effectively to disruption.

Strategic approach to risk mitigation

Institutional capabilities supporting resilience, control and continuity in FY 2025/26



Stronger systems for speed, security and reliability

The upgrade to the core database system completed in FY 2024/25 continued to support the Company's operations during this reporting period. The upgraded platform improved speed and responsiveness across user interfaces and transaction layers, strengthened encryption and access controls, reduced long-term maintenance overheads and improved service availability through stronger uptime and system redundancy. These improvements continued to provide a stronger digital foundation for a larger operating network. As the number of branches, customers and transactions increased, the stability of the core system became critical to service quality and operational efficiency. The improved platform also supported better system performance and access to vendor updates, performance patches and emerging security features.

The Company also continued to operate with a more paper-light operating environment, supported by internal workflows, document retrieval systems, online document transfers, online payment request mechanisms and document archiving. These initiatives reduced manual processing, improved accessibility, strengthened control over operational documentation and supported faster information flow across the organisation. While the environmental benefits of reduced paper usage are discussed further under Social and Environmental Capital, within Institutional Capital these measures reflect the Company's broader focus on process efficiency, data discipline and scalable operations.

Standardising operations across a wider network

The expansion of the branch network increased the importance of process standardisation. A larger physical footprint requires common systems, shared procedures, consistent reporting and clear escalation mechanisms. During the year, standardised processes, centralised operational controls and continuous staff training helped ensure that branches could operate within a common institutional framework while responding to local customer needs.

Centralisation through technology also supported operational consistency. By strengthening common workflows and system-based controls, the Company improved its ability to monitor branch activity, support compliance and maintain service quality across the network. This approach helped ensure that expansion into new geographic areas remained supported by the internal systems required for disciplined execution.

Responsibility for quality also remained embedded in the way systems and processes were managed. Documented procedures, system-based controls, staff training and regular monitoring helped maintain accuracy, consistency and traceability across key operational activities. As the branch network expanded, these controls helped ensure that service quality remained aligned with the Company's standards, while reducing the risk of process gaps across locations.

Data discipline and external recognition

The quality and timeliness of data submitted to external stakeholders is an important reflection of institutional discipline. During the year, Senkadagala Finance was recognised at the CRIB Data Submission Management and Compliance Awards 2025 as the Winner in the 50,001 to 100,000 data submission category. The Company was also noted with a CRIB Institutional Rating of A++ as at 31 March 2025.

This recognition reflects our continued focus on data accuracy, compliance discipline and reporting reliability. In a regulated financial services business, data quality supports credit information, portfolio monitoring, risk assessment and regulatory confidence. Strong data discipline therefore reinforces the broader institutional framework that supports responsible financial intermediation.



Responsible procurement and operational support

Although Senkadagala Finance operates in a service-driven industry with limited dependence on raw material supply chains, disciplined procurement remains important to operational resilience. As the branch network expands, procurement supports a wide range of operational requirements, including stationery, maintenance equipment, courier services, office infrastructure and fit-outs for new branches.

The Company also continued to follow a lean procurement model to avoid unnecessary stockpiling. Branches maintain essential stationery on-site, and replenishments are requested from Head Office when required. Items are then delivered through courier services, helping reduce storage needs while ensuring timely supply. This approach supports efficiency, working capital discipline and operational readiness across the branch network.

For new branch openings, selected interior contractors continued to manage fit-outs under Company supervision. Each project is monitored to ensure that timelines, standards and brand consistency are maintained. This allows the Company to expand its physical presence while preserving a consistent customer experience and operational environment across locations.

Culture, conduct and shared responsibility

Institutional capital is sustained not only through systems and controls, but also through culture. At Senkadagala Finance, professionalism, openness and ethical conduct continue to shape the way we work. The Code of Conduct, whistleblowing channels, grievance mechanisms, policies and internal communication practices help reinforce accountability across the organisation.

This culture becomes more important as the Company grows. With a wider network, more employees and increased transaction volumes, consistency depends on people understanding both the procedures they are expected to follow and the purpose behind those procedures. We therefore continued to reinforce a risk-aware and values-led culture, where employees are expected to act responsibly, escalate concerns when required and support the integrity of the institution.

Team-driven work practices also continued to support operational resilience. Branches and departments function within a coordinated structure where employees are expected to understand procedures, support one another and escalate matters when required. This shared approach helps reduce dependence on individuals, supports continuity during periods of change and reinforces the practical discipline needed to operate across a wider network.

The Company also continued to uphold equal opportunity and safe working practices as part of its broader institutional culture. Policies promoting fairness and inclusion continued to guide recruitment, promotion and workplace conduct, while health and safety practices supported secure, hazard-free working environments. These practices reduce operational, reputational and people-related risks, while strengthening morale and organisational trust.

Extending institutional strength through the Senfin brand

The Senfin brand continues to extend the organisational capability of Senkadagala Finance into adjacent financial services segments. Through Senfin Asset Management and Senfin Securities, the Group is able to offer specialised capital market-related services while broadening its relevance beyond core finance company operations. These entities strengthen the Group's ability to serve a wider range of customer and investor needs, supported by the same values of trust, disciplined management, service quality and long-term value creation that define Senkadagala Finance.

This broader financial services presence is an important part of our institutional capital. It reflects the Group's ability to build capability across related but distinct markets, deepen stakeholder relationships and create platforms that can grow in step with Sri Lanka's evolving financial services landscape. During FY 2025/26, both Senfin Asset Management and Senfin Securities contributed to this institutional strengthening through performance, market recognition, product expansion and wider accessibility.

Senfin Asset Management (Pvt) Ltd.

Senfin Asset Management (SFAM) continued to strengthen its position as one of the fastest-growing asset management companies in Sri Lanka. Having joined the Group in March 2020 as a fully owned subsidiary of Senkadagala Finance PLC, SFAM is licensed by the Securities and Exchange Commission of Sri Lanka to float, operate and manage unit trusts and discretionary portfolios. Its growth reflects the Group's ability to build a specialised investment management platform anchored in disciplined fund management and client-focused advisory.

SFAM delivered broad-based growth during FY 2025/26, with stronger AUM, expanded unitholder participation and improved profitability reflecting sustained investor confidence despite market volatility.

Senfin Asset Management: Key FY 2025/26 indicators

Indicator	FY 2025/26 movement/ position
Assets Under Management (AUM)	LKR 16.5 Bn.
AUM growth	27.5%
Senfin Growth Fund AUM growth	36.4%
Senfin Money Market Fund AUM growth	12.9%
Senfin Financial Services Fund AUM growth	127.0%
Senfin Dividend Fund AUM growth	47.9%
Growth in unitholder base	55.4%
Bottom-line growth	Over 40%
Unit trust funds launched to date	10

During the year under review, SFAM further strengthened its product offering with the successful launch of its 10th unit trust fund, the Senfin Select Factor Fund. The fund generated significant public interest, with its unitholder base exceeding 200 within one month of launch, while delivering a return of over 20% during the nine months ended 31 March 2026. This expansion of the product suite reflects SFAM's ability to respond to changing investor preferences and deepen the Group's presence in the asset management space.



The company's Chief Executive Officer was also elected as the President of the Unit Trust Association of Sri Lanka in February 2026, further reflecting SFAM's growing leadership profile within the industry. In recognition of its excellence in asset management, the Senfin Money Market Fund was adjudged the Gold Award winner for the fourth consecutive year under the Unit Trust category at the CFA Capital Market Awards 2025, following its Silver Award achievement in 2021. This recognition reinforces the credibility of the Senfin brand and reflects the Group's ability to build specialised institutional capability beyond its core finance company operations.

Senfin Securities Limited

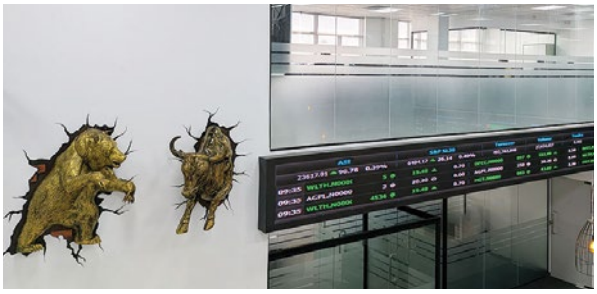
Senfin Securities Limited (SSL) continued to strengthen the Group's presence in Sri Lanka's capital market industry during FY 2025/26, supported by stronger financial performance, regional expansion, improved infrastructure and deeper investor engagement. The year marked an important stage in SSL's development, as the company built on the foundations established in the previous year and moved further towards becoming a more visible and accessible stockbroking platform within the Group's broader financial services ecosystem.

Senfin Securities Limited: Key FY 2025/26 indicators

Indicator	FY 2025/26 movement/ position
Revenue growth	78%
Bottom-line growth	159%
Property, Plant and Equipment growth	149%
Reduction in liabilities	31%
Net asset growth	17%
Increase in new account openings	149%
Female representation in workforce	39%
Male representation in workforce	61%
Total branch network	6 branches

Operational progress was reflected in a significant increase in new account openings, which grew by approximately 149% during FY 2025/26. This growth indicates increasing investor confidence, greater awareness of capital market opportunities and the effectiveness of SSL's client acquisition efforts. The company also onboarded foreign investor accounts for the first time, marking an important milestone in broadening its investor base and strengthening its market presence beyond domestic retail participation.

As part of its long-term expansion strategy, SSL further strengthened its regional presence by establishing new branches in Pelawatta and Kurunegala, bringing its total branch network to six branches. This expansion improved access to capital market services across a broader geographic base and supported the Group's wider objective of making financial services more accessible. The growth of SSL's branch network also complements Senkadagala Finance's broader regional expansion, allowing the Group to serve a wider spectrum of financial needs through related but specialised services.



As part of its infrastructure modernisation efforts, SSL installed a live CSE trading board and Bull and Bear market symbol, strengthening the market-focused identity of its office environment.

SSL also strengthened its engagement with the academic sector and introduced new ESG and sustainability initiatives during the year, including university partnerships, financial literacy programmes and environmental and social initiatives. These developments, which are important to the company's broader stakeholder engagement and sustainability agenda, are discussed in detail under Social and Environmental Capital.



Looking ahead, SSL remains focused on strengthening its market position, enhancing technological capability, expanding regional accessibility and delivering sustainable long-term value to stakeholders. With stronger financial performance, a wider branch network, improved infrastructure, a growing investor base and clearer strategic direction, the company is better positioned to contribute to the development of Sri Lanka's capital market industry while extending the organisational capability of the Senfin brand.

Together, Senfin Asset Management and Senfin Securities extend the legacy of Senkadagala Finance while building specialised capabilities in their respective markets. Their progress during FY 2025/26 reflects the Group's broader institutional strength: the ability to diversify responsibly, build market trust, invest in capability and remain relevant to customers, investors and stakeholders in a changing financial services environment.

Looking ahead

As Senkadagala Finance continues to grow, institutional capital will remain central to the way we manage scale, complexity and change. Our priorities in the year ahead will be to strengthen ICT capability, deepen data-driven decision-making, reinforce governance and compliance frameworks, and continue enhancing cyber resilience and business continuity. With a wider branch network, increasing transaction volumes and evolving regulatory expectations, our institutional strength will remain essential to maintaining consistency, protecting stakeholder trust and supporting sustainable growth.

Customer Capital



At Senkadagala Finance, customer capital is built through the trust we earn, the relationships we sustain and the relevance of the financial solutions we provide. Every customer interaction reflects our responsibility to understand people, support their aspirations and respond to the realities of the markets in which they live and work. As Sri Lanka's financial needs continue to evolve, we remain close to our customers through accessible products, responsible service and a growing island-wide presence. This connection allows us to serve with purpose, adapt with clarity and continue strengthening our role as a trusted financial partner across communities.

During FY 2025/26, our customer story reflected both growth and discipline. Our lending customer base continued to expand in line with portfolio growth, branch expansion and increased demand for products such as leasing, hire purchase, gold-backed lending and margin trading. At the same time, our savings customer base was rationalised through the monitoring and closure of inactive accounts, KYC updates and the introduction of an account servicing fee to address account stagnation. This strengthened customer data quality, improved control over inactive relationships and supported better governance across the customer base.

Deepening customer trust and loyalty

At Senkadagala Finance, we view customers as long-term partners. This belief continued to guide our approach during the year under review, particularly as customers navigated changing income patterns, evolving credit needs and a gradually stabilising economic environment. Our role was to remain accessible and responsive, while ensuring that customer growth was supported by sound credit practices, transparent service, and responsible engagement.

Customer feedback remained an important part of how we understood and responded to customer needs. Feedback received through branches, call centres and other touchpoints helped us clarify product-related queries, address concerns and improve service delivery where required.

Expanding reach with purpose

Our expansion strategy continued to prioritise accessibility, proximity and relevance. During the year, we opened 24 new branches and another branch in mid-June 2026, to expand our network to 150 branches, strengthening our ability to serve customers across Sri Lanka, particularly in underserved, semi-urban and emerging markets.

Our wider physical presence supported customer acquisition and engagement across core lending segments. Leasing, hire purchase, gold-backed lending and margin trading contributed meaningfully to customer activity during the year, supported by the Company's growing branch network and market reach. This expansion brought service closer to communities, reduced access barriers and strengthened our understanding of local customer.



Kottawa branch



Ingiriya branch



Ibbagamuwa branch



Katana branch



Alawathugoda branch



Godakawela branch



Buttala branch



Polgahawela branch



Delgoda branch

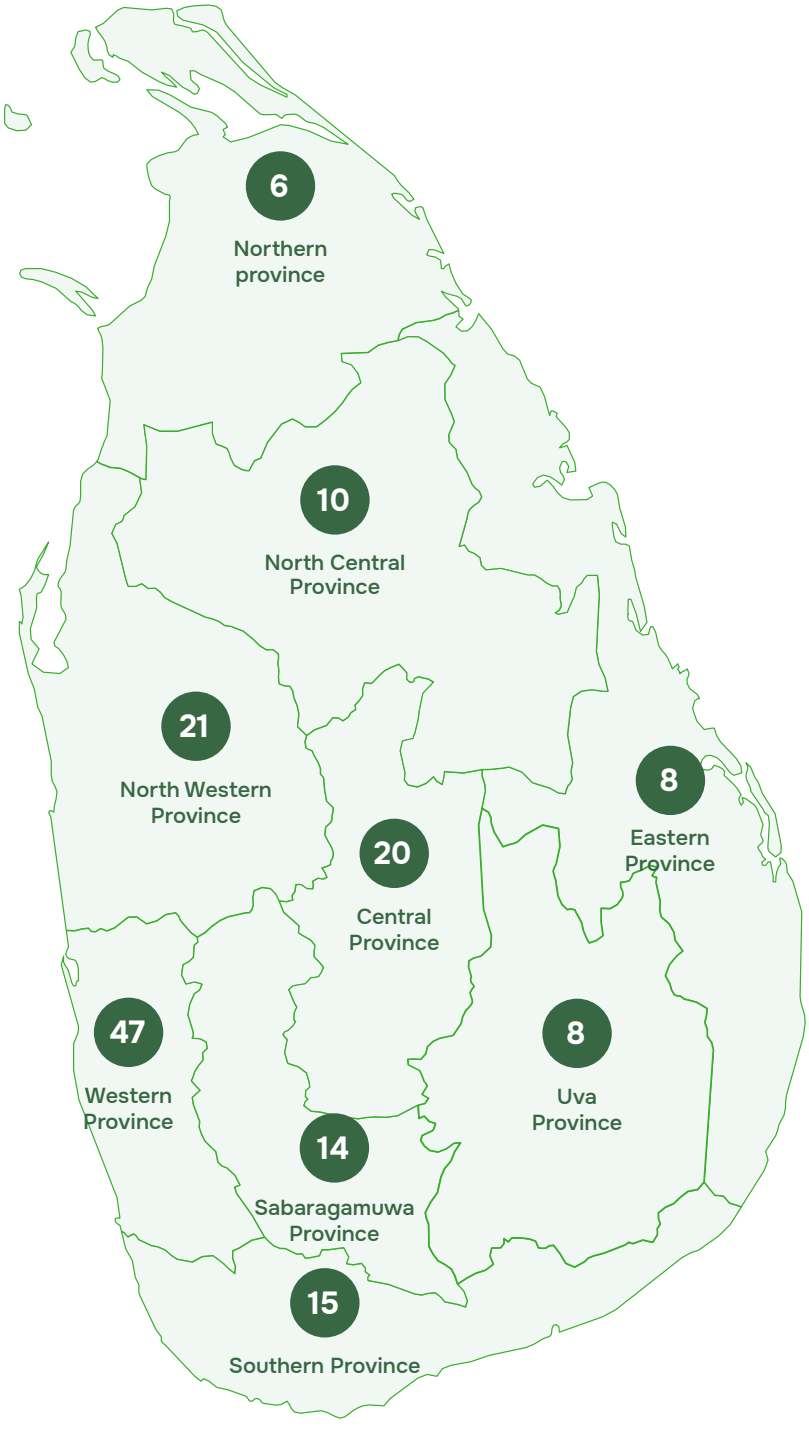
Geographic distribution of customers

Our customer base remained geographically diverse, reflecting our island-wide presence and continued focus on improving access across both urban and regional markets. As at 31 March 2026, the Western Province accounted for the largest share of customers, followed by the North Western and Central Provinces. This distribution reflects both the scale of economic activity in more developed regions and our continued reach into emerging and underserved areas.



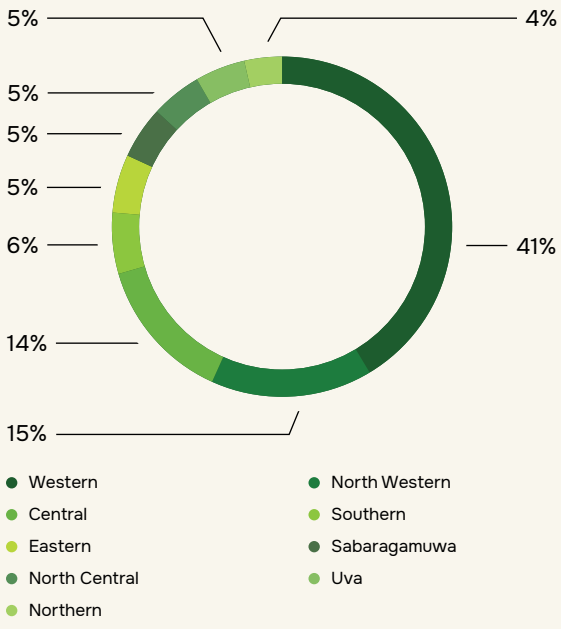
Hatton branch

Province-wise branch distribution



At district level, Colombo, Gampaha, Kandy, Kurunegala and Kalutara accounted for the highest customer concentrations. At the same time, the presence of customers across all listed districts demonstrates the breadth of our reach and the importance of maintaining accessible service channels across the country.

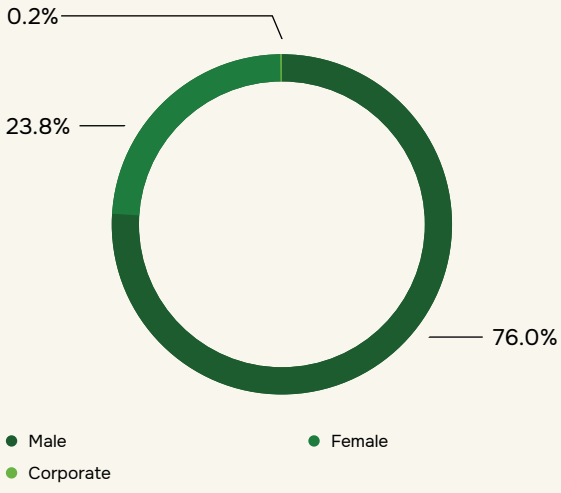
Province-wise customer distribution



Customer profile and relationship quality

As at 31 March 2026, we served 81,733 customers, comprising 62,111 male customers, 19,485 female customers and 137 corporate customers.

Customer base by gender

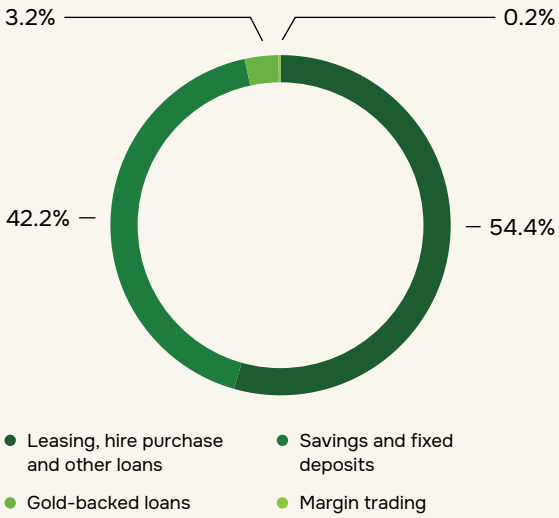


The customer profile continued to reflect a predominantly individual customer base, with male customers accounting for the larger share and female customers representing close to one-fourth of total customers. This profile is broadly in line with the previous year's overall gender mix. Products such as savings, deposits and gold-backed lending remain practical entry points for customers seeking accessible financial support, while the Company's expanding branch network supports closer engagement with customers across regional markets.

Product engagement and active customer relationships

The year's product movement shows the underlying strength of active customer engagement. While inactive savings accounts were rationalised as part of stronger account governance, customer engagement in lending-related products continued to expand. Leasing, hire purchase, other loans, gold-backed lending and margin trading all supported deeper customer relationships during the year.

Product-wise customer base



Inclusive and empowering financial access

Our commitment to financial inclusion remained central to customer capital during the year under review. We continued to serve individuals, small businesses, informal workers, daily wage earners, micro-entrepreneurs and customers in underserved markets through accessible products and branch-level support. Our focus remained on reducing barriers to formal finance through practical service, simplified processes and products suited to the real financial needs of customers.

Leasing and hire purchase remained important in supporting mobility, business activity and income generation. During FY 2025/26, the Company reached a major milestone by disbursing LKR 27 Bn. in leasing business. This reflected continued customer trust in the Company and the relevance of vehicle-backed financing to individuals and businesses across the country. For customers who do not own immovable property, vehicle-backed financing also provides access to finance through the ownership of movable assets.

Gold-backed lending continued to serve as a practical liquidity solution for customers requiring short-term funds. The gold-backed loan portfolio reached LKR 927.9 Mn. by year-end, reflecting continued customer demand for accessible, asset-backed credit. These products remained particularly relevant for customers requiring timely liquidity with a familiar and tangible form of collateral.

Deposit portfolio

Deposits remained a key source of funding for the Company and an important reflection of customer trust and confidence in the institution. During the year under review, the savings and fixed deposit customer base was rationalised as inactive accounts were monitored and closed, KYC-related details were updated and an account servicing fee was introduced to manage account stagnation. This resulted in a more controlled deposit customer base, with improved oversight of active accounts and customer records.

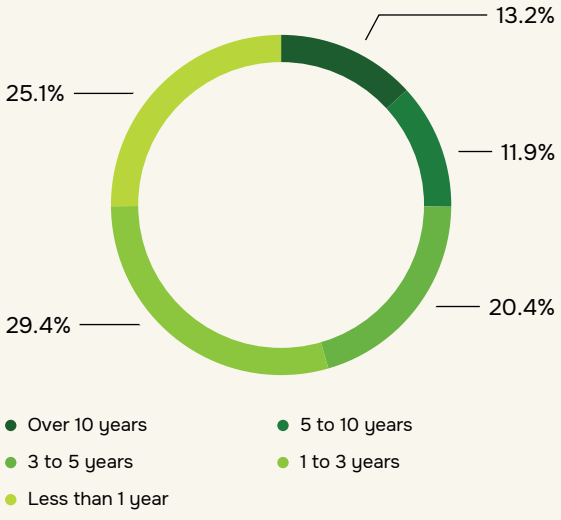
While inactive or low-engagement accounts were rationalised during the year, the deposit portfolio remained stable in value, reflecting stronger active relationships and continued customer confidence in the Company.

Deposit portfolio indicators

Indicator	FY 2025/26
Savings and fixed deposit accounts	34,312
Total customer deposits	LKR 14.09 Bn.

Our fixed deposit relationships continued to reflect customer trust and continuity. As at year-end, over 25% of fixed deposit customers had maintained relationships with the Company for more than five years, including 13.2% who had been with us for over ten years. These long-standing relationships support the stability of our funding base and reflect confidence in the Company's reliability, service and financial stewardship.

Length of relationship with fixed deposit customers

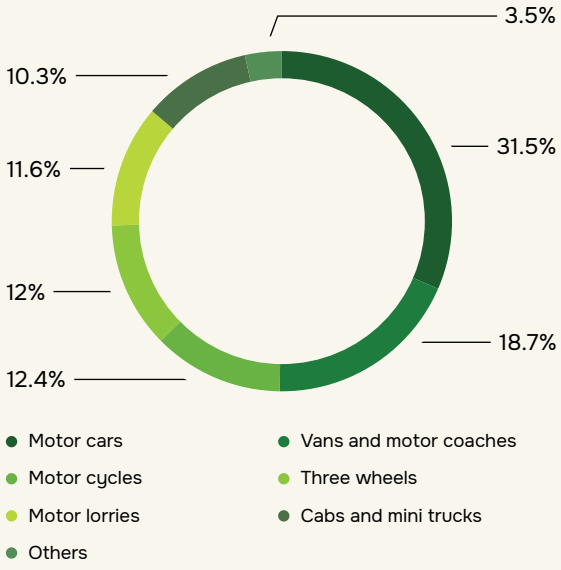


Lending portfolio and product relevance

Our lending products continued to meet a wide range of customer needs, from vehicle ownership and business mobility to short-term liquidity and investment participation. Leasing, hire purchase and other loans remained the largest customer-linked product category, with 45,000 customer records during the year. This reflected improved lending activity, wider branch access and our continued focus on core lending segments.

Vehicle-backed financing continued to remain a core part of our lending proposition, catering to a diverse mix of motor vehicles and supporting both personal and business mobility needs.

Vehicle-wise lending portfolio



Loan origination continued to be guided by credit screening, risk-based assessment and responsible lending practices. Our customer screening mechanisms helped align growth with risk and return objectives, while ensuring that lending decisions remained appropriate to customer profiles. This supported portfolio growth while preserving the integrity of customer relationships.

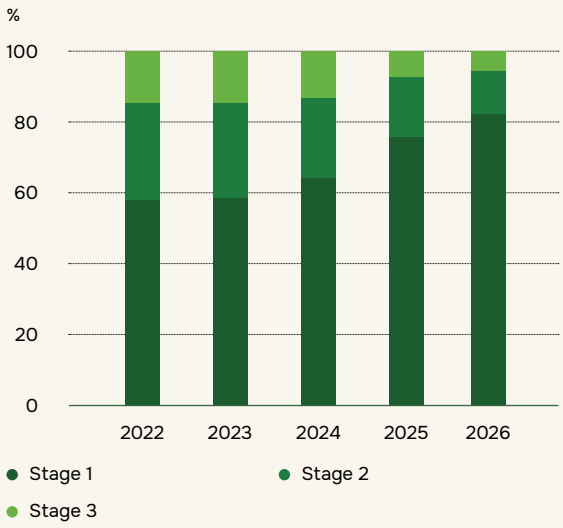
Recovery and asset quality

Efforts to maintain asset quality remained a priority during the reporting period, particularly as the lending portfolio expanded. We continued to strengthen credit evaluation, monitoring and recovery processes, while maintaining close engagement with customer segments that continued to experience residual stress despite the broader economic recovery.

Our risk-driven customer screening mechanisms supported this approach by helping us balance portfolio growth with customer risk profiles and expected returns. This enabled the Company to support responsible lending growth while maintaining focus on asset quality and portfolio stability.

The Stage 3 share of the lending portfolio decreased to 5.4%, while 82.2% of the loan book was classified under Stage 1, reflecting improved portfolio quality and continued recovery focus.

Stage wise distribution of lending portfolio

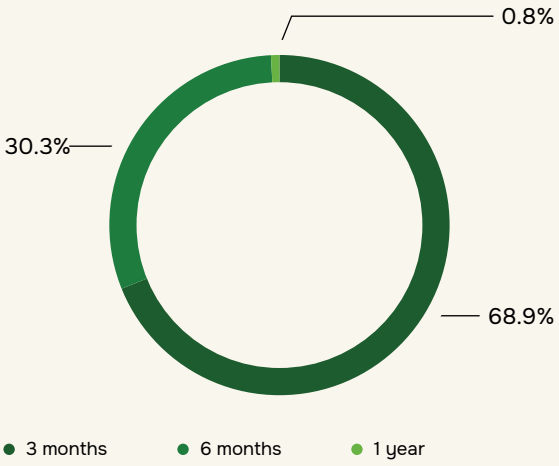


Gold-backed lending

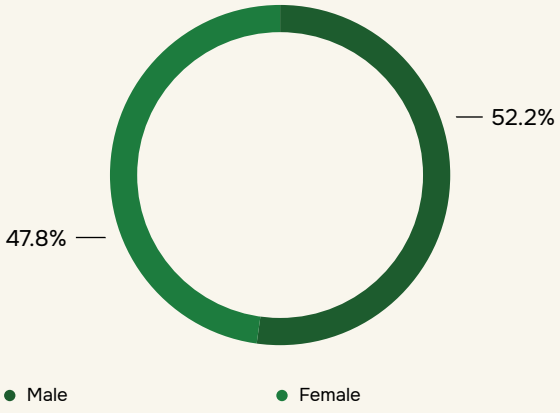
Gold-backed lending remained an important part of our inclusive product offering. During the year under review, the gold-backed lending customer base stood at 2,652, while outstanding gold-backed lending reached LKR 927.9 Mn. The product continued to provide customers with a flexible liquidity option, particularly for urgent short-term needs.

The maturity structure continued to be concentrated in shorter tenures, with 68.9% of the portfolio in three-month facilities and 30.3% in six-month facilities. This shorter-tenure structure supported customer convenience while helping the Company manage risk exposure.

Gold-backed loan base by tenure



Gold-backed lending customers by gender



Gold-backed lending by ticket size

Ticket size	Outstanding value LKR Mn.	No. of tickets
Below LKR 100,000	89.9	1,637
LKR 100,000 to LKR 500,000	503.0	2,210
LKR 500,000 to LKR 1,000,000	170.3	235
Above LKR 1,000,000	164.7	111
Total	927.9	4,193

The gender profile of gold-backed lending customers remained balanced, with 1,384 male customers and 1,268 female customers. This reflects the product's relevance across household, livelihood and short-term liquidity needs.

Margin trading

Margin trading continued to grow as part of our broader product portfolio, supporting customers seeking investment-linked financial solutions. The margin trading customer base stood at 206, while the portfolio reached LKR 3.8 Bn. by year-end. This growth reflects increasing customer interest in capital market participation and the value of providing diversified financial solutions within the Group's wider ecosystem.

The growth of margin trading also demonstrates the benefit of connecting customer needs with specialised Group capabilities. By offering products that respond to evolving investor behaviour, we continued to broaden customer choice while supporting a more diversified financial services proposition.

Digital access and service enhancement

Our customer service model continued to be supported by technology-enabled operational improvements during FY 2025/26. By improving workflow efficiency, information accessibility and processing speed, these processes helped branch teams respond to customer requirements with greater consistency and accuracy across the expanded branch network.

We also continued to maintain multiple payment and service channels to support customer convenience, including direct deposit arrangements through partner banks and other established payment mechanisms. These channels remained important for customers who required flexible ways to make rental, deposit and other payments without unnecessary disruption to their day-to-day activities.

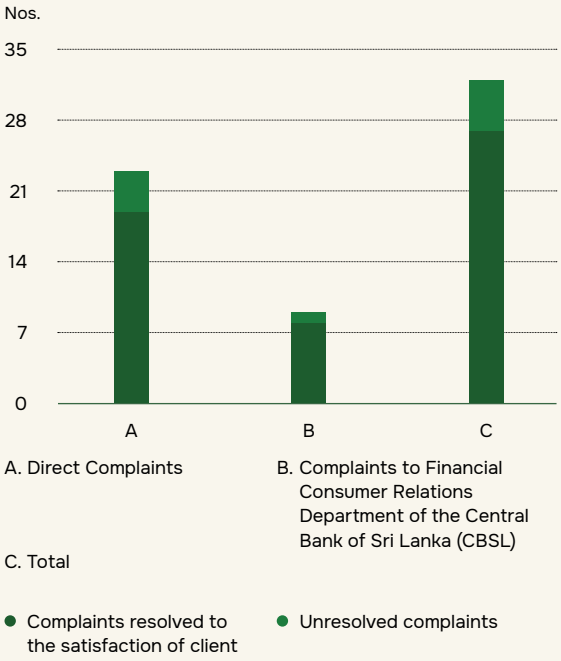
During FY 2025/26, digital access initiatives continued to progress, with selected mobile app and self-service portal functionalities made available for internal users while audit reviews remained ongoing prior to formal customer launch. KYC-related functionality, including elements linked to virtual onboarding, continued to be developed during the year. These initiatives are expected to support more efficient customer onboarding, improved service access and stronger process controls once fully implemented.

Customer complaints and feedback

We continued to maintain established customer feedback and complaints handling mechanisms during the year under review. Complaints and service queries received through branches, call centres and digital touchpoints were logged, reviewed and addressed through defined processes, with escalation where required.

Branch-level teams remained important in resolving customer concerns, particularly in regional markets where direct relationships and timely communication are central to customer confidence. This approach supported customer retention by ensuring that concerns were not treated as isolated issues, but as opportunities to improve service, clarify expectations and reinforce trust.

Complaints resolution rate



Marketing communications and customer engagement

Our marketing communications continued to focus on clarity, relevance and trust. Product communication and branch-level activations remained important in creating awareness, particularly for savings, gold-backed lending, leasing and other core products. As in previous years, marketing efforts were shaped by regional demand patterns, customer needs and the Company's commitment to responsible communication.

We continued to use both branch-level engagement and digital platforms to support visibility and interaction. Communications remained guided by regulatory expectations, reinforcing transparency, financial literacy and responsible customer engagement. Data-driven targeting and feedback-led insights will remain important in helping us deepen personalisation and improve the relevance of customer communication in the years ahead.

Looking ahead

As we move forward, our customer capital will continue to be shaped by trust, accessibility and relevance. The year in review showed that customer growth is not only about increasing headline numbers, but also about strengthening meaningful engagement, improving data quality and expanding access for customers who need practical financial solutions.

In the year ahead, we will continue to strengthen customer relationships by expanding access, supporting underserved communities, improving service delivery and responsibly growing our lending and deposit relationships. As customer needs evolve, we will remain focused on staying close to the people and businesses we serve, ensuring that Senkadagala Finance continues to be a dependable partner in their financial journeys.

Employee Capital



At Senkadagala Finance, employee capital remains one of the most important foundations of our long-term value creation. Our people bring together experience, technical capability, customer understanding and a service culture that enable us to operate with consistency across a growing national footprint. We continue to invest in our teams not only to strengthen functional expertise, but to nurture integrity, resilience and leadership at every level. Through structured learning, inclusive engagement and a workplace culture rooted in trust and accountability, we turn talent into long-term institutional strength.

Since our incorporation in 1968, our people have shaped the character and continuity of Senkadagala Finance. Their professionalism, loyalty and institutional knowledge have enabled us to adapt to changing market conditions while maintaining close relationships with the customers and communities we serve. In 2025/26, this became even more important as we expanded our branch network and strengthened our regional presence. Total staff strength increased by 23.4%, from 985 employees in 2024/25 to 1,215 employees in 2025/26, reflecting the workforce capacity required to support business expansion, customer engagement and operational continuity.

Employee capital refers to the skills, experience and adaptability of our workforce, and how effectively these capabilities are aligned with our strategic and operational priorities. For Senkadagala Finance, it is also about building a culture of performance, care and accountability. As the organisation grows, our focus remains on attracting the right people, developing them meaningfully, retaining critical knowledge and ensuring that our employees are equipped to respond to changing customer, regulatory and business requirements.

Professional conduct and accountability

Professionalism remains central to how we operate. Our employees are guided by the Company's Code of Conduct, internal policies and operational procedures, which set clear expectations on integrity, confidentiality, responsible decision-making and ethical conduct. As our workforce expanded during the year, these standards became even more important in ensuring consistency across the organisation. We therefore continued to reinforce professional conduct through training, supervision, internal communication and day-to-day guidance, ensuring that growth in scale remained supported by discipline, accountability and a shared understanding of the values expected across Senkadagala Finance.

Building capability for a wider network

During 2025/26, we continued to strengthen our employee capital base through targeted recruitment, retention and workforce development initiatives aligned with the Company's growth objectives. Recruitment focused on attracting individuals with appropriate academic and professional qualifications, customer relationship capabilities and relevant industry exposure. This was necessary not only to support new branch openings, but also to ensure that the expanding network remained service-oriented, compliant and operationally ready.

We also enhanced recruitment and onboarding practices to improve role alignment and help new employees integrate more effectively into the organisation. Retention continued to be supported through competitive remuneration, performance-based recognition, career development opportunities and a collaborative workplace culture. These measures helped preserve workforce stability during a year in which the Company continued to grow in scale and reach.

Where operational changes are planned, employees are informed in advance through the relevant management and communication channels. Employees are generally informed within two to four weeks prior to implementation, while Executive-level employees are notified through memoranda circulated via email. This supports timely awareness, role preparedness and operational continuity when changes are introduced.

Local recruitment and branch readiness

In line with our commitment to supporting regional communities, priority was given to recruiting employees from the areas surrounding newly opened branches. During the financial year, the Company opened 24 new branches, and employees for these branches were recruited from the respective branch areas. This approach helped strengthen local relationships and improved employees' familiarity with customer and market conditions, thereby strengthening our customer interface. Employees who understand local communities are better placed to build trust, respond to customer expectations and support financial inclusion in underserved regions. As such, recruitment during the year was not viewed purely as a staffing requirement, but as a way of deepening the Company's presence in the markets we serve.

Workforce movement

The expansion of our branch network was supported by new recruitment across all regions during the year. In total, the Company recorded 469 new employee hires in 2025/26, with the highest recruitment recorded in the Western, Central and North Western regions. This reflected the staffing requirements of a wider operating footprint, while also supporting our approach of recruiting close to the communities we serve. The increase in the Western Province was also supported by the expansion of back-office control functions, including legal and internal audit, which strengthened oversight and support capacity as the Company grew.

New employee hires by region and gender

Region	Male	Female	Total
Central	67	22	89
Eastern	21	2	23
North Central	24	6	30
North Western	35	7	42
Northern	8	4	12
Sabaragamuwa	26	6	32
Southern	33	4	37
Uva	13	4	17
Western	129	58	187
Total	356	113	469

Workforce movements were also monitored during the year as part of our broader focus on workforce stability. The Company recorded 239 resignations during 2025/26.

Employee resignations by region and gender

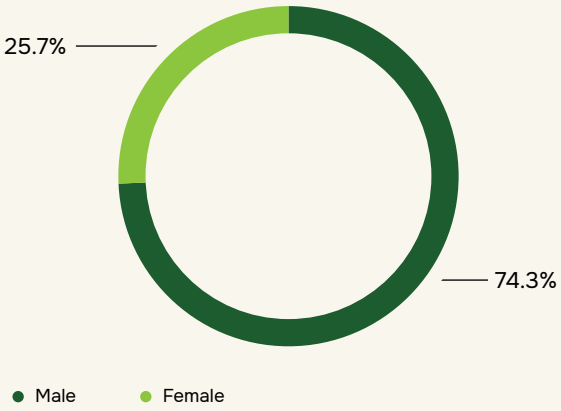
Region	Male	Female	Total
Central	22	5	27
Eastern	4	1	5
North Central	11	3	14
North Western	19	4	23
Northern	3	2	5
Sabaragamuwa	16	4	20
Southern	23	1	24
Uva	5	0	5
Western	94	22	116
Total	197	42	239

Diversity, inclusion and workforce composition

Senkadagala Finance remains committed to a workplace shaped by fairness, equal opportunity and merit-based progression. Recruitment, promotion and development practices continued to be guided by these principles, while collaboration, mutual respect and employee participation were encouraged across all levels of the organisation.

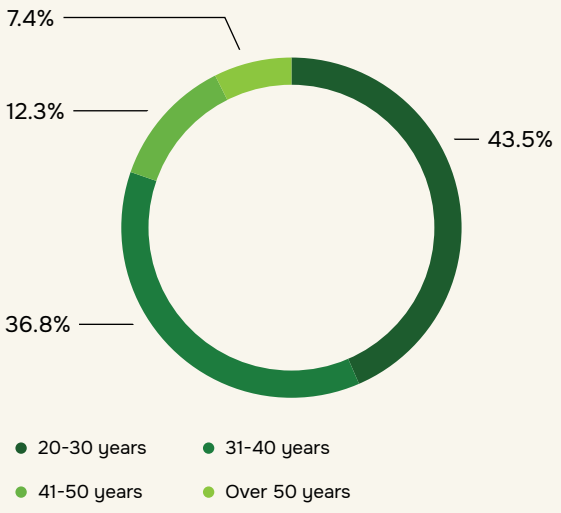
As at 31 March 2026, the Company employed 1,215 employees, comprising 903 males and 312 females. While the field-based nature of several roles continued to shape overall workforce composition, the Company supported female participation across office-based, operational, customer service and support functions, where role structures provide greater scope for gender-inclusive employment. This enabled us to sustain female representation at 25.7%, broadly in line with the previous year, even as the workforce expanded to support the Company's growing branch network and operational footprint.

Employees by gender



Our workforce continues to reflect a broad mix of younger employees, mid-career professionals and experienced personnel. This provides the Company with a strong base of emerging and mid-career talent, supported by experienced employees who contribute leadership, supervision and institutional knowledge.

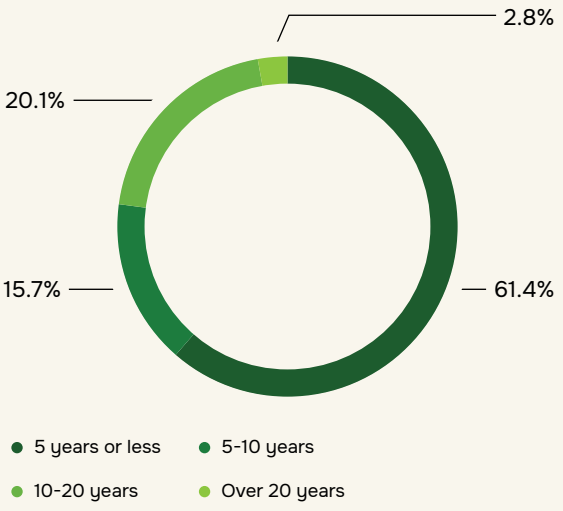
Employees by age



The length of service profile reflects the Company's expansion during the year, with a larger number of

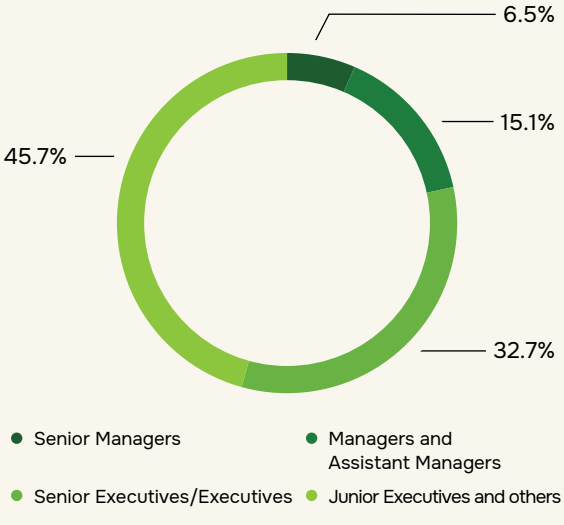
employees in the early stages of their careers with Senkadagala Finance. At the same time, the Company continues to benefit from a meaningful base of long-serving employees, whose experience supports mentoring, operational continuity and the transfer of institutional knowledge across teams and branches.

Employees by length of service



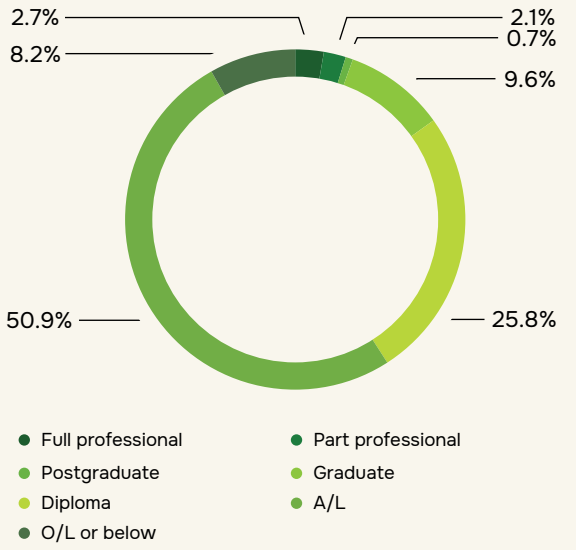
Our staffing structure remains intentionally layered to support customer-facing operations while maintaining adequate supervision and leadership. Junior Executives and other operational employees form the largest share of the workforce, reflecting the importance of frontline service delivery, while Senior Managers, Managers and Assistant Managers provide the leadership and oversight required to support growth responsibly.

Employees by grade



The Company continues to encourage employees to pursue academic and professional development as a pathway to career progression and stronger performance. Our qualification profile reflects a workforce with a mix of professional qualifications, graduate education, diploma-level learning and practical operational experience, enabling us to support a diverse range of functions across the business.

Employees by qualification



Engagement, productivity and succession

Employee engagement and satisfaction remained positive during the year, supported by regular communication, performance discussions, feedback mechanisms, team interactions and internal communication channels. These practices helped management better understand employee expectations and workplace concerns, while reinforcing the connection between individual contribution and organisational goals.

Productivity during the reporting period was supported by continued capability development, process improvements and enhanced operational support systems. Greater access to learning opportunities, clearer performance expectations and improved digital processes enabled employees to respond more efficiently to customer and operational requirements. This was particularly important in a year of branch expansion, where service consistency and operational readiness were critical to sustaining growth.

Succession planning continued to be strengthened to support leadership continuity and the retention of critical institutional knowledge. High-potential employees were identified for future leadership and specialised operational roles, while mentoring, cross-functional exposure and targeted capability-building interventions helped prepare employees for expanded responsibilities.

Knowledge-sharing and collaborative working practices were also encouraged across teams. This is particularly important in a growing organisation, where new employees must be integrated without weakening established standards, customer understanding or institutional knowledge.

Remuneration, minimum wage alignment and employee benefits

Senkadagala Finance continued to maintain remuneration practices guided by fairness, role responsibility, performance and market relevance. Entry-level remuneration offered by the Company remained above the applicable statutory minimum wage, with no gender-based differentiation in determining entry-level pay. Remuneration decisions are applied based on role, grade, capability, performance and business requirements, supporting equal opportunity and non-discriminatory employment practices.

In addition to salary and performance-based recognition, eligible employees continued to receive statutory retirement and employment benefits. The Company contributes 12% of basic salary to the Employees' Provident Fund and 3% of basic salary to the Employees' Trust Fund, while annual provisions are made to a Gratuity Fund for all eligible employees in line with applicable requirements.

These retirement-related benefits form part of the Company's broader employee value proposition and support financial security beyond active employment.

Standard benefits available to eligible permanent employees include retirement-related contributions, medical support, life cover, parental leave, welfare support and other leave entitlements. Further details on health-related benefits, parental leave and work-life balance are set out under the wellbeing section of this Employee Capital narrative.

Skills development and transition assistance

Training and development remained integral to building a skilled, agile and future-ready workforce. During the year, we further strengthened our learning framework to support evolving business requirements, digital transformation initiatives and regulatory expectations. Employees participated in programmes covering financial services operations, risk management, compliance, customer relationship management, leadership development and operational efficiency.

Particular emphasis was placed on critical skills required to support long-term strategic priorities and operational excellence. Training was delivered through a combination of online learning platforms, workshops and on-the-job learning opportunities, improving accessibility and supporting practical application across functions.

During 2025/26, the Company recorded 3,908.5 training hours across 505 total participants. Training covered areas such as gold identification and pawning, induction, credit, operations, compliance, risk management awareness, financial crime risk, asset liability and capital management, labour law, SLFRS S1 and S2, ECL model developments and taxation updates.

Training hours by programme area – 2025/26

Category	Training Hours	No. of Employees	Average Hours per participant
Compliance, Supervisory and Skills Development	198.5	34	6
Induction, credit, operations training and compliance/risk management awareness	2,824.0	355	8
Gold Identification and Pawning Training	886.0	116	8
Total	3,908.5	505	8

The training mix reflects the needs of a growing business. As we expanded our branch network and strengthened customer-facing operations, induction, credit, operations and compliance-related training remained central to building frontline readiness. At the same time, gold identification and pawning training supported product-specific technical capability, while specialised programmes helped strengthen regulatory awareness and functional expertise.

Employee transition support was also provided through onboarding, role-based handovers, mentoring, internal mobility, succession planning and cross-functional exposure. These practices helped employees adapt to new responsibilities, supported continuity during internal role changes and strengthened the Company's ability to retain knowledge as the organisation expanded.

Recognition and performance alignment

Performance evaluation remained central to aligning individual contribution with organisational objectives. As the Company expanded its branch network and workforce during the year, clear performance expectations helped maintain accountability, service consistency and operational focus across teams. Regular assessments and feedback enabled employees to understand their responsibilities, identify areas for improvement and strengthen their contribution to the Company's growth.

Sales and Marketing staff continued to be assessed through objective performance indicators that capture individual, branch and regional level performance. These evaluations go beyond volume-based measures by considering portfolio quality, productivity and profitability, supporting a more balanced view of performance. The process also enables management to provide timely feedback, identify development needs and recognise employees whose contribution supports sustainable business growth.

Our incentive framework also continued to recognise and reward high-performing sales staff. By linking rewards to results, the scheme supports motivation, accountability and productivity, while allowing employees to influence their earnings through their own effort and performance. This helps cultivate a high-performance environment that remains connected to employee wellbeing and professional growth.

Wellbeing, family support and balance

Employee wellbeing remained a priority during the year, particularly as the Company expanded its workforce and branch network. We continued to support the physical, mental and professional wellness of our people through medical support, awareness initiatives, work-life balance measures, training, digital tools and regular communication. These initiatives helped employees adapt to changing business and customer requirements while sustaining motivation, resilience and service quality across the organisation.

Medical benefits and employee welfare

The Company's medical benefits framework continued to provide structured support to employees during the year. All staff remained covered under a comprehensive hospitalisation and surgical insurance policy, which provides support for eligible inpatient care and surgical procedures. Employees also continued to be provided with life cover, with cover limits starting from LKR 1.25 Mn., ensuring financial support to close family members in the unfortunate event of an employee's death. These benefits reflect our commitment to safeguarding employee welfare through practical and reliable support mechanisms.

The Senfin Employee Health and Welfare Trust Fund was established during the year under review, with an investment of LKR 50 Mn. following shareholder approval. The Fund provides financial assistance for eligible hospitalisation-related expenses that are not fully reimbursed through the Company's general health insurance scheme, thereby reducing the financial burden on employees during major medical events.

Parental leave and work-life balance

Senkadagala Finance continued to support employees during key life milestones through its parental leave framework. Female employees are entitled to 84 working days of fully paid maternity leave in line with prevailing labour regulations, enabling new mothers to prioritise recovery and early childcare without financial strain. The Company also grants 30 consecutive working days of paid paternity leave to permanent employees with a minimum of five years of continuous service, recognising the role of fathers in early childcare and supporting equitable parental involvement.

Work-life balance remained an important part of our employee value proposition. Where operationally feasible, we continued to assign employees to branches close to their residence, and the year's emphasis on local recruitment for newly opened branches further strengthened this practice. By reducing commuting strain and allowing employees to remain closer to their communities, we supported employee wellbeing while also strengthening local customer engagement.

The Company's leave framework also continued to support employees in managing personal and professional responsibilities. Employees may carry forward unused annual leave from the previous year and utilise it before 31 March of the following year, while staff are also entitled to up to 14 days of sick leave annually. Together, these measures support a balanced workplace culture that recognises employee wellbeing as an important contributor to long-term productivity and retention.

Safe, secure and responsive workplaces

We continued to maintain a strong focus on occupational health, safety and security across our operations. Our approach is based on reducing workplace risk, protecting employees and customers, and ensuring that branches and departments remain safe, functional and responsive. Security measures continued to include professional security personnel, CCTV systems, biometric access controls, intrusion alarms and secure storage facilities for sensitive materials.

Health and safety responsibilities are shared across the organisation. Employees are expected to cooperate during drills and emergency procedures, report workplace risks or ergonomic concerns, maintain safe work areas and remain aware of emergency contact details and service providers. This reinforces a culture in which safety is not treated as a procedural requirement alone, but as part of everyday responsibility.

Fire protection also remained a key area of operational safety. New branches and departments continued to be structured with emergency exits, signage and required safety features, while fire extinguishers, staff awareness and appointed Life and Fire Safety In-Charge officers support emergency preparedness across locations.

Listening, grievance redressal and ethical reporting

A transparent grievance handling process remains essential to a productive and trust-based workplace. Employees continued to have access to structured reporting and escalation channels, beginning with immediate supervisors and moving through line management, HR, senior management and the Board where necessary. This process supports timely resolution, fair treatment and organisational learning.

The Company also continued to maintain its whistleblower framework, enabling employees to report suspected misconduct, unethical behaviour or policy violations with confidentiality and protection against retaliation. This strengthens our culture of integrity and reinforces the standards of accountability expected across all levels of the organisation.

Looking ahead

As Senkadagala Finance continues to grow, our people will remain central to our ability to expand responsibly. The year under review demonstrated the importance of recruiting close to the communities we serve, supporting employees through structured development and preserving the culture of professionalism and trust that has defined the Company over time. In the year ahead, we will continue to strengthen capability, engagement, succession planning and wellbeing, ensuring that our workforce remains aligned with the Company's long-term vision and the evolving needs of our customers.

Employee capital dashboard FY 2025/26



Social and Environmental Capital



At Senkadagala Finance, social and environmental capital reflects the relationships, responsibilities and natural resources that shape how we operate and how we create value beyond financial performance. As a financial services provider with an expanding island-wide presence, our social role is closely connected to access, inclusion, responsible lending, customer trust, employee engagement and community participation. Our environmental responsibility is reflected in the way we manage resource use, reduce waste, strengthen paper-light processes and embed environmental and social considerations into our lending practices.

During FY 2025/26, this form of capital became increasingly important as we expanded our operating footprint, served a broader customer base and strengthened our role in underserved and semi-urban markets. Our approach was shaped by the understanding that responsible growth requires more than business expansion. It requires access to finance that is practical and inclusive, lending practices that consider environmental and social risks, and continued attention to the impact we have on customers, employees, communities and the environment.

Creating social value through access and inclusion

Financial inclusion remained one of the most important ways in which we contributed to social value during the year under review. By expanding our network to 149 branches, we improved access to formal financial services across Sri Lanka, particularly in underserved, semi-urban and emerging markets. This wider reach enabled us to serve individuals, small businesses, informal workers, daily wage earners, micro-entrepreneurs and other customers who require practical and accessible financial support. Leasing, hire purchase and gold-backed lending continued to play an important role in extending finance for mobility, income generation, business activity and short-term liquidity needs, supporting broader economic participation while maintaining our focus on responsible lending and customer suitability.

Our branch-led model also continued to support relationship-based service delivery. In many regional markets, physical proximity remains important to building trust, explaining products clearly and helping customers navigate formal financial services. By bringing service closer to communities, we helped reduce access barriers while strengthening our understanding of local financial needs and market realities.

Our social contribution was also supported through local recruitment linked to branch expansion. During FY 2025/26, priority was given to recruiting employees from the areas surrounding newly opened branches. This approach strengthened local employment opportunities, improved employees' familiarity with customer and market conditions, and supported more effective community-level engagement. Recruiting close to the communities we serve also supported employee wellbeing by reducing commuting strain where operationally feasible, creating a practical connection between local employment, customer relationships and work-life balance.

Responsible lending and stakeholder trust

Our Environmental and Social Management System (ESMS) continued to guide how we assess and manage environmental and social risks within the lending process. During the year under review, the ESMS framework was further embedded into credit evaluation, helping ensure that environmental and social risks were considered as part of lending decisions. As the branch network expanded and lending activity increased, staff awareness and training supported more consistent application of ESMS principles across the wider network. This strengthened our ability to support responsible finance while mitigating potential reputational, credit and operational risks.

Through our lending activities, we also continued to support customers in adopting more sustainable and inclusive practices. By focusing on SMEs, microfinance customers and underserved segments, we enabled access to financing for income-generating activities, entrepreneurship and business expansion. Responsible lending and appropriate product structuring supported prudent financial behaviour at customer level, supporting broader participation in formal finance.

Our social and environmental capital is also strengthened through ongoing engagement with customers, employees, regulators, investors and communities. During the year under review, customer feedback mechanisms, staff interactions, regulatory engagement and investor communication channels helped us understand expectations, identify concerns and respond through service delivery, product design, risk management, governance and operational improvements. These insights informed our focus on accessibility, responsible lending and process strengthening, supporting more balanced decision-making across the Company.

Promoting financial literacy and community engagement through Senfin Securities

During FY 2025/26, Senfin Securities Limited, the Group's stockbroking arm, strengthened its engagement with the academic sector as part of its broader effort to improve capital market awareness and investor education. The Company entered into Memoranda of Understanding (MoU) with the University of Colombo and the University of Kelaniya, and was also in the process of signing three additional MoUs with other state universities. These partnerships were aimed at increasing undergraduate awareness of capital markets, supporting financial literacy and contributing to the development of future financial market professionals in Sri Lanka.

Senfin Securities also organised the "SenFin – UOK Stock Market Challenge 2025", one of its investor education initiatives. The championship title was awarded to Maliyadeva Girls' College, reflecting growing student interest in capital market-related learning and practical investment knowledge. By creating opportunities for young participants to engage with market concepts in a structured setting, the initiative supported a more practical understanding of investment, market behaviour and the role of capital markets in economic activity.



Through these engagements, Senfin Securities extended its contribution beyond stockbroking to support broader financial literacy and capital market participation. Its work with universities, students and prospective investors helped strengthen awareness of investment opportunities, while contributing to a more informed and confident investor community in Sri Lanka.

Senfin Securities also introduced a strategic Environmental, Social and Governance framework during FY 2025/26 to strengthen its sustainability agenda and community engagement. Under its Environmental Pillar, the company launched "Sustain Earth – One Step at a Time", an initiative focused on environmental sustainability through activities aimed at enhancing and protecting trees, water resources and air quality. Under its Social Pillar, it introduced "One Team – One Community", which focuses on strengthening financial literacy within the Sri Lankan community, increasing awareness of capital market opportunities and improving public engagement with the capital market ecosystem.



Environmental responsibility and resource efficiency

As a service-based financial institution, our direct environmental footprint is mainly linked to electricity, water, paper, branch operations, employee travel and office-based resource use. During the year under review, we continued to manage this footprint through operational efficiencies, digitalisation, better resource utilisation and gradual steps to promote energy conservation and responsible waste management across the branch network. As our physical presence expanded, environmental management focused on using resources responsibly while supporting business growth.

Utility consumption across the Company's branch and office network continued to be monitored based on available utility billing data, as part of our environmental footprint during FY 2025/26. As our branch network expanded and operational activity increased, both water consumption and electricity consumption increased, reflecting the resource requirements of a wider physical presence. Water-related expenses increased in line with this movement, while electricity expenses reduced marginally despite higher usage, reflecting the impact of a more stabilised electricity cost environment following the tariff volatility experienced in the preceding years. We will continue to strengthen branch-level monitoring of consumption patterns so that future growth is supported by better resource efficiency, cost awareness and responsible environmental management.

Utility consumption indicators

Indicator	2026	2025	Variance (%)
Electricity expenses (LKR Mn.)	83.74	88.12	-4.96
Electricity units (kWh)	2,146,033	1,786,354	+20.13
Water expenses (LKR Mn.)	3.37	3.00	+12.23
Water units (m^3)	13,488	12,793	+5.43

Digitalisation continued to support our move towards a more paper-light operating environment, while also improving efficiency across the expanding branch network. Internal workflows, document retrieval systems, online document transfers, digital loan processing, online payment request mechanisms and digital document archiving helped reduce manual processing, limit document duplication, improve access to operational information and strengthen document control. As the Company grows, these paper-light processes will remain important in managing resource use, reducing storage requirements and maintaining service quality through faster and more consistent information flow.

As a financial services provider, our waste profile remains mainly office-based, comprising paper, stationery, packaging and general branch waste. During the year under review, digital workflows, document archiving and improved process controls supported efforts to reduce unnecessary printing and document replication, while centralised procurement helped branches maintain essential stationery without unnecessary stockpiling. This lean approach supported better resource use, operational readiness and efficiency across the branch network.

Advancing environmental stewardship on our sustainability journey

While Senkadagala Finance's direct environmental footprint as a Licensed Finance Company is relatively modest, we recognise that our role in financing Sri Lanka's economic activity carries both responsibility and opportunity as the country transitions towards a more sustainable economy. Our strategy focuses on minimising the direct impact of our 150 branches through energy efficiency, resource conservation, and digitalisation, while progressively addressing the indirect impacts embedded within our lending portfolio.

Aligned with the CBSL Sustainable Finance Roadmap and in preparation for SLFRS S1 and S2 reporting, the Company commenced the establishment of data infrastructure, governance controls, and capability foundations required to identify and disclose our sustainability and climate-related risks and opportunities. Planned initiatives include the rollout of departmental data collection frameworks, developing the capability to establish baseline Scope 1, Scope 2, and selected Scope 3 greenhouse gas emissions, and the integration of climate risk into our enterprise risk management framework. This journey will form the platform on which we build green financing propositions and a more climate-resilient business model.

Looking ahead

As we move forward, our social and environmental capital will continue to be shaped by access, responsibility and measurable impact. We will remain focused on supporting financial inclusion, strengthening ESMS application, improving stakeholder engagement and reducing the environmental impact of our operations through digitalisation and better resource management. We will also continue to build on the Group's financial literacy and ESG initiatives, while improving the quality of data available to assess social and environmental outcomes.

Shareholder and Investor Capital



At Senkadagala Finance, shareholder and investor capital reflects the trust placed in us by shareholders, investors, lenders and the wider capital market. It includes the equity capital contributed by shareholders, the confidence of institutional funders, the transparency of our disclosures and the financial discipline with which we allocate capital. As a listed finance company, this capital is strengthened through profitability, governance, regulatory compliance, prudent risk management and consistent engagement with the investment community.

During FY 2025/26, this capital was strengthened through improved financial performance, a broader shareholder base, the successful completion of a rights issue and the continued maintenance of capital levels above regulatory requirements. These developments supported the Company's lending growth and branch expansion, while preserving financial stability, liquidity and market confidence.

Creating value through performance and financial strength

During the year under review, the Company delivered value to shareholders through stronger financial performance, supported by growth in the lending portfolio and the achievement of an asset base exceeding LKR 50 Bn. Profitability indicators, including Return on Assets (ROA) and Return on Equity (ROE), remained strong relative to the industry, reflecting efficient utilisation of capital and continued focus on risk-adjusted returns.

This performance was supported by active management of pricing, funding mix, cost discipline and portfolio composition. As lending activity improved in a more stable macroeconomic environment, we continued to prioritise asset quality and risk-based decision-making, enabling growth to be pursued without weakening the Company's overall risk profile.

Shareholder performance also reflected the Company's listed market position and strengthened capital base. Earnings per share stood at LKR 20.56, while net assets per share stood at LKR 138.77, reflecting the Company's profitability and capital position during the year. The price earnings ratio stood at 20.74, while the price-to-book value ratio stood at 3.07, based on the market price and audited year-end financial information. Dividends per share and dividend yield stood at LKR 2.80 and 0.66% respectively.

Strengthening the equity base through the rights issue

A key development during FY 2025/26 was the successful completion of the rights issue. The Board of Directors proposed the issue of 4,313,992 new ordinary voting shares by way of a rights issue of one share for every twenty ordinary voting shares held, at a price of LKR 240.00 per share. The rights issue was approved by the Central Bank of Sri Lanka on 18 December 2025, received in-principle approval from the Colombo Stock Exchange on 29 December 2025, and was approved by shareholders at the Extraordinary General Meeting held on 19 January 2026. The issue was oversubscribed, completed by 19 February 2026, and the shares were listed on the Colombo Stock Exchange on 4 March 2026.

The rights issue raised LKR 1.03 Bn., strengthening the Company's equity base and supporting the stated objectives of maintaining a comfortable capital buffer and enabling loan portfolio growth. The response to the issue reflected strong investor confidence in the Company's governance process, financial position and growth prospects.

Rights issue and utilisation of proceeds

Objective as per circular	Amount allocated as per circular LKR Mn.	Proposed date of utilisation	Amount allocated from proceeds LKR Mn.	% of total proceeds	Amount utilised LKR Mn.	% utilised against allocation
01. Maintain a comfortable capital buffer	1,035	Immediately upon completion of Rights Issue	1,035	100	1,035	100
02. Support the loan portfolio growth		Within 2 months of completion of the Rights Issue			1,035	100

Shareholder base and market participation

Senkadagala Finance PLC has been listed on the *Diri Savi* Board of the Colombo Stock Exchange since 22 March 2011. All listed shares are ordinary voting shares, and the Company does not have any other categories of shares in issue. As at 31 March 2026, the Company had 90,593,826 voting shares in issue, compared to 86,279,834 voting shares as at 31 March 2025, with one vote attached to each share.

During the year under review, the Company recorded a significant broadening of its shareholder base, with the total number of shareholders increasing from 240 as at 31 March 2025 to 1,221 as at 31 March 2026. Public shareholders increased from 228 to 1,209 during the same period. This movement was supported by the successful rights issue and the higher level of market activity recorded during the year, and reflected wider participation in the Company's ordinary voting shares.

The increase in shareholder numbers is meaningful in the context of the Company's capital-raising and growth agenda. The rights issue provided existing shareholders with the opportunity to participate in the Company's next phase of expansion, while strengthening the equity base required to support portfolio growth and maintain capital adequacy. At the same time, the shareholder base expanded in terms of the number of shareholders, improving the Company's public ownership profile and reinforcing its standing as a listed financial institution with an expanding investor community.

Twenty largest shareholders

The twenty largest shareholders accounted for 99.4% of the Company's issued shares as at 31 March 2026.

As at March 31	2026		2025	
	Number of shares	%	Number of shares	%
E. W. Balasuriya & Co. (Pvt) Limited	47,020,462	51.90	44,781,393	51.90
Hallsville Frontier Equities Ltd	7,088,562	7.82	7,088,562	8.22
Dr (Mrs) G Madan Mohan	6,223,056	6.87	5,926,720	6.87
Mr R Balasuriya	6,223,054	6.87	5,926,719	6.87
Late Dr M Balasuriya	4,172,046	4.61	4,172,046	4.84
Dr A Balasuriya and Mr D Balasuriya	3,111,528	3.43	2,963,360	3.43
Mr S K Balasuriya	3,111,528	3.43	–	0.00
Dr A Balasuriya and Mr S Balasuriya	3,111,525	3.43	2,963,358	3.43
Mr L Balasuriya (Deceased) and Ms A S Balasuriya	3,111,525	3.43	2,963,358	3.43
Ms L Fernando and Ms S A Fernando	1,821,842	2.01	1,735,089	2.01
Ms L Fernando and Mr A R Fernando	1,821,841	2.01	1,735,088	2.01
Ms L Fernando and Ms A L Fernando	1,821,841	2.01	1,735,088	2.01
Mr D K C R Fernando	750,080	0.83	721,444	0.84
Mrs C Fernando	194,498	0.21	185,237	0.21
Mr K G K Hewamallika	172,888	0.19	172,888	0.20
Mr S V W B K Sirimalwatta	144,375	0.16	143,453	0.17
Global Stanford Campus (Pvt) Ltd	47,260	0.05	–	0.00
Mr M M Ariyaratne	38,411	0.04	37,677	0.04
Mrs M D N Nandani	36,824	0.04	–	0.00
Peoples Leasing and Finance PLC/ Mr M K P N A Perera	27,357	0.03	–	0.00
Mr L Balasuriya (Deceased) and Mr S K Balasuriya	–	0.00	2,963,360	3.43
Sub total	90,050,503	99.37	86,214,840	99.91
Other shareholders	543,323	0.63	64,994	0.09
Total	90,593,826	100.00	86,279,834	100.00

Directors' shareholdings

Directors' shareholdings are disclosed as part of the Company's governance and transparency commitments, providing visibility over the interests of Directors in the Company's ordinary voting shares.

As at 31 March	2026		2025	
	Number of shares	%	Number of shares	%
Mr S K Balasuriya*	3,111,528	3.4	–	–
Ms L Fernando and Ms S A Fernando	1,821,842	2.0	1,735,089	2.0
Ms L Fernando and Mr A R Fernando	1,821,841	2.0	1,735,088	2.0
Ms L Fernando and Ms A L Fernando	1,821,841	2.0	1,735,088	2.0
Mr R Senanayake (retired w.e.f. 31 March 2026)	–	–	–	–
Mr N Vasantha Kumar	–	–	–	–
Dr (Ms) R A Perera	–	–	–	–
Mr A Herath	–	–	–	–
Ms D G Wijayawardana	–	–	–	–
Ms K A Chellaraja	–	–	–	–
Mr C P Jayatilake (appointed w.e.f. 1 April 2026)	–	–	–	–
Mr S Balasuriya** (appointed w.e.f. 1 April 2026)	3,111,525	3.4	2,963,358	3.4

* Appointed as Executive Director and Chief Executive Officer w.e.f. 28 January 2026. As at 31 March 2025, Mr S K Balasuriya held 2,963,360 shares jointly with Mr L Balasuriya who passed away on 14 December 2025.

** Holds shares jointly with Dr A Balasuriya.

Key Management Personnel shareholdings

Key Management Personnel shareholdings are disclosed to provide transparency over share interests held by individuals responsible for directing and managing key activities of the Company.

As at 31 March	2026		2025	
	Number of shares	%	Number of shares	%
Mr L Balasuriya* and Mr S K Balasuriya	–	–	2,963,360	3.4
Mr L Balasuriya* and Ms A S Balasuriya	3,111,525	3.4	2,963,358	3.4
Mr L Balasuriya*, Trustee of the Capitalisation Issue 2010	16	0.0	16	0.0
Mr P P K Ikiriwatte	17,825	0.0	16,977	0.0
Mr J K Jayatileke	17,811	0.0	16,963	0.0

* Mr L Balasuriya, former Chief Executive Officer, passed away on 14 December 2025.

Shareholder distribution

The shareholder distribution profile reflects both the concentration of long-standing shareholdings and the broadening of smaller shareholder participation during FY 2025/26. The increase in holders was most visible in the lower shareholding bands, indicating wider participation in the Company's ordinary voting shares.

Distribution of shareholders

As at 31 March	2026			2025		
	Number of shareholders	Number of shares	%	Number of shareholders	Number of shares	%
1 - 1,000	1,070	159,756	0.2	216	9,897	0.0
1,001 - 10,000	127	322,771	0.4	4	6,749	0.0
10,001 - 100,000	8	210,648	0.2	4	86,025	0.1
100,001 - 1,000,000	4	1,261,841	1.4	4	1,223,022	1.4
1,000,001 - 10,000,000	11	41,618,348	45.9	11	40,172,748	46.6
Over 10,000,000 shares	1	47,020,462	51.9	1	44,781,393	51.9
Total	1,221	90,593,826	100.0	240	86,279,834	100.0

The shareholder base remained predominantly resident, with 1,217 resident shareholders holding 92.2% of issued shares, while four non-resident shareholders held 7.8%. Institutional shareholders held 59.9% of shares, while individual shareholders held 40.1%, reflecting a shareholder profile that combines institutional strength with wider individual participation.

Resident and non-resident shareholders

As at 31 March	2026			2025		
	Number of shareholders	Number of shares	%	Number of shareholders	Number of shares	%
Resident shareholders	1,217	83,505,026	92.2	239	79,191,272	91.8
Non-resident shareholders	4	7,088,800	7.8	1	7,088,562	8.2
Total	1,221	90,593,826	100.0	240	86,279,834	100.0

Institutional and individual shareholders

As at 31 March	2026			2025		
	Number of shareholders	Number of shares	%	Number of shareholders	Number of shares	%
Institutions	44	54,245,994	59.9	15	51,874,617	60.1
Individuals	1,177	36,347,832	40.1	225	34,405,217	39.9
Total	1,221	90,593,826	100.0	240	86,279,834	100.0

Market price and trading information

Senkadagala Finance shares traded within a wider price range during FY 2025/26, with the highest traded price reaching LKR 1,800.00 and the lowest traded price at LKR 360.00.

Trading information

Indicator	FY 2025/26	FY 2024/25
Highest price (LKR)	1,800.00	535.00
Lowest price (LKR)	360.00	302.25
Last traded price (LKR)	426.50	410.25
Last traded date	31 March 2026	25 March 2025
Number of trades	7,344	425
Number of shares traded	235,234	6,443
Value of shares traded (LKR Mn.)	160.12	2.63

Share price volatility during the earlier part of the year was influenced by relatively low market liquidity and limited trading volumes in the Company's shares. Following the completion of the rights issue, shareholder participation increased significantly, with the number of shareholders increasing from 240 as at 31 March 2025 to 1,221 as at 31 March 2026. This resulting increase in shareholder participation, together with increased market activity, supported improved trading liquidity and greater share price stability during the latter part of the year.

Share price linked performance indicators

The Company continues to disclose key share price-linked performance indicators to support transparency and investor analysis. These indicators provide shareholders with a concise view of earnings, valuation, net asset strength and dividend returns over time.

Ratios and performance indicators

As at 31 March	2026	2025	2024	2023	2022
Earnings per share (LKR)	20.56	18.07	13.87	5.16	10.97
Dividends per share (LKR)	2.80	2.80	1.80	0.65	1.40
Net assets per share (LKR)	138.77	115.05	98.57	85.79	88.62
Price earnings ratio (times)	20.74	22.71	28.76	58.24	49.34
Price-to-book value ratio (times)	3.07	3.57	4.05	3.50	6.11
Dividend yield (%)	0.66	0.68	0.45	0.22	0.26

Public holding and market capitalisation

The float adjusted market capitalisation of the Company falls under Option 1 of Rule 7.13.1 (b) of the Listing Rules of the Colombo Stock Exchange. As at 31 March 2026, the Company is in compliance with the minimum public holding requirement therein.

As at 31 March	2026	2025	Minimum requirement
Public holding (%)	21.42	21.42	7.5
Number of public shareholders	1,209	228	200
Float-adjusted market capitalisation (LKR Bn.)	8.28	7.58	1.00

Investor communication and transparency

Transparent and timely communication remained central to maintaining investor confidence. During the year under review, we continued to engage shareholders and investors through statutory disclosures, annual and interim reports, general meetings and announcements to the Colombo Stock Exchange. These channels enabled investors to remain informed of the Company's financial performance, capital actions, governance matters and strategic direction.

The rights issue also demonstrated the importance of clear communication with the market. By obtaining the required regulatory and shareholder approvals and completing the issue within the stated timeline, the Company reinforced transparency and accountability in its capital-raising process.

Further information on governance practices and shareholder engagement mechanisms is provided in the Corporate Governance section as well as in the Annual Report of the Board of Directors.

Capital adequacy and financial resilience

Capital adequacy remained a key foundation of shareholder and investor confidence. As a regulated finance company, we are required to maintain capital at levels prescribed by the Central Bank of Sri Lanka, including minimum thresholds for core capital and total capital. These requirements support the stability of the Company and its ability to meet obligations to customers, depositors, lenders, shareholders and other stakeholders.

During FY 2025/26, the Company maintained a strong capital adequacy position, supported by internal capital generation and the successful rights issue. The Company recorded a total capital ratio of 23.84% at year-end, remaining well above the applicable regulatory minimum of 12.50%. Core capital ratio stood at 21.92%, compared with the applicable regulatory minimum of 8.50%, in compliance with Finance Business Act Direction No. 03 of 2018 on Capital Adequacy Requirements. This capital position enabled us to support the expanding asset portfolio while retaining capacity to absorb potential economic uncertainty.

Statutory reserves and retained earnings

The Company continues to maintain statutory reserves in line with regulatory requirements applicable to licensed finance companies. The Statutory Reserve Fund remains an important part of the Company's capital framework, supporting regulatory strength and the retention of earnings for future growth.

As at 31 March 2026, the Statutory Reserve Fund stood at LKR 776 Mn., following a transfer of LKR 100 Mn. during the year. Retained earnings stood at LKR 8,370 Mn., supporting the Company's ability to fund future growth while maintaining regulatory capital strength.

Funding, lenders and listed instruments

The Company continued to maintain a well-established funding base during the year under review, supported by depositor relationships and long-standing relationships with institutional lenders. Taking advantage of market liquidity conditions and established lender relationships, we financed a greater portion of loan growth through bulk funding, supporting lending portfolio expansion while helping manage funding costs and asset-liability maturity alignment.

The Company did not list any debentures during FY 2025/26 and had no listed debentures or other listed debt instruments outstanding as at 31 March 2026.

Capital allocation and financial discipline

Capital allocation during the year remained focused on balancing growth, shareholder returns and financial stability. Capital raised through the rights issue was deployed to support lending growth while maintaining capital buffers above regulatory requirements. At the same time, the Company continued to optimise returns through efficient asset utilisation, risk-based pricing and cost management.

Our proprietary customer screening framework supported this approach by helping align lending decisions with risk-return objectives. This enabled us to deploy capital in a measured way, supporting portfolio growth while preserving asset quality and financial resilience.

Dividend policy and shareholder returns

Our dividend policy continued to be guided by the need to balance shareholder returns with capital adequacy, liquidity, profitability and future growth requirements. In determining dividend payouts, the Company considers profit after tax, capital adequacy levels, liquidity position, future capital requirements and industry practices. The final dividends paid and proposed for the year are set out below.

For the year ended 31 March	2026			2025		
	Amount	DPS	Paid Date	Amount	DPS	Paid Date
Final dividend proposed/paid (LKR)	253,662,713	2.80	Subject to AGM approval	241,583,535	2.80	26 August 2025
Total dividends proposed/ paid for the year (LKR)	253,662,713			241,583,535		
Earnings for the year (LKR)	1,847,544,696			1,621,890,697		
Dividend pay-out ratio (%)	13.73			14.90		
Earnings retention ratio (%)	86.27			85.10		

Looking ahead

As we move forward, shareholder and investor capital will continue to be shaped by financial performance, disciplined capital allocation, transparent communication and strong governance. Following a year in which the Company strengthened its equity base, broadened shareholder participation and expanded lending activity, our focus will be on sustaining investor confidence through prudent risk management, liquidity strength, regulatory capital compliance and timely engagement with shareholders and lenders.

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Board of Directors' Profiles

The Board of Directors of Senkadagala Finance PLC is structured to ensure an appropriate balance of skills, independence and experience to effectively oversee the Company's strategic direction, governance responsibilities and risk environment. As at 31 March 2026, the Board comprised eight Directors, including six Independent Non-Executive Directors, one Non-Independent Non-Executive Director and one Executive Director, reflecting the Company's continued commitment to independence, accountability and diverse Board-level expertise.

During the year under review and immediately thereafter, the Board composition evolved to support leadership continuity, strengthen governance and strategic oversight, and further broaden the expertise available to the Company:

- Mr S K Balasuriya was appointed as Executive Director and Chief Executive Officer with effect from 28 January 2026, bringing Board-level executive insight into the Company's capital market-related activities, risk-based credit underwriting, asset management, stockbroking and margin trading operations.
- Mr R Senanayake, Chairman/Independent Non-Executive Director, retired from the Board with effect from 31 March 2026 upon completion of his nine-year term of service, in compliance with the applicable Finance Business Act Directions.
- Subsequent to the financial year end, Mr C P Jayatilake was appointed as an Independent Non-Executive Director and Mr S Balasuriya was appointed as a Non-Independent Non-Executive Director, both with effect from 1 April 2026, further strengthening the Board's collective expertise in technology, digital risk, cybersecurity, governance, assurance, real estate development and asset management.

The Board profiles presented in this Annual Report reflect the composition of the Board as at the date of this Report, following post-year-end appointments effective from 1 April 2026. On this basis, the Board currently comprises nine Directors, of whom four are female, representing 44.4% female representation at Board level.

Together, the Board brought experience across finance, treasury, law, public policy, governance, risk, capital markets, technology and business leadership, supporting balanced decision-making, independent judgement and effective oversight of the Company's strategic and regulatory responsibilities. These changes, together with continued Board and Committee oversight, reflect the Company's focus on maintaining a robust, fit-for-purpose governance structure aligned with its evolving operating environment and regulatory obligations.

Mr Namasivayam Vasantha Kumar

Chairman

Date of appointment to the Board

1 July 2019

Date of appointment as Chairman

1 April 2026

Skills and expertise

Mr Vasantha Kumar holds a Master of Business Administration from the University of Wales, UK and a Diploma in Professional Treasury Management. He possesses over 40 years of experience in financial markets behaviour and treasury operations.

Other appointments

In addition to his current role with the Company, he holds the positions of Senior Director of Ceylinco Holdings PLC, Independent Non-Executive Director of DFCC Bank PLC, Executive Director of Asset Trust Management (Pvt) Ltd., Director of Wealth Lanka Management (Pvt) Ltd. and Chairman of Safe Capital (Pvt) Ltd.

Previous appointments

Mr Vasantha Kumar has previously served as CEO/ General Manager of People's Bank. He also served as President of the Association of Primary Dealers and the Sri Lanka Forex Association, and as Head of Treasury of ANZ Grindlays Bank, Colombo. He has served as a Director of People's Leasing & Finance PLC, People's Insurance PLC, People's Merchant Finance PLC, People's Travels Ltd., Alliance Finance PLC, Bangladesh – Dhaka, Lanka Financial Services Bureau Ltd. and the Credit Information Bureau of Sri Lanka. In addition, he served as a member of the Governing Board of the Institute of Bankers of Sri Lanka.

Mr Sahishnu Keshav Balasuriya

Executive Director/Chief Executive Officer

Date of appointment to the Board

28 January 2026

Skills and expertise

Mr Balasuriya holds a Master of Finance from the Judge Business School, University of Cambridge, a Master of Science in Computer Science from the University of Bristol and a Bachelor of Science in Biological Sciences from the University College London.

Since joining Senkadagala Finance in 2016, with extensive experience in capital markets, asset management and portfolio management in Sri Lanka, Mr Balasuriya has played a pivotal role in expanding its presence in capital market-related activities, including asset management, stockbroking and margin trading. He was instrumental in the acquisition and strategic repositioning of Senfin Asset Management (Pvt) Ltd and Senfin Securities Ltd., and continues to provide oversight to the Company's investment management and brokerage operations.

He also led the introduction of a risk-based credit underwriting model, implemented in early 2022, which significantly enhanced the Company's ability to manage credit risk and mitigate non-performing loans in the aftermath of the pandemic and the subsequent economic challenges.

Other appointments

Mr Balasuriya currently serves as an Independent Non-Executive Director of Ceylon Guardian Investment Trust PLC and Ceylon Investment PLC, both listed entities within the Carson Cumberbatch PLC Group. He also serves as a Non-Executive Director of Senfin Securities Ltd., Venture Retail (Pvt) Ltd and Kyros Commodity Trading (Pvt) Ltd.

Previous appointments

He previously served as a Director and a member of the Investment Committee of Senfin Asset Management (Pvt) Ltd.

Ms Lakshmi Fernando

Non-Independent Non-Executive Director

Date of appointment to the Board

Initially appointed as an Executive Director with effect from 24 February 1996, and subsequently re-designated as a Non-Independent Non-Executive Director with effect from 31 October 2023.

Skills and expertise

Ms Fernando holds a BSc (Hons) and possesses over 30 years of experience in the fields of finance and hotel management.

Other appointments

She is a Director on the Boards of Thompson's Beach Hotels Ltd., Senkadagala Hotels Ltd., Senkadagala Insurance Brokers (Pvt) Ltd., E W Balasuriya & Co (Pvt) Ltd., EWB Equities (Pvt) Ltd., Kosgolla Estate (Pvt) Ltd., EWB Jewellers (Pvt) Ltd. and Kandy Lake Club (Pvt) Ltd.

Dr Roshan Anne Perera

Independent Non-Executive Director

Date of appointment to the Board

22 September 2020

Skills and expertise

Dr Perera is a highly accomplished professional with over 30 years of experience in public policy. She possesses strong expertise in the formulation and implementation of monetary and fiscal policy, as well as in the regulation and supervision of financial institutions. Her professional strengths include macroeconomic policy analysis and the development of frameworks to identify, manage and mitigate financial and systemic risks. She also brings significant experience in governance practices, contributing to effective oversight and strategic decision-making at Board level.

Dr Perera holds a Doctor of Philosophy in Economics from the University of Melbourne, Australia. She also completed a mid-career Master in Public Administration as an Edward S. Mason Fellow at the John F. Kennedy School of Government, Harvard University, USA. In addition, she holds a Master of Economics and a Bachelor of Arts in Economics from the University of Colombo, Sri Lanka.

Other appointments

Dr Perera presently works as an independent consultant to multilateral agencies both in Sri Lanka and abroad. She currently serves as an Independent Non-Executive Director on the Board of Nations Trust Bank PLC.

Previous appointments

She was a Director at the Central Bank of Sri Lanka, the regulatory body for banking and non-bank financial institutions, and served on many Boards including the Institute of Policy Studies and the Sri Lanka Institute of Directors.

Mr Arjuna Herath

Independent Non-Executive Director

Date of appointment to the Board

12 October 2023

Skills and expertise

Mr Herath is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka, with a Bachelor of Science degree from the University of Colombo, an MBA from the University of Strathclyde in the United Kingdom and a Master of Arts in Financial Economics from the University of Colombo.

Other appointments

He currently holds several non-executive appointments, including Chairman of RIL Property PLC, Synapsys Ltd and CSE Clear (Pvt) Ltd, and Director of Durdans Medical and Surgical Hospital (Pvt) Ltd, Central Depository Systems (Pvt) Ltd, Colombo Stock Exchange, Cargills Bank PLC, Watawala Plantations PLC, Watawala Dairy Ltd, United Motors Lanka PLC, C B L Investment Limited and Dialog Axiata PLC. He also serves as a Director of The Sri Lanka Institute of Directors.

Previous appointments

Mr Herath retired as Senior Partner and Head of Consulting at Ernst & Young for Sri Lanka and the Maldives. Prior to that, he held key positions including Director Corporate Finance at Merchant Bank of Sri Lanka and Marketing Development Manager at Ceylon Tobacco Company Ltd. He has held prominent public sector leadership roles, served as Chairman of the Data Protection Authority of Sri Lanka and Chairman of the Board of Investment of Sri Lanka, and held Board or advisory roles with several regulatory and professional bodies, including as a Board Member of the Sri Lanka Accounting and Auditing Standards Monitoring Board, Commissioner of the Securities and Exchange Commission of Sri Lanka and Member of the Company Law Advisory Commission. Additionally, he was President of both the South Asian Federation of Accountants and The Institute of Chartered Accountants of Sri Lanka, Chair of the Professional Accountancy Organisation Development Committee of IFAC and served as a Board Member of the Confederation of Asia Pacific Accountants.

Ms Dilshani Gayathri Wijayawardana

Independent Non-Executive Director

Date of appointment to the Board

5 December 2024

Skills and expertise

Ms Wijayawardana is an Attorney-at-Law of the Supreme Court of Sri Lanka with extensive expertise in commercial law, including corporate law, banking, regulation, insurance, administrative law, securities law and intellectual property law. She has over two decades of experience in litigation in both primary and appellate courts. Her academic background includes a Master's in Law (LLM), specialising in commercial law, from the University of Cambridge, UK.

She has contributed to legal scholarship through numerous legal articles and is the co-author of the book Company Law, published in 2014. Her deep understanding of legal and regulatory frameworks is further evident in her advisory role in drafting the Securities and Exchange Act of 2021.

Other appointments

Ms Wijayawardana continues to practise as an Attorney-at-Law of the Supreme Court of Sri Lanka, a position she has held since 1996.

Previous appointments

Ms Wijayawardana served as an Independent Non-Executive Director of Union Bank PLC and retired from the Board with effect from 31 March 2026, upon completion of nine years of service, in compliance with Section 3.2(b) of the Banking Act Direction No. 05 of 2024 on Corporate Governance for Licensed Commercial Banks. Her previous roles include serving as a Commissioner of the Securities and Exchange Commission of Sri Lanka from 2015 to 2018, and as a member of the Advisory Committee appointed for drafting the Securities and Exchange Act of 2021. She has also worked at the chambers of Dr K Kanag-Isvaran, President's Counsel, and served as a Legal Executive at Shook Lin and Bok, Advocates and Solicitors, Singapore during 1999/2000. Earlier in her career, she was a Research Assistant to the late Hon. Justice Mark Fernando of the Supreme Court of Sri Lanka.

Ms Kasturi Angela Chellaraja

Independent Non-Executive Director

Date of appointment to the Board

5 March 2025

Skills and expertise

Ms Kasturi Angela Chellaraja is a distinguished corporate leader with over three decades of experience across finance, healthcare, logistics and business transformation. She is recognised for her strategic leadership, operational excellence and deep expertise in managing and scaling large businesses. An alumna of Harvard Business School and a Fellow of the Chartered Institute of Management Accountants (CIMA), she began her career in 1988 and has since held several key executive roles. Known for breaking barriers, she became the first female Group CEO of a listed conglomerate in Sri Lanka. Her leadership has been recognised through numerous accolades, including recognition by the Parliament of Sri Lanka and international organisations such as the World Bank and UNICEF. Ms Chellaraja is also known for her strong advocacy for ethical leadership, gender inclusion and social impact.

Other Appointments

Ms Chellaraja currently serves as the Chief Operating Officer (Head of APAC) at 5hour International Corporation. She is a Non-Executive Independent Director at National Development Bank PLC and a Non-Executive Director at Capital Alliance Holdings Ltd. She also serves as a Director of Lanka Software Foundation. Ms Chellaraja is an active member of several industry associations and currently serves on the main committee and the Board of the Ceylon Chamber of Commerce and as a Committee Member in the Mercantile Services Provident Society. She is an Advisory Board Member of Midas Safety Holdings Ltd and also a Trustee of the Hemas Outreach Foundation, Hemas Wellness Trust and Orphan Care Trust.

Previous appointments

Ms Chellaraja has held numerous senior leadership and Board positions across multiple sectors, most notably serving as the Group Chief Executive Officer and Director of Hemas Holdings PLC from 2020 to 2024. Over her two-decade tenure at Hemas, she served on the Boards of several group subsidiaries spanning pharmaceuticals, FMCG, healthcare, mobility, logistics and digital health. These include Hemas Pharmaceuticals (Pvt) Ltd, Hemas Manufacturing (Pvt) Ltd, Hemas Hospitals (Pvt) Ltd, Atlas Axillia Co. (Pvt) Ltd, Morison Ltd, Hemas Consumer Brands, and Hemas Surgicals and Diagnostics (Pvt) Ltd, among others. She also held key roles in maritime and logistics entities such as Spectra (Pvt) Ltd, Mazu Shipping (Pvt) Ltd and Far Shipping Lanka (Pvt) Ltd. Beyond the Hemas Group, Ms Chellaraja served as an Independent Director at Capital Alliance Holdings Ltd from 2017 to 2023 and held advisory and governance roles in industry associations and institutions including the Sri Lanka Institute of Directors, the Ceylon Chamber of Pharmaceutical Industries, where she served as President, the National Sports Council and the Chartered Institute of Management Accountants. Her track record reflects extensive experience in executive management, corporate governance, business transformation and industry representation across multiple sectors.

Mr Chandranath Priyanka Jayatilake

Independent Non-Executive Director

Date of appointment to the Board

1 April 2026

Skills and expertise

Mr Jayatilake is a highly experienced consulting and audit professional with over 40 years of extensive experience across technology, advisory and assurance services. His expertise spans technology and digital risk, cybersecurity and data privacy, IT controls and Governance, Risk and Compliance (GRC), Enterprise Resource Planning (ERP) systems, Business Continuity Planning (BCP), project management and emerging areas such as artificial intelligence.

He possesses broad exposure in business process re-engineering, digital transformation, corporate restructuring, business development and operational improvement initiatives across multiple industries.

Drawing on extensive experience gained through senior leadership roles at KPMG Sri Lanka, Mr Jayatilake possesses deep expertise in technology advisory, management consultancy, IT assurance and financial auditing. He has led engagements across diverse sectors including banking and finance, insurance, telecommunications, manufacturing, plantations, healthcare and logistics, and has been instrumental in pioneering services in Sri Lanka relating to ISO 27001, cyber security, software quality assurance (SQA), software process improvement (CMMI) and IT auditing.

Mr Jayatilake holds a BSc (Hons) Degree with First Class in Mathematics and Computing from the University of Colombo and a Master of Science in Computer Science (Software Systems Technology) from the University of Sheffield, UK. He is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka (FCA), the Institute of Certified Management Accountants of Sri Lanka (FCMA) and the British Computer Society (FBCS), and is also a Chartered IT Practitioner.

Previous appointments

Mr Jayatilake retired from KPMG Sri Lanka with effect from 31 March 2026, concluding a distinguished career spanning nearly four decades with the firm, including over 30 years as a Partner. He served as the Managing Partner of KPMG Sri Lanka and the Maldives from 1 April 2023 until his retirement and previously held several key leadership positions, including Head of Advisory for over a decade, during which the Advisory function achieved significant growth and several key milestones. Throughout his tenure, he played a pivotal role in driving growth and innovation across the firm and was instrumental in establishing several key service lines, including Technology Advisory, Oracle ERP Consulting, Accounting Outsourcing, Payroll and HR Solutions, and Executive Search.

He also held multiple senior functional roles within KPMG Sri Lanka and the Maldives, including Chief Information Officer, National IT Security Officer and Chief Knowledge Officer. At the regional level, he served as a Board Member of KPMG's MESAC (Middle East, South Asia and Caspian) and CASA (Caspian, Arab States and South Asia) regions, and as Chairman of the Regional Technology Committee. Earlier in his career, as an Audit Partner for 17 years, he led audit engagements for several listed companies and spearheaded plantation sector audits.

Mr Sonal Balasuriya

Non-Independent Non-Executive Director

Date of appointment to the Board

1 April 2026

Skills and expertise

Mr Sonal Balasuriya is a Chartered Architect with diverse experience spanning architecture, real estate development and asset management. He holds a First-Class BSc (Hons) Degree from the University of Westminster and a Master of Architecture with Distinction from the Bartlett School of Architecture, University College London. He has been an SLIA-qualified Chartered Architect in Sri Lanka since February 2016.

He gained professional experience in both the United Kingdom and Sri Lanka prior to establishing his own practice in 2016, and currently serves as the Principal Architect of Studio SBA (Pvt) Ltd. His expertise includes architectural design, project development and the management of complex built environment projects.

In addition to his architectural practice, Mr Balasuriya is actively involved in the management of E.W. Balasuriya & Co (Pvt) Ltd., where he has contributed to the development, management and leasing of commercial real estate assets.

Other appointments

Mr Balasuriya currently serves as a Non-Executive, Non-Independent Director of Senfin Asset Management (Pvt) Ltd. since March 2020, where he contributes to Board-level deliberations on investment strategy, governance and risk oversight.

Corporate Governance

Our corporate governance approach is anchored in collaboration, independence, ethical conduct, transparency and accountability. These principles guide how the Board and Management provide strategic direction, oversee risk, strengthen internal controls and safeguard the interests of shareholders, customers, employees, regulators, depositors and the wider public. During FY 2025/26, we continued to reinforce this approach through periodic reviews and refinement of the governance framework, Board-approved policy updates and continued alignment with the requirements of the Central Bank of Sri Lanka, the Colombo Stock Exchange and recognised corporate governance best practices.

During the year under review, the Remuneration Policy and Anti-Bribery and Corruption Policy were reviewed and approved, while several policies, procedures and operational manuals were introduced or updated across governance, risk management, compliance, information security, data protection, AML/CFT and proliferation financing, business continuity, credit risk, deposits and operations. The Board also continued to strengthen its oversight of emerging risks, including cybersecurity, regulatory compliance and operational risks arising from business expansion. Together, these enhancements supported responsible decision-making, clearer escalation, stronger internal controls and transparent stakeholder communication across the Company.

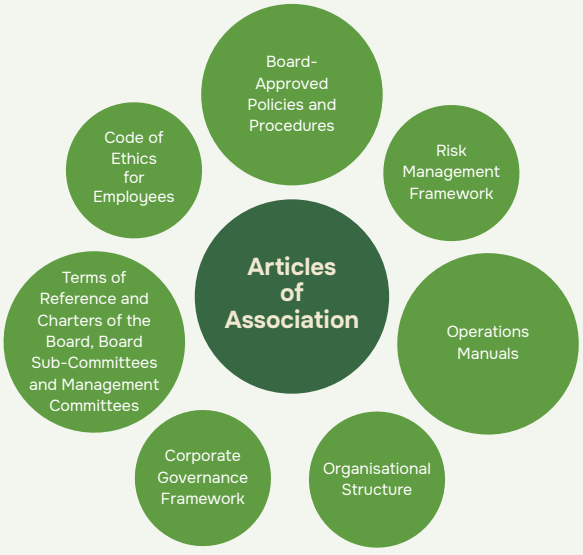
Governance framework and regulatory compliance

Robust corporate governance has consistently been a fundamental element underpinning the Company's success. The Company's governance framework provides a structured and disciplined approach to conducting business in a manner that meets the expectations of all stakeholders. Within this framework, the Board of Directors provides strategic direction and oversight to support the achievement of the Company's objectives and the creation of sustainable value.

The Company's governance philosophy is centred on establishing an effective control environment that enables the Board and its Committees to discharge their fiduciary duties with integrity. This is supported by a commitment to transparency, accountability, fairness, and independence in decision-making processes.

The Company recognises that corporate governance extends beyond the establishment of controls and oversight mechanisms. It encompasses the promotion of organisational excellence, fostering employee and customer satisfaction, and enhancing shareholder value, while upholding the highest standards of ethics and professional conduct.

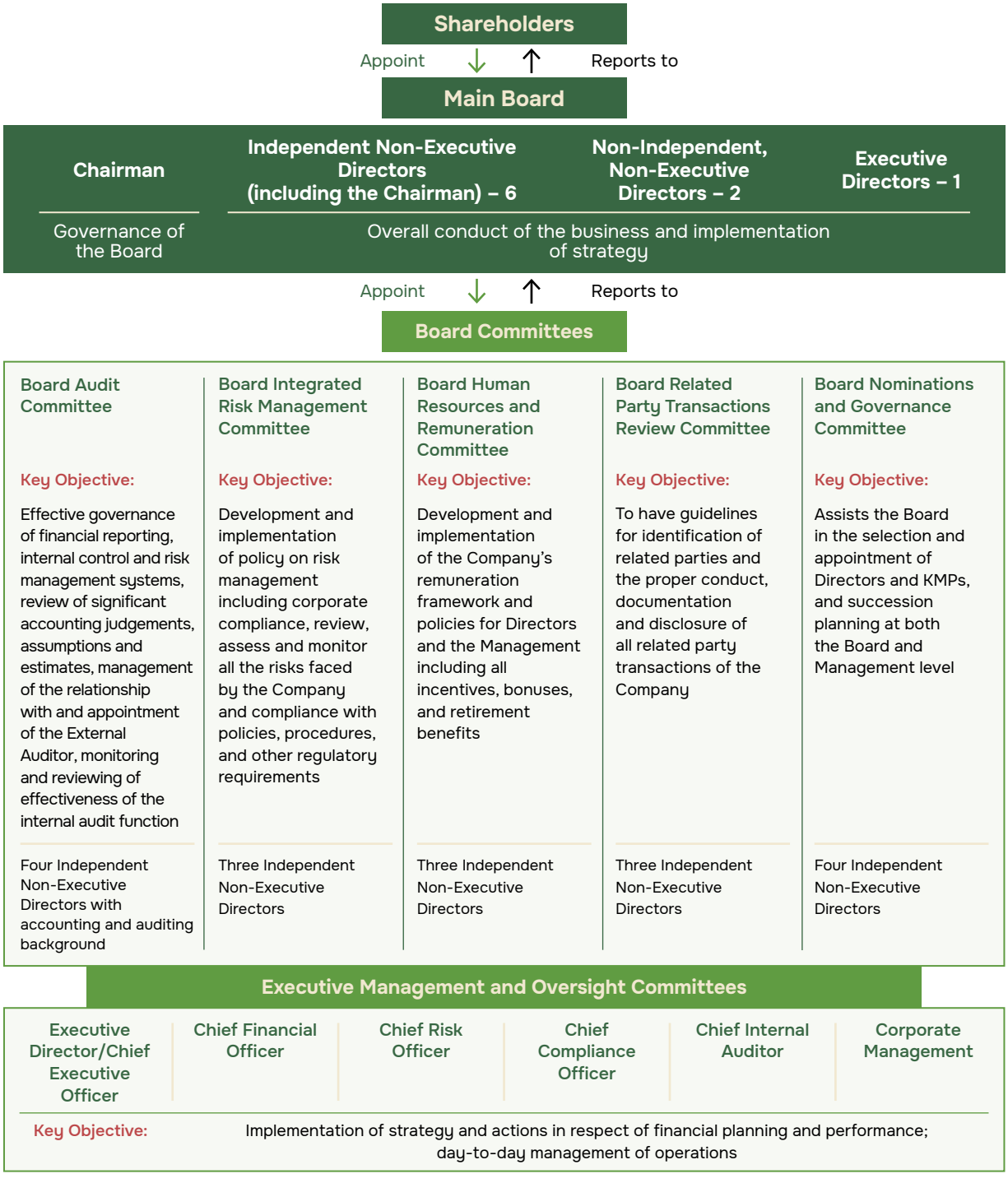
- Finance Business Act No. 42 of 2011
- Finance Leasing Act No. 56 of 2000 and amendments thereon
- Directions and Guidelines issued for LFCs and SLCs by CBSL
- Listing Rules of the CSE
- Companies Act No. 07 of 2007 and amendments thereon
- Inland Revenue Act No. 24 of 2017 and amendments thereon
- EPF Act No. 15 of 1958 and amendments thereon
- ETF Act No. 46 of 1980 and amendments thereon
- Code of Best Practice on Corporate Governance 2023 issued by CA Sri Lanka
- CBSL Financial Consumer Protection Regulations No. 1 of 2023



- Code of Best Practice on Related Party Transactions issued by SEC and CSE
- Financial and other Covenants
- Payment of Gratuity Act No. 12 of 1983 and amendments thereto
- Termination of Employment of Workmen Act No. 45 of 1971 and amendments thereon
- CRIB Act No. 18 of 1990
- Financial Transactions Reporting Act No. 06 of 2006
- Prevention of Money Laundering Act No. 5 of 2006
- Convention on the Suppression of Terrorist Financing Act No. 25 of 2005
- Shop and Office Employees Act No. 19 of 1954 and amendments thereon
- The Securities and Exchange Commission of Sri Lanka Act No. 19 of 2021
- Personal Data Protection Act No. 9 of 2022

Governance structure

The illustration below presents the corporate governance structure of Senkadagala Finance PLC and reflects the Board composition as at the date of this Report.



* Board IT Security and Steering Committee has been set up with effect from 1 April 2026 with three members comprising two Non-Executive Directors and one Executive Director.

Roles and responsibilities

The Board is responsible for providing stewardship to the Company and ensuring that Senkadagala Finance is directed and managed in a manner that supports sound governance, regulatory compliance and continued value creation. In carrying out this responsibility, the Board's key duties include:

- Setting and approving the Company's strategic direction, governance framework and risk appetite.
- Providing oversight over policies, procedures and internal controls that support responsible and transparent operations.
- Ensuring that the Company complies with applicable laws, regulations and directions issued by relevant authorities, including the Central Bank of Sri Lanka and the Colombo Stock Exchange.
- Reinforcing ethical conduct, integrity and accountability across the Company.
- Reviewing performance against approved business objectives, risk parameters and governance expectations.
- Protecting the interests of stakeholders, particularly depositors and shareholders.

The Chairman is responsible for leading the Board, facilitating constructive discussion and ensuring that matters requiring Board attention are considered fully and addressed in a timely manner.

Board Composition

The composition, structure, and balance of the Board of Senkadagala Finance PLC is guided by the Articles of Association of the Company, the Finance Business Act Directions No. 05 of 2021 on Corporate Governance issued by the Central Bank of Sri Lanka, and the Listing Rules of the Colombo Stock Exchange, which require that at least three (03) 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, should be independent.

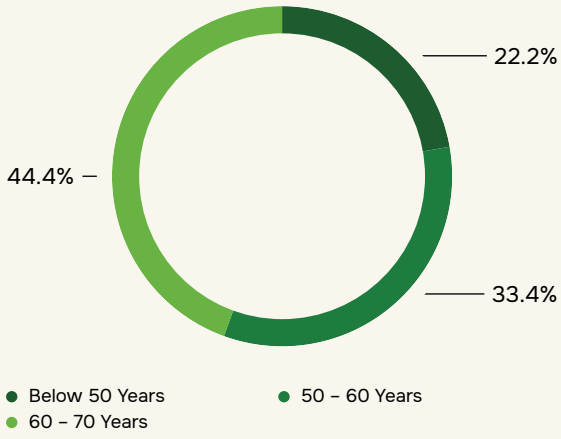
As at 25 June 2026, the Board comprised nine (09) Directors, consisting of one (01) Executive Director, who also serves as the Chief Executive Officer of the Company, and eight (08) Non-Executive Directors, of whom six (06), including the Chairman, are Independent and two (02) are Non-Independent. With Independent Non-Executive Directors constituting two-thirds of the Board, well in excess of the regulatory minimum, this mix of Executive and Non-Executive Directors ensures an appropriate balance of skills, experience, independence, and authority to both support and constructively challenge the strategic direction of the Company. The roles of the Chairman and the Chief Executive Officer are held separately, and as the Chairman serves in an Independent Non-Executive capacity, no individual or group of individuals holds unfettered powers of decision making.

The Board's composition reflects a balanced blend of experience, expertise and diversity, supporting robust governance and effective decision-making. The diversity of perspectives represented on the Board strengthens its ability to oversee strategy, risk management and long-term sustainability. The charts below illustrate the Board's gender and age profile as at the date of this Report.

Board Composition by Gender



Board Composition by Age



Director appointment and succession

Director appointments, resignations and succession matters are managed in line with the Finance Business Act Directions and the CBSL Fitness and Propriety Criteria. The Board Nominations and Governance Committee supports this process by reviewing the composition of the Board, assessing succession requirements and recommending suitable candidates with the skills, experience and independence required for effective oversight.

During the year under review and immediately thereafter, changes as set out on page 86 were made to the Board of Directors to support leadership continuity, governance depth and Board-level expertise.

Succession planning also remained an area of Board oversight during the year. The Management Succession Plan, covering the Chief Executive Officer and other Key Responsible Persons, was approved at the Board meeting held in September 2025, supporting leadership continuity and orderly transition planning across key governance and management roles.

Board training and development

New Directors are supported through access to key governance documents and briefings from Senior Management, enabling them to understand the Company's operating context, regulatory responsibilities and governance framework. Ongoing training opportunities are also facilitated to help Directors remain informed of relevant regulatory, governance and industry developments.

The Board has also approved a procedure for reviewing the training and development needs of Board members. This process helps identify areas where Directors may require further knowledge or awareness, supporting their ability to discharge their duties effectively and contribute to informed Board deliberations.

Board evaluation

The Board undertakes an annual evaluation process to assess its overall effectiveness, composition and the performance of its Committees. During the year, the Board Nominations and Governance Committee reviewed the FY 2024/25 evaluation outcomes on 4 June 2025, including the collective results of individual Board and Sub-Committee assessments.

The review also considered the effectiveness of reporting and escalation between Sub-Committees and the Board. To improve the visibility of key matters, it was recommended that Committee Chairpersons provide concise verbal summaries at Board meetings, highlighting issues that require Board attention. The FY 2025/26 Board and Committee evaluation process was completed on 3 June 2026, with outcomes to be reviewed and acted upon through the Board Nominations and Governance Committee and the Board, as applicable.

Board meetings

The Board met twelve (12) times during FY 2025/26, enabling regular review of strategy, performance, risk, compliance and other matters requiring Board oversight. Directors demonstrated strong engagement through their attendance and participation, with meetings held physically at the Company's Registered Office and, where required, through electronic means.

The Chairman also convened two meetings exclusively with Non-Executive Directors during the year, supporting independent discussion, open exchange of views and effective oversight outside the regular Board meeting agenda.

Ethics and conduct

Ethical conduct remains central to the way the Board, Key Management Personnel and employees discharge their responsibilities. The Company's Code of Business Conduct and Ethics sets out the standards expected across areas such as conflicts of interest, confidentiality, integrity in decision-making, responsible use of Company assets and compliance with applicable laws, regulations and internal policies.

During FY 2025/26, adherence to the Code was reinforced through internal communications, policy dissemination, staff training, compliance monitoring and established reporting and escalation processes. The Company also maintained procedures for whistleblower disclosures and conflict-of-interest matters. No waivers were granted in respect of the Code, and no material whistleblower disclosures, code violations or conflict-of-interest matters requiring disclosure were reported during the year.

Remuneration of Board of Directors

The Board Human Resources and Remuneration Committee oversees the remuneration of the Board of Directors of Senkadagala Finance PLC. The Committee follows a formal and transparent process in this regard. No Director participates in decisions regarding their own remuneration. The remuneration of Executive Directors is structured to link rewards to individual and Company performance, whereas Non-Executive Directors receive fees commensurate with their responsibilities and the time devoted to Board and Sub-Committee work. The aggregate remuneration paid to Directors during the financial year is disclosed in the Notes to the Financial Statements, and is also set out in the Annual Report of the Board of Directors on page 144, reflecting the principles of fairness, accountability, and compliance with applicable regulatory requirements.

The breadth and complexity of the responsibilities of the Board of Directors and its Sub-Committees have increased significantly in recent years. The role of Directors has evolved beyond conventional governance functions to encompass enhanced oversight in areas such as strategic direction, enterprise risk management, technological resilience, regulatory compliance, financial stewardship, and the monitoring of key business initiatives, particularly in response to a progressively rigorous regulatory environment applicable to Licensed Finance Companies (LFCs) and listed entities.

In light of these expanded responsibilities, the Company is committed to ensuring that the remuneration framework for Non-Executive Directors is commensurate with the level of expertise, time commitment, and fiduciary responsibility required, while remaining consistent with prevailing market practices and industry benchmarks.

Accordingly, with effect from 1 April 2026, the Board approved a revision to the Directors' fees together with the introduction of fees for attendance at Sub-Committee meetings. This revision was implemented based on the recommendation of the Board Human Resources and Remuneration Committee, following a comprehensive review of the existing framework, and was subsequently approved by the Board. The revised structure is intended to ensure an equitable, transparent, and competitive remuneration framework that supports the effective discharge of the Board's oversight responsibilities.

Sustainability and ESG oversight

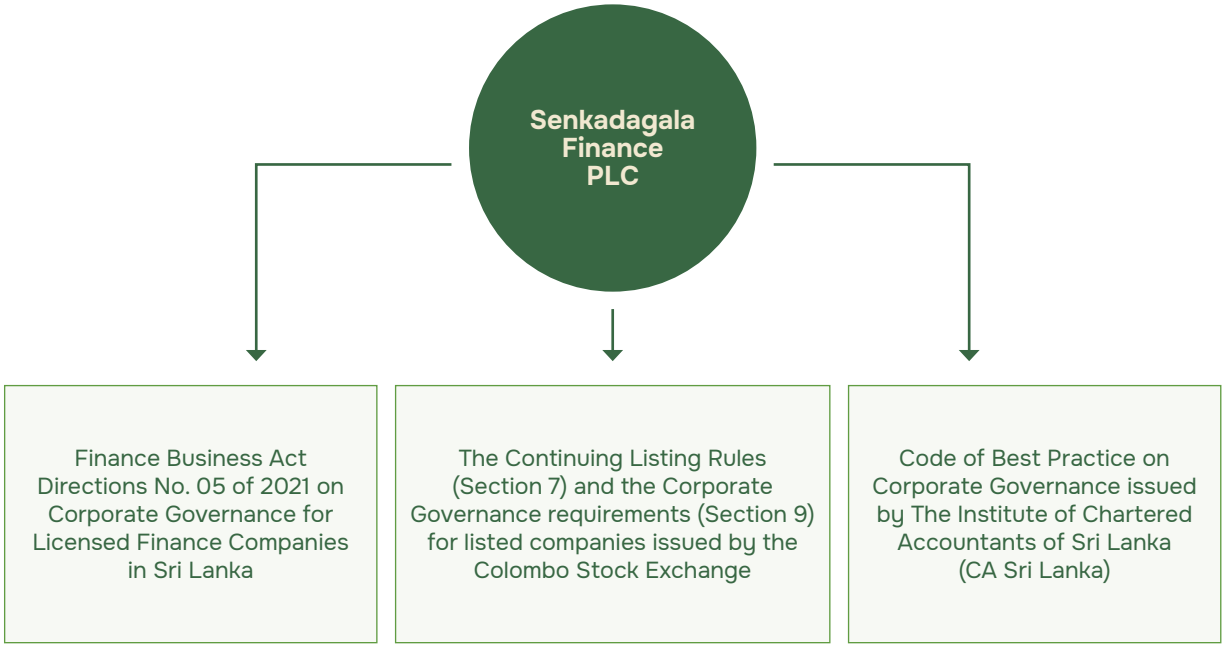
Reflecting the global urgency surrounding climate change, Senkadagala Finance PLC issued its Sustainability Policy during the financial year 2024/25, establishing a structured framework to integrate sustainability considerations into its core business operations and strategic direction. The Board of Directors provides overall oversight of sustainability and ESG matters, ensuring that environmental stewardship, social responsibility, and sound governance practices are embedded across the organisation.

The Board, together with its Sub-Committees, ensures that the Company's sustainability-related initiatives align with relevant United Nations Sustainable Development Goals, particularly those most pertinent to its operations. Management is responsible for implementing sustainability initiatives through the Company's Business Strategy 2027-2029, supported by demonstrable goals to ensure accountability, monitoring and continuous progress.

The Company remains committed to fostering responsible resource utilisation, promoting employee wellbeing, supporting community development, and upholding high standards of ethical conduct. Ongoing review mechanisms and transparent disclosures ensure that sustainability practices evolve in line with emerging regulatory expectations and industry best practices, thereby contributing to long-term stakeholder value creation.

Looking ahead, the Company is preparing to strengthen its sustainability disclosure practices in line with evolving regulatory and reporting standards. Senkadagala Finance PLC plans to adopt the Sri Lanka Sustainability Disclosure Standards, namely SLFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information) and SLFRS S2 (Climate-related Disclosures), in line with the transitional reliefs issued by CA Sri Lanka, marking a significant step towards more comprehensive and globally aligned reporting.

Codes complied with by the Company



Compliance with Finance Business Act Directions No. 05 of 2021 on Corporate Governance for Licensed Finance Companies in Sri Lanka

The Direction comprises sixteen fundamental principles, namely:

- Board's Overall Responsibilities
- Governance Framework
- Composition of the Board
- Assessment of Fitness and Propriety Criteria
- Appointment and Resignation of Directors and Senior Management
- The Chairperson and the CEO
- Meetings of the Board
- Company Secretary
- Delegation of Functions by the Board
- Board Sub-Committees
- Internal Controls
- Related Party Transactions
- Group Governance
- Corporate Culture
- Conflicts of Interest
- Disclosures

The structures established by the Company and the extent of compliance with the requirements are set out below under each fundamental principle:

CBSL rule	Corporate governance principle	Compliance status	Level of compliance
1. Board's overall responsibilities			
1.1	The Board shall assume overall responsibility and accountability for the operations of the finance company	Complied	The Board holds overall responsibility for setting effective business strategy, ensuring sound corporate culture, and adhering to applicable rules and regulations. The Board's responsibilities are set out in the Policy of the Board of Directors and the Governance Framework
1.2	Business strategy and governance frameworks	Complied	The Board approved the Company's rolling three-year Business Strategies covering the periods 2026–2028 and 2027–2029 and reviews the strategic direction periodically to ensure continued alignment with the prevailing economic environment and the Company's long-term objectives. The Governance Framework, which has been approved by the Board, provides the foundation for the effective discharge of the Board's responsibilities. The Board periodically assesses the adequacy and effectiveness of the Framework to ensure that it remains appropriate to the Company's size, complexity, business strategy, and regulatory requirements.
1.3	Corporate culture and values	Complied	The Company shares a strong and well-established corporate culture that drives the Company towards integrity, competence, diligence, and respect while strengthening ethical, prudent, and professional behaviour across the Company. The Company has established a Board-approved Code of Conduct and Ethics applicable to all employees. The Code sets out the standards of ethical behaviour and professional conduct expected of employees and promotes the conduct of business in a fair, responsible, transparent, and lawful manner. It also seeks to foster a positive work environment while maintaining the trust and confidence of customers, shareholders, regulators, and the wider community. The Board promotes sustainable finance by including appropriate Environmental, Social and Governance (ESG) considerations in the business strategy. The Board-approved communication policy for all stakeholders, including depositors, shareholders, borrowers, and other creditors, is in place. This policy ensures that the Company maintains a balanced and transparent approach in communicating its performance, position, and prospects to the public and regulatory authorities.

CBSL rule	Corporate governance principle	Compliance status	Level of compliance
1.4	Risk appetite, risk management and internal controls	Complied	The Board is responsible for establishing an effective risk management framework. The Board takes an active role in defining the risk appetite and ensuring its alignment with the Company's business strategy, Governance Framework and capital. The Board-approved Risk Appetite Statement (RAS) is in place and is regularly monitored through the Board Integrated Risk Management Committee (BIRMC). The RAS was most recently reviewed and approved by the Board in March 2026. The Board reviews the adequacy and the effectiveness of the Company's internal control systems and management information systems periodically.
1.5	Board commitment and competency	Complied	The Board of Directors devotes sufficient time on dealing with the matters relating to affairs of the Company. The Board meets on monthly intervals and Board Sub Committees meet every other month or quarterly intervals as stipulated in the respective Terms of Reference of each Sub-Committee. All members of the Board possess the necessary qualifications, adequate skills, knowledge, and experience to be a Board member. The Board regularly reviews and agrees to the training and development needs of its members. A procedure has been approved by the Board to review the training and development needs of the members of the Board. The Board adopts a scheme of self-assessment to be undertaken by each Director annually on individual performance, of the Board as a whole and of the Committees; and maintain records of such assessments. A Board-approved procedure is in place for this regard. Governance Framework of the Company includes provisions in obtaining independent professional advice to the Board of Directors as and when necessary, at Company's expenses to discharge their duties. However, no such instances have occurred during the year when discharging their duties effectively.

CBSL rule	Corporate governance principle	Compliance status	Level of compliance
1.6	Oversight of Senior Management	Complied	The positions that have a significant influence over the Company's policies, direction of activities, control of business operations, and risk management have been identified by the Board and designated as Senior Management, as reflected in the updated organisational chart. Job descriptions for the Senior Management define the responsibilities of each member. Independent functions related recruitments are referred to the respective Sub-Committee for their inputs. The approval for Key Responsible Persons (KRPs) are obtained from CBSL. All Senior Management personnel possess necessary qualifications, skill, experience and knowledge to perform their assigned functions. The Board ensures that there is an appropriate oversight of the affairs of the Company by the Senior Management. The Company has a Board-approved one to one succession plan in place for Senior Management. The Board meets regularly with the Senior Management to review policies, establish lines of communication, and monitor progress towards the strategic objectives.
1.7	Adherence to the existing legal framework	Complied	As established by the Company's Corporate Governance Framework, the Company does not act in a manner that is detrimental or prejudicial to the interests of and obligations to, depositors, shareholders, and other stakeholders. The Company adheres to the existing regulatory framework which comprises relevant laws, regulatory stipulations, directions and ethical standards. Internal control measures, policies, and procedures including a Board-approved Code of Conduct and Ethics are in place ensuring compliance with the same.
2. Governance framework			
2.1	Board shall develop and implement a governance framework	Complied	A Board-approved corporate governance framework is in place.
3. Composition of the Board			
3.1	The Board's composition shall ensure a balance of skills and experience	Complied	The Board's composition includes members with the necessary skills and experience as required and appropriate for the requirements of the size, complexity, risk profile, and strategic goals of the Company.
3.2	Number of Directors on the Board	Complied	There are eight (08) Directors on the Board as at the end of the financial year 2025/26.
3.3	Total period of service of a Director	Complied	Mr R Senanayake, Chairman/Independent Non-Executive Director, retired from the Board with effect from 31 March 2026, upon completion of his nine (09) year term of service. Please refer page 135 of this report for the period of service of each Director.

CBSL rule	Corporate governance principle	Compliance status	Level of compliance
3.4	Exception for the nine year rule for Non-Executive Directors	Not applicable	There were no such situations that arose during the financial year.
3.5	Executive Directors	Complied	During the financial year, Mr S K Balasuriya was appointed as Executive Director/Chief Executive Officer with effect from 28 January 2026. Please refer pages 135 and 87 to 91 for the composition of the Board and the designations of the Board members.
3.6	Non-Executive Directors	Complied	The Non-Executive Directors of the Company bring substantial experience and expertise to the table, aligning closely with the requirements of their respective fields. Two (02) new Non-Executive Directors were appointed to the Board with effective from 1 April 2026. Please refer pages 135 and 87 to 91 for the composition of the Board and the designations of the Board members.
3.7	Independent Directors	Complied	There were six Independent Directors on the Board as at the end of the financial year 2025/26, and one new Independent Director was appointed to the Board with effect from 1 April 2026. Please refer pages 135 and 87 to 91 for the composition of the Board and the designations of the Board members.
3.8	Alternate Directors	Not applicable	No such situation arose during the financial year.
3.9	Cooling-off periods	Not applicable	No such situation arose during the financial year.
3.10	Common Directorships	Complied	Please refer the Board of Directors' Profiles section on pages 87 to 91 for information on other Directorships held by the members of the Board.
3.11	A Director shall not hold office as a Director or any other equivalent position in more than 20 organisations	Complied	None of the Directors of the Company hold Director positions in more than 20 organisations. Please refer the Board of Directors' Profiles section on pages 87 to 91 for information on other directorships held by the Board members.
4. Assessment of Fitness and Propriety Criteria			
4.1	No person shall act as a Director unless that person is a fit and proper person in accordance with the Finance Business Act (Assessment of Fitness and Propriety of Key Responsible Persons) Directions No. 06 of 2021	Complied	Approval has been granted by CBSL for all existing Directors as at the year-end.
4.2	A person over the age of 70 years shall not serve as a Director	Complied	All the Directors of the Company are below 70 years of age. The ages of Board members are disclosed on page 135.
4.3	A person who attains age of 70 can continue as a Director with regulatory approval	Not applicable	Circumstances to this effect have not arisen during the year under review.

CBSL rule	Corporate governance principle	Compliance status	Level of compliance
5. Appointment and resignation of Directors and Senior Management			
5.1	Appointments and resignations of Key Responsible Persons (KRP) to take place in accordance with the Finance Business Act (Assessment of Fitness and Propriety of Key Responsible Persons) Directions No. 06 of 2021	Complied	All appointments, resignations or removals pertaining to the Board of Directors and Senior Management are effected in conformity with the Finance Business Act Direction No. 06 of 2021 on the Assessment of Fitness and Propriety of Key Responsible Persons.
6. The Chairperson and the CEO			
6.1	There shall be a clear division of responsibilities between the Chairperson and the CEO	Complied	The roles of the Chairman and the Chief Executive Officer (CEO) are held by two separate individuals. The respective functions and responsibilities of the Chairman and the CEO have been clearly defined and approved by the Board of Directors under the Policy on the Board of Directors.
6.2	The Chairperson shall be an Independent Director	Complied	Mr R Senanayake, an Independent Non-Executive Director, served as the Chairman until his retirement on 31 March 2026. Mr N Vasantha Kumar, an Independent Non-Executive Director, was appointed as the Chairman with effect from 01 April 2026.
6.3	In case where the Chairperson is not independent	Not applicable	The Chairman of Senkadagala Finance PLC is an Independent Non-Executive Director.
6.4	Responsibilities of the Chairperson	Complied	The functions and responsibilities of the Chairman have been defined in the Board approved Policy of the Board of Directors which includes the stipulated requirements. The annual self-assessment of the Board includes a criterion that evaluates the effectiveness of the Chairman in facilitating the Board's discharge of its responsibilities. The Chairman has delegated the function of preparing the agenda of Board meetings to the Company Secretary. The Chairman ensures that all Directors are properly briefed on issues arising at Board meetings by submission of the agenda and Board papers with sufficient time prior to the meetings. The Chairman ensures that the relationship among the Directors provides an opportunity for all Directors to actively participate in the Board's affairs. This process is further strengthened through the annual self-evaluation of the Board and Board Sub-Committees where the views of all Directors are canvassed in respect of the performance of the Board and Sub-Committees as a whole. The Chairman is not directly involved in the supervision of Senior Management or any other executive duties. The AGM of the Company is the main forum where the Board maintains effective communication with shareholders. Further, the Board-approved communication policy evidence the Company's process in this regard. The Chairman has assessed the performance and contribution of the Board of Directors, including that of the ED/CEO, during the year under review.

CBSL rule	Corporate governance principle	Compliance status	Level of compliance
6.5	Responsibilities of the CEO	Complied	In terms of duties and responsibilities of the ED/CEO, he is the apex executive of the Company who is responsible for the day-to-day operations of the Company with the assistance of Senior Management. The ED/CEO is accountable to the Board of Directors to recommend the Company's strategy implementation and ensure appropriate internal controls are in place to assess, control, and mitigate risks.
7. Meetings of the Board			
7.1	The Board shall meet at least twelve times a financial year	Complied	Twelve meetings have been held in the financial year. Please refer page 142 for the Board meetings and their attendance details.
7.2	Inclusion of proposals by all Directors in the agenda	Complied	All Directors are able to submit proposals for discussion on matters pertaining to promotion of business and the risk management of the Company.
7.3	Notice of meetings	Complied	An annual calendar of Board meetings has been issued at the beginning of the year. It was ensured that prior notice of at least three days was given to Board members.
7.4	Directors shall devote sufficient time to prepare and attend Board meetings	Complied	The agenda and Board papers are circulated through a secure electronic platform in advance and Directors have sufficient time to prepare for the meetings. All the Directors actively contribute at the Board meetings by providing views and suggestions to the best interest of the Company.
7.5	Meetings should constitute of 1/4th of the quorum as Independent Directors	Complied	All Board meetings satisfied the minimum quorum requirement of Independent Directors present. Please refer page 142 for the Board meetings and their attendance details.
7.6	The Chairperson shall hold meetings with the Non-Executive Directors only, at least twice a year	Complied	Two (2) meetings were held by the Chairperson without the presence of the Executive Directors to facilitate effective communication, engagement and collaboration within the Board. This process supports the smooth functioning of the Board and enhances the overall governance and decision-making processes.
7.7	A Director shall abstain from voting on any Board resolution where that Director has a conflict of interest	Complied	According to the Company's Article 31, Directors are required to declare the nature of their interests. Any disclosed interests are presented to the Board, and directors with specific interests in matters before the Board abstain from participating and voting.
7.8	Attendance of Directors	Complied	All Directors have attended the Board meetings as stipulated by the Direction. Please refer page 142 for the Board meetings and their attendance details.
7.9	Scheduled Board meetings and ad hoc Board meetings	Complied	Most Directors physically participate in the Board meetings while some Directors join through electronic means when they are unable to be physically present.

CBSL rule	Corporate governance principle	Compliance status	Level of compliance
8. Company Secretary			
8.1	Company Secretary	Complied	The Board of Directors appointed the Company Secretary in conformity with the provisions of the Companies Act No. 07 of 2007, as amended.
8.2	Access to the Company Secretary	Complied	All Directors have the opportunity to obtain advice and services of the Company Secretary without any restriction.
8.3	Agenda for Board meetings	Complied	The Company Secretary prepares the agenda for Board meetings under direct supervision of the Chairman. Prior to circulation, the Company Secretary obtains the Chairman's approval for the Notice of Meeting and the agenda.
8.4	Minutes of Board meetings maintained for six years	Complied	Board meeting minutes are maintained for six years.
8.5	Maintaining minutes in an orderly manner	Complied	Duly recorded minutes of the Board meetings are available with the Company Secretary and those can be accessed by any Director at any point in time.
8.6	Minutes recorded in sufficient detail	Complied	Minutes of all Board meetings are duly recorded in sufficient details and retained by the Company Secretary under the direct supervision of the Chairman.
8.7	The minutes shall be inspected by any Director	Complied	Duly recorded minutes of the Board meetings are available with the Company Secretary and those can be accessed by any Director at any point in time.
9. Delegation of functions by the Board			
9.1	The Board shall approve a delegation of authority	Complied	The Board approved delegation authority limits are in place. The authorised amounts have been explicitly detailed in the Delegation of Authority (DA).
9.2	Absence of any of the Subcommittee	Not applicable	All the Board Sub-Committees required under Section 10 of the Corporate Governance Direction are established and are functioning effectively. The Board IT Security and Steering Committee has been set up with effect from 1 April 2026 in compliance with Technology Risk Management and Resilience Direction No. 01 of 2022.
9.3	Senior Management level Subcommittee	Complied	Information Security Committee (ISC), Operational Integrated Risk Management Committee (OIRMC) are in operation. The appropriate delegation of authority (DA) limits have been established through the Board-approved DA document.
9.4	Extent of delegation	Complied	The Board ensures that delegation of authority at various levels does not hinder or reduce its ability as a whole to discharge its functions.
9.5	Review the delegation processes	Complied	The delegation of authority process is reviewed by the Board as and when necessary.

CBSL rule	Corporate governance principle	Compliance status	Level of compliance
10. Board appointed committees			
10.1	Board committees	Complied	There are five Board appointed sub-Committees which report directly to the Board, namely; the Board Audit Committee (BAC), Board Integrated Risk Management Committee (BIRMC), Board Human Resources and Remuneration Committee (BHRRC), Board Related Party Transactions Review Committee (BRPTRC), and the Board Nominations and Governance Committee. Minutes are maintained for each of the above Committees under the supervision of the Chairperson of each Committee. A report on the performance, duties and functions of each Committee has been made available in this Annual Report.
10.2	Board Audit Committee	Complied	Mr A Herath, a Fellow Member of CA Sri Lanka and an Independent Non-Executive Director of the Company, acts as the Chairman of the Board Audit Committee. Other members of the Committee are also Independent Non-Executive Directors and possess extensive experience related to the finance industry. The details of the Board Audit Committee are set out in the Board Audit Committee Report on pages 147 to 148.
10.3	Board Integrated Risk Management Committee	Complied	The Committee is chaired by an Independent Director, and all Board members are Non-Executive Directors with expertise in banking, finance, and risk management issues and practices. The CEO, Chief Risk Officer (CRO) and Chief Compliance Officer (CCO) attend meetings by invitation. The BIRMC collaborates closely with Senior Management and provides oversight within the assigned framework of authority and responsibility. The details of the Board Integrated Risk Management Committee are given on pages 149 to 150 of this Annual Report.
10.4	Board Nominations and Governance Committee	Complied	The Committee is comprised of four Independent Non-Executive Directors, with the CEO attending meetings by invitation of the Committee. The Committee ensures the fitness and propriety of Directors and Senior Management to perform their functions. The Committee ensures 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. The Committee is in charge of establishing procedures and guidelines for the continuation of Directors. The details of the Board Nominations and Governance Committee are given on pages 155 to 157 of this Annual Report.

CBSL rule	Corporate governance principle	Compliance status	Level of compliance
10.5	Board Human Resources and Remuneration Committee	Complied	The Committee is chaired by a Non-Executive Director and consists of three Independent Non-Executive Directors with the Chairperson. The Committee reviews and recommends the salaries, allowances, and other financial payments relating to Executive Directors and Senior Management, and allowances structure of Non-Executive Directors. The remuneration structure is in line with the business strategy, objectives, values, long-term interests of the Company, while preventing conflicts of interest and incentives to take excessive risk. The details of the Board Human Resources and Remuneration Committee are given on pages 151 to 152 of this Annual Report.
11. Internal Controls			
11.1	Adopt well-established internal control system	Complied	An internal control system, which includes the organisational structure, segregation of duties, clear management reporting lines, and adequate operating procedures exist in order to mitigate operational risks.
11.2	Features of an internal control system	Complied	The internal control system promotes effective and efficient operation, provides reliable financial information, safeguards assets, minimises the operating risk of losses from irregularities/ frauds/errors, ensures effective risk management, and ensures compliance with relevant laws/regulations/directions/internal policies.
11.3	All employees shall be given the responsibility for internal controls	Complied	All employees are assigned responsibility for internal controls relevant to their respective functions.
12. Related party transactions			
12.1	Board shall establish policies and procedures for related party transactions	Complied	The Related Party Transactions Policy has been established following the requirements specified in the Direction and encompassing the internal procedure of handling related party transactions.
12.2	Avoiding conflict of interest in related party transactions	Complied	The Board has taken steps to avoid conflict of interest due to related party transactions as well as favourable treatments to related parties. Particulars relating to related party transactions have been disclosed in the Notes to the Financial Statements.
12.3	Engaging in transactions with a related party to grant “more favourable treatment”	Complied	The Company has not entered into any transaction that would grant a related party more favourable treatment than that afforded to an unrelated customer. The details of the Board Related Party Transactions Review Committee are given on pages 153 to 154 of this Annual Report.

CBSL rule	Corporate governance principle	Compliance status	Level of compliance
13. Group governance			
13.1	Responsibilities of the FC as a holding company	Complied	Group governance framework establishes the roles and responsibilities for the oversight and implementation of group-wide policies. While a separate Group governance framework document has not been established, all members of the Group diligently practice good governance, and it has proven to be effective in maintaining the Group's standards and compliance. Reporting arrangements are in place to understand and manage material risks and developments, which may affect the Company and its subsidiaries. The Board assesses whether the internal control framework of the Group adequately addresses risks in the Group, and any risks arising from intra-group transactions. The Board ensures that there are adequate resources to effectively monitor compliance of the Company and the subsidiaries. The Group structure does not undermine the Company's ability to exercise effective oversight. The Board's review and approval is required for the creation of new legal entities under its management. The Board has defined processes for identifying and managing all material group-wide risks through adequate and effective policies and control.
13.2	Responsibilities as a subsidiary	Not applicable	Senkadagala Finance PLC is not a subsidiary of another financial institution.
14. Corporate culture			
14.1	Adopt a code of conduct	Complied	Senkadagala Finance PLC has incorporated the areas relevant to the Code of Conduct, as stipulated in the Direction, within its HR Policy and other operational manuals. These include provisions relating to appropriate conduct, confidentiality, conflicts of interest, integrity of reporting, protection and proper use of Company assets, and the fair treatment of customers. The HR Policy was approved by the Board of Directors on 11 October 2025, and these principles are embedded in the Company's policies and practices to ensure adherence to high standards of ethical and professional conduct.
14.2	Maintain records of breaches of Code of Conduct	Complied	The Company maintains procedures for recording and investigating any breaches of the Code of Conduct should such incidents arise.
14.3	Establish a whistle-blowing policy	Complied	Whistle-blowing policy and procedure has been established and the documentation is available for all staff to access.

CBSL rule	Corporate governance principle	Compliance status	Level of compliance
15. Conflicts of interest			
15.1 (a)	Directors shall abstain from voting on any Board resolution with a conflict of interest	Complied	Directors abstained from voting on resolutions with conflict of interest.
15.1 (b)	Board shall establish policies and procedures for conflicts of interest	Complied	The Related Party Transactions Policy includes provisions relating to conflicts of interest, and has been established the requirements specified in the Direction and encompassing the processes of handling Conflicts of Interest.
16. Disclosures			
16.1 (a)	Financial reporting as per regulatory requirements and applicable accounting standards	Complied	The relevant Financial Statements are published in conformity with regulatory requirements and applicable accounting standards.
16.1 (b)	Publishing financial reports in Sinhala, Tamil, and English newspapers	Complied	The Financial Statements are published in all three languages in the newspapers.
16.1	Disclosures in the Annual Report	Complied	i. 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 is given on page 137. A statement of responsibility of the Board for the preparation and presentation of Financial Statements is given on page 137. ii. Names and other information of Directors and Committees are provided on pages 147 to 157 and in respective Committee reports. iii. The Board of Directors conducts a comprehensive evaluation of the performance of the Board Sub-Committees through self-appraisal and collective effort. These assessments are based on predetermined criteria derived from the Terms of Reference (TORs) responsibilities assigned to each Board Sub-Committees, predetermined goals and objectives as per the organisation strategy, and the corporate governance framework. The outcomes of the evaluation serve as a constructive basis for deliberations on necessary enhancements to be made to the Board Sub-Committees. iv. Fees and remuneration paid by the Company to the Directors and Senior Management in aggregate is given on page 144 of this report and on Note 46.2 of the Financial Statements. A statement on remuneration policy is included in the report by the Board Human Resources and Remuneration Committee. v. Nature of relationships between Directors is included in the Board Related Party Transactions Review Committee Report. 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 core capital, and the aggregate values of the transactions with the Senior Management are given on Note 46 of the Financial Statements.

CBSL rule	Corporate governance principle	Compliance status	Level of compliance
			vi. The details of the Chairperson and members of the Board Committees together with their attendance are given in respective Committee reports on pages 147 to 157. vii. The Group structure is given on page 193. The Group governance is established to ensure transparency, accountability, and ethical conduct across all levels of Organisation including subsidiaries and associates where applicable. The Board has implemented a comprehensive system of clear reporting arrangements, including roles and responsibilities, effective risk management protocols, and a strong internal control framework. This framework promotes compliance with legal and regulatory requirements, as well as adherence to our own policies and standards by all relevant subsidiaries and associates; while ensuring that they are compliant with the regulatory and policy requirements that are applicable only to them. viii. Board's declarations relevant to this section are given throughout the Report, where applicable. ix. Statement of Internal Control by the Board is given on page 176. This statement has been certified by Messrs Ernst & Young, External Auditor of the Company, on their report, as given on page 178. There were no non-compliances to prudential requirements, regulations, laws, and internal controls. There were no regulatory and supervisory concerns on lapses in the Finance Company's risk management, non-compliance with the Act, and Rules and Directions that have been communicated by the Director of NBFI and directed by the Monetary Board to be disclosed to the public. x. The External Auditor of the Company has submitted a factual finding report on the corporate governance status and its compliance with Directions issued by the Director, Department of Supervision of Non-Bank Financial Institutions of the Central Bank of Sri Lanka. xi. The Chairperson certifies the Code of Business Conduct and ethics for Directors, Senior Management, and employees through his statement on page 12. xii. Management Report is given on pages 11 to 84. xiii. The policy and methodology for communication with shareholders and the contact details are provided on page 140.

Listing Rules issued by the Colombo Stock Exchange (CSE) on Continuing Listing Requirements

The Company has fully complied with all applicable provisions of Section 7.6 of the CSE Listing Rules.

Section	Governance Principle	Compliance Status	Page Reference
7.6	**Contents of Annual Report**		
7.6 (i)	Names of persons who were Directors of the Company during the Financial year	Complied	141
7.6 (ii)	Principal activities of the Company and its subsidiaries during the year	Complied	137
7.6 (iii)	Information on 20 largest shareholders at the end of the year	Complied	79
7.6 (iv)	The Public holding percentage	Complied	83
7.6 (v)	Directors' and Chief Executive Officer's holding in shares	Complied	80
7.6 (vi)	Information pertaining to material foreseeable risk factors	Complied	158 to 171
7.6 (vii)	Details of material issues pertaining to employees and industrial relations	Complied	66 to 72
7.6 (viii)	Information on buildings/land holdings and investment properties as at the end of the year	Complied	139 to 140
7.6 (ix)	Number of shares representing the stated capital as at the end of the year	Complied	140
7.6 (x)	A distribution schedule of the number of holders in each class of equity securities and related information	Complied	81
7.6 (xi)	Ratios and market price information on equity, debt, change in credit rating	Complied	82

Section	Governance Principle	Compliance Status	Page Reference
7.6 (xii)	Significant changes in the Company's or Subsidiaries' fixed assets	Complied	266
7.6 (xiii)	Details of funds raised through a public issue, Rights Issue and a Private Placement during the year Details of the same indicated in the Note 43 to the Financial Statements: Stated Capital, Movements in number of shares and Issue of New Shares	Complied	78
7.6 (xiv)	Information in respect of Employee Share Ownership or Stock Option Schemes The Company does not have any Employee Share Ownership or Stock Option Schemes at present	Complied	N/A
7.6 (xv)	Disclosure pertaining to Corporate Governance practice in terms of Section 9 of the Listing Rules	Complied	113 to 134
7.6 (xvi)	Related party transactions exceeding 10% of the Equity or 5% of the total assets of the entity The Company did not have any Related Party Transactions exceeding this threshold during the year	Complied	138 and 153
Appendix 7A	Utilisation of Rights Issue Funds	Complied	78

Listing Rules issued by the Colombo Stock Exchange (CSE) on Corporate Governance

The disclosures below reflect the Company's compliance with the Requirements on Corporate Governance under the Section 09 of the Listing Rules of the Colombo Stock Exchange:

Principle	Compliance and implementation	Status	Comments
9.1 Applicability of Corporate Governance Rules			
9.1.1-9.1.2 9.1.3	Applicability The Company is complied with the rules set out in Section 9.2 to 9.16 on continuous basis Publishing a statement confirming extent of compliance with these Corporate Governance Rules. The disclosures given in this annexure fulfill this requirement.	Complied	All the requirements had been compliant.
9.2 Policies			
9.2.1	The Company 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 Company, on its website: (a) Policy on the matters relating to the Board of Directors (b) Policy on Board Committees (c) Policy on Corporate Governance, Nominations and Re-election (d) Policy on Remuneration (e) Policy on internal Code of Business Conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities (f) Policy on Risk Management and Internal Controls (g) Policy on Communication which covers the Relations with Shareholders and Investors and Corporate Disclosures (h) Policy on Environmental, Social and Governance Sustainability (i) Policy on Control and Management of Company Assets and Shareholder Investments (j) Policy on Whistleblowing (k) Policy on Anti-Bribery and Corruption	Complied	All the policies had been adopted by the Company Matters relating to the Board of Directors, Board Committees, Corporate Governance, Nominations and Re-election are comprehensively covered under the policy of the Board of Directors.
9.2.2	The Company has fully complied with the internal Code of Business Conduct and ethics and no waivers/exemptions were granted	Complied	No such waivers were granted during the year under review
9.2.3	All applicable policies are disclosed on the Company's website. During the year under review, the Remuneration Policy and the Anti-Bribery and Corruption Policy were reviewed and updated, and the revised policies have been duly published on the Company's website.	Complied	All stated policies had been disclosed in the website.

Principle	Compliance and implementation	Status	Comments
9.2.4	All policies are accessible to shareholders upon a written request or through the website	Complied	
9.3 Board Committees			
9.3.1-9.3.2	The Company maintains all Board Sub-Committees out of the mandatory committees required by CSE Listing Rules: (a) Board Nominations and Governance Committee (b) Board Human Resources and Remuneration Committee (c) Board Audit Committee (d) Board Related Party Transactions Review Committee The Board has established six (6) Board Sub-Committees, including the aforementioned four (4) Committees and the Board Integrated Risk Management Committee (BIRMC). In addition, the Board IT Security and Steering Committee was established with effect from 1 April 2026.	Complied	Refer Governance Structure in page 94 of this Annual Report.
9.3.3	The Chairperson of the Board of Directors does not hold the position of Chairperson for any Board Committees mentioned in Rule 9.3.1 above.	Complied	Refer respective committee reports on pages 147 to 157 of this annual report.
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	Company Secretary maintains all records of resolutions and information upon a resolution being considered at a General Meeting including valid proxy votes, votes in favour, against and abstained for the resolutions. A process in place to provide copies of above information to SEC or CSE upon request.	Complied	–
9.4.2	The Company has established a communication policy to effectively communicate and maintain relationships with shareholders and investors, which is outlined in both the annual report and on the website. The Company Secretary is designated as the contact person for communication purposes. The policy ensures that all Directors are informed of any significant concerns or issues raised by shareholders and these concerns are transparently addressed and communicated where necessary.	Complied	Refer page 140 of the Annual Report of the Board of Directors of Senkadagala Finance PLC.
9.5 Policy on matters relating to the Board of Directors			
9.5.1	The requirements stipulated in Section 9.5.1 of the listing rule were captured in Board approved Policy on matters relating to the Board of Directors and Governance Framework of the Company.	Complied	–
9.5.2	The Board-approved policy on matters relating to the Board of Directors incorporates all requirements outlined in Section 9.5.1 and is published on the corporate website.	Complied	–

Principle	Compliance and implementation	Status	Comments
9.6 Chairperson and CEO			
9.6.1-9-6.4	The roles of Chairperson and CEO are occupied by two separate individuals; hence the Company has not designated a Senior Independent Director (SID).	Complied	-
9.7 Fitness of Directors and CEOs			
9.7.1-9.7.4	Every member of the Director Board is a fit and proper person to act as Director/CEO as specified in the Fit and Proper Assessment Criteria set out in Rule 9.7.3.	Complied	The Board Nominations and Governance Committee assess the fitness and propriety of individuals in accordance with the prescribed 'Fit and Proper Assessment Criteria' prior to being appointed as Directors and annually thereafter.
9.7.3	Fit and Proper Assessment Criteria:	Complied	–
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.	Complied	–
9.7.5	Disclosures in the Annual Report of 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.	Complied	(a) Refer the Annual Report of the Board of Directors on the affairs of the Company in page 141 in this Annual Report. (b) No such instances were recorded during the year under review.
9.8 Board Composition			
9.8.1-9.8.2	The Board consist of Eight (8) Directors and six (6) are independent. Hence 1/3 of the total number of Directors is independent as required.	Complied	–
9.8.3-9.8.4	The criteria for determining independence have been disclosed. All the Independent Directors of the Company fulfil the criteria on independence as defined under Rule 9.8.3 of the Listing Rules.	Complied	Details of Independent Directors referred on pages 87 to 91.
9.8.5	Directors have annually submitted the formal declaration of independence. The Board has reviewed these annual declarations and other available information to verify adherence to the criteria for assessing independence. The Company obtained a declaration as detailed in appendix 9A to ensure their independence.	Complied	No such instances occurred during the year that the independence of an Independent Director has been impaired against the criteria set out in Rule 9.8.3

Principle	Compliance and implementation	Status	Comments
9.9 Alternate Directors			
	The Company was not required to appoint an Alternate Director during the period.	Not applicable	No such situation was encountered during the financial year under review
9.10 Disclosures relating to Directors			
9.10.1	As per the Policy on matters relating to the Board of Directors of the Company, the maximum number of directorships a director can hold is twenty (20). Accordingly, No Directors hold Directorships of more than twenty (20) companies, entities, institutions inclusive of Subsidiary Company of the Senkadagala Finance PLC.	Complied	–
9.10.2	An announcement to the Market is carried out when a new Director is appointed to the Board. Immediate market announcements were made for new Director appointments, providing the following information, (i) A brief resume (ii) Capacity of directorship; and, (iii) Statement indicating the review performed by the Board Nominations and Governance Committee.	Complied	During the financial year, the Company appointed one (1) Executive Director to the Board. Two (2) Non-Executive Directors were appointed effective from 1 April 2026.
9.10.3	Change of composition of the Board committees will be immediately disclosed to the market through an announcement.	Complied	An immediate announcement was made in respect of the reconstitution of the Board Sub-Committees, which took effect from 1 April 2026.
9.10.4	All the information required to Rule No. 9.10.4 has been disclosed.	Complied	Refer profiles of the Board of Directors in page 87 and the Annual Report of the Board of Directors in page 136. Refer Board attendance in page 142 and respective Sub-Committee reports in pages 147 to 157.
9.11 Board Nominations and Governance Committee			
9.11.1 - 9.11.3	The Company has established the Board Nominations and Governance Committee referred to in Rule 9.11.	Complied	Refer Board Nominations and Governance Report in page 155 of this report
9.11.4	Committee consists of three Independent Directors and the Chair is also Independent.	Complied	Refer Board Nominations and Governance Report in page 155 of this report
9.11.5	Functions of the Board Nominations and Governance Committee	Complied	Refer Board Nominations and Governance Report in page 155 of this report
9.11.6	Disclosures in Annual Report	Complied	Refer Board Nominations and Governance Report in page 155 of this report

Principle	Compliance and implementation	Status	Comments
9.12 Board Human Resources and Remuneration Committee			
9.12.1 - 9.12.5	The Company has a Board Human Resources and Remuneration Committee (BHRRC) that conforms the requirements set out in rule 9.12 of listing rules. The Company's Remuneration Committee maintains 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 their own remuneration. 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. The Committee operates under a set of written Terms of Reference that clearly outline its scope, authority, duties and requirements for meeting quorum.	Complied	Refer Board Human Resources and Remuneration Committee report on page 151 in this annual report. Refer "Directors' and Executive remuneration" on page 144.
9.12.6	The Remuneration Committee comprises three Independent Non-Executive Directors. An Independent Director shall be appointed as the Chairperson of the BHRRC by the Board of Directors.	Complied Complied	Refer Report of the Board Human Resources and Remuneration Committee on page 151 of this annual report.
9.12.7	Functions of Remuneration Committee: Board approved Terms of Reference of BHRRC covers the functions highlighted in Section 9.12.7 of the Listing Rules	Complied	–
9.12.8	Relevant disclosures are made in the Report of the Remuneration Committee	Complied	BHRRC Report can be referred to on page 151.
9.13 Board Audit Committee			
9.13.1	Availability of Committee to perform audit and risk function. The audit functions specified in Section 9.13.4 are performed by BAC while a separate committee, BIRMC has been formed to perform risk function of the company including risk related functions specified in Section 9.13.4.	Complied	Refer Report of the BAC on page 147 and report of BIRMC on page 149 of this annual report.
9.13.2	The Committee operates under an Audit Committee Charter, which clearly outlines its scope, authority, and responsibilities.	Complied	
9.13.3	(1) The Committee comprises four Independent NEDs. Further, the committee does not comprise ED. (2) In terms of the Charter of the Board Audit Committee (BAC), the quorum for meetings shall be three-fourths (3/4) of the total membership. (3) The Board Audit Committee (BAC) meets at least once every two months, in compliance with the applicable requirements. During the financial year under review, the BAC convened eight (8) meetings.		

Principle	Compliance and implementation	Status	Comments
9.13.3	(4) Independent NED functions as a Chairman of the Committee. (5) The Executive Director/CEO and CFO of the Company attend the BAC/BIRMC meetings by invitation. (6) The Chairman of the BAC is a fellow Member of The Institute of Chartered Accountants of Sri Lanka and also possesses sufficient experience in finance and banking industry.	Complied	Refer Report of the BAC on page 147.
9.13.4 - 9.13.5	Functions of the Committee and required disclosures are disclosed in the Report of the Board Audit Committee.	Complied	Refer to the Board Audit Committee Report on page.
9.14 Board Related Party Transactions Review Committee			
9.14.1	The Board Related Party Transactions Review Committee conforms to the requirements set out in Rule 9.14 of these Rules.	Complied	Refer the Board Related Party Transactions Review Committee Report can be referred to on page 153.
9.14.2	The Committee comprises three (3) Independent Non-Executive Directors. An Independent Director serves as the Chairperson of the Committee.	Complied	
9.14.3	The Company has set up a Board Related Party Transactions Review Committee to oversee such transactions with the aim of safeguarding shareholders' interests and preventing abuse by Directors, CEOs or substantial shareholders. The Committee operates under a set of written terms of reference and Related Party Transaction Policy that clearly outline its scope, authority and duties.	Complied	Refer the Board Related party Transactions Review Committee Report on page 153.
9.14.4	The Committee convenes quarterly, ensuring thorough documentation of meeting minutes for the Board of Directors. Committee members have access to adequate expertise to evaluate proposed transactions, seeking professional advice when necessary. Approval from the Board of Directors is required for reviewed transactions as mandated by Rule 9.14.4. Directors with personal interests in such matter must abstain from participation and voting during relevant Board meetings.	Complied	Refer page 153 for attendance of the Committee meetings.
9.14.5- 9.14.6	The Board Related Party Transactions Review Committee reviews all related party transactions, while also considering any material changes to previously reviewed transaction under Rule 9.14.5. They assess transaction details and Director independence and may establish guidelines for ongoing transactions and conduct annual compliance reviews.	Complied	The Company had not entered with any related party transaction which is required to get the shareholders' approval during the financial year.

Principle	Compliance and implementation	Status	Comments
9.14.7	There were no non-recurrent related party transactions which exceeded the aggregate value of 10% of the equity or 5% of the total assets. There were no recurrent related party transactions which exceeded the aggregate value of the 10% of the gross revenue/ income (or equivalent term in the Income Statement) during the year.	Complied	The Board confirms that the Company has disclosed transactions with related parties in terms of Sri Lanka Accounting Standard (LKAS 24) and has complied with all requirements as per the CSE Listing Rules.
9.14.8	There were no transactions in the aggregate value of the non-recurrent related party transactions exceeding 10% of the equity or 5% of the total assets of the Company as per the latest Audited Financial Statements.	Complied	Refer the Board Related Party Transactions Review Committee Report on page 153.
9.14.9	No acquisitions or disposals of assets from/to related parties occurred during the year.	Complied	During the financial year under review, the Company carried out certain disposals of assets in the ordinary course of business. The Board of Directors confirms that such transactions did not constitute transactions of a material or substantial nature as defined under 9.14.9 Listing Rules of the Colombo Stock Exchange, and accordingly, shareholder approval was not required.
9.14.10	The Company has noted the definition given under exempted related party transactions when determining the related party transactions of the Company.	Complied	Refer the Board Related Party Transactions Review Committee Report on page 153.
9.17 Additional Disclosures			
	The BOD 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.	Complied	Refer Annual Report of the Board of Directors on page 138.
	The BOD have conducted a review of the internal controls covering financial, operational and compliance controls and risk management and have obtained reasonable assurance of their effectiveness and successful adherence therewith, and, if unable to make any of these declarations an explanation on why it is unable to do so will be provided.	Complied	Please refer Directors' Statement on Internal Control.
	The Board 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.	Complied	–
	The Board assures the 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.	Complied	No events to report.

Code of Best Practice on Corporate Governance issued by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)

The Company has voluntarily adopted the Code of Best Practice on Corporate Governance 2023 issued by CA Sri Lanka. We have disclosed the status of compliance and how the Company complied with each requirement of the code, in this section.

Section	Corporate governance principle	Adoption status	Level of adoption
A. Directors			
A.1 The Board Senkadagala Finance PLC is headed by an effective Board which directs, leads, and controls the Company.			
A.1.1	Board meetings	Adopted	A total of twelve (12) Board meetings were held during the year at approximately monthly intervals. The regularity of Board meetings and the structure and process of submitting information have been agreed to and documented by the Board. Details of the meetings and individual attendance are given on page 142.
A.1.2	Board responsibilities	Adopted	The Board-approved Policy on Matters Relating to the Board of Directors and the Governance Framework of the Company sets out the roles and responsibilities of the Board. A summarized statement of the roles and responsibilities of the Board is disclosed in the Corporate Governance Report on page 95.
A.1.3	Independent professional advice	Adopted	Independent professional advice could be obtained by the Directors individually, or the Board collectively, as and when required at the Company's expense. The Board has adopted a formal procedure for obtaining external independent professional advice, which sets out the process to be followed by Directors in seeking such advice, ensuring that it is obtained in an appropriate and transparent manner.
A.1.4	Access to the Company Secretary	Adopted	The Company Secretary functions independently of the Company's day-to-day business activities, ensuring an objective and impartial approach to Governance matters. This independence allows the Company Secretary to effectively support the Board. All Directors have access to the Company Secretary. Services of the Company Secretary are available to all Directors and she advises the Board on Corporate Governance matters, Board procedures and applicable rules and regulations.
A.1.5	Independent judgement of Directors	Adopted	The Directors bring independent judgement and scrutiny on decisions taken by the Board on issues of strategy, performance, resources, and standard of its business conduct.
A.1.6	Directors' dedication of adequate time and efforts	Adopted	Every Director has dedicated, adequate time and effort to the meetings of the Board and Sub-Committee meetings to ensure that the duties and responsibilities are satisfactorily discharged. All the Board papers are circulated through a secure platform with sufficient time period prior to the Board meetings for the Directors to access. Additional information and clarification requirements are made through the Company Secretary and all matters that require follow ups are discussed at the immediately succeeding Board meeting. The current process facilitates adequate time to familiarise with business operations, risks and controls.

Section	Corporate governance principle	Adoption status	Level of adoption
A.1.7	1/3rd of Directors should be able to call for resolutions	Adopted	One third of the Directors of the Board can call for a resolution for the Board whenever they feel it is necessary. However, no such necessity arose during the year.
A.1.8	Training for Directors	Adopted	All Directors are given the opportunity to get trained. A procedure has been adopted by the Board to review the training and development needs of the members of the Board
A.2 Chairman and Chief Executive Officer			
The positions of the Chairman and the CEO have been separated in line with best practice in order to maintain a balance of power and authority. The Chairman is an Independent Non-Executive Director whilst the CEO is an Executive Director appointed by the Board. The roles of the Chairman and the CEO are clearly justified and highlighted in the Annual Report and the Board-approved Policy on Matters Relating to the Board of Directors.			
A.2.1	Combining the posts of Chairman and CEO	Not applicable	The roles of the Chairman and the CEO have been separated to ensure that no individual has unfettered powers of decision-making. The Company has no intention of combining the two roles in the foreseeable future.
A.3 The Chairman's role			
The Chairman of the Company is responsible for the effective conduct of the Board to preserve the order and good corporate governance.			
A.3.1	The role of the Chairman	Adopted	The Chairman who is an Independent Non-Executive Director ensures effective discharge of Board functions through: Having monthly Board meetings with adequate notice preserving the agenda prepared by the Company Secretary under his close supervision. Ensuring effective participation of both Executive and Non-Executive Directors in the decision-making process while maintaining the balance of power among them. Encouraging effective contribution of all the Directors' respective capabilities towards the benefit of the Company. Obtaining views of all Directors for issues under consideration. Ensuring that the Board is in complete control of the Company's affairs and alert to its obligations to shareholders while maintaining proper communication with all the stakeholders.
A.4 Financial acumen			
The Board of the Company consists of members with sufficient financial acumen and knowledge to offer guidance on matters of finance. The Board includes members of both local and international professional accounting bodies. (The details of qualifications of Directors are given on pages 87 to 91). These Directors have sufficient financial acumen and expertise to offer guidance on matters of finance to the Board.			
A.5 Board balance			
The Board of the Company consists of six Independent Non-Executive Directors, one Executive Director and one Non- Independent Non-Executive Director as at the end of the year.			
A.5.1	Ratio of Executive and Non-Executive Directors	Adopted	A ratio of Non-Executive Directors in excess of the requirement ensures that the Board decisions are taken impartially. The roles of the Chairman and the CEO are not vested in the same person, and the Chairman is an Independent Non-Executive Director.

Section	Corporate governance principle	Adoption status	Level of adoption
A.5.2	Independent Directors	Adopted	Six of the Non-Executive Directors are Independent within the requirements of the Code.
A.5.3	Mode of independence	Adopted	The Board evaluates the independence yearly using annual declarations submitted by the Directors according to the criteria detailed in this Code. This process ensures that such Directors are independent of the management and free of any business or other relationship that could interfere with the exercise of their unfettered and independent judgment.
A.5.4	Declaration of independence	Adopted	All Independent Non-Executive Directors submit their annual declarations as to their independence against the specified criteria.
A.5.5	Determination of independence of the Directors by the Board	Adopted	The Board determines that the submission of declaration by the Independent Directors as to their independence is a fair representation and continues to evaluate it annually. There are no situations where a Director is determined to be independent notwithstanding any factors which indicate the contrary.
A.5.6	Alternate Director	Not applicable	The requirement for appointing an Alternate Director has not arisen during the year.
A.5.7 and A.5.8	Senior Independent Director	Not applicable	Such a situation has not arisen as roles of Chairman and CEO have been clearly separated.
A.5.9	Meetings with Non-Executive Directors only	Adopted	The Chairman has met twice during the year with Non-Executive Directors without the presence of Executive Directors. Further Non-Executive Directors meet the External Auditor without Executive Directors being present as per the requirement under CBSL Directions on Corporate Governance.
A.5.10	Recording of concerns in Board minutes	Adopted	Board minutes are recorded in detail including concerns raised and their subsequent solutions. If any matters taken up for discussion could not be resolved through unanimity at Board meetings, it is recorded in the minutes as well. There have been no concerns about the matters of the Company which could not be resolved unanimously during the financial year.
A.6 Supply of information The Company has provided appropriate and timely information to the Board enabling it to discharge its duties effectively.			
A.6.1	Information to the Board by Management	Adopted	The Management provides appropriate and timely information to the Board and the Board calls for further information where necessary. The Chairman ensures that all Directors are provided with all necessary information pertaining to the issues discussed at Board meetings.
A.6.2	Notice of Board meetings	Adopted	The Board papers including the minutes of the immediately preceding meeting and the agenda are sent to the Directors, through a secure platform, with sufficient time period prior to the respective Board meeting. This would give adequate time for Directors to review the related matters and prepare for effective discussions at Board meetings.

Section	Corporate governance principle	Adoption status	Level of adoption
A.7 Appointments to the Board			
There is a formal and transparent procedure on new appointments to the Board.			
A.7.1	Nomination and Governance Committee	Adopted	The Board Nominations and Governance Committee makes recommendations to the Board on all new appointments to the Board. The Committee was established in compliance with the requirements set out in this code and terms of reference of the Committee approved by the Board.
A.7.2	Assessment of Board composition	Adopted	The Board Nominations and Governance Committee will annually assess the Board composition, to ascertain whether the combined knowledge and experience of the Board matches the strategic demands facing the Company. Findings of the assessment of the Board are considered when evaluating new Board appointments.
A.7.3	Succession plan	Adopted	A Board-approved succession plan is in place including the CEO and other KRPs. This will be reviewed by the Board Nominations and Governance Committee on an annual basis to determine the training and development requirements for those identified for succession.
A.7.4	Disclosure of details of new Directors to shareholders	Adopted	When appointing a new Director to the Board, a brief profile of the Director, experience and skills, other directorships, status of independence, etc., are disclosed not only to the shareholders but also to the general public as per the requirements under CSE Listing Rules.
A.7.5	Report of the Nomination Committee	Adopted	Refer the report of the Board Nominations and Governance Committee on page 155.
A.7.6	Terms of Reference	Adopted	The Board Nominations and Governance Committee's TOR include the guidance from the Code of Best Practices.
A.8 Re-election			
All Directors are required to be re-elected annually, in order to submit the annual Fitness and Propriety declarations to CBSL.			
A.8.1	Appointment of Non-Executive Directors	Adopted	Non-Executive Directors are only appointed for a period of nine years with the age limit of seventy, in line with the applicable regulatory requirements.
A.8.2	Election of Directors	Adopted	Appointment and reappointment of all Directors, including the Chairman of the Board are subject to election by shareholders.
A.8.3	Resignation of Directors	Adopted	If a Director is resigning before their appointed term has ended, they will provide a written communication to the Board with their reasons for resignation.
A.9 Appraisal of Board performance			
The Board performance is evaluated annually in order to ensure satisfactory discharge of its responsibilities.			
A.9.1 and A.9.2	Appraisal of Board performance and annual self-evaluation of Board performance and its committees	Adopted	A formal Board performance evaluation process has been implemented and it is carried out annually. A checklist has been introduced for this purpose and is maintained with the Board records by the Secretary.

Section	Corporate governance principle	Adoption status	Level of adoption
A.9.3	Mode of Board performance appraisal	Adopted	The Board performance evaluation is being carried out as detailed in the above Sections A.9.1 and A.9.2.
A.9.4	Disclosure in the Annual Report	Adopted	The Board adopts a scheme of self-assessment to be undertaken by each Director annually on individual performance, of the Board as a whole and of the Committees; and maintain records of such assessments.
A.10 Disclosure of information in respect of Directors			
Details of Directors are made available for the shareholders through the Annual Report and publications in the CSE.			
A.10.1	Disclosure of details of Directors in the Annual Report	Adopted	The name, qualifications, and the brief profiles including the nature of expertise of all the Directors have been set out on pages 87 to 91 in this Report. Please refer the table given on pages 135 and 142 for Directorship status, Board meeting, attendance by the Directors of the Company.
A.11 Appraisal of Chief Executive Officer (CEO)			
Performance of CEO is assessed annually to see whether the Company has achieved the objectives set by the Board.			
A.11.1	Financial and non-financial targets for the CEO	Adopted	At the commencement of the financial year, reasonable financial and non-financial targets for the CEO are set by the Board in consultation with the CEO in line with short, medium, and long-term objectives of the Company.
A.11.2	Evaluation of the performance of the CEO	Adopted	The Board periodically assesses the performance of the CEO to ensure that the Company's short, medium, and long-term objectives are achieved against its targets set and approved by the Board.
B. Directors' remuneration			
B.1 Remuneration procedure			
The Company has a well-established, formal, and transparent procedure for developing an effective policy on executive remuneration and remuneration packages for individual Directors. No Director is involved in deciding their own remuneration.			
B.2 Remuneration Committee			
Level and makeup of remuneration of both Executive and Non-Executive Directors is sufficient to attract and retain the Directors needed to run the Company successfully.			
B.2.1	Remuneration Committee	Adopted	A Board Human Resources and Remuneration Committee have been established to make recommendations to the Board on the Company's remuneration framework. Details are given on page 151, in the Report of the Board Human Resources and Remuneration Committee.
B.2.2	Composition of the Remuneration Committee	Adopted	All the members of the Board Human Resources and Remuneration Committee are Independent Non-Executive Directors.
B.2.3	Consultation of the Chairman or the CEO and access to professional advice	Adopted	The Board Human Resources and Remuneration Committee consults the Chairman and the Executive Director/Chief Executive Officer when recommending the remuneration of senior management. External professional advice is obtained where necessary in determining the remuneration of the Directors and senior level staff members.

Section	Corporate governance principle	Adoption status	Level of adoption
B.2.4	Remuneration of CEO and Senior Management	Adopted	Remuneration of CEO, Executive Directors, and Senior Management are appropriate to attract, retain and motivate persons of the quality required but is not more than necessary for this purpose. The BHRRC reviews relevant market and industry information to ensure that remuneration remains aligned with industry standards and relative performance.
B.2.5	Executive Directors' remuneration	Adopted	Executive Directors' remunerations is designed to link rewards to corporate and individual performance, ensuring a balanced consideration of short, medium, and long-term performance of the Company.
B.2.6	Industry Standards	Adopted	The Board Human Resources and Remuneration Committee decides where to position levels of remuneration of the Company, relative to other companies. Industry standards are taken into account alongside relative performance, but they are prioritised lower without evident improvements in performance.
B.2.7	Group Considerations	Adopted	The Board Human Resources and Remuneration Committee is sensitive to remuneration and employment conditions elsewhere in the Company or the Group of which it is a part, especially when determining annual salary increases.
B.2.8	Performance related remuneration	Adopted	The remuneration of the CEO and Executive Directors are aligned with the company interests, and is transparent and rigorously applied with annual performance reviews.
B.2.9	Executive share options	Not applicable	No executive share option schemes exist; however the guideline will be adopted if initiating in the future.
B.2.10	Performance related remuneration scheme	Adopted	Provisions in the guideline are followed when designing schemes of performance related remuneration.
B.2.11 – B.2.12	Early termination	Adopted	The Board Human Resources and Remuneration Committee considers early termination compensation in executive contracts, and explicitly includes these commitments, excluding cases of misconduct. Where such provisions are not explicitly defined, the Board Human Resources and Remuneration Committee will strive to avoid rewarding poor performance while fairly handling departures.
B.2.13 – B.2.14	Remuneration of the Non-Executive Directors	Adopted	The Board as a whole decides on the remuneration of the Non-Executive Directors. Non-Executive Directors' remuneration reflects their time and responsibilities, aligns with market practices, and excludes share options.
B.2.15	Disclosures in the Annual Report	Adopted	Details of the members and the Chairman of The Board Human Resources and Remuneration Committee have been given on page 151 of this Annual Report under the Report of The Board Human Resources and Remuneration Committee.
B.2.16	Terms of Reference	Adopted	TOR for The Board Human Resources and Remuneration Committee includes the guidelines set out in the code.

Section	Corporate governance principle	Adoption status	Level of adoption
B.3 Disclosure of remuneration			
The Company has disclosed the remuneration policy and the details of remuneration of the Board as a whole in this Annual Report.			
B.3.1	Disclosure of remuneration	Adopted	The Board Human Resources and Remuneration Committee report, setting out the policy and scope of the Committee is given on page 151 The remuneration paid to the Board of Directors is disclosed in aggregate in Note 46 to the Financial Statements and on page 144 of this report.
B.3.2	Disclosure of Senior Management remuneration	Adopted	The remuneration paid to the Senior Management is disclosed in aggregate on page 144 of this report.
C. Relations with shareholders			
C.1 Constructive use of the Annual General Meeting and conduct of General Meetings			
The Board uses the Annual General Meeting to communicate with shareholders and encourages their participation.			
C.1.1	Notice of AGM	Adopted	Notice of the AGM is given as per the requirements of the Companies Act No. 07 of 2007.
C.1.2	Separate resolutions for separate issues and Use of proxy votes	Adopted	A separate resolution is proposed for the adoption of the Financial Statements. Shareholders are given the opportunity to vote separately for each substantially separate issue by having separate resolutions, if any. The Company has adopted a methodology to count all proxy votes and to indicate the level of proxies lodged on each resolution, if any.
C.1.3	Counting of votes and publishing of information	Partially adopted	All valid proxy appointments are properly recorded and counted. Resolutions and other relevant AGM information are published in the CSE website through the notice of AGM and the approved resolutions, further subsequent Annual Report will also include AGM information as necessary.
C.1.4	Availability of Board subcommittees Chairman at the AGM	Adopted	The Chairman of the Board ensures that Chairman of all Sub-Committees namely, the Board Audit Committee, the Board Human Resources and Remuneration Committee, the Board Integrated Risk Management Committee, the Board Nominations and Governance Committee, and the Board Related Party Transactions Review Committee are present at the AGM.
C.1.5	Procedure of voting at General Meetings	Adopted	Notice and the summary of the procedures governing voting at the Meeting including any other business to be transacted at the Meeting are circulated to the shareholders along with the Annual Report.
C.2 Communication with shareholders			
The Board has implemented effective communication methodologies with shareholders.			
C.2.1	Channel to reach all shareholders of the Company	Adopted	The Annual Report and the AGM form the primary channels of communication. Shareholders are given the Annual Report with adequate time to raise any issues at the AGM based on the information published therein. Moreover interim reports, stock exchange announcements, newspaper publications, etc. also form part of the communication procedure. These are usually available in the respective websites.

Section	Corporate governance principle	Adoption status	Level of adoption
C.2.2	Policy and methodology for communication with shareholders	Adopted	The Company has adopted an open communication policy with its stakeholders by making available timely, relevant, and accurate information with fair disclosures. Refer Annual Report of the Board of Directors on page 140 in the Annual Report for further details.
C.2.3	Disclosure of implementation of the above policy and methodology	Adopted	Shareholders receive the Annual Report from the Company either by way of digital means or in hard copy form. Shareholders may at any time elect to receive the Annual Report from the Company in printed form without any charge. The Company's methodology for shareholder communication is outlined in the Communication Policy, which is publicly available on the Company's corporate website. Refer Annual Report of the Board of Directors on page 140 in the Annual Report for further details. Implementation is carried out through the methodology mentioned under C.2.1. The Communication Policy has further details of implementation and can be referred to on page 140.
C.2.4	Contact person for communication	Adopted	Please refer to the Communication with Shareholders indicated in the Annual Report of the Board of Directors on page 140 for contact details.
C.2.5	Inform Directors of issues and concerns of shareholders	Adopted	A process to make all Directors aware on major issues and concerns raised by shareholders has been established through the Communication Policy. The Company Secretary maintains a record of all correspondence received and will deliver as soon as practicable such correspondence, which require Board attention to the Board or individual Director/s as applicable.
C.2.6	Contact by the shareholders	Adopted	The Company Secretary receives all the correspondence and communicates it to the Board or relevant individual Director at the earliest possible time.
C.2.7	The process for responding to shareholders' matters	Adopted	The Board or individual Director/s will respond to shareholders' matters through the Company Secretary.
C.3 Major and material transactions. Directors disclose all major and material transactions to shareholders.			
C.3.1	Major transactions	Adopted	Approval of majority shareholders will be sought prior to entering any major transaction, as defined in this Code. A process has been implemented to capture and disclose any material transactions either through its Audited Financial Statements or in interim publications or by making an announcement to the Colombo Stock Exchange. No such transactions occurred during the period under review.
C.3.2	Companies Act	Adopted	Requirements in the Companies Act are followed in any situation of similar nature.
C.3.3	Disclosures	Adopted	The Company complies with the disclosure requirements and shareholder approval as per relevant regulatory guidelines.

Section	Corporate governance principle	Adoption status	Level of adoption
D. Accountability and audit			
D.1 Financial and business reporting (The Annual Report). The Board presents a balanced and understandable assessment of the Company's financial position, performance, and prospects within the Annual Report.			
D.1.1 and D.1.2	The Board's responsibility for statutory and regulatory reporting	Adopted	Interim and Annual Financial Statements, other price sensitive public reports, reports to regulators, and reports required as per statutory requirements have been presented as per the requirements of the Companies Act No. 07 of 2007, the Finance Business Act No. 42 of 2011, other Regulatory Authorities such as the Central Bank of Sri Lanka, the Colombo Stock Exchange, and the Department of Inland Revenue. They also complies with applicable accounting standards and reporting requirements.
D.1.3	The Board's responsibility to obtain relevant declarations from CEO and CFO on the Financial Statements and Internal Controls	Adopted	Responsibility Statement of Chief Executive Officer and Chief Financial Officer given on pages 174 to 175 describes the compliance with the requirements of this section.
D.1.4	Declarations in the Directors' Report	Adopted	The Directors have made all their declarations in the Annual Report of the Board of Directors given on page 137.
D.1.5	Statement of Directors' and Auditors responsibility for Financial Statements and Statement on Internal Controls	Adopted	The Statement of Directors' Responsibility for Financial Reporting is given on page 137 of Annual Report. The Auditor's reporting responsibilities are given in their Report on the Financial Statements on pages 178 to 183. The Directors' Statement on Internal Control is given on page 176 and the Auditor's certification on the Directors' Statement on Internal Control is given on page 178.
D.1.6	Management Discussion and Analysis in the Annual Report	Adopted	Pages 11 to 84 of this Annual Report contain the Management Discussion and Analysis.
D.1.7	Requirement for calling for an EGM if the net assets fall below 50% of the shareholders' funds	Not applicable	Such a situation did not arise during the year. However, should the situation arise, an EGM will be called for and shareholders will be notified.
D.1.8	Disclosure of related party transactions in the Annual Report	Adopted	The Board ensures that related party transactions are properly recorded within the accounting records and disclosed in the Financial Statements in accordance with applicable requirements. Refer to the Board Related Party Transactions Review Committee Report on page 153.

Section	Corporate governance principle	Adoption status	Level of adoption
D.2 Risk management and internal control			
The Board has implemented a process of risk management and a sound system of internal control to safeguard shareholders' investments and the Company's assets.			
D.2.1 (D.2.1.1- D.2.1.8)	The annual review of risks and the effectiveness of the internal control system	Adopted	The Board is responsible for establishing a sound framework of risk management and internal controls. Further, it has to be monitored for its effectiveness on a continuous basis. The Board Integrated Risk Management Committee has been set up by the Board in order to look after the risk aspects of the Company and report any concerns to the Board. The Board Integrated Risk Management Committee Report is given on page 149. The Directors' Statement on Internal Control is given on page 176.
D.2.2 & D.2.2.1	Process for internal controls	Adopted	The Directors' Statement on Internal Control is given on page 176, it describes the compliance with the requirements of this section.
D.2.2.2	Internal audit function	Adopted	A fully-fledged Internal Audit Department (IAD) is in place to ensure the effectiveness of governance, internal control and risk management practices of the Company. The BAC annually reviews the effectiveness of internal controls and risk management process through IAD to ensure effective discharge of their duties.
D.2.2.3	Review of process and effectiveness of risk management and internal controls	Adopted	The BAC annually reviews the effectiveness of internal controls and risk management processes through IAD to ensure effective discharge of their duties. The BAC once satisfied, reports to the Board on the effectiveness of the internal control systems. Based on this review, the Board issues the Directors' Statement on Internal Control Report which is given on page 176. The External Auditor reviews this statement independently and certifies it.
D.2.2.4	Responsibilities of Directors in maintaining a sound internal control system	Adopted	The contents of the Code have been considered in the "Directors' Statement on Internal Control" on page 176.
D.3 Audit Committee			
The Board has established formal and transparent arrangements in selecting and applying accounting policies, financial reporting and internal control principles, and maintaining an appropriate relationship with the Company's Auditors.			
D.3.1	The composition of the Audit Committee	Adopted	The Board Audit Committee is comprised four Independent Non-Executive Directors including its Chairman during the financial year. The Board Audit Committee Report is given on page 147 on this Annual Report.

Section	Corporate governance principle	Adoption status	Level of adoption
D.3.2	Terms of Reference of the Audit Committee dealing with its authority and duties	Adopted	The Board Audit Committee monitors and reviews the scope and results of the audits and its effectiveness, independence and objectivity of the Auditors. The Committee has formulated a policy for the engagement of the External Auditor for non-audit services with the approval of the Board. The Board Audit Committee has been established by the Board of Directors to assist in the oversight of financial reporting, internal controls, risk management and functions relating to internal and external audit. The Board Audit Committee operates under the guidelines set forth in its charter, which serves as its official Terms of Reference. This charter outlines the scope, responsibilities, authority and procedures of the Board Audit Committee, ensuring clarity and direction in fulfilling its oversight role holding the responsibility for overseeing the preparation and presentation of the Company's Financial Statements with adequate disclosures in the Financial Statements in accordance with the Companies Act No. 07 of 2007 and applicable Sri Lanka Financial Reporting Standards. The Committee is also responsible for ensuring the adequacy and efficiency of internal controls adopted by the Company in maintaining accounting records and preparing Financial Statements and makes recommendations to the Board of Directors on matters regarding the Internal and the External Auditors including their independence, performance, terms of engagement and remuneration.
D.3.3	Disclosures of the Audit Committee	Adopted	The names of the members of the Board Audit Committee are given in the Audit Committee Report on page 147. The Board Audit Committee has undertaken an annual evaluation of the independence and objectivity of the External Auditor and the effectiveness of the audit process and is satisfied as disclosed in the Board Audit Committee Report on page 147.
D.4 Risk Committee The Board has established a procedure for risk management including how the risk culture, risk appetite, risk identification and classification, rating and management of risks take place.			
D.4.1	Composition of the Risk Committee	Adopted	The Board Integrated Risk Management Committee comprises three Independent Non-Executive Directors including its Chairman during the financial year.
D.4.2	Terms of Reference of the Risk Committee dealing with its authority and duties	Adopted	The Board-approved TOR is in place which covered the minimum requirements stipulated in this code.
D.4.3	Number of meetings	Adopted	Committee meets once in two months. Refer to Committee attendance on page 149.
D.4.4	External advice	Adopted	Committee has the authority to seek external professional advice if required in connection with the performance of its duties.
D.4.5	Disclosures	Adopted	BIRMC Report is given on page 149 on this Annual Report.

Section	Corporate governance principle	Adoption status	Level of adoption
D.5 Related Party Transactions Review Committee			
The Board has established a procedure to ensure that the Company does not engage in transactions with related parties with the view of granting more favourable treatment than that accorded to third parties in the normal course of business.			
D.5.1	Definitions of "Related Party" and "Related Party Transactions"	Adopted	LKAS 24 definitions have been adopted in formulating the policy on related party transactions of the Company.
D.5.2	Composition of the Board Related Party Transactions Review Committee	Adopted	The Board Related Party Transactions Review Committee is comprised three Independent Non-Executive Directors including its Chairman during the financial year.
D.5.3	Terms of Reference of the Board Related Party Transactions Review Committee dealing with its authority and duties	Adopted	The Company has a Board-approved Related Party Transactions Terms of Reference in place which addresses requirements under this section. The Board Related Party Transactions Review Committee Report is given on page 153 of this Annual Report.
D.6 Code of Business Conduct and Ethics			
The Company has adopted a Code of Business Conduct and Ethics for Directors and Key Management Personnel.			
D.6.1	Code of Business Conduct and Ethics	Adopted	Senkadagala Finance has incorporated in its HR Code as well as in other manuals of operations, areas such as addressing of conflicts of interest, conditions in receiving gifts or any other benefits, accountability, confidentiality of information, record keeping, corporate opportunities, fair dealing, protection and proper use of the Company's assets and compliance with applicable laws and regulations including insider trading laws and, encouraging the reporting of any illegal or unethical behaviour.
D.6.2	Ensuring price sensitive information is promptly identified and reported	Adopted	The Company has a process to ensure timely disclosure of price sensitive information as per the CSE regulations.
D.6.3	Share purchase by Directors and Key Management Personnel	Adopted	The relevant disclosures have been made as per the requirement of this Code.
D.6.4	Procedure to deal with complaints	Adopted	A complaint-handling mechanism in place overseen by two senior management personnel. The procedure is published on senfin.com website following CBSL guidelines.
D.6.5	Induction Training	Adopted	All employees go through induction training where HR informs them regarding the appropriate ways of business conduct.

Section	Corporate governance principle	Adoption status	Level of adoption
D.6.6	Dissemination and exceptions	Adopted	All approved policies and documents are available to employees through the internal system. No exemptions were granted during the year that were contrary to the Company's standards of business conduct.
D.6.7	Affirmation of the Code of Conduct and Ethics	Adopted	The Chairman confirms that he is not aware of any material violations of the Company's Code of Business Conduct and Ethics.
D.7 Corporate governance disclosures			
The Company has disclosed the extent of adherence to principles and practices of good corporate governance.			
D.7.1	Corporate Governance Report	Adopted	This report from pages 92 to 119 satisfies the requirement.
E. Institutional investors			
E.1 Shareholder voting			
Institutional shareholders have a responsibility to make considered use of their votes to ensure their voting intentions are translated into practice.			
E.1.1	Communication with institutional shareholders	Adopted	Mainly the AGM is used for effective communication with institutional shareholders. The Chairman communicates the views and queries of the shareholders to the Board and the Senior Management.
E.2 Evaluation of governance disclosures			
When evaluating the Company's corporate governance arrangements, institutional investors are encouraged to give due weight to all relevant factors drawn to their attention particularly in the Board structure and composition.			
F. Other investors			
F.1 Investing/Divesting decision			
The Company, by disclosing all required information that would be useful for individual shareholders, encourages them to carry out adequate analysis or seek independent advice on investing or divesting decisions.			
F.2 Shareholder voting			
The Company sends adequate notices to all shareholders encouraging them to participate at General Meetings and this allows them to be prepared to duly exercise their voting rights.			
G. Internet of things and cybersecurity			
G.1-G.5 The Company ensures that access to all internal and external networks is appropriately authorised and controlled. The Board has approved a comprehensive Network and Security Policy and related procedures, which outline the Company's cybersecurity risk management framework.			
Further, the appointment of an Acting Chief Information Security Officer (CISO) has been approved by the Board, subject to the approval of the Central Bank of Sri Lanka.			

Section	Corporate governance principle	Adoption status	Level of adoption
H. Sustainability: ESG risk and opportunities			
The Board considers in their general planning and decision-making; sustainability/ESG risk and opportunities in the Company's business model, operations, short and medium-term planning and in its long-term strategy to ensure that the Company remains resilient and able to deliver durable and sustainable value over the short, medium and long term in order to maintain the confidence and continued engagement of shareholders and all significant stakeholders.			
H.1.1	ESG planning	Adopted	ESG factors are considered in preparing the strategic plans and setting objectives for short, medium, and long-term periods.
H.2 and H.2.1	Stakeholder Engagement and ESG Consideration for Board and Key Management	Adopted	The Board and Key Management Personnel have continuously engaged with stakeholders to manage sustainability and ESG risks and opportunities, meeting heightened expectations. They have established processes to recognise significant stakeholders and engage them based on their interest and influence.
H.3 and H.3.1	Governance Framework Incorporating ESG factors	Adopted	The Company has established a governance framework that includes conformance, performance, and sustainability factors through environmental and social governance processes.
H.3.1.1	Integrated approach to ESG Practices	Partially adopted	The Organisation has adopted an integrated approach to environmental governance, considering economic, social, health, and environmental impacts.
H.3.1.2	Integrated Social Governance for Sustainable Growth and Corporate Responsibility	Partially adopted	The Organisation has adopted an integrated approach to social governance, engaging with community groups, customers, employees, suppliers, and other stakeholders to ensure sustainable growth. It has established processes for customer feedback, efficient service delivery, and product standards. Labour practices include policies on health and safety, career development, and industrial relations.
H.4 and H.4.1	Governance Structure for Sustaining Value and Managing ESG factors	Adopted	The Board has established a governance structure to support sustainability, managing risks, and measuring value creation using financial and non-financial metrics, recognising key resources and stakeholder influences.
H.4.2	Process to assess and manage ESG factors	Partially adopted	Processes are in place to ensure sustainability impacts through the Company's actions are recognised.
H.4.3	Financial and Non-Financial measures	Partially adopted	The Annual Report depicts financial and non-financial measures in respect of all material matters.
H.5 - H.5.4	ESG and Integrated reporting/ disclosures	Partially adopted	The Annual Report includes detailed information on how relevant ESG risks and opportunities are managed and integrated into the business model, strategy, and governance, highlighting their financial impacts and relevance to investors.

Section	Corporate governance principle	Adoption status	Level of adoption
I. Special considerations for listed entities			
I.1 Establishment and maintenance of policies			
Maintained policies relating to governance and implementation of such policies are disclosed in the Annual Report.			
I.1.1	Essential policies	Adopted	Policies relating to governance are maintained by the Company and details relating to implementation of such policies are available on the Company's website.
I.1.2	Exemptions/ Waivers from the Code of Conduct	Not applicable	No exemptions or waivers were granted to any stakeholder from the established Code of Business Practices.
I.1.3	List of policies	Adopted	The list of policies approved and implemented in the Company is available on its website. During the year under review, the Remuneration Policy and the Anti-Bribery and Corruption Policy were reviewed and updated, and the revised policies have been duly published on the Company's website.
I.1.4	Availability to shareholders	Adopted	Shareholders can request any policy from the Company Secretary and it will be accommodated within a reasonable time-frame.
I.2 Policy on matters relating to the Board of Directors			
A formal policy governing matters relating to the Board of Directors is being established.			
I.2.1	Policy Governing the Board of Directors	Adopted	The Company practices good governance of the Board of Directors, ensuring balanced representation, diversity, performance appraisal, meeting frequency, compliance with Listing Rules, director attendance, trading requirements, and participation via audiovisual means. The same practices had been included in the policy governing the Board of Directors.
I.2.2	Confirmation of Governance	Adopted	The Board of Directors confirm the Company's compliance with the requirements under I.2.1 and state that there have been no non-compliances with any of the requirements to provide explanations for.

Changes to Board Composition

During the financial year, the Board underwent several changes arising from appointments, retirements and regulatory requirements. Below is a summary of the changes.

Name	Age (years)	Period of service (years)	Directorship status at the start of the year (1 April 2025)	Change during the year	Directorship status at the end of the year (31 March 2026)
Mr R Senanayake	64	9	Chairman/ Independent Non-Executive Director	Retired from the Board with effect from 31 March 2026, in compliance with Section 3.3 of the Finance Business Act Directions No. 05 of 2021 (Corporate Governance), upon completion of his nine-year term of service.	Chairman/ Independent Non-Executive Director
Ms L Fernando*	67	2	Non Independent Non-Executive Director*	None	Non Independent/ Non-Executive Director
Mr N Vasantha Kumar**	67	6	Independent Non-Executive Director	None	Independent Non-Executive Director**
Dr (Ms) R A Perera	57	5	Independent Non-Executive Director	None	Independent Non-Executive Director
Mr A Herath	62	2	Independent Non-Executive Director	None	Independent Non-Executive Director
Ms D G Wijayawardana	53	I year and 3 months	Independent Non-Executive Director	None	Independent Non-Executive Director
Ms K A Chellaraja	57	1 year	Independent Non-Executive Director	None	Independent Non-Executive Director
Mr S K Balasuriya	35	2 months	None	Appointed with effect from 28 January 2026	Executive Director/ Chief Executive Officer

* Ms L Fernando served as an Executive Director of the Company from 24 February 1996 to 30 October 2023. With effect from 31 October 2023, she was re-designated as a Non-Executive, Non-Independent Director, in compliance with applicable corporate governance requirements.

** Mr N Vasantha Kumar, Independent Non-Executive Director, was appointed as the Chairman of the Board with effect from 1 April 2026.

Annual Report of the Board of Directors of Senkadagala Finance PLC

The Board of Directors of Senkadagala Finance PLC has pleasure in presenting the Annual Report together with the Audited Financial Statements of the Company and the Audited Consolidated Financial Statements of the Group, for the year ended 31 March 2026 to the shareholders, which were approved by the Board of Directors on 25 June 2026.

The details set out herein provide information required by the Companies Act No. 07 of 2007, as amended, Finance Business Act Directions No. 05 of 2021 on Corporate Governance, read together with the Finance Business Act No. 42 of 2011, the Listing Rules of the Colombo Stock Exchange and recommendations on best practices in corporate governance issued by The Institute of Chartered Accountants of Sri Lanka.

Domicile and legal form

Senkadagala Finance PLC is a public limited liability company domiciled in Sri Lanka, incorporated under the Companies Act No. 51 of 1938 on 29 December 1968 bearing Registration No. PB 238 PQ and registered under the Finance Companies Act No. 78 of 1988 which was replaced by the Finance Business Act No. 42 of 2011. The Company was re-registered under the Companies Act No. 07 of 2007. Senkadagala Finance PLC has been listed on the *Diri Savi* Board of the Colombo Stock Exchange since 22 March 2011.

The registered office of the Company is situated at 2nd Floor, 267, Galle Road, Colombo 03.

The Company has been assigned a national long-term rating of BBB (lka) with a stable outlook by Fitch Ratings Lanka Limited.

As per the requirements set out in Section 168 of the Companies Act No. 07 of 2007, the following information is disclosed in this Report for the year under review:

Information Required to be Disclosed under the Companies Act No. 07 of 2007	Reference to the Companies Act	Level of Compliance by the Company
The nature of the business of the Company	Section 168 (1) (a)	Page 137
Signed Consolidated Financial Statements of the Company and the Group for the accounting period under review	Section 168 (1) (b)	Page 184 to 339
Auditors' Report on the Consolidated Financial Statements of the Company and the Group	Section 168 (1) (c)	Page 180 to 183
Changes in Accounting Policies during the accounting period	Section 168 (1) (d)	Page 196
Particulars of entries in the Interests Register made during the accounting period	Section 168 (1) (e)	Page 143
Remuneration and other benefits paid to the Directors during the accounting period	Section 168 (1) (f)	Page 144
Total amount of donations made by the Company during the accounting period	Section 168 (1) (g)	Page 138
Information on Directorate of the Company at the end of the accounting period and names of Directors who ceased to hold office during the accounting period	Section 168 (1) (h)	Page 141
Amounts payable to the Auditors as audit fees and fees for other services rendered during the accounting period, disclosed separately	Section 168 (1) (i)	Page 145
Auditors' relationship with, or interests in, the Company	Section 168 (1) (j)	Page 145
Annual Report of the Board of Directors to be signed on behalf of the Board by two Directors and the Company Secretary	Section 168 (1) (k)	Page 146

Vision and Mission

The Company's vision and mission are stated on page 7 of this Report.

Principal activities and operations

The principal lines of business of the Company include providing financial accommodation in the form of finance leases, hire purchase, commercial loans, personal loans, and corporate loans, with gold-backed loans and margin trading diversifying the Company's product portfolio. Additional lines of business include foreign exchange transactions, investment in money market instruments and the acceptance of public deposits in the form of term deposits and savings deposits.

The principal line of business of the subsidiary, Senkadagala Insurance Brokers (Pvt) Ltd., is insurance brokering activities.

The principal line of business of Senfin Asset Management (Pvt) Ltd., a company licensed by the Securities and Exchange Commission of Sri Lanka, is managing unit trust funds and discretionary portfolios.

Senfin Real Estate (Pvt) Ltd., a fully owned subsidiary of Senfin Asset Management (Pvt) Ltd., was struck off the register of companies on 06 May 2026, in line with Section 394 (3) of the Companies Act No. 7 of 2007, as the business proposition of the said company was no longer viable.

Senfin Securities Limited, a licensed stockbroker with the Securities and Exchange Commission of Sri Lanka, engaged in providing brokerage services for trading of equity and debt securities in the Colombo Stock Exchange. With only 35% holding, Senfin Securities Limited is an associate of Senkadagala Finance PLC.

There have been no changes in the principal activities of the Company or of the Group during the financial year other than disclosed above.

Management and financial review of business

A detailed description and analysis of the operations of the Company for the year under review is contained in the Chairman's Message (on pages 12 to 15), the Chief Executive Officer's Review (on pages 16 to 20) and Business Model and Our Story in 2025/26 (on pages 21 to 84) section. These reports, together with the audited Financial Statements, provide an overall assessment of the performance of the Company and the Group during the financial year.

Branch expansion and future development

Senkadagala Finance PLC operates a network of 150 branches island-wide. During the financial year, the Company opened 24 new fully-fledged branches. Subsequent to the financial year-end, with the opening of the Akkaraipattu Branch on 18 June 2026, the Company achieved the milestone of 150 branches. Senkadagala Finance will continue to expand its reach by establishing branches in strategically selected locations to enhance customer accessibility and support future business growth.

Directors' responsibility for financial reporting

The Financial Statements of the Company and the Group duly approved by two Directors are given on pages 184 to 339.

The Directors are responsible for the preparation of Financial Statements, the maintenance of proper accounting records and disclosures regarding accounting policies and principles of the Company and the Group.

The Directors are of the view that the Financial Statements presented give a true and fair view of the affairs of the Company as at 31 March 2026 and the profit for the year then ended and has been prepared in conformity with the requirements of the Sri Lanka Accounting Standards (LKASs and SLFRSs) as issued by The Institute of Chartered Accountants of Sri Lanka and the requirements of the Companies Act No. 07 of 2007 as amended, the Finance Business Act No. 42 of 2011 and amendments thereto. These Financial Statements provide appropriate disclosures as required by the Central Bank of Sri Lanka and the Listing Rules of the Colombo Stock Exchange.

The Directors further confirm that appropriate systems and controls are in place to ensure compliance with statutory filing requirements, maintenance of statutory registers and preservation of accounting and corporate records in accordance with applicable legal and regulatory requirements.

Directors' statement on internal controls over financial reporting

The Directors of the Company are responsible for setting out the policy regarding internal control over financial reporting, a statement on the general control mechanisms adopted by the Company as per Section 16.1 (ix) of Finance Business Act Directions No. 05 of 2021 (Corporate Governance) is given on page 176 of this Report.

The Board has obtained an Assurance Report from the Independent Auditors on the Directors' Statement on Internal Controls over Financial Reporting as referred to on page 178 of this report.

Auditor's report

The Auditors of the Company, Messrs Ernst & Young, Chartered Accountants performed the audit on the separate and the Consolidated Financial Statements for the year ended 31 March 2026. The Auditor's Report issued thereon is given on page 180 to 183 of this Annual Report.

Accounting policies and changes during the year

The accounting policies adopted in preparing and presenting of these Financial Statements are given on page 193 to 301 of this Annual Report.

The Company and the Group prepared the Financial Statements for all periods up to and including the year ended 31 March 2026 in accordance with the Sri Lanka Accounting Standards (LKASs and SLFRSs) as issued by The Institute of Chartered Accountants of Sri Lanka, which has converged with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board.

There were no significant changes to the accounting policies adopted by the Company and the Group during the year except for the changes set out in Note 2.10 (on page 196) of the Financial Statements.

Related party transactions

The Directors have disclosed the transactions that could be classified as related party transactions in terms of Sri Lanka Accounting Standard – LKAS 24, Related Party Disclosures, in the Financial Statements, as set out in Note 46 on page 288 of this Annual Report.

The Directors confirm that the transactions carried out with the related parties during the year ended 31 March 2026 are in line with the applicable provisions of Section 9 of the Listing Rules of the Colombo Stock Exchange and there were no related party transactions exceeding the threshold of 10% of equity or 5% of total assets based on the Audited Financial Statements of the Company for the year under review. All related party transactions were reviewed by the Board Related Party Transactions Review Committee and observations of the Committee were duly communicated to the Board.

In terms of Rule 9.17 of the Listing Rules of the Colombo Stock Exchange, the Directors declare that all material interests in contracts involving the Company have been disclosed to the Board and that any Director materially interested in a contract or proposed contract with the Company refrained from participating in deliberations and voting on such matters.

Further, the Chairman, Directors and the Chief Executive Officer have made the declarations required under Sections 16.1(ii) and 16.1(v) of Finance Business Act Direction No. 05 of 2021 on Corporate Governance and Rule 9.10.4(c) of the Listing Rules of the Colombo Stock Exchange, confirming that there are no financial, business, family or other material/relevant relationships between the Chairman and the Chief Executive Officer and/or among the members of the Board that could give rise to conflicts of interest or impair independent judgement.

Donations

A sum of LKR 200,000 (2025 – LKR 5,225,281) was paid by the Company and LKR 322,000 (2025 – LKR 47,000) was paid by the subsidiaries by way of donations during the Financial Year under review.

Income

The income generated by the Group during the financial year comprise the following:

	Company		Group	
For the year ended 31 March	2026	2025	2026	2025
Interest income	9,429,724,434	8,458,676,341	9,430,812,977	8,461,034,309
Fee and commission income	93,426,950	79,743,357	422,563,611	323,474,141
Other income	1,102,661,270	673,480,286	1,157,727,292	712,343,176
Total	10,625,812,654	9,211,899,984	11,011,103,880	9,496,851,626

Further analysis of which is given in Note 4, 5.1, 6.1 and 7 to 9 of the Financial Statements on page 200 to 204 of this Report.

Profit and appropriations

Details of appropriation of profit of the Company are given below:

For the year ended 31 March	2026	2025
Profit before income taxation	2,958,821,876	2,627,705,292
Income taxation expense	(1,111,277,180)	(1,005,814,595)
Profit for the year	1,847,544,696	1,621,890,697
Other comprehensive income/(loss) net of income tax	(37,284,305)	(19,603,694)
Balance brought forward	6,900,826,438	5,538,843,136
Profit available for appropriation	8,711,086,829	7,141,130,139
Appropriated as follows:		
Transfers to statutory reserve fund	100,000,000	85,000,000
Dividends paid	241,583,535	155,303,701
Unappropriated profit carried forward	8,369,503,294	6,900,826,438

Dividends

The dividend payout for the year was 13.73% (2025 – 14.90%). Details on dividend declarations, payments, and the dividend policy are available in shareholder and investor capital on page 77 of this Report.

Taxation

The Company accounts for deferred taxation under the liability method on all timing differences. Details are disclosed in Note 15.1 on page 215 and Note 33 on page 276 of this Report.

Reserves

The aggregate reserves of the Company as at 31 March 2026 amounted to LKR 12,571.5 Mn., the restated aggregate reserves as at 31 March 2025 were LKR 9,926.8 Mn. Movement in reserves during the year is given in Statement of Changes in Equity on page 188 of this Report.

Capital expenditure

The total capital expenditure for the year amounted to LKR 518.9 Mn. (2025 – LKR 300.2 Mn.).

Details of property, plant and equipment are available on pages 263 to 271 of this Report. Details relating to the depreciation charge for the year are also available on pages 212 to 213.

Market value of freehold assets

The values of the freehold property and investment property of the Company have been obtained from the reports issued by an external independent property valuer Mr K M U Dissanayake during the month of March 2026. The valuer possesses recognised

professional qualifications and recent experience in the location and category of the property being valued.

The valuation has been carried out based on open market values of comparable properties. These values have not been incorporated in the Financial Statements. Details of freehold property owned by the Company including extent, location and number of buildings are given in Note 29.2 and Note 30.9 of the Financial Statements on pages 261 and 269 to this Report.

Shares and debentures

Rights issue

The Company successfully completed a Rights Issue in March 2026, raising equity amounting to LKR 1,035,358,080 through the issuance of 4,313,992 new shares at a price of LKR 240 per share.

Stated capital

Consequently, the Stated Capital of the Company increased from Rupees LKR 2,424,777,045 to LKR 3,460,135,125, and the total number of shares in issue increased from 86,279,834 ordinary voting shares to 90,593,826 Ordinary voting Shares.

Details of the stated capital are given in Note 43 of the Financial Statements on page 287 of this Report.

Debentures

There were no new issues of debentures during the financial year under review.

Share information

Information relating to earnings per share, dividends per share, net assets per share, market price per share and the distribution of shareholding is stated on page 73, under shareholder and investor capital section. The twenty largest shareholders as at 31 March 2026 together with an analysis of the shareholding are also stated therein.

Equitable treatment to shareholders

The Company has taken all possible steps to ensure equitable treatment to all its shareholders.

Communication with shareholders

At Senkadagala Finance PLC, we place great importance on maintaining open and transparent communication with our shareholders. We believe that effective shareholder communication is essential for building trust, fostering meaningful relationships, and aligning our strategic goals with their interests. Our communication policy aims to ensure timely and relevant information dissemination while upholding regulatory compliance and best practices.

We engage in regular and proactive communication with our shareholders through various channels. These include Annual General Meetings, quarterly updates, and other investor relations platforms such as the corporate website. During these interactions, we provide comprehensive updates on our financial performance, strategic initiatives, market trends, and other material developments that may impact the Company.

Furthermore, we actively encourage two-way communication with shareholders, allowing them to raise questions, express concerns, and provide feedback. We strive to address their inquiries promptly and comprehensively, ensuring that their voices are heard and their perspectives are taken into account. Our Company Secretary serves as the primary point of contact for shareholder queries and assists in communicating the same to the Board and providing suitable and timely responses. All such written communications should be mailed to the Company Secretary as provided below:

Ms J A H V Ranasinghe

Senkadagala Finance PLC

2nd Floor, 267, Galle Road, Colombo 03

Email: himasha@senfin.com

Our commitment to effective shareholder communication extends beyond regulatory requirements. We are committed to maintaining a proactive, transparent, and consistent approach to ensure that shareholders are well-informed about the Company's performance, future prospects, and material developments. By fostering strong shareholder relationships through effective communication, we aim to create a shared understanding of our objectives, foster long-term loyalty, and maximise value for all stakeholders.

Further details on engagement with the shareholders of the Company are provided under Stakeholder Engagement section on page 29 of the Annual Report.

Directors

The Board of Directors of Senkadagala Finance PLC consists of Directors with financial and commercial experience. The Directors are subject to an annual assessment of their fitness and propriety to continue as Directors in terms of the Directions No. 06 of 2021 (Assessment of Fitness and Propriety of Key Responsible Persons) of the Finance Business Act. Further, in terms of Rule 9.7.4 of the Listing Rules of the Colombo Stock Exchange, Declarations were obtained from the Directors who confirmed that they have continuously satisfied the Fit and Proper Assessment Criteria set out in the Listing Rules during the financial year under review and as at the date of such Declarations.

A brief profile of the Directors with their qualifications and experience is detailed on pages 87 to 91 of this Report.

Following were the Directors of the Company during the year

Mr R Senanayake
The Chairman/Independent Non-Executive Director retired from the Board on 31 March 2026 upon completion of his nine-year term, in compliance with regulatory requirements

Mr S K Balasuriya
(Appointed as Executive Director/Chief Executive Officer with effect from 28 January 2026)

Ms L Fernando

Mr N Vasantha Kumar
(Appointed as the Chairman of the Board with effect from 1 April 2026)

Dr (Ms) R A Perera

Mr A Herath

Ms D G Wijayawardana

Ms K A Chellaraja

Mr C P Jayatilake
(Appointed as an Independent Non-Executive Director with effect from 1 April 2026)

Mr S Balasuriya
(Appointed as a Non-Independent Non-Executive Director with effect from 1 April 2026)

Messrs. S K Balasuriya, S Balasuriya and C P Jayatilake were appointed to the Board since the last Annual General Meeting which was held on 5 August 2025, and will submit themselves for election at the forthcoming Annual General Meeting in accordance with Article 26(2) of the Articles of Association.

The Board Nominations and Governance Committee and the Board of Directors have recommended the election continuation of the said Directors, subject to the relevant Regulatory approval(s) in terms of the applicable Directions issued under the Finance Business Act.

Following were the Directors of the subsidiary, Senkadagala Insurance Brokers (Pvt) Ltd. during the year

Mr L Balasuriya
(Served as a Non-Executive Director of the subsidiary until his demise on 14 December 2025.)

Dr A Balasuriya

Ms L Fernando

Mr S D Bandaranayake

Following were the Directors of the subsidiary, Senfin Asset Management (Pvt) Ltd. during the year

Dr P Ramanujam

Mr S Balasuriya

Mr D T P Collure

Mr S D Bandaranayake

Mr J Sukumaran

Following were the Directors of the associate, Senfin Securities Limited during the year

Mr S D Bandaranayake

Mr S K Balasuriya

Mr D Balasuriya

Mr K F N S Fonseka
(Appointed as an Executive Director with effect from 3 March 2026)

Independence of Directors

The Board has carried out a determination of the independent or non-independent status of its Non-Executive Directors in accordance with Section 9.19.2 of the Listing Rules of the CSE. Particulars of independence of Directors are set out on pages 87 to 91 of this Report along with a brief profile of the Directors.

Board and Committee meetings

The Board of Directors met regularly during the financial year to consider matters requiring Board oversight and to discharge its responsibilities. Meetings were held both physically at the Registered Office of the Company and, where necessary, through virtual means.

The attendance of Directors at Board meetings held during the financial year is set out below.

Board of Directors Attendance

Name	Designation	Attendance
Mr R Senanayake (Retired with effect from 31 March 2026)	Chairman/Independent Non-Executive Director	12/12
Ms L Fernando	Non-Independent Non-Executive Director	11/12
Mr N Vasantha Kumar	Independent Non-Executive Director	12/12
Dr (Ms) R A Perera	Independent Non-Executive Director	12/12
Mr A Herath	Independent Non-Executive Director	11/12
Ms D G Wijayawardana	Independent Non-Executive Director	11/12
Ms K A Chellaraja	Independent Non-Executive Director	11/12
Mr S K Balasuriya (Appointed with effect from 28 January 2026)	Executive Director/Chief Executive Officer	03/03

The Board was supported by the Board Audit Committee, Board Human Resources and Remuneration Committee, Board Integrated Risk Management Committee, Board Nominations and Governance Committee and Board Related Party Transactions Review Committee, which met regularly during the year to discharge their respective responsibilities. Details of the composition, activities and attendance of members at meetings of the respective Board Sub-Committees are provided in the relevant Committee Reports included in this Annual Report.

Further, the Board IT Security and Steering Committee was established subsequent to the financial year-end, with effect from 1 April 2026, reflecting the Company's continued focus on information security, cybersecurity governance, digital resilience and technology risk management. Accordingly, disclosures relating to the activities of the said Committee will be incorporated in the Annual Reports of the Company commencing from the financial year 2026/27.

Retirement of Director

In accordance with the Section 3.3 of the Finance Business Act Directions No. 05 of 2021 (Corporate Governance), Mr R Senanayake retired from the position of Chairman/Independent Non-Executive Director, upon completion of his nine-year term, in compliance with regulatory requirements.

Directors' Shareholdings

Details of each Director's shareholding of the Company at the beginning and at the end of the financial year are given below:

For the year ended 31 March	2026			
	Number of shares	Percentage (%) of holding	Number of shares	Percentage (%) of holding
Ms L Fernando and Ms S A Fernando	1,821,842	2.01	1,735,089	2.01
Ms L Fernando and Mr A R Fernando	1,821,841	2.01	1,735,088	2.01
Ms L Fernando and Ms A L Fernando	1,821,841	2.01	1,735,088	2.01
Mr R Senanayake (retired with effect from 31 March 2026)	–	0.00	–	0.00
Mr N Vasantha Kumar	–	0.00	–	0.00
Dr (Ms) R A Perera	–	0.00	–	0.00
Mr A Herath	–	0.00	–	0.00
Ms D G Wijayawardana	–	0.00	–	0.00
Ms K A Chellaraja	–	0.00	–	0.00
Mr S K Balasuriya* (Appointed with effect from 28 January 2026)	3,111,528	3.43	–	0.00
Mr S Balasuriya (Appointed with effect from 1 April 2026 and holds shares jointly with Dr A Balasuriya)	3,111,525	3.43	2,963,358	3.43
Mr C P Jayatilake (Appointed with effect from 1 April 2026)	–	0.00	N/A	–

* As at 31 March 2025, Mr S K Balasuriya held 2,963,360 shares jointly with Mr L Balasuriya who passed away on 14 December 2025.

The Directors of the Company do not hold any shares of Senkadagala Insurance Brokers (Pvt) Ltd. or of Senfin Asset Management (Pvt) Ltd., the subsidiary companies, or of Senfin Securities Limited, the associate company, during or at the end of the financial year.

Directors' interests register and Directors' interests in contracts or proposed contracts

The Company maintains the Directors' Interest Register in terms of the Companies Act No. 07 of 2007.

As required by the Section 192 (1) and (2) of the Companies Act, all Directors have made declarations of the interests with the Company. The share ownership of Directors is disclosed on page 80 of this Report.

The particulars of the Directors' Interests in Contracts with the Company are given in Note 46 to the Financial Statements on page 288 and form an integral part of this Annual Report. The remuneration paid to the Directors during the year under review is entered in the Interests Register.

Beneficial ownership

The Company has taken necessary measures to comply with the beneficial ownership requirements introduced under the Companies (Amendment) Act No. 12 of 2025.

A Register of Beneficial Owners is maintained by the Company in accordance with the applicable provisions of the Companies Act and related regulations. The Board has established processes and controls for identifying, verifying, recording and updating beneficial ownership information and ensuring timely regulatory filings where required.

To the best of the knowledge of the Board of Directors, the Company has complied with the applicable beneficial ownership disclosure and reporting requirements during the financial year under review.

Remuneration and other benefits of directors and senior management

The Company has adopted a remuneration policy in line with the applicable regulatory requirements and industry practices, designed to attract, retain and motivate suitably qualified and experienced directors and senior management personnel while promoting prudent risk management and long-term sustainability of the Company.

The remuneration framework for Executive Directors and Senior Management incorporates both fixed and performance-based components, taking into consideration individual performance, the Company's financial and non-financial performance indicators, risk management considerations, market practices, competencies, qualifications and experience.

Non-Executive Directors are remunerated through Board and Board Committee sitting fees and fixed allowances, taking into account their responsibilities, expertise, effort and time commitment.

In line with the CBSL Guidelines on Remuneration Policies and Disclosure Requirements, the aggregate remuneration paid to Directors and Senior Management during the financial year are set out below:

Aggregate Remuneration Paid to Directors

Form of Remuneration	Amount LKR
Basic Salary	23,825,000
Board and Sub-Committee sitting fee	–
Fixed allowances	–
Variable allowances	–
Performance incentives	–
Reimbursed expenses	697,500
Other monetary benefits	–
Non-monetary benefits (converted in to monetary terms)	–
Total Remuneration paid to Directors	24,522,500

Aggregate Remuneration Paid to Senior Management

Form of Remuneration	Amount LKR
Basic Salary	81,640,000
Fixed allowances	2,700,000
Variable allowances	–
Performance incentives	23,048,175
Reimbursed expenses	–
Other monetary benefits	–
Non-monetary benefits (converted in to monetary terms)	–
Total Remuneration paid to Senior Management	107,388,175

Regulatory compliance

The Company maintains an integrated compliance framework to ensure adherence to applicable laws, regulations, prudential requirements and governance standards issued by the Central Bank of Sri Lanka, the Colombo Stock Exchange, the Securities and Exchange Commission of Sri Lanka and other regulatory authorities.

The Board, supported by Board Committees and the Compliance Function, continuously monitors the effectiveness of the Company's compliance and governance framework.

Details of any material non-compliance with laws or regulations, and any material fines imposed by government or regulatory authorities in jurisdictions where the Entity operates, are disclosed on page 119 of this Annual Report.

Environment

The Directors are of the view that the Company does not engage in any form of activity that is detrimental to the environment. The Company complied with all applicable environmental regulations during the year. Information relating to the Company's environmental, social and governance (ESG) initiatives and sustainability practices is provided in the Social and Environmental Capital section on pages 73 to 76 of this report.

Statutory payments

The Directors are of the view that all statutory payments in relation to government agencies and employees have been made up to date.

Events after the reporting date

A final dividend of LKR 2.80 per share for the financial year ended 31 March 2026 was recommended by the Board of Directors, subject to the approval by the shareholders at the Annual General Meeting.

In accordance with the LKAS 10 on "Events after the Reporting Period", above transaction is not recognised in the Financial Statements as at year end.

Except as mentioned above, there were no material events occurring after the reporting period that require adjustment to or disclosure in the Financial Statements.

Appointment of external auditors

The Financial Statements of the year under review have been audited by Messrs Ernst & Young, Chartered Accountants, who offer themselves for reappointment. A resolution will be proposed at the Annual General Meeting to appoint them as Auditors and authorising the Directors to resolve their remuneration for the financial year 2026/27.

Auditor's remuneration, other fees and Payables

The Auditors, Messrs Ernst & Young, were paid audit fees of LKR 5,542,000 (2025 – LKR 4,400,000) for the Company and LKR 1,019,900 (2025 – LKR 742,075) for the subsidiary companies for the period under review. In addition they were paid

LKR 3,385,500 (2025 – LKR 2,579,044), for permitted audit related services and LKR 1,056,000 (2025 – Nil) for approved non-audit services were paid by the Company during the year. No such fees were paid on behalf of the subsidiaries during the period under review. This information is disclosed as required by the Section 168 (1) of the Companies Act No. 07 of 2007.

Amounts pertaining to the audit fee of LKR 4,970,000 (2025 – LKR 4,400,000) of the Company and LKR 825,000 (2025 – LKR 742,075) of the subsidiaries were payable as at the year end.

The Board Audit Committee reviewed the independence and objectivity of the External Auditors and was satisfied that the provision of non-audit services did not impair their independence. The Directors further confirm that to the best of their knowledge the Auditors do not have any other relationship with, or interest in any contract with, the Company or the Group.

Risk management

Information pertaining to material foreseeable risk factors and specific steps taken by the Company in managing such risks are detailed in the risk management section on page 158 to 171 of this Report.

Corporate governance

The Board places great emphasis on maintaining effective corporate governance practices, policies and systems are structured accordingly and reviewed from time to time to enhance transparency and accountability.

The Company has adopted and implemented a comprehensive governance framework supported by Board-approved policies and procedures in line with applicable laws, regulations and corporate governance requirements, including policies relating to ethics, whistleblowing, Anti-Bribery and Corruption, risk management, related party transactions, shareholder communication and sustainability. These policies are periodically reviewed and updated by the Board and relevant Board Committees to ensure continued effectiveness and regulatory compliance.

The report on corporate governance is given on pages 92 to 135 of the Annual Report.

Appraisal of Board performance

A scheme of self-assessment is undertaken annually by each Director in conformity with the Section 1.5 (d) of the Finance Business Act Directions No. 05 of 2021 by answering a self-assessment questionnaire. The responses are collated by the Company Secretary, which are submitted to the Board for discussion and further evaluated by the Board. In terms of the said Direction, the Board also carried out an annual self-evaluation of its own performance and that of the Sub-Committees to ensure that they discharge their duties and responsibilities satisfactorily in terms of the Companies Act No. 07 of 2007, as amended, the Finance Business Act Directions No. 05 of 2021, the Listing Rules of the Colombo Stock Exchange and the Code of Best Practices on Corporate Governance. Evaluations for the year under review of the Board of Directors and its Sub-Committees were discussed at the meeting of the Board of Directors and respective Committee meetings accordingly.

Internal control

The Directors of the Company are responsible for setting out the policy regarding internal control. The set of internal control procedures laid down seeks to manage against material errors or omissions, losses, fraudulent practices and to safeguard assets and secure as far as is possible the accuracy and reliability of the records. The Directors' statement on internal controls is given on pages 176 to 177 of the Annual Report.

Employment policies

The Company is an equal opportunity employer. In its goals and objectives, it seeks to achieve excellence and market orientation in its service. Continuous training and social participation amongst employees are encouraged.

A holistic approach prevails in the Company's strategic outlook where a participatory management style ensures that employees are involved in the decision-making process. Incentive schemes which are related to employee performance are one of the ways in which the Company ensures that rewards are directly related to performance. The Board Human Resources and Remuneration Committee ensures that a balance is struck between performance and related employee rewards structures.

The Company has also set up an in-house training facility in order to ensure that all employees meet certain standard requirements before job placement and also to enhance the existing skills of its staff. During the year under review, the Company initiated online training programmes to update staff on latest developments in policies, procedures and other operational related systems. The Company had 1,215 employees as at 31 March 2026 (2025 – 985) and 1,236 (2025 – 1,005) in the Group respectively.

The Company does not have any Employee Share Option Schemes (ESOS) or Employee Share Purchase Schemes (ESPS) as at the date of this Report.

With the objective of supporting employees in covering hospitalisation-related expenses that are not fully reimbursed through the Company's general health cover and reduce the financial burden on employees and their dependents, during major medical events, the Company established Senfin Employee Health and Welfare Trust Fund, a charitable trust registered at 2nd Floor, 267, Galle Road, Colombo 03, with an initial investment of LKR 50,000,000 allocated from the profits for the financial year 2024/25, on 24 September 2025 subsequent to receiving shareholder approval at the 56th AGM of the Company.

There had been no material issues pertaining to employees and industrial relations of the Company or its subsidiaries during the year under review.

Going concern

The Directors are satisfied that the Company has at its disposal adequate resources to continue in business in the foreseeable future; and hence the going concern concept is adopted in the preparation of the Financial Statements.

Compliance with laws and regulations

The Directors are of the view that the Company has complied with all applicable laws and regulations during the year under review.

Annual general meeting

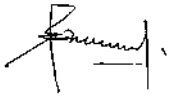
The Notice of the Fifty-Seventh (57th) Annual General Meeting appears on page 354.

Acknowledgement of the content of the report

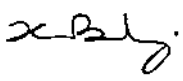
As required by Section 168 (1) (k) of the Companies Act, this Report is signed on behalf of the Board of Directors of the Company by two (2) Directors and the Company Secretary in pursuance of the authority granted by the Board Resolution passed on 25 June 2026 pursuant to having acknowledged the contents of this Annual Report.

By Order of the Board of

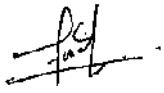
SENKADAGALA FINANCE PLC



N Vasantha Kumar
Chairman



S K Balasuriya
Executive Director/Chief Executive Officer



J A H V Ranasinghe
Company Secretary

25 June 2026
Colombo

Report of the Board Audit Committee

The Board Audit Committee has been established by the Board of Directors to assist the Board in the oversight of financial reporting, internal controls and matters relating to internal and external audit. The Committee is responsible for overseeing the preparation and presentation of the Company's Financial Statements with adequate disclosures, in accordance with the Companies Act No. 07 of 2007, as amended, the Listing Rules of the Colombo Stock Exchange (CSE) and applicable Sri Lanka Financial Reporting Standards. The Committee is also responsible for ensuring the adequacy and effectiveness of internal controls adopted by the Company in maintaining accounting records and preparing Financial Statements and makes recommendations to the Board of Directors on matters regarding the Internal and External Auditors including their independence, performance, terms of engagement and remuneration.

Composition of the committee

The Board Audit Committee (BAC) comprised the following Independent Non-Executive Directors, in conformity with Section 10.2 of the Finance Business Act (Corporate Governance) Directions No. 05 of 2021 issued by the Central Bank of Sri Lanka, Section 9.13.3 of the Listing Rules issued by the Colombo Stock Exchange and the Section D.3.1 of the Code of Best Practice on Corporate Governance – 2023, issued by The Institute of Chartered Accountants of Sri Lanka.

The composition and attendance of the members of the Board Audit Committee during the year under review are given below:

BAC Members	Membership status	Attended/ Eligible to attend
Mr A Herath FCA, CGMA, BSc (Colombo), MBA (UK), MA (Financial Economics) (Colombo) Independent Non-Executive Director	Chairman	10/10
Mr R Senanayake Independent Non-Executive Director	Member	10/10
Mr N Vasantha Kumar Independent Non-Executive Director	Member	10/10
Dr (Ms) R A Perera Independent Non-Executive Director	Member	10/10

Mr R Senanayake, an Independent Non-Executive Director and a member of the Board Audit Committee, retired from the Board of Directors of Senkadagala Finance PLC with effect from 31 March 2026, upon completion of the maximum tenure of nine (9) years applicable to Independent Directors in terms of Section 9.8.3 of the Listing Rules of the Colombo Stock Exchange and consequently ceased to serve on the Committee.

Accordingly, the committee composition changed with effect from 1 April 2026 as follows:

BAC Members	Membership status
Mr A Herath Independent Non-Executive Director	Chairman
Mr N Vasantha Kumar Independent Non-Executive Director	Member
Dr (Ms) R A Perera Independent Non-Executive Director	Member
Mr C P Jayatilake Independent Non-Executive Director	Member

(Brief profiles of the Directors are set out on pages 87 to 91 of this Annual Report).

The following Senior Management representatives regularly attend the meetings on invitation:

- **Mr S K Balasuriya*** – Executive Director/Chief Executive Officer
- **Mr P K Rajapaksa** – Chief Financial Officer
- **Mr H Silva** – Chief Internal Auditor
- **Ms J A H V Ranasinghe** – Company Secretary (Secretary to the Committee)

Other Senior Managers of the Company attend the Committee meetings whenever their presence is requested.

* Subsequent to the demise of Mr L Balasuriya, former Chief Executive Officer, on 14 December 2025, Mr S K Balasuriya was appointed as an Executive Director/Chief Executive Officer with effect from 28 January 2026.

Policy and scope

The Committee discharged its responsibilities through a series of meetings during the year. At these meetings, the Committee reviewed the reports submitted by the Internal Auditors and External Auditors of the Company, as well as the interim and final Financial Statements of the Company, ensuring their compliance with financial reporting requirements and regulatory requirements. In addition to these duties, the Committee assisted the Board in overseeing key aspects of corporate governance and internal control systems. This oversight encompassed evaluating the effectiveness of internal controls over financial reporting and monitoring the integrity of the Financial Statements. The Committee reviewed the adequacy of the Company's regulatory framework and adherence to applicable laws and regulations. The Committee also received assurances from the Chief Executive Officer and the Chief Financial Officer on the effectiveness of the Company's financial reporting process, internal controls, and operational compliance.

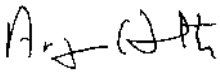
The Committee monitored the effectiveness of the Internal Audit function by reviewing the adequacy of the audit coverage, functions and resources of the Internal Audit Department and ensured that the Department had the necessary authority to carry out its audits. It also ensured the independence of the Internal Audit Function by appraising the activities it audited and confirmed that its work was performed with impartiality, proficiency and due professional care. The Committee approved the audit plan and methodology formulated by the Internal Audit Department. The performance of the Internal Audit Department was appraised by the Committee against the approved Audit Plan.

The Board Audit Committee has undertaken the annual evaluation of the independence and objectivity of the External Auditor and the effectiveness of the audit process. The Financial Statements of the year under review have been audited by Messrs. Ernst & Young, Chartered Accountants. Permitted audit-related and non-audit services were carried out in line with the Company's policy on obtaining non-audit services from External Auditors, which was reviewed during the year, in keeping with the regulatory requirements. The Board Audit Committee ensured that the provision of such services did not impair the independence or objectivity of External Auditors and that work was assigned in a manner that prevented any conflict of interest. The Board Audit Committee also held two meetings with the External Auditors without the presence of Executive Directors and Senior Management Personnel, in compliance with corporate governance requirements.

The minutes of the BAC meetings were tabled at Board meetings, thereby providing Board members with access to the deliberations and recommendations of the Committee.

The Board Audit Committee reviewed the independence, objectivity and effectiveness of Messrs. Ernst & Young, Chartered Accountants, and recommended to the Board of Directors that they be reappointed as the External Auditors of the Company for the financial year ending 31 March 2027. The Board approved the recommendation. Messrs. Ernst & Young have served as the External Auditors of the Company since the financial year 2024/25, and the current Audit Engagement Partner has served in that capacity since the financial year 2024/25.

The BAC reviewed the Auditors' Declaration regarding their independence, confirming compliance with the Code of Conduct and Ethics issued by The Institute of Chartered Accountants of Sri Lanka. The fees payable to the Auditors for the financial year 2025/26 were reviewed and recommended by the Board Audit Committee and approved by the Board.



A Herath

Chairman
Board Audit Committee

25 June 2026
Colombo

Report of the Board Integrated Risk Management Committee

The Board Integrated Risk Management Committee (BIRMC) assists the Board of Directors in overseeing the Company's enterprise-wide risk management function, ensuring that the risk management framework remains adequate and effective.

The Board of Directors of Senkadagala Finance PLC has delegated its authority to the BIRMC to review and assess the adequacy and effectiveness of the Company's risk management framework and overall risk profile. This includes oversight of key risk areas such as credit, market, liquidity, operational, strategic, statutory and regulatory risks.

Composition

The BIRMC comprised the following Directors during the year, and their respective attendance is presented in the table below:

BIRMC members	Membership status	Attended/ Eligible to attend
Mr N Vasantha Kumar Independent Non-Executive Director	Chairman	6/6
Mr R Senanayake Independent Non-Executive Director	Member	6/6
Dr (Ms) R A Perera Independent Non-Executive Director	Member	6/6

Mr R Senanayake, an Independent Non-Executive Director and a member of the BIRMC, retired from the Board of Directors of Senkadagala Finance PLC with effect from 31 March 2026, upon completion of the maximum tenure of nine (9) years applicable to Independent Directors in compliance with Section 3.3 of the Finance Business Act Directions No. 05 of 2021 and in terms of Section 9.8.3 of the Listing Rules of the Colombo Stock Exchange and consequently ceased to serve on the Committee.

Pursuant to that, the Committee composition changed with effect from 1 April 2026 as follows:

BIRMC members	Membership status
Dr (Ms) R A Perera Independent Non-Executive Director	Chairperson
Mr N Vasantha Kumar Independent Non-Executive Director	Member
Mr C P Jayatilake Independent Non-Executive Director	Member

Senior Management Personnel of the Company attend the Committee meetings whenever their presence is requested. The Company Secretary functioned as the Secretary to the Committee.

Policies and scope

The Committee operates under a formally documented Terms of Reference (TOR), which clearly defines its scope, authority, and responsibilities. The TOR is reviewed annually to ensure alignment with evolving regulatory requirements and other developments. The most recent review of the BIRMC's TOR was conducted and approved by the Board of Directors on 27 March 2025. A further review of the Terms of Reference is currently in progress to incorporate the Committee's oversight of Environmental, Social and Governance (ESG) and sustainability-related risks and their impacts, in line with the Company's evolving sustainability agenda.

The responsibilities of the BIRMC include assessing the adequacy and effectiveness of the Company's risk management framework and ensuring that the overall risk profile remains aligned with the risk appetite defined by the Board. The Committee places particular emphasis on monitoring material risks within the existing risk portfolio, while also identifying and evaluating forward-looking and emerging risks that may require timely action to mitigate their potential impact on the Company's future performance.

Committee activities during the year

The key policies and frameworks reviewed and recommended for Board approval during the year include:

Operational Policies and Procedure Manuals, Risk Management Policies, Complaint Handling Procedure and Financial Customer Protection Framework, Margin Trading Policies, ML/TF/PF Policy and Risk Assessments and Anti-bribery and corruption Policy, IT Network and Security Policies and Data Protection Policies, Foreign Currency and Risk Management Policies, Treasury Investment Policy, Liquidity Contingency Policy, Gold Loan Operational Policies and Business Continuity Plan (BCP).

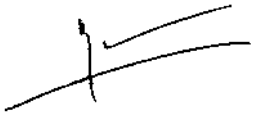
These policy initiatives were aligned with applicable regulatory requirements and industry best practices, and were designed to enhance the Company's risk governance framework, ensure regulatory compliance, strengthen internal controls, and support sustainable business operations.

During the year under review, the Committee assisted the Board in discharging its responsibility for overseeing the Company's risk management function and the effectiveness of its risk management framework. The Committee reviewed the Company's Risk Appetite Statement and monitored the Company's risk profile against approved risk parameters and regulatory requirements. Particular attention was given to material risk categories including credit, market, liquidity, operational, information technology and information security, compliance, AML/CFT/CPF and strategic risks, through the review of risk indicators, management information and the effectiveness of related controls and mitigation measures.

The Committee also reviewed significant matters arising from regulatory inspections and internal and external audit reviews, monitored management's responses and remediation measures in respect of identified risk exposures, and reviewed portfolio performance across business lines to identify emerging trends and concentrations. In addition, the Committee reviewed compliance with applicable laws and regulations, the adequacy of the Company's Business Continuity and Disaster Recovery Plans, and the effectiveness of the Company's complaint-handling, grievance-redress, anti-bribery and corruption, and AML/CFT/PF frameworks.

The Committee received periodic reports on compliance with the Company's anti-bribery and corruption policies and related controls and satisfied itself that appropriate processes were in place to identify, assess and manage corruption-related risks across the Company's operations. Based on the reports reviewed during the year, the Committee noted no instances of material non-compliance with applicable laws and regulations and no confirmed incidents of corruption during the financial year 2025/26.

The Committee regularly reported its observations and recommendations to the Board, and the minutes of its meetings were tabled at Board meetings to facilitate the Board's oversight of the Company's risk management and compliance activities.



Dr R A Perera

Chairperson

Board Integrated Risk Management Committee

25 June 2026

Colombo

Report of the Board Human Resources and Remuneration Committee

The Board Human Resources and Remuneration Committee (BHRRC) is responsible for guiding and overseeing the Company's human capital strategy, including remuneration policies, executive performance evaluation, talent development, and organisational culture.

The Committee oversees the Company's remuneration framework to ensure that remuneration practices are aligned with the Company's strategic objectives, performance outcomes, governance standards and long-term sustainability. In reviewing remuneration recommendations relating to Executive Directors, the Chief Executive Officer and Senior Management, the Committee considers individual performance, competencies, experience, market benchmarks and the overall performance of the Company.

Composition

The BHRRC comprised the following Directors, and their respective attendance during the financial year is presented in the table below:

BHRRC members	Membership status	Attended/ Eligible to attend
Mr N Vasantha Kumar Independent Non-Executive Director	Chairman	4/4
Mr R Senanayake Independent Non-Executive Director	Member	4/4
Dr (Ms) R A Perera Independent Non-Executive Director	Member	4/4

Mr R Senanayake, an Independent Non-Executive Director and a member of the BHRRC, retired from the Board of Directors of Senkadagala Finance PLC with effect from 31 March 2026, upon completion of the maximum tenure of nine (9) years applicable to Independent Directors in compliance with Section 3.3 of the Finance Business Act Directions No. 05 of 2021 and in terms of Section 9.8.3 of the Listing Rules of the Colombo Stock Exchange and consequently ceased to serve on the Committee.

Accordingly, the Committee composition changed with effect from 1 April 2026 as follows:

BHRRC members	Membership status
Dr (Ms) R A Perera Independent Non-Executive Director	Chairperson
Mr N Vasantha Kumar Independent Non-Executive Director	Member
Ms K A Chellaraja Independent Non-Executive Director	Member

All members bring substantial experience in leadership, governance, and human resources oversight. The composition of the Committee adheres to applicable corporate governance standards and regulatory requirements.

Meetings

The Committee held 4 meetings during the year 2025/26.

The minutes of these meetings reflect the decisions of the Committee, and recommendations were presented at subsequent monthly meetings of the Board of Directors for discussion, approval, and ratification or to otherwise be acted upon by the Board.

Senior Management representatives who attended meetings by invitation were:

- **Mr L Balasuriya** – Chief Executive Officer (Deceased on 14 December 2025)
- **Mr S K Balasuriya** – Executive Director/ Chief Executive Officer (Appointed w.e.f. 28 January 2026)
- **Ms J A H V Ranasinghe** – Company Secretary (Secretary to the Committee)

Other senior managers of the Company also attend the Committee meetings whenever their presence is requested.

Committee focus during 2025/26

During the year under review, the BHRRC continued to oversee the Company's remuneration and human capital management framework to ensure alignment with its strategic objectives, regulatory requirements and industry best practices.

Accordingly, the Committee reviewed and recommended updates to the Company's Remuneration Policy and Human Resources Policy, reviewed and approved performance criteria for KMPs and Senior Management and oversaw the related performance appraisal and remuneration review process. The Committee also reviewed the remuneration package of the Chief Executive Officer, annual increments and performance-based incentives in accordance with the Company's Remuneration Policy, reviewed the Staff Loan Scheme, and recommended revisions to the fees payable to Non-Executive Directors, including the introduction of sitting fees for Sub-Committee meetings.

Statement on remuneration policy

The primary objective of the Company's Remuneration Policy, last reviewed by the Committee on 4 March 2026, is to ensure that remuneration practices are aligned with the Company's strategic objectives, performance expectations, regulatory requirements, and industry best practices, whilst enabling the Company to attract, motivate, develop, and retain employees with the competencies required to support the sustainable growth of the Company. The Policy also promotes a performance-driven culture that encourages employees to contribute positively and ethically towards achieving the Company's vision, mission, and long-term objectives while upholding its core values.

The remuneration of Executive Directors and Senior Management is determined after considering factors such as qualifications, experience, level of expertise, individual performance, future contribution to the Company, prevailing market conditions, and the overall financial position and performance of the Company. The remuneration structure comprises both fixed and performance-related components structured to discourage excessive or inappropriate risk-taking and to reward sustainable, long-term performance. The remuneration of Non-Executive Directors consists primarily of a fixed allowance and sitting fees, without performance-related incentives so as to preserve their independence, and is approved by the Board.

This statement provides an overview of the Company's remuneration philosophy and practices and demonstrates the Company's commitment to transparency, fairness, and the creation of long-term shareholder value.

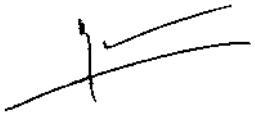
Fees

All Non-Executive Directors receive a fee for attendance at Board meetings and Sub-Committee meetings.

Details of aggregate remuneration paid to Executive and Non-Executive Directors are given in Note 46 on page 288 of the Financial Statements and on page 144 of this report.

Access to professional advice

The Committee is authorised to seek external professional advice as and when it deems necessary.



Dr R A Perera

Chairperson
Board Human Resources and Remuneration Committee

25 June 2026
Colombo

Report of the Board Related Party Transactions Review Committee

The Board Related Party Transactions Review Committee (BRPTRC) has been set up by the Board of Directors in compliance with the Finance Business Act Directions No. 05 of 2021 issued by the Central Bank of Sri Lanka, Section 9.14 of the Listing Rules of the Colombo Stock Exchange, relating to the approval and disclosure of Related Party Transactions and Code of Best Practice on Corporate Governance – 2023 issued by the Institute of Chartered Accountants of Sri Lanka, in order to strengthen the process of identifying, recording and reporting related party transactions which in turn ensures strict compliance with the rules and regulations governing related party transactions of listed entities, thereby improving transparency and governance independence.

In discharging this mandate, the Committee plays a central role in ensuring that actual and potential conflicts of interest arising from related party relationships are identified, assessed and appropriately managed, so that all related party transactions are conducted transparently, on arm's length terms and in the best interests of the Company and its stakeholders.

The BRPTRC convened four (4) meetings during the year under review complying with the regulatory requirements.

Composition

The BRPTRC comprised the following Directors and the respective attendance is given below:

BRPTRC members	Membership status	Attended/ Eligible to attend
Mr N Vasantha Kumar Independent Non-Executive Director	Chairman	4/4
Mr R Senanayake Independent Non-Executive Director	Member	4/4
Dr (Ms) R A Perera Independent Non-Executive Director	Member	4/4

Mr R Senanayake, an Independent Non-Executive Director and a member of the BRPTRC, retired from the Board of Directors of Senkadagala Finance PLC with effect from 31 March 2026, upon completion of the maximum tenure of nine (9) years applicable to Independent Directors in compliance with Section 3.3 of the Finance Business Act Directions No. 05 of 2021 and in terms of Section 9.8.3 of the Listing Rules of the Colombo Stock Exchange and consequently ceased to serve on the Committee.

Accordingly, the Committee composition changed with effect from 1 April 2026 as follows:

BRPTRC members	Membership status
Ms D G Wijayawardana Independent Non-Executive Director	Chairperson
Mr N Vasantha Kumar Independent Non-Executive Director	Member
Dr (Ms) R A Perera Independent Non-Executive Director	Member

Senior Management Personnel of the Company attend the Committee meetings whenever their presence is requested. The Company Secretary functioned as the Secretary to the Committee.

The minutes of the Committee's meetings are tabled at meetings of the Board of Directors, thereby providing the Board with access to the deliberations of the Committee and ensuring that any significant matter relating to related party transactions is escalated to the Board on a timely basis.

Policy and scope

The BRPTRC operates in accordance with Board-approved Terms of Reference and the Company's Policy on Related Party Transactions. Acting under authority delegated by the Board of Directors, the Committee assists the Board in overseeing the identification, review, approval, monitoring and disclosure of related party transactions to ensure compliance with applicable regulatory requirements and sound governance practices. The Policy establishes the framework and approval thresholds for related party transactions requiring Board or shareholder approval, where applicable.

In carrying out its responsibilities, the Committee reviews proposed related party transactions to ensure that they are conducted on normal commercial terms, are at arm's length, and are not prejudicial to the interests of the Company and its minority shareholders. The Committee also reviews the economic and commercial substance of recurrent and non-recurrent related party transactions, oversees the adequacy of processes for identifying, escalating and reporting such transactions, and monitors compliance with applicable disclosure requirements in the Financial Statements and the Annual Report. Directors with an interest in a related party transaction are required to disclose such interests and abstain from participating in deliberations and decision-making relating to the relevant transaction, except where requested by the Committee solely to provide information.

The Committee reports its observations and recommendations to the Board on a regular basis and may seek information, explanations and professional advice, where necessary, in the discharge of its responsibilities. The Policy on Related Party Transactions and the Committee's Terms of Reference are reviewed periodically and updated, where necessary, to reflect evolving regulatory requirements and governance best practices.

Related party transactions and regulatory compliance

During the financial year 2025/26, the BRPTRC reviewed the related party transactions of the Company and reported its observations and recommendations to the Board of Directors, ensuring that such transactions were conducted on arm's length terms and were not prejudicial to the interests of the Company and its minority shareholders. Based on its review, the Committee observed that all related party transactions entered into during the year were in the ordinary course of business and on arm's length terms, and that no conflicts of interest or instances of non-compliance with the applicable rules and regulations governing related party transactions were noted during the year under review.

Accordingly, the related parties of the Company, the nature of their relationships, the related party transactions entered into and the related outstanding balances are disclosed in Note 46 to the Financial Statements, in keeping with the Company's commitment to transparency in its related party dealings.

There were no non-recurrent related party transactions which, in aggregate, exceeded 10% of the equity or 5% of the total assets of the Company, whichever is lower, based on the audited financial statements as at 31 March 2026, nor any recurrent related party transactions which, in aggregate, exceeded 10% of the gross revenue/income of the Group based on the audited financial statements for the year ended 31 March 2026, requiring additional disclosures in terms of Section 9.14.8 of the Colombo Stock Exchange Listing Rules and the Code of Best Practice on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka.

Declaration

A declaration by the Board of Directors in the Annual Report as an affirmative statement of the compliance with the Listing Rules pertaining to related party transactions is given on page 138 of this Annual Report. Further, the Directors declare that all related party transactions with the Company have been disclosed and that Directors have abstained from voting on matters in which they were materially interested.



D G Wijayawardana

Chairperson
Board Related Party Transactions Review Committee

25 June 2026
Colombo

Report of the Board Nominations and Governance Committee

The Board Nominations and Governance Committee (BNGC) has been set up by the Board of Directors in compliance with the Finance Business Act Directions No. 05 of 2021 issued by the Central Bank of Sri Lanka and Section 9.11 of the Listing Rules of the Colombo Stock Exchange.

The BNGC is responsible for overseeing the nomination process for Board and Senior Management positions, monitoring corporate governance practices, and ensuring that the Board remains effective, diverse, and fit for purpose.

Composition

The BNGC comprised the following Directors during the financial year, and their respective attendance is given below:

BNGC members	Membership status	Attended/ Eligible to attend
Dr (Ms) R A Perera Independent Non-Executive Director	Chairperson	4/4
Mr R Senanayake Independent Non-Executive Director	Member	4/4
Mr N Vasantha Kumar Independent Non-Executive Director	Member	4/4
Mr A Herath Independent Non-Executive Director	Member	4/4

Mr R Senanayake, an Independent Non-Executive Director and a member of the BNGC, retired from the Board of Directors of Senkadagala Finance PLC with effect from 31 March 2026, upon completion of the maximum tenure of nine (9) years applicable to Independent Directors in compliance with Section 3.3 of the Finance Business Act Directions No. 05 of 2021 and in terms of Section 9.8.3 of the Listing Rules of the Colombo Stock Exchange and consequently ceased to serve on the Committee.

Accordingly, the Committee composition changed with effect from 1 April 2026 as follows:

BNGC members	Membership status
Ms D G Wijayawardana Independent Non-Executive Director	Chairperson
Mr N Vasantha Kumar Independent Non-Executive Director	Member
Dr (Ms) R A Perera Independent Non-Executive Director	Member
Mr A Herath Independent Non-Executive Director	Member

Meetings

The Committee held 04 meetings during the year 2025/26.

The minutes of these meetings reflect the decisions of the Committee, and recommendations were presented at subsequent monthly meetings of the Board of Directors for discussion, approval, and ratification or to otherwise be acted upon by the Board.

Senior Management Personnel of the Company attend the Committee meetings whenever their presence is requested. The Company Secretary functioned as the Secretary to the Committee.

Terms of reference of the Committee

The Committee operates under formal Terms of Reference approved by the Board on 25 September 2024. The Terms of Reference define the Committee's authority, composition and responsibilities in relation to the selection and appointment of Directors, the Chief Executive Officer and Key Management Personnel (KMP), as well as Board nominations, succession planning and governance oversight.

The Committee is responsible for supporting the Board in ensuring that the Board and its Committees possess the appropriate mix of skills, experience, independence, diversity and expertise required to discharge their duties effectively.

The Committee's key responsibilities include:

- Establishing procedures for the selection and recommendation of Directors to the Board;
- Advising and making recommendations to the Board or the Chairman on the appointment of Directors, the Chief Executive Officer and Key Management Personnel;
- Ensuring that Directors and relevant Key Management Personnel are fit and proper to hold office;
- Supporting the Board in maintaining an effective, balanced and suitably skilled Board and Committee structure; and
- Ensuring that any Committee member recuses himself or herself from decisions relating to his or her own appointment or re-appointment.

The Committee is required to meet at least annually, or more frequently where necessary.

Activities in 2025/26

During the year under review, the BNGC carried out its duties and responsibilities in accordance with its Terms of Reference and applicable regulatory requirements. The Committee reviewed matters relating to Board composition, Director independence, fitness and propriety, succession planning and governance practices, and made recommendations to the Board as appropriate. The Committee recommended the appointments of Mr S K Balasuriya as Executive Director and Chief Executive Officer, Mr S Balasuriya as a Non-Independent Non-Executive Director, Mr C P Jayatilake as an Independent Non-Executive Director, and Mr N Vasantha Kumar as Chairman of the Board. The Committee also reviewed and recommended changes to the Key Management Personnel cadre and the composition of Board Sub-Committees during the year.

In addition, the Committee reviewed the outcomes of Board and governance effectiveness assessments, monitored compliance with applicable governance requirements, and continued to provide observations and recommendations to the Board to support effective governance, leadership continuity and regulatory compliance.

Board composition, diversity, and selection criteria

Appointments to the Board follow a formal and transparent procedure determined by the Committee. In identifying and recommending candidates, the Committee applies a defined set of selection criteria, including the academic and professional qualifications, skills, experience, and key attributes required, taking into account the nature of business and industry-specific requirements, the existing balance of skills and experience on the Board, and the need for independence and diversity. Each candidate is required to satisfy the fit-and-proper criteria stipulated under the Finance Business Act Direction No. 05 of 2021 and the Listing Rules of the Colombo Stock Exchange.

The Committee is committed to maintaining a Board that is diverse in terms of skills, experience, professional background, age, and gender, in the belief that diversity strengthens the quality of Board deliberations and decision-making.

Directors proposed for election at the AGM 2026

Name of Director	Board Committees served on	Date of first appointment as Director	Date of last re-appointment	Directorships or Chairperson roles and other principal commitments both present and those held over the preceding three years in other Listed Entities	Any relationships including close family relationships between the candidate and the directors, the Listed Entity or its shareholders holding more than 10% of the shares of the Company
Mr S K Balasuriya	N/A	28 January 2026	N/A	Refer "Board of Directors' Profiles" on pages 87 to 91.	–
Mr C P Jayatilake	Member of BAC and BIRMC with effect from 1 April 2026	1 April 2026	N/A	Refer "Board of Directors' Profiles" on pages 87 to 91	–
Mr S Balasuriya	N/A	1 April 2026	N/A	Refer "Board of Directors' Profiles" on pages 87 to 91.	Mr S Balasuriya is the son of Dr A Balasuriya, who, together with his children, holds an indirect shareholding exceeding 10% of the issued share capital of the Company.



D G Wijayawardana

Chairperson
Board Nominations and Governance Committee

25 June 2026
Colombo

Risk Management

The operating environment during the financial year continued to reflect gradual macroeconomic stabilisation following the economic disruption experienced in recent years. Easing inflation, relatively stable market interest rates, improving tourism inflows, and strong worker remittances supported the recovery of economic activity and borrower repayment capacity across several sectors.

However, structural vulnerabilities within the economy remain, including elevated public debt levels, constrained fiscal space, sovereign credit pressures, and external sector sensitivities. In addition, increasing geopolitical tensions in the Middle East and related global market uncertainties continued to pose risks to energy prices, global inflation trends, supply chains, foreign exchange movements, and investor confidence. These developments have heightened uncertainty across financial markets and may indirectly affect domestic economic conditions and business sentiment.

Key Risk Environment Indicators – 2025

Economic Growth

Real GDP Growth

2025	2024
5%	5%

Agriculture **1.40%** | Industry **7.80%** | Services **3.30%**

Growth momentum sustained

Inflation and Interest Rates

Headline inflation rate	
December 2025	2.10%

Core inflation rate	
December 2025	2.70%

Annual average headline inflation	
2025	-0.50%
2024	1.20%

Policy rates

	end 2025 %	end 2024 %
OPR:	7.75	8.00
SDFR:	7.25	7.50
SLFR:	8.25	8.50

Monetary Policy remained accommodative

Market interest rates

	end 2025 %	end 2024 %
Avg. weighted prime lending rate (AWPLR) (monthly)	8.87	8.92
Avg. weighted lending rate (AWLR)	11.48	11.93
Avg. weighted new lending rate (AWNLR)	10.69	10.77
Avg. weighted deposit rate (AWDR)	6.78	7.53
Avg. weighted new deposit rate (AWNDR)	6.29	6.52
1 year T-bill yield	8.45	8.96

External Sector Stability

Worker remittances	
2025	USD 8.1 Bn.
2024	USD 6.6 Bn.

Remittances rose sharply

Tourist arrivals	
2025	2.36 Mn.
2024	2.05 Mn.

Continued in positive momentum

Gross official reserves	
end 2025	USD 6.8 Bn.
end 2024	USD 6.1 Bn.

Improved amid external debt servicing

LKR/USD Exchange Rate	
end 2025	309.99
end 2024	292.58
Depreciation in 2025	-5.60%
Appreciation in 2024	10.70%

LKR depreciated against USD

Credit Growth

Private sector credit growth (by LCBs)	
2025	10.70%
2024	25.20%

Finance Company Sector Indicators

	end 2025 %	end 2024 %
Gross Stage 3 loan ratio	6.10	11.50
Capital Adequacy Ratio (CAR)	18.70	21.30

Sovereign Credit Rating Improved

At the same time, financial institutions continue to operate within an increasingly dynamic environment shaped by rapid technological advancements, evolving regulatory expectations, heightened cybersecurity threats, changing customer behaviour, and intensified competition.

Accordingly, maintaining a strong, forward-looking, and resilient risk management framework remains fundamental to ensuring business continuity, protecting stakeholder interests, and supporting sustainable long-term growth.

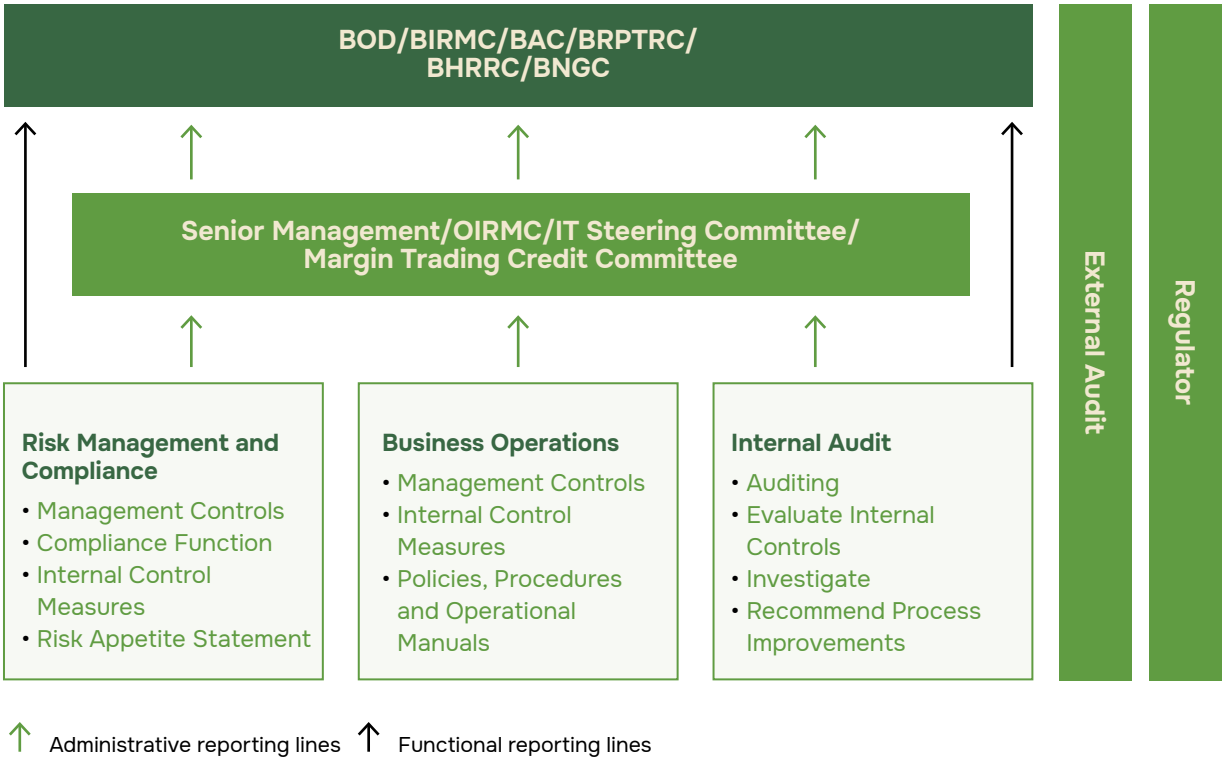
Risk management framework

Senkadagala Finance has developed a risk management framework to support the systematic identification, assessment, monitoring, and management of risks across the organisation.

The framework is designed to ensure that risk exposures are managed within the Company's defined risk appetite while supporting strategic objectives, capital adequacy, liquidity resilience, and regulatory compliance. Risk management responsibilities are embedded across all levels of the organisation and are supported by independent risk management, compliance, internal control, and audit functions.

Risk management is integrated into strategic planning, forecasting, product development, capital allocation, and business decision-making processes to ensure that growth objectives remain aligned with the Company's overall risk capacity and long-term sustainability objectives.

Senkadagala Finance adopts a structured three-lines of defence governance model comprising business operations as the first line of defence, independent risk management and compliance oversight as the second line, and internal audit as the third line, providing independent assurance on the effectiveness of governance, risk management, and internal controls.



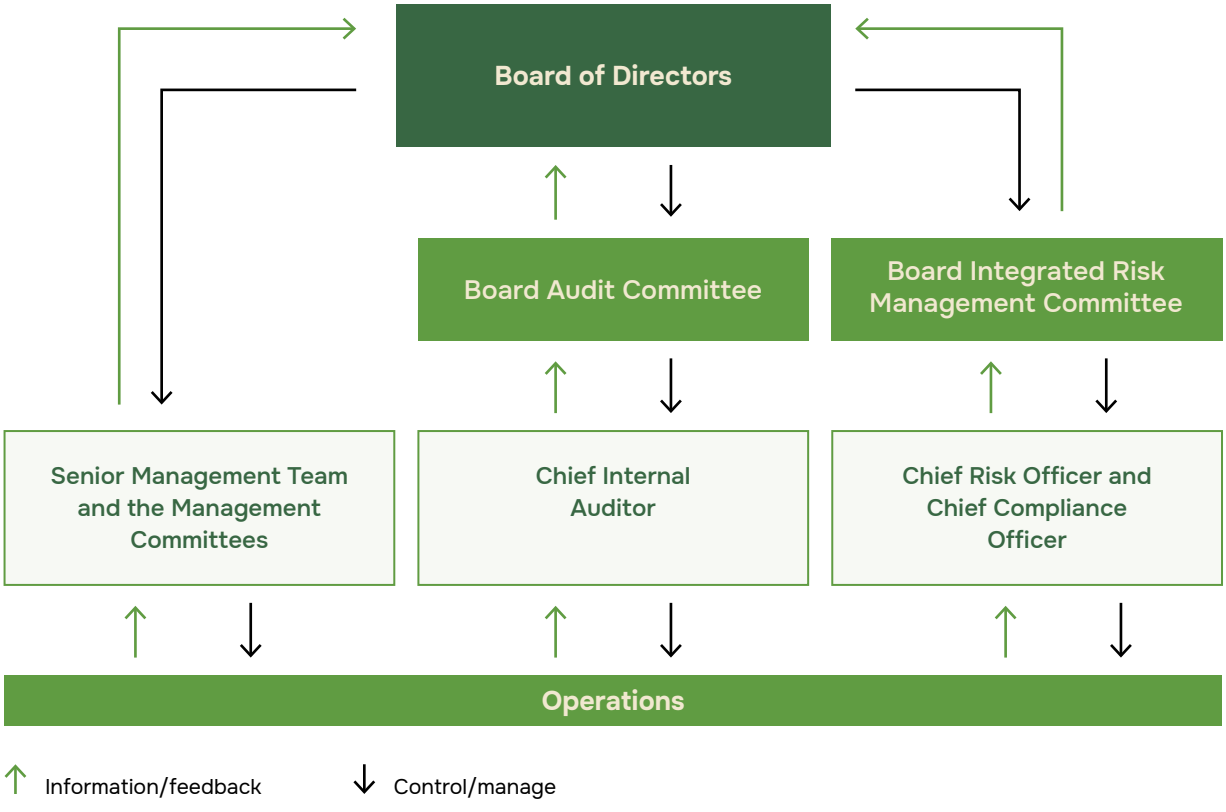
Risk governance

The role of risk governance is primarily entrusted to the Board of Senkadagala Finance, which holds ultimate responsibility for the effective management of risk across the organisation. The Board establishes the overall risk strategy, approves the Risk Appetite Statement, and ensures that appropriate systems and controls are in place to manage material risks within acceptable parameters.

The Board Integrated Risk Management Committee (BIRMC), a subcommittee of the Board, comprising Independent Non-Executive Directors, assists the Board in overseeing the effectiveness of the Company's risk management framework and monitoring emerging risk exposures within the evolving operating environment.

The BIRMC is supported by the Operational Integrated Risk Management Committee (OIRMC), comprising members of senior management and representatives from independent risk, compliance and internal audit functions. These committees regularly review risk exposures, emerging threats, regulatory developments, and compliance with approved risk limits, while recommending appropriate corrective actions where necessary.

The Board also ensures that the Company maintains a strong risk culture that promotes accountability, transparency, ethical conduct, prudent risk-taking, and fair customer treatment across all levels of the organisation.



Risk Appetite Framework

The Company's Risk Appetite Statement defines the nature and extent of risks it is willing to assume in pursuing its strategic objectives while safeguarding capital, liquidity, profitability, and stakeholder interests.

Risk appetite is established by the Board and translated into measurable tolerance limits, operational thresholds, and key risk indicators across major risk categories. These limits are periodically reviewed in line with changes in the operating environment, business strategy, and regulatory expectations.

Actual risk exposures are continuously monitored against approved thresholds, with significant deviations escalated to the Board Integrated Risk Management Committee (BIRMC) and the Board for timely corrective action.

Risk appetite summary dashboard

Risk Category	Key Risk Indicator	Risk Appetite	Status	
Credit Concentration Risk	Portfolio Concentration – Vehicle type/product-wise	Three wheelers <15%	12.0%	●
		Motor Bikes <15%	12.4%	●
		Motor cars <35%	31.5%	●
		Dual Purpose Vehicles <20%	20.7%	●
		Others as listed <10%	4.1%	●
		Motor Bus <10%	4.0%	●
		Motor Lorry/Trucks <20%	11.6%	●
		Land Vehicles/Tractors <5%	1.0%	●
		Personal Loans <5%	2.7%	●
Default Risk	Gross Stage 3 Exposure	<10%	5.43%	●
	Net stage 3 loan ratio	<5%	2.65%	●
	Infection Ratio (61-90 days past due)	<15%	4.32%	●
Funding and Liquidity Risk	Liquid Assets Ratio (%)	>11% of Deposit Liabilities	49.12%	●
	Deposits Renewal Ratio (%)	>70%	86%	●
Interest Rate Risk	1% change in interest rate on rate sensitive liabilities – Impact on NII	<LKR 50 Mn.	LKR 40 Mn.	●
	Net Interest Margin (NIM)	>8%	14.50%	●
Equity Price Risk	Equity investments – Sector limit	<15% of Capital Funds	8.61%	●
Commodity Price Risk	Loan to Value Ratio of Gold Loans	<70%	Exposure below 70% – 70.1%	●
			Exposure over 70% – 29.9%	●

Risk Category	Key Risk Indicator	Risk Appetite	Status	
Operational Risk	Internal Frauds	<3 Incidents (per year) and value per incident ≥LKR 500,000	1 incident LKR 10,740,000	● ●
	External Frauds	<2 Incidents (per year) and value per incident ≥LKR 500,000	0 incidents -	● ●
	Business disruption due to system failures	<2 Incidents (per year)	0 incidents	●
	Failure/risk on new products and practices	<1 Incident (per year)	0 incidents	●
	Human resources – staff turnover	<2% (per month)	1.68%	●
Strategic Risk	Total capital ratio	>15%	23.84%	●
	Minimum Core Capital	>LKR 5 Bn.	LKR 11.9 Bn.	●

● Within the risk appetite ● On the border ● Outside the margin

Risk objectives of Senkadagala Finance

Overall risk objectives of the Company are set out below:

- Identify, assess, quantify, monitor, and manage risks that may adversely impact profitability, capital adequacy, liquidity, and long-term sustainability.
- Maintain an appropriate balance between risk and return while supporting sustainable business growth.
- Ensure that robust controls, policies, and procedures are established to manage risks within the approved risk appetite.
- Promote a strong risk-aware culture across the organisation to support informed decision-making and timely responses to emerging risks.
- Safeguard stakeholder interests through prudent governance, regulatory compliance, ethical conduct, and effective risk oversight.

Risk management controls, policies and procedures

Senkadagala Finance maintains a structured framework of risk management controls, policies, and procedures designed to support the effective identification, assessment, mitigation, monitoring, and reporting of risks across the organisation.

Corporate risk objectives are communicated throughout the organisation using clearly defined policies, operating procedures, authority structures, and internal controls. These controls are continuously reviewed and strengthened to address both operational and strategic risks arising from the evolving business environment.

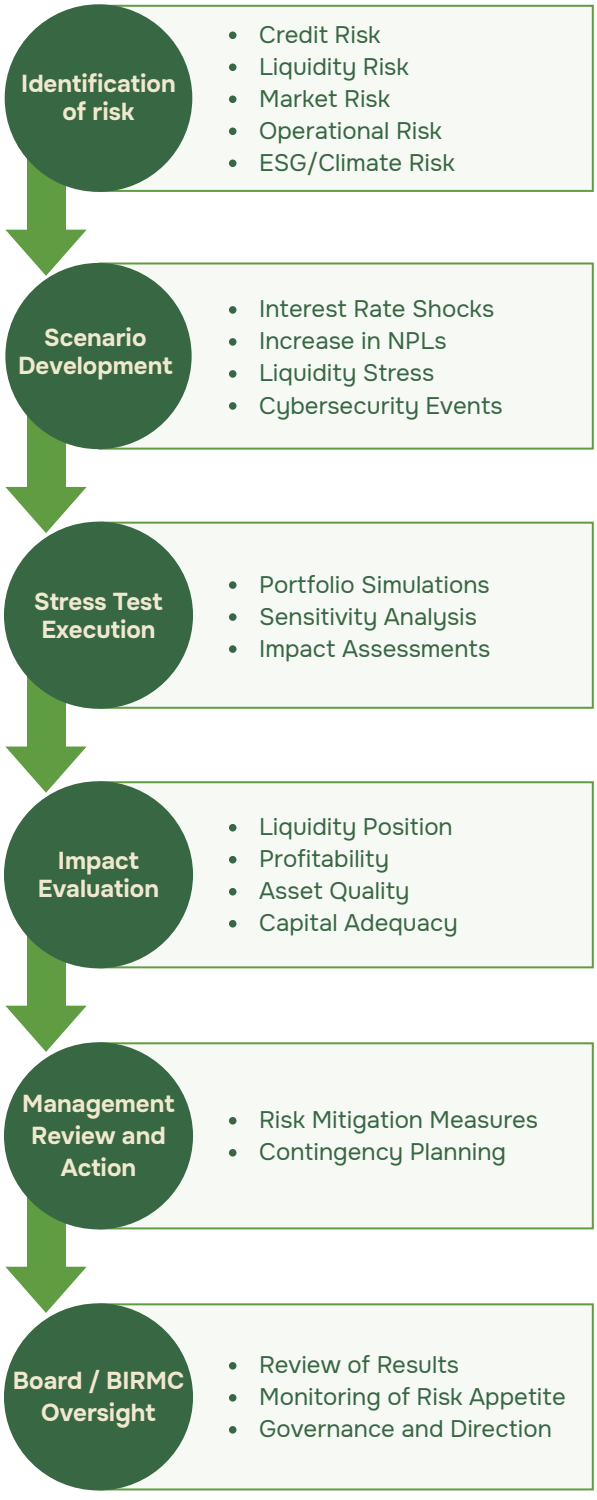
Risk tolerance levels are established in line with the Company's approved risk appetite and regulatory expectations. Newly identified risks are assessed based on their likelihood and potential impact, with appropriate mitigating measures implemented accordingly.

Key Risk Indicators (KRIs), management dashboards, tolerance limits, and exception reporting mechanisms are utilised to facilitate the continuous monitoring of risk exposures and emerging trends across the organisation.

The Company periodically performs stress testing and scenario analysis across key risk categories to assess resilience under adverse economic and operational conditions, including interest rate shocks, liquidity pressures, deteriorating asset quality, and capital buffers.

Periodic risk reports are submitted to the Board Integrated Risk Management Committee (BIRMC) to assess risk exposures against approved thresholds and tolerance levels.

Stress testing and scenario analysis process



Independent assurance

The Company's independent assurance framework is supported through the Internal Audit function, which provides independent assessments on the adequacy and effectiveness of governance, internal controls, and risk management processes.

During the year, the internal audit function continued to be strengthened through the expansion of in-house audit capabilities and enhanced oversight arrangements. Branch audit activities are conducted using a risk-based approach, with greater audit focus placed on higher-risk operational areas and branches.

Specialised audit reviews are also carried out for gold-backed lending operations due to the nature and volume of such transactions. Audit findings are reported by the Chief Internal Auditor to the Board Audit Committee, the Board of Directors, and the relevant independent functions and management personnel for review, corrective action, and continuous monitoring of the implementation status of agreed recommendations.

Environmental scanning

Environmental scanning remains an integral component of the Company's risk management framework, supporting the timely identification of emerging risks and opportunities arising from developments in the external operating environment.

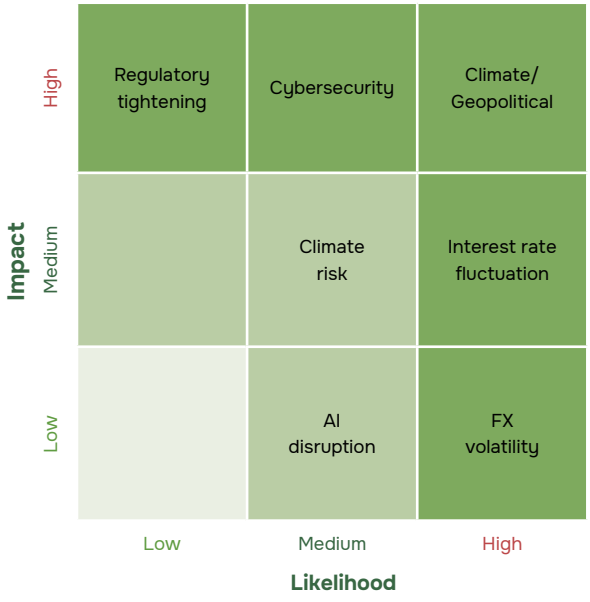
At Senkadagala Finance, closely tracking evolving macroeconomic and micro-environmental trends is a key element of sound risk management. Although the Company's existing processes adequately manage traditional risks, the rapid rate of change and increased global interconnectedness have added new layers of complexity. In this context, a strong and systematic environmental scanning approach is vital to keep the risk management framework proactive, adaptable, and resilient.

The Company continuously monitors macroeconomic conditions, regulatory developments, technological advancements, competitive dynamics, geopolitical events, and environmental and social trends that may impact business operations and financial performance.

Particular attention is given to developments in global financial markets, international geopolitical tensions, energy price volatility, and evolving climate-related risks, given their potential impact on inflation, exchange rates, funding costs, customer affordability, and overall market stability.

This forward-looking approach enables the Company to proactively assess vulnerabilities, strengthen resilience, and support informed strategic decision-making.

Risk heat map



Key developments during the year

The year under review reflected continued improvement in domestic macroeconomic stability under the IMF-supported reform programme. Declining inflation and easing market interest rates contributed to improved affordability and a gradual recovery in credit demand, particularly within retail and SME segments.

Tourism-related activity and worker remittances continued to strengthen during the year, supporting household income flows and economic activity. The gradual relaxation of import restrictions also assisted the recovery of trade and related sectors.

Nevertheless, the broader operating environment remained challenging. Certain sectors continued to experience pressure arising from subdued business confidence, constrained consumer spending, and the lingering effects of the economic downturn. In particular, recovery within the construction and related sectors remained relatively slow.

Global geopolitical uncertainties, particularly arising from the Middle East crisis, continued to create volatility in energy prices, international trade flows, and global financial markets.

Key risk developments and management responses during FY 2025/26

Risk Event/Development	Impact on the Company	Management Response
Macroeconomic and Geopolitical Uncertainty	Global economic volatility, geopolitical tensions, commodity price fluctuations, and changing market conditions continued to influence business confidence and customer affordability.	Regular monitoring of economic indicators, scenario analysis, stress testing, and prudent portfolio management.
Asset Quality and Credit Risk Pressures	Certain borrower segments remained vulnerable to economic and sector-specific challenges, potentially affecting repayment capacity and portfolio quality.	Strengthened credit monitoring, early warning mechanisms, recovery strategies, and portfolio diversification initiatives.
Interest Rate and Repricing Risk	Changes in market interest rates may affect funding costs, lending margins, customer demand, and profitability.	Active asset-liability management, pricing reviews, and regular monitoring.
Cybersecurity, Data Privacy and Digital Fraud Risk	Increased cyber threats, phishing attempts, digital scams, and data security incidents posed risks to operations, customers, and reputation.	Enhanced cybersecurity controls, fraud monitoring systems, employee awareness programmes, access management controls, and business continuity arrangements.
Employee Turnover and Talent Retention Challenges	Loss of key personnel may affect operational effectiveness, customer service standards, and strategic execution.	Succession planning, employee development programmes, performance management, and retention initiatives.

Risk Event/Development	Impact on the Company	Management Response
Extreme Weather and Climate-Related Risk	The impact of Cyclone Ditwah and other adverse weather events affected economic activity in certain regions, disrupted customer operations, and increased credit and operational risk exposures across the industry.	Business continuity planning, digital service enablement, geographical diversification, climate risk assessments, and insurance coverage.
Regulatory and Compliance Developments	Evolving regulatory requirements increased compliance obligations and required enhancements to systems, processes, governance, and reporting frameworks.	Continuous regulatory monitoring, staff training, policy updates, and strengthened compliance oversight.
Changing Customer Expectations and Digital Adoption	Increased demand for seamless, digital, and personalised financial services accelerated the need for innovation and service transformation.	Continued investment in digital capabilities, customer experience enhancements, process automation, and product innovation.
Liquidity and Funding Risk	Competition for deposits and changing investor preferences may affect funding stability and liquidity management.	Maintenance of adequate liquidity buffers, diversified funding sources, and ongoing monitoring against regulatory requirements.

Key Risk Categories

The principal and emerging risk categories identified by the Company are as follows:



Credit risk

Credit risk represents the potential financial loss arising from a borrower's failure to meet contractual obligations in accordance with agreed terms and conditions. Given the nature of the Company's lending operations, credit risk remains the most significant component of the overall risk profile.

The Company manages credit risk through prudent underwriting standards, clearly defined approval authorities, collateral management procedures, portfolio diversification strategies, independent monitoring mechanisms, and continuous recovery management processes.

Environmental and social considerations are progressively integrated into credit evaluation and portfolio monitoring processes, particularly for sectors exposed to elevated environmental or climate-related vulnerabilities.

Automation of credit evaluation processes, including CRIB integrations and risk-based credit assessments, continued to strengthen underwriting quality and improve operational efficiency during the year.

Concentration risk is managed through diversification across products, industries, geographical regions, collateral categories, customer segments, and individual counterparties, supported by approved exposure limits aligned with the Company's risk appetite.

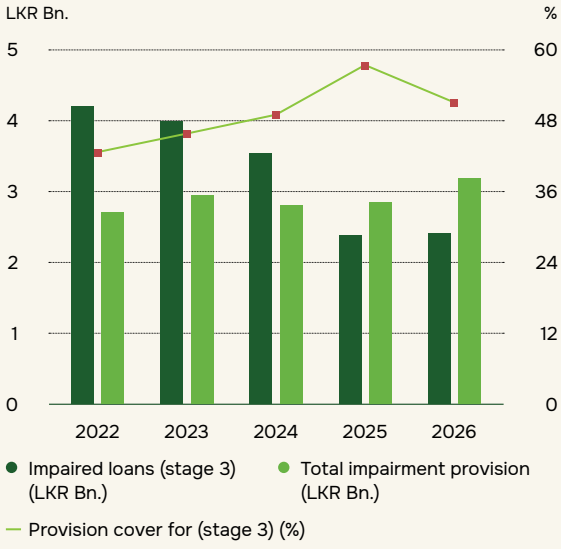
Loans and advances, which constitute a significant portion of the Company's assets, are subject to credit risk. As at 31 March 2026, total gross credit exposure amounted to LKR 44,391 Mn., with finance lease facilities continuing to represent the largest component of the lending portfolio.

A concise overview of the credit risk monitoring and recovery procedures followed by Senkadagala Finance is outlined below:

Marketing Staff	Recovery Department	Legal Department
• Risk-based screening mechanism for disbursements • Continuous relations with customers • Periodic site visits • Courtesy reminders via SMS • Payment reminders via mail • Phone calls	• Site visit by Recovery Officer • Follow-up actions • Restructure loan • Voluntary handover • Allow third party transfers to credit worthy customers	• Letter of Demand • Repossession of vehicles • Mediation Board to recover the dues • Initiate legal action

The Company maintained its focus on strengthening asset quality and recovery performance during the year despite the challenging operating environment.

Impaired loans and provision cover



Market risk

Market risk refers to the potential for financial loss arising from adverse movements in market variables such as interest rates, foreign exchange rates, equity prices, and commodity prices.

The Company manages market risk through prudent asset and liability management practices, defined risk tolerance levels, continuous market monitoring, and regular review of pricing and funding strategies.

Interest rate risk remains the most significant component of market risk given the Company's reliance on interest-based income streams. The Company actively monitors repricing gaps, maturity mismatches, funding costs, and yield curve movements to minimise the impact of interest rate fluctuations on earnings and capital.

Exposure to foreign exchange risk remained limited due to the nature of the Company's operations, while equity and commodity price risks were maintained within approved tolerance levels.

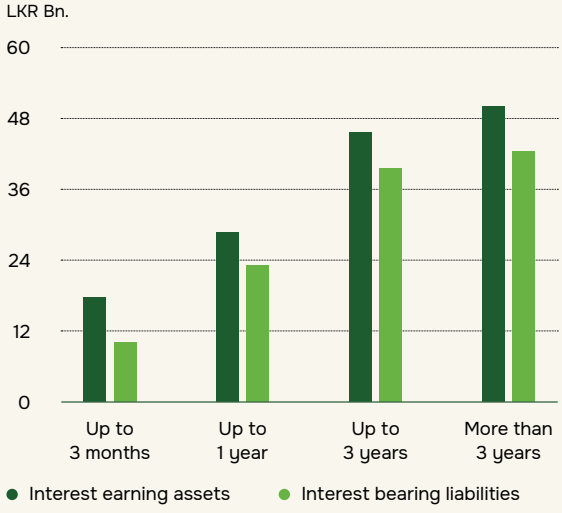
Daily monitoring of gold prices and prudent Loan-to-Value (LTV) ratios continued to support the management of risks associated with gold-backed lending products.

The following table outlines the key market risk exposures of the Company and the mitigation strategies employed to manage their potential impact on financial performance and capital.

Risk type	Description	Risk mitigation objectives	Risk mitigation techniques
Interest rate risk	Losses arising from unfavourable movement of interest rates	Maintain an optimal net interest spread	Meticulous Asset and Liability Management (ALM) Setting risk tolerance levels Continuous environmental scanning Yield curve analysis Periodic review of the interest rates offered Explore alternate funding sources Secure long-term fixed rated funding during low interest rate periods
		Strike a balance between floating and fixed rated borrowings	Reprice assets and liabilities in line with market trends Continuous review of loan pricing strategies
		Maintain an optimal gearing ratio	Identify and maintain the optimum mix of equity and borrowing Minimise Weighted Average Cost of Capital (WACC)
Equity price risk	Losses arising from volatility in exchange-traded equity and debt instruments	Minimise equity-related risk	Maintain equity investments within defined risk tolerance level Apply stop-loss limits to minimise losses Monthly mark-to-market valuations to identify the impact
		Maintain a diversified investment portfolio	Invest in a variety of industries Diversifying types of securities invested

Risk type	Description	Risk mitigation objectives	Risk mitigation techniques
Foreign exchange risk	Materialisation of losses due to adverse movements in the foreign exchange rates	Minimise transaction losses	Avoiding overnight foreign currency positions Regular employee training on counterfeit detection and fraud Monitoring exchange rate trends to predict transactional exposures
		Minimise translation losses	Swap cash flows to minimise the exchange risk exposure Hedge foreign currency borrowings Regularly review the effectiveness of the hedge
Commodity price risk	Losses due to adverse movements in commodity prices	Minimise exposure to commodities	Minimal exposure to such risk due to nature of business Daily monitoring of gold price fluctuations Setting optimum Loan-to-Value (LTV) ratios for pawning and gold-backed loans

Analysis of cumulative maturity gap



Liquidity risk

Liquidity risk refers to the risk that the Company may be unable to meet its financial obligations as they fall due without incurring unacceptable losses or adversely affecting normal business operations.

Maintaining adequate liquidity is fundamental to the stability and sustainability of a financial institution. Accordingly, the Company maintains a strong liquidity management framework supported by regulatory compliance requirements, internal liquidity tolerance limits, stress testing, contingency funding arrangements, and continuous monitoring mechanisms.

The Operational Integrated Risk Management Committee (OIRMC) and Treasury function continuously monitor liquidity positions, funding requirements, maturity mismatches, stress-testing outcomes, and contingency funding preparedness to ensure the timely availability of funds under both normal and stressed operating conditions.

The Company remained compliant with all applicable liquid asset requirements prescribed by the Central Bank of Sri Lanka throughout the year under review.

Liquidity ratio	Regulatory requirement (%)	As at 31 March 2026 (%)	As at 31 March 2025 (%)
Government securities to average deposit liabilities	7.50	37.86	33.07
Liquid assets to fixed deposits and CDs	10.00	66.94	47.11
Liquid assets to savings deposits	15.00	1,103.73	909.25
Liquid assets to unsecured senior borrowings	10.00	230.70	142.03

Operational risk

Operational risk refers to the risk of financial loss resulting from inadequate or failed internal processes, human error, system failures, external events, or regulatory non-compliance.

The Company maintains a strong internal control environment supported by clearly documented policies and procedures, segregation of duties, system-based controls, independent oversight functions, and continuous monitoring mechanisms.

Operational risk management focuses on strengthening fraud prevention, internal controls, cybersecurity resilience, regulatory compliance, business continuity arrangements, and operational efficiency.

Cybersecurity risk continues to receive heightened management attention due to increasing digitalisation, interconnected systems, and evolving cyber threat landscapes. The Company continues to strengthen information security controls through system upgrades, access controls, employee awareness programmes, network monitoring, vulnerability assessments, backup procedures, and disaster recovery arrangements.

The Company recognises conduct risk as the risk arising from inappropriate business practices, unethical conduct, inadequate customer protection, or failure to meet stakeholder expectations.

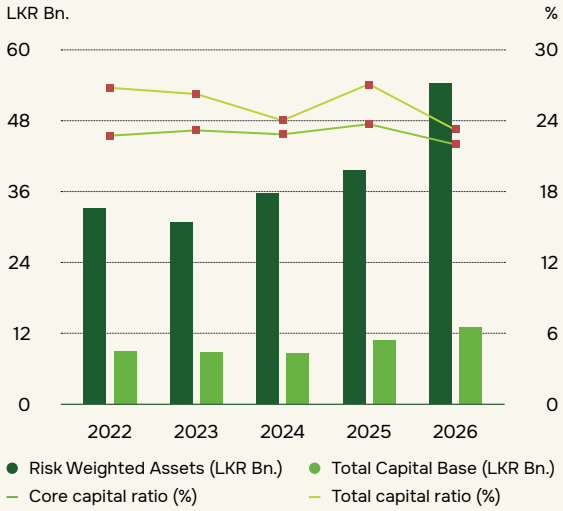
Business continuity and disaster recovery arrangements are periodically reviewed and tested to ensure operational resilience during unforeseen disruptions and crisis situations.

Capital management and risk absorption

The Company maintains capital levels above minimum regulatory requirements to support business growth, absorb unexpected losses, and maintain resilience under stressed operating conditions.

Capital adequacy is continuously monitored in line with regulatory requirements and internal risk assessments.

Risk weighted assets and capital positions



Strategic risk

Strategic risk arises from the potential inability of the Company to effectively respond to changes in the economic environment, customer expectations, competitive dynamics, technological advancements, and regulatory developments. Failure to anticipate and adapt to these evolving conditions may adversely impact the Company's growth objectives, profitability, market position, and long-term sustainability. To mitigate this risk, the Company maintains a structured strategic planning process supported by regular reviews of market trends, economic developments, emerging risks, and business performance. Strategic initiatives are continuously evaluated by the Board and Senior Management to ensure alignment with the Company's risk appetite, capital position, and long-term objectives while enhancing resilience and sustainable value creation for stakeholders.

Following table provides the key strategic risk drivers identified during the financial year 2025/26

Strategic Driver	Potential Impact	Response
Economic conditions	Profitability and growth	Scenario planning
Technology changes	Competitiveness	Digital investments
Customer behaviour	Market share	Product innovation
Regulatory changes	Compliance costs	Governance framework
Climate events	Business continuity	BCP formulation and testing

Environmental, social and climate-related risk

Environmental, Social and Climate-related risks are increasingly recognised as important drivers of financial and operational risk within the financial services sector.

The Company recognises that climate-related risks may impact borrower repayment capacity, collateral values, operational continuity, and long-term portfolio quality, particularly within climate-sensitive sectors and vulnerable customer segments.

Physical risks may arise from adverse weather events such as floods, droughts, and extreme climate conditions, while transition risks may emerge from policy changes, evolving sustainability standards, technological shifts, and changing stakeholder expectations relating to sustainable business practices.

In November 2025, the unprecedented impact of Cyclone Ditwah caused significant disruption across multiple regions of the country, resulting in temporary business interruptions, logistical constraints, and adverse conditions affecting customers and counterparties. The spillover effects were also reflected in the Company's operations through short-term branch/collection disruptions, delays in recoveries, and increased operational risk exposure, while the broader industry experienced heightened credit stress and pressure on asset quality due to affected borrowers and income disruptions.
The Company continued to monitor exposures closely, implement necessary business continuity measures, and assess potential financial and credit impacts arising from the event.

During the year, the Company continued to strengthen the integration of ESG and climate-related considerations into its Enterprise Risk Management framework, credit evaluation processes, portfolio monitoring activities, stress-testing exercises, and strategic risk assessments.

The Company also continued enhancing its approach towards sustainability and climate-related disclosures in line with emerging regulatory expectations, including the Sri Lanka Sustainability Disclosure Standards, SLFRS S1 and SLFRS S2.



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Responsibility Statement of the Chief Executive Officer and the Chief Financial Officer

The Financial Statements of Senkadagala Finance PLC ("Company") and the Consolidated Financial Statements of the Company and its Group Companies ("Group") as at 31 March 2026 have been prepared and presented in compliance with the following regulatory requirements:

- Sri Lanka Accounting Standards (SLFRS/LKAS) issued by The Institute of Chartered Accountants of Sri Lanka
- Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, as amended
- The Companies Act No. 7 of 2007, as amended
- The Finance Business Act No. 42 of 2011
- The Finance Leasing Act No. 56 of 2000
- Directions, Circulars, and Guidelines issued under the above Acts by the Department of Supervision of Non-Bank Financial Institutions of the Central Bank of Sri Lanka (CBSL)
- The Listing Rules of the Colombo Stock Exchange, as amended
- The Code of Best Practice on Corporate Governance (2023) issued by the Institute of Chartered Accountants of Sri Lanka

The Financial Statements and accompanying disclosures, as included in the Annual Report and interim Financial Statements are prepared in accordance with the formats prescribed by the Central Bank of Sri Lanka and are fully compliant with the disclosure requirements of the Sri Lanka Accounting Standard – LKAS 1: Presentation of Financial Statements.

The Group publishes its financial results to shareholders on a quarterly basis.

The Group has consistently applied its material accounting policies in full compliance with Sri Lanka Accounting Standards (SLFRS/LKAS). Significant accounting judgements and estimates have been reviewed by the Board Audit Committee and discussed with the External Auditors. Comparative information presented is consistent with that of the previous financial year, except where reclassifications were necessary to improve presentation and disclosure. All material information has been appropriately disclosed in the Notes to the Financial Statements.

To the best of our knowledge, the Financial Statements present a true and fair view of the financial position, performance, and cash flows of the Company and the Group for the year ended 31 March 2026. The Financial Statements have been prepared on a going concern basis, reflecting our belief that the Group has adequate resources to continue its operations and meet its obligations as they fall due in the foreseeable future.

The Board of Directors and Management of the Company acknowledge their responsibility for the integrity of the Financial Statements. The estimates and judgements made in preparation were based on reasonable and prudent assumptions, ensuring that the Financial Statements appropriately reflect the substance of the underlying transactions and present a true and fair view of the state of affairs of the Company and the Group.

Robust internal control systems, including automated and system-based controls, are in place to safeguard assets and prevent irregularities, and are continuously reviewed. The internal control and financial reporting framework is integrated with the Company's overall risk management processes. The Internal Audit Department was further strengthened during the year under review through the recruitment of additional staff members, as well as by bringing the branch audit function under the purview of the in-house Internal Audit function, thereby enhancing the effectiveness and coverage of the Company's internal audit processes. However, inherent limitations exist in any internal control system and should be considered when relying on the level of assurance provided.

Details on the internal control framework are outlined in the Annual Report of the Board of Directors (on page 138) and the Directors' Statement on Internal Controls (on pages 176–177). Messrs Ernst & Young, Chartered Accountants, have reviewed the effectiveness of the Group's internal controls over financial reporting and issued an independent assurance report thereon, which is presented on page 178 of this Annual Report.

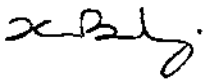
The Financial Statements have also been audited by Messrs Ernst & Young, Chartered Accountants, the independent External Auditors. The unqualified Auditor's Report appears on pages 180–183 of this report.

The Board Audit Committee reviews the adequacy and the effectiveness of the Internal Control Systems, including the effectiveness of the internal controls over financial reporting. This review ensures that transactions are accurately and completely recorded in the books of account and that compliance with Sri Lanka Accounting Standards (SLFRS/LKAS) and other regulatory requirements relating to financial reporting and disclosures is maintained. The Board Audit Committee Report is available on pages 147 to 148.

To ensure complete independence, both External and Internal Auditors have full and unrestricted access to the Board Audit Committee to discuss any matter of substance. The Committee also approves both audit and non-audit services provided by Messrs Ernst & Young to ensure that their independence is not compromised.

We confirm, to the best of our knowledge, that:

- The Company has substantially complied with all applicable laws, regulations, and prudential requirements;
- The Company is not aware of any material non-compliance;
- There is no material litigation pending against the Company, and
- All taxes, duties, levies, and statutory payments payable by the Company, and all contributions, levies, and taxes payable on behalf of or in respect of employees as at 31 March 2026 have been paid or, where applicable, duly provided for.



S K Balasuriya
Executive Director/Chief Executive Officer



P K Rajapaksa
Chief Financial Officer

25 June 2026
Colombo

Directors' Statement on Internal Control

Directors' Statement on Internal Control over Financial Reporting

Responsibility

In line with section 16 (1) (ix) of the Finance Companies Corporate Governance Directions No. 05 of 2021, and Section D.1.5 of the Code of Best Practices on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka in 2023, the Board of Directors of Senkadagala Finance PLC presents this report on the Internal Controls of the Company.

The Board of Directors ("Board") has overall responsibility for ensuring the adequacy and effectiveness of the internal control over financial reporting in place at Senkadagala Finance PLC ("Company").

The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Company, and this process includes the system of Internal Controls over Financial Reporting. The process is reviewed regularly by the Board. The Board is of the view that the system of Internal Control over Financial Reporting currently in place is adequate to provide reasonable assurance regarding the reliability of financial reporting, and that the preparation of Financial Statements for external purposes is carried out in accordance with relevant accounting principles and regulatory requirements.

The management assists the Board in the implementation of the Board's policies and procedures pertaining to Internal Control over Financial Reporting. The management is continuously engaged in enhancing the processes related to Internal Controls over Financial Reporting. In assessing the system of Internal Controls over Financial Reporting, designated officers of the Company collate all procedures and controls Connected with significant accounts and disclosures in the Financial Statements of the Company. These are, in turn, reviewed and tested through the internal audit function for suitability of design and operating effectiveness during the course of the audits.

Key Features of the Process Adopted in Applying and Reviewing the Design and Effectiveness of the Internal Control System over Financial Reporting

The Board has established several Board Sub-Committees to support the effective oversight of the Company's operations and ensure alignment with corporate goals, strategies, business plans, policies and business directions approved by the Board.

The Board approves policies and charters governing key functional areas of the Company, including Internal Controls over Financial Reporting. The Committees appointed by the Board review and recommend these policies and charters prior to obtaining Board approval.

The Compliance Department of the Company ensures that policies, charters and other documentation are developed in line with regulatory requirements while taking into account industry best practices. The Company carries out periodic reviews to ensure ongoing compliance with such requirements and standards.

The Internal Audit Department of the Company conducts regular reviews on policy and procedural compliance, as well as the effectiveness of internal control systems and information system controls, thereby identifying and reporting significant instances of non-compliance. Audits are conducted in accordance with the annual audit plan reviewed and approved by the Board Audit Committee. The Board Audit Committee receives all significant findings identified through the Internal Audit function.

The Company adheres to Sri Lanka Accounting Standards comprising LKASs and SLFRSs, and continuously enhances its processes to meet the requirements relating to recognition, measurement, classification, and disclosure. To strengthen financial reporting and management information processes, constant monitoring and adaptation to changing market conditions are undertaken. The Company evaluates existing models to assess potential implications arising from prevailing economic conditions, and such models are subject to regular review and validation by independent industry experts to ensure accurate representation of the financial position and the performance of the Company.

Confirmation

Based on the above processes, the Board of Directors confirms that the financial reporting system of the Company has been designed to provide reasonable assurance regarding the reliability of financial reporting, and that the preparation of Financial Statements for external purposes has been done in accordance with Sri Lanka Accounting Standards and is in compliance with the regulatory requirements of the Central Bank of Sri Lanka and the Colombo Stock Exchange.

Review of the Statement by External Auditors

The External Auditor, Messrs Ernst & Young, has reviewed the above Directors' Statement on Internal Control over Financial Reporting for the year ended 31 March 2026 and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in the review of the design and operational effectiveness of the Internal Control System over Financial Reporting of the Company. Their independent assurance report on the "Directors' Statement on Internal Control over Financial Reporting" is given on page 178 of this Annual Report.

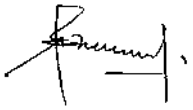
Statement on Prudential Requirements, Regulations and Laws

The Board is not aware of any material non-compliance with applicable prudential requirements, regulations, laws and internal controls and there were no such non-compliances that required rectification during the financial year under review.

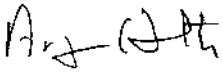
There were no material supervisory concerns raised by the Director of the Department of Supervision of the Non-Bank Financial Institutions of the Central Bank of Sri Lanka requiring public disclosure in relation to lapses in the Company's risk management framework or compliance with the Finance Business Act, Rules and Directions issued thereunder.

By order of the Board of

SENKADAGALA FINANCE PLC



N Vasantha Kumar
Chairman



A Herath
Chairman of the Board Audit Committee
25 June 2026

Independent Assurance Report

Shape the future with confidence

Ernst & Young
Chartered Accountants
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No. 109, Galle Road
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Fax: +94 11 768 7869
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ey.com

WDPL/KMW

TO THE BOARD OF DIRECTORS OF SENKADAGALA FINANCE PLC

Report on the Statement on Internal Control Over Financial Reporting included in the Directors' Statement on Internal Control

We were engaged by the Board of Directors of Senkadagala Finance PLC ("The Company") to provide assurance on the Statement of Internal Control Over Financial Reporting included in the Directors' Statement on Internal Control for the year ended 31 March 2026 ("The Statement") included in the annual report for the year ended 31 March 2026.

Management's responsibility

Management is responsible for the preparation and presentation of the statement in accordance with the paragraph 16 (1) (ix) of Finance Business Act Direction No. 05 of 2021 – Corporate Governance issued by the Central Bank of Sri Lanka under the Finance Business Act No 42 of 2011.

Our independence and quality control

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

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

Our responsibilities and compliance with SLSAE 3051

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

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

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

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

Summary of work performed

We conducted our engagement to assess whether the Statement is supported by the documentation prepared by or for directors; and appropriately reflected the process the directors have adopted in reviewing the system of internal control over financial reporting of the Company.

Partners: D K Hulangamuwa FCA FCMA LLB (London), Ms. Y A De Silva FCA, Ms. G G S Manatunga FCA, W K B S P Fernando FCA FCMA FCCA, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, N M Sulaiman FCA FCMA, Ms. L K H L Fonseka FCA, Ms. P V K N Sajeewani FCA, A A J R Perera FCA ACMA, N Y R L Fernando ACA, D N Gamage FCA ACMA, C A Yalagala ACA ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), B Vasanthan ACA ACMA, W D P L Perera ACA, M U M Mansoor ACA

Principals: T P M Ruberu FCMA FCCA MBA, G B Goudian ACMA, D L B Karunathilaka ACMA, W S J De Silva Bsc (Hons) - MIS Msc - IT, V Shakthivel B.Com (Sp)

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The procedures performed were limited primarily to inquiries of Company personnel and the existence of documentation on a sample basis that supported the process adopted by the Board of Directors.

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

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

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

Our conclusion

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

Ernst & Young

25 June 2026

Colombo

Independent Auditor's Report

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Ernst & Young
Chartered Accountants
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WDPL/KMW

To the Shareholders of Senkadagala Finance PLC

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Senkadagala Finance PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31 March 2026, and the statement of profit or loss, statement of other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2026, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Partners: D K Hulangamuwa FCA FCMA LLB (London), Ms. Y A De Silva FCA, Ms. G G S Manatunga FCA, W K B S P Fernando FCA FCMA FCCA, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, N M Sulaiman FCA FCMA, Ms. L K H L Fonseka FCA, Ms. P V K N Sajeewani FCA, A A J R Perera FCA ACMA, N Y R L Fernando ACA, D N Gamage FCA ACMA, C A Yalagala ACA ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), B Vasanthan ACA ACMA, W D P L Perera ACA, M U M Mansoor ACA

Principals: T P M Ruberu FCMA FCCA MBA, G B Goudian ACMA, D L B Karunathilaka ACMA, W S J De Silva Bsc (Hons) - MIS Msc - IT, V Shakthivel B.Com (Sp)

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Key audit matter	How our audit addressed the key audit matter
Allowances for Expected Credit Losses of Loans, Lease & Hire Purchase receivables measured at amortised cost Allowances for expected credit losses of Loans, Lease & Hire purchase (HP) receivables measured at amortised cost as disclosed in Note 23 and 24 respectively, are determined by management based on the accounting policies described in Note 10 to the financial statements. This was a key audit matter due to • the significant management judgements, assumptions and estimation uncertainty involved in assessing the future recoverability of Loans & Lease receivables; and • the materiality of the reported amount of allowance for expected credit losses. Key areas of significant judgements, assumptions and estimates used by management in the assessment of the impairment for expected credit losses included determining whether significant increase in credit risk has occurred, use of a broad range of forward-looking macroeconomic inputs and their associated weightages which are subject to inherently heightened levels of estimation uncertainty and subjectivity. Further information on the key estimates, assumptions and judgements is disclosed in Note 10 to the financial statements.	In addressing the allowances for expected credit losses of Loans, Lease & HP receivables measured at amortised cost, our audit procedures included the following key procedures: • Assessed the alignment of the Company's allowances for expected credit loss computations with the underlying methodology and related accounting policies, based on the best available information up to the date of our report. • Evaluated the design, implementation and operating effectiveness of controls over estimation of expected credit losses. • Assessed the level of oversight, review and approval of allowances for expected credit losses, policies and procedures by the Board and management. • Tested the completeness, accuracy and reasonableness of the underlying data used in the expected credit loss computations by agreeing details to relevant source documents and accounting records of the Company. • Evaluated the reasonableness of qualitative and quantitative factors used in credit quality assessments and related stage classifications. In addition to the above, the following procedures were performed: • For Loans & Lease receivables assessed on a collective basis for impairment: – Tested the key inputs and the calculations used in the allowances for expected credit losses. – Assessed the reasonableness of judgements, assumptions and estimates used by the Management in the underlying methodology and the management overlays. – Our testing included evaluating the reasonableness of forward-looking information used, economic scenarios considered, and probability weighting assigned to each scenario. – Assessed the adequacy of the related financial statement disclosures set out in notes 23, 24, 10 & 52.2.

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Key audit matter	How our audit addressed the key audit matter
Information Technology (IT) systems related internal controls over financial reporting The Company's financial reporting process is significantly reliant on multiple IT systems with automated processes and internal controls. Further, key financial statement disclosures are prepared using data and reports generated by IT systems, that are compiled and formulated with the use of spreadsheets. Accordingly, IT systems and related internal controls over financial reporting were identified as a key audit matter.	Our audit procedures included the following key procedures: • Obtained an understanding of the internal control environment of the processes and tested relevant key controls relating to financial reporting and related disclosures. • Involved our internal specialized resources and; – Identified, evaluated and tested the design and operating effectiveness of IT systems related internal controls, including those related to user access and change management, and – Obtained a high-level understanding of the cybersecurity risks affecting the Company and the actions taken to address these risks primarily through inquiry. • Tested source data of the reports used to generate disclosures for accuracy and completeness, including review of the general ledger reconciliations.

Other Information included in the 2026 Annual Report

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the 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.

Shape the future with confidence

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Company and the Group.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on other legal and regulatory requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 8513.

Ernst & Young

25 June 2026

Colombo

Statement of Profit or Loss

For the year ended 31 March	Note	Company 2026 LKR	Company 2025 LKR	Group 2026 LKR	Group 2025 LKR
Gross income	4	10,625,812,654	9,211,899,984	11,011,103,880	9,496,851,626
Interest income	5.1	9,429,724,434	8,458,676,341	9,430,812,977	8,461,034,309
Interest expense	5.2	(3,182,638,918)	(2,733,357,893)	(3,183,009,523)	(2,732,624,643)
Net interest income	5	6,247,085,516	5,725,318,448	6,247,803,454	5,728,409,666
Fee and commission income	6.1	93,426,950	79,743,357	422,563,611	323,474,141
Fee and commission expense	6.2	(54,660,935)	(76,115,371)	(54,660,935)	(76,115,371)
Net fee and commission income	6	38,766,015	3,627,986	367,902,676	247,358,770
Net gains from trading	7	64,312,645	364,725,362	80,473,429	369,868,304
Net gains from financial instruments at fair value through profit or loss	8	611,517,308	141,294,501	651,413,690	175,909,223
Other operating income	9	426,831,317	167,460,423	425,840,173	166,565,649
Net other operating income		1,102,661,270	673,480,286	1,157,727,292	712,343,176
Total operating income		7,388,512,801	6,402,426,720	7,773,433,422	6,688,111,612
Impairment charges and other credit losses	10	(465,630,817)	(476,838,644)	(465,589,251)	(476,756,386)
Net operating income		6,922,881,984	5,925,588,076	7,307,844,171	6,211,355,226
Personnel expenses	11	(1,688,650,950)	(1,208,144,859)	(1,760,531,336)	(1,258,405,254)
Depreciation and amortisation	12	(340,872,121)	(314,748,243)	(350,725,798)	(324,298,990)
Other operating expenses	13	(1,088,306,892)	(1,027,339,794)	(1,117,371,520)	(1,051,788,569)
Operating profit before taxation on financial services		3,805,052,021	3,375,355,180	4,079,215,517	3,576,862,413
Taxes on financial services	14	(875,307,476)	(758,863,420)	(875,307,476)	(758,863,420)
Operating profit after taxation on financial services		2,929,744,545	2,616,491,760	3,203,908,041	2,817,998,993
Share of profit of associate, net of tax	28.2	29,077,331	11,213,532	29,077,331	11,213,532
Profit before income tax		2,958,821,876	2,627,705,292	3,232,985,372	2,829,212,525
Income tax expense	15	(1,111,277,180)	(1,005,814,595)	(1,182,185,685)	(1,057,166,955)
Profit for the year		1,847,544,696	1,621,890,697	2,050,799,687	1,772,045,570
Basic/diluted earnings per share	16	20.56	18.07	22.82	19.74

Figures in brackets indicate deductions.

The accounting policies and notes as set out on pages 193 to 339 form an integral part of the Financial Statements.

Statement of Other Comprehensive Income

For the year ended 31 March	Note	Company 2026 LKR	Company 2025 LKR	Group 2026 LKR	Group 2025 LKR
Profit for the year		1,847,544,696	1,621,890,697	2,050,799,687	1,772,045,570
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Actuarial loss on defined benefit plans	42.2	(53,528,108)	(29,105,375)	(53,488,540)	(31,373,738)
Deferred tax effect on actuarial loss	33.1	16,058,432	8,731,613	16,046,562	9,412,121
Net change in fair value of equity investments at fair value through other comprehensive income		58,046,294	(3,402,102)	58,046,294	(3,402,102)
Tax effect on changes in fair value of equity investments at fair value through other comprehensive income		(17,413,888)	(21,432,570)	(17,413,888)	(21,432,570)
Share of other comprehensive income of associate, net of tax	28.1	185,371	770,068	185,371	770,068
Other comprehensive income for the year, net of tax		3,348,101	(44,438,366)	3,375,799	(46,026,221)
Total comprehensive income for the year		1,850,892,797	1,577,452,331	2,054,175,486	1,726,019,349

Figures in brackets indicate deductions.

The accounting policies and notes as set out on pages 193 to 339 form an integral part of the Financial Statements.

Statement of Financial Position

As at 31 March	Note	Company 2026 LKR	Company 2025 LKR	Group 2026 LKR	Group 2025 LKR
Assets					
Cash and cash equivalents	20	2,215,917,602	777,987,016	2,262,645,096	803,981,136
Financial assets at amortised cost – Deposits with licensed financial institutions	21	1,344,583,596	1,214,166,101	1,352,632,912	1,222,225,279
Financial assets at amortised cost – Reverse repurchase agreements		4,007,106,057	2,803,208,069	4,007,106,057	2,803,208,069
Financial assets held at fair value through profit or loss	22	2,632,459,335	1,462,003,225	3,144,272,550	1,747,122,200
Financial assets at amortised cost – Finance leases and hire purchases	23	34,632,044,335	26,505,267,002	34,627,734,808	26,499,962,501
Financial assets at amortised cost – Other loans and receivables	24	6,573,030,996	3,593,642,343	6,573,597,829	3,594,047,793
Financial assets measured at fair value through other comprehensive income	25	215,156,298	157,110,004	215,156,298	157,110,004
Financial assets at amortised cost – Other financial instruments	26	1,331,650,154	1,190,996,021	1,331,650,154	1,190,996,021
Investments in subsidiaries	27	51,729,600	51,729,600	–	–
Investment in associate	28	205,174,002	175,911,300	205,174,002	175,911,300
Investment property	29	385,237,875	344,266,624	385,237,875	344,266,624
Property, plant and equipment	30	1,656,156,950	1,385,170,938	1,664,140,390	1,392,036,192
Intangible assets	31	42,082,674	44,876,040	42,395,961	45,279,927
Right-of-use assets	32	715,078,661	465,060,526	740,369,289	498,666,916
Deferred tax assets	33	506,658,743	409,307,436	509,678,741	410,954,942
Other assets	34	555,519,131	185,021,661	576,345,303	198,304,838
Total assets		57,069,586,009	40,765,723,906	57,638,137,265	41,084,073,742
Liabilities					
Due to banks	35	26,222,263,371	12,586,671,558	26,222,356,396	12,586,671,558
Financial liabilities at amortised cost – Due to depositors	36	14,087,686,236	13,348,714,467	14,042,686,236	13,284,609,795
Financial liabilities at amortised cost – Other borrowings	37	–	1,151,394,682	–	1,151,394,682
Subordinated term loan	38	1,544,229,310	1,543,197,051	1,544,229,310	1,543,197,051
Lease liabilities	39	670,617,997	462,437,965	693,852,091	490,472,567
Current tax payable	40	511,869,042	676,967,701	544,330,613	692,791,709
Other liabilities	41	1,209,260,011	872,550,756	1,229,583,123	880,005,722
Employee retirement benefits	42	252,197,186	196,994,212	265,035,068	206,816,261
Total liabilities		44,498,123,153	30,838,928,392	44,542,072,837	30,835,959,345

As at 31 March	Note	Company 2026 LKR	Company 2025 LKR	Group 2026 LKR	Group 2025 LKR
Equity					
Stated capital	43	3,460,135,125	2,424,777,045	3,460,135,125	2,424,777,045
Statutory reserve fund	44	776,036,033	676,036,033	776,036,033	676,036,033
Fair value reserve	45	(34,211,596)	(74,844,002)	(34,211,596)	(74,844,002)
Retained earnings		8,369,503,294	6,900,826,438	8,894,104,866	7,222,145,321
Total equity		12,571,462,856	9,926,795,514	13,096,064,428	10,248,114,397
Total liabilities and equity		57,069,586,009	40,765,723,906	57,638,137,265	41,084,073,742

Figures in brackets indicate deductions.

The accounting policies and notes as set out on pages 193 to 339 form an integral part of the Financial Statements.

It is certified that the Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 07 of 2007, as amended.

P K Rajapaksa
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,

N Vasantha Kumar
Chairman

S K Balasuriya
Executive Director/Chief Executive Officer

25 June 2026
Colombo, Sri Lanka

Statement of Changes in Equity

	Stated capital LKR	Statutory reserve fund LKR	Fair value reserve LKR	Retained earnings LKR	Total LKR
Company					
Balance as at 1 April 2024	2,424,777,045	591,036,033	(50,009,330)	5,538,843,136	8,504,646,884
Profit for the year	–	–	–	1,621,890,697	1,621,890,697
Other comprehensive income, net of tax	–	–	(24,834,672)	(19,603,694)	(44,438,366)
Total comprehensive income for the year	–	–	(24,834,672)	1,602,287,003	1,577,452,331
Transfers to reserves	–	85,000,000	–	(85,000,000)	–
Transactions with equity holders recognised directly in equity					
Dividends paid to equity holders	–	–	–	(155,303,701)	(155,303,701)
Total contributions from and distribution to equity holders	–	–	–	(155,303,701)	(155,303,701)
Balance as at 31 March 2025	2,424,777,045	676,036,033	(74,844,002)	6,900,826,438	9,926,795,514
Balance as at 1 April 2025	2,424,777,045	676,036,033	(74,844,002)	6,900,826,438	9,926,795,514
Profit for the year	–	–	–	1,847,544,696	1,847,544,696
Other comprehensive income, net of tax	–	–	40,632,406	(37,284,305)	3,348,101
Total comprehensive income for the year	–	–	40,632,406	1,810,260,391	1,850,892,797
Transfers to reserves	–	100,000,000	–	(100,000,000)	–
Transactions with equity holders recognised directly in equity					
Rights issue of shares	1,035,358,080	–	–	–	1,035,358,080
Dividends paid to equity holders	–	–	–	(241,583,535)	(241,583,535)
Total contributions from and distribution to equity holders	1,035,358,080	–	–	(241,583,535)	793,774,545
Balance as at 31 March 2026	3,460,135,125	776,036,033	(34,211,596)	8,369,503,294	12,571,462,856

Figures in brackets indicate deductions.

The accounting policies and notes as set out on pages 193 to 339 form an integral part of the Financial Statements.

	Stated capital LKR	Statutory reserve fund LKR	Fair value reserve LKR	Retained earnings LKR	Total LKR
Group					
Balance as at 1 April 2024	2,424,777,045	591,036,033	(50,009,330)	5,711,595,001	8,677,398,749
Profit for the year	–	–	–	1,772,045,570	1,772,045,570
Other comprehensive income, net of tax	–	–	(24,834,672)	(21,191,549)	(46,026,221)
Total comprehensive income for the year	–	–	(24,834,672)	1,750,854,021	1,726,019,349
Transfers to reserves	–	85,000,000	–	(85,000,000)	–
Transactions with equity holders recognised directly in equity					
Dividends to equity holders	–	–	–	(155,303,701)	(155,303,701)
Total contributions from and distribution to equity holders	–	–	–	(155,303,701)	(155,303,701)
Balance as at 31 March 2025	2,424,777,045	676,036,033	(74,844,002)	7,222,145,321	10,248,114,397
Balance as at 1 April 2025	2,424,777,045	676,036,033	(74,844,002)	7,222,145,321	10,248,114,397
Profit for the year	–	–	–	2,050,799,687	2,050,799,687
Other comprehensive income, net of tax	–	–	40,632,406	(37,256,607)	3,375,799
Total comprehensive income for the year	–	–	40,632,406	2,013,543,080	2,054,175,486
Transfers to reserves	–	100,000,000	–	(100,000,000)	–
Transactions with equity holders recognised directly in equity					
Rights issue of shares	1,035,358,080	–	–	–	1,035,358,080
Dividends to equity holders	–	–	–	(241,583,535)	(241,583,535)
Total contributions from and distribution to equity holders	1,035,358,080	–	–	(241,583,535)	793,774,545
Balance as at 31 March 2026	3,460,135,125	776,036,033	(34,211,596)	8,894,104,866	13,096,064,428

Figures in brackets indicate deductions.

The accounting policies and notes as set out on pages 193 to 339 form an integral part of the Financial Statements.

Statement of Cash Flows

For the year ended 31 March	Note	Company 2026 LKR	Company 2025 LKR	Group 2026 LKR	Group 2025 LKR
Cash flows from operating activities					
Interest and commission receipts		9,697,818,334	8,825,037,757	10,028,043,538	9,071,126,509
Interest payments		(3,063,879,922)	(2,645,124,187)	(3,059,574,112)	(2,639,019,769)
Recoveries of bad debts	9	89,547,647	83,138,795	89,547,647	83,138,795
Other operating income		46,298,279	43,139,343	45,170,074	42,076,950
Operating expenses		(2,026,998,559)	(1,962,024,129)	(2,056,063,187)	(1,986,472,904)
Cash payments to employees		(1,644,732,059)	(1,171,743,527)	(1,713,008,294)	(1,219,002,426)
Operating cash flow before changes in operating assets and liabilities (Note A)		3,098,053,720	3,172,424,052	3,334,115,666	3,351,847,155
Changes in operating assets and liabilities					
Net funds advanced to customers		(11,718,175,227)	(6,287,391,689)	(11,719,290,018)	(6,288,129,380)
Net deposits from customers		738,971,769	(490,405,417)	758,076,441	(491,980,169)
Net deposits with licensed financial institutions		(99,544,446)	1,368,977,120	(99,534,584)	1,368,994,983
Government and other securities		(1,344,552,121)	(2,543,018,766)	(1,344,552,121)	(2,543,018,766)
Other assets		(370,497,470)	(27,273,184)	(378,040,465)	(28,246,888)
Other liabilities		312,210,255	243,350,882	325,074,776	216,745,093
		(12,481,587,240)	(7,735,761,054)	(12,458,265,971)	(7,765,635,127)
Net cash flows from operations		(9,383,533,520)	(4,563,337,002)	(9,124,150,305)	(4,413,787,972)
Taxes paid	40	(1,368,130,620)	(1,557,862,042)	(1,423,782,299)	(1,605,583,518)
Employee retirement benefits paid	42	(42,244,025)	(23,728,500)	(42,792,775)	(23,728,500)
Net cash used in operating activities		(10,793,908,165)	(6,144,927,544)	(10,590,725,379)	(6,043,099,990)
Cash flows from investing activities					
Net investment in trading securities		(494,626,159)	3,527,215,875	(665,263,233)	3,421,040,291
Dividends received		15,848,920	38,771,388	15,985,981	13,446,978
Purchase of property, plant and equipment	30.1	(511,984,118)	(299,019,349)	(514,549,619)	(300,741,942)
Purchase of intangible assets	31	(6,902,104)	(1,158,775)	(6,902,104)	(1,158,775)
Proceeds from sale of property, plant and equipment		258,843,787	36,548,602	258,843,787	36,548,602
Addition of right-of-use assets	32	(89,792,765)	(60,977,675)	(89,792,765)	(65,277,683)
Proceeds from right-of-use assets		–	5,546,667	–	5,546,667
Net cash (used in)/generated from investing activities		(828,612,439)	3,246,926,733	(1,001,677,953)	3,109,404,138

For the year ended 31 March	Note	Company 2026 LKR	Company 2025 LKR	Group 2026 LKR	Group 2025 LKR
Cash flows from financing activities					
Proceeds from rights issue		1,035,358,080	–	1,035,358,080	–
Borrowings obtained		34,985,000,000	11,950,000,000	34,985,000,000	11,950,000,000
Repayment of borrowings		(22,589,280,708)	(8,341,245,777)	(22,589,280,708)	(8,341,245,777)
Subordinated term loan obtained		–	1,500,000,000	–	1,500,000,000
Redemption of subordinated debentures		–	(1,750,000,000)	–	(1,750,000,000)
Repayment of lease liabilities	39	(194,388,298)	(161,297,921)	(203,865,221)	(169,913,306)
Dividends paid		(224,036,517)	(155,294,327)	(224,036,517)	(155,294,327)
Net cash generated from financing activities		13,012,652,557	3,042,161,975	13,003,175,634	3,033,546,590
Net increase in cash and cash equivalents		1,390,131,953	144,161,164	1,410,772,302	99,850,738
Cash and cash equivalents at the beginning of the year		668,521,974	524,360,810	694,516,094	594,665,356
Cash and cash equivalents at the end of the year		2,058,653,927	668,521,974	2,105,288,396	694,516,094
Reconciliation of cash and cash equivalents					
Cash and cash equivalents	20	2,226,799,818	778,098,519	2,273,527,312	804,092,639
Bank overdrafts	35	(168,145,891)	(109,576,545)	(168,238,916)	(109,576,545)
		2,058,653,927	668,521,974	2,105,288,396	694,516,094

Statement of Cash Flows

For the year ended 31 March	Note	Company 2026 LKR	Company 2025 LKR	Group 2026 LKR	Group 2025 LKR
Note A					
Reconciliation of operating profit					
Profit before income tax		2,958,821,876	2,627,705,292	3,232,985,372	2,829,212,525
Depreciation and amortisation	12	340,872,121	314,748,243	350,725,798	324,298,990
Dividends received	9	(15,848,920)	(13,271,388)	(15,985,981)	(13,446,978)
Net profit on disposal of property, plant and equipment	9	(244,898,240)	(35,364,160)	(244,898,240)	(35,356,189)
Provision for retirement benefit plan	11	43,918,891	36,401,332	47,523,042	39,402,828
Impairment charge on financial assets		447,808,100	377,487,892	447,766,534	377,405,634
Impairment of investment property	13	9,429,375	–	9,429,375	–
Profit on disposal of right-of-use assets		–	(705,127)	–	(705,127)
Net gains from trading	7	(64,312,645)	(364,725,362)	(80,473,429)	(369,868,304)
Net gains from financial instruments designated at FVTPL	8	(611,517,308)	(141,294,501)	(651,413,690)	(175,909,223)
Direct write-offs/write down	10.3	–	1,727,422	–	1,727,422
Net gain on auction of gold-backed loan collateral	10.3	(329,914)	(1,377,087)	(329,914)	(1,377,087)
Unrealised (gain)/loss from foreign currency conversion	9	(30,238,231)	7,453,263	(30,238,231)	7,453,263
Interest expenses on lease liabilities	5.2	87,818,244	70,881,627	92,494,659	76,252,795
Share of profit of associate, net of tax	28.1	(29,077,331)	(11,213,532)	(29,077,331)	(11,213,532)
Net interest accrued for leases, hire purchases, other loans and receivables		174,666,950	286,618,059	174,666,950	286,618,059
Accrued interest on borrowings		29,908,493	(7,060,786)	29,908,493	(7,060,786)
Accrued interest on subordinated debt instruments		1,032,259	24,412,865	1,032,259	24,412,865
Operating cash flow before changes in operating assets and liabilities		3,098,053,720	3,172,424,052	3,334,115,666	3,351,847,155

Figures in brackets indicate deductions.

The accounting policies and notes as set out on pages 193 to 339 form an integral part of the Financial Statements.

Notes to the Financial Statements

1. Corporate Information

1.1 Domicile and legal form

Senkadagala Finance PLC is a public limited liability Company domiciled in Sri Lanka, incorporated under the Companies Ordinance No. 51 of 1938 on 29 December 1968 and registered under the Finance Companies Act No. 78 of 1988 which was replaced by the Finance Business Act No. 42 of 2011. The Company was re-registered under the Companies Act No. 07 of 2007 on 14 November 2011.

Senkadagala Finance PLC is listed in the *Diri Savi* Board of the Colombo Stock Exchange with effect from 22 March 2011.

The registered office of the Company is situated at 2nd Floor, No. 267, Galle Road, Colombo 03.

As a registered finance company, it is supervised by the Department of Supervision of Non-Bank Financial Institutions of the Central Bank of Sri Lanka.

1.2 Number of employees

The number of employees of the Company and the Group as at the end of the year were as follows:

As at 31 March	2026 Nos.	2025 Nos.
Company	1,215	985
Group	1,236	1,005

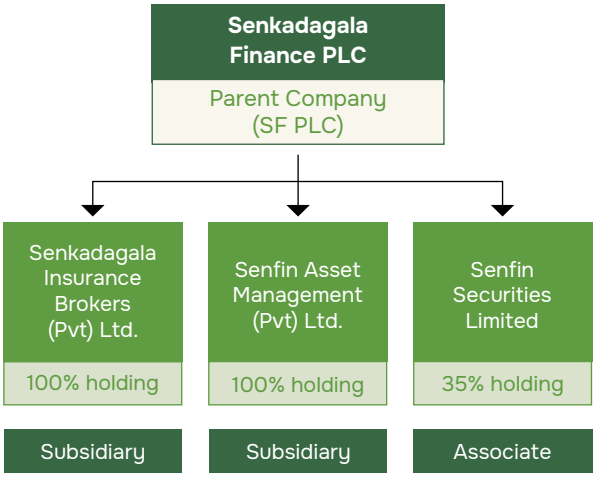
1.3 Consolidated Financial Statements

The Consolidated Financial Statements of Senkadagala Finance PLC (the "Company") for the year ended 31 March 2026 comprise those of the Company (Parent Company) and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in its Associate.

The Financial Statements of all companies in the Group are prepared for a common financial year, which is from 1 April to 31 March.

E W Balasuriya and Company (Private) Limited, which is incorporated and domiciled in Sri Lanka is the immediate and ultimate parent enterprise of Senkadagala Finance PLC.

1.4 Principal activities, nature of operations of the Group and the ownership structure



Entity	Nature of operations
Company	
Senkadagala Finance PLC	The principal lines of business of the Company include providing financial accommodation in the form of finance leases, hire purchase, commercial loans and personal loans. Additional lines of business include pawning, gold loans, corporate loans, margin trading, foreign exchange transactions and the acceptance of term deposits and savings deposits.
Subsidiaries	
Senkadagala Insurance Brokers (Pvt) Ltd.	The principal activity of the Company is providing insurance brokering services.
Senfin Asset Management (Pvt) Ltd.	A company licensed by the Securities and Exchange Commission of Sri Lanka, to float, operate and manage unit trusts and discretionary portfolios.
Associate	
Senfin Securities Limited	A licensed stockbroker with the Securities and Exchange Commission of Sri Lanka, engaged in providing brokerage services for trading of equity and debt securities in the Colombo Stock Exchange.

There were no significant changes in the nature of the principal activities of the Company or of the Group during the financial year under review.

2. Basis of Accounting

2.1 Statement of compliance

The Financial Statements of the Company and the Group are prepared in accordance with Sri Lanka Accounting Standards (LKASs and SLFRSs) as issued by The Institute of Chartered Accountants of Sri Lanka and in compliance with the requirements of the Companies Act No. 07 of 2007, the Finance Business Act No. 42 of 2011 and the amendments to these Acts and appropriate disclosures are provided as required by the Directions and Circulars of the Central Bank of Sri Lanka and the Listing Rules of the Colombo Stock Exchange.

The Group did not adopt any inappropriate accounting treatments, which are not in compliance with the requirements of the SLFRSs and LKASs, regulation governing the preparation and presentation of the Financial Statements.

The formats used in the preparation of the Financial Statements and the disclosures made therein also comply with the specified format prescribed by the Central Bank of Sri Lanka for the preparation, presentation, and publication of Annual Audited Financial Statements of Non-Bank Financial Institutions.

2.2 Responsibility for Financial Statements

The Board of Directors is responsible for the preparation and presentation of the Financial Statements of the Company and the Group in accordance with the provisions of the Companies Act No. 07 of 2007 as amended and Sri Lanka Accounting Standards (LKASs and SLFRSs).

The Board of Directors acknowledges the responsibility in relation to the Financial Statements, as set out under the Directors' Responsibility for Financial Reporting, in the "Annual Report of the Board of Directors" and in the statement appearing with the Statement of Financial Position of the Financial Statements.

The Consolidated Financial Statements of Senkadagala Finance PLC for the year ended 31 March 2026 were authorised for issue in accordance with a resolution of the Board of Directors on 25 June 2026.

These Financial Statements include the following components:

- A Statement of Profit or Loss providing the information on the financial performance of the Company and the Group for the year under review.
- A Statement of Other Comprehensive Income providing the other comprehensive income of the Company and the Group for the year under review.
- A Statement of Financial Position providing the information on the financial position of the Company and the Group as at the year end.
- A Statement of Changes in Equity providing the information on all changes in shareholders' equity of the Company and the Group, during the year under review.
- A Statement of Cash Flows providing the information on the cash and cash equivalents generating ability of the Company and the Group and the utilisation of those cash flows.
- Notes to the Financial Statements comprising accounting policies and other explanatory information of the Company and the Group.

2.3 Basis of measurement

The Financial Statements of Senkadagala Finance PLC and its subsidiaries are prepared on a historical cost basis except for the following material items:

Items	Basis of measurement
Financial instruments measured at fair value through profit or loss	Fair value
Financial instruments measured at fair value through other comprehensive income	Fair value
Employee retirement benefit	The net defined benefit liability is measured at the present value of the defined benefit obligation at the reporting date, determined using the Projected Unit Credit Method.

No adjustments have been made for inflationary factors affecting the Financial Statements.

2.4 Going concern

The Management has made an assessment of the Group's ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, Management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the Financial Statements of the Group continue to be prepared on the going concern basis.

In making this assessment, the Management considered the potential impact that the uncertain economic conditions in the country, together with evolving geopolitical factors, could have on the business operations of the Group. In doing so the Management has taken into account the likely, worst and the best case scenarios by considering available information and economic forecasts together with historical profitable operations of the Group, strong liquidity positions, availability of proven funding sources and assets at disposal of the Group.

2.5 Functional and presentation currency

Items included in the Financial Statements of the Company and the Group are measured using the currency of the primary economic environment in which the Company and the Group operate. Financial Statements are presented in Sri Lankan Rupees, which is the Company's, its Subsidiaries and the Associate's functional currency. There was no change in the Group's presentation and functional currency during the year under review.

2.6 Presentation of Financial Statements

The Company and the Group present the Statement of Financial Position broadly grouped by nature and listed in order of relative liquidity. An analysis based on maturity of recovery or settlement is presented in Note 50 of this Report.

Income and expenses are not offset in the Statement of Profit or Loss unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the Notes to the Financial Statements of the Company or the Group.

2.7 Materiality, aggregation, and rounding

Each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by the Sri Lanka Accounting Standard - LKAS 1 on "Presentation of Financial Statements".

The amounts in the Financial Statements have been rounded off to the nearest Rupee, except where otherwise indicated as permitted by the Sri Lanka Accounting Standard – LKAS 1.

2.8 Comparative information

Comparative information including quantitative, narrative and descriptive information is disclosed in respect of the previous period in the Financial Statements in order to enhance the understanding of the current period's Financial Statements and to enhance the inter period comparability. The presentation and classification of the Financial Statements of the previous year are amended, where relevant for better presentation and to be comparable with those of the current year.

2.9 Significant accounting judgements and estimates

The preparation of the Financial Statements of the Company and the Group in conformity with Sri Lanka Accounting Standards (LKASs/SLFRSs) requires Management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about significant areas of estimation, uncertainty, critical judgements and assumptions in applying accounting policies that have the most significant effect on the amounts recognised in the Financial Statements are described in the notes below:

2.9.1 Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the Financial Statements are included in the following notes:

Items	Note	Page number
Establishing the criteria for determining whether credit risk on a financial asset has increased significantly since initial recognition, determining methodology for incorporating forward-looking information into measurement of Expected Credit Loss (ECL) and selection and approval models used to measure ECL.	10	205
Determination of control over investees.	27,28	256, 257
Classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial assets are Solely Payment of Principal and Interest (SPPI) on the principal amount outstanding.	18	219
Classification of non-financial assets: assessment of the business model to identify the current use of such assets, whether held to earn contractual cash flows, for capital appreciation or generate cash flows by use in regular business activities of the Company.	29	259
Right-of-use assets: Determination of the lease term for lease contracts with renewal and termination options.	32	273

2.9.2 Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments to the carrying amounts of assets and liabilities is included in the following notes:

Items	Note	Page number
Impairment of financial instruments: determining inputs into the ECL measurement model, including key assumptions used in estimating recoverable cash flows and incorporation of forward-looking information.	10	205
Measurement of the fair value of financial instruments with significant unobservable inputs.	19	227
Measurement of defined benefit obligations: key actuarial assumptions.	42	284
Recognition of deferred tax assets; availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilised.	33	276
Impairment testing for Cash Generating Units (CGU) containing goodwill: key assumptions underlying recoverable amounts.	27	256
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2.10 Changes in accounting policies and disclosures

The Group has consistently applied the accounting policies to all periods presented in these Financial Statements. There were no new or amended standards and interpretations that were required to be incorporated into the Financial Statements with effect from 1 April 2025.

3. Material Accounting Policies

The material accounting policies set out below have been applied consistently to all periods presented in the Financial Statements of the Group. These accounting policies have been applied consistently by Group entities.

Set out below is an index of the material accounting policies:

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3.1 Basis of consolidation

The Financial Statements of the Group comprise the Financial Statements of the Company and its subsidiaries for the year ended 31 March 2026. The Financial Statements of the Company's subsidiaries for the purpose of consolidation are prepared for the same reporting year as that of Senkadagala Finance PLC, using uniform accounting policies.

All intra-group balances, transactions, income and expenses are eliminated in full.

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Financial Statements of subsidiaries are included in the Consolidated Financial Statements from the date on which control commences until the date on which control ceases.

The Group accounts for business combination using the acquisition method, when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets acquired constitutes a business, the Group assesses whether it includes, at a minimum, an input and a substantive process and whether the acquired set of activities and assets has the ability to produce outputs.

The Group has an option to apply a "concentration test" that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

3.1.1 Subsidiaries

Details of the Company's subsidiaries, how they are accounted in the Financial Statements of the Company are set out in Note 27.

3.1.2 Loss of control

Financial Statements of subsidiaries are included in the Consolidated Financial Statements from the date on which the control commences until the control ceases. When the Group loses control of a subsidiary, a gain or loss is recognised in the Statement of Profit or Loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/ permitted by applicable SLFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under Group's accounting policy for financial instruments.

3.1.3 Associates

Details of the associate, and how it is accounted in the Financial Statements of the investee are set out in Note 28.

3.1.4 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.1.5 Transactions with related parties

The Company carries out transactions with parties who are defined as related parties, in the ordinary course of business on an arm's length basis at commercial rates. Disclosures as required by the Sri Lanka Accounting Standard – LKAS 24 on "Related Party Disclosures" are provided in Note 46 of this Report.

3.2 Foreign currency

Transactions in foreign currencies are translated into the functional currency of the operations at the spot exchange rates at the dates of the transactions. All differences arising on non-trading activities are taken to "Other operating income", in the Statement of Profit or Loss.

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

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value is determined. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Unrealised gains and losses on foreign currency translations are dealt under "other operating income" in the Statement of Profit or Loss.

3.3 Cash Flow Statement

The Statement of Cash Flows has been prepared using the "Direct Method" of preparing cash flows in accordance with the Sri Lanka Accounting Standard – LKAS 7 on "Statement of Cash Flows". Cash and cash equivalents comprise short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. The cash and cash equivalents include cash in hand, balances with banks, money at call and short notice and money market funds.

3.4 New accounting standards issued but not yet effective

Several amendments to accounting standards are effective for annual reporting periods beginning on or after 1 April 2026, and early application is permitted. However, the Group has not early adopted the following amendments to accounting standards in preparing these Consolidated Financial Statements as they are not expected to have a significant impact on the Consolidated Financial Statements.

3.4.1 SLFRS S1 General requirements for disclosure of sustainability-related financial information and SLFRS S2 Climate-related Disclosures

SLFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information requires an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.

SLFRS S2 Climate-related Disclosures is to require an entity to disclose information about its climate-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.

As the Company is listed on the *Diri Savi* Board of the Colombo Stock Exchange, these amendments are effective for annual reporting periods beginning on or after 1 January 2027. The impact of these amendments is currently being assessed and evaluated.

3.4.2 SLFRS 17: Insurance Contracts

SLFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, SLFRS 17 will replace Sri Lanka Accounting Standard – SLFRS 4 on "Insurance Contracts" (SLFRS 4) including life, non-life, direct insurance, reinsurance – as well as certain guarantees and financial instruments with discretionary participation features. SLFRS 17 is effective from annual reporting period beginning on or after 1 January 2026. The Group does not expect this will result in a material impact on its Financial Statements.

3.4.3 SLFRS 18: Presentation and Disclosure in Financial Statements

SLFRS 18, which replaces LKAS 1, introduces significant enhancements to the way financial information is organised and communicated. The standard establishes new categories and subtotals in the Statement of Profit or Loss to improve consistency and comparability across entities. It also requires entities to disclose management-defined performance measures (as specified in the standard), together with clear explanations and reconciliations. In addition, SLFRS 18 introduces strengthened requirements regarding the location, aggregation, and disaggregation of financial information. These changes are designed to ensure that financial statements present information more transparently and in a way that enhances users' understanding of an entity's financial performance and position.

SLFRS 18, and consequential amendments to the other accounting standards, are effective for annual reporting periods beginning on or after 1 January 2027. Early application is permitted.

The potential impact of SLFRS 18 on the financial statements and the related notes is currently being identified and evaluated.

3.4.4 SLFRS 19: Subsidiaries without public accountability: Disclosures

SLFRS 19 introduces reduced disclosure requirements for subsidiaries without public accountability while retaining the full recognition and measurement principles of SLFRS. The Standard aims to reduce the financial reporting burden on qualifying subsidiaries by simplifying disclosure requirements while maintaining the quality, consistency, and comparability of financial statements. SLFRS 19 applies to Specified Business Enterprises as defined under the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, provided such subsidiaries do not have public accountability. The Standard is effective for annual reporting periods beginning on or after 1 January 2027, with early adoption permitted. The entity is not eligible to apply SLFRS 19.

3.4.5 Classification and Measurement of Financial Instruments – Amendments to SLFRS 9 and SLFRS 7

The amendments introduce enhancements to the classification, measurement, derecognition, and disclosure requirements for financial instruments. Their objective is to strengthen transparency, promote greater consistency in financial reporting, and respond to emerging market developments - particularly features such as sustainability-linked terms and nature-dependent electricity contracts.

These amendments are effective for annual reporting periods beginning on or after 1 January 2026. Early application is permitted. The impact of these amendments is currently being identified and evaluated.

3.4.6 Annual improvements to Sri Lanka Accounting Standards

Narrow scope amendments as part of its periodic maintenance of Sri Lanka Accounting Standards will be adopted, if applicable, when they become effective.

4. Gross Income

Accounting Policy

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

		Company		Group	
For the year ended 31 March	Note	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Interest income	5.1	9,429,724,434	8,458,676,341	9,430,812,977	8,461,034,309
Fee and commission income	6.1	93,426,950	79,743,357	422,563,611	323,474,141
Net gains from trading	7	64,312,645	364,725,362	80,473,429	369,868,304
Net gains from financial instruments at fair value through profit or loss	8	611,517,308	141,294,501	651,413,690	175,909,223
Other operating income	9	426,831,317	167,460,423	425,840,173	166,565,649
Total		10,625,812,654	9,211,899,984	11,011,103,880	9,496,851,626

5. Net Interest Income

Accounting Policy

Interest income and interest expenses from financial instruments are recognised using the effective interest rate (EIR). The EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or 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 asset or financial liability is adjusted if the Group revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original EIR and the change in carrying amount is recorded as "interest income" for financial assets and "interest expense" for financial liabilities.

Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Interest from overdue rentals has been accounted for on a cash basis.

For the year ended 31 March	Note	Company		Group	
		2026 LKR	2025 LKR	2026 LKR	2025 LKR
Interest income	5.1	9,429,724,434	8,458,676,341	9,430,812,977	8,461,034,309
Interest expense	5.2	(3,182,638,918)	(2,733,357,893)	(3,183,009,523)	(2,732,624,643)
Net interest income		6,247,085,516	5,725,318,448	6,247,803,454	5,728,409,666

5.1 Interest income

For the year ended 31 March	Company		Group	
	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Cash and cash equivalents	24,419,327	17,872,084	25,843,062	20,462,147
Financial assets at amortised cost				
– Deposits with licensed financial institutions	99,698,231	86,289,729	100,237,957	86,967,998
– Reverse repurchase agreements	94,113,953	35,640,394	94,113,953	35,640,394
– Finance leases and hire purchases	8,435,901,251	7,741,841,015	8,435,026,333	7,740,930,651
– Other loans and receivables	677,715,039	448,542,800	677,715,039	448,542,800
– Other financial instruments	97,876,633	128,490,319	97,876,633	128,490,319
Total	9,429,724,434	8,458,676,341	9,430,812,977	8,461,034,309

5.2 Interest expense

For the year ended 31 March	Company		Group	
	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Due to banks	1,554,047,844	709,846,606	1,554,047,844	709,846,606
Financial liabilities at amortised cost				
– Due to depositors	1,282,804,560	1,580,468,967	1,278,498,750	1,574,364,549
– Other borrowings	70,468,135	228,048,036	70,468,135	228,048,036
Subordinated debt instruments	187,500,135	144,112,657	187,500,135	144,112,657
Lease liabilities	87,818,244	70,881,627	92,494,659	76,252,795
Total	3,182,638,918	2,733,357,893	3,183,009,523	2,732,624,643

6. Net Fee and Commission Income

Accounting Policy

The Group earns fee and commission income from a diverse range of services provided to its customers. Fee and commission income primarily comprises credit-related fees, management fees, registrar fees, front-end fees, and brokerage income. Credit related fees are collections from the customers for reimbursement of expenses and are recognised when the related services are rendered. Management fees, registrar fees, front-end fees, and brokerage income are recognised at a point in time when the related services have been provided and the Group has satisfied its performance obligation.

For the year ended 31 March	Note	Company		Group	
		2026 LKR	2025 LKR	2026 LKR	2025 LKR
Fee and commission income	6.1	93,426,950	79,743,357	422,563,611	323,474,141
Fee and commission expense	6.2	(54,660,935)	(76,115,371)	(54,660,935)	(76,115,371)
Net fee and commission income		38,766,015	3,627,986	367,902,676	247,358,770

6.1 Fee and commission income

For the year ended 31 March	Company		Group	
	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Finance charges	70,140,394	61,222,805	70,140,394	61,222,805
Loan protection fee	3,584,472	3,959,394	3,584,472	3,959,394
Commission income	15,286	7,213	329,151,947	243,737,997
Debit cards related services	5,282,656	–	5,282,656	–
Legal and other charges	14,404,142	14,553,945	14,404,142	14,553,945
Total	93,426,950	79,743,357	422,563,611	323,474,141

6.2 Fee and commission expense

For the year ended 31 March	Company		Group	
	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Commission paid	145,000	2,047,459	145,000	2,047,459
Credit related service charges	54,515,935	74,067,912	54,515,935	74,067,912
Total	54,660,935	76,115,371	54,660,935	76,115,371

6.3 Performance obligation and revenue recognition policies

Fee and commission income from contracts with customers is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a service to a customer.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms
Finance, legal, debit cards related services, and other charges	Revenue is recognised based on services provided to the customers. Therefore, revenue is recognised at a point in time.
Loan protection fee	Revenue from loan protection fees is recognised over the tenure of the loan granted to customers.
Management fee and registrar fee	Revenue is calculated on a daily basis based on a percentage of the NAV of the funds managed by Senfin Asset Management (Pvt) Limited and recognised on a monthly basis. The Trustee confirms the management fees to the Company on a daily basis. Therefore, revenue is recognised at a point in time.
Management fee from private portfolio	Revenue is calculated on a daily basis based on agreed fixed monthly charge. Management issues a monthly invoice to customers and recognises revenue on a monthly basis. Therefore revenue is recognised at a point in time.
Front end fee	Revenue is calculated based on total subscription amount from initial investments. Therefore, revenue is recognised at a point in time.
Brokerage income	Revenue is recognised based on the brokerage services provided to the insurance Companies. Therefore, revenue is recognised at a point in time.

7. Net Gains from Trading

Accounting Policy

Results arising from trading activities include all realised gains and losses from sale of financial instrument measured at FVTPL. (Refer Note 18)

For the year ended 31 March	Company		Group	
	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Investment securities:				
Equities	3,840,904	98,120,615	3,840,904	98,120,615
Unit trusts	60,471,741	266,604,747	76,632,525	271,747,689
Total	64,312,645	364,725,362	80,473,429	369,868,304

8. Net Gains from Financial Instruments at Fair Value Through Profit or Loss (FVTPL)

Accounting Policy

Net gains/(losses) from financial instruments at FVTPL includes unrealised fair value changes of financial instruments measured at FVTPL (Refer Note 18)

For the year ended 31 March	Company		Group	
	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Investment securities:				
Equities	405,145,686	20,288,251	405,145,686	54,902,973
Unit trusts	206,371,622	121,006,250	246,268,004	121,006,250
Total	611,517,308	141,294,501	651,413,690	175,909,223

9. Other Operating Income

Accounting Policy

Other operating income includes dividend income from equity investments, dividend income from group entities, net profit on disposal of property, plant and equipment, net gains/(losses) on foreign currency translation, recovery of loans previously written-off, rental income and other income.

For the year ended 31 March	Company		Group	
	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Dividend income from equity investments	15,848,920	13,271,388	15,985,981	13,446,978
Net profit on disposal of property, plant and equipment	244,898,240	35,364,160	244,898,240	35,356,189
Rent income	28,321,737	33,512,727	27,193,532	32,450,334
Income from trading of foreign currency	88,269	110,777	88,269	110,777
Net gains/(losses) from foreign currency translation	30,238,231	(7,453,263)	30,238,231	(7,453,263)
Recoveries of bad debts	89,547,647	83,138,795	89,547,647	83,138,795
Other income	17,888,273	9,515,839	17,888,273	9,515,839
Total	426,831,317	167,460,423	425,840,173	166,565,649

10. Impairment Charges and Other Credit Losses

Accounting Policy

Impairment charges as per SLFRS 9

The Group recognises the loss allowance for impairment using the expected credit loss (ECL) method for the following financial instruments;

- Cash and cash equivalents
- Deposits with licensed financial institutions
- Finance leases and hire purchases
- Other loans and receivables
- Debt and other financial instruments at amortised cost

No impairment loss is recognised on equity investments that are measured at FVTPL.

The assessment of credit risk and the estimation of ECL are required to be unbiased and probability weighted, and should incorporate all available information relevant to the assessment, including information about past events, current economic conditions at the reporting date and reasonable and supportable forecasts thereof. In addition, estimation of ECL takes into account the time value of money.

Individual assessment of impairment allowance

The Group reviews its individually significant finance leases, hire purchases, other loans and receivables at each reporting date to assess whether an impairment loss should be provided in the Statement of Profit or Loss. In particular, the Management judgements are required in the estimation of the amount and timing of the future cash flows when determining the impairment loss. These estimates are based on assumptions about number of factors and hence actual results may differ, resulting in future changes to the impairment allowance made. The individually assessed loss allowance applies to financial assets evaluated individually for impairment and is based on the Management's best estimate of the present value of future cash flows that are expected to be received. In estimating these cash flows, Management makes judgements about the borrower's financial situation and the realisable value of any underlying collateral.

For finance leases, hire purchases, other loans and receivables above a predefined threshold, the Group individually assesses for significant increase in credit risk (SICR). If a particular loan is individually impaired, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows.

Collective assessment of impairment allowance

Expected credit losses are assessed on a collective basis for homogeneous groups of finance leases, hire purchases, loans and receivables with similar credit risk characteristics, including individually significant exposures for which no specific expected credit loss has been identified through an individual assessment.

The Group manages credit quality using a three stage approach which is in line with SLFRS 9.

- **Stage 1:** A financial asset that is not originally credit-impaired on initial recognition is classified in Stage 1. Financial instruments in Stage 1 have their ECL measured at an amount equal to the proportion of 12 months expected credit losses that result from default events possible within next 12 months (12M ECL).
- **Stage 2:** If a significant increase in credit risk (SICR) since origination is identified, it is moved to Stage 2 and the Group records an allowance for Life Time Expected Credit Loss (LTECL).
- **Stage 3:** If a financial asset is credit impaired, it is moved to Stage 3 and the Group recognises an allowance for LTECL, with probability of default at 100%.
- **Purchased or originated credit impaired (POCI) financial assets:** Financial assets which are credit impaired on initial recognition are categorised within Stage 3 with a carrying value already reflecting the lifetime expected credit losses. The Group does not have POCI loans as at the reporting date.

The Group's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgement and estimates include:

- The Group's criteria for qualitatively assessing whether there has been a SICR and if so, allowances for financial assets measured on a LTECL basis;
- The segmentation of financial assets when their ECL is assessed on a collective basis;
- Development of ECL models, including the various statistical formulas and the choice of inputs;
- Determination of associations between macroeconomic inputs, such as GDP growth, inflation, interest rates, and unemployment, and the effect on Probability of Default (PDs), Exposure at Default (EAD) and Loss Given Default (LGD).
- Selection of forward-looking macroeconomic scenarios and their probability weights, to derive economic inputs into ECL models.

The accuracy of the provision depends on the model assumptions and parameters used in determining the collective provision.

The key inputs into the measurement of ECL are the term structure of the following variables:

- **Probability of default (PD)**

  PD is an estimate of the likelihood of a borrower defaulting on its financial obligations over a given time horizon. Days past due (DPD), the number of days since the due date is the primary input into the determination of the term structure of the PD exposures. The Group uses statistical models to analyse the data and generate estimates of the remaining lifetime PD of exposures and how these are expected to change over time.

- **Loss given default (LGD)**

  LGD is an estimate of loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. The Group estimates LGD parameters based on historical recovery rates of claims against defaulted counterparties. They are calculated on a discounted cash flow basis using the EIR as the discounting factor. LGD is usually expressed as a percentage of the EAD.

- **Exposure at default (EAD)**

  EAD represents the expected exposure in the event of a default. The Group estimates EAD, taking into account the repayment of principal and interest from the reporting date to the default event together with any expected drawdowns of committed facilities.

The key judgements and assumptions adopted by the Group in addressing the requirements of SLFRS 9 are discussed below:

Significant increase in credit risk (SICR)

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and expert credit assessment and including forward-looking information. The Group considers an exposure to have significantly increased credit risk when contractual payments of a customer are more than 30 days past due in accordance with the rebuttable presumption in SLFRS 9 or other qualitative indicators reveal that there had been SICR.

For instruments other than government securities denominated in the local currency, measured at amortised cost or at FVOCI, which are having an external credit rating, the Group determines significant increase in credit risk based on the generally accepted investment/ non-investment grade definitions published by international rating agencies. Debt instruments are moved to Stage 2 if their credit risk increases to the extent that they are no longer considered as investment grade after considering other SICR criteria above mentioned.

Definition of default and credit impaired assets

The Group considers finance leases, hire purchases, other loans and receivables to other customers be defaulted when:

- The borrower is unlikely to pay its obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- The borrower becomes 90 days past due on its contractual payments.
- The borrower is deceased/insolvent.

In addition, the Group classifies the financial investments under Stage 3 when the external credit rating assigned to the particular investment is "default". In assessing whether a borrower is in default, the Group reviews its individually significant finance leases, hire purchase, other loans and receivables above a predefined threshold at each reporting date.

Movement between the stages

Financial assets can be transferred between the different categories (other than POCI) depending on their relative change in credit risk since initial recognition. Financial instruments are transferred out of Stage 2 if their credit risk is no longer considered to be significantly increased since initial recognition based on the assessments. Financial instruments are transferred out of Stage 3 when they no longer exhibit any evidence of credit impairment as described above.

Grouping financial assets measured on collective basis

The Group calculates ECLs either on a collective or an individual basis. Asset classes where the Group calculates ECL on individual basis include;

- Credit impaired facilities of individually significant customers,
- The treasury, trading and interbank relationships (such as due from Banks, money at call and short notice, placements with banks, government securities, investments in debentures etc.)

Those financial assets for which, the Group determines that no loss allowance is required under individual impairment are then collectively assessed for ECL. For the purpose of ECL calculation on collective basis, financial assets are grouped on the basis of similar risk characteristics. Finance leases, hire purchases, other loans and receivables to customers are grouped into homogeneous portfolios, based on a combination of product and type of assets financed characteristics.

Impairment charges on other financial assets

Impairment charges on other financial investments include other financial investments measured at amortised cost and debt investments. The Group does not have historical loss experience in financial investments, thus the Group considers PDs published by the external sources.

Impairment of government securities measured at amortised cost

According to the Finance Business Act Directions No. 01 of 2020, Classification and Measurement of Credit Facilities in Licensed Finance Companies, issued by the Monetary Board, Central Bank of Sri Lanka requires LGD of zero to be applied to these Government securities. Accordingly, the Group has considered that there is no significant increase in credit risk for LKR-denominated securities issued by the Sri Lankan Government and the overall ECL on such securities is considered as 0%. The Group has no investment in foreign currency-denominated government securities.

For all other instruments, LGD is considered as 45% in accordance with the guidelines issued by the Central Bank of Sri Lanka.

EAD of other financial assets is its gross carrying amount.

Forward-looking information

The Group incorporates forward-looking information into both its assessment as to whether the credit risk of an instrument has increased since its initial recognition and its measurement of ECL.

The Group formulates three economic scenarios: base case, best case and the worst case. A base case, which is the central scenario, developed internally based on the consensus forecasts, and two less likely scenarios, best case and worst case scenario.

The scenario probability weightings applied in measuring ECL are as follows:

As at 31 March	2026			2025		
	Base	Best	Worst	Base	Best	Worst
Scenario probability weighting (%)	20-35	10-20	45-70	30	5	65

The Group has identified key drivers of credit risk, both qualitative and quantitative, for various portfolio segments. Quantitative economic factors are based on economic data and forecasts published by the Central Bank of Sri Lanka, the International Monetary Fund, and other reliable sources. The Group continues to enhance its assessment of emerging risks, and climate-related risk was introduced as an additional qualitative factor during the financial year 2025/26. The key variables used in the model are as follows:

Quantitative	Qualitative
GDP growth	Government policies
Inflation (YoY) (CCPI)	Status of the industry business
Interest rate	Management outlook
Unemployment	Regulatory impact
	Impact of climate-related risks

Where appropriate, the Group makes adjustments to the ECL estimate outside the Group's general modelling process to reflect management judgements. Changes to these assumptions underlying these judgements could materially affect ECL within the next 12 months. These adjustments include post-model adjustments (PMAs) and overlays.

Following are the PMAs and the overlays adjusted when estimating the ECL provision for the year ended 31 March 2026:

- Economic factor adjustments were made by increasing the worst-case weighting and reducing the best-case weighting considering the prevailing uncertain, future outlook and volatile macroeconomic environment.
- Provided a full loss allowance (100%) for certain contracts classified as non-performing, where specific collateral has been identified and the Company has experienced historically high loss rates.
- Management considered the impact of Cyclone Ditwah in the assessment of expected credit losses. Additional loss allowances were recognised for borrowers identified as being directly affected by the event through post-model adjustments reflecting the heightened credit risk associated with the affected exposures.

The Group has in place internal governance frameworks and controls in place to assess the appropriateness of all judgemental adjustments. The objective of the Group is to incorporate these adjustments into the ECL model where possible, as part of the annual recalibration and model assessment procedure to maintain adequate provision covers and to adjust for any late updated market data, model deficiencies and expected behavioural changes.

Total impact of the judgemental adjustment for the year ended 31 March 2026 is LKR 149.7 Mn. (2025 – LKR 528.8 Mn.) with LKR 46.4 Mn. (2025 – LKR 412.7 Mn.) for finance leasing and hire purchases and LKR 103.3 Mn. (2025 – LKR 115.7 Mn.) for other loans and receivables.

Write-offs/write downs of financial assets

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

		Company		Group	
For the year ended 31 March	Note	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Impairment reversal for individually assessed loss allowance	10.1	(66,681,249)	(154,978,418)	(66,681,249)	(154,978,418)
Impairment charge for collectively assessed loss allowance	10.2	514,489,349	532,466,310	514,447,783	532,384,052
Other credit losses	10.3	17,822,717	99,350,752	17,822,717	99,350,752
Total		465,630,817	476,838,644	465,589,251	476,756,386

10.1 Impairment reversal for individually assessed loss allowance

		Company		Group	
For the year ended 31 March	Note	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Finance leases and hire purchases	23.2	(10,009,708)	(96,066,305)	(10,009,708)	(96,066,305)
Other loans and receivables	24.2	(56,671,541)	(58,912,113)	(56,671,541)	(58,912,113)
Total		(66,681,249)	(154,978,418)	(66,681,249)	(154,978,418)

10.2 Impairment charge for collectively assessed loss allowance

		Company		Group	
For the year ended 31 March	Note	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Cash and cash equivalents	20.1	10,770,713	(188,551)	10,770,713	(188,551)
Deposits with licensed financial institutions	21.1	(634,818)	(18,869)	(634,818)	(18,869)
Finance leases and hire purchases	23.3	526,764,511	452,616,255	526,722,945	452,533,997
Other loans and receivables	24.3	(22,411,057)	80,057,475	(22,411,057)	80,057,475
Total		514,489,349	532,466,310	514,447,783	532,384,052

10.3 Other credit losses

	Company		Group	
For the year ended 31 March	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Direct write-offs/write downs	–	1,727,422	–	1,727,422
Net loss on sale of repossessed assets	18,152,631	99,000,417	18,152,631	99,000,417
Net gain on auction of gold-backed loan collateral	(329,914)	(1,377,087)	(329,914)	(1,377,087)
Total	17,822,717	99,350,752	17,822,717	99,350,752

The Company has written off/written down gross advances amounting to LKR 107,316,151 (2025 – LKR 271,229,611) as it believes that there is no reasonable expectation of recovering the financial asset in its entirety or partly thereof.

10.4 Analysis of impairment charges and other credit losses

10.4.1 Company

For the year ended 31 March 2026	Note	Stage 1 LKR	Stage 2 LKR	Stage 3 LKR	Total LKR
– Cash and cash equivalents	20.1	10,770,713	–	–	10,770,713
– Deposits with licensed financial institutions	21.1	(634,818)	–	–	(634,818)
– Finance leases and hire purchases		609,694,046	(144,463,611)	51,524,368	516,754,803
– Other loans and receivables		9,058,948	(7,037,835)	(81,103,711)	(79,082,598)
		628,888,889	(151,501,446)	(29,579,343)	447,808,100
Direct write-offs/write down					–
Net loss on sale of repossessed assets					18,152,631
Net gain on auction of gold-backed loan collateral					(329,914)
Total					465,630,817

For the year ended 31 March 2025	Note	Stage 1 LKR	Stage 2 LKR	Stage 3 LKR	Total LKR
– Cash and cash equivalents	20.1	(188,551)	–	–	(188,551)
– Deposits with licensed financial institutions	21.1	(18,869)	–	–	(18,869)
– Finance leases and hire purchases		239,903,760	144,578,343	(27,932,153)	356,549,950
– Other loans and receivables		26,264,036	4,659,328	(9,778,002)	21,145,362
		265,960,376	149,237,671	(37,710,155)	377,487,892
Direct write-offs/write down					1,727,422
Net loss on sale of repossessed assets					99,000,417
Net gain on auction of gold-backed loan collateral					(1,377,087)
Total					476,838,644

10.4.2 Group

For the year ended 31 March 2026	Note	Stage 1 LKR	Stage 2 LKR	Stage 3 LKR	Total LKR
– Cash and cash equivalents	20.1	10,770,713	–	–	10,770,713
– Deposits with licensed financial institutions	21.1	(634,818)	–	–	(634,818)
– Finance leases and hire purchases		609,652,480	(144,463,611)	51,524,368	516,713,237
– Other loans and receivables		9,058,948	(7,037,835)	(81,103,711)	(79,082,598)
		628,847,323	(151,501,446)	(29,579,343)	447,766,534
Direct Write-offs/write down					–
Net loss on sale of repossessed assets					18,152,631
Net gain on auction of gold-backed loan collateral					(329,914)
Total					465,589,251

For the year ended 31 March 2025	Note	Stage 1 LKR	Stage 2 LKR	Stage 3 LKR	Total LKR
– Cash and cash equivalents	20.1	(188,551)	–	–	(188,551)
– Deposits with licensed financial institutions	21.1	(18,869)	–	–	(18,869)
– Finance leases and hire purchases		239,821,502	144,578,343	(27,932,153)	356,467,692
– Other loans and receivables		26,264,036	4,659,328	(9,778,002)	21,145,362
		265,878,118	149,237,671	(37,710,155)	377,405,634
Direct write-offs/write down					1,727,422
Net loss on sale of repossessed assets					99,000,417
Net gain on auction of gold-backed loan collateral					(1,377,087)
Total					476,756,386

11. Personnel Expenses

Accounting Policy

Personnel expenses include salaries, bonus, terminal benefit expenses and other employee related expenses.

The provision for bonus is recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made on the amount of the obligation.

Short-term employee benefits

Short-term employee benefits are measured on an undiscounted basis and expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term benefits as a result of past service provided and where the Group has a legal or constructive obligation to pay.

Defined benefit plan

The cost of the defined benefit obligation of the Company is determined using the Projected Unit Credit method as specified by the Sri Lanka Accounting Standard – LKAS 19 on "Employee Benefits" and valuation of the defined benefit obligation is carried out by a qualified actuary. This method involves estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods and discounting it to determine its present value. The past service cost is recognised as an expense on a straight-line basis over the period until the benefits become vested. If the benefits are already vested following the introduction of, or changes to, a defined benefit plan, past service cost is recognised immediately.

The defined benefit obligations of the subsidiaries are not actuarially valued, but are valued using the gratuity formula method to arrive at the present value using a number of factors that are determined on an actuarial basis using a number of assumptions which requires management judgement.

The key assumptions used in determining the employee retirement benefit are given in Note 42.

The actuarial gains or losses are recognised in the Statement of Other Comprehensive Income in the year in which they arise.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in Statement of Profit or Loss. The Group recognises gain or loss on the settlement of a defined benefit plan when the settlement occurs.

Gratuity payments are made by the Group according to the Payment of Gratuity Act No. 12 of 1983. Accordingly, the Group is liable to pay gratuity to employees who have completed a minimum of five years of service in the Group at the rate of 50% of the last drawn salary for each completed year of service.

The defined benefit obligations of the Group are not externally funded.

Defined contribution plan

The Group contributes to the following defined contribution schemes;

Employees' Provident Fund

The Group and the employee contribute 12% and 8% respectively of the employee's monthly gross salary (excluding overtime) to the Employees' Provident Fund managed by the Central Bank of Sri Lanka.

Employees' Trust Fund

The Group contributes 3% of the employees' monthly gross salary excluding overtime to the Employees' Trust Fund maintained by the Employees Trust Fund Board of the Central Bank of Sri Lanka.

For the year ended 31 March	Note	Company		Group	
		2026 LKR	2025 LKR	2026 LKR	2025 LKR
Salaries and wages		1,018,450,474	840,186,446	1,058,768,375	873,786,929
Directors' emoluments	11.1	23,825,000	41,734,828	25,925,000	43,234,828
Employer's contribution to Employees' Provident Fund		122,358,057	101,956,805	127,045,057	105,970,033
Employer's contribution to Employees' Trust Fund		30,589,514	25,489,201	31,789,865	26,492,208
Provision for retirement benefit plan	42.1	43,918,891	36,401,332	47,523,042	39,402,828
Performance incentives		294,629,296	131,313,615	310,016,896	135,508,115
Other personnel expenses		154,879,718	31,062,632	159,463,101	34,010,313
Total		1,688,650,950	1,208,144,859	1,760,531,336	1,258,405,254

11.1 Directors' emoluments

Directors' emoluments represent the fees, salaries, and allowances paid to both Executive and Non-Executive Directors of the Company and the Group.

12. Depreciation and Amortisation

Accounting Policy

Depreciation of property, plant and equipment

Depreciation is calculated using the straight-line method to write down the cost of property, plant, and equipment to its residual values over the estimated useful lives and is recognised in the Statement of Profit or Loss. Lands are not depreciated.

Right-of-use assets are depreciated over the useful lives of the assets. However, if there is no reasonable certainty that the Group will obtain the ownership by the end of the lease term, the assets are depreciated over the shorter of the estimated useful lives and the lease terms.

The Group reviews the residual value, useful life and method of depreciation for property, plant and equipment and method of amortisation for intangible assets at each reporting date. Judgement of the management is exercised in the estimation of these values, rates and methods and hence subject to uncertainty.

The depreciation rates and estimated useful lives of the property, plant and equipment of the Company and the Group are as follows:

Class of asset	Percentage per annum	Useful life (years)
Buildings	5	20
Office equipment	10	10
Computers and other equipment	25	4
Furniture, fixtures and fittings	10	10
Motor vehicles	16.67	6
Generators	12.5	8

The depreciation rates are determined separately for each significant part of an item of property, plant and equipment and depreciation commences when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Management. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or the date that the asset is derecognised.

All classes of property, plant and equipment together with the reconciliation of carrying amounts and accumulated depreciation at the beginning and at the end of the year together with other relevant information are given in Note 30.

Depreciation methods, useful lives, and residual values are reassessed at each reporting date and adjusted, if required.

Amortisation of intangible assets

Amortisation is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful lives as follows:

Class of intangible assets	Percentage per annum	Useful life (years)
Computer software	12	8-9

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

For the year ended 31 March	Note	Company 2026 LKR	Company 2025 LKR	Group 2026 LKR	Group 2025 LKR
Depreciation of investment property	29	4,228,749	4,228,749	4,228,749	4,228,749
Depreciation of property, plant and equipment	30	172,423,186	168,450,276	173,870,501	169,938,000
Amortisation of intangible assets	31	9,695,470	10,563,742	9,786,070	10,654,336
Depreciation of right-of-use assets	32	154,524,716	131,505,476	162,840,478	139,477,905
Total		340,872,121	314,748,243	350,725,798	324,298,990

13. Other Operating Expenses

Accounting Policy

Other operating expenses are recognised in the Statement of Profit or Loss on the basis of a direct association between the cost incurred and the earnings of the specific item of the income. All the expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to the Statement of Profit or Loss in arriving at the profit for the year.

For the year ended 31 March	Company 2026 LKR	Company 2025 LKR	Group 2026 LKR	Group 2025 LKR
External Auditors' remuneration				
– Audit fees and expenses	5,542,000	4,400,000	6,561,900	5,142,075
– Audit related fees and expenses	3,385,500	2,579,044	3,385,500	2,579,044
– Non-audit fees and expenses	1,056,000	–	1,056,000	–
Internal Auditors' remuneration	–	4,034,045	–	4,034,045
Legal expenses	2,687,462	9,754,914	2,692,462	9,826,914
Contribution to deposit insurance scheme of the CBSL	18,364,902	18,814,169	18,364,902	18,814,169
Impairment loss on investment properties	9,429,375	–	9,429,375	–
Other administrative expenses	223,655,518	205,919,527	229,152,921	211,168,531
Establishment expenses	779,783,807	738,001,357	788,236,814	745,820,623
Selling expenses	44,402,328	43,836,738	58,491,646	54,403,168
Total	1,088,306,892	1,027,339,794	1,117,371,520	1,051,788,569

Crop insurance levy (CIL)

As per the provisions of the Section 14 of the Finance Act No. 12 of 2013, the Crop Insurance Levy was introduced with effect from 1 April 2013 and is payable to the National Insurance Trust Fund. Currently, the Crop Insurance Levy is payable at 1% of profit after tax and amount recognised for the year is included in the other administrative expense.

14. Taxes on Financial Services

Value added tax (VAT) on financial services

VAT on financial services is calculated in accordance with the Value Added Tax (VAT) Act No. 14 of 2002 and subsequent amendments thereto. The value addition attributable to the supply of financial services is calculated at the rate of 18% by adjusting the economic depreciation computed on rates prescribed by the Department of Inland Revenue to the accounting profit before income tax and emoluments payable, including benefits in money and non-money contributions or provisions relating to terminal benefits.

Social security contribution levy (SSCL)

SSCL on financial services is calculated in accordance with the Social Security Contribution Levy Act No. 25 of 2022. The levy is calculated on the value addition attributable to the supply of financial services, determined on the same basis as that used for VAT on financial services.

	Company		Group	
For the year ended 31 March	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Value added tax on financial services	768,214,833	663,506,528	768,214,833	663,506,528
Social security contribution levy	107,092,643	92,153,685	107,092,643	92,153,685
Change in estimate related to prior years				
Nation Building Tax on financial services	–	3,203,207	–	3,203,207
Total	875,307,476	758,863,420	875,307,476	758,863,420

15. Income Tax Expense

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatment do not meet the definition of income taxes, and therefore accounted for them under LKAS 37 on ''Provisions, Contingent Liabilities and Contingent Assets''.

Current taxation

Current tax assets and liabilities consist of amounts expected to be recovered from or paid to the Commissioner General of Inland Revenue in respect of the current as well as prior years. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted by the reporting date. Accordingly, provision for taxation is made on the basis of the profit for the year as adjusted for taxation purpose in accordance with the provisions of the Inland Revenue Act No. 24 of 2017 as amended.

Deferred taxation

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- Temporary differences on the initial recognition of assets of liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- Temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future: and
- Temporary differences at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred

tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised: such reductions are reversed when the probability of future taxable profits improve.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if there is any.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

Deferred tax assets and liabilities are offset only if certain criteria are met.

15.1 Amount recognised in profit or loss

For the year ended 31 March	Note	Company 2026 LKR	Company 2025 LKR	Group 2026 LKR	Group 2025 LKR
Current tax expense					
Current income tax charge	15.2	1,075,888,000	1,074,694,302	1,148,180,867	1,126,578,344
Under provision in respect of previous year		36,158,140	61,148,954	36,158,140	61,148,954
Income tax assessment		97,937,803	43,116,092	97,937,803	43,116,092
		1,209,983,943	1,178,959,348	1,282,276,810	1,230,843,390
Deferred tax expense					
Reversal of temporary differences		(98,706,763)	(173,144,753)	(100,091,125)	(173,676,435)
Total		1,111,277,180	1,005,814,595	1,182,185,685	1,057,166,955

15.2 Reconciliation of the total tax charge

For the year ended 31 March	Company 2026 LKR	Company 2025 LKR	Group 2026 LKR	Group 2025 LKR
Net profit before tax	2,929,744,545	2,616,491,760	3,203,908,041	2,817,998,993
Adjustments				
Exempt income/adjustments	(583,862,301)	(279,195,732)	(623,802,452)	(314,117,401)
Disallowable expenses	1,736,513,372	1,582,953,867	1,835,727,808	1,604,970,706
Allowable expenses	(496,102,283)	(337,935,555)	(588,563,841)	(353,591,152)
Taxable income	3,586,293,333	3,582,314,340	3,827,269,556	3,755,261,146
Income tax on profit for the year	1,075,888,000	1,074,694,302	1,148,180,867	1,126,578,344
Effective tax rate (%)	36.72	41.07	35.84	39.98

15.3 Amount recognised in statement of other comprehensive income

15.3.1 Company

For the year ended 31 March	2026			2025		
	Before tax LKR	Tax (expense)/ reversals LKR	Net of tax LKR	Before tax LKR	Tax (expense)/ reversals LKR	Net of tax LKR
Item that will not be reclassified to profit or loss						
Actuarial (loss)/gain on defined benefit plans	(53,528,108)	16,058,432	(37,469,676)	(29,105,375)	8,731,613	(20,373,762)
Changes in fair value of investments in equity at fair value through other comprehensive income	58,046,294	(17,413,888)	40,632,406	(3,402,102)	(21,432,570)	(24,834,672)
Share of other comprehensive income of associate	264,816	(79,445)	185,371	1,100,097	(330,029)	770,068
Total	4,783,002	(1,434,901)	3,348,101	(31,407,380)	(13,030,986)	(44,438,366)

15.3.2 Group

For the year ended 31 March	2026			2025		
	Before tax LKR	Tax (expense)/ reversals LKR	Net of tax LKR	Before tax LKR	Tax (expense)/ reversals LKR	Net of tax LKR
Item that will not be reclassified to profit or loss						
Actuarial (loss)/gain on defined benefit plans	(53,488,540)	16,046,562	(37,441,978)	(31,373,738)	9,412,121	(21,961,617)
Changes in fair value of investments in equity at FVOCI	58,046,294	(17,413,888)	40,632,406	(3,402,102)	(21,432,570)	(24,834,672)
Share of other comprehensive income of associate	264,816	(79,445)	185,371	1,100,097	(330,029)	770,068
Total	4,822,570	(1,446,771)	3,375,799	(33,675,743)	(12,350,478)	(46,026,221)

16. Earnings Per Share

Accounting Policy

Basic earnings per share (EPS) is calculated by dividing the net profit for the period attributable to the ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, as per the Sri Lanka Accounting Standard – LKAS 33 on ''Earnings Per Share''.

Diluted EPS is determined by adjusting both the profit attributable to the ordinary equity shareholders and the weighted average number of ordinary shares outstanding, for the effects of all potentially dilutive ordinary shares, if any.

		Company		Group	
For the year ended 31 March	Note	2026	2025	2026	2025
Profit attributable to ordinary shareholders of the Company (LKR)		1,847,544,696	1,621,890,697	2,050,799,687	1,772,045,570
Weighted average number of ordinary shares (No.)	16.2	89,853,760	89,765,224	89,853,760	89,765,224
Basic/diluted earnings per shares (LKR)		20.56	18.07	22.82	19.74

16.1 Diluted earnings per share

There were no potentially dilutive ordinary shares as at 31 March 2026 and there have been no transactions involving ordinary shares or potential ordinary shares as at the reporting date which would require a restatement of EPS.

Restated earnings per share

As per LKAS 33 – on "Earnings Per Share" EPS of the comparative period (2024/25) has been restated considering the effect of rights issue. (Refer to Note 43.1 issue of rights issue)

16.2 Weighted average number of ordinary shares

	Company		Group	
For the year ended 31 March	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Weighted average number of shares held as at 1 April	89,765,224	86,279,834	89,765,224	86,279,834
Weighted average effect of number of shares issued due to the rights issue	88,536	–	88,536	–
Bonus element due to rights issue to existing shareholders	–	3,485,390	–	3,485,390
Weighted average number of shares held as at 31 March	89,853,760	89,765,224	89,853,760	89,765,224

17. Dividend Per Share

Accounting Policy

Provision for final dividends is recognised at the time a dividend is recommended and declared by the Board of Directors and is approved by the shareholders. Interim dividends payable is recognised when the Board approves such dividends in accordance with the Companies Act No. 07 of 2007 and upon obtaining the approval of the Central Bank of Sri Lanka in line with the guideline dated 31 January 2023, on Declaration of Dividends or Repatriation of Profits.

Dividend per share is calculated by dividing dividend paid to ordinary shareholders of the Company, by the number of ordinary shares in issue.

17.1 Declared and paid during the year

	Company	
For the year ended 31 March	2026 LKR	2025 LKR
Final dividend paid (2024/25 - LKR 2.80, 2023/24 - LKR 1.80)	241,583,535	155,303,701
Gross dividend paid to ordinary shareholders	241,583,535	155,303,701

17.2 Dividend proposed for the year

	Company	
For the year ended 31 March	2026 LKR	2025 LKR
Final dividend proposed (2025/26 – LKR 2.80, 2024/25 – LKR 2.80)	253,662,712	241,583,535
Gross dividend proposed to ordinary shareholders	253,662,712	241,583,535
Gross dividend per share	2.80	2.80

18. Financial Instruments

Accounting Policy

Date of recognition

The Group initially recognises finance leases, hire purchases, other loans and receivables, deposits and borrowings on the date on which they are originated. All other financial instruments are recognised on the trade date, which is the date on which the Group becomes a party to the contractual provisions of the instrument.

Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their cash flow characteristics and the business model for managing the instruments. A financial asset or financial liability is measured initially at fair value plus or minus transaction costs that are directly attributable to its acquisition or issue, except in the case of financial assets and financial liabilities at fair value through profit or loss, as per SLFRS 9 and trade receivables that do not have a significant financing component as defined by SLFRS 15. Transaction cost in relation to financial assets and financial liabilities at fair value through profit or loss are expensed as incurred in the Statement of Profit or Loss. When the fair value of financial instruments at initial recognition differs from the transaction price, the Group accounts for the Day 1 profit or loss.

Day 1 profit or loss

When the transaction price of the instrument differs from the fair value at origination and fair value is based on a valuation technique using only inputs observable in market transactions, the Group recognises the difference between the transaction price and fair value in net gains/(losses) from trading. In those cases, where the fair value is based on models for which some inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in the Statement of Profit or Loss when the inputs become observable, or when the instrument is derecognised.

Classification and subsequent measurement of financial assets

As per SLFRS 9, the Group classifies all of its financial assets based on the business model for managing the assets and the assets' contractual terms measured at either;

- Amortised cost
- Fair Value through Other Comprehensive Income (FVOCI)
- Fair Value through Profit or Loss (FVTPL)

The subsequent measurement of financial assets depends on their classification.

Business model assessment

The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level and not assessed on instrument-by-instrument basis because this best reflects the way the business is managed. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether Management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated;
- The risks that affect the performance of the business model and how those risks are managed, managers of the business are compensated; and
- The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realised.

Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI test)

As a second step of its classification process the Group assesses the contractual terms of financial assets to identify whether they meet the SPPI test. For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition and may change over the life of the financial asset. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest on principal amount outstanding, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

- Contingent events that would change the amount and timing of cash flows;
- Leverage features;
- Prepayment and extension terms;
- Terms that limit the Group's claim to cash flows from specified assets; and
- Features that modify consideration of the time value of money.

Finance leases, hire purchases, other loans and receivables satisfy the SPPI test and are classified under amortised cost.

Financial assets measured at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

  – **Securities purchased under resale agreements (reverse repos)**

  When the Group purchases a financial asset and simultaneously enters into an agreement to resale the asset (or a similar asset) at a fixed price on a future date (reverse repo), the arrangement is accounted for as a financial asset in the Statement of Financial Position reflecting the transaction's economic substance as a loan granted by the Group. Subsequent to initial recognition, these securities are measured at amortised cost using the effective interest rate with the corresponding interest income being recognised as interest income in the Statement of Profit or Loss.

  – **Finance leases, hire purchase, loans and other receivables at amortised cost**

  Details of "Finance leases, hire purchase, loans and other receivables at amortised cost" are given in Notes 23 and 24.

  – **Debt and other financial instruments measured at amortised cost**

  Details of "Debt and other financial instruments measured at amortised cost" are given in Note 26.

  – **Cash and cash equivalents**

  Details of "Cash and cash equivalents" are given in Note 20.

Financial assets measured at FVOCI

Financial assets at FVOCI include financial instruments measured at fair value through other comprehensive income.

  – **Debt instruments measured at FVOCI**

  Debt instruments are measured at FVOCI if they are held within a business model whose objective is to hold for collection of contractual cash flows and for selling financial assets, where the asset's cash flows represent payments that are solely payments of principal and interest on principal outstanding.

  – **Equity instruments designated at FVOCI**

  Upon initial recognition, the Group elects to classify irrevocably some of its equity investments held for strategic and statutory purposes as equity instruments at FVOCI.

Financial assets measured at FVTPL

All financial assets other than those classified at amortised cost or FVOCI are classified as measured at FVTPL. Financial assets at fair value through profit or loss include financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis as they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets and financial assets designated upon initial recognition at fair value through profit or loss.

Financial assets at fair value through profit or loss are recorded in the Statement of Financial Position at fair value.

Changes in fair value are recorded in "Net gain or loss on financial instruments at fair value through profit or loss".

Interest earned is accrued in "Interest Income", using the effective interest rate, while dividend income is recorded in "Other operating income" when the right to receive the payment has been established.

Classification and subsequent measurement of financial liabilities

The Group classifies financial liabilities, other than financial guarantees and loan commitments into the financial liabilities measured at amortised cost.

The subsequent measurement of financial liabilities depends on their classification.

- **Financial liabilities at amortised cost**

  Financial liabilities issued by the Group that are not designated at FVTPL are classified as financial liabilities at amortised cost under "Due to banks", "Due to depositors", "Other borrowings", "lease liabilities" and "Subordinated term loan" as appropriate, where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. The Group classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instrument. Such financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in "Interest expense" in the Statement of Profit or Loss. Gains and losses also recognised in the Statement of Profit or Loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

- **Reclassification of financial assets and liabilities**

  The Group did not reclassify any of its financial assets or liabilities during the year ended 31 March 2026.

Derecognition of financial assets and financial liabilities

- **Financial assets**

  The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all risks and rewards of ownership and it does not retain control of the financial asset.

  On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of the consideration received and any cumulative gain or loss that had been recognised in Statement of Other Comprehensive Income is recognised in Statement of Profit or Loss. However, cumulative gain/loss recognised in Statement of Other Comprehensive Income in respect of equity investment securities designated at FVOCI is not recognised in Statement of Profit or Loss on derecognition of such securities as per SLFRS 9. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a separate asset or liability.

- **Financial liabilities**

  The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Modification of financial assets and financial liabilities

- **Financial assets**

  If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. In such cases the contractual rights to cash flows from the original financial asset are deemed to have expired. The original financial asset is derecognised and a new financial asset is recognised at fair value.

  If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in Statement of Profit or Loss. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income

- **Financial liabilities**

  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 derecognition of the original liability and the recognition of a new liability. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in Statement of Profit or Loss.

Amortised cost and gross carrying amount

The “amortised cost” of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest rate method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any Expected Credit Loss allowance. The “gross carrying amount of a financial asset” is the amortised cost of a financial asset before adjusting for any Expected Credit Loss allowance.

Impairment

Details of impairment are given in Note 10.

18.1 Classification of financial assets and financial liabilities

A. The following table provides a reconciliation between line items in the Statement of Financial Position and categories of financial instruments as at 31 March 2026.

As at 31 March 2026	Company			
	Financial instruments at FVTPL LKR	Financial instruments at FVOCI LKR	Financial instruments at amortised cost LKR	Total carrying amount LKR
Financial assets				
Cash and cash equivalents	–	–	2,215,917,602	2,215,917,602
Financial assets at amortised cost – Deposits with licensed financial institutions	–	–	1,344,583,596	1,344,583,596
Financial assets at amortised cost – Reverse repurchase agreements	–	–	4,007,106,057	4,007,106,057
Financial assets held at fair value through profit or loss	2,632,459,335	–	–	2,632,459,335
Financial assets at amortised cost – Finance leases and hire purchases	–	–	34,632,044,335	34,632,044,335
Financial assets at amortised cost – Other loans and receivables	–	–	6,573,030,996	6,573,030,996
Financial assets measured at fair value through other comprehensive income	–	215,156,298	–	215,156,298
Financial assets at amortised cost – Other financial instruments	–	–	1,331,650,154	1,331,650,154
Other financial assets	–	–	124,550,080	124,550,080
Total financial assets	2,632,459,335	215,156,298	50,228,882,820	53,076,498,453
Financial liabilities				
Deposits from customers	–	–	14,087,686,236	14,087,686,236
Bank overdrafts	–	–	168,145,891	168,145,891
Due to banks and other borrowed funds	–	–	26,054,117,480	26,054,117,480
Subordinated term loan	–	–	1,544,229,310	1,544,229,310
Lease liabilities	–	–	670,617,997	670,617,997
Other financial liabilities	–	–	1,072,282,812	1,072,282,812
Total financial liabilities	–	–	43,597,079,726	43,597,079,726

As at 31 March 2026	Group			
	Financial instruments at FVTPL LKR	Financial instruments at FVOCI LKR	Financial instruments at amortised cost LKR	Total carrying amount LKR
Financial assets				
Cash and cash equivalents	–	–	2,262,645,096	2,262,645,096
Financial assets at amortised cost – Deposits with licensed financial institutions	–	–	1,352,632,912	1,352,632,912
Financial assets at amortised cost – Reverse repurchase agreements	–	–	4,007,106,057	4,007,106,057
Financial assets held at fair value through profit or loss	3,144,272,550	–	–	3,144,272,550
Financial assets at amortised cost – Finance leases and hire purchases	–	–	34,627,734,808	34,627,734,808
Financial assets at amortised cost – Other loans and receivables	–	–	6,573,597,829	6,573,597,829
Financial assets measured at fair value through other comprehensive income	–	215,156,298	–	215,156,298
Financial assets at amortised cost – Other financial instruments	–	–	1,331,650,154	1,331,650,154
Other financial assets	–	–	142,000,210	142,000,210
Total financial assets	3,144,272,550	215,156,298	50,297,367,066	53,656,795,914
Financial liabilities				
Deposits from Customers	–	–	14,042,686,236	14,042,686,236
Bank overdrafts	–	–	168,238,916	168,238,916
Due to banks and other borrowed funds	–	–	26,054,117,480	26,054,117,480
Subordinated term loan	–	–	1,544,229,310	1,544,229,310
Lease liabilities	–	–	693,852,091	693,852,091
Other financial liabilities	–	–	1,074,737,989	1,074,737,989
Total financial liabilities	–	–	43,577,862,022	43,577,862,022

B. The following table provides a reconciliation between line items in the Statement of Financial Position and categories of financial instruments as at 31 March 2025.

As at 31 March 2025	Company			
	Financial instruments at FVTPL LKR	Financial instruments at FVOCI LKR	Financial instruments at amortised cost LKR	Total carrying amount LKR
Financial assets				
Cash and cash equivalents	–	–	777,987,016	777,987,016
Financial assets at amortised cost – Deposits with licensed financial institutions	–	–	1,214,166,101	1,214,166,101
Financial assets at amortised cost – Reverse repurchase agreements	–	–	2,803,208,069	2,803,208,069
Financial assets held at fair value through profit or loss	1,462,003,225	–	–	1,462,003,225
Financial assets at amortised cost – Finance leases and hire purchases	–	–	26,505,267,002	26,505,267,002
Financial assets at amortised cost – Other loans and receivables	–	–	3,593,642,343	3,593,642,343
Financial assets measured at fair value through other comprehensive income	–	157,110,004	–	157,110,004
Financial assets at amortised cost – Other financial instruments	–	–	1,190,996,021	1,190,996,021
Other financial assets	–	–	21,031,966	21,031,966
Total financial assets	1,462,003,225	157,110,004	36,106,298,518	37,725,411,747
Financial liabilities				
Deposits from customers	–	–	13,348,714,467	13,348,714,467
Bank overdrafts	–	–	109,576,545	109,576,545
Due to banks and other borrowed funds	–	–	13,628,489,695	13,628,489,695
Subordinated term loan	–	–	1,543,197,051	1,543,197,051
Lease liabilities	–	–	462,437,965	462,437,965
Other financial liabilities	–	–	753,467,162	753,467,162
Total financial liabilities	–	–	29,845,882,885	29,845,882,885

As at 31 March 2025	Group			
	Financial instruments at FVTPL LKR	Financial instruments at FVOCI LKR	Financial instruments at amortised cost LKR	Total carrying amount LKR
Financial assets				
Cash and cash equivalents	–	–	803,981,136	803,981,136
Financial assets at amortised cost – Deposits with licensed financial institutions	–	–	1,222,225,279	1,222,225,279
Financial assets at amortised cost – Reverse repurchase agreements	–	–	2,803,208,069	2,803,208,069
Financial assets held at fair value through profit or loss	1,747,122,200	–	–	1,747,122,200
Financial assets at amortised cost – Finance leases and hire purchases	–	–	26,499,962,501	26,499,962,501
Financial assets at amortised cost – Other loans and receivables	–	–	3,594,047,793	3,594,047,793
Financial assets measured at fair value through other comprehensive income	–	157,110,004	–	157,110,004
Financial assets at amortised cost – other financial instruments	–	–	1,190,996,021	1,190,996,021
Other financial assets	–	–	21,031,966	21,031,966
Total financial assets	1,747,122,200	157,110,004	36,135,452,765	38,039,684,969
Financial liabilities				
Deposits from Customers	–	–	13,284,609,795	13,284,609,795
Bank overdrafts	–	–	109,576,545	109,576,545
Due to banks and other borrowed funds	–	–	13,628,489,695	13,628,489,695
Subordinated term loan	–	–	1,543,197,051	1,543,197,051
Lease liabilities	–	–	490,472,567	490,472,567
Other financial liabilities	–	–	755,827,346	755,827,346
Total financial liabilities	–	–	29,812,172,999	29,812,172,999

19. Fair Value Measurement of Financial Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

When there is no quoted pricing in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction. The fair value of an asset or a liability is measured using the assumptions that market participants would use the fair value hierarchy when pricing the asset or liability, assuming that market participants act in their economic best interest. The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred. There were no transfers between levels of hierarchy during the year.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. External professional valuers are involved for valuation of significant assets such as land and building. There were no valuation of land and building done as at reporting date as Management believes that there is no material change in fair value of land and buildings.

The Group regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the Group assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of SLFRS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs)

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

19.1 Financial instruments – Fair values

A. The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

As at 31 March 2026	Company				
	Level 1 LKR	Level 2 LKR	Level 3 LKR	Fair value LKR	Carrying amount LKR
Financial assets measured at fair value					
Investments in equity securities – Quoted	1,356,586,230	–	–	1,356,586,230	1,356,586,230
Investments in equity securities – Unquoted	–	–	215,156,298	215,156,298	215,156,298
Investments in unit trust – Unquoted	–	1,275,873,105	–	1,275,873,105	1,275,873,105
	1,356,586,230	1,275,873,105	215,156,298	2,847,615,633	2,847,615,633
Financial assets not measured at fair value					
Cash and cash equivalents	–	–	–	–	2,215,917,602
Deposits with licensed financial institutions	–	–	–	–	1,344,583,596
Reverse repurchase agreements	–	–	–	–	4,007,106,057
Finance leases and hire purchases	–	–	33,737,353,246	33,737,353,246	34,632,044,335
Other loans and receivables	–	–	6,485,025,975	6,485,025,975	6,573,030,996
Investment in government treasury bills	1,323,174,936	–	–	1,323,174,936	1,324,108,184
Investments in debentures	–	–	8,725,159	8,725,159	7,541,970
Other financial assets	–	–	–	–	124,550,080
	1,323,174,936	–	40,231,104,380	41,554,279,316	50,228,882,820
Financial liabilities not measured at fair value					
Term deposits from customers	–	–	13,476,416,286	13,476,416,286	13,282,140,100
Savings deposits from customers	–	–	–	–	805,546,136
Short-term and floating rated borrowings	–	–	–	–	23,106,702,793
Fixed rated borrowings	–	–	4,795,246,413	4,795,246,413	4,659,789,888
Lease liabilities	–	–	–	–	670,617,997
Other financial liabilities	–	–	–	–	1,072,282,812
	–	–	18,271,662,699	18,271,662,699	43,597,079,726

Group					
	Level 1	Level 2	Level 3	Fair value	Carrying amount
	LKR	LKR	LKR	LKR	LKR
	1,356,586,230	–	–	1,356,586,230	1,356,586,230
	–	–	215,156,298	215,156,298	215,156,298
	–	1,787,686,320	–	1,787,686,320	1,787,686,320
	1,356,586,230	1,787,686,320	215,156,298	3,359,428,848	3,359,428,848
	–	–	–	–	2,262,645,096
	–	–	–	–	1,352,632,912
	–	–	–	–	4,007,106,057
	–	–	33,733,303,491	33,733,303,491	34,627,734,808
	–	–	6,485,592,808	6,485,592,808	6,573,597,829
	1,323,174,936	–	–	1,323,174,936	1,324,108,184
	–	–	8,725,159	8,725,159	7,541,970
	–	–	–	–	142,000,210
	1,323,174,936	–	40,227,621,458	41,550,796,394	50,297,367,066
	–	–	13,431,416,286	13,431,416,286	13,237,140,100
	–	–	–	–	805,546,136
	–	–	–	–	23,106,795,818
	–	–	4,795,246,413	4,795,246,413	4,659,789,888
	–	–	–	–	693,852,091
	–	–	–	–	1,074,737,989
	–	–	18,226,662,699	18,226,662,699	43,577,862,022

B. The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Company				
As at 31 March 2025	Level 1 LKR	Level 2 LKR	Level 3 LKR	Fair value LKR	Carrying amount LKR
Financial assets measured at fair value					
Investments in equity securities – Quoted	547,501,982	–	–	547,501,982	547,501,982
Investments in equity securities – Unquoted	–	–	157,110,004	157,110,004	157,110,004
Investments in unit trust – Unquoted	–	914,501,243	–	914,501,243	914,501,243
	547,501,982	914,501,243	157,110,004	1,619,113,229	1,619,113,229
Financial assets not measured at fair value					
Cash and cash equivalents	–	–	–	–	777,987,016
Deposits with licensed financial institutions	–	–	–	–	1,214,166,101
Reverse repurchase agreements	–	–	–	–	2,803,208,069
Finance leases and hire purchases	–	–	26,976,998,975	26,976,998,975	26,505,267,002
Other loans and receivables	–	–	3,588,994,381	3,588,994,381	3,593,642,343
Investment in government treasury bills	1,182,424,292	–	–	1,182,424,292	1,183,399,858
Investments in debentures	–	–	9,883,211	9,883,211	7,596,163
Other financial assets	–	–	–	–	21,031,966
	1,182,424,292	–	30,575,876,567	31,758,300,859	36,106,298,518
Financial liabilities not measured at fair value					
Term deposits from customers	–	–	12,814,691,489	12,814,691,489	12,691,164,423
Savings deposits from customers	–	–	–	–	657,550,044
Short term and floating rated borrowings	–	–	–	–	13,024,209,331
Fixed rated borrowings	–	–	2,293,720,174	2,293,720,174	2,257,053,960
Lease liabilities	–	–	–	–	462,437,965
Other financial liabilities	–	–	–	–	753,467,162
	–	–	15,108,411,663	15,108,411,663	29,845,882,885

Group				
Level 1 LKR	Level 2 LKR	Level 3 LKR	Fair value LKR	Carrying amount LKR
547,501,982	–	–	547,501,982	547,501,982
–	–	157,110,004	157,110,004	157,110,004
–	1,199,620,218	–	1,199,620,218	1,199,620,218
547,501,982	1,199,620,218	157,110,004	1,904,232,204	1,904,232,204
–	–	–	–	803,981,136
–	–	–	–	1,222,225,279
–	–	–	–	2,803,208,069
–	–	26,971,968,530	26,971,968,530	26,499,962,501
–	–	3,589,399,831	3,589,399,831	3,594,047,793
1,182,424,292	–	–	1,182,424,292	1,183,399,858
–	–	9,883,211	9,883,211	7,596,163
–	–	–	–	21,031,966
1,182,424,292	–	30,571,251,572	31,753,675,864	36,135,452,765
–	–	12,750,581,754	12,750,581,754	12,627,059,751
–	–	–	–	657,550,044
–	–	–	–	13,024,209,331
–	–	2,293,720,174	2,293,720,174	2,257,053,960
–	–	–	–	490,472,567
–	–	–	–	755,827,346
–	–	15,044,301,928	15,044,301,928	29,812,172,999

19.2 Measurement of fair values – Financial instruments measured at fair value

19.2.1 Valuation techniques and significant unobservable inputs used for financial instruments measured at fair value.

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values for financial instruments in the Statement of the Financial position, as well as the significant unobservable inputs used.

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Investments in unit trust – Unquoted	The Group determines the fair value of unit trust investments based on unit prices provided by the respective fund managers and approved by the trustees of the unit trusts.		
Financial Asset at FVOCI	Based on the net assets value	Net assets per share of the Company.	The estimated fair value would increase/(decrease) based on the net assets of the Company.
		Senkadagala Hotel as at 31 March 2026 – LKR 116.74 (2025 – LKR 113.98)	
	Based on Discounted cash flow method	Forecasted cash flows, terminal growth rate, WACC	The estimated fair value would increase/(decrease) based on the changes in forecasted cash flows, terminal growth rate and WACC.
		Venture Tea Ltd, as at 31 March 2026 – LKR 129.25 (2025 – LKR 90.28)	

Transfer between Level 1 and Level 2

There were no transfers from Level 1 to Level 2 or Level 2 to Level 1 in 2025/26 and 2024/25.

19.2.2 Reconciliation for Level 3 fair value measurement

	Company		Group	
For the year ended 31 March	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Financial asset at FVOCI				
Balance at the beginning of the year	157,110,004	160,512,106	157,110,004	160,512,106
Net change in fair value	58,046,294	(3,402,102)	58,046,294	(3,402,102)
Balance at the end of the year	215,156,298	157,110,004	215,156,298	157,110,004

Transfer out of Level 3

There were no transfers out of Level 3 and transfers out of Level 2 in 2025/26 and 2024/25.

19.2.3 Sensitivity analysis of financial instruments measured at amortised cost under Level 3 category

As at 31 March	Company		Group	
	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Financial assets not measured at fair value				
1% increase in interest rate	(482,002,801)	(337,769,838)	(481,945,150)	(337,678,693)
1% decrease in interest rate	493,551,738	344,821,252	493,492,910	344,727,701

As at 31 March	Company		Group	
	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Financial liabilities not measured at fair value				
1% increase in interest rate	77,892,627	30,859,121	77,892,627	30,811,701
1% decrease in interest rate	(79,122,512)	(31,212,483)	(79,122,512)	(31,164,921)

19.3 Measurement of fair values – Financial instruments not measured at fair value

A. Measurement of fair values – Company

The following tables show the valuation techniques used in measuring Level 3 fair values, as well as the significant unobservable inputs used.

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Finance leases, hire purchase and other loans	Where available, fair value of loans and advances is based on observable market transactions. Where observable market transactions are not available, fair value is estimated using valuation models, such as discounted cash flow techniques. Input into the valuation techniques includes incurred credit losses, interest rates, prepayment rates and primary origination or secondary market spreads. For collateral dependent impaired loans, the fair value is measured based on the value of the underlying collateral.	N/A	N/A
Other liabilities**	Discounted cash flows using prevailing current market rates for similar financial instruments.	Average effective interest rate based on the maturity of deposits liability. Interest rate varied from 6.25% to 25.00%.	The estimated fair value would increase (decrease) if there is any changes in rate of Sri Lanka Government Treasury Bill.
Corporate debt securities	**Market comparison technique:** Fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.	N/A	N/A

*** Other liabilities consists of due to banks, deposits from customers, fixed rated borrowings*

The following is a list of financial instruments that have not been considered within the fair value measurement hierarchy, as their carrying amounts are a reasonable approximation of fair value due to their short-term nature or because they are repriced frequently at current market rates. This assumption is also applied to savings deposits, which do not have a specified maturity date.

Assets	Liabilities
Cash and cash equivalents	Savings deposits from customers
Reverse repurchase agreements	Short-term and floating rated borrowings
Deposits with licensed financial institutions	Bank overdrafts
Other Financial assets	Other Financial Liabilities

B. Measurement of fair values – Group

The following tables show the valuation techniques used in measuring Level 3 fair values, as well as the significant unobservable inputs used.

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Finance leases, hire purchase and other loans	Where available, fair value of loans and advances is based on observable market transactions. Where observable market transactions are not available, fair value is estimated using valuation models, such as discounted cash flow techniques. Input into the valuation techniques includes incurred credit losses, interest rates, prepayment rates and primary origination or secondary market spreads. For collateral dependent impaired loans, the fair value is measured based on the value of the underlying collateral.	N/A	N/A
Other liabilities **	Discounted cash flows using prevailing current market rates for similar financial instruments.	Average effective interest rate based on the maturity of deposits liability. Interest rate varied from 6.00% to 25.00%	The estimated fair value would increase (decrease) if there is any changes in rate of Sri Lanka Government Treasury Bill.
Corporate debt securities	**Market comparison technique:** Fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.	N/A	N/A

*** Other liabilities consists of due to banks, deposits from customers, Fixed rated borrowings*

The following is a list of financial instruments that have not been considered within the fair value measurement hierarchy, as their carrying amounts are a reasonable approximation of fair value due to their short term nature or because they are repriced frequently at current market rates. This assumption is also applied to savings deposits, which do not have a specified maturity date.

Assets	Liabilities
Cash and cash equivalents	Savings deposits from customers
Reverse repurchase agreements	Bank overdrafts
Deposits with licensed financial institutions	Other Financial Liabilities
Other Financial assets	Short term and floating rated borrowings

20. Cash and Cash Equivalents

Accounting Policy

Cash and cash equivalents includes cash and bank balances and money at call and short notice. Cash and cash equivalents are carried at amortised cost in the Statement of Financial Position.

		Company		Group	
As at 31 March	Note	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Cash in hand held in local currency		116,655,590	268,715,173	116,685,397	268,770,173
Cash in hand held in foreign currency		–	147,611	11,629	159,240
Balances with licensed commercial banks		2,110,144,228	509,235,735	2,156,830,286	535,163,226
Gross cash and cash equivalents*		2,226,799,818	778,098,519	2,273,527,312	804,092,639
Allowance for impairment losses	20.1	(10,882,216)	(111,503)	(10,882,216)	(111,503)
Net cash and cash equivalents		2,215,917,602	777,987,016	2,262,645,096	803,981,136

20.1 Movement in impairment allowance

	Company		Group	
As at 31 March	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Balance at the beginning of the year	111,503	300,054	111,503	300,054
Impairment charge/(reversal) for the year	10,770,713	(188,551)	10,770,713	(188,551)
Balance at the end of the year	10,882,216	111,503	10,882,216	111,503

Except for bank balances amounting to LKR 670,000 pledged as security and subject to liens, all cash and cash equivalents held by the Group were available for use in its operations.

** Gross cash and cash equivalents are reported in the Statement of Cash Flows.*

21. Financial Assets at Amortised Cost – Deposits with Licensed Financial Institutions

Accounting Policy

Deposits with licensed financial institutions includes fixed deposits. Deposits with licensed financial institutions are carried at amortised cost in the Statement of Financial Position. (Refer Note 18)

As at 31 March	Note	Company		Group	
		2026 LKR	2025 LKR	2026 LKR	2025 LKR
Fixed deposits		1,344,899,768	1,215,117,091	1,352,949,084	1,223,176,269
Allowance for impairment losses	21.1	(316,172)	(950,990)	(316,172)	(950,990)
Net deposits with licensed financial institutions		1,344,583,596	1,214,166,101	1,352,632,912	1,222,225,279

21.1 Movement in impairment allowance

As at 31 March	Company		Group	
	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Balance at the beginning of the year	950,990	969,859	950,990	969,859
Impairment reversals for the year	(634,818)	(18,869)	(634,818)	(18,869)
Balance at the end of the year	316,172	950,990	316,172	950,990

22. Financial Assets Held at Fair Value Through Profit or Loss

Accounting Policy

All financial assets other than those classified at amortised cost or FVOCI are classified as measured at FVTPL. Financial assets at FVTPL include financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis as they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets and financial assets designated upon initial recognition at FVTPL.

On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL when such designation eliminates or significantly reduces an accounting mismatch that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis.

Financial instruments at fair value through profit or loss are recorded in the Statement of Financial Position at fair value.

Changes in fair value are recorded in "Net gain or loss on financial instruments at fair value through profit or loss".

Interest earned is accrued in "Interest income", using the EIR, while dividend income is recorded in "Other operating income" when the right to receive the payment has been established.

		Company		Group	
As at 31 March	Note	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Quoted equity	22.1	1,356,586,230	547,501,982	1,356,586,230	547,501,982
Unquoted unit trust	22.2	1,275,873,105	914,501,243	1,787,686,320	1,199,620,218
Total		2,632,459,335	1,462,003,225	3,144,272,550	1,747,122,200

22.1 Quoted equity

As at 31 March	Note	Company 2026 Number of shares	Cost LKR	Market value LKR	2025 Number of shares	Cost LKR	Market value LKR
Banks							
National Development Bank PLC		939	10,457	114,920	884	8,536	94,588
Commercial Bank of Ceylon PLC		5,761	489,542	1,155,442	5,591	469,342	701,671
Diversified Financials							
Central Finance Company PLC		48,528	335,812	11,064,384	48,528	335,812	9,426,564
Food Beverage and Tobacco							
Ceylon Tobacco PLC		3,100	142,017	5,301,000	3,100	142,017	4,185,775
Capital Goods							
Aitken Spence PLC		495	3,355	68,805	495	3,355	63,236
Royal Ceramics Lanka PLC		200	273	8,600	200	273	7,400
Hayleys PLC		1,130	7,175	242,950	1,130	7,175	154,810
John Keells Holdings PLC		44,620	164,976	821,008	44,620	164,976	901,324
Energy							
Lanka Indian Oil Corporation PLC		5,500	148,500	770,000	5,500	148,500	698,500
Portfolio Investment	22.1.1		621,379,368	1,337,039,121		217,440,248	531,268,114
			622,681,475	1,356,586,230		218,720,234	547,501,982

22.1.1 Portfolio investment

As at 31 March	Company 2026 Number of shares	Cost LKR	Market value LKR	2025 Number of shares	Cost LKR	Market value LKR
Banks						
Seylan Bank PLC (Non-voting)	66,514	2,241,315	4,695,888	66,514	2,241,315	3,531,893
Hatton National Bank PLC (Non-voting)	35,222	5,348,333	12,477,394	35,222	5,348,333	8,990,416
Insurance						
Ceylinco Insurance PLC (Non-voting)	9,000	1,404,290	14,879,250	10,000	1,560,322	13,405,000

	Group					
	2026			2025		
	Number of shares	Cost LKR	Market value LKR	Number of shares	Cost LKR	Market value LKR
	939	10,457	114,920	884	8,536	94,588
	5,761	489,542	1,155,442	5,591	469,342	701,671
	48,528	335,812	11,064,384	48,528	335,812	9,426,564
	3,100	142,017	5,301,000	3,100	142,017	4,185,775
	495	3,355	68,805	495	3,355	63,236
	200	273	8,600	200	273	7,400
	1,130	7,175	242,950	1,130	7,175	154,810
	44,620	164,976	821,008	44,620	164,976	901,324
	5,500	148,500	770,000	5,500	148,500	698,500
		621,379,368	1,337,039,121		217,440,248	531,268,114
		622,681,475	1,356,586,230		218,720,234	547,501,982

	Group					
	2026			2025		
	Number of shares	Cost LKR	Market value LKR	Number of shares	Cost LKR	Market value LKR
	66,514	2,241,315	4,695,888	66,514	2,241,315	3,531,893
	35,222	5,348,333	12,477,394	35,222	5,348,333	8,990,416
	9,000	1,404,290	14,879,250	10,000	1,560,322	13,405,000

As at 31 March	Company					
	2026			2025		
	Number of shares	Cost LKR	Market value LKR	Number of shares	Cost LKR	Market value LKR
Diversified Financials						
Lanka Ventures PLC	–	–	–	61,800	2,552,579	2,416,380
Citizens Development Business PLC	35,483	10,282,178	10,751,349	–	–	–
Capital Alliance Holdings PLC	1,403,827	26,303,114	21,057,405	–	–	–
Food Beverage and Tobacco						
Distilleries Company of Sri Lanka PLC	2,422,247	142,888,716	132,012,462	–	–	–
Lanka Milk Foods (CWE) PLC	7,918,790	95,995,005	634,295,079	7,918,790	95,995,005	343,675,486
Ceylon Beverage Holdings PLC	2,321	1,936,261	6,194,749	2,321	1,936,261	6,058,390
Ceylon Grain Elevators PLC	599,630	83,860,181	228,608,938	486,278	52,041,203	91,420,264
Melstacorp PLC	652,267	101,681,488	109,580,856	77,267	9,925,573	9,812,909
Sunshine Holdings PLC	550,805	12,985,301	16,193,667	390,000	8,150,467	8,385,000
Watawala Plantation PLC	600,000	28,940,544	24,780,000	–	–	–
Materials						
Haycarb PLC	20,000	350,437	2,190,000	20,000	350,437	1,642,000
Lanka Aluminium PLC	242,335	11,881,178	9,766,101	–	–	–
CIC Holdings PLC	321,411	8,454,183	7,713,864	–	–	–
Swisstek (Ceylon) PLC	80,113	6,178,811	6,368,984	–	–	–
Food and staples retailing						
C T Holdings PLC	5,500	909,830	3,190,000	5,500	909,830	2,154,625
Health Care Equipment and Services						
Ceylon Hospitals PLC (Non-voting)	212,920	2,454,772	10,113,700	53,230	2,454,772	5,642,380
Ceylon Hospitals PLC (Voting)	29,100	689,657	1,746,000	7,275	689,657	927,563
Consumer Service						
Taj Lanka Hotels PLC	114,432	3,478,514	3,925,018	114,432	3,478,514	2,391,629
John Keels Hotels PLC	201,000	2,560,236	3,256,200	201,000	2,560,236	4,060,200
Capital Goods						
Renuka Holdings PLC (Non-voting)	61,065	1,272,297	2,442,600	107,565	2,241,357	1,559,693
Hemas Holdings PLC	185,000	3,255,053	5,476,000	37,000	3,255,053	4,440,000
Lanka Walltile PLC	20,738	1,092,551	953,948	–	–	–
Lanka Tiles PLC	394,818	18,670,450	18,043,183	–	–	–
Energy						
Lanka IOC PLC	90,000	10,809,728	12,600,000	60,000	6,800,320	7,620,000

Group					
2026			2025		
Number of shares	Cost LKR	Market value LKR	Number of shares	Cost LKR	Market value LKR
–	–	–	61,800	2,552,579	2,416,380
35,483	10,282,178	10,751,349	–	–	–
1,403,827	26,303,114	21,057,405	–	–	–
2,422,247	142,888,716	132,012,462	–	–	–
7,918,790	95,995,005	634,295,079	7,918,790	95,995,005	343,675,486
2,321	1,936,261	6,194,749	2,321	1,936,261	6,058,390
599,630	83,860,181	228,608,938	486,278	52,041,203	91,420,264
652,267	101,681,488	109,580,856	77,267	9,925,573	9,812,909
550,805	12,985,301	16,193,667	390,000	8,150,467	8,385,000
600,000	28,940,544	24,780,000	–	–	–
20,000	350,437	2,190,000	20,000	350,437	1,642,000
242,335	11,881,178	9,766,101	–	–	–
321,411	8,454,183	7,713,864	–	–	–
80,113	6,178,811	6,368,984	–	–	–
5,500	909,830	3,190,000	5,500	909,830	2,154,625
212,920	2,454,772	10,113,700	53,230	2,454,772	5,642,380
29,100	689,657	1,746,000	7,275	689,657	927,563
114,432	3,478,514	3,925,018	114,432	3,478,514	2,391,629
201,000	2,560,236	3,256,200	201,000	2,560,236	4,060,200
61,065	1,272,297	2,442,600	107,565	2,241,357	1,559,693
185,000	3,255,053	5,476,000	37,000	3,255,053	4,440,000
20,738	1,092,551	953,948	–	–	–
394,818	18,670,450	18,043,183	–	–	–
90,000	10,809,728	12,600,000	60,000	6,800,320	7,620,000

As at 31 March	Company					
	2026			2025		
	Number of shares	Cost LKR	Market value LKR	Number of shares	Cost LKR	Market value LKR
Utilities						
LVL Energy Fund PLC	2,264,532	14,949,014	18,116,256	2,264,532	14,949,014	13,134,286
LAUGFS Power PLC	393,898	6,499,895	4,332,878	–	–	–
Panasian Power PLC	290,000	7,712,468	5,684,000	–	–	–
Real Estate Management and Development						
Prime Lands Residencies PLC	119,772	6,293,568	5,593,352	–	–	–
		621,379,368	1,337,039,121		217,440,248	531,268,114

22.2 Unquoted unit trust

As at 31 March	Company					
	2026			2025		
	Number of shares	Cost LKR	Market value LKR	Number of shares	Cost LKR	Market value LKR
National Equity Fund	205,559	1,921,491	14,414,050	205,559	1,921,491	10,785,917
Senfin Money Market Fund	–	–	–	–	–	–
Senfin Growth Fund	25,682,822	193,722,000	611,764,825	25,682,822	193,722,000	468,197,849
Senfin Dividend Fund	242,009	2,500,000	4,759,393	242,009	2,500,000	3,692,885
Senfin Insurance Sector Fund	–	–	–	–	–	–
Senfin Dynamic Income Fund	23,953,418	400,000,000	550,020,775	19,566,953	300,000,000	409,137,154
Senfin Consumer Staples Fund	–	–	–	–	–	–
Senfin Financial Services Fund	4,059,117	65,500,000	88,854,062	1,395,291	15,500,000	22,687,438
Senfin Select Factor Fund	500,000	5,000,000	6,060,000	–	–	–
		668,643,491	1,275,873,105		513,643,491	914,501,243

Group					
2026			2025		
Number of shares	Cost LKR	Market value LKR	Number of shares	Cost LKR	Market value LKR
2,264,532	14,949,014	18,116,256	2,264,532	14,949,014	13,134,286
393,898	6,499,895	4,332,878	–	–	–
290,000	7,712,468	5,684,000	–	–	–
119,772	6,293,568	5,593,352	–	–	–
	621,379,368	1,337,039,121		217,440,248	531,268,114

Group					
2026			2025		
Number of shares	Cost LKR	Market value LKR	Number of shares	Cost LKR	Market value LKR
205,559	1,921,491	14,414,050	205,559	1,921,491	10,785,917
5,438,675	137,050,516	157,298,508	3,362,189	78,575,618	89,752,991
27,380,593	212,408,844	652,205,733	28,269,661	217,199,244	515,355,915
1,099,626	17,662,770	21,625,455	676,895	6,506,958	10,328,942
9,326,198	134,877,278	178,410,168	6,303,495	77,000,000	96,254,370
24,242,659	403,892,578	556,662,365	20,010,232	305,965,604	418,405,949
828,380	38,383,500	41,935,055	736,459	8,116,512	10,332,514
5,869,582	96,654,533	128,485,130	2,976,852	40,268,241	48,403,620
3,023,915	34,500,002	36,649,856	–	–	–
	1,077,351,512	1,787,686,320		735,553,668	1,199,620,218

23. Financial Assets at Amortised Cost – Finance Leases and Hire Purchases

Accounting Policy

Amount receivable under finance leases and hire purchases, net of arrears, prepaid rentals, unearned lease and hire purchases income and allowance for expected credit losses, are presented below,

Finance leases and hire purchases include financial assets measured at amortised cost if both of the following conditions are met:

- Assets are held within a business model whose objective is to hold the assets in order to collect contractual cash flows.
- The contractual terms of the assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

After initial measurement, finance leases and hire purchases are subsequently measured at amortised cost using the EIR, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. The amortisation is included in "Interest income" in the Statement of Profit or Loss. Losses arising from impairment are recognised in "Impairment charges and other credit losses" in the Statement of Profit or Loss.

	Company		Group	
As at 31 March	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Gross investment in finance leases and hire purchases receivables:				
Stage 1	30,101,717,598	21,589,788,233	30,097,284,247	21,584,401,474
Stage 2	5,342,776,027	5,452,904,601	5,342,776,027	5,452,904,601
Stage 3	1,976,657,290	1,812,764,165	1,976,657,290	1,812,764,165
	37,421,150,915	28,855,456,999	37,416,717,564	28,850,070,240
Less: Allowance for impairment losses				
Stage 1	(1,201,572,076)	(591,878,030)	(1,201,448,252)	(591,795,772)
Stage 2	(688,210,788)	(832,674,399)	(688,210,788)	(832,674,399)
Stage 3	(899,323,716)	(925,637,568)	(899,323,716)	(925,637,568)
Net investment in finance leases and hire purchases receivables after impairment	34,632,044,335	26,505,267,002	34,627,734,808	26,499,962,501

23.1 Analysis of financial assets at amortised cost – Finance leases and hire purchases

As at 31 March	Note	Company 2026 LKR	Company 2025 LKR	Group 2026 LKR	Group 2025 LKR
Gross investment in finance leases and hire purchases receivables:					
Within one year		20,003,427,302	16,745,049,749	20,001,598,976	16,743,221,423
From one to five years		28,341,171,503	20,846,869,110	28,337,210,130	20,841,079,411
After five years		40,654,563	14,768,237	40,654,563	14,768,237
		48,385,253,368	37,606,687,096	48,379,463,669	37,599,069,071
Unearned finance and hire purchase income		(10,964,102,453)	(8,751,230,097)	(10,962,746,105)	(8,748,998,831)
Net investment in finance leases and hire purchases receivables:		37,421,150,915	28,855,456,999	37,416,717,564	28,850,070,240
Less: Allowance for impairment losses					
Allowance for individual impairment	23.2	(289,172,915)	(299,182,623)	(289,172,915)	(299,182,623)
Allowance for collective impairment	23.3	(2,499,933,665)	(2,051,007,374)	(2,499,809,841)	(2,050,925,116)
Net investment after impairment		34,632,044,335	26,505,267,002	34,627,734,808	26,499,962,501

23.2 Movement in allowance for individual impairment

As at 31 March	Company 2026 LKR	Company 2025 LKR	Group 2026 LKR	Group 2025 LKR
Balance at the beginning of the year	299,182,623	395,248,928	299,182,623	395,248,928
Impairment reversal for the year	(10,009,708)	(96,066,305)	(10,009,708)	(96,066,305)
Balance at the end of the year	289,172,915	299,182,623	289,172,915	299,182,623
Gross amount of finance leases and hire purchases individually determined to be impaired	289,172,915	299,182,623	289,172,915	299,182,623

23.3 Movement in allowance for collective impairment

As at 31 March	Company		Group	
	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Balance at the beginning of the year	2,051,007,374	1,745,148,200	2,050,925,116	1,745,148,200
Impairment charge for the year	526,764,511	452,616,255	526,722,945	452,533,997
Write offs/write down for the year	(81,802,262)	(104,765,041)	(81,802,262)	(104,765,041)
Interest income accrued on impaired finance leases and hire purchases	3,964,042	(41,992,040)	3,964,042	(41,992,040)
Balance at the end of the year	2,499,933,665	2,051,007,374	2,499,809,841	2,050,925,116
Total impairment allowance	2,789,106,580	2,350,189,997	2,788,982,756	2,350,107,739

23.4 Movement of gross carrying amounts of finance leases and hire purchases as follows:

23.4.1 Company

For the year ended 31 March 2026	Stage 1 LKR	Stage 2 LKR	Stage 3 LKR	Total LKR
Balance at the beginning of the year	21,589,788,233	5,452,904,601	1,812,764,165	28,855,456,999
Transfer to Stage 1	868,322,752	(856,235,211)	(12,087,541)	–
Transfer to Stage 2	(2,802,118,101)	2,815,448,190	(13,330,089)	–
Transfer to Stage 3	(364,017,513)	(746,057,006)	1,110,074,519	–
New disbursement	26,865,227,840	–	–	26,865,227,840
New disbursement transfer to Stage 2	(2,283,553,343)	2,283,553,343	–	–
New disbursement transfer to Stage 3	(95,868,980)	–	95,868,980	–
Write-offs/write down	–	–	(81,802,262)	(81,802,262)
Derecognised or repaid	(13,676,063,290)	(3,606,837,890)	(934,830,482)	(18,217,731,662)
Balance at the end of the year	30,101,717,598	5,342,776,027	1,976,657,290	37,421,150,915

For the year ended 31 March 2025	Stage 1 LKR	Stage 2 LKR	Stage 3 LKR	Total LKR
Balance at the beginning of the year	15,762,192,538	6,009,274,157	2,609,373,396	24,380,840,091
Transfer to Stage 1	981,356,725	(945,071,072)	(36,285,653)	–
Transfer to Stage 2	(2,322,285,645)	2,416,351,401	(94,065,756)	–
Transfer to Stage 3	(155,098,407)	(338,117,477)	493,215,884	–
New disbursement	19,545,755,716	–	–	19,545,755,716
New disbursement transfer to Stage 2	(2,122,429,973)	2,122,429,973	–	–
New disbursement transfer to Stage 3	(72,917,880)	–	72,917,880	–
Write-offs/write down	–	–	(105,495,228)	(105,495,228)
Derecognised or repaid	(10,026,784,841)	(3,811,962,381)	(1,126,896,358)	(14,965,643,580)
Balance at the end of the year	21,589,788,233	5,452,904,601	1,812,764,165	28,855,456,999

23.4.2 Group

For the year ended 31 March 2026	Stage 1 LKR	Stage 2 LKR	Stage 3 LKR	Total LKR
Balance at the beginning of the year	21,584,401,474	5,452,904,601	1,812,764,165	28,850,070,240
Transfer to Stage 1	868,322,752	(856,235,211)	(12,087,541)	–
Transfer to Stage 2	(2,802,118,101)	2,815,448,190	(13,330,089)	–
Transfer to Stage 3	(364,017,513)	(746,057,006)	1,110,074,519	–
New disbursement	26,865,227,840	–	–	26,865,227,840
New disbursement transfer to Stage 2	(2,283,553,343)	2,283,553,343	–	–
New disbursement transfer to Stage 3	(95,868,980)	–	95,868,980	–
Write-offs/write down	–	–	(81,802,262)	(81,802,262)
Derecognised or repaid	(13,675,109,882)	(3,606,837,890)	(934,830,482)	(18,216,778,254)
Balance at the end of the year	30,097,284,247	5,342,776,027	1,976,657,290	37,416,717,564

For the year ended 31 March 2025	Stage 1 LKR	Stage 2 LKR	Stage 3 LKR	Total LKR
Balance at the beginning of the year	15,762,192,538	6,009,274,157	2,609,373,396	24,380,840,091
Transfer to Stage 1	981,356,725	(945,071,072)	(36,285,653)	–
Transfer to Stage 2	(2,322,285,645)	2,416,351,401	(94,065,756)	–
Transfer to Stage 3	(155,098,407)	(338,117,477)	493,215,884	–
New disbursement	19,539,755,716	–	–	19,539,755,716
New disbursement transfer to Stage 2	(2,122,429,973)	2,122,429,973	–	–
New disbursement transfer to Stage 3	(72,917,880)	–	72,917,880	–
Write-offs/write down	–	–	(105,495,228)	(105,495,228)
Derecognised or repaid	(10,026,171,600)	(3,811,962,381)	(1,126,896,358)	(14,965,030,339)
Balance at the end of the year	21,584,401,474	5,452,904,601	1,812,764,165	28,850,070,240

** Finance leases and hire purchases written off/written down during the year included an amount of LKR 81,802,262 (2024/25 – LKR 105,495,228), which remains subject to enforcement activities.*

23.5. Movement of impairment allowance of finance leases and hire purchases as follows:

23.5.1 Company

For the year ended 31 March 2026	Stage 1 LKR	Stage 2 LKR	Stage 3 LKR	Total LKR
Balance at the beginning of the year	591,878,030	832,674,399	925,637,568	2,350,189,997
Changes due to lease and hire purchase rental receivables recognised in the opening balance that have:				
Transfer to Stage 1	132,716,007	(129,443,755)	(3,272,252)	–
Transfer to Stage 2	(102,763,462)	106,390,557	(3,627,095)	–
Transfer to Stage 3	(13,320,267)	(123,951,552)	137,271,819	–
Interest accrued on impaired finance leases and hire purchases	–	–	3,964,042	3,964,042
Write-offs/write down	–	–	(81,802,262)	(81,802,262)
Net remeasurement of loss allowance	593,061,768	2,541,139	(78,848,104)	516,754,803
Balance at the end of the year	1,201,572,076	688,210,788	899,323,716	2,789,106,580

For the year ended 31 March 2025	Stage 1 LKR	Stage 2 LKR	Stage 3 LKR	Total LKR
Balance at the beginning of the year	351,974,269	688,096,056	1,100,326,803	2,140,397,128
Changes due to lease and hire purchase rental receivables recognised in the opening balance that have:				
Transfer to Stage 1	115,872,742	(108,148,058)	(7,724,684)	–
Transfer to Stage 2	(71,537,219)	91,750,685	(20,213,466)	–
Transfer to Stage 3	(4,424,206)	(40,249,515)	44,673,721	–
Interest accrued on impaired finance leases and hire purchases	–	–	(41,992,040)	(41,992,040)
Write offs/write down	–	–	(104,765,041)	(104,765,041)
Net remeasurement of loss allowance	199,992,444	201,225,231	(44,667,725)	356,549,950
Balance at the end of the year	591,878,030	832,674,399	925,637,568	2,350,189,997

23.5.2 Group

For the year ended 31 March 2026	Stage 1 LKR	Stage 2 LKR	Stage 3 LKR	Total LKR
Balance at the beginning of the year	591,795,772	832,674,399	925,637,568	2,350,107,739
Changes due to lease and hire purchase rental receivables recognised in the opening balance that have:				
Transfer to Stage 1	132,716,007	(129,443,755)	(3,272,252)	–
Transfer to Stage 2	(102,763,462)	106,390,557	(3,627,095)	–
Transfer to Stage 3	(13,320,267)	(123,951,552)	137,271,819	–
Interest accrued on impaired finance leases and hire purchases	–	–	3,964,042	3,964,042
Write offs/write down	–	–	(81,802,262)	(81,802,262)
Net remeasurement of loss allowance	593,020,202	2,541,139	(78,848,104)	516,713,237
Balance at the end of the year	1,201,448,252	688,210,788	899,323,716	2,788,982,756

For the year ended 31 March 2025	Stage 1 LKR	Stage 2 LKR	Stage 3 LKR	Total LKR
Balance at the beginning of the year	351,974,269	688,096,056	1,100,326,803	2,140,397,128
Changes due to lease and hire purchase rental receivables recognised in the opening balance that have:				
Transfer to Stage 1	115,872,742	(108,148,058)	(7,724,684)	–
Transfer to Stage 2	(71,537,219)	91,750,685	(20,213,466)	–
Transfer to Stage 3	(4,424,206)	(40,249,515)	44,673,721	–
Interest accrued on impaired finance leases and hire purchases	–	–	(41,992,040)	(41,992,040)
Write offs/write down	–	–	(104,765,041)	(104,765,041)
Net remeasurement of loss allowance	199,910,186	201,225,231	(44,667,725)	356,467,692
Balance at the end of the year	591,795,772	832,674,399	925,637,568	2,350,107,739

24. Financial Assets at Amortised Cost – Other Loans and Receivables

Accounting Policy

Other loans and receivables include financial assets measured at amortised cost if both of the following conditions are met;

- Assets that are held within a business model whose objective is to hold the assets in order to collect contractual cash flows.
- Contractual terms of the assets give rise on specific dates to cash flows that are solely payment of principal and interest on the principal outstanding.

After initial measurement, other loans and receivables are subsequently measured at amortised cost using the Effective Interest Rate (EIR), less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. The amortisation is included in "interest income" in the Statement of Profit or Loss. The losses arising from impairment are recognised in "impairment charges and other credit losses" in the Statement of Profit or Loss.

	Company		Group	
As at 31 March	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Gross other loans and receivables				
Stage 1	6,393,737,837	3,425,845,034	6,394,304,670	3,426,250,484
Stage 2	140,603,852	101,894,112	140,603,852	101,894,112
Stage 3	435,268,878	572,144,265	435,268,878	572,144,265
	6,969,610,567	4,099,883,411	6,970,177,400	4,100,288,861
Less: Allowance for impairment losses				
Stage 1	(48,395,817)	(39,336,870)	(48,395,817)	(39,336,870)
Stage 2	(12,747,128)	(19,784,962)	(12,747,128)	(19,784,962)
Stage 3	(335,436,626)	(447,119,236)	(335,436,626)	(447,119,236)
Net other loans and receivables	6,573,030,996	3,593,642,343	6,573,597,829	3,594,047,793

24.1. Analysis of financial assets at amortised cost - Other loans and receivables

As at 31 March	Note	Company 2026 LKR	Company 2025 LKR	Group 2026 LKR	Group 2025 LKR
Commercial loans		551,859,746	609,263,443	551,859,746	609,263,443
Personal loans		393,539,324	331,423,165	393,539,324	331,423,165
Gold backed loans		927,857,904	561,087,518	927,857,904	561,087,518
Margin trading receivables		3,819,170,764	1,959,728,486	3,819,170,764	1,959,728,486
Loans against fixed deposits		282,960,647	188,987,026	282,960,647	188,987,026
Insurance receivables		285,974,006	231,752,462	285,974,006	231,752,462
Short-term corporate loan		-	122,841,770	-	122,841,770
Staff loans		708,048,176	94,599,541	708,615,009	95,004,991
Other receivables		200,000	200,000	200,000	200,000
Gross other loans and receivables		6,969,610,567	4,099,883,411	6,970,177,400	4,100,288,861
Less: Allowance for impairment losses					
Allowance for individual impairment	24.2	(79,039,939)	(135,711,480)	(79,039,939)	(135,711,480)
Allowance for collective impairment	24.3	(317,539,632)	(370,529,588)	(317,539,632)	(370,529,588)
Net other loans and receivables		6,573,030,996	3,593,642,343	6,573,597,829	3,594,047,793

24.2. Movement in allowance for individual impairment

As at 31 March	Company 2026 LKR	Company 2025 LKR	Group 2026 LKR	Group 2025 LKR
Balance at the beginning of the year	135,711,480	194,623,593	135,711,480	194,623,593
Impairment reversal for the year	(56,671,541)	(58,912,113)	(56,671,541)	(58,912,113)
Balance at the end of the year	79,039,939	135,711,480	79,039,939	135,711,480
Gross amount of loans individually determined to be impaired	79,039,939	135,711,480	79,039,939	135,711,480

24.3. Movement in allowance for collective impairment

As at 31 March	Company 2026 LKR	Company 2025 LKR	Group 2026 LKR	Group 2025 LKR
Balance at the beginning of the year	370,529,588	476,350,564	370,529,588	476,350,564
Impairment charge/(reversal) for the year	(22,411,057)	80,057,475	(22,411,057)	80,057,475
Write-offs for the year	(25,513,889)	(163,940,785)	(25,513,889)	(163,940,785)
Interest income accrued on impaired loans and receivables	(5,065,010)	(21,937,666)	(5,065,010)	(21,937,666)
Balance at the end of the year	317,539,632	370,529,588	317,539,632	370,529,588
Total impairment allowance	396,579,571	506,241,068	396,579,571	506,241,068

24.4. Movement of gross carrying amounts of other loans and receivables as follows:

24.4.1. Company

For the year ended 31 March 2026	Stage 1 LKR	Stage 2 LKR	Stage 3 LKR	Total LKR
Balance at the beginning of the year	3,425,845,034	101,894,112	572,144,265	4,099,883,411
Transfer to Stage 1	11,446,172	(8,877,034)	(2,569,138)	–
Transfer to Stage 2	(17,110,418)	28,318,361	(11,207,943)	–
Transfer to Stage 3	(2,957,843)	(1,665,774)	4,623,617	–
New disbursement	7,838,058,680	–	–	7,838,058,680
New disbursement transfer to Stage 2	(252,203,472)	252,203,472	–	–
New disbursement transfer to Stage 3	(23,612,965)	–	23,612,965	–
Write-offs	–	–	(25,513,889)	(25,513,889)
Derecognised or repaid	(4,585,727,351)	(231,269,285)	(125,820,999)	(4,942,817,635)
Balance at the end of the year	6,393,737,837	140,603,852	435,268,878	6,969,610,567

For the year ended 31 March 2025	Stage 1 LKR	Stage 2 LKR	Stage 3 LKR	Total LKR
Balance at the beginning of the year	1,802,916,896	164,942,960	938,852,700	2,906,712,556
Transfer to Stage 1	14,576,348	(12,655,616)	(1,920,732)	–
Transfer to Stage 2	(16,176,271)	18,368,331	(2,192,060)	–
Transfer to Stage 3	(4,855,134)	(13,068,924)	17,924,058	–
New disbursement	5,700,679,931	–	–	5,700,679,931
New disbursement transfer to Stage 2	(70,324,724)	70,324,724	–	–
New disbursement transfer to Stage 3	(1,805,476)	–	1,805,476	–
Write-offs	–	–	(164,938,020)	(164,938,020)
Derecognised or repaid	(3,999,166,536)	(126,017,363)	(217,387,157)	(4,342,571,056)
Balance at the end of the year	3,425,845,034	101,894,112	572,144,265	4,099,883,411

24.4.2. Group

For the year ended 31 March 2026	Stage 1 LKR	Stage 2 LKR	Stage 3 LKR	Total LKR
Balance at the beginning of the year	3,426,250,484	101,894,112	572,144,265	4,100,288,861
Transfer to Stage 1	11,446,172	(8,877,034)	(2,569,138)	–
Transfer to Stage 2	(17,110,418)	28,318,361	(11,207,943)	–
Transfer to Stage 3	(2,957,843)	(1,665,774)	4,623,617	–
New disbursement	7,838,058,680	–	–	7,838,058,680
New disbursement transfer to Stage 2	(252,203,472)	252,203,472	–	–
New disbursement transfer to Stage 3	(23,612,965)	–	23,612,965	–
Write offs	–	–	(25,513,889)	(25,513,889)
Derecognised or repaid	(4,585,565,968)	(231,269,285)	(125,820,999)	(4,942,656,252)
Balance at the end of the year	6,394,304,670	140,603,852	435,268,878	6,970,177,400

For the year ended 31 March 2025	Stage 1 LKR	Stage 2 LKR	Stage 3 LKR	Total LKR
Balance at the beginning of the year	1,803,197,896	164,942,960	938,852,700	2,906,993,556
Transfer to Stage 1	14,576,348	(12,655,616)	(1,920,732)	–
Transfer to Stage 2	(16,176,271)	18,368,331	(2,192,060)	–
Transfer to Stage 3	(4,855,134)	(13,068,924)	17,924,058	–
New disbursement	5,700,679,931	–	–	5,700,679,931
New disbursement transfer to Stage 2	(70,324,724)	70,324,724	–	–
New disbursement transfer to Stage 3	(1,805,476)	–	1,805,476	–
Write-offs	–	–	(164,938,020)	(164,938,020)
Derecognised or repaid	(3,999,042,086)	(126,017,363)	(217,387,157)	(4,342,446,606)
Balance at the end of the year	3,426,250,484	101,894,112	572,144,265	4,100,288,861

** Other loans and receivables written off/written down during the year included an amount of LKR 25,513,889 (2024/25 – LKR 164,938,020), which remains subject to enforcement activities.*

24.5 An analysis of changes ECL allowances in relation to the other loans and receivables

Company and Group

For the year ended 31 March 2026	Stage 1 LKR	Stage 2 LKR	Stage 3 LKR	Total LKR
Balance at the beginning of the year	39,336,870	19,784,962	447,119,236	506,241,068
Changes due to loans and other receivables recognised in the opening balance that have:				
Transfer to Stage 1	1,993,227	(1,827,378)	(165,849)	–
Transfer to Stage 2	(2,417,552)	2,475,084	(57,532)	–
Transfer to Stage 3	(508,005)	(2,810,220)	3,318,225	–
Interest accrued on impaired other loans and receivables	–	–	(5,065,010)	(5,065,010)
Write-offs	–	–	(25,513,889)	(25,513,889)
Net remeasurement of loss allowance	9,991,277	(4,875,320)	(84,198,555)	(79,082,598)
Balance at the end of the year	48,395,817	12,747,128	335,436,626	396,579,571

For the year ended 31 March 2025	Stage 1 LKR	Stage 2 LKR	Stage 3 LKR	Total LKR
Balance at the beginning of the year	13,072,834	15,125,634	642,775,689	670,974,157
Changes due to loans and other receivables recognised in the opening balance that have:				
Transfer to Stage 1	1,789,888	(1,404,815)	(385,073)	–
Transfer to Stage 2	(514,053)	968,087	(454,034)	–
Transfer to Stage 3	(119,020)	(1,553,452)	1,672,472	–
Interest accrued on impaired Other loans and receivables	–	–	(21,937,666)	(21,937,666)
Write-offs	–	–	(163,940,785)	(163,940,785)
Net remeasurement of loss allowance	25,107,221	6,649,508	(10,611,367)	21,145,362
Balance at the end of the year	39,336,870	19,784,962	447,119,236	506,241,068

25. Financial Assets Measured at Fair Value Through Other Comprehensive Income

Accounting Policy

The Group elects to present in OCI changes in the fair value of certain investments in equity instruments that are not classified as FVTPL. The election is made on an instrument-by-instrument basis upon initial recognition and is irrevocable.

Gains and losses on such equity instruments are never reclassified to profit or loss and no impairment is recognised in profit or loss. Dividends are recognised in the Statement of Profit or Loss unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognised in OCI. Cumulative gains and losses recognised in OCI are transferred to retained earnings on disposal of an investment.

Classification of financial assets is given in Note 18.

No impairment loss is recognised on quoted equity investments classified under FVOCI.

	Company		Group	
As at 31 March	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Unquoted shares				
Credit Information Bureau of Sri Lanka	90,586	90,586	90,586	90,586
Finance House Consortium (Pvt) Ltd.	200,000	200,000	200,000	200,000
Senkadagala Hotels Limited	24,223,992	23,650,960	24,223,992	23,650,960
Venture Tea (Pvt) Ltd.	190,641,720	133,168,458	190,641,720	133,168,458
Total	215,156,298	157,110,004	215,156,298	157,110,004

26. Financial Assets at Amortised Cost – Other Financial Instruments

Accounting Policy

Debt and other investments measured at amortised cost are initially measured at fair value plus incremental direct transaction costs.

Debt and other investments are subsequently measured at amortised cost using the effective interest method. The Group recognises loss allowances for ECLs on assets subsequently measured at amortised cost. The Group measures the loss allowance at an amount equal to lifetime ECLs, except for financial investments that are determined to have low credit risk at the reporting date.

	Company		Group	
As at 31 March	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Government securities – Sri Lanka				
Treasury Bills	1,324,108,184	1,183,399,858	1,324,108,184	1,183,399,858
Other instruments				
Debentures	7,541,970	7,596,163	7,541,970	7,596,163
Total	1,331,650,154	1,190,996,021	1,331,650,154	1,190,996,021

27. Investments in Subsidiaries - Unquoted

Accounting Policy

A subsidiary is an investee controlled by the Group. The Group controls an investee if it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group reassesses whether it has control if there are changes to one or more of the elements of control. This includes circumstances in which protective rights held (e.g. those resulting from a lending relationship) become substantive and lead to the Group having power over an investee.

The cost of an acquisition is measured at fair value of the consideration, including contingent consideration. The acquired identifiable assets, liabilities and contingent liabilities are measured at their fair values at the date of acquisition. Subsequent to the initial measurement the Company continues to recognise the investments in subsidiaries at cost.

The Financial Statements of subsidiaries are included in the Consolidated Financial Statements from the date on which control commences until the date when control ceases.

The Financial Statements of the subsidiaries in the Group have a common financial year which ends on 31 March.

All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions, income and expenses are eliminated in full.

	Company	
As at 31 March	2026 LKR	2025 LKR
27.1. Senkadagala Insurance Brokers (Pvt) Ltd.		
(2,000,000 Ordinary shares) Holding (%)	100	100
Place of business	No. 282A, 1st Floor, Katugastota Road, Kandy.	
Cost of the investment	20,000,000	20,000,000
27.2. Senfin Asset Management (Pvt) Ltd.		
(19,916,303 Ordinary shares) Holding (%)	100	100
Place of business	3rd floor, 180, Bauddhaloka Mawatha, Colombo 04	
Cost of the investment	31,729,600	31,729,600
Total investments in subsidiaries	51,729,600	51,729,600

The Board of Directors has assessed the potential impairment loss of investment in subsidiaries as at 31 March 2026. Accordingly, it was concluded that no impairment provision is required to be made in the financial statements as at the reporting date.

28 Investment in Associate

Accounting Policy

Associates are entities over which the Group has significant influence, but not control or joint control. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity.

Investments in associates are accounted for using the equity method and are recognised initially at cost, in terms of Sri Lanka Accounting Standards – LKAS 28 on "Investments in Associates and Joint Ventures". The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The Consolidated Financial Statements include the Group's share of the income and expenses and equity movements of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. Accordingly, under the Equity Method, investments in associates are carried at cost plus post-acquisition changes in the Group's share of net assets of the associates and are reported as a separate line item in the Statement of Financial Position. The Statement of Profit or Loss reflects the Group's share of the results of operations of the associates. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in equity through OCI. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee. If the associate subsequently reports profits, the Group resumes recognising its share of profits only after its share of profits equals the share of losses not recognised previously.

The Group discontinues the use of the Equity Method from the date that it ceases to have significant influence over an associate and accounts for such investments in accordance with the Sri Lanka Accounting Standard – SLFRS 9 on "Financial Instruments". Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

After application of the Equity Method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and recognises the loss as "Share of Profit of Associate" in the Statement of Profit or Loss.

In the separate Financial Statements, investments in associates are accounted for at cost.

As at 31 March	2026 LKR	2025 LKR
Senfin Securities Limited		
(196,777,777 Ordinary shares) Holding (%)	35	35
Place of business	4th floor, 180, Bauddhaloka Mawatha, Colombo 04	
Cost of the investment	88,550,000	88,550,000
Carrying value of the investment	205,174,002	175,911,300

28.1 Reconciliation of summarised financial information

Reconciliation of the summarised financial information to the carrying amount of the interest in the associate recognised in the Consolidated Financial Statements is as follows:

As at 31 March	2026 LKR	2025 LKR
Cost of investment	88,550,000	88,550,000
Share of profit applicable to the Group		
Balance at the beginning of the year	175,911,300	163,927,700
Profit for the year recognised in Statement of Profit or Loss, net of tax	29,077,331	11,213,532
	29,077,331	11,213,532
Profit for the year recognised in Statement of Other Comprehensive Income, net of tax	185,371	770,068
Total comprehensive income	29,262,702	11,983,600
Balance at the end of the year	205,174,002	175,911,300

28.2. Summarised financial information in respect of the associate is set out below:

28.2.1. Summarised Statement of Profit or Loss

For the year ended 31 March	2026 LKR	2025 LKR
Revenue	330,358,897	180,846,656
Expenses	(197,442,281)	(150,023,913)
Income tax	(49,838,527)	1,215,919
Profit from continuing operations, net of tax	83,078,089	32,038,662
Company's share of profit from continuing operations, net of tax	29,077,331	11,213,532
Other comprehensive income, net of tax	529,632	2,200,195
Company's share of other comprehensive income from continuing operations, net of tax	185,371	770,068
Share of results of equity-accounted investee recognised in Statement of Profit or Loss and Other Comprehensive Income	29,262,702	11,983,600

28.2.2. Summarised Statement of Financial Position

As at 31 March	2026 LKR	2025 LKR
Non-current assets	74,901,717	55,033,075
Current assets	764,451,404	814,058,847
Non-current liabilities	(30,710,601)	(16,899,814)
Current liabilities	(222,431,088)	(349,588,397)
Net assets	586,211,432	502,603,711
Carrying amount of interest in associate	205,174,002	175,911,300

29. Investment Property

Accounting Policy

Investment properties are properties held to earn rental income, for capital appreciation, or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment properties are recognised when it is probable that future economic benefits associated with the investment property will flow to the Company and the cost of the investment property can be measured reliably.

Management uses its judgement to determine whether a property qualifies as an investment property. A property that is held to earn rental income or for capital appreciation, or both, and therefore generates cash flows largely independently of the other assets held by the Group, is classified as investment property. On the other hand, a property used in the production or supply of goods and services or for administrative purposes, and therefore generating cash flows that are attributable not only to that property but also to other assets used in the production or supply process, is classified as property, plant and equipment. The Group assesses, on an annual basis, the accounting classification of its investment properties, taking into consideration the current use of such properties.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated using the cost model in accordance with LKAS 16 – on "Property, Plant and Equipment".

Depreciation is provided on a straight-line basis over the estimated useful life of the relevant class of asset from the date of purchase up to the date of disposal. Land is not depreciated. Accordingly, land classified as investment property is stated at cost less any accumulated impairment losses.

However, the entity measures the fair value of investment properties for disclosure purposes, and the Company obtains valuations from an independent valuer who holds recognised and relevant professional qualifications and has recent experience in the location and category of the investment property being valued.

Transfers to, or from, investment property shall be made when, and only when, there is a change in use, evidenced by commencement of owner occupation for a transfer from investment property to owner-occupied property, commencement of development with a view to sale for a transfer from investment property to inventories, end of owner occupation for a transfer from owner-occupied property to investment property, or commencement of an operating lease to another party for a transfer from inventories to investment property.

When the use of a property changes from owner-occupied property to investment property, the property is remeasured to fair value and reclassified as investment property.

Any gain arising on remeasurement is recognised in the Statement of Profit or Loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in Other Comprehensive Income and presented in the revaluation reserve within equity. Any loss is recognised immediately in the Statement of Profit or Loss.

An investment property shall be derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal.

	Company		Group	
As at 31 March	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Cost or valuation				
Balance at the beginning of the year	386,382,655	386,382,655	395,105,936	395,105,936
Transfer from work in progress during the year	54,629,375	–	54,629,375	–
Impairment loss	(9,429,375)	–	(9,429,375)	–
Derecognition during the year due to demolition	(501,985)	–	(501,985)	–
Balance at the end of the year	431,080,670	386,382,655	439,803,951	395,105,936
Accumulated depreciation				
Balance at the beginning of the year	42,116,031	37,887,282	50,839,312	46,610,563
Charge for the year	4,228,749	4,228,749	4,228,749	4,228,749
Derecognition during the year due to demolition	(501,985)	–	(501,985)	–
Balance at the end of the year	45,842,795	42,116,031	54,566,076	50,839,312
Carrying amount at the end of the year	385,237,875	344,266,624	385,237,875	344,266,624

29.1 Fully depreciated investment property

The cost of fully depreciated investment properties which are still in use as at the Statement of Financial Position date is as follows:

	Company		Group	
As at 31 March	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Buildings	3,639,034	4,141,019	3,639,034	4,141,019

29.2 Information of freehold investment property

29.2.1 Company

Location	Extent		Number of buildings	Valuation	Cost	Carrying value	Cost	Carrying value
	Land	Building		LKR	2026 LKR	2026 LKR	2025 LKR	2025 LKR
98, Deans Road, Colombo 10	6.000 P	3,220 sq. ft.	1	80,500,000	3,500,000	500,000	3,500,000	500,000
12, Kotugodella Veediya, Kandy Lot 1	9.875 P	4,520 sq. ft.	1	193,325,000	52,240,083	52,240,083	7,542,068	7,040,083
12, Kotugodella Veediya, Kandy Lot 2	18.000 P	1,220 sq. ft.	2	96,250,000	70,679,827	55,676,066	70,679,827	56,504,815
98, Yatinuwara Veediya, Kandy	7.698 P	2,813 sq. ft.	1	106,450,000	6,060,760	5,421,726	6,060,760	5,421,726
30, Kinsey Road, Colombo 07	20.10 P	12,050 sq. ft.	1	381,800,000	298,600,000	271,400,000	298,600,000	274,800,000
Total				858,325,000	431,080,670	385,237,875	386,382,655	344,266,624

29.2.2 Group

Location	Extent		Number of buildings	Valuation	Cost	Carrying value	Cost	Carrying value
	Land	Building		LKR	2026 LKR	2026 LKR	2025 LKR	2025 LKR
98, Deans Road, Colombo 10	6.000 P	3,220 sq. ft.	1	80,500,000	3,500,000	500,000	3,500,000	500,000
12, Kotugodella Veediya, Kandy Lot 1	9.875 P	4,520 sq. ft.	1	193,325,000	52,240,083	52,240,083	7,542,068	7,040,083
12, Kotugodella Veediya, Kandy Lot 2	18.000 P	1,220 sq. ft.	2	96,250,000	70,679,827	55,676,066	70,679,827	56,504,815
98, Yatinuwara Veediya, Kandy	7.698 P	2,813 sq. ft.	1	106,450,000	6,060,760	5,421,726	6,060,760	5,421,726
30, Kinsey Road, Colombo 07	20.10 P	12,050 sq. ft.	1	381,800,000	307,323,281	271,400,000	307,323,281	274,800,000
Total				858,325,000	439,803,951	385,237,875	395,105,936	344,266,624

29.3 Amount recognised in Statement of Profit or Loss

Rental income recognised by the Group from the investment property during the period was LKR 28,272,000/- (2024/25 – LKR 29,370,000/-) and was included in the other operating income. There were no maintenance costs incurred in relation to investment properties that generated rental income during the year (2024/25: Rs. 1,404,284). As at the reporting date, there were no vacant investment properties held by the Group.

29.4 Measurement of fair value

(i) Fair value hierarchy

The fair value of properties set out above was determined based on a report from an external independent property valuer, Mr K M U Dissanayake who valued the properties during the March 2026. The valuers have appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

These values have not been incorporated in the Financial Statements.

The fair value measurement for the above of LKR 858,325,000/- has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

(ii) Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of the freehold properties mentioned above, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Market Comparable Method: This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of the property being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for differences in size, nature, location, condition of specific property in this process outlier transactions, indicative of particularly motivated buyers or sellers are adjusted for, since the price may not adequately reflect the fair market value.	The reference range of values for the properties range from LKR 4,000,000/- to LKR 15,000,000/-. Price per square foot for the properties range from LKR 3,000/- to LKR 10,000/-.	Estimated fair value would increase/(decrease) if; Price per perch increases/ (decreases) Price per square foot increases/(decreases)

30. Property, Plant and Equipment

Accounting Policy

Property, plant and equipment are tangible items that are held for use in the production or supply of goods or services, for rental to others or for administrative purposes and are expected to be used during more than one period.

Property, plant and equipment are recognised when it is probable that future economic benefits associated with the assets will flow to the Group and the cost of the asset can be reliably measured.

An item of property, plant and equipment that qualifies for recognition as an asset is initially measured at its cost. Cost includes expenditure that is directly attributable to the acquisition of the asset and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by Management. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use and the costs of dismantling and removing the items and restoring the site on which they are located.

The Group applies the cost model to property, plant and equipment except for freehold land and records them at cost of purchase or construction together with any directly attributable expenses thereon less accumulated depreciation and any accumulated impairment losses.

The subsequent cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within that part will flow to the Group and its cost can be reliably measured. The carrying amount of those parts that are replaced is derecognised. The costs of day-to-day servicing of property, plant and equipment are charged to the Statement of Profit or Loss as incurred. Costs incurred in using or redeploying an item are not included in the carrying amount of an item.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment is included in the Statement of Profit or Loss when the item is derecognised. When replacement costs are recognised in the carrying amount of an item of property, plant and equipment, the remaining carrying amount of the replaced part is derecognised. Major inspection costs are capitalised. At each such capitalisation, the remaining carrying amount of the previous cost of inspections is derecognised.

Depreciation is calculated using the straight-line method to write down the cost of property, plant and equipment to their residual values over their estimated useful lives. Land is not depreciated. The depreciation rates and estimated useful lives of the different types of assets are given in Note 12.

The Group reviews the residual values, useful lives, and method of depreciation of property, plant and equipment at each reporting date. Management judgement is exercised in the estimation of these values, rates, methods and hence they are subject to uncertainty.

30.1. Company

	Land	Buildings	Furniture, fittings and fixtures	Office equipment	Air conditioner
	LKR	LKR	LKR	LKR	LKR
Cost					
As at 1 April 2025	488,035,830	199,919,089	570,658,076	567,092,764	111,135,012
Additions/transferred to building during the years	–	28,783,513	181,186,184	73,162,049	37,986,001
Transferred to investment property	–	–	–	–	–
Disposals during the year	–	–	(1,203,295)	(357,980)	–
As at 31 March 2026	488,035,830	228,702,602	750,640,965	639,896,833	149,121,013
Accumulated depreciation					
As at 1 April 2025	–	73,302,875	421,997,485	381,013,144	94,049,001
Charge for the year	–	10,637,434	29,206,791	35,316,732	10,572,827
Disposals during the year	–	(1,162,523)	(163,111)	–	–
As at 31 March 2026	–	82,777,786	451,041,165	416,329,876	104,621,828
Net book value	488,035,830	145,924,816	299,599,800	223,566,957	44,499,185

	Land	Buildings	Furniture, fittings and fixtures	Office equipment	Air conditioner
	LKR	LKR	LKR	LKR	LKR
Cost					
As at 1 April 2024	488,035,830	199,919,089	542,232,583	510,618,341	108,072,957
Additions/Construction work in progress during the year	–	–	28,425,493	56,650,372	3,062,055
Disposals during the year	–	–	–	(175,949)	–
As at 31 March 2025	488,035,830	199,919,089	570,658,076	567,092,764	111,135,012
Accumulated depreciation					
As at 1 April 2024	–	62,665,441	391,002,494	349,048,590	85,043,302
Charge for the year	–	10,637,434	30,994,991	32,130,314	9,005,699
Disposals during the year	–	–	–	(165,760)	–
As at 31 March 2025	–	73,302,875	421,997,485	381,013,144	94,049,001
Net book value	488,035,830	126,616,214	148,660,591	186,079,620	17,086,011

Computer and accessories	Facsimile machine	Generator	Motor vehicles	Photostat machine	Printers	Construction work in progress	Total
LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR
499,670,230	2,586,178	87,313,038	1,291,849,012	16,128,436	57,101,211	123,913,561	4,015,402,437
64,322,623	–	9,226,711	176,843,523	3,019,700	6,738,000	(69,284,186)	511,984,118
–	–	–	–	–	–	(54,629,375)	(54,629,375)
(1,050,610)	–	(160,705)	(222,547,723)	(92,000)	(402,950)	–	(225,815,263)
562,942,243	2,586,178	96,379,044	1,246,144,812	19,056,136	63,436,261	–	4,246,941,917
449,995,039	2,285,190	65,500,134	1,079,817,342	14,335,143	47,936,146	–	2,630,231,499
18,535,352	94,235	5,579,169	58,164,305	1,027,964	3,288,377	–	172,423,186
(1,043,604)	–	(160,705)	(208,944,522)	(92,000)	(303,253)	–	(211,869,718)
467,486,787	2,379,425	70,918,598	929,037,125	15,271,107	50,921,270	–	2,590,784,967
95,455,456	206,753	25,460,446	317,107,687	3,785,029	12,514,991	–	1,656,156,950

Computer and accessories	Facsimile machine	Generator	Motor vehicles	Photostat machine	Printers	Construction work in progress	Total
LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR
466,626,499	2,586,178	87,313,038	1,214,533,097	14,478,436	54,016,151	66,824,116	3,755,256,315
34,621,429	–	–	114,393,995	1,650,000	3,126,560	57,089,445	299,019,349
(1,577,698)	–	–	(37,078,080)	–	(41,500)	–	(38,873,227)
499,670,230	2,586,178	87,313,038	1,291,849,012	16,128,436	57,101,211	123,913,561	4,015,402,437
440,729,360	2,159,603	60,044,937	1,049,976,393	13,985,790	44,814,098	–	2,499,470,008
10,843,377	125,587	5,455,197	65,744,777	349,353	3,163,548	–	168,450,276
(1,577,698)	–	–	(35,903,828)	–	(41,500)	–	(37,688,785)
449,995,039	2,285,190	65,500,134	1,079,817,342	14,335,143	47,936,146	–	2,630,231,499
49,675,191	300,988	21,812,904	212,031,670	1,793,293	9,165,065	123,913,561	1,385,170,938

30.2. Group

	Land	Buildings	Furniture, fittings and fixtures	Office equipment	Air conditioner
	LKR	LKR	LKR	LKR	LKR
Cost					
As at 1 April 2025	488,035,830	199,919,089	579,117,417	569,020,836	111,135,012
Additions/Construction work in progress during the year	–	28,783,513	181,308,082	73,290,649	37,986,001
Transferred to investment property	–	–	–	–	–
Disposals during the year	–	–	(1,203,295)	(357,980)	–
As at 31 March 2026	488,035,830	228,702,602	759,222,204	641,953,505	149,121,013
Accumulated depreciation					
As at 1 April 2025	–	73,302,875	425,330,862	382,083,868	94,049,001
Charge for the year	–	10,768,921	30,009,014	35,482,172	10,572,827
Disposals during the year	–	(1,162,523)	(163,111)	–	–
As at 31 March 2026	–	82,909,273	455,176,765	417,566,040	104,621,828
Net book value	488,035,830	145,793,329	304,045,439	224,387,465	44,499,185

	Land	Buildings	Furniture, fittings and fixtures	Office equipment	Air conditioner
	LKR	LKR	LKR	LKR	LKR
Cost					
As at 1 April 2024	488,035,830	199,919,089	549,998,924	512,415,927	108,072,957
Additions/Construction work in progress during the year	–	–	29,118,493	56,789,882	3,062,055
Disposals during the year	–	–	–	(184,973)	–
As at 31 March 2025	488,035,830	199,919,089	579,117,417	569,020,836	111,135,012
Accumulated depreciation					
As at 1 April 2024	–	62,665,441	393,591,944	349,967,113	85,043,302
Charge for the year	–	10,637,434	31,738,918	32,283,569	9,005,699
Disposals during the year	–	–	–	(166,813)	–
As at 31 March 2025	–	73,302,875	425,330,862	382,083,868	94,049,001
Net book value	488,035,830	126,616,214	153,786,555	186,936,968	17,086,011

Computer and accessories	Facsimile machine	Generator	Motor vehicles	Photostat machine	Printers	Construction work in progress	Total
LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR
504,378,943	2,641,058	87,313,038	1,298,977,172	16,259,476	57,288,711	123,913,561	4,038,000,143
65,049,626	–	9,226,711	178,431,523	3,019,700	6,738,000	(69,284,186)	514,549,619
–	–	–	–	–	–	(54,629,375)	(54,629,375)
(1,050,610)	–	(160,705)	(222,547,723)	(92,000)	(402,950)	–	(225,815,263)
568,377,959	2,641,058	96,379,044	1,254,860,972	19,187,176	63,623,761	–	4,272,105,124
453,904,649	2,340,070	65,500,134	1,086,917,663	14,466,183	48,068,646	–	2,645,963,951
18,883,517	94,235	5,579,169	58,164,305	1,027,964	3,288,377	–	173,870,501
(1,043,604)	–	(160,705)	(208,944,522)	(92,000)	(303,253)	–	(211,869,718)
471,744,562	2,434,305	70,918,598	936,137,446	15,402,147	51,053,770	–	2,607,964,734
96,633,397	206,753	25,460,446	318,723,526	3,785,029	12,569,991	–	1,664,140,390

Computer and accessories	Facsimile machine	Generator	Motor vehicles	Photostat machine	Printers	Construction work in progress	Total
LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR
470,445,129	2,641,058	87,313,038	1,221,661,257	14,609,476	54,203,651	66,824,116	3,776,140,452
35,511,512	–	–	114,393,995	1,650,000	3,126,560	57,089,445	300,741,942
(1,577,698)	–	–	(37,078,080)	–	(41,500)	–	(38,882,251)
504,378,943	2,641,058	87,313,038	1,298,977,172	16,259,476	57,288,711	123,913,561	4,038,000,143
444,096,256	2,214,483	60,044,937	1,057,028,887	14,116,830	44,946,598	–	2,513,715,790
11,386,091	125,587	5,455,197	65,792,604	349,353	3,163,548	–	169,938,000
(1,577,698)	–	–	(35,903,828)	–	(41,500)	–	(37,689,839)
453,904,649	2,340,070	65,500,134	1,086,917,663	14,466,183	48,068,646	–	2,645,963,951
50,474,294	300,988	21,812,904	212,059,509	1,793,293	9,220,065	123,913,561	1,392,036,192

30.3. Property, plant and equipment retired from active use

Following fully depreciated property, plant and equipment were retired from active use as at the Statement of Financial Position date.

	Company		Group	
As at 31 March	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Furniture, fittings and fixtures	315,750	–	315,750	–
Office equipment	8,000	125,000	8,000	125,000
Computer and accessories	873,630	1,577,698	873,630	1,577,698
Generator	160,705	–	160,705	–
Photostat machine	92,000	–	92,000	–
Printers	257,650	41,500	257,650	41,500
Motor vehicles	195,157,938	28,901,750	195,157,938	28,901,750
Total	196,865,673	30,645,948	196,865,673	30,645,948

30.4. Fully depreciated property, plant and equipment

The cost of fully depreciated property, plant and equipment which are still in use as at the Statement of Financial Position date is as follows:

	Company		Group	
As at 31 March	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Furniture, fittings and fixtures	324,055,076	308,761,328	324,055,076	309,314,801
Office equipment	259,688,697	244,952,232	259,688,697	245,450,260
Air Conditioner	88,718,429	79,711,961	88,718,429	79,711,961
Computer and accessories	435,227,801	429,660,431	435,227,801	432,220,361
Facsimile machine	1,673,450	1,579,330	1,673,450	1,634,210
Generator	53,975,141	44,862,729	53,975,141	44,862,729
Motor vehicles	821,889,537	953,177,385	821,889,537	960,018,645
Photostat machine	14,262,236	13,463,236	14,262,236	13,594,276
Printers	45,116,662	43,272,178	45,116,662	43,404,678
Total	2,044,607,029	2,119,440,810	2,044,607,029	2,130,211,921

30.5 Property, plant and equipment pledged as security for liability

There were no items of property, plant and equipment pledged as security for liabilities as at reporting date.

30.6 Temporarily idle property, plant and equipment

There were no temporarily idle property, plant, and equipment as at reporting date.

30.7 Title restriction on property, plant and equipment

There were no restrictions existing on the title of property, plant, and equipment of the Group as at reporting date.

30.8 Borrowing cost

There were no capitalised borrowing costs related to the acquisition of property, plant, and equipment as at reporting date.

30.9 Information of freehold land and building

30.9.1 Company

Location	Number of buildings	Extent		Valuation	Cost 2026	Carrying value 2026	Cost 2025	Carrying value 2025
		Land	Building	LKR	LKR	LKR	LKR	LKR
7/4, Mawilmada Road, Kandy	1	0 A. 1 R. 10.595 P	1,756 sq. ft.	53,850,000	13,010,874	5,398,382	13,010,874	5,398,382
Highway Park, Amunugama, Pothuhera	1	0 A. 5 R. 25.49 P	680 sq. ft.	69,850,000	30,711,364	23,487,979	30,711,364	23,487,979
92, Deans Road, Colombo 10	1	0 A. 0 R. 8.007 P	4,358 sq. ft.	92,600,000	24,600,000	22,935,600	24,600,000	23,071,507
No. 255 and 257 C, D, C 1/2, Stanley Thilakarathne Mawatha, Nugegoda	3	0 A. 0 R. 13.690 P	8,326 sq. ft.	152,500,000	77,999,400	66,083,497	77,999,400	67,395,340
No. 91B and 93, Colombo Road, Piliyandala	2	0 A. 0 R. 12.00 P	4,350 sq. ft.	61,750,000	46,799,100	44,173,390	46,799,100	44,507,669
No. 91, Kandy Road, Kurunegala.	1	0 A. 0 R. 18.10 P	8,460 sq. ft.	156,875,000	114,484,181	94,797,392	114,484,181	97,990,274
No. 14, Kotugodalla Veediya, Kandy	1	0 A. 0 R. 10.00 P	12,674 sq. ft.	472,100,000	409,133,513	377,084,406	380,350,000	352,800,893
Total				1,059,525,000	716,738,432	633,960,646	687,954,919	614,652,044

30.9.2 Group

Location	Number of buildings	Extent		Valuation	Cost 2026	Carrying value 2026	Cost 2025	Carrying value 2025
		Land	Building	LKR	LKR	LKR	LKR	LKR
7/4, Mawilmada Road, Kandy	1	0 A. 1 R. 10.595 P	1,756 sq. ft.	53,850,000	13,010,874	5,398,382	13,010,874	5,398,382
Highway park, Amunugama, Pothuhera	1	0 A. 5 R. 25.49 P	680 sq. ft.	69,850,000	30,711,364	23,487,979	30,711,364	23,487,979
92, Deans Road, Colombo 10	1	0 A. 0 R. 8.007 P	4,358 sq. ft.	92,600,000	24,600,000	22,935,600	24,600,000	23,071,507
No. 255 and 257 C, D, C 1/2, Stanley Thilakaratne Mawatha, Nugegoda	3	0 A. 0 R. 13.690 P	8,326 sq. ft.	152,500,000	77,999,400	66,083,497	77,999,400	67,395,340
No. 91B and 93, Colombo Road, Piliyandala	2	0 A. 0 R. 12.00 P	4,350 sq. ft.	61,750,000	46,799,100	44,173,390	46,799,100	44,507,669
No. 91, Kandy Road, Kurunegala.	1	0 A. 0 R. 18.10 P	8,460 sq. ft.	156,875,000	114,484,181	94,797,392	114,484,181	97,990,274
No. 14, Kotugodalla Veediya, Kandy	1	0 A. 0 R. 10.00 P	12,674 sq. ft.	472,100,000	409,133,513	377,084,406	380,350,000	352,800,893
Total				1,059,525,000	716,738,432	633,960,646	687,954,919	614,652,044

30.9.3 Measurement of fair value

(i) Fair value hierarchy

The fair value of properties set out above was determined based on a report from an independent external property valuer, Mr K M U Dissanayake who valued the properties during March 2026. The valuers have appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

The fair value measurement for the above of LKR 1,059,525,000/- has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

(ii) Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of the freehold properties mentioned above, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Market Comparable Method: This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of the property being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for differences in size, nature, location, and condition of specific property in this process outlier transactions, indicative of particularly motivated buyers or sellers are too compensated for since the price may not adequately reflect the fair market value.	The reference range of value for the properties ranges from LKR 300,000 to LKR 32,000,000. Price per square foot for the properties range from LKR 1,000 to LKR 12,000.	Estimated fair value would increase/(decrease) if; Price per perch increases/(decreases) Price per square foot increases /(decreases)

31. Intangible Assets

Accounting Policy

An intangible asset is an identifiable non-monetary asset without physical substance held for use in the production or supply of goods or services, for rental to others or for administrative purposes.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is measured at their fair value as at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful lives as given in Note 12.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

An intangible asset shall be derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an intangible asset shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset. It shall be recognised in profit or loss when the asset is derecognised.

Goodwill on acquisitions

Goodwill acquired in a business combination is initially measured at cost, being the excess of the cost of the business combination over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually, or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units (CGUs) or group of CGUs, which are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit to which the goodwill is allocated represents the lowest level within the Company at which the goodwill is monitored for internal management purposes, and is not larger than an operating segment in accordance with Sri Lanka Accounting Standard (SLFRS 8) Operating Segments.

Where goodwill forms part of a CGU (or group of CGUs) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the CGU retained.

When a subsidiary is sold, the difference between the selling price and the net assets plus cumulative translation differences and goodwill is recognised in the Statement of Profit or Loss.

31.1 Intangible assets – Company

As at 31 March	2026 LKR	2025 LKR
Software		
Cost		
Balance at the beginning of the year	303,018,767	301,859,992
Additions during the year	6,902,104	1,158,775
Balance at the end of the year	309,920,871	303,018,767
Accumulated amortisation		
Balance at the beginning of the year	258,142,727	247,578,985
Amortisation for the year	9,695,470	10,563,742
Balance at the end of the year	267,838,197	258,142,727
Carrying amount	42,082,674	44,876,040

31.2 Intangible assets – Group

As at 31 March	2026			2025
	Software LKR	Website LKR	Total LKR	Total LKR
Cost				
Balance at the beginning of the year	307,044,087	197,847	307,241,934	306,083,159
Additions during the year	6,902,104	–	6,902,104	1,158,775
Balance at the end of the year	313,946,191	197,847	314,144,038	307,241,934
Accumulated amortisation				
Balance at the beginning of the year	261,764,160	197,847	261,962,007	251,307,671
Amortisation for the year	9,786,070	–	9,786,070	10,654,336
Balance at the end of the year	271,550,230	197,847	271,748,077	261,962,007
Carrying amount	42,395,961	–	42,395,961	45,279,927

31.3 Fully amortised intangible assets

As at 31 March	Company		Group	
	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Software	227,083,864	226,196,409	230,354,230	229,466,775
Website	–	–	197,847	197,847
Total	227,083,864	226,196,409	230,552,077	229,664,622

31.4 Goodwill

The Group does not recognise any goodwill as at the reporting date.

32. Right-of-use assets

Accounting Policy

At the inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in SLFRS 16.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Determination of the lease term for lease contracts with renewal and termination options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has several lease contracts that include extension and termination options. The Group applies judgement 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 an economic incentive for it to exercise either the renewal or termination option. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that are within its control that affects its ability to exercise or not to exercise the option to renew or to terminate.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made on or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site to its original state, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers the ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and the type of the asset leased.

Estimating the incremental borrowing rate

Further, as the Group cannot readily determine the interest rate implicit in the lease, it uses its Incremental Borrowing Rate (IBR) to measure the lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR, therefore, reflects what the Group "would have to pay", which requires estimation when no observable rates are available (or when they need to be adjusted to reflect the terms and conditions of the lease). The Group estimates the IBR using observable inputs when available and is required to make certain entity-specific adjustments.

Lease payments included in the measurement of the lease liability comprise the following;

- Fixed payments including in substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

Amounts receivable under finance leases are included under "Finance lease receivable". Leasing balances are stated in the Statement of Financial Position after deduction of initial rentals received, unearned lease income and the provision for impairment. Assets sold to customers under fixed-rate hire agreements, which transfer all risks and rewards as well as the legal title at the end of such contractual period are classified as "Hire purchase receivable". Such assets are accounted for in a similar manner to finance leases.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease

to which the Group applies the exemption described above, then it classifies the sublease as an operating lease. If an arrangement contains lease and non-lease components, then the Group applies SLFRS 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in SLFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of other operating income.

As at 31 March	Note	Company 2026 LKR	Company 2025 LKR	Group 2026 LKR	Group 2025 LKR
Balance at the beginning of the year		465,060,526	385,709,783	498,666,916	385,709,783
Additions during the year		314,750,086	162,125,850	314,750,086	199,404,661
Depreciation charge for the year	32.1	(154,524,716)	(131,505,476)	(162,840,478)	(139,477,905)
Advance payment made during the year	32.2	89,792,765	60,977,675	89,792,765	65,277,683
Disposal during the year		-	(12,247,306)	-	(12,247,306)
Balance at the end of the year		715,078,661	465,060,526	740,369,289	498,666,916

32.1 Amounts recognised in statement of profit or loss

For the year ended 31 March	Company 2026 LKR	Company 2025 LKR	Group 2026 LKR	Group 2025 LKR
Depreciation of right-of-use assets	154,524,716	131,505,476	162,840,478	139,477,905

32.2 Amounts recognised in statement of cash flows

For the year ended 31 March	Company 2026 LKR	Company 2025 LKR	Group 2026 LKR	Group 2025 LKR
Total cash outflow from lease	(89,792,765)	(60,977,675)	(89,792,765)	(65,277,683)

33. Deferred Tax Assets

Accounting Policy

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax base of assets and liabilities, which is the amount attributed to those assets and liabilities for tax purposes. Management judgments are required to determine the amount of deferred tax assets/liabilities that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Refer to Note 15 for more details on taxation.

There is no legally enforceable right to set off deferred tax assets against deferred tax liabilities if it does not relate to the same taxable entity or the same taxation authority.

	Company		Group	
As at 31 March	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Summary of net deferred tax assets				
Balance at the beginning of the year	409,307,436	248,863,640	410,954,942	249,298,956
Amount reversed during the year	98,706,763	173,144,753	100,091,125	173,676,435
Total amount reversed to the Statement of Profit or Loss	98,706,763	173,144,753	100,091,125	173,676,435
Amount charged during the year – Statement of Other Comprehensive Income	(1,355,456)	(12,700,957)	(1,367,326)	(12,020,449)
Total amount charged to the Statement of Other Comprehensive Income	(1,355,456)	(12,700,957)	(1,367,326)	(12,020,449)
Balance at the end of the year	506,658,743	409,307,436	509,678,741	410,954,942

33.1 Reconciliation of net deferred tax assets

	Company		Group	
As at 31 March	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Deferred tax assets				
Retirement benefit obligation	75,659,156	59,098,264	79,453,787	62,044,876
Lease liabilities	201,185,400	138,731,390	209,486,319	148,759,006
Unclaimed impairment allowance	612,734,259	477,012,135	612,734,259	477,012,135
Total deferred tax assets	889,578,815	674,841,789	901,674,365	687,816,017
Deferred tax liabilities				
Property, plant and equipment	101,132,071	49,218,373	102,620,437	50,463,180
Lease capital balance	49,850,517	76,797,822	49,850,517	76,797,822
Right-of-use assets	214,523,596	139,518,158	222,110,782	149,600,073
Net unrealised losses on financial assets measured at FVOCI	17,413,888	–	17,413,888	–
Total deferred tax liabilities	382,920,072	265,534,353	391,995,624	276,861,075
Net deferred tax assets	506,658,743	409,307,436	509,678,741	410,954,942

As at 31 March	Company					
	Statement of Financial Position		Statement of Profit or Loss		Statement of Other Comprehensive Income	
	2026 LKR	2025 LKR	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Deferred tax assets on:						
Retirement benefit obligation	75,659,156	59,098,264	502,460	3,801,849	16,058,432	8,731,613
Lease liabilities	201,185,400	138,731,390	62,454,010	19,291,137	–	–
Unclaimed impairment allowance	612,734,259	477,012,135	135,722,124	106,645,859	–	–
Net unrealised losses on financial assets measured at FVOCI	–	–	–	–	–	(21,432,570)
	889,578,815	674,841,789	198,678,594	129,738,845	16,058,432	(12,700,957)
Deferred tax liabilities on:						
Property, plant and equipment	101,132,071	49,218,373	(51,913,698)	34,512,244	–	–
Lease capital balance	49,850,517	76,797,822	26,947,305	32,698,887	–	–
Right-of-use assets	214,523,596	139,518,158	(75,005,438)	(23,805,223)	–	–
Net unrealised gains from financial assets measured at FVOCI	17,413,888	–	–	–	(17,413,888)	–
	382,920,072	265,534,353	(99,971,831)	43,405,908	(17,413,888)	–
Deferred tax effect on statement of Profit or Loss and OCI			98,706,763	173,144,753	(1,355,456)	(12,700,957)
Net deferred tax assets	506,658,743	409,307,436				

As at 31 March	Group					
	Statement of Financial Position		Statement of Profit or Loss		Statement of Other Comprehensive Income	
	2026 LKR	2025 LKR	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Deferred tax assets on:						
Retirement benefit obligation	79,453,787	62,044,876	1,362,349	4,702,296	16,046,562	9,412,121
Lease liabilities	209,486,319	148,759,006	60,727,313	29,318,753	–	–
Unclaimed impairment allowance	612,734,259	477,012,135	135,722,124	106,645,859	–	–
Net unrealised losses on financial assets measured at FVOCI	–	–	–	–	–	(21,432,570)
	901,674,365	687,816,017	197,811,786	140,666,908	16,046,562	(12,020,449)
Deferred tax liabilities on:						
Property, plant and equipment	102,620,437	50,463,180	(52,157,257)	34,197,778	–	–
Lease capital balance	49,850,517	76,797,822	26,947,305	32,698,887	–	–
Right-of-use assets	222,110,782	149,600,073	(72,510,709)	(33,887,138)	–	–
Net unrealised gains from financial assets measured at FVOCI	17,413,888	–	–	–	(17,413,888)	–
	391,995,624	276,861,075	(97,720,661)	33,009,527	(17,413,888)	–
Deferred tax effect on statement of Profit or Loss and OCI			100,091,125	173,676,435	(1,367,326)	(12,020,449)
Net deferred tax assets	509,678,741	410,954,942				

34. Other Assets

Accounting Policy

Other assets include gold stock, deposits, dividend receivables, advances, and prepayments, etc. These assets are non-interest earning and recorded at the amounts that are expected to be received.

	Company		Group	
As at 31 March	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Stock of gold specimen	259,200	259,200	259,200	259,200
Advance payments	288,408,658	137,314,274	291,774,700	140,589,648
Prepaid staff cost	139,925,193	–	139,925,193	–
Funds held at Orion Fund Management	6,082,868	–	6,082,868	–
Cash cover	1,485,396	468,496	1,485,396	468,496
Rent income receivable	5,147,071	8,582,080	5,147,071	8,582,080
Sundry deposits	24,389,092	12,609,192	24,399,092	12,619,192
Broker settlement – Margin trading	52,234,260	2,269,676	52,234,260	2,269,676
Settlement accounts balance	11,778,597	–	11,778,597	–
Other receivables	25,808,796	23,518,743	43,258,926	33,516,546
Total	555,519,131	185,021,661	576,345,303	198,304,838

35. Due to Banks

Accounting Policy

These include bank overdrafts, term loans, and other bank facilities. Due to bank balances are initially recognised at fair value net of transaction costs. Subsequently, they are stated at amortised cost; any difference between the proceeds (net of transaction costs) and the repayable amount (including interest) is recognised in the Statement of Profit or Loss over the period of the loan using the EIR method.

		Company		Group	
As at 31 March	Note	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Bank overdrafts		168,145,891	109,576,545	168,238,916	109,576,545
Asset securitised loans	35.1	26,054,117,480	12,477,095,013	26,054,117,480	12,477,095,013
Total		26,222,263,371	12,586,671,558	26,222,356,396	12,586,671,558

35.1 Asset securitised loans movement during the year

As at 31 March	Company		Group	
	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Balance as at the beginning of the year	12,451,066,000	6,328,478,889	12,451,066,000	6,328,478,889
Loans obtained during the year	34,985,000,000	11,950,000,000	34,985,000,000	11,950,000,000
Capital repayment during the year	(21,439,280,708)	(5,827,412,889)	(21,439,280,708)	(5,827,412,889)
Balance before amortised interest payable	25,996,785,292	12,451,066,000	25,996,785,292	12,451,066,000
Amortised interest payable	57,332,188	26,029,013	57,332,188	26,029,013
Balance as at the end of the year	26,054,117,480	12,477,095,013	26,054,117,480	12,477,095,013

35.2 Asset securitised loans

Lending institution	Nature of facility	Term in months	Security	Interest rate	Company/Group	
					2026 LKR	2025 LKR
Commercial Bank of Ceylon PLC	Revolving term loans	36, 48	Lease receivables	Floating/ Fixed	6,446,830,800	6,076,086,000
People's Bank	Term loans/ Short-term loans	5, 60	Lease receivables	Floating	3,350,000,000	–
DFCC Bank PLC	Term loans	48	Lease receivables	Fixed	–	250,000,000
Sampath Bank PLC	Revolving term loans	48	Lease receivables	Floating	863,356,717	760,396,667
Nation Trust Bank PLC	Term loans	48	Lease receivables	Floating	2,322,916,667	864,583,333
Hatton National Bank PLC	Term loans/ Short-term loans	6, 36, 48	Lease receivables	Floating/ Fixed	5,486,070,000	3,000,000,000
Seylan Bank PLC	Term loans	36, 48	Lease receivables	Floating/ Fixed	7,527,611,108	1,500,000,000
Total					25,996,785,292	12,451,066,000

Finance lease and hire purchase aggregate portfolio amounting to LKR 20,554,153,151 (2025 – LKR 8,819,569,449) has been pledged as security for the bank loans.

The Company has not had any defaults of principal, interest or other breaches with regard to due to banks during 2025/26 or 2024/25.

In the ordinary course of business, the Company enters into transactions that result in the transfer of financial assets to third parties, The information above sets out the extent of such transfers and retained interest in transferred assets.

The Company has transferred future rental receivable of leases and hire purchases, but has retained substantially all of the credit risk associated with the transferred assets due to the retention of substantially all the risk and rewards on these assets, the Company continues to recognise these assets within lease rental receivable and hire purchase receivable.

36. Financial Liabilities at Amortised Cost – Due to Depositors

Accounting Policy

Due to depositors comprise interest-bearing savings deposits and term deposits. Customer deposits are initially recognised at fair value net of transactions costs. Subsequent to initial recognition they are measured at amortised cost using the EIR method. Interest expense on these deposits is recognised in the Statement of Profit or Loss.

As at 31 March	Note	Company		Group	
		2026 LKR	2025 LKR	2026 LKR	2025 LKR
Saving deposits		805,546,136	657,550,044	805,546,136	657,550,044
Fixed deposits	36.1	13,282,140,100	12,691,164,423	13,237,140,100	12,627,059,751
Total		14,087,686,236	13,348,714,467	14,042,686,236	13,284,609,795

36.1 Fixed deposits

As at 31 March	Company		Group	
	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Fixed deposits	12,838,913,065	12,249,870,571	12,793,913,065	12,185,956,302
Amortised interest payable	443,227,035	441,293,852	443,227,035	441,103,449
Total	13,282,140,100	12,691,164,423	13,237,140,100	12,627,059,751

Deposit insurance scheme

As per the Direction No. 1 of 2010, Sri Lanka Deposit Insurance Scheme, which was effected from 1 October 2010 all Licensed Finance Companies (LFC) are required to pay an insurance premium. The deposit insurance scheme is calculated at the rate of 0.15% per annum payable monthly for all eligible deposits as at the end of the month. Eligible deposits include all the time deposits held by the LFC except for –

- Deposit liabilities to member institutions.
- Deposit liabilities maintained individually or jointly with any other party, by Directors, Key Management Personnel, other related parties, excluding shareholders as defined in Banking Act Direction, No. 11 of 2007 on Corporate Governance for Licensed Commercial Banks, Banking Act Direction, No. 12 of 2007 on Corporate Governance for Licensed Specialised Banks and the Finance Companies Act (Corporate Governance) Direction, No. 3 of 2008 for Licensed Finance Companies.
- Deposit liabilities maintained either individually or jointly with any other party, by former Directors or Key Management Personnel of the respective Member Institution.
- Deposits falling within the meaning of abandoned property in terms of the Banking Act, amounts of which have been transferred to the Central Bank of Sri Lanka in terms of the relevant Directions issued by the Monetary Board.
- Dormant deposits in terms of the Finance Business Act, amounts of which have been transferred to the Central Bank of Sri Lanka in terms of the relevant Directions issued by the Monetary Board.

37. Financial Liabilities at Amortised Cost – Other Borrowings

Accounting Policy

These represent borrowings from financial institutions, due to foreign institutions, securitisation, commercial papers, and other borrowings. These facilities are initially recognised at fair value net of the transaction costs. Subsequent to initial recognition borrowings are measured at amortised cost using the effective interest method. Amortised cost is computed by taking into account any discount or premium identified at initial recognition which is an integral part of the EIR. Interest paid/payable on these borrowings is recognised in Statement of Profit or Loss.

As at 31 March	Note	Company 2026 LKR	Company 2025 LKR	Group 2026 LKR	Group 2025 LKR
Asset securitised loans	37.1	–	1,151,394,682	–	1,151,394,682
Total		–	1,151,394,682	–	1,151,394,682

37.1 Asset securitised loans

As at 31 March	Company 2026 LKR	Company 2025 LKR	Group 2026 LKR	Group 2025 LKR
Assets securitisation loans capital outstanding	–	1,150,000,000	–	1,150,000,000
Amortised interest payable	–	1,394,682	–	1,394,682
Total	–	1,151,394,682	–	1,151,394,682

37.1.1 Asset securitised loans movement during the year

As at 31 March	Company 2026 LKR	Company 2025 LKR	Group 2026 LKR	Group 2025 LKR
Balance as at the beginning of the year	1,150,000,000	3,625,215,493	1,150,000,000	3,625,215,493
Capital repayment during the year	(1,150,000,000)	(2,443,832,888)	(1,150,000,000)	(2,443,832,888)
Effect of movement in foreign exchange rate	–	(31,382,605)	–	(31,382,605)
Balance before amortised interest payable	–	1,150,000,000	–	1,150,000,000
Amortised interest payable	–	1,394,682	–	1,394,682
Balance as at the end of the year	–	1,151,394,682	–	1,151,394,682

37.1.2 Asset securitised loans

Lending institution/Trustee	Nature of facility	Security	Interest rate	Company/Group 2026 LKR	Company/Group 2025 LKR
National Development Bank PLC	Syndication loan 3	N/A	Fixed	–	1,150,000,000
Total				–	1,150,000,000

The Company has not had any defaults of principal, interest or other breaches with regard to Due to Banks during 2025/26 or 2024/25.

38. Subordinated Term Loan

Accounting Policy

Subordinated term loans raised by the Company are initially recognised at fair value, net of transaction costs. Subsequently, they are stated at amortised cost; any difference between the proceeds (net of transactions cost) and the repayable amount (including interest) is recognised in the Statement of Profit or Loss over the period of the loan using the EIR method.

	Company		Group	
As at 31 March	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Subordinated term loan	1,544,229,310	1,543,197,051	1,544,229,310	1,543,197,051
Total	1,544,229,310	1,543,197,051	1,544,229,310	1,543,197,051

38.1 Subordinated term loan movement during the year

	Company		Group	
As at 31 March	2026 LKR	2025 LKR	2026 LKR	2025 LKR
As at the beginning of the year	1,500,000,000	–	1,500,000,000	–
Debt instruments raised	–	1,500,000,000	–	1,500,000,000
Balance before amortised interest payable	1,500,000,000	1,500,000,000	1,500,000,000	1,500,000,000
Amortised interest payable	44,229,310	43,197,051	44,229,310	43,197,051
As at the end of the year	1,544,229,310	1,543,197,051	1,544,229,310	1,543,197,051

				Company/Group	
Trustee	Nature of facility	Term in months	Interest	2026 LKR	2025 LKR
Hatton National Bank PLC	Subordinated term debt	60	Fixed/Floating	1,500,000,000	1,500,000,000

The Central Bank of Sri Lanka approved the inclusion of the unsecured subordinated loan amounting to LKR 1,500 Mn. in the Company's Tier 2 Capital base in accordance with the applicable regulatory capital requirements.

The Company has not had any defaults of principal or interest or other breaches with respect to any subordinated liability during the year 2025/26 or 2024/25.

39. Lease Liabilities

Accounting Policy

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate.

	Company		Group	
As at 31 March	2026 LKR	2025 LKR	2026 LKR	2025 LKR
As at the beginning of the year	462,437,965	398,134,175	490,472,567	398,134,175
Additions during the year	314,750,086	162,125,850	314,750,086	193,404,669
Interest expense recognised in Statement of Profit or Loss	87,818,244	70,881,627	92,494,659	76,252,795
Payment during the year	(194,388,298)	(161,297,921)	(203,865,221)	(169,913,306)
Early termination of lease liabilities	–	(7,405,766)	–	(7,405,766)
As at the end of the year	670,617,997	462,437,965	693,852,091	490,472,567
Amounts recognised in Statement of Profit or Loss				
Interest expense recognised in Statement of Profit or Loss	87,818,244	70,881,627	92,494,659	76,252,795
Amounts recognised in Statement of Cash Flows				
Net cash outflow from lease	(194,388,298)	(161,297,921)	(203,865,221)	(169,913,306)

40. Current Tax Payable

Accounting Policy

A provision is recognised if, as a result of the past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Refer Note 15 for more details on taxation.

The Company is subject to income taxes and other taxes including VAT on financial services, stamp duty, Social Security Contribution Levy, etc.

	Company		Group	
As at 31 March	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Income tax				
Balance at the beginning of the year	541,322,459	920,225,153	557,055,875	927,296,003
Current income tax charge	1,075,888,000	1,074,694,302	1,148,180,867	1,126,578,344
Under provision in respect of previous year	36,158,140	92,140,556	36,158,140	92,140,556
Income tax assessment	97,937,803	12,124,490	97,937,803	12,124,490
Payments made during the year	(1,363,166,314)	(1,554,291,275)	(1,418,171,032)	(1,597,808,742)
Withholding tax receivable	(4,964,306)	(3,570,767)	(5,611,267)	(3,274,776)
Balance at the end of the year	383,175,782	541,322,459	415,550,386	557,055,875
Other tax liabilities	128,693,260	135,645,242	128,780,227	135,735,834
Total	511,869,042	676,967,701	544,330,613	692,791,709

41. Other Liabilities

Accounting Policy

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Other liabilities mainly comprise accrued expenses, payable to suppliers, dividend payable, etc.

	Company		Group	
As at 31 March	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Accrued expenditure – Non-interest	37,273,809	31,751,349	39,728,986	34,111,533
Payable to suppliers	758,074,947	527,463,418	758,074,947	527,463,418
EPF and ETF payable	20,730,193	16,991,466	20,954,443	17,215,716
Insurance premium payable	66,608,797	94,308,097	66,608,797	94,308,097
Dividend payable	40,686,398	23,139,380	40,686,398	23,139,380
Value added tax payable	25,229,748	21,396,360	30,470,450	25,486,241
Deposit insurance premium	1,528,028	–	1,528,028	–
Deferred loan protection fee income	3,392,853	4,693,616	3,392,853	4,693,616
Margin trading broker payable	156,534,435	32,893,363	156,534,435	32,893,363
Settlement accounts balance	–	43,911,555	–	43,911,555
Other liabilities	99,200,803	76,002,152	111,603,786	76,782,803
Total	1,209,260,011	872,550,756	1,229,583,123	880,005,722

42. Employee Retirement Benefits

Accounting Policy

A provision is recognised if, as a result of the past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Plan asset comprises the assets held by a long-term employee benefit fund that is legally separate from the reporting entity and exists solely to pay or fund employee benefits.

Refer Note 11 for Company's policy on retirement benefit obligation.

		Company		Group	
As at 31 March	Note	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Balance at the beginning of the year		196,994,212	155,216,005	206,816,261	159,768,195
Retirement benefit expense recognised in the Statement of Profit or Loss	42.1	43,918,891	36,401,332	47,523,042	39,402,828
Retirement benefit expense recognised in the Statement of Other Comprehensive Income	42.2	53,528,108	29,105,375	53,488,540	31,373,738
Benefits paid during the year		(42,244,025)	(23,728,500)	(42,792,775)	(23,728,500)
Balance at the end of the year		252,197,186	196,994,212	265,035,068	206,816,261

42.1 Retirement benefit expense recognised in the Statement of Profit or Loss

For the year ended 31 March	Company		Group	
	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Current service cost	22,249,528	17,775,412	25,853,679	20,265,254
Interest cost	21,669,363	18,625,920	21,669,363	19,137,574
Total	43,918,891	36,401,332	47,523,042	39,402,828

42.2 Retirement benefit expense recognised in the Statement of Other Comprehensive Income

For the year ended 31 March	Company		Group	
	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Actuarial loss for the year	9,952,015	19,342,352	9,912,447	21,610,715
Actuarial loss arising due to changes in financial assumptions	43,576,093	9,763,023	43,576,093	9,763,023
Total	53,528,108	29,105,375	53,488,540	31,373,738

As required by Sri Lanka Accounting Standards – LKAS 19 on "Employee Benefits", the Company follows the Actuarial Valuation method to determine Employee Benefit Obligation, while subsidiaries follow the gratuity formula method.

Company

Mr Piyal S Goonetilleke FSA (USA), a member of the American Academy of Actuaries has carried out an independent actuarial valuation of the defined benefit obligation as at 31 March 2026. The valuation was carried out using the Projected Unit Credit Actuarial Cost Method, the method recommended by Sri Lanka Accounting Standard – LKAS 19 on "Defined Benefit Obligations".

As per the guidelines issued by The Institute of Chartered Accountants of Sri Lanka, the discount rates have been adjusted to convert the coupon bearing yield to a zero coupon yield to match the characteristics of the gratuity payment liability and the resulting yield to maturity for the purpose of valuing employee benefit obligations as per LKAS 19. Further, the salary increment rate of 7% is considered appropriate to be in line with the Company's targeted future salary increments when taking into account the current market conditions and inflation rate.

Due to the discount rate and salary increment rate assumptions used, nature of non-financial assumptions and experience of the assumptions of the Company, there is no significant impact to employment benefit liability as a result of prevailing macroeconomic conditions.

As at 31 March	2026	2025
Discount rate	10.0%	11.0%
Salary scale	7.0%	5.0%
Retirement age	60 years	60 years
Weighted average duration of the defined benefit obligation	7.9 years	5.7 years
Staff turnover:		
20–40 years	11% - 19%	11% - 19%
41–50 years	1% - 3%	1% - 3%
51 years or above	1%	1%
Mortality	GA 1983 Mortality table	
Disability	Long-term disability 1987 Soc.	

Subsidiaries

The principal assumptions used by subsidiaries as follows;

As at 31 March 2026	Salary scale	Discount rate	Staff turnover	Retirement age
Senkadagala Insurance Brokers (Pvt) Ltd	12.00%	12.00%	0.00%	60
Senfin Asset Management (Pvt) Ltd	24.12%	10.00%	17.05%	60

42.3 Sensitivity of assumptions employed

The following table demonstrates the sensitivity to a reasonably possible change in the key assumptions employed with all other variables held constant in the employment benefit liability measurement.

The sensitivity of the Statement of Profit or Loss and Statement of Financial Position is the effect of the assumed changes in discount rate and salary increment rate on the Statement of Profit or Loss and employment benefit obligation for the year.

	Increase/ (decrease) in Discount Rate	Increase/ (decrease) in Salary Increment rate	Sensitivity effect on profit or loss increase/(decrease) in profit for the year LKR '000	Sensitivity effect on employment benefit obligation increase/ (reduction) in the liability LKR '000
Senkadagala Finance PLC				
	+1%	–	16,281	(16,281)
	-1%	–	(18,753)	18,753
	–	+1%	(18,603)	18,603
	–	-1%	16,421	(16,421)
Senkadagala Insurance Brokers (Pvt) Ltd				
	+1%	–	447	(447)
	-1%	–	(670)	670
	–	+1%	(663)	663
	–	-1%	450	(450)
Senfin Asset Management (Pvt) Ltd				
	+1%	–	484	(484)
	-1%	–	(514)	514
	–	+1%	(450)	450
	–	-1%	434	(434)

42.4 The expected benefit payout in the future years for retirement gratuity

As at 31 March	Company	
	2026 LKR	2025 LKR
Within 12 months	54,128,867	56,633,506
Between 2–5 years	121,525,443	103,599,193
Between 5–10 years	227,381,225	179,063,303
Over 10 years	1,653,200,000	913,200,000
Total	2,056,235,535	1,252,496,002

The expected benefits are estimated based on the same assumptions used to measure the Company's benefit obligation at the end of the year and include benefits attributable to estimated future employee service.

43. Stated Capital

Ordinary shares of the Company are recognised at the amount paid per ordinary share net of directly attributable issue cost.

As at 31 March	2026		2025	
	Number of shares	Value LKR	Number of shares	Value LKR
Issued and fully paid shares				
At the beginning of the year	86,279,834	2,424,777,045	86,279,834	2,424,777,045
Rights issue	4,313,992	1,035,358,080	–	–
At the end of the year	90,593,826	3,460,135,125	86,279,834	2,424,777,045

43.1 Rights issue

The Company made a rights issue of one (01) new ordinary share for every twenty (20) ordinary shares held, at a price of LKR 240/- per share, with the approval of the Central Bank of Sri Lanka and the Colombo Stock Exchange during the month of February 2026.

43.2 Rights and restrictions of ordinary shares

The shares of the Senkadagala Finance PLC were transferred to the Second Board from the *Diri Savi* Board of Colombo Stock Exchange on 13 October 2023, due to fulfilment of public shareholding requirements. The holders of ordinary shares are entitled to receive dividends as declared from time to time and voting shares are entitled to one vote per share at general meetings of the Company. All shares rank equally with regard to the Company's residual assets.

44. Statutory Reserve Fund

Statutory reserve fund is maintained by the Company in order to meet the legal requirements.

	Company		Group	
As at 31 March	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Balance at the beginning of the year	676,036,033	591,036,033	676,036,033	591,036,033
Transfers during the year	100,000,000	85,000,000	100,000,000	85,000,000
Balance at the end of the year	776,036,033	676,036,033	776,036,033	676,036,033

The reserve fund is maintained in compliance with Direction No. 01 of 2003 of the Central Bank of Sri Lanka (Capital Funds) for Licensed Finance Companies.

As per the said Direction, every Licensed Finance Company shall maintain a reserve fund and transfer to such reserve fund out of the net profits of each period after due provisions have been made for taxation and bad and doubtful debts on following basis.

Capital funds to deposit liabilities	Percentage of transfer to reserve fund
Not less than 25%	5
Less than 25% and not less than 10%	20
Less than 10%	50

Accordingly, the Company has transferred an amount of LKR 100,000,000/- which is above the required 5% of its net profit after taxation to the reserve fund as the Company's capital funds to deposit liabilities, belongs to not less than 25% category.

45. Fair Value Reserve

This fair value reserve relates to fair value adjustments of equity investments measured at fair value through other comprehensive income.

	Company		Group	
As at 31 March	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Balance at the beginning of the year	(74,844,002)	(50,009,330)	(74,844,002)	(50,009,330)
Changes in fair value of investments in equity at fair value through other comprehensive income, net of tax	40,632,406	(24,834,672)	40,632,406	(24,834,672)
Balance at the end of the year	(34,211,596)	(74,844,002)	(34,211,596)	(74,844,002)

The fair value reserve comprises fair value adjustments of equity investments measured at fair value through other comprehensive income.

46. Related Party Disclosures

According to Sri Lanka Accounting Standard – LKAS 24 on "Related Party Disclosures", Key Management Personnel, are those having authority and responsibility for planning, directing, and controlling the activities of the entity.

The Company carries out transactions in ordinary course of business on an arm's length basis at commercial rates with the parties who defined as related party.

46.1 Parent and ultimate controlling party

E W Balasuriya and Company (Private) Limited is identified as the immediate and ultimate parent enterprise of the Company.

46.2 Transactions with Key Management Personnel (KMP)

Accordingly, the Board of Directors of the Company (inclusive of Executive and Non-Executive Directors) and of the parent company have been identified as "Key Management Personnel" (KMP) for Accounting and Financial Reporting purposes.

46.2.1 Compensation of Key Management Personnel

As at 31 March	2026 LKR	2025 LKR
Directors' fees and expenses	23,825,000	41,734,828
Post-employment benefit liability	2,700,000	26,956,167

46.2.2 Transactions, arrangements and agreement involving KMPs and their Close Family Members of the family (CFM)

As at 31 March	2026 LKR	2025 LKR
Statement of Financial Position		
Liabilities		
Financial liabilities at amortised cost – Due to depositors	1,042,348,186	1,113,872,713
Other liabilities	1,668,818	1,668,818
Statement of Profit or Loss		
Interest expense on due to depositors	90,412,580	147,713,388
Interest expense on subordinated debt instruments	–	6,402,322
Personnel expenses	43,495,100	49,834,828
Equity		
Dividends paid	64,359,176	41,373,756

46.3 Transactions with group entities

46.3.1 Parent company

E W Balasuriya and Company (Private) Limited

As at 31 March	2026 LKR	2025 LKR
Statement of Financial Position		
Assets		
Right-of-use assets	50,246,279	65,112,899
Other receivables	7,875,000	1,575,000
Total	58,121,279	66,687,899
Liabilities		
Lease liabilities	89,115,043	113,593,075
Total	89,115,043	113,593,075
Equity		
Dividend paid	108,060,860	80,606,507
Total	108,060,860	80,606,507
Statement of Profit or Loss		
Interest expense on subordinated debt instruments	–	48,247,902
Interest expenses on lease liabilities	16,342,558	19,966,878
Depreciations on right-of-use assets	15,403,663	18,356,501
Total	31,746,221	86,571,281

As at 31 March	2026 LKR	2025 LKR
Statement of Cash Flows		
Rent paid	(35,150,000)	(31,767,500)
Redemption of subordinated debenture	–	(753,600,000)
Payment of debenture interest	–	(45,835,507)
Reimbursement of expenses on telephone	–	7,675,000
Total	(35,150,000)	(823,528,007)

46.3.2 Transactions with subsidiaries

(a) Senkadagala Insurance Brokers (Pvt) Ltd.

As at 31 March	2026 LKR	2025 LKR
Statement of Financial Position		
Assets		
Other receivables	–	723,932
Total	–	723,932
Liabilities		
Financial liabilities at amortised cost – Due to depositors	–	19,104,672
Total	–	19,104,672
Statement of Profit or Loss		
Other operating income	1,128,205	1,062,393
Interest expense on due to depositors	(540,719)	(1,661,061)
Total	587,486	(598,668)
Statement of Cash Flows		
Rent received	1,852,137	330,000
Interest paid on deposits	(731,122)	(1,726,179)
Net movement of deposits	(18,914,269)	1,639,870
Total	(17,793,254)	243,691

(b) Senfin Asset Management (Pvt) Ltd.

As at 31 March	2026 LKR	2025 LKR
Statement of Financial Position		
Assets		
Financial assets at amortised cost – Finance leases and hire purchases	4,433,351	5,386,759
Total	4,433,351	5,386,759
Liabilities		
Financial liabilities at amortised cost - Due to depositors	45,000,000	45,000,000
Total	45,000,000	45,000,000
Statement of Profit or Loss		
Interest income on finance leases	929,104	910,364
Interest expense on due to depositors	(3,765,091)	(4,443,357)
Impairment charges and other credit losses	(41,566)	(82,258)
Total	(2,877,553)	(3,615,251)
Statement of Cash Flows		
Finance lease granted	–	(6,000,000)
Advanced and other charges collected for finance lease	123,991	4,591,395
Rental recovery on finance lease	1,828,326	1,523,605
Interest paid on deposits	(3,765,091)	(4,443,357)
Total	(1,812,774)	(4,328,357)

Net accommodation granted to Senfin Asset Management (Pvt) Ltd. as percentage of core capital	0.00%	0.06%
Net accommodation outstanding from Senfin Asset Management (Pvt) Ltd. as percentage of core capital	0.04%	0.06%

The Company has invested LKR 666,722,000 (2025 – LKR 511,722,000) in unit trust funds managed by Senfin Asset Management (Pvt) Ltd., as at reporting date. Other Group entities had investments amounting to LKR 414,952,828 (2025 – LKR 347,425,431) in unit trusts managed by Senfin Asset Management (Pvt) Ltd.

46.3.3 Transactions with associate

Senfin Securities Limited

As at 31 March	2026 LKR	2025 LKR
Statement of Financial Position		
Assets		
Financial assets at amortised cost – Finance leases and hire purchases	5,395,287	6,869,016
Financial assets at amortised cost – Other loans and receivables	–	122,841,770
Total	5,395,287	129,710,786
Statement of Profit or loss		
Interest income on finance Leases	1,111,675	1,389,930
Interest income on short-term corporate loans	3,228,593	8,501,732
Impairment charges and other credit losses	2,983,323	(3,130,958)
Total	7,323,591	6,760,704
Statement of Cash Flows		
Net changes in short-term corporate loans	126,070,363	(122,841,770)
Advanced and other charges collected for finance lease	156,712	167,153
Rental recovery on finance lease	2,437,768	2,437,768
Total	128,664,843	(120,236,849)

Net accommodation granted to Senfin Securities Limited as percentage of core capital	0.00%	4.62%
Net accommodation outstanding from Senfin Securities Limited as percentage of core capital	0.05%	1.38%

46.3.4 Transactions with subsidiaries and associate companies of the parent

As at 31 March	2026 LKR	2025 LKR
Statement of Financial Position		
Assets		
Other receivables	–	150,000
Total	–	150,000
Liabilities		
Financial liabilities at amortised cost – Due to depositors	142,259,537	143,935,164
Other liabilities	–	225,032
Total	142,259,537	144,160,196
Statement of Profit or Loss		
Other operating income	2,069,829	1,800,000
Interest expense on due to depositors	(11,915,807)	(13,537,175)
Other operating expenses	(228,000)	(1,670,736)
Total	(10,073,978)	(13,407,911)
Statement of Cash Flows		
Reimbursement of expenses	42,162	613,580
Proceeds from sale of property, plant and equipment	1,445,500	–
Total	1,487,662	613,580

46.4 Recurrent related party transactions

There are no recurrent related party transactions which in aggregate exceed more than 33% of the gross income of the Company.

46.5 Non-recurrent related party transactions

There are no non-recurrent related party transactions for the financial year 2025/26 which exceed 10% of equity or 5% of total assets of the Company.

47. Commitments and Contingencies

Accounting Policy

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events on present obligations where the transfer of economic benefit is not probable or cannot be reliably measured.

As at 31 March	Note	2026 LKR	2025 LKR
Contingencies			
Contingent liabilities	47.1.1	–	50,000,000
Commitments			
Capital commitments	47.2	20,233,730	58,397,110
Undrawn credit commitments		2,603,046,682	2,186,050,965
		2,623,280,412	2,294,448,075

Loss allowances recognised on undrawn credit commitments are presented under Note 24 – Other loans and receivables in the Statement of Financial Position.

47.1 Contingent liabilities

47.1.1 Following the approval received from shareholders at the Annual General Meeting held on 5 August 2025, the Company established the Senfin Employee Health and Welfare Trust Fund, a charitable trust registered at 2nd Floor, 267, Galle Road, Colombo 03, with an initial investment of Rupees Fifty Million (LKR 50,000,000 /-) allocated from the profits of the financial year 2024/25.

47.1.2 The Company has undertaken a Loan Protection Scheme for opting customers, whereby the Company undertakes to insure a certain amount of the receivable balances of lease contracts with a third party insurance company for a fee collected upfront. The loss in case of death or permanent disability is covered through the insurance policy, however, based on past experience the Company expects that the probable loss in the event of death and permanent disability would not result in a loss exceeding the insured amount.

Other than the matters disclosed above there were no material contingent liabilities which require adjustments to or disclosure in the Financial Statements as at the reporting date.

47.2 Capital expenditure commitments

Capital expenditure approved by the Board of Directors for which provision has not been made in the Financial Statements amounted to the following:

As at 31 March	2026 LKR	2025 LKR
Approved but not contracted for	–	–
Approved and contracted for	20,233,730	58,397,110
	20,233,730	58,397,110

48. Event after the Reporting Period

Dividend declaration

The Board of Directors has declared a final dividend of 2.80 per share for the year ended 31 March 2026, with the approval of the Central Bank of Sri Lanka, and the payment will be made upon obtaining shareholder approval at the Annual General Meeting for the financial year 2025/26. In accordance with LKAS 10 on ''Events after the Reporting Period", the proposed dividend has not been recognised as a liability in the Financial Statements as at the reporting date.

There were no material events occurring after the reporting date that require adjustment to or disclosure in the Financial Statements other than the dividend declaration disclosed above.

49. Comparative Figures

The information has been reclassified with the current year's classification in order to provide a better presentation.

	Current presentation		As reported in 31 March 2025	
	Company LKR	Group LKR	Company LKR	Group LKR
Statement of financial position				
Due to banks	12,586,671,558	12,586,671,558	12,630,583,113	12,630,583,113
Other liabilities	872,550,756	880,005,722	828,639,201	836,094,167
Statement of Profit or Loss				
Personnel expenses	(1,208,144,859)	(1,258,405,254)	(1,185,537,531)	(1,235,797,927)
Other operating expenses	(1,027,339,794)	(1,051,788,569)	(1,049,947,122)	(1,074,395,897)
Statement of Cash Flows				
Cash flows from operating activities				
Operating expenses	(1,962,024,129)	(1,986,472,904)	(1,984,631,457)	(2,009,080,232)
Cash payments to employees	(1,171,743,527)	(1,219,002,426)	(1,149,136,199)	(1,196,395,098)
Changes in operating assets and liabilities				
Other liabilities	243,350,882	216,745,093	199,439,327	172,833,538

50. Maturity Analysis

50.1 Maturity analysis – Company

An analysis of the total assets employed and the total liabilities of the Company as at 31 March 2026, based on the remaining period from the reporting date to the respective contractual (excluded interest) maturity dates are given below.

	Up to 3 months LKR	3 to 12 months LKR	1 to 3 years LKR	More than 3 years LKR	Total as at 31 March 2026 LKR
Interest earning assets					
Cash and cash equivalents	2,215,917,602	–	–	–	2,215,917,602
Deposits with licensed financial institutions	514,602,358	–	829,981,238	–	1,344,583,596
Investment in government and other securities	4,792,828,940	538,967,271	6,960,000	–	5,338,756,211
Finance leases, hire purchase, other loans and receivables	10,192,384,442	10,489,339,313	16,108,799,427	4,414,552,149	41,205,075,331
Total interest earning assets	17,715,733,342	11,028,306,584	16,945,740,665	4,414,552,149	50,104,332,740
Non-interest earning assets					
Financial assets held at FVTPL	2,632,459,335	–	–	–	2,632,459,335
Financial assets measured at FVOCI	–	–	–	215,156,298	215,156,298
Investment in subsidiaries and associates	–	–	–	256,903,602	256,903,602
Tangible and intangible assets	–	–	–	2,083,477,499	2,083,477,499
Right-of-use assets	43,717,067	125,170,205	309,222,887	236,968,502	715,078,661
Other receivables	161,950,475	89,112,025	208,024,513	603,090,861	1,062,177,874
Total non-interest earning assets	2,838,126,877	214,282,230	517,247,400	3,395,596,762	6,965,253,269
Total assets	20,553,860,219	11,242,588,814	17,462,988,065	7,810,148,911	57,069,586,009
Percentage as at 31 March 2026 (%)	36	20	30	14	100

	Up to 3 months LKR	3 to 12 months LKR	1 to 3 years LKR	More than 3 years LKR	Total as at 31 March 2026 LKR
Interest bearing liabilities					
Deposits from customers	4,744,424,339	6,396,038,751	2,648,613,580	298,609,566	14,087,686,236
Bank overdrafts	168,145,891	–	–	–	168,145,891
Due to banks	5,087,032,706	6,537,000,404	13,494,401,036	935,683,334	26,054,117,480
Subordinated term loan	–	44,229,310	–	1,500,000,000	1,544,229,310
Lease liabilities	42,993,313	122,763,818	300,187,180	204,673,686	670,617,997
Total interest bearing liabilities	10,042,596,249	13,100,032,283	16,443,201,796	2,938,966,586	42,524,796,914
Non-interest bearing liabilities	1,307,079,623	468,178,297	56,400,536	141,667,783	1,973,326,239
Total liabilities	11,349,675,872	13,568,210,580	16,499,602,332	3,080,634,369	44,498,123,153
Percentage as at 31 March 2026 (%)	20	24	29	5	78
Shareholders' funds	–	–	–	12,571,462,856	12,571,462,856
Total shareholders' funds and liabilities	11,349,675,872	13,568,210,580	16,499,602,332	15,652,097,225	57,069,586,009

An analysis of the total assets employed and the total liabilities of the Company as at 31 March 2025, based on the remaining period from the reporting date to the respective contractual (excluded interest) maturity dates are given below.

	Up to 3 months LKR	3 to 12 months LKR	1 to 3 years LKR	More than 3 years LKR	Total as at 31 March 2025 LKR
Interest earning assets					
Cash and cash equivalents	777,987,016	–	–	–	777,987,016
Deposits with licensed financial institutions	462,655,827	–	751,510,274	–	1,214,166,101
Investment in government and other securities	3,461,343,744	525,900,346	–	6,960,000	3,994,204,090
Finance leases, hire purchase, other loans and receivables	7,507,577,765	8,326,991,023	11,954,798,381	2,309,542,176	30,098,909,345
Total interest earning assets	12,209,564,352	8,852,891,369	12,706,308,655	2,316,502,176	36,085,266,552
Non-interest earning assets					
Financial assets held at FVTPL	1,462,003,225	–	–	–	1,462,003,225
Financial assets measured at FVOCI	–	–	–	157,110,004	157,110,004
Investment in subsidiaries and associates	–	–	–	227,640,900	227,640,900
Tangible and intangible assets	–	–	–	1,774,313,602	1,774,313,602
Right-of-use assets	33,755,634	90,698,309	185,776,740	154,829,843	465,060,526
Other receivables	85,993,838	89,762,322	9,265,501	409,307,436	594,329,097
Total-non interest earning assets	1,581,752,697	180,460,631	195,042,241	2,723,201,785	4,680,457,354
Total assets	13,791,317,049	9,033,352,000	12,901,350,896	5,039,703,961	40,765,723,906
Percentage as at 31 March 2025 (%)	34	22	32	12	100

	Up to 3 months LKR	3 to 12 months LKR	1 to 3 years LKR	More than 3 years LKR	Total as at 31.03.2025 LKR
Interest bearing liabilities					
Deposits from customers	4,989,690,908	4,384,025,974	2,689,588,162	1,285,409,423	13,348,714,467
Bank overdrafts	109,576,545	–	–	–	109,576,545
Due to banks	1,997,902,813	4,153,121,400	4,995,966,467	1,330,104,333	12,477,095,013
Other borrowings	1,394,682	1,150,000,000	–	–	1,151,394,682
Subordinated term loan	–	43,197,051	–	1,500,000,000	1,543,197,051
Lease liabilities	38,455,314	94,071,468	184,310,883	145,600,300	462,437,965
Total interest bearing liabilities	7,137,020,262	9,824,415,893	7,869,865,512	4,261,114,056	29,092,415,723
Non-interest bearing liabilities	1,005,622,037	572,213,173	69,066,129	99,611,330	1,746,512,669
Total liabilities	8,142,642,299	10,396,629,066	7,938,931,641	4,360,725,386	30,838,928,392
Percentage as at 31 March 2025 (%)	20	25	19	11	76
Shareholders' funds	–	–	–	9,926,795,514	9,926,795,514
Total shareholders' funds and liabilities	8,142,642,299	10,396,629,066	7,938,931,641	14,287,520,900	40,765,723,906

50.2 Maturity analysis – Group

An analysis of the total assets employed and the total liabilities of the Group as at 31 March 2026, based on the remaining period from the reporting date to the respective contractual (excluded interest) maturity dates are given below.

	Up to 3 months LKR	3 to 12 months LKR	1 to 3 years LKR	More than 3 years LKR	Total as at 31 March 2026 LKR
Interest earning assets					
Cash and cash equivalents	2,262,645,096	–	–	–	2,262,645,096
Deposits with licensed financial institutions	522,651,674	–	829,981,238	–	1,352,632,912
Investment in government and other securities	4,792,828,940	538,967,271	6,960,000	–	5,338,756,211
Finance leases, hire purchase, other loans and receivables	10,192,569,974	10,488,329,198	16,106,105,786	4,414,327,679	41,201,332,637
Total interest earning assets	17,770,695,684	11,027,296,469	16,943,047,024	4,414,327,679	50,155,366,856
Non-interest earning assets					
Financial assets held at FVTPL	3,144,272,550	–	–	–	3,144,272,550
Financial assets measured at FVOCI	–	–	–	215,156,298	215,156,298
Investment in associates	–	–	–	205,174,002	205,174,002
Tangible and intangible assets	–	–	–	2,091,774,226	2,091,774,226
Right-of-use assets	50,039,724	144,138,176	309,222,887	236,968,502	740,369,289
Other receivables	182,776,647	89,112,025	208,024,513	606,110,859	1,086,024,044
Total non interest earning assets	3,377,088,921	233,250,201	517,247,400	3,355,183,887	7,482,770,409
Total assets	21,147,784,605	11,260,546,670	17,460,294,424	7,769,511,566	57,638,137,265
Percentage as at 31 March 2026 (%)	37	20	30	13	100

	Up to 3 months LKR	3 to 12 months LKR	1 to 3 years LKR	More than 3 years LKR	Total as at 31.03.2026 LKR
Interest bearing liabilities					
Deposits from customers	4,699,424,339	6,396,038,751	2,648,613,580	298,609,566	14,042,686,236
Bank overdrafts	168,238,916	–	–	–	168,238,916
Due to banks	5,087,032,706	6,537,000,404	13,494,401,036	935,683,334	26,054,117,480
Subordinated term loan	–	44,229,310	–	1,500,000,000	1,544,229,310
Lease liabilities	44,352,258	127,176,562	317,649,585	204,673,686	693,852,091
Total interest bearing liabilities	9,999,048,219	13,104,445,027	16,460,664,201	2,938,966,586	42,503,124,033
Non-interest bearing liabilities	1,328,131,596	502,478,584	61,535,690	146,802,934	2,038,948,804
Total liabilities	11,327,179,815	13,606,923,611	16,522,199,891	3,085,769,520	44,542,072,837
Percentage as at 31 March 2026 (%)	20	23	29	5	77
Shareholders' funds	–	–	–	13,096,064,428	13,096,064,428
Total shareholders' funds and liabilities	11,327,179,815	13,606,923,611	16,522,199,891	16,181,833,948	57,638,137,265

An analysis of the total assets employed and the total liabilities of the Group as at 31 March 2025, based on the remaining period from the reporting date to the respective contractual (excluded interest) maturity dates are given below.

	Up to 3 months LKR	3 to 12 months LKR	1 to 3 years LKR	More than 3 years LKR	Total as at 31 March 2025 LKR
Interest earning assets					
Cash and cash equivalents	803,981,136	–	–	–	803,981,136
Deposits with licensed financial institutions	470,715,005	–	751,510,274	–	1,222,225,279
Investment in government and other securities	3,461,343,744	525,900,346	–	6,960,000	3,994,204,090
Finance leases, hire purchase, other loans and receivables	7,507,614,788	8,326,045,818	11,952,277,833	2,308,071,855	30,094,010,294
Total interest earning assets	12,243,654,673	8,851,946,164	12,703,788,107	2,315,031,855	36,114,420,799
Non-interest earning assets					
Financial assets held at FVTPL	1,747,122,200	–	–	–	1,747,122,200
Financial assets measured at FVOCI	–	–	–	157,110,004	157,110,004
Investment in associates	–	–	–	175,911,300	175,911,300
Tangible and intangible assets	–	–	–	1,781,582,743	1,781,582,743
Right-of-use assets	42,157,232	115,903,101	185,776,740	154,829,843	498,666,916
Other receivables	100,359,309	89,762,322	9,265,501	409,872,648	609,259,780
Total non-interest earning assets	1,889,638,741	205,665,423	195,042,241	2,679,306,538	4,969,652,943
Total assets	14,133,293,414	9,057,611,587	12,898,830,348	4,994,338,393	41,084,073,742
Percentage as at 31 March 2025 (%)	34	22	32	12	100

	Up to 3 months LKR	3 to 12 months LKR	1 to 3 years LKR	More than 3 years LKR	Total as at 31 March 2025 LKR
Interest bearing liabilities					
Deposits from customers	4,941,169,846	4,368,442,364	2,689,588,162	1,285,409,423	13,284,609,795
Bank overdrafts	109,576,545	–	–	–	109,576,545
Due to banks	1,997,902,813	4,153,121,400	4,995,966,467	1,330,104,333	12,477,095,013
Other borrowings	1,394,682	1,150,000,000	–	–	1,151,394,682
Subordinated term loan	–	43,197,051	–	1,500,000,000	1,543,197,051
Lease liabilities	39,579,684	97,762,232	207,530,351	145,600,300	490,472,567
Total interest bearing liabilities	7,089,623,570	9,812,523,047	7,893,084,980	4,261,114,056	29,056,345,653
Non-interest bearing liabilities	1,028,901,011	572,213,173	78,888,178	99,611,330	1,779,613,692
Total liabilities	8,118,524,581	10,384,736,220	7,971,973,158	4,360,725,386	30,835,959,345
Percentage as at 31 March 2025 (%)	20	25	19	11	75
Shareholders' funds	–	–	–	10,248,114,397	10,248,114,397
Total shareholders' funds and liabilities	8,118,524,581	10,384,736,220	7,971,973,158	14,608,839,783	41,084,073,742

51. Segment Report

The Company has seven reportable segments, as described below, which are the Company's strategic business lines. The strategic business lines offer different products and services, and are managed and monitored separately based on the Company's management and internal reporting structure. For each of the strategic business line, the Company management reviews internal management reports on at least a quarterly basis.

	Finance leasing and hire purchase		Margin trading		Gold backed loans		Other loans and receivables	
As at 31 March	2026 LKR	2025 LKR	2026 LKR	2025 LKR	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Revenue								
External customers								
Interest	8,435,026,333	7,740,930,651	332,873,802	128,116,352	121,757,119	109,431,104	223,084,118	210,995,344
Trading	–	–	–	–	–	–	–	–
Fee and commissions	88,144,294	79,743,357	–	–	–	–	–	–
Rent	–	–	–	–	–	–	–	–
Dividends	–	–	–	–	–	–	–	–
Other income	74,465,754	62,812,872	–	–	–	–	15,081,893	20,325,923
Total revenue	8,597,636,381	7,883,486,880	332,873,802	128,116,352	121,757,119	109,431,104	238,166,011	231,321,267
Profit before tax								
Taxation								
Profit after tax								
Segment Assets	34,627,734,808	26,499,962,501	3,819,170,764	1,959,728,486	910,952,385	547,528,848	1,842,907,847	1,086,385,009
Segment Liabilities	35,785,735,429	26,228,841,894	1,385,512,632	426,250,921	506,786,732	364,083,960	991,312,668	769,619,970
Information on Cash flows								
Operating activities	(2,175,763,084)	(111,992,286)	(1,184,281,062)	(128,566,529)	(282,475,889)	(74,107,365)	154,043,307	(298,438,468)
Investing activities	–	–	–	–	–	–	–	–
Capital expenditure	(369,687,118)	(235,100,042)	(40,773,624)	(17,835,692)	(9,725,365)	(4,857,518)	(19,674,960)	(9,188,549)
Financing activities	–	–	–	–	–	–	–	–
Net cash flow	(2,545,450,202)	(347,092,328)	(1,225,054,686)	(146,402,221)	(292,201,254)	(78,964,883)	134,368,347	(307,627,017)
Depreciation and amortisation	(257,937,167)	(257,704,400)	(28,448,470)	(19,057,788)	(6,785,557)	(5,324,558)	(13,727,564)	(10,564,777)
Impairment charges and other credit losses	(534,865,868)	(455,468,109)	–	–	(3,016,935)	430,835	82,429,447	(21,926,532)

The following summary describes the operations in each of the Group's reportable segments.

- Finance leasing and hire purchase
- Margin trading
- Gold backed loans
- Other loans and receivables
- Investments
- Insurance brokering
- Unit trust management
- Unallocated

Information regarding the results of each reportable segment is included below. Performance is measured based on segment revenue, as included in the internal management reports that are reviewed by the Company's management. Segment revenue is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Investments		Insurance brokering		Unit trust management		Unallocated		Total	
2026 LKR	2025 LKR	2026 LKR	2025 LKR	2026 LKR	2025 LKR	2026 LKR	2025 LKR	2026 LKR	2025 LKR
316,108,144	268,292,526	1,107,280	2,116,937	856,181	1,151,395	–	–	9,430,812,977	8,461,034,309
80,473,429	369,868,304	–	–	–	–	–	–	80,473,429	369,868,304
–	–	172,052,411	135,965,421	157,084,250	107,765,363	5,282,656	–	422,563,611	323,474,141
27,193,532	32,450,334	–	–	–	–	–	–	27,193,532	32,450,334
15,985,981	13,446,978	–	–	–	–	–	–	15,985,981	13,446,978
926,550,161	203,812,149	–	–	–	–	17,976,542	9,626,616	1,034,074,350	296,577,560
1,366,311,247	887,870,291	173,159,691	138,082,358	157,940,431	108,916,758	23,259,198	9,626,616	11,011,103,880	9,496,851,626
								3,232,985,372	2,829,212,525
								(1,182,185,685)	(1,057,166,955)
								2,050,799,687	1,772,045,570
11,819,606,941	8,777,708,322	313,439,201	140,581,465	311,149,214	234,800,431	3,993,176,105	1,837,378,680	57,638,137,265	41,084,073,742
5,686,964,490	2,953,998,635	22,064,686	9,167,146	67,023,702	52,121,910	96,672,498	31,874,909	44,542,072,837	30,835,959,345
(4,765,909,613)	(3,524,419,368)	(34,150,688)	(63,018,940)	77,629,244	51,780,212	(2,379,817,594)	(1,894,337,246)	(10,590,725,379)	(6,043,099,990)
(390,433,465)	3,476,582,538	–	–	–	–	–	–	(390,433,465)	3,476,582,538
(126,186,609)	(77,873,302)	(1,753,971)	(103,017)	(811,530)	(5,919,577)	(42,631,311)	(16,300,703)	(611,244,488)	(367,178,400)
–	–	–	–	–	–	13,003,175,634	3,033,546,590	13,003,175,634	3,033,546,590
(5,282,529,687)	(125,710,132)	(35,904,659)	(63,121,957)	76,817,714	45,860,635	10,580,726,729	1,122,908,641	1,410,772,302	99,850,738
(4,228,749)	(4,228,749)	(174,838)	(77,933)	(9,678,841)	(9,472,814)	(29,744,612)	(17,867,971)	(350,725,798)	(324,298,990)
634,818	18,869	–	–	–	–	(10,770,713)	188,551	(465,589,251)	(476,756,386)

52. Risk Management

52.1 Introduction

The Company's risk management strategy is based on a clear understanding of various risks, disciplined risk assessment and measurement procedures, and continuous monitoring. Risk is an integral component of the business model of any finance company. The purpose of risk management is to ensure that the institution properly identifies, measures, and manages risks, while maintaining adequate records of all efforts to ensure that the extent of risks assumed is compensated with an adequate return.

With this in mind, the Company has established and operates mechanisms to ensure the effectiveness of the ongoing assessment of relevant risk types on an individual basis and on the overall risk position of the organisation.

At Senkadagala Finance PLC, the Board of Directors approves the Integrated Risk Management Policy, which sets out the objectives, principles, processes, and responsibilities for risk management within the Company. The policy provides guidelines for defining, quantifying, monitoring, and reporting financial risks. The Integrated Risk Management Committee, which is a subcommittee of the Board, is responsible for reviewing the effectiveness of risk control policies, procedures, and regulations.

More specifically, the Committee is responsible for ensuring:

- The integrity and adequacy of the risk management function of the Company
- The adequacy of the Company's capital
- That the risk exposures and risk profiles of the Company remain within acceptable parameters and for making recommendations to the Board of Directors on any action required in the event of deviations
- Compliance of the Company's operations with relevant laws, regulations, and standards

The Company is primarily exposed to credit risk, market risk, liquidity risk, operational risk, regulatory risk, and reputational risk.

52.2 Credit risk

Credit risk is the probable loss that may arise if the borrower is unable to meet financial obligations to the lender. In order to manage credit risk, the Company has established robust policies for credit appraisal, and staff are regularly trained to evaluate the creditworthiness of prospective clients. Senkadagala Finance PLC manages high-risk sectors through sector restrictions that require prior high-level clearance before taking on new exposures, even for small amounts. Once credit facilities are granted, they are continually monitored to identify changes in risk profiles. Furthermore, the sourcing and approval of clients are segregated to ensure independence. Recovery and NPA management are also given greater emphasis and are aggressively monitored.

The Company has undertaken, for a fee received in advance from willing customers, that in the event of the death of a lessee, the Company will not pursue litigation on the outstanding dues from the next of kin or legal heir of the deceased and will release them from all legal encumbrances. The Company has mitigated this risk by obtaining an insurance policy to cover its exposure as described above.

52.2.1 Credit quality by class of financial assets

A. Company

Table below shows the classification of assets based on the three stage model.

As at 31 March 2026	Company			
	12-month ECL LKR	Lifetime ECL – Not credit impaired LKR	Lifetime ECL – Credit impaired LKR	Total LKR
Cash and cash equivalents	2,215,917,602	–	–	2,215,917,602
Deposits with licensed financial institutions	1,344,583,596	–	–	1,344,583,596
Reverse repurchase agreements	4,007,106,057	–	–	4,007,106,057
Financial assets held at fair value through profit or loss	2,632,459,335	–	–	2,632,459,335
Financial assets at amortised cost – Finance leases and hire purchases	28,900,145,522	4,654,565,239	1,077,333,574	34,632,044,335
Financial assets at amortised cost – Other loans and receivables	6,345,342,020	127,856,724	99,832,252	6,573,030,996
Financial assets measured at fair value through comprehensive income	215,156,298	–	–	215,156,298
Financial assets at amortised cost – Other financial instruments	1,331,650,154	–	–	1,331,650,154
Other financial assets	124,550,080	–	–	124,550,080
Total financial assets	47,116,910,664	4,782,421,963	1,177,165,826	53,076,498,453

As at 31 March 2025	Company			
	12-month ECL LKR	Lifetime ECL – Not credit impaired LKR	Lifetime ECL – Credit impaired LKR	Total LKR
Cash and cash equivalents	777,987,016	–	–	777,987,016
Deposits with licensed financial institutions	1,214,166,101	–	–	1,214,166,101
Reverse repurchase agreements	2,803,208,069	–	–	2,803,208,069
Financial assets held at fair value through profit or loss	1,462,003,225	–	–	1,462,003,225
Financial assets at amortised cost – Finance leases and hire purchases	20,997,910,203	4,620,230,202	887,126,597	26,505,267,002
Financial assets at amortised cost – Other loans and receivables	3,386,508,164	82,109,150	125,025,029	3,593,642,343
Financial assets measured at fair value through comprehensive income	157,110,004	–	–	157,110,004
Financial assets at amortised cost – Other financial instruments	1,190,996,021	–	–	1,190,996,021
Other financial assets	21,031,966	–	–	21,031,966
Total financial assets	32,010,920,769	4,702,339,352	1,012,151,626	37,725,411,747

B. Group

Table below shows the classification of assets based on the three stage model.

As at 31 March 2026	Group			
	12-month ECL LKR	Lifetime ECL – Not credit impaired LKR	Lifetime ECL – Credit impaired LKR	Total LKR
Cash and cash equivalents	2,262,645,096	–	–	2,262,645,096
Deposits with licensed financial institutions	1,352,632,912	–	–	1,352,632,912
Reverse repurchase agreements	4,007,106,057	–	–	4,007,106,057
Financial assets held at fair value through profit or loss	3,144,272,550	–	–	3,144,272,550
Financial assets at amortised cost - Finance leases and hire purchases	28,895,835,995	4,654,565,239	1,077,333,574	34,627,734,808
Financial assets at amortised cost - Other loans and receivables	6,345,908,853	127,856,724	99,832,252	6,573,597,829
Financial assets measured at fair value through comprehensive income	215,156,298	–	–	215,156,298
Financial assets at amortised cost - Other financial instruments	1,331,650,154	–	–	1,331,650,154
Other financial assets	142,000,210	–	–	142,000,210
Total financial assets	47,697,208,125	4,782,421,963	1,177,165,826	53,656,795,914

As at 31 March 2025	Group			
	12-month ECL LKR	Lifetime ECL – Not credit impaired LKR	Lifetime ECL – Credit impaired LKR	Total LKR
Cash and cash equivalents	803,981,136	–	–	803,981,136
Deposits with licensed financial institutions	1,222,225,279	–	–	1,222,225,279
Reverse repurchase agreements	2,803,208,069	–	–	2,803,208,069
Financial assets held at fair value through profit or loss	1,747,122,200	–	–	1,747,122,200
Financial assets at amortised cost – Finance leases and hire purchases	20,992,605,702	4,620,230,202	887,126,597	26,499,962,501
Financial assets at amortised cost – Other loans and receivables	3,386,913,614	82,109,150	125,025,029	3,594,047,793
Financial assets measured at fair value through comprehensive income	157,110,004	–	–	157,110,004
Financial assets at amortised cost – Other financial instruments	1,190,996,021	–	–	1,190,996,021
Other financial assets	21,031,966	–	–	21,031,966
Total financial assets	32,325,193,991	4,702,339,352	1,012,151,626	38,039,684,969

52.2.2 Credit exposure movement (stage transitions)

A. Company

The following tables show reconciliations from the opening to closing balance of the gross carrying amounts of finance leases, hire purchases, loans and other receivables.

For the year ended 31 March 2026	Company			
	12-month ECL LKR	Lifetime ECL – Not credit impaired LKR	Lifetime ECL – Credit impaired LKR	Total LKR
Balance at the beginning of the year	25,015,633,267	5,554,798,713	2,384,908,430	32,955,340,410
Transfer to Stage 1	879,768,924	(865,112,245)	(14,656,679)	–
Transfer to Stage 2	(2,819,228,519)	2,843,766,551	(24,538,032)	–
Transfer to Stage 3	(366,975,356)	(747,722,780)	1,114,698,136	–
New disbursement	34,703,286,520	–	–	34,703,286,520
New disbursement transfer to Stage 2	(2,535,756,815)	2,535,756,815	–	–
New disbursement transfer to Stage 3	(119,481,945)	–	119,481,945	–
Write-offs/write down	–	–	(107,316,151)	(107,316,151)
Derecognised or repaid	(18,261,790,641)	(3,838,107,175)	(1,060,651,481)	(23,160,549,297)
Balance at the end of the year	36,495,455,435	5,483,379,879	2,411,926,168	44,390,761,482

For the year ended 31 March 2025	Company			
	12-month ECL LKR	Lifetime ECL – Not credit impaired LKR	Lifetime ECL – Credit impaired LKR	Total LKR
Balance at the beginning of the year	17,565,109,434	6,174,217,117	3,548,226,096	27,287,552,647
Transfer to Stage 1	995,933,073	(957,726,688)	(38,206,385)	–
Transfer to Stage 2	(2,338,461,916)	2,434,719,732	(96,257,816)	–
Transfer to Stage 3	(159,953,541)	(351,186,401)	511,139,942	–
New disbursement	25,246,435,647	–	–	25,246,435,647
New disbursement transfer to Stage 2	(2,192,754,697)	2,192,754,697	–	–
New disbursement transfer to Stage 3	(74,723,356)	–	74,723,356	–
Write-offs/write down	–	–	(270,433,248)	(270,433,248)
Derecognised or repaid	(14,025,951,377)	(3,937,979,744)	(1,344,283,515)	(19,308,214,636)
Balance at the end of the year	25,015,633,267	5,554,798,713	2,384,908,430	32,955,340,410

B. Group

The following tables show reconciliations from the opening to closing balance of the gross carrying amounts of finance leases, hire purchases, loans and other receivables.

For the year ended 31 March 2026	Group			
	12 month ECL LKR	Lifetime ECL – Not credit impaired LKR	Lifetime ECL – Credit impaired LKR	Total LKR
Balance at the beginning of the year	25,010,651,958	5,554,798,713	2,384,908,430	32,950,359,101
Transfer to Stage 1	879,768,924	(865,112,245)	(14,656,679)	–
Transfer to Stage 2	(2,819,228,519)	2,843,766,551	(24,538,032)	–
Transfer to Stage 3	(366,975,356)	(747,722,780)	1,114,698,136	–
New disbursement	34,703,286,520	–	–	34,703,286,520
New disbursement transfer to Stage 2	(2,535,756,815)	2,535,756,815	–	–
New disbursement transfer to Stage 3	(119,481,945)	–	119,481,945	–
Write-offs/write down	–	–	(107,316,151)	(107,316,151)
Derecognised or repaid	(18,260,675,850)	(3,838,107,175)	(1,060,651,481)	(23,159,434,506)
Balance at the end of the year	36,491,588,917	5,483,379,879	2,411,926,168	44,386,894,964

For the year ended 31 March 2025	Group			
	12 month ECL LKR	Lifetime ECL – Not credit impaired LKR	Lifetime ECL – Credit impaired LKR	Total LKR
Balance at the beginning of the year	17,565,390,434	6,174,217,117	3,548,226,096	27,287,833,647
Transfer to Stage 1	995,933,073	(957,726,688)	(38,206,385)	–
Transfer to Stage 2	(2,338,461,916)	2,434,719,732	(96,257,816)	–
Transfer to Stage 3	(159,953,541)	(351,186,401)	511,139,942	–
New disbursement	25,240,435,647	–	–	25,240,435,647
New disbursement transfer to Stage 2	(2,192,754,697)	2,192,754,697	–	–
New disbursement transfer to Stage 3	(74,723,356)	–	74,723,356	–
Write-offs/write down	–	–	(270,433,248)	(270,433,248)
Derecognised or repaid	(14,025,213,686)	(3,937,979,744)	(1,344,283,515)	(19,307,476,945)
Balance at the end of the year	25,010,651,958	5,554,798,713	2,384,908,430	32,950,359,101

52.2.3 Loss allowance (Stage transition)

A. Company

The following tables show reconciliations from the opening to the closing balance of the loss allowance for impairment of finance leases, hire purchases, other loans, and receivables.

For the year ended 31 March 2026	Company			
	12-month ECL LKR	Lifetime ECL – Not credit impaired LKR	Lifetime ECL – Credit impaired LKR	Total LKR
Balance at the beginning of the year	631,214,900	852,459,361	1,372,756,804	2,856,431,065
Changes due to finance leases, hire purchases, other loans and receivables recognised in the opening balance that have:				
Transfer to Stage 1	134,709,234	(131,271,133)	(3,438,101)	–
Transfer to Stage 2	(105,181,014)	108,865,641	(3,684,627)	–
Transfer to Stage 3	(13,828,272)	(126,761,772)	140,590,044	–
Interest accrued on impaired finance leases, hire purchases, other loans and receivables	–	–	(1,100,968)	(1,100,968)
Write-offs/write down	–	–	(107,316,151)	(107,316,151)
Net remeasurement of loss allowance	603,053,045	(2,334,181)	(163,046,659)	437,672,205
Balance at the end of the year	1,249,967,893	700,957,916	1,234,760,342	3,185,686,151

For the year ended 31 March 2025	Company			
	12-month ECL LKR	Lifetime ECL – Not credit impaired LKR	Lifetime ECL – Credit impaired LKR	Total LKR
Balance at the beginning of the year	365,047,103	703,221,690	1,743,102,492	2,811,371,285
Changes due to finance leases, hire purchases, other loans and receivables recognised in the opening balance that have:				
Transfer to Stage 1	117,662,630	(109,552,873)	(8,109,757)	–
Transfer to Stage 2	(72,051,272)	92,718,772	(20,667,500)	–
Transfer to Stage 3	(4,543,226)	(41,802,967)	46,346,193	–
Interest accrued on impaired finance leases, hire purchases, other loans and receivables	–	–	(63,929,706)	(63,929,706)
Write-offs/write down	–	–	(268,705,826)	(268,705,826)
Net remeasurement of loss allowance	225,099,665	207,874,739	(55,279,092)	377,695,312
Balance at the end of the year	631,214,900	852,459,361	1,372,756,804	2,856,431,065

B. Group

The following tables show reconciliations from the opening to the closing balance of the loss allowance for impairment of finance leases, hire purchases, other loans, and receivables.

For the year ended 31 March 2026	Group			
	12-month ECL LKR	Lifetime ECL – Not credit impaired LKR	Lifetime ECL – Credit impaired LKR	Total LKR
Balance at the beginning of the year	631,132,642	852,459,361	1,372,756,804	2,856,348,807
Changes due to finance leases, hire purchases, other loans and receivables recognised in the opening balance that have:				
Transfer to Stage 1	134,709,234	(131,271,133)	(3,438,101)	–
Transfer to Stage 2	(105,181,014)	108,865,641	(3,684,627)	–
Transfer to Stage 3	(13,828,272)	(126,761,772)	140,590,044	–
Interest accrued on impaired finance leases, hire purchases, other loans and receivables	–	–	(1,100,968)	(1,100,968)
Write-offs/write down	–	–	(107,316,151)	(107,316,151)
Net remeasurement of loss allowance	603,011,479	(2,334,181)	(163,046,659)	437,630,639
Balance at the end of the year	1,249,844,069	700,957,916	1,234,760,342	3,185,562,327

For the year ended 31 March 2025	Group			
	12–month ECL LKR	Lifetime ECL – Not credit impaired LKR	Lifetime ECL – Credit impaired LKR	Total LKR
Balance at the beginning of the year	365,047,103	703,221,690	1,743,102,492	2,811,371,285
Changes due to finance leases, hire purchases, other loans and receivables recognised in the opening balance that have:				
Transfer to Stage 1	117,662,630	(109,552,873)	(8,109,757)	–
Transfer to Stage 2	(72,051,272)	92,718,772	(20,667,500)	–
Transfer to Stage 3	(4,543,226)	(41,802,967)	46,346,193	–
Interest accrued on impaired finance leases, hire purchases, other loans and receivables	–	–	(63,929,706)	(63,929,706)
Write-offs/write down	–	–	(268,705,826)	(268,705,826)
Net remeasurement of loss allowance	225,017,407	207,874,739	(55,279,092)	377,613,054
Balance at the end of the year	631,132,642	852,459,361	1,372,756,804	2,856,348,807

52.2.4 Maximum exposure to credit risk – Based on days past due

A. Company

Table below shows the maximum exposure to credit risk based on the days past due of each financial instruments,

As at 31 March 2026	Cash and cash equivalents LKR	Deposits with licensed financial institutions LKR	Finance leases and hire purchases LKR
Financial assets measured at amortised cost			
0 days	2,226,799,818	1,344,899,768	24,291,822,483
0 - 30 days	–	–	5,809,895,115
31-60 days	–	–	3,475,480,116
61-90 days	–	–	1,867,295,911
Above 90 days	–	–	1,976,657,290
Gross outstanding	2,226,799,818	1,344,899,768	37,421,150,915
Allowance for impairment	(10,882,216)	(316,172)	(2,789,106,580)
Net outstanding	2,215,917,602	1,344,583,596	34,632,044,335
Financial assets measured at FVTPL and FVOCI			
0 days	–	–	–
Gross outstanding	–	–	–
Allowance for impairment	–	–	–
Net outstanding	–	–	–
Maximum exposure	2,215,917,602	1,344,583,596	34,632,044,335

As at 31 March 2025	Cash and cash equivalents LKR	Deposits with licensed financial institutions LKR	Finance leases and hire purchases LKR
Financial assets measured at amortised cost			
0 days	778,098,519	1,215,117,091	16,967,983,027
0 - 30 days	–	–	4,621,805,206
31-60 days	–	–	3,106,459,251
61-90 days	–	–	2,346,445,350
Above 90 days	–	–	1,812,764,165
Gross outstanding	778,098,519	1,215,117,091	28,855,456,999
Allowance for impairment	(111,503)	(950,990)	(2,350,189,997)
Net outstanding	777,987,016	1,214,166,101	26,505,267,002
Financial assets measured at FVTPL and FVOCI			
0 days	–	–	–
Gross outstanding	–	–	–
Allowance for impairment	–	–	–
Net outstanding	–	–	–
Maximum exposure	777,987,016	1,214,166,101	26,505,267,002

	Other loans and receivables LKR	Investment in other securities and other assets LKR	Financial assets measured at FVTPL LKR	Financial assets measured at FVOCI LKR
	6,244,821,739	5,463,306,291	–	–
	148,916,098	–	–	–
	90,307,722	–	–	–
	50,296,130	–	–	–
	435,268,878	–	–	–
	6,969,610,567	5,463,306,291	–	–
	(396,579,571)	–	–	–
	6,573,030,996	5,463,306,291	–	–
	–	–	2,632,459,335	215,156,298
	–	–	2,632,459,335	215,156,298
	–	–	–	–
	–	–	2,632,459,335	215,156,298
	6,573,030,996	5,463,306,291	2,632,459,335	215,156,298

	Other loans and receivables LKR	Investment in other securities and other assets LKR	Financial assets measured at FVTPL LKR	Financial assets measured at FVOCI LKR
	3,342,756,645	4,015,236,056	–	–
	83,088,389	–	–	–
	54,791,056	–	–	–
	47,103,056	–	–	–
	572,144,265	–	–	–
	4,099,883,411	4,015,236,056	–	–
	(506,241,068)	–	–	–
	3,593,642,343	4,015,236,056	–	–
	–	–	1,462,003,225	157,110,004
	–	–	1,462,003,225	157,110,004
	–	–	–	–
	–	–	1,462,003,225	157,110,004
	3,593,642,343	4,015,236,056	1,462,003,225	157,110,004

B. Group

Table below shows the maximum exposure to credit risk based on the days past due of each financial instruments,

As at 31 March 2026	Cash and cash equivalents LKR	Deposits with licensed financial institutions LKR	Finance leases and hire purchases LKR
Financial assets measured at amortised cost			
0 days	2,273,527,312	1,352,949,084	24,287,389,132
0 - 30 days	–	–	5,809,895,115
31-60 days	–	–	3,475,480,116
61-90 days	–	–	1,867,295,911
Above 90 days	–	–	1,976,657,290
Gross outstanding	2,273,527,312	1,352,949,084	37,416,717,564
Allowance for impairment	(10,882,216)	(316,172)	(2,788,982,756)
Net outstanding	2,262,645,096	1,352,632,912	34,627,734,808
Financial assets measured at FVTPL and FVOCI			
0 days	–	–	–
Gross outstanding	–	–	–
Allowance for impairment			
Net outstanding	–	–	–
Maximum exposure	2,262,645,096	1,352,632,912	34,627,734,808

As at 31 March 2025	Cash and cash equivalents LKR	Deposits with licensed financial institutions LKR	Finance leases and hire purchases LKR
Financial assets measured at amortised cost			
0 days	804,092,639	1,223,176,269	16,962,596,268
0 - 30 days	–	–	4,621,805,206
31-60 days	–	–	3,106,459,251
61-90 days	–	–	2,346,445,350
Above 90 days	–	–	1,812,764,165
Gross outstanding	804,092,639	1,223,176,269	28,850,070,240
Allowance for impairment	(111,503)	(950,990)	(2,350,107,739)
Net outstanding	803,981,136	1,222,225,279	26,499,962,501
Financial assets measured at FVTPL and FVOCI			
0 days	–	–	–
Gross outstanding	–	–	–
Allowance for impairment	–	–	–
Net outstanding	–	–	–
Maximum exposure	803,981,136	1,222,225,279	26,499,962,501

Other loans and receivables LKR	Investment in other securities and other assets LKR	Financial assets measured at FVTPL LKR	Financial assets measured at FVOCI LKR
6,245,388,572	5,480,756,421	–	–
148,916,098	–	–	–
90,307,722	–	–	–
50,296,130	–	–	–
435,268,878	–	–	–
6,970,177,400	5,480,756,421	–	–
(396,579,571)	–	–	–
6,573,597,829	5,480,756,421	–	–
–	–	3,144,272,550	215,156,298
–	–	3,144,272,550	215,156,298
–	–	3,144,272,550	215,156,298
6,573,597,829	5,480,756,421	3,144,272,550	215,156,298

Other loans and receivables LKR	Investment in other securities and other assets LKR	Financial assets measured at FVTPL LKR	Financial assets measured at FVOCI LKR
3,343,162,095	4,015,236,056	–	–
83,088,389	–	–	–
54,791,056	–	–	–
47,103,056	–	–	–
572,144,265	–	–	–
4,100,288,861	4,015,236,056	–	–
(506,241,068)	–	–	–
3,594,047,793	4,015,236,056	–	–
–	–	1,747,122,200	157,110,004
–	–	1,747,122,200	157,110,004
–	–	–	–
–	–	1,747,122,200	157,110,004
3,594,047,793	4,015,236,056	1,747,122,200	157,110,004

52.2.5 Credit-impaired financial assets

Reconciliation of changes in the net carrying amount of lifetime ECL credit impaired (Stage 3) finance leases, hire purchases, other loans and receivables as detailed below:

As at 31 March	Company		Group	
	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Balance at the beginning of the year	2,384,908,430	3,548,226,096	2,384,908,430	3,548,226,096
Newly classified as impaired finance leases, hire purchases, other loans and receivables during the year	1,234,180,081	585,863,298	1,234,180,081	585,863,298
Net change in already impaired finance leases, hire purchases, other loans and receivables during the year	(39,194,711)	(134,464,201)	(39,194,711)	(134,464,201)
Net payment, write-off and recoveries and other movements during the year	(1,167,967,632)	(1,614,716,763)	(1,167,967,632)	(1,614,716,763)
Balance at the end of the year	2,411,926,168	2,384,908,430	2,411,926,168	2,384,908,430

52.2.6 Modified financial assets

Finance leases, hire purchases and other loans and receivables with renegotiated terms and the Company's forbearance policy.

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan whose terms have modified may be derecognised and the renegotiated loan recognised as a new loan at fair value.

The Company renegotiates loans to customers in financial difficulties (referred to as "forbearance activities") to maximise collection opportunities and minimise the risk of default, there is evidence that the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms.

The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants.

52.2.7 Sensitivity of impairment provision on finance leases, hire purchases, other loans and receivables

The Company has estimated the impairment provision on finance leases, hire purchases, other loans, and receivables as at 31 March 2026, subject to various assumptions and judgements. The changes to such assumptions and judgements may lead to changes in the impairment provision recorded in the Statement of Financial Position.

The below table demonstrates the sensitivity of the impairment provision of the Company as at 31 March 2026 to a reasonably possible change in PDs, LGDs, and forward-looking information.

	Sensitivity effect on Statement of Financial Position Increase/(Decrease) in impairment provision				Sensitivity effect on Statement of Profit or Loss
	Stage 1 LKR	Stage 2 LKR	Stage 3 LKR	Total LKR	LKR
PD 1% increase across all age buckets	72,388,171	11,090,060	–	83,478,231	(83,478,231)
PD 1% decrease across all age buckets	(71,495,783)	(11,238,567)	–	(82,734,350)	82,734,350
LGD 1% increase	46,867,922	26,270,385	17,189,980	90,328,287	(90,328,287)
LGD 1% decrease	(46,867,922)	(26,270,385)	(17,189,980)	(90,328,287)	90,328,287

Probability weighted economic scenarios

	Sensitivity effect on Statement of Financial Position Increase/(Decrease) in impairment provision				Sensitivity effect on Statement of Profit or Loss
	Stage 1 LKR	Stage 2 LKR	Stage 3 LKR	Total LKR	LKR
Base case scenario – Base rate 100%	(465,113,085)	(216,439,964)	–	(681,553,049)	681,553,049
Best case scenario – Best rate 100%	(834,961,137)	(418,381,401)	–	(1,253,342,538)	1,253,342,538
Worst case scenario – Worst rate 100%	250,408,001	102,255,759	–	352,663,760	(352,663,760)

As at 31 March	2026				2025			
	Best LKR	Base LKR	Worst LKR	Probability weighted LKR	Best LKR	Base LKR	Worst LKR	Probability weighted LKR
Finance leases and hire purchases	1,552,873,356	2,117,454,212	3,138,497,551	2,789,106,580	2,057,702,376	2,205,739,419	2,464,220,599	2,350,189,997
Other loans and advances	379,470,256	386,678,889	399,852,359	396,579,571	502,763,041	504,376,878	516,399,573	506,241,068
	1,932,343,612	2,504,133,101	3,538,349,910	3,185,686,151	2,560,465,417	2,710,116,297	2,980,620,172	2,856,431,065

52.2.8 Impact of judgemental adjustments to the ECL model

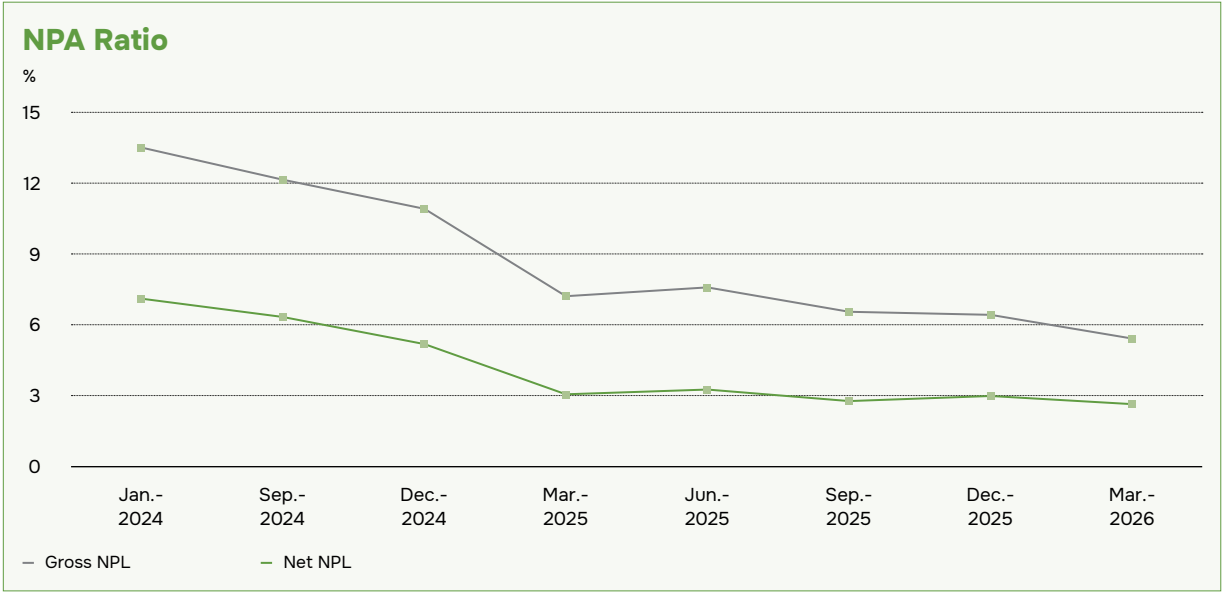
As at 31 March	2026 LKR	2025 LKR
Loss allowance before judgemental adjustments	3,035,959,274	2,328,010,355
Impact of management and judgemental adjustments	149,726,877	528,420,710
Loss allowance after judgemental adjustments	3,185,686,151	2,856,431,065

52.2.9 Non-performing asset ratio

Non-performing assets percentage movement which depicts the quality of the loan portfolio of the Company during the financial year,

As per the Finance Business Act Direction No. 01 of 2020 (Classification and Measurement of Credit Facilities), LFCs are required to classify credit facilities as NPLs based on period and/or potential risk, effective from 1 April 2022. Accordingly, for the year ended 31 March 2026, the Company classified finance leases, hire purchases, other loans and receivables with principal and/or interest past due for more than 90 days from the due date, as NPL.

The gross non-performing assets ratio includes total loans and receivables which are in arrears for more than 90 past due days as the numerator and total loan and receivables as the denominator. To arrive at the net non-performing assets ratio loss allowances are deducted from the numerator of the above formula.



52.2.10 Collateral held and other credit enhancements

The Company holds collateral and other credit enhancements against certain of its credit exposures. The table below sets out the principal types of collateral held against finance leases, hire purchases, other loans, and receivables.

	Percentage of exposure that is subject to collateral requirements		Type of collateral Held
As at 31 March	2026	2025	
Finance leases and hire purchases	100%	100%	Vehicles, property and equipment
Commercial loans	100%	100%	Vehicles, property and equipment
Personal loans	100%	100%	Personal provided fund
Gold backed loans	100%	100%	Gold articles
Margin trading	100%	100%	Listed equity investments
Loans against fixed deposits	100%	100%	Lien deposits
Staff loans	100%	100%	Salary-backed guarantee or gratuity-backed

The following table sets out the carrying amount and identifiable collateral held by the Company against credit exposure for each loan, the value of the collateral is capped at the amortised cost of the loans and advances except for facilities secured primarily by salary guarantee.

As at 31 March	2026		2025	
	Carrying amount	Collaterals	Carrying amount	Collaterals
Stage 1 and Stage 2	41,978,835,314	86,140,163,731	30,570,431,980	64,413,353,621
Stage 3	2,411,926,168	6,444,708,274	2,384,908,430	5,889,216,348
	44,390,761,482	92,584,872,005	32,955,340,410	70,302,569,969

52.2.11 Loan to Value (LTV)

The following tables stratify credit exposures from finance leases, hire purchases, other loans, and receivables to customers by ranges of loan-to-value (LTV) ratio. LTV is calculated as the ratio of the gross amount of the loan – or the amount committed for loan commitments – to the value of the collateral. The value of collateral for loans is based on the market values at origination of the contract. Loan-to-value ratios are not applicable for facilities secured primarily by salary guarantees and other non-tangible credit enhancements.

	Company		Group	
As at 31 March	2026 LKR	2025 LKR	2026 LKR	2025 LKR
LTV ratio				
Finance leases and hire purchases				
Less than 50%	4,779,665,930	3,281,591,622	4,779,665,930	3,281,591,622
50% - 80%	32,578,365,181	25,481,369,034	32,573,931,830	25,475,982,275
81% - 100%	63,119,804	92,496,343	63,119,804	92,496,343
Total finance leases and hire purchases	37,421,150,915	28,855,456,999	37,416,717,564	28,850,070,240
Other loans and receivables				
Less than 50%	615,997,939	576,403,774	615,997,939	576,403,774
50% - 80%	5,355,599,732	2,834,210,389	5,355,599,732	2,834,210,389
81% - 100%	289,964,720	594,669,707	289,964,720	594,669,707
Total other loans and receivables	6,261,562,391	4,005,283,870	6,261,562,391	4,005,283,870
Credit impaired loans – Finance Leases and hire purchases				
Less than 50%	78,519,379	71,010,357	78,519,379	71,010,357
50% - 80%	1,862,538,284	1,692,074,815	1,862,538,284	1,692,074,815
81% - 100%	35,599,627	49,678,993	35,599,627	49,678,993
Total credit impaired loans	1,976,657,290	1,812,764,165	1,976,657,290	1,812,764,165
Credit impaired loans – Other loans and receivables				
Less than 50%	62,238,251	109,780,277	62,238,251	109,780,277
50% - 80%	130,289,792	164,700,261	130,289,792	164,700,261
81% - 100%	240,033,628	296,548,432	240,033,628	296,548,432
Total credit impaired loans	432,361,671	571,028,970	432,361,671	571,028,970

52.2.12 Concentration of credit risk

(A) Industry-wise distribution

The following table shows the risk concentration by industry for the components of the Statement of Financial Position as at 31 March 2026.

	Company					
Sector wise breakdown	Cash and cash equivalent and deposit LKR	Financial assets held at FVTPL LKR	Financial assets at amortised cost - Loans and advances LKR	Financial assets measured at FVOCI LKR	Financial assets at amortised cost - Other financial instruments LKR	Total financial assets LKR
Agriculture, forestry, and fishing	–	–	1,370,362,412	–	–	1,370,362,412
Manufacturing	–	1,024,954,289	10,044,996,774	190,641,720	–	11,260,592,783
Construction and infrastructure development	–	5,593,352	973,736,569	–	–	979,329,921
Financial services	7,567,607,255	1,352,069,137	–	–	7,541,970	8,927,218,362
Wholesale and retail trade	–	–	233,106,440	–	–	233,106,440
Services	–	60,544,052	4,810,833,366	24,223,992	–	4,895,601,410
Government	–	–	–	–	1,324,108,184	1,324,108,184
Consumption and others	–	189,298,505	23,772,039,770	290,586	124,550,080	24,086,178,941
Total	7,567,607,255	2,632,459,335	41,205,075,331	215,156,298	1,456,200,234	53,076,498,453

	Group					
Sector wise breakdown	Cash and cash equivalent and deposit LKR	Financial assets held at FVTPL LKR	Financial assets at amortised cost – Loans and advances LKR	Financial assets measured at FVOCI LKR	Financial assets at amortised cost – Other financial instruments LKR	Total financial assets LKR
Agriculture, forestry, and fishing	–	–	1,370,362,412	–	–	1,370,362,412
Manufacturing	–	1,024,954,289	10,044,996,774	190,641,720	–	11,260,592,783
Construction and infrastructure development	–	5,593,352	973,736,569	–	–	979,329,921
Financial services	7,622,384,065	1,863,882,352	–	–	7,541,970	9,493,808,387
Wholesale and retail trade	–	–	233,106,440	–	–	233,106,440
Services	–	60,544,052	4,810,833,366	24,223,992	–	4,895,601,410
Government	–	–	–	–	1,324,108,184	1,324,108,184
Consumption and others	–	189,298,505	23,768,297,076	290,586	142,000,210	24,099,886,377
Total	7,622,384,065	3,144,272,550	41,201,332,637	215,156,298	1,473,650,364	53,656,795,914

(B) Geographical distribution

The Group reviews its geographical diversification on a regular basis and sets long-term targets in achieving a geographically well-diversified credit portfolio. The Group's strategy on geographical diversification was executed through the establishment of distribution network of the Group. The geographical concentration is considered when selecting prospective location for new branches as well. The credit concentration of the economy is mostly affected by the wealth distribution of the country where high concentration was seen in the Western Province.

	Company		Group	
As at 31 March	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Province				
Central	4,036,052,277	3,016,154,832	4,036,052,277	3,016,154,832
Eastern	1,943,704,652	1,629,942,541	1,943,704,652	1,629,942,541
North Central	2,608,345,034	1,581,124,336	2,608,345,034	1,581,124,336
North Western	4,296,149,464	2,981,336,888	4,296,149,464	2,981,336,888
Northern	1,455,845,092	1,210,424,986	1,455,845,092	1,210,424,986
Sabaragamuwa	3,801,119,286	3,004,753,112	3,801,119,286	3,004,753,112
Southern	2,597,976,633	1,849,486,645	2,597,976,633	1,849,486,645
Uva	2,105,775,280	1,813,853,375	2,105,775,280	1,813,853,375
Western	18,360,107,613	13,011,832,630	18,356,364,919	13,006,933,579
Total	41,205,075,331	30,098,909,345	41,201,332,637	30,094,010,294

(C) Product concentration

	Company				Group			
As at 31 March	2026 LKR	%	2025 LKR	%	2026 LKR	%	2025 LKR	%
Finance leases and hire purchases	34,632,044,335	84.0	26,505,267,002	88.1	34,627,734,808	84.0	26,499,962,501	88.1
Commercial loans	222,171,119	0.5	184,936,989	0.6	222,171,119	0.5	184,936,989	0.6
Personal loans	382,761,787	0.9	324,455,231	1.1	382,761,787	0.9	324,455,231	1.1
Margin trading	3,819,170,764	9.3	1,959,728,486	6.5	3,819,170,764	9.3	1,959,728,486	6.5
Gold backed loans	910,952,385	2.2	547,528,848	1.8	910,952,385	2.2	547,528,848	1.8
Loans against fixed deposits	282,960,647	0.7	188,987,026	0.6	282,960,647	0.7	188,987,026	0.6
Insurance receivables	246,766,118	0.6	174,713,726	0.6	246,766,118	0.6	174,713,726	0.6
Staff loans	708,048,176	1.7	90,250,267	0.3	708,615,009	1.7	90,655,717	0.3
Short-term corporate loans	-	0.0	122,841,770	0.4	-	0.0	122,841,770	0.4
Other receivables	200,000	0.0	200,000	0.0	200,000	0.0	200,000	0.0
Total	41,205,075,331		30,098,909,345		41,201,332,637		30,094,010,294	

52.2.13 Credit ratings

Cash and cash equivalents

The Group held cash and equivalents in the form of demand deposits with commercial bank, placement with banking, and financial institutions and securities purchased under release agreements. Hence, the Group is exposed to the risk of such counterparties failing to meet their contractual obligations.

The Group minimise the credit risk by monitoring the credit worthiness of the underlying counterparties periodically.

Exposures to banks and other financial institutions

A credit rating analysis of banking and financial institution counterparties with whom balances were held at the end of the reporting period is presented below. This includes balances held with licensed commercial banks, investments in fixed deposits, and investments in government and other securities.

As at 31 March 2026	High Grade LKR	Standard Grade LKR	Substandard Grade LKR	Low Grade LKR	Unrated LKR	Exposures not subject to rating LKR	Total LKR
Cash and cash equivalents	1,870,990,179	239,154,049	–	–	–	–	2,110,144,228
Deposits with licensed financial institutions	514,639,494	830,260,274	–	–	–	–	1,344,899,768
Investment in government securities	–	–	–	–	–	5,331,214,241	5,331,214,241
Investment in debentures	–	7,541,970	–	–	–	–	7,541,970
Total exposure	2,385,629,673	1,076,956,293	–	–	–	5,331,214,241	8,793,800,207

As at 31 March 2025	High Grade LKR	Standard Grade LKR	Substandard Grade LKR	Low Grade LKR	Unrated LKR	Exposures not subject to rating LKR	Total LKR
Cash and cash equivalents	497,903,000	11,332,735	–	–	–	–	509,235,735
Deposits with licensed financial institutions	463,606,817	751,510,274	–	–	–	–	1,215,117,091
Investment in government securities	–	–	–	–	–	3,986,607,927	3,986,607,927
Investment in debentures	–	7,596,163	–	–	–	–	7,596,163
Total exposure	961,509,817	770,439,172	–	–	–	3,986,607,927	5,718,556,916

Categorisation based on the Company's internal risk rating. Accordingly, AAA to AA- is considered as "High Grade", A+ to BBB- as "Standard Grade", BB+ to B- as "Sub Standard Grade", and CCC+ and below as "Low Grade".

52.3 Market risk

Market risk is the risk of potential losses accruing through adverse fluctuation in market interest rates, equity prices, and exchange rates. Out of these market risks, the more frequent and most likely is the risk of adverse fluctuation of interest rates. The effect of such adverse movements could have an immediate and direct bearing on the Company. The Company routinely assesses its assets and liability profile in terms of interest rate risk and depending on this assessment, necessary realignments in the assets and liability structure are undertaken. Overall authority for market risk management is vested in the Integrated Risk Management Committee (IRMC) of the Company.

52.3.1 Exposure to market risk - Trading and non-trading portfolio

The table below sets out the allocation of assets and liabilities subject to market risk between trading and non-trading portfolios

As at 31 March 2026	Company			Group		
		Market risk measure			Market risk measure	
	Carrying amount LKR	Trading portfolios LKR	Non-trading portfolios LKR	Carrying amount LKR	Trading portfolios LKR	Non-trading portfolios LKR
Assets subject to market risk						
Cash and cash equivalents	2,215,917,602	–	2,215,917,602	2,262,645,096	–	2,262,645,096
Deposits with licensed financial institutions	1,344,583,596	–	1,344,583,596	1,352,632,912	–	1,352,632,912
Reverse repurchase agreements	4,007,106,057	–	4,007,106,057	4,007,106,057	–	4,007,106,057
Financial assets held at fair value through profit or loss	2,632,459,335	2,632,459,335	–	3,144,272,550	3,144,272,550	–
Financial assets at amortised cost – Finance leases and hire purchases	34,632,044,335	–	34,632,044,335	34,627,734,808	–	34,627,734,808
Financial assets at amortised cost – Other loans and receivables	6,573,030,996	–	6,573,030,996	6,573,597,829	–	6,573,597,829
Financial assets measured at fair value through comprehensive income	215,156,298	–	215,156,298	215,156,298	–	215,156,298
Financial assets at amortised cost – Other financial instruments	1,331,650,154	–	1,331,650,154	1,331,650,154	–	1,331,650,154
Other financial assets	124,550,080	–	124,550,080	142,000,210	–	142,000,210
Total	53,076,498,453	2,632,459,335	50,444,039,118	53,656,795,914	3,144,272,550	50,512,523,364
Liabilities subject to market risk						
Deposits from customers	14,087,686,236	–	14,087,686,236	14,042,686,236	–	14,042,686,236
Bank overdrafts	168,145,891	–	168,145,891	168,238,916	–	168,238,916
Due to banks and other borrowed funds	26,054,117,480	–	26,054,117,480	26,054,117,480	–	26,054,117,480
Subordinated term loan	1,544,229,310	–	1,544,229,310	1,544,229,310	–	1,544,229,310
Lease liabilities	670,617,997	–	670,617,997	693,852,091	–	693,852,091
Other financial liabilities	1,072,282,812	–	1,072,282,812	1,074,737,989	–	1,074,737,989
Total	43,597,079,726	–	43,597,079,726	43,577,862,022	–	43,577,862,022

As at 31 March 2025	Company			Group		
		Market risk measure			Market risk measure	
	Carrying amount LKR	Trading portfolios LKR	Non-trading portfolios LKR	Carrying amount LKR	Trading portfolios LKR	Non-trading portfolios LKR
Assets subject to market risk						
Cash and cash equivalents	777,987,016	–	777,987,016	803,981,136	–	803,981,136
Deposits with licensed financial institutions	1,214,166,101	–	1,214,166,101	1,222,225,279	–	1,222,225,279
Reverse repurchase agreements	2,803,208,069	–	2,803,208,069	2,803,208,069	–	2,803,208,069
Financial assets held at fair value through profit or loss	1,462,003,225	1,462,003,225	–	1,747,122,200	1,747,122,200	–
Financial assets at amortised cost – Finance leases and hire purchases	26,505,267,002	–	26,505,267,002	26,499,962,501	–	26,499,962,501
Financial assets at amortised cost – Other loans and receivables	3,593,642,343	–	3,593,642,343	3,594,047,793	–	3,594,047,793
Financial assets measured at fair value through comprehensive income	157,110,004	–	157,110,004	157,110,004	–	157,110,004
Financial assets at amortised cost – Other financial instruments	1,190,996,021	–	1,190,996,021	1,190,996,021	–	1,190,996,021
Other financial assets	21,031,966	–	21,031,966	21,031,966	–	21,031,966
Total	37,725,411,747	1,462,003,225	36,263,408,522	38,039,684,969	1,747,122,200	36,292,562,769
Liabilities subject to market risk						
Deposits from customers	13,348,714,467	–	13,348,714,467	13,284,609,795	–	13,284,609,795
Bank overdrafts	109,576,545	–	109,576,545	109,576,545	–	109,576,545
Due to banks and other borrowed funds	13,628,489,695	–	13,628,489,695	13,628,489,695	–	13,628,489,695
Subordinated term loan	1,543,197,051	–	1,543,197,051	1,543,197,051	–	1,543,197,051
Lease liabilities	462,437,965	–	462,437,965	490,472,567	–	490,472,567
Other financial liabilities	753,467,162	–	753,467,162	755,827,346	–	755,827,346
Total	29,845,882,885	–	29,845,882,885	29,812,172,999	–	29,812,172,999

52.3.2 Interest rate risk

Interest rate risk arises from probable changes in interest rates and its effect on future cash flows or the fair values of financial instruments. The Board has established limits on the non-trading interest rate gaps for stipulated periods. The Company policy is to monitor positions on a daily basis and hedging strategies are used to ensure positions are maintained within the established limits.

The management of the Company is closely monitoring the interest rate and its effect on the interest rate sensitive assets and liabilities. In order to ensure interest rate margins and spreads are maintained, the Company conducts periodic reviews and reprices its assets accordingly.

52.3.3 Financial assets and financial liabilities exposed to interest rate risk

A. Company

The table below analyse the Company's interest rate risk exposure on financial assets and financial liabilities. The Company's assets and liabilities are included at carrying amounts and categorised by the earlier of contractual re-pricing or maturity dates.

As at 31 March 2026	Company					
	Up to 3 months LKR	3 to 12 months LKR	1 to 3 years LKR	More than 3 years LKR	Non-sensitive LKR	Total LKR
Financial assets						
Cash and cash equivalents	2,099,262,012	–	–	–	116,655,590	2,215,917,602
Deposits with licensed financial institutions	514,602,358	–	829,981,238	–	–	1,344,583,596
Investment in government and other securities	4,792,828,940	538,967,271	6,960,000	–	–	5,338,756,211
Finance leases, hire purchases, other loans and receivables	10,192,384,442	10,997,862,220	15,991,243,075	4,023,585,594	–	41,205,075,331
Financial assets held at FVTPL	–	–	–	–	2,632,459,335	2,632,459,335
Financial assets measured at FVOCI	–	–	–	–	215,156,298	215,156,298
Other financial assets	–	–	–	–	124,550,080	124,550,080
Total financial assets	17,599,077,752	11,536,829,491	16,828,184,313	4,023,585,594	3,088,821,303	53,076,498,453
Financial liabilities						
Deposits from customers	4,744,424,339	6,396,038,751	2,648,613,580	298,609,566	–	14,087,686,236
Bank overdrafts	168,145,891	–	–	–	–	168,145,891
Due to banks and other borrowed funds	12,870,182,240	4,807,695,804	8,376,239,436	–		26,054,117,480
Subordinated term loan	–	1,339,229,310	–	205,000,000	–	1,544,229,310
Lease liabilities	42,993,313	122,763,818	300,187,180	204,673,686	–	670,617,997
Other financial liabilities	–	–	–	–	1,072,282,812	1,072,282,812
Total financial liabilities	17,825,745,783	12,665,727,683	11,325,040,196	708,283,252	1,072,282,812	43,597,079,726
Total interest Sensitivity gap	(226,668,031)	(1,128,898,192)	5,503,144,117	3,315,302,342	2,016,538,491	9,479,418,727
Cumulative gap	(226,668,031)	(1,355,566,223)	4,147,577,894	7,462,880,236	9,479,418,727	

As at 31 March 2025	Company					
	Up to 3 months LKR	3 to 12 months LKR	1 to 3 years LKR	More than 3 years LKR	Non-sensitive LKR	Total LKR
Financial assets						
Cash and cash equivalents	509,124,232	–	–	–	268,862,784	777,987,016
Deposits with licensed financial institutions	462,655,827	–	751,510,274	–	–	1,214,166,101
Investment in government and other securities	3,461,343,744	525,900,346	–	6,960,000	–	3,994,204,090
Finance leases, hire purchases, other loans and receivables	7,507,577,765	8,326,991,023	11,954,798,381	2,309,542,176	–	30,098,909,345
Financial assets held at FVTPL	–	–	–	–	1,462,003,225	1,462,003,225
Financial assets measured at FVOCI	–	–	–	–	157,110,004	157,110,004
Other financial assets	–	–	–	–	21,031,966	21,031,966
Total financial assets	11,940,701,568	8,852,891,369	12,706,308,655	2,316,502,176	1,909,007,979	37,725,411,747
Financial liabilities						
Deposits from customers	4,989,690,908	4,384,025,974	2,689,588,162	1,285,409,423	–	13,348,714,467
Bank overdrafts	109,576,545	–	–	–	–	109,576,545
Due to banks and other borrowed funds	9,332,654,495	1,806,245,800	2,489,589,400	–	–	13,628,489,695
Subordinated term loan	–	1,338,197,051	–	205,000,000	–	1,543,197,051
Lease liabilities	38,455,314	94,071,468	184,310,883	145,600,300	–	462,437,965
Other financial liabilities	–	–	–	–	753,467,162	753,467,162
Total financial liabilities	14,470,377,262	7,622,540,293	5,363,488,445	1,636,009,723	753,467,162	29,845,882,885
Total interest sensitivity gap	(2,529,675,694)	1,230,351,076	7,342,820,210	680,492,453	1,155,540,817	7,879,528,862
Cumulative gap	(2,529,675,694)	(1,299,324,618)	6,043,495,592	6,723,988,045	7,879,528,862	

B. Group

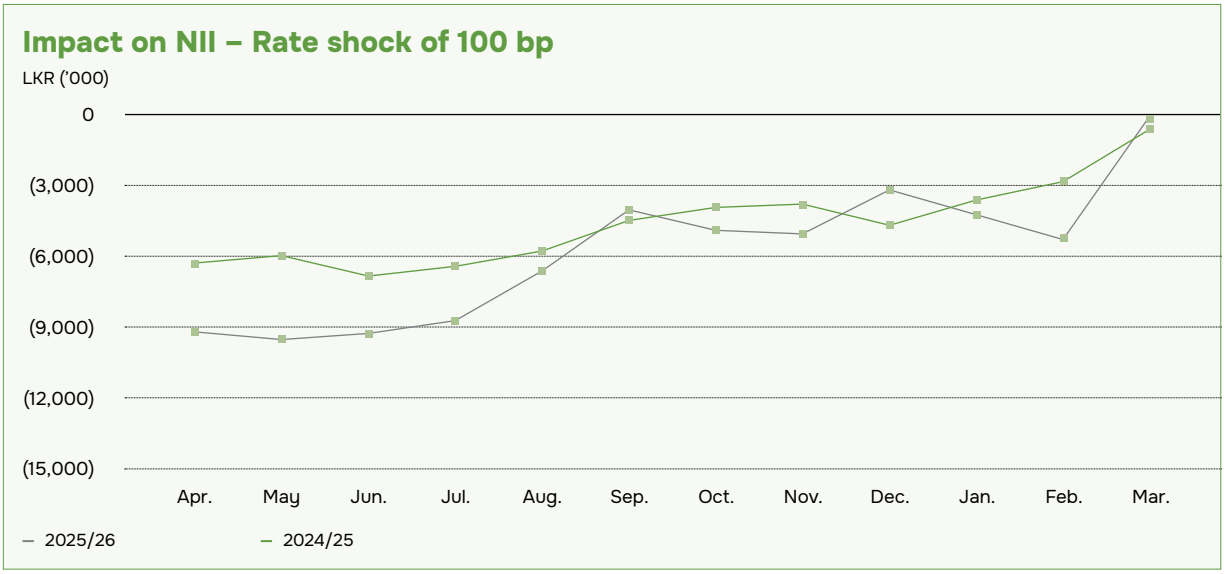
The table below analyse the Group's interest rate risk exposure on financial assets and financial liabilities. The Group's assets and liabilities are included at carrying amounts and categorised by the earlier of contractual re-pricing or maturity dates.

As at 31 March 2026	Group					
	Up to 3 months LKR	3 to 12 months LKR	1 to 3 years LKR	More than 3 years LKR	Non-sensitive LKR	Total LKR
Financial assets						
Cash and cash equivalents	2,145,948,070	–	–	–	116,697,026	2,262,645,096
Deposits with licensed financial institutions	522,651,674	–	829,981,238	–	–	1,352,632,912
Investment in government and other securities	4,792,828,940	538,967,271	6,960,000	–	–	5,338,756,211
Finance leases, hire purchases, other loans and receivables	10,192,569,974	10,488,329,198	16,106,105,786	4,414,327,679	–	41,201,332,637
Financial assets held at FVTPL	–	–	–	–	3,144,272,550	3,144,272,550
Financial assets measured at FVOCI	–	–	–	–	215,156,298	215,156,298
Other financial assets	–	–	–	–	142,000,210	142,000,210
Total financial assets	17,653,998,658	11,027,296,469	16,943,047,024	4,414,327,679	3,618,126,084	53,656,795,914
Financial liabilities						
Deposits from customers	4,699,424,339	6,396,038,751	2,648,613,580	298,609,566	–	14,042,686,236
Bank overdrafts	168,238,916	–	–	–	–	168,238,916
Due to banks and other borrowed funds	12,870,182,240	4,807,695,804	8,376,239,436	–	–	26,054,117,480
Subordinated term loan	–	1,339,229,310	–	205,000,000	–	1,544,229,310
Lease liabilities	44,352,258	127,176,562	317,649,585	204,673,686	–	693,852,091
Other financial liabilities	–	–	–	–	1,074,737,989	1,074,737,989
Total financial liabilities	17,782,197,753	12,670,140,427	11,342,502,601	708,283,252	1,074,737,989	43,577,862,022
Total Interest sensitivity gap	(128,199,095)	(1,642,843,958)	5,600,544,423	3,706,044,427	2,543,388,095	10,078,933,892
Cumulative gap	(128,199,095)	(1,771,043,053)	3,829,501,370	7,535,545,797	10,078,933,892	

As at 31 March 2025	Group					
	Up to 3 months LKR	3 to 12 months LKR	1 to 3 years LKR	More than 3 years LKR	Non-sensitive LKR	Total LKR
Financial assets						
Cash and cash equivalents	535,051,723	–	–	–	268,929,413	803,981,136
Deposits with licensed financial institutions	470,715,005	–	751,510,274	–	–	1,222,225,279
Investment in government and other securities	3,461,343,744	525,900,346	–	6,960,000	–	3,994,204,090
Finance leases, hire purchases, other loans and receivables	7,507,614,788	8,326,045,818	11,952,277,833	2,308,071,855	–	30,094,010,294
Financial assets held at FVTPL	–	–	–	–	1,747,122,200	1,747,122,200
Financial assets measured at FVOCI	–	–	–	–	157,110,004	157,110,004
Other financial assets	–	–	–	–	21,031,966	21,031,966
Total financial assets	11,974,725,260	8,851,946,164	12,703,788,107	2,315,031,855	2,194,193,583	38,039,684,969
Financial liabilities						
Deposits from customers	4,941,169,846	4,368,442,364	2,689,588,162	1,285,409,423	–	13,284,609,795
Bank overdrafts	109,576,545	–	–	–	–	109,576,545
Due to banks and other borrowed funds	9,332,654,495	1,806,245,800	2,489,589,400	–	–	13,628,489,695
Subordinated term loan	–	1,338,197,051	–	205,000,000	–	1,543,197,051
Lease liabilities	39,579,684	97,762,232	207,530,351	145,600,300	–	490,472,567
Other financial liabilities	–	–	–	–	755,827,346	755,827,346
Total financial liabilities	14,422,980,570	7,610,647,447	5,386,707,913	1,636,009,723	755,827,346	29,812,172,999
Total interest sensitivity gap	(2,448,255,310)	1,241,298,717	7,317,080,194	679,022,132	1,438,366,237	8,227,511,970
Cumulative gap	(2,448,255,310)	(1,206,956,593)	6,110,123,601	6,789,145,733	8,227,511,970	

52.3.4 Interest rate sensitivity

The graph below depicts the sensitivity analysis carried out on the Statement of Financial Position as at 31 March 2026 on the changes in the interest rates across the market in a hypothetical situation. The Company is exposed to sudden interest rate fluctuations due to the availability of short-term and floating rate funding. The exposure will partly diminish by the short-term, rate-sensitive investments. The time horizon of the study is restricted to a 12 months period. The Company undertakes varying degrees of such rate shocks and evaluate them to ensure that the risk exposures are within the risk appetite of the Company as compared to the anticipated market rate movements.



Sensitivity to projected net interest income

	100 bp parallel increase/ decrease* LKR '000	
	2026	2025
As at 31 March	+/- 40	+/- 608
Average for the period	+/- 5,880	+/- 4,644
Maximum for the period	+/- 40	+/- 608
Minimum for the period	+/- 9,594	+/- 6,903

* *Parallel increase in rates would have a positive impact on earning whereas parallel decrease have a negative effect.*

In arriving at the above result the Company considered only rate sensitive assets and liabilities.

52.3.5 Currency risk

Currency risk is that the value of a financial instrument that could fluctuate due to changes in foreign exchange rates and arises from financial instruments dominated in a foreign currency. Intention of managing currency risk is to curtail the currency losses incurred due to foreign currency transactions. The Company monitors this on a daily basis however the Company is not exposed to significant currency risk.

Exchange rate risk

The Company's exposure to foreign currency risk is as follow:

As at 31 March 2026	LKR	Spot rate	USD
Cash and cash equivalents	50,389	315.19	160
Deposits with licensed financial institutions	514,639,494	315.19	1,632,787

The Company has fully hedged the foreign currency exposures by placing dollar deposits with banks to coincide with the loan repayments as they fall due.

Foreign currency sensitivity

An estimation of the impact of the currency risk with respect of financial instruments with a 5% change in US Dollar exchange rate is given below. In calculation of sensitivity has been performed only on the assets and liabilities denominated in foreign currency of the Company as at 31 March 2026.

As at 31 March 2026	Effect on profit or loss LKR	Effect on equity LKR
USD depreciated against LKR by 5%	(25,734,350)	(25,734,350)
USD appreciated against LKR by 5%	25,734,350	25,734,350

52.3.6 Equity price risk

Equity price risk is that the fair value of equities decreases as a result of changes in the level of equity indices and individual stocks. The non-trading equity price risk exposure arises from equity securities classified as fair value through other comprehensive income.

The table below summarises the impact due to a change of 10% on equity prices.

As at 31 March	2026			2025		
	Financial assets at FVTPL LKR	Financial assets at FVOCI LKR	Total LKR	Financial assets at FVTPL LKR	Financial assets at FVOCI LKR	Total LKR
Market value of equity securities	1,356,586,230	215,156,298	1,571,742,528	547,501,982	157,110,004	704,611,986

As at 31 March	2026 Impact on Statement of Profit or Loss LKR	2026 Impact on Statement of OCI LKR	2026 Total LKR	2025 Impact on Statement of Profit or Loss LKR	2025 Impact on Statement of OCI LKR	2025 Total LKR
Stress level						
10% increase on equity prices	135,658,623	21,515,630	157,174,253	54,750,198	15,711,000	70,461,199
10% decrease on equity prices	(135,658,623)	(21,515,630)	(157,174,253)	(54,750,198)	(15,711,000)	(70,461,199)

52.4 Liquidity risk and fund management

Liquidity risk is the risk of inadequate resources to meet financial obligations in time and in full, at an acceptable cost. As witnessed in some Licensed Finance Companies in the past, liquidity risk can pose serious threats to the existence of finance companies. The Company understands the importance of a robust liquidity risk management policy and constantly monitors the liquidity position of the Company.

Further, liquidity risk arises because of the possibility that the Company might be unable to meet its financial obligations when they fall due under both normal and stress circumstances. To limit the risk, the Management has arranged diversified funding sources in addition to its core deposit base, and adopted a policy of managing assets with liquidity in mind and monitoring future cash flows and liquidity on a daily basis. Therefore, the Company is not exposed to significant concentration risk with regard to liquidity.

The Management regularly monitors the liquidity position of the Company and the Company has secured an adequate buffer of liquid assets and has undrawn credit lines which are in satisfactory levels to withstand the prevailing economic conditions.

52.4.1 Statutory liquid assets ratio

As per the requirements of Finance Companies (Liquid Assets) Direction No. 04 of 2013, the Company has maintained minimum liquid assets, not less than 10% of the outstanding value of time deposits and face value of certificates of deposits; and 15% of the outstanding value of savings deposits received by the Company at a given day; and 10% of total outstanding borrowings excluding borrowings which are included in the capital funds of the finance company and borrowings which are secured by mortgage of any assets of the Company.

	2026 %	2025 %
As at 31 March	49.56	37.26
Average for the period	29.65	15.27
Maximum for the period	51.08	37.26
Minimum for the period	19.82	11.20

Minimum liquidity requirement

As at 31 March	2026 LKR	2025 LKR
Required minimum amount of liquid assets	1,834,438,500	1,788,711,600
Total liquid assets	8,891,045,439	5,978,761,044
Excess liquidity	7,056,606,939	4,190,049,444

Further, in accordance with the Finance Companies (Liquid assets) Direction No. 04 of 2013, every Finance Company has to maintain assets in the form of approved government securities equivalent to 7.5% of average month end total deposit liabilities and borrowings of the twelve months of the proceeding financial year.

As at 31 March 2026, the Company maintained government securities to average deposit liabilities and borrowings ratio of 31.64% (2025 - 25.84%).

52.4.2 Total liquid assets

The table below sets out the components of the Company's liquidity reserves:

As at 31 March	2026 LKR	2025 LKR
Cash and cash equivalents (free from liens)	115,985,590	268,862,784
Balances with banks and other financial institutions	3,443,845,608	1,723,290,333
Investment in reverse repurchase agreements	4,007,106,057	2,803,208,069
Investment in Treasury Bills	1,324,108,184	1,183,399,858
Total liquid assets	8,891,045,439	5,978,761,044

52.4.3. Financial assets available to support future funding

The table below sets out the availability of the Company's financial assets to support future funding.

As at 31 March 2026	Encumbered		Unencumbered		
	Pledged as a collateral LKR	Other LKR	Available as collateral LKR	Other LKR	Total LKR
Cash and cash equivalents	670,000	–	–	2,215,247,602	2,215,917,602
Deposits with licensed financial institutions	–	–	1,344,583,596	–	1,344,583,596
Reverse repurchase agreements	–	–	–	4,007,106,057	4,007,106,057
Financial assets held at FVTPL	–	–	–	2,632,459,335	2,632,459,335
Financial assets at amortised cost – Finance leases and hire purchases	20,554,153,151	–	14,077,891,184	–	34,632,044,335
Financial assets at amortised cost – Other loans and receivables	–	–	1,515,885,291	5,057,145,705	6,573,030,996
Financial assets measured at FVOCI	–	–	–	215,156,298	215,156,298
Financial assets at amortised cost – Other financial instruments	–	–	–	1,331,650,154	1,331,650,154
Other financial assets	–	–	–	124,550,080	124,550,080
Non-financial assets	–	–	1,019,198,521	2,973,889,035	3,993,087,556
Total assets	20,554,823,151	–	17,957,558,592	18,557,204,266	57,069,586,009

As at 31 March 2025	Encumbered			Unencumbered	
	Pledged as a collateral LKR	Other LKR	Available as collateral LKR	Other LKR	Total LKR
Cash and cash equivalents	–	–	–	777,987,016	777,987,016
Deposits with licensed financial institutions	–	–	1,214,166,101	–	1,214,166,101
Reverse repurchase agreements	–	–	–	2,803,208,069	2,803,208,069
Financial assets held at FVTPL	–	–	–	1,462,003,225	1,462,003,225
Financial assets at amortised cost - Finance leases and hire purchases	8,819,569,449	–	17,685,697,553	–	26,505,267,002
Financial assets at amortised cost - Other loans and receivables	–	–	1,110,719,958	2,482,922,385	3,593,642,343
Financial assets measured at FVOCI	–	–	–	157,110,004	157,110,004
Financial assets at amortised cost - Other financial instruments	–	–	–	1,190,996,021	1,190,996,021
Other financial assets	–	–	–	21,031,966	21,031,966
Non–financial assets	–	–	958,918,668	2,081,393,491	3,040,312,159
Total assets	8,819,569,449	–	20,969,502,280	10,976,652,177	40,765,723,906

52.4.4 Financial assets and financial liabilities by remaining contractual maturities

A. The following tables illustrate the maturity gap analysis of financial assets and financial liabilities based on their remaining period to maturity undiscounted as at 31 March 2026.

	Company					
	Carrying value LKR	Less than 3 months LKR	3 - 12 months LKR	1 - 3 years LKR	Over 3 years LKR	Total nominal value LKR
Financial assets						
Cash and cash equivalents	2,215,917,602	2,215,917,602	–	–	–	2,215,917,602
Financial assets at amortised cost - Deposits with licensed financial institutions	1,344,583,596	516,971,421	–	986,465,753	–	1,503,437,174
Reverse repurchase agreements	4,007,106,057	4,008,228,561	–	–	–	4,008,228,561
Financial assets held at FVTPL	2,632,459,335	2,632,459,335	–	–	–	2,632,459,335
Finance leases, hire purchases, other loans and receivables	41,205,075,331	11,228,242,228	13,512,384,343	21,990,758,484	6,574,047,199	53,305,432,254
Financial assets measured at FVOCI	215,156,298	–	–	–	215,156,298	215,156,298
Financial assets at amortised cost - Other financial instruments	1,331,650,154	792,271,118	573,546,171	9,944,067	–	1,375,761,356
Other financial assets	124,550,080	124,550,080	–	–	–	124,550,080
Total financial assets	53,076,498,453	21,518,640,345	14,085,930,514	22,987,168,304	6,789,203,497	65,380,942,660
Financial liabilities						
Deposits from Customers	14,087,686,236	4,103,475,019	6,956,333,445	2,948,901,285	346,673,273	14,355,383,022
Bank overdrafts	168,145,891	168,145,891	–	–	–	168,145,891
Due to banks and other borrowed funds	26,054,117,480	3,077,776,016	10,384,956,208	14,911,525,536	983,117,000	29,357,374,760
Subordinated term loan	1,544,229,310	46,746,609	184,982,836	375,513,969	1,636,643,934	2,243,887,348
Lease liabilities	670,617,997	53,097,631	152,964,088	378,030,986	260,486,404	844,579,109
Other financial liabilities	1,072,282,812	1,072,282,812	–	–	–	1,072,282,812
Total financial liabilities	43,597,079,726	8,521,523,978	17,679,236,577	18,613,971,776	3,226,920,611	48,041,652,942

	Group					
	Carrying value LKR	Less than 3 months LKR	3 - 12 months LKR	1 - 3 years LKR	Over 3 years LKR	Total nominal value LKR
Financial assets						
Cash and cash equivalents	2,262,645,096	2,262,645,096	–	–	–	2,262,645,096
Financial assets at amortised cost – Deposits with licensed financial institutions	1,352,632,912	525,093,339	–	986,465,753	–	1,511,559,092
Reverse repurchase agreements	4,007,106,057	4,008,228,561	–	–	–	4,008,228,561
Financial assets held at FVTPL	3,144,272,550	3,144,272,550	–	–	–	3,144,272,550
Finance leases, hire purchases, other loans and receivables	41,201,332,637	11,228,361,755	13,511,042,425	21,987,180,036	6,573,748,995	53,300,333,211
Financial assets measured at FVOCI	215,156,298	–	–	–	215,156,298	215,156,298
Financial assets at amortised cost – Other financial instruments	1,331,650,154	792,271,118	573,546,171	9,944,067	–	1,375,761,356
Other financial assets	142,000,210	142,000,210	–	–	–	142,000,210
Total financial assets	53,656,795,914	22,102,872,629	14,084,588,596	22,983,589,856	6,788,905,293	65,959,956,374
Financial liabilities						
Deposits from customers	14,042,686,236	4,058,165,644	6,956,333,445	2,948,901,285	346,673,273	14,310,073,647
Bank overdrafts	168,238,916	168,238,916	–	–	–	168,238,916
Due to banks and other borrowed funds	26,054,117,480	3,077,776,016	10,384,956,208	14,911,525,536	983,117,000	29,357,374,760
Subordinated term loan	1,544,229,310	46,746,609	184,982,836	375,513,969	1,636,643,934	2,243,887,348
Lease liabilities	693,852,091	53,097,631	152,964,088	378,030,986	260,486,404	844,579,109
Other financial liabilities	1,074,737,989	1,074,737,989	–	–	–	1,074,737,989
Total financial liabilities	43,577,862,022	8,478,762,805	17,679,236,577	18,613,971,776	3,226,920,611	47,998,891,769

B. The following tables illustrate the maturity gap analysis of the Company's and Group's financial assets and financial liabilities based on their remaining period to maturity undiscounted as at 31 March 2025.

	Company					
	Carrying value LKR	Less than 3 months LKR	3 - 12 months LKR	1 - 3 years LKR	Over 3 years LKR	Total nominal value LKR
Financial assets						
Cash and cash equivalents	777,987,016	777,987,016	–	–	–	777,987,016
Financial assets at amortised cost – Deposits with licensed financial institutions	1,214,166,101	466,358,133	–	986,465,753	–	1,452,823,886
Reverse repurchase agreements	2,803,208,069	2,803,208,069	–	–	–	2,803,208,069
Financial assets held at FVTPL	1,462,003,225	1,462,003,225	–	–	–	1,462,003,225
Finance leases, hire purchases, other loans and receivables	30,098,909,345	8,073,974,354	10,839,697,268	16,672,967,548	3,427,111,744	39,013,750,914
Financial assets measured at FVOCI	157,110,004	–	–	–	157,110,004	157,110,004
Financial assets at amortised cost – Other financial instruments	1,190,996,021	678,525,229	549,000,000	–	7,934,400	1,235,459,629
Other financial assets	21,031,966	11,320,252	9,711,714	–	–	21,031,966
Total financial assets	37,725,411,747	14,273,376,278	11,398,408,982	17,659,433,301	3,592,156,148	46,923,374,709
Financial liabilities						
Deposits from Customers	13,348,714,467	5,148,080,167	4,805,832,125	3,075,899,716	2,000,206,926	15,030,018,934
Bank overdrafts	109,576,545	109,576,545	–	–	–	109,576,545
Due to banks and other borrowed funds	13,628,489,695	2,259,780,849	5,931,610,506	5,717,613,902	1,383,294,622	15,292,299,879
Subordinated term loan	1,543,197,051	–	176,198,757	375,000,270	1,868,815,347	2,420,014,374
Lease liabilities	462,437,965	40,922,211	112,075,789	236,355,455	191,167,036	580,520,491
Other financial liabilities	753,467,162	690,595,097	62,872,065	–	–	753,467,162
Total financial liabilities	29,845,882,885	8,248,954,869	11,088,589,242	9,404,869,343	5,443,483,931	34,185,897,385

	Group					
	Carrying value LKR	Less than 03 months LKR	03 - 12 months LKR	01 - 03 years LKR	Over 03 years LKR	Total nominal value LKR
Financial assets						
Cash and cash equivalents	803,981,136	803,981,136	–	–	–	803,981,136
Financial assets at amortised cost – Deposits with licensed financial institutions	1,222,225,279	474,504,434	–	986,465,753	–	1,460,970,187
Reverse repurchase agreements	2,803,208,069	2,803,547,764	–	–	–	2,803,547,764
Financial assets held at FVTPL	1,747,122,200	1,747,122,200	–	–	–	1,747,122,200
Finance leases, hire purchases, other loans and receivables	30,094,010,294	8,073,522,986	10,838,340,682	16,669,349,983	3,425,001,498	39,006,215,149
Financial assets measured at FVOCI	157,110,004	–	–	–	157,110,004	157,110,004
Financial assets at amortised cost – other financial instruments	1,190,996,021	678,525,229	549,000,000	–	7,934,400	1,235,459,629
Other financial assets	21,031,966	11,320,252	9,711,714	–	–	21,031,966
Total financial assets	38,039,684,969	14,592,524,001	11,397,052,396	17,655,815,736	3,590,045,902	47,235,438,035
Financial liabilities						
Deposits from Customers	13,284,609,795	5,098,823,227	4,789,796,089	3,075,899,716	2,000,206,926	14,964,725,958
Bank overdrafts	109,576,545	109,576,545	–	–	–	109,576,545
Due to banks and other borrowed funds	13,628,489,695	2,259,780,849	5,931,610,506	5,717,613,902	1,383,294,622	15,292,299,879
Subordinated term loan	1,543,197,051	–	176,198,757	375,000,270	1,886,815,347	2,438,014,374
Lease liabilities	490,472,567	43,361,442	119,183,481	256,293,917	201,628,574	620,467,414
Other financial liabilities	755,827,346	692,955,281	62,872,065	–	–	755,827,346
Total financial liabilities	29,812,172,999	8,204,497,344	11,079,660,898	9,424,807,805	5,471,945,469	34,180,911,516

52.5 Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, and systems and from external events. Senkadagala Finance PLC manages operational risk in a variety of ways. These include maintaining a comprehensive system of internal controls including disaster recovery plans and business continuity plans, using technology to automate processes and reduce manual errors, monitoring and analysing risk, events, and trends, employing experienced staff, monitoring business activities by compliance and audit professionals, requiring education and training of employees, and emphasising the importance of management oversight.

The Company has established an in-house Internal Audit Department to provide independent and objective assurance on the adequacy and effectiveness of the internal control framework, risk management processes, and governance practices. The department is responsible for carrying out risk-based internal audits across the Company's operations, evaluating compliance with applicable laws, regulations, policies, and procedures, and assessing the efficiency and effectiveness of operational activities. In addition, the department undertakes special assignments and investigations as requested by the Board of Directors, the Board Audit Committee, or Management, and provides recommendations to strengthen controls, mitigate risks, and enhance overall organisational performance. The Internal Audit Department reports its findings and recommendations to the Board Audit Committee and Management and monitors the implementation of agreed corrective actions.

With the introduction of the Finance Companies (Risk Weighted Capital Adequacy Ratio) Direction No. 03 of 2018 of the Central Bank of Sri Lanka, the Company has maintained a capital charge for operational risk. Accordingly, on 31 March 2026 the Company provided Rs. 7,036,511,513/- (2025 - Rs.5,358,968,454/-) as risk weighted assets to accommodate for operational risk.

52.6 Regulatory risk

Regulatory risk is the risk of non-compliance with applicable legislation, regulations, and regulatory directives. Senkadagala Finance PLC manages day-to-day regulatory risk primarily by educating and training employees on regulatory requirements, establishing and maintaining appropriate policies and procedures, and monitoring compliance.

The Company has appointed a Compliance Officer responsible for communicating regulatory requirements to each business unit, ensuring that business units have appropriate policies and procedures in place, and that staff are adequately trained to meet regulatory requirements. The Compliance Officer is also responsible for tracking, escalating, and reporting significant issues and findings to senior Management and the Board.

52.7 Reputation risk

Reputation risk is the risk to earning, capital, or brand arising from negative publicity or employee opinion. A company's reputation is a valuable business asset in its own right, essential to optimising shareholder value. Reputation risk cannot be managed in isolation from other forms of risks, since all risks can have an impact on reputation, which in turn can impact the brand, earning and capital. Credit, liquidity, interest rate, operational, and regulatory risk must all be managed effectively in order to safeguard the Company's reputation.

52.8 Capital management and capital adequacy

In order to be resilient in volatile economic conditions, it is important to maintain an adequate capital base. The Central Bank of Sri Lanka has laid down directions to promote the strengthening of the capital base of NBFIs.

In accordance with the Finance Companies (Capital Funds) Direction No. 01 of 2003, the Company transferred LKR 100 Mn. of net profits for the year, to the Statutory Reserve Fund. Since the capital base of the Company is greater than 25% of total deposit liabilities, only LKR 100 Mn. which is greater than the required 5% of profits for the year was transferred.

Further, in accordance with the Finance Business Act (Capital Adequacy Requirement) Direction No. 03 of 2018, all the NBFIs are required to maintain, as at 31 March 2026 its total capital at a level not less than 12.5% of its Risk Weighted Assets and the core capital at a level not less than 8.5% of Risk Weighted Assets. The ratios as at 31 March 2026 were 21.92% and 23.84% and as at 31 March 2025 were 23.84% and 27.30% respectively. Detailed calculations are given below:

Total risk – weighted amount

Risk-weighted amount for credit risk	Amount LKR	Credit equivalent of off-balance sheet items LKR	Total LKR	Risk-weighted assets LKR	RWA density %
Claims on Government of Sri Lanka, Public Sector Entities and CBSL	5,331,214,241	–	5,331,214,241	–	0
Claims on financial institutions	3,451,387,578	–	3,451,387,578	690,277,516	20
Claims on corporates	2,792,477,004	–	2,792,477,004	2,700,237,160	97
Retail claims	38,651,465,988	2,603,046,682	41,254,512,670	39,398,885,750	96
Non-performing assets (NPAs)	1,177,188,659	–	1,177,188,659	1,164,145,136	99
Notes and coins	116,655,590	–	116,655,590	–	0
Fixed assets	2,041,394,825	–	2,041,394,825	2,041,394,825	100
Other assets/exposures	1,270,597,792	–	1,270,597,792	1,270,597,792	100
Total risk-weighted amount for credit risk	54,832,381,677	2,603,046,682	57,435,428,359	47,265,538,179	

Risk-weighted amount for operational risk	2026 LKR	2025 LKR	2024 LKR	Total LKR
Interest income	9,429,724,434	8,458,676,341	7,361,849,965	25,250,250,740
Interest expenses	(3,182,638,918)	(2,733,357,893)	(3,715,481,541)	(9,631,478,352)
Non-interest income	1,196,088,220	753,223,643	881,705,866	2,831,017,729
Realised losses/(gains) from the sale of securities	(64,312,645)	(364,725,362)	(121,711,775)	(550,749,782)
Extraordinary/irregular item of income	(244,898,240)	(35,364,160)	(27,499,153)	(307,761,553)
Gross income	7,133,962,851	6,078,452,569	4,378,863,362	17,591,278,782
Average gross income for operational risk capital requirement				5,863,759,594
Capital charges for operational risk (15% of average gross income for operational risk)				879,563,939
Risk-weighted amount for operational risk (reciprocal of required total capital ratio - 12.5%)				8.00
Risk-weighted amount for operational risk under the basic indicator approach				7,036,511,513
Total risk-weighted amount				54,302,049,692

As at 31 March	Company 2026 LKR	Company 2025 LKR
Tier 1 Capital	12,605,674,452	10,001,639,516
Issued and paid up ordinary shares	3,460,135,125	2,424,777,045
Statutory reserve fund	776,036,033	676,036,033
Published retained profits	8,369,503,294	6,900,826,438
Adjustment to Tier I capital	704,762,532	587,287,182
Other intangible assets (net)	42,082,674	44,876,040
Deferred tax assets (net)	506,658,743	409,307,436
Shortfall of cumulative impairment to total provisions and interest in suspense	-	-
50% of investment in banking and financial subsidiary companies	25,864,800	25,864,800
50% of investment in other banking and financial institutions	130,156,315	107,238,906
Tier 1 Capital (after adjustments)	11,900,911,921	9,414,352,334
Tier 2 Capital	1,200,000,000	1,500,000,000
Instruments qualified as Tier 2 capital	1,200,000,000	1,500,000,000
General provisions/Collective impairment allowances	-	-
Eligible Tier 2 Capital	1,200,000,000	1,500,000,000
Total adjustment to eligible Tier 2 Capital	156,021,115	133,103,706
50% of investment in banking and financial subsidiary companies	25,864,800	25,864,800
50% of investment in other banking and financial institutions	130,156,315	107,238,906
Eligible Tier 2 Capital after adjustments	1,043,978,886	1,366,896,294
Total Capital	12,944,890,806	10,781,248,628
Core capital ratio (Minimum requirement – 8.5%)		
Core Capital	11,900,911,921	9,414,352,334
Total risk-weighted assets	54,302,049,692	39,497,720,307
	21.92%	23.84%
Total capital ratio (Minimum requirement – 12.5%)		
Total capital base	12,944,890,806	10,781,248,628
Total risk-weighted assets	54,302,049,692	39,497,720,307
	23.84%	27.30%



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Ten Year Summary

	2026 (LKR Mn.)	2025 (LKR Mn.)	2024 (LKR Mn.)
Operating results			
Interest Income	9,430	8,459	7,362
Interest expense	3,183	2,733	3,715
Net interest income	6,247	5,725	3,646
Other operating income	1,196	753	882
Profit before taxes on financial services	3,805	3,375	2,055
Profit before income taxation	2,959	2,628	1,577
Profit for the year	1,848	1,622	1,196
Dividends paid	242	155	56
Balance sheet			
Assets			
Cash and near cash items	8,892	5,979	4,741
Investments	2,855	1,627	4,650
Loans and advances	41,205	30,099	24,476
Investments in subsidiary	52	52	52
Investment in associate	205	176	164
Property and equipment	2,083	1,774	1,659
Right-of-use asset	715	465	386
Deferred tax assets	507	409	249
Other assets	556	185	183
Total assets	57,070	40,766	36,560
Liabilities			
Deposits from customers	14,088	13,349	13,839
Borrowings	26,222	13,738	10,209
Debentures/subordinated term loan	1,544	1,543	1,769
Deferred tax liability	-	-	-
Lease liability	671	462	398
Other liabilities	1,973	1,747	1,840
Total liabilities	44,498	30,839	28,055
Equity			
Stated capital	3,460	2,425	2,425
Statutory reserve fund	776	676	591
Other reserves	(34)	(75)	(50)
Retained earnings	8,370	6,901	5,539
Total equity	12,572	9,927	8,505
Total liabilities and equity	57,070	40,766	36,560

2023 (LKR Mn.)	2022 (LKR Mn.)	2021 (LKR Mn.)	2020 (LKR Mn.)	2019 (LKR Mn.)	2018 (LKR Mn.)	2017 (LKR Mn.)
6,493	6,021	5,979	6,534	6,996	6,472	4,826
3,879	2,430	3,215	3,682	3,760	3,410	2,402
2,614	3,590	2,763	2,852	3,236	3,062	2,423
415	324	364	223	300	298	312
754	1,513	949	722	1,179	1,607	1,280
526	1,186	707	529	929	1,357	1,119
445	903	555	228	951	1,005	861
121	90	–	69	228	213	186
7,940	10,010	6,987	3,737	4,632	5,220	4,924
854	302	524	394	182	200	160
24,316	26,102	27,562	27,233	29,070	27,802	23,758
328	328	328	328	320	320	320
117	–	–	–	–	–	–
1,512	1,756	1,952	2,156	2,333	1,803	1,517
346	361	410	389	–	–	–
109	–	–	–	–	–	–
198	138	140	158	246	758	241
35,719	38,997	37,903	34,395	36,783	36,104	30,919
10,263	10,824	11,546	11,223	10,009	9,507	7,231
14,464	17,139	16,936	11,689	17,263	15,376	13,744
1,769	1,769	1,768	4,320	2,732	4,400	4,993
–	151	319	402	461	861	608
354	357	378	345	–	–	–
1,467	1,112	997	1,006	1,021	928	682
28,317	31,352	31,944	28,984	31,486	31,072	27,257
2,425	2,425	1,588	1,588	1,588	1,588	1,008
531	506	460	430	415	365	310
5	4	5	4	4	7	4
4,442	4,711	3,907	3,388	3,290	3,071	2,339
7,402	7,646	5,959	5,410	5,297	5,031	3,662
35,719	38,997	37,903	34,395	36,783	36,104	30,919

Key Ratios and Indicators

	2026	2025	2024
Performance indicators			
Return on average total assets (%)	3.78	4.19	3.31
Return on average shareholders' funds (%)	16.42	17.60	15.04
Net interest margin (%)	14.50	17.53	11.86
Cost to income ratio (%)	42.62	40.54	50.00
Growth of Interest Income (%)	11.48	14.90	13.38
Growth of profit for the year (%)	13.91	35.58	168.80
Growth of loans and advances (%)	36.90	22.97	0.66
New advances disbursed (LKR Mn.)	34,703	25,246	18,718
Net flow of deposits (LKR Mn.)	739	(490)	3,576
Borrowings obtained (LKR Mn.)	34,985	11,950	4,829
Debentures issued (LKR Mn.)	–	–	–
Capital expenditure incurred (LKR Mn.)	519	300	352
Investor information			
Earnings per share (LKR)	20.56	18.07	13.87
Dividends per share (LKR)	2.80	2.80	1.80
Net assets per share (LKR)	138.77	115.05	98.57
Interest cover (Times)	1.93	1.96	1.42
Dividends cover (Times)	7.28	6.71	7.70
Dividend payout ratio (%)	13.73	14.90	12.98
Capital and leverage			
Core capital (%)	21.92	23.84	22.86
Total capital (%)	23.84	27.30	23.94
Equity as a percentage of total assets (%)	22.03	24.35	23.26
Equity as a percentage of total deposits and borrowings (%)	30.04	34.67	32.94
Growth of total assets (%)	39.99	11.50	2.35
Growth of net assets (%)	26.64	16.72	14.89
Earnings retention ratio (%)	86.27	85.10	87.02
Total deposit liabilities to capital (%)	89.24	74.37	61.45
Debt to equity ratio (Times)	2.21	1.54	1.41
Liquidity			
Liquid assets as a percentage of total assets (%)	15.58	14.67	5.80
Liquid assets as a percentage of total deposit liability (%)	63.11	44.79	15.31
Operational			
Number of branches	149	125	110
Number of service centres	–	–	–
Number of staff	1,215	985	896
Staff productivity (Rs. '000)	2,435	2,668	1,761

2023	2022	2021	2020	2019	2018	2017
1.19	2.35	1.53	0.64	2.61	3.00	3.24
5.92	13.27	9.76	4.26	18.41	23.11	25.87
7.65	10.16	8.44	8.82	9.70	9.93	9.87
66.23	46.10	53.76	59.37	53.46	50.52	53.25
7.84	0.70	(8.50)	(6.60)	8.09	34.12	28.81
(50.71)	62.77	143.49	(76.03)	(5.38)	16.69	40.41
(6.84)	(5.33)	1.21	(6.32)	4.56	17.02	40.51
15,441	18,490	14,030	14,596	20,206	20,356	18,775
(561)	(722)	324	1,214	502	2,276	721
3,735	3,604	14,453	1,000	7,300	6,740	7,800
–	–	–	1,750	–	–	3,000
39	113	136	206	932	359	641
5.16	10.97	7.20	3.14	13.12	13.97	13.20
0.65	1.40	1.16	–	2.15	3.40	3.16
85.79	88.62	82.23	74.65	73.09	69.42	56.14
1.14	1.49	1.22	1.14	1.25	1.40	1.47
7.94	7.48	6.16	–	6.10	4.08	4.18
12.60	13.38	16.24	0.00	16.39	24.53	23.91
23.25	22.75	16.69	15.48	14.46	16.86	14.19
26.33	26.89	21.66	21.54	15.49	17.65	16.08
20.72	19.61	15.72	15.73	14.40	13.94	11.84
27.94	25.72	19.70	19.87	17.65	17.18	14.10
(8.41)	2.89	10.20	(6.49)	1.88	16.77	38.84
(3.19)	28.30	10.15	2.14	5.28	37.41	22.32
87.40	86.62	83.76	100.00	86.28	75.47	76.09
72.12	70.64	51.61	48.21	52.92	52.92	50.64
2.19	2.47	3.14	2.96	3.77	3.93	5.12
8.43	8.83	6.47	10.86	12.59	14.46	15.92
29.33	31.81	21.24	33.30	46.28	54.91	68.09
100	80	59	59	59	54	49
–	20	41	41	41	41	41
819	802	807	797	794	745	690
643	1,478	877	663	1,170	1,822	1,622

Branch Network

Branch	Address	Telephone
Ahangama	No.93, 2nd Floor, Matara Road, Ahangama	091-2281181
Akkaraipattu	Ground Floor, Ampara Road, Akkaraipattu-07, Akkaraipattu	067-2261122
Akuressa	No. 24/20, Pradeshiya Sabha Road, Akuressa	041-2285060
Alawathugoda	No. 931/1, Matale Road, Alawathugoda	066-2242044
Alawwa	No. 46, Wariyagoda, Alawwa	037-2041055
Aluthgama	No. 152 1/1, 1st Floor, Galle Road, Aluthgama	034-2270573
Ambalangoda	No. 118B, Galle Road, Ambalangoda	091-2254901
Ambalanthota	No. 34, Main Street, Ambalanthota	047-2031852
Ampara	No.778 A, D S Senanayaka Mawatha, Ampara	063-2224057
Anamaduwa	No. 53, Chilaw Road, Near Public Fair, Anamaduwa	032-2263963
Angoda	No. 650, Avissawella Road, Mulleriyawa South, Angoda	011-2417780
Anuradhapura	No. 561/4, New Bus Stand, Anuradhapura	025-2237969
Aralaganvila	No: 14/123, New Town, Aralaganvila	027-2053834
Aturugiriya	No. 303, Godagama Road, Aturugiriya	011-2185888
Avissawella	No.19 , Kudagama Road, Avissawella	036-2222800
Badulla	No 2, Riverside Road, Badulla	055-2224401
Bakamuna	No. 70, In Front of the Bus Stand, Co-operative Mawatha, Bakamuna	066-2255998
Balangoda	No. 281, Colombo Road, Balagahamula, Balangoda	045-2289533
Bandaragama	No. 91, Panadura Road, Bandaragama	038-2293903
Bandarawela	No. 68, Dharmavijaya Mawatha, Bandarawela	057-2222675
Batticaloa	No. 221 (Ground & First Floor), Trinco Road, Batticaloa	065-2229200
Bibila	No. 43/4, Mahiyangana Road, Bibila	055-2266563
Bulathsinhala	Near The 24th Mile Post, Horana Road, Bulathsinhala	034-2283083
Buttala	No. 60, Monaragala, Buttala.	055-2270400
Chavakachcheri	No. 15, Kandy Road, Chavakachcheri	021-2270951
Chilaw	No. 53, Kurunegala Road, Chilaw	032-2224043
Chunnakam	No. 143, KKS Road, Chunnakam	021-2051021
Colombo	2nd Floor, 267, Galle Road, Colombo 03	011-2301301
Dambulla	No. 357, Matale Road, Dambulla	066-2285530
Dankotuwa	No. 130,Ground Floor, Nattandiya Road, Dankotuwa	031-2261060
Dehiattakandiya	No. F-74, New Town, Dehiattakandiya	027-2050800
Dehiwala	No. 121, Galle Road, Dehiwela	011-2732456
Delgoda	No. 353/1, 353/1A, New Kandy Road, Delgoda	011-2191010
Deniyaya	No. 54, Main Street, Deniyaya	041-2273891
Digana	No. 967/4, Nilagama, Digana, Rajawella	081-2376623
Divulapitiya	In Front of the Police, Colombo Road, Divulapitiya	031-2263067
Eheliyagoda	No. 320, Main Street, Eheliyagoda	036-2257341
Elpitiya	No. 42, Ambalangoda Road, Elpitiya	091-2290485

Branch	Address	Telephone
Embilipitiya	No. 325B Ratnapura Road, Pallegama, Embilipitiya	047-2261991
Fort	No.48. Mudalige Mawatha, Colombo 01	011-2446901
Galewela	No. 87/3A, Kurunegala Road , Galewela	066-2288025
Galgamuwa	No. 241 (Ground Floor & First Floor), Main Street, Galgamuwa	037-2018506
Galle	No. 66, Colombo Road, Kaluwella, Galle	091-2248111
Gampaha	No. 560 A, Colombo Road, Gampaha	033-2233555
Gampola	No. 42, Panabokka Mawatha, Gampola	081-2350100
Gelioya	No. 367/7, Gampola Road, Gelioya.	081-2224747
Giriulla	No. 101, Negombo Road, Giriulla	037-2288700
Godakawela	No. 9A, Main Street, Godakawela.	045-2240877
Hanwella	No. 40, Pahala Hanwella, Hanwella	036-2252190
Hasalaka	No. 308 (Ground Floor), Multi Purpose Co-operative Society, Hasalaka	055-2051243
Hatton	No. 267,269, Dimbula Road, Hatton.	051-2222970
Hettipola	No. 161 E, Wariyapola Road, Hettipola	037-2290069
Hingurakgoda	No. 9, Airport Road, Hingurakgoda	027-2245680
Homagama	No. 94/1 (First Floor) Highlevel Road, Homagama	011-2857878
Horana	No. 83, Sri Somananda Road, Horana	034-2262770
Horowpathana	Aluth Oya Road, Horowpathana	025-2278444
Ibbagamuwa	Dambulla Road, Galkanda, Ibbagamuwa	037-2258757
Ingiriya	No. 68, 68/1, Panadura Road, Ingiriya	034-2269696
Ja-Ela	No. 356 1/1, Negombo Road, Weligampitiya, Ja-Ela	011-2247861
Jaffna	No. 62/3, New Stanley Road, Jaffna	021-2219960
Jampettah Street	No. 124, Jampettah Street, Colombo 13	011-2380804
Kadawatha	No. 316 H, Kandy Road, Kadawatha	011-2929010
Kaduruwela	No. 292, Saw Mill Junction, Kaduruwela	027-2224739
Kaduwela	No. 482/5/A, Colombo Road, Kaduwela	011-2538180
Kahawatta	No. 187, Main Street, Kahawatta	045-2271972
Kalawana	No. 1/100, Mathugama Road, Kalawana	045-2256561
Kalawanchikudy	Ground Floor, Main Road, Kalawanchikudy	065-2251707
Kalmunai	No. 202, Batticaloa Road, Kalmunai	067-2226860
Kalutara	First floor, No 443,443/1 Galle Road, Kalutara	034-2227101
Kamburupitiya	No. 02, Udaha Walawwa Watte, Matara Road, Kamburupitiya.	041-2247847
Kandy	No. 14, Kotugodella Veediya, Kandy	081-2201201
Kantale	No. 88, Main Street, Kanthale.	026-2234927
Karapitiya	No. 219A-1/1, Kahaduwatta, Waduramba Road, Karapitiya	091-2121081
Katugastota	No. 282A, Katugastota Road, Kandy	081-2213860
Kegalle	No. 243, Colombo Road, Kegalle	035-2221277
Kekirawa	No. 55, Main Road, Kekirawa	025-2263234

Branch Network

Branch	Address	Telephone
Kelaniya	No. 457, Kandy Road, Dalugama, Kelaniya	011-2914714
Kilinochchi	Opposite Commercial Bank, Kandy Road, Kilinochchi	021-2283720
Kirindiwela	No. 27/16/1, Nugahenawatta, Kirindiwela	033-2247851
Kohuwala	No. 130 A, Dutugemunu Street, Kohuwala	011-2890800
Kolonnawa	No. 81(309), Kolonnawa Road, Kolonnawa	011-2410210
Kotahena	No. 178 (Third Floor) George R De Silva Mawatha, Colombo 13	011-2441261
Kottawa	No. 296/3 , Makumbura, Pannipitiya	011-2781222
Kuliyapitiya	No. 74 1/1, Hettipola Road, Kuliyapitiya	037-2284630
Kundasale	No. 18/9 A-3,Digana Road, Nattarampotha, Kundasale	081-2464264
Kurunegala	No. 91, Kandy Road, Kurunegala	037-2220402
Madampe	No. 355, Kurunegala Road, New Town, Madampe	032-2249484
Maharagama	No. 163, High Level Road, Maharagama	011-2896888
Mahiyanganaya	No.109/1, Padiyathalawa Road, Mahiyanganaya	055-2258280
Maho	No. 234, Moragollagama Road, Maho	037-2275320
Malabe	No. 318/6/B, Kaduwela Road, Malabe	011-2277106
Maradana	Ground Floor, 468, Ven. Baddegama Wimalawansha Mw, Maradana, Colombo 10	011-2683600
Matale	No. 97, 97A, Kings Street, Matale	066-2222954
Matara	No. 558, Anagarika Dharmapala Mawatha, Pamburana, Matara	041-2233891
Mathugama	No. 146, Aluthgama Road, Mathugama	034-2295000
Mawanella	No. 215, New Colombo Road, Mawanella	035-2247626
Mawathagama	No. 174 “Thissa Saw mill”, 7th Mile Post, Kurunegala Rd, Mawathagama	037-2296443
Medawachchi	Lot 22, Jaffna Road (CP Town), Medawachchiya	025-2278660
Melsiripura	No. 337 B (Ground Floor), Dambulla Road, Melsiripura	037-2018500
Minuwangoda	No. 67, Colombo Road, Minuwangoda	011-2295177
Mirigama	No. 71, Negombo Road, Mirigama	033-2276868
Monaragala	No. 112, Wellawaya Road, Monaragala	055-2055421
Moratuwa	No. 18, New Galle Road, Moratuwa	011-2644249
Mount Lavinia	246, 1/1, Galle Road, Ratmalana South, Mount Lavinia	011-2715001
Narammala	No. 285, Uyanwatta Road, Narammala	037-2249892
Naula	No. 93/1/1, Dambulla Road, Naula	066-2230308
Nawalapitiya	No. 159,159/1, Ambagamuwa Road, Nawalapitiya	054-2050458
Negombo	No. 149, 1st Floor, Rajapaksha Broadway, Negombo	031-2223456
Nelliady	No. 58/1, Point Pedro Road, Nelliady	021-2261430
Neluwa	Disna, Magahena, Udugama Road, Neluwa	091-2296772
Nikaweratiya	No. 245/A, Puttalam Road, Nikaweratiya.	037-2260117
Nittambuwa	No. 538/3, 38 Kilometer Post, Malwatta, Nittambuwa	033-2297030
Nochchiyagama	In Front of the Police Station, Nochchiyagama	025-2257462
Nugegoda	No. 257 C, D, C 1/2, Stanley Thilakaratne Mawatha, Nugegoda	011-2856600

Branch	Address	Telephone
Nuwara Eliya	No. 26, Upper Lake Road, Nuwara Eliya	052-2224123
Padukka	No. 397/A, High Level Road, Galagedara, Padukka	011-2085990
Panadura	No. 383/1, Galle Road, Panadura	038-2243990
Pelawatte	No. 1067, Pannipitiya Road, Battaramulla	011-2774140
Pelmadulla	No. 26, Balangoda Road, Pelmadulla	045-2275976
Peradeniya	1st Floor, No. 829/1,1, Sirimawo Bandaranayake Mawatha, Peradeniya	081-2225199
Pilimathalawa	No. 96/07, Colombo Road, Pilimathalawa	081-2579622
Piliyandala	No. 91B, 93, Colombo Road, Piliyandala	011-2615740
Polgahawela	No. 32/2, Kurunegala Road, Polgahawela	037-2241741
Pothuhera	No. 175, Kurunegala Road, Pothuhera	037-2237783
Pugoda	No. 98/D/1(A), Bangalawatta, Pugoda	011-2405463
Puttalam	No. 128/B/1, Kurunegala Road, Puttalam	032-2266783
Ragama	No. 46B, Kadawatha Road, Ragama	011-2953992
Rambukkana	No. 63 & 67, Mawanella Road, Rambukkana	035-2266650
Ratnapura	No. 394, Main Street, Ratnapura	045-2226890
Rikillagaskada	No. 20 Post, Kandy Road, Rikillagaskada	081-2081927
Ruwanwella	No. 195/A, Main Street, Ruwanwella	036-2265492
Seeduwa	No. 394, Negombo Road, Seeduwa	011-2251863
Tangalle	No. 35, Sea road, Tangalle	047-2241902
Teldeniya	No. 249/1, Mahiyangana Road, Karalliyadda, Theldeniya	081-2064606
Thambuththegama	No. 185/158, Regina Junction, Thambuththegama	025-2275472
Tissamaharama	No. 60, Palliyawatta Road, Thissamaharama	047-2239925
Trincomalee	No. 346, (Ground Floor) Main Street, Trincomalee	026-2225115
Valaichchenai	Trinco Road, Karuuvakerny, Valaichchenai	065-2051677
Vavuniya	No. 8, 1st Cross Street, Vavuniya	024-2226340
Walasmulla	No. 42 & 44, Beliaththa Road, Walasmulla	047-2031846
Warakapola	No. 211C, Colombo Road, Warakapola	035-2267020
Wariyapola	No. 141, Kurunegala Road, Wariyapola	037-2268880
Wattala	No. 264, Negombo Road, Wattala	011-2949611
Wattegama	No. 79, Kandy Road, Wattegama	081-2476331
Weligama	No. 42 C, Railway Station Road, Weligama	041-2121769
Welimada	No. 17, Haputhale Road, Welimada	057-2245684
Wellawatta	No. 577, Galle Road, Colombo 06	011-2363634
Wellawaya	No. 72, Ella Road, Wellawaya	055-2274194
Wennappuwa	No. 272/1/1, Chilaw Road, Wennappuwa	031-2245266
Yatiyanthota	No. 10, New Colombo Road, Yatiyantota	036-2270783

GRI Content Index

Statement of use

Senkadagala Finance PLC has reported the information cited in this GRI content index for the period 1 April 2025 to 31 March 2026 with reference to the GRI Standards.

GRI 1 used GRI 1: Foundation 2021

GRI Standard	Disclosure No.	Disclosure	Location	Page Reference
General Disclosures				
GRI 2: General Disclosures 2021	2-1	Organisational details	About Us; Notes to the Financial Statements – Corporate Information (Note 1)	7 & 193
	2-2	Entities included in the Organisation's sustainability reporting	About Us (Our Group Partners)	8
	2-3	Reporting period, frequency, and contact point	About this Report	6
	2-5	External assurance	Financial Reports – Independent Auditor's Report	180 - 183
	2-6	Activities, value chain, and other business relationships	Our Business Model; Institutional Capital (Responsible Procurement)	22 - 23 & 52 - 53
	2-7	Employees	Employee Capital (Diversity, Inclusion and Workforce Composition)	68 - 69
	2-9	Governance structure and composition	Corporate Governance (Governance Structure; Board Composition; Changes to Board Composition)	94 - 96 & 135
	2-10	Nomination and selection of the highest governance body	Corporate Governance (Director Appointment and Succession); Report of the Board Nominations and Governance Committee	96 & 155 - 156
	2-11	Chair of the highest governance body	Corporate Governance (Governance Structure; Board Composition)	94 - 95
	2-12	Role of the highest governance body in overseeing the management of impacts	Corporate Governance (Roles and Responsibilities; Sustainability and ESG Oversight)	95 & 97
	2-13	Delegation of responsibility for managing impacts	Corporate Governance (Delegation of Authority); Risk Management	105 & 160 - 161
	2-14	Role of the highest governance body in sustainability reporting	Corporate Governance (Sustainability and ESG Oversight)	35 - 36, 97 & 133
	2-15	Conflicts of interest	Corporate Governance (Ethics and Conduct; Conflicts of Interest)	96 - 97 & 109
	2-16	Communication of critical concerns	Employee Capital (Grievance Redressal and Ethical Reporting); Corporate Governance (Whistleblowing)	72 & 97
	2-17	Collective knowledge of the highest governance body	Board of Directors' Profiles; Corporate Governance (Board Training and Development)	86 - 91 & 96
	2-18	Evaluation of the performance of the highest governance body	Corporate Governance (Board Evaluation); Report of the Board Human Resources and Remuneration Committee	96 & 151
	2-19	Remuneration policies	Corporate Governance (Remuneration of Board of Directors); Report of the Board Human Resources and Remuneration Committee	97 & 151
	2-20	Process to determine remuneration	Corporate Governance (Remuneration of Board of Directors); Report of the Board Human Resources and Remuneration Committee	97 & 151
	2-22	Statement on sustainable development strategy	Chairman's Message; Social and Environmental Capital	12 - 15 & 73
	2-23	Policy commitments	About this Report; Employee Capital; Corporate Governance (Governance Framework and Regulatory Compliance; Codes Complied With)	6, 67, 92 & 98
	2-24	Embedding policy commitments	About this Report; Employee Capital; Corporate Governance (Governance Framework and Regulatory Compliance; Codes Complied With)	6, 67, 92 & 98

GRI Standard	Disclosure No.	Disclosure	Location	Page Reference
	2-25	Processes to remediate negative impacts	Employee Capital (Grievance Redressal); Risk Management	72 & 160 - 161
	2-26	Mechanisms for seeking advice and raising concerns	Employee Capital (Grievance Redressal and Ethical Reporting); Corporate Governance (Whistleblowing); Stakeholder Engagement	29, 72 & 97
	2-27	Compliance with laws and regulations	Corporate Governance (Governance Framework and Regulatory Compliance); Annual Report of the Board of Directors	92 - 93 & 136
	2-29	Approach to stakeholder engagement	Business Model – Stakeholder Engagement	29 - 34
Material topics				
GRI 3: Material Topics 2021	3-1	Process to determine material topics	Business Model – Materiality	35 - 36
	3-2	List of material topics	Business Model – Materiality	35 - 36
	3-3	Management of material topics	Business Model – Our Business Model	22 - 23
Economic				
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	Financial Capital (Value Addition and Distribution)	46 - 47
	201-3	Defined benefit plan obligations and other retirement plans	Employee Capital (Employee Benefits)	70
GRI 202: Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Employee Capital (Remuneration and Minimum Wage Alignment)	70
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	Institutional Capital (Network, Systems and Operational Investment)	49 - 52
	203-2	Significant indirect economic impacts	Social and Environmental Capital (Creating Social Value through Access and Inclusion)	74
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	Report of the Board Integrated Risk Management Committee; Risk Management	149 - 150, 162 - 163 & 165 - 171
	205-2	Communication and training about anti-corruption policies and procedures	Employee Capital (Professional Conduct and Code of Conduct); Report of the Board Integrated Risk Management Committee	67 & 150
	205-3	Confirmed incidents of corruption and actions taken	Governance – Risk Management	158 - 171
GRI 207: Tax 2019	207-1	Approach to tax	Financial Reports – Notes (14. Taxes on Financial Services; 15. Income Tax Expense)	214 - 215
	207-2	Tax governance, control, and risk management	Financial Reports – Notes (14. Taxes on Financial Services; 15. Income Tax Expense)	214 - 215
	207-3	Stakeholder engagement and management of concerns related to tax	Stakeholder Engagement (Mode and Frequency of Stakeholder Engagement)	29 - 34
Environmental				
GRI 301: Materials 2016	301-1	Materials used by weight or volume	Social and Environmental Capital	76
	301-2	Recycled input materials used	Social and Environmental Capital	76
	301-3	Reclaimed products and their packaging materials	Social and Environmental Capital	76
GRI 302: Energy 2016	302-1	Energy consumption within the Organisation	Social and Environmental Capital (Utility Consumption Indicators)	76
	302-4	Reduction of energy consumption	Social and Environmental Capital (Environmental Responsibility and Resource Efficiency)	75 - 76
	302-5	Reductions in energy requirements of products and services	Social and Environmental Capital (Environmental Responsibility and Resource Efficiency)	75 - 76

GRI Content Index

GRI Standard	Disclosure No.	Disclosure	Location	Page Reference
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	Social and Environmental Capital (Environmental Responsibility and Resource Efficiency)	75 - 76
	303-5	Water consumption	Social and Environmental Capital (Utility Consumption Indicators)	76
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	Social and Environmental Capital (Environmental Responsibility and Resource Efficiency)	75 - 76
	306-2	Management of significant waste-related impacts	Social and Environmental Capital (Environmental Responsibility and Resource Efficiency)	75 - 76
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	Institutional Capital (Responsible Procurement)	52
	308-2	Negative environmental impacts in the supply chain and actions taken	Institutional Capital (Responsible Procurement)	52
Social				
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	Employee Capital (Workforce Movement; New Employee Hires by Region and Gender)	67 - 68
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee Capital (Employee Benefits)	70
	401-3	Parental leave	Employee Capital (Wellbeing, Family Support and Balance)	71
GRI 402: Labour/ Management Relations 2016	402-1	Minimum notice periods regarding operational changes	Employee Capital	66 - 72
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	Employee Capital (Safe, Secure and Responsive Workplaces)	72
	403-2	Hazard identification, risk assessment, and incident investigation	Employee Capital (Safe, Secure and Responsive Workplaces)	72
	403-3	Occupational health services	Employee Capital (Safe, Secure and Responsive Workplaces)	72
	403-4	Worker participation, consultation, and communication on occupational health and safety	Employee Capital (Safe, Secure and Responsive Workplaces)	72
	403-5	Worker training on occupational health and safety	Employee Capital (Safe, Secure and Responsive Workplaces; Training hours by programme area)	70 & 72
	403-6	Promotion of worker health	Employee Capital (Safe, Secure and Responsive Workplaces; Wellbeing)	71 - 72
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Employee Capital (Safe, Secure and Responsive Workplaces)	72
	403-8	Workers covered by an occupational health and safety management system	Employee Capital (Safe, Secure and Responsive Workplaces)	72

GRI Standard	Disclosure No.	Disclosure	Location	Page Reference
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	Employee Capital (Skills Development and Transition Assistance)	70
	404-2	Programmes for upgrading employee skills and transition assistance programmes	Employee Capital (Skills Development and Transition Assistance)	70
	404-3	Percentage of employees receiving regular performance and career development reviews	Employee Capital (Recognition and Performance Alignment)	71
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	Employee Capital (Diversity, Inclusion and Workforce Composition); Corporate Governance (Board Composition)	68 - 69 & 95 - 96
	405-2	Ratio of basic salary and remuneration of women to men	Employee Capital (Remuneration and Minimum Wage Alignment)	70
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	Employee Capital (Listening, Grievance Redressal and Ethical Reporting)	72
GRI 408: Child Labour 2016	408-1	Operations and suppliers at significant risk for incidents of child labour	Does not arise	-
GRI 409: Forced or Compulsory Labour 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Does not arise	-
GRI 410: Security Practices 2016	410-1	Security personnel trained in human rights policies or procedures	Employee Capital	66 - 72
GRI 411: Rights of Indigenous Peoples 2016	411-1	Incidents of violations involving rights of indigenous peoples	Does not arise	-
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programmes	Social and Environmental Capital (Creating Social Value; Financial Literacy and Community Engagement)	74 - 75
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	Institutional Capital (Responsible Procurement)	52
	414-2	Negative social impacts in the supply chain and actions taken	None	-
GRI 415: Public Policy 2016	415-1	Political contributions	None	-
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	Customer Capital (Customer Complaints and Feedback); Social and Environmental Capital (Responsible Lending)	64 & 74
GRI 417: Marketing and Labelling 2016	417-1	Requirements for product and service information and labelling	Customer Capital (Marketing Communications and Customer Engagement)	64

Notice of Meeting

Notice is hereby given that the Fifty-Seventh (57th) Annual General Meeting of Senkadagala Finance PLC (the "Company") will be held online via a virtual platform on Thursday 30 July 2026 at 10.00am. and the business to be brought before the meeting will be as follows:

1. To receive and consider the Annual Report of the Board of Directors together with the Financial Statements of the Company for the year ended 31 March 2026 and the Report of the Auditors thereon.
2. To declare a final dividend of Sri Lanka Rupees Two Hundred Fifty-Three Million Six Hundred Sixty-Two Thousand Seven Hundred Twelve and Cents Eighty only (LKR 253,662,712.80) at the rate of Sri Lankan Rupees Two and Cents Eighty (LKR 2.80) per share to the shareholders of the Company as recommended by the Board of Directors.
3. To elect Mr Sahishnu Keshav Balasuriya in terms of Article 26(2) of the Articles of Association, as a Director of the Company.
4. To elect Mr Chandranath Priyanka Jayatilake in terms of Article 26(2) of the Articles of Association, as a Director of the Company.
5. To elect Mr Sonal Balasuriya in terms of Article 26(2) of the Articles of Association, as a Director of the Company.
6. To re-appoint Messrs Ernst & Young, Chartered Accountants, as the Auditors of the Company for the ensuing year and to authorise the Directors to determine their remuneration.
7. To authorise the Board of Directors to determine donations for the year 2026/2027.

By Order of the Board

Sgd.

J A H V Ranasinghe

Company Secretary
Senkadagala Finance PLC
Colombo
Sri Lanka

25 June 2026

Note:

1. Any shareholder entitled to attend and vote at this Meeting is entitled to appoint a proxy to attend and vote/ speak in his/her behalf by electronic means.
2. A proxy need not be a shareholder of the Company.
3. The Form of Proxy is enclosed for this purpose.
4. Shareholders are advised to follow the Guidelines and Attendance Registration Process for the Annual General Meeting available on the website of the Colombo Stock Exchange.

Form of Proxy

*I / We ..... of

..... being a shareholder/shareholders of

Senkadagala Finance PLC do hereby appoint ..... of

..... or failing him /her, Mr N Vasantha Kumar (Chairman of the Company), or failing him, one of the Directors of the Company, as *my/our proxy to vote as indicated hereunder for *me/us and on *my/our behalf at the Fifty-Seventh (57th) Annual General Meeting of the Company to be held on Thursday 30 July 2026 at 10.00am and at every poll which may be taken in consequence of the aforesaid meeting and any adjournment thereof:

	For	Against
1. To receive and consider the Annual Report of the Board of Directors together with the Financial Statements of the Company for the year ended 31 March 2026 and the Report of the Auditors thereon.		
2. To declare a final dividend of LKR 2.80 (Rupees Two and Cents Eighty) per share to the shareholders of the Company as recommended by the Board of Directors.		
3. To elect Mr Sahishnu Keshav Balasuriya in terms of Article 26(2) of the Articles of Association, as a Director of the Company.		
4. To elect Mr Chandranath Priyanka Jayatilake in terms of Article 26(2) of the Articles of Association, as a Director of the Company.		
5. To elect Mr Sonal Balasuriya in terms of Article 26(2) of the Articles of Association, as a Director of the Company.		
6. To re-appoint Messrs Ernst & Young, Chartered Accountants, as the Auditors of the Company for the ensuing year and to authorise the Directors to determine their remuneration.		
7. To authorise the Board of Directors to determine donations for the year 2026/2027.		

Signed this ..... day of ..... Two Thousand and Twenty-Six

.....
*Signature of shareholder/s

Note:

1. *Please delete the inappropriate words.

2. Instructions as to completion are noted as overleaf.

Form of Proxy

Instructions on Completion of the Form of Proxy:

1. To be valid, the completed Form of Proxy should be deposited at the Registered Office of the Company, 2nd Floor, 267, Galle Road, Colombo 03, or emailed to himasha@senfin.com no later than 48 hours before the time of the meeting.
2. In perfecting the Form of Proxy, please ensure that all details are legible.
3. Please indicate with an “X” in the space provided how your proxy is to vote on each resolution. If no indication is given, the proxy, at his discretion, may vote as he thinks fit.
4. In the case of a company/corporation, the letter of authorisation must be signed by placing the common seal of the company/corporation and attested in the manner prescribed by its Articles of Association.
5. In the case of a proxy signed by the attorney, the Power of Attorney document must be deposited at the Registered Office, 2nd Floor, 267, Galle Road, Colombo 03, for registration or emailed to himasha@senfin.com.

Corporate Information

Name of Company
Senkadagala Finance PLC

Date of Incorporation
29 December 1968

Legal Status
- Listed public limited liability company incorporated on 29 December 1968. The Company was re-registered under the Companies Act No. 07 of 2007.
- Listed on the Colombo Stock Exchange with effect from 22 March 2011.
- Approved and registered under the Finance Business Act No. 42 of 2011.
- Approved and registered under the Finance Leasing Act No. 56 of 2000.

Company Registration Number
PB 238 PQ

Taxpayer Identification Number (TIN)
104028349

Registered Office
2nd Floor, No. 267, Galle Road,
Colombo 03,
Sri Lanka

Tel : +94 11 230 1301
SWIFT code : SENFLKLX
Email : info@senfin.com
Web : www.senfin.com

Stock Exchange Listing
90,593,826 ordinary shares of the Company are listed on the Colombo Stock Exchange.

Credit Rating
Fitch Ratings Lanka Limited rating of BBB (lka) with a stable outlook, on 05 August 2025

Board of Directors
Mr N Vasantha Kumar
MBA, Dip (Professional Treasury Management)
Chairman

Mr S K Balasuriya
MFin (Cambridge), MSc (Bristol), BSc (UCL)
Executive Director/Chief Executive Officer

Ms L Fernando
BSc (Hons)
Non-Independent Non-Executive Director

Dr (Ms) R A Perera
PhD (Melb), MPA (Harvard)
Independent Non-Executive Director

Mr A Herath
FCA, CGMA, MBA (UK), MA (Colombo), BSc (Colombo)
Independent Non-Executive Director

Ms D G Wijayawardana
Attorney at Law, LLM (Cambridge)
Independent Non Executive Director

Ms K A Chellaraja
FCMA
Independent Non Executive Director

Mr C P Jayatilake
FCA, FCMA, FBCS, CITP, MSc (Sheffield),
BSc (Hons) (Colombo)
Independent Non Executive Director

Mr S Balasuriya
Chartered Architect (SLIA), MArch (UCL),
BSc (Hons) (Westminster)
Non Independent Non Executive Director

Company Secretary
Ms J A H V Ranasinghe

Auditors
Ernst & Young
Chartered Accountants
Rotunda Towers, 109, Galle Road
Colombo 03

Legal Consultants
Nithya Partners
Attorneys-at-Law
97/A, Galle Road, Colombo 03

Bankers
Commercial Bank of Ceylon PLC
Seylan Bank PLC
People's Bank
National Development Bank PLC
Hatton National Bank PLC
Sampath Bank PLC
Nations Trust Bank PLC
Bank of Ceylon

GSARN© www.gsarn.org
Global Standard Annual Report Number©
LKA8773SFXXX0250260E112

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