

CBC FINANCE LIMITED

(A FULLY OWNED SUBSIDIARY OF COMMERCIAL BANK OF CEYLON PLC)

PUBLICATION OF AUDITED FINANCIAL STATEMENTS AS AT 31.12.2024 AS PER SECTION 29 (2) OF THE FINANCE BUSINESS ACT NO 42 OF 2011

FitchRatings A (Ika)

Statement of Profit or Loss and Other comprehensive income	Year ended 31 December 2024 Rs.	Year ended 31 December 2023 Rs.
Interest income	2,271,136,833	1,767,177,189
Interest expenses	(1,399,057,829)	(1,270,698,792)
Net interest income	872,079,004	496,478,397
Fee and commission income	291,433,391	149,882,005
Fee and commission expenses	(22,167,639)	(32,488,653)
Net fee and commission income	269,265,752	117,393,352
Other operating income	98,796,540	74,410,986
Total operating income	1,240,141,296	688,282,735
Impairment for loans and other losses	(236,864,852)	(481,615,526)
Net operating income	1,003,276,444	206,667,209
Personnel cost	(362,379,028)	(253,178,874)
Depreciation and amortization	(81,544,128)	(61,802,622)
Other expenses	(298,887,425)	(212,290,253)
Operating profit / (loss) before taxes on financial services	260,465,863	(320,604,540)
Taxes on financial services	(102,802,202)	-
Profit / (loss) before taxation	157,663,661	(320,604,540)
Income tax expense	(76,122,654)	95,427,017
Profit / (loss) for the year	81,541,007	(225,177,523)
Other comprehensive income		
Revaluation surplus of property, plant and equipment	-	27,169,343
Actuarial loss on defined benefit plans	(3,605,250)	(436,423)
Net change in fair value of FVOCI financial assets	3,655,740	9,041,549
Tax expense relating to components of other comprehensive income	(15,147)	(10,732,341)
Total other comprehensive income for the year, net of taxes	35,343	25,042,128
Total comprehensive income / (expense) for the year, net of taxes	81,576,350	(200,135,395)
Basic earnings/ (loss) per ordinary share	0.37	(1.02)

Statement of Financial Position	As at 31 December 2024 Rs.	As at 31 December 2023 Rs.
ASSETS		
Cash and cash equivalents	166,599,890	154,177,733
Financial investments	1,634,253,594	712,023,869
Loans and advances	13,445,176,774	10,142,399,731
Investment properties	680,900,000	538,875,000
Property, plant & equipment and right of use assets	500,663,810	471,257,581
Intangible assets	33,576,762	31,727,740
Current tax assets	394,940	-
Deferred tax assets	283,122,147	359,259,949
Other assets	115,951,395	49,039,147
Total assets	16,860,639,312	12,458,760,750
LIABILITIES		
Due to customers	10,311,261,790	6,534,180,634
Due to banks	3,050,169,109	2,758,596,459
Current tax liabilities	-	2,605,060
Other liabilities	440,295,829	186,042,363
Total liabilities	13,801,726,728	9,481,424,516
EQUITY		
Stated capital	3,254,999,964	3,254,999,964
Statutory reserve fund	37,405,628	33,328,578
Other reserves	376,948,409	120,332,867
Accumulated losses	(610,441,417)	(431,325,175)
Total equity	3,058,912,584	2,977,336,234
Total liabilities and equity	16,860,639,312	12,458,760,750

Certification

We, the undersigned, being the Managing Director / Chief Executive Officer and the Chief Manager Finance of CBC Finance Limited certify jointly that;

(A) The above statements have been prepared in compliance with the format and definitions prescribed by the Central Bank of Sri Lanka,

(B) The information contained in these statements has been extracted from the audited financial statements of the Company.

(Sgd.) (Sgd.)
 Chamilantha Fernando W.M.N.S. Sardarathne
 Managing Director / Chief Executive Officer Chief Manager - Finance
 Date:- 24.03.2025 Date:- 24.03.2025

Selected key performance indicators	As at 31 December 2024		As at 31 December 2023	
	Actual	Required	Actual	Required
Regulatory Capital Adequacy (%)				
Tier 1 capital adequacy ratio	15.71	8.50	19.57	8.50
Total capital adequacy ratio	15.71	12.50	19.57	12.50
Capital funds to deposit liabilities ratio	25.84	10.00	43.52	10.00
Quality of Loan Portfolio (%)				
Gross stage 03 loans ratio	24.95		29.42	
Net stage 03 loans ratio	15.04		19.40	
Net stage 03 loans to core capital ratio	79.93		78.86	
Stage 03 impairment coverage ratio	39.74		34.05	
Total impairment coverage ratio	11.65		12.85	
Profitability (%)				
Net interest margin	5.17		3.98	
Return on assets	0.94		-2.57	
Return on equity	2.67		-6.72	
Cost to income ratio	59.90		76.61	
Liquidity (%)				
Available liquid assets to required liquid assets (minimum 100%)	153.11		114.64	
Liquid assets to external funds	13.21		9.01	
Memorandum Information				
Number of branches	18		15	
External credit rating	Fitch Rating BBB+(Ika)		Fitch Rating BBB+(Ika)	

There are no regulatory restrictions imposed by the Central Bank of Sri Lanka on the operations of the Company.



WDP/LP/ALS/DW INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CBC FINANCE LIMITED

Report on the audit of the financial statements

Opinion

We have audited the financial statements of CBC Finance Limited ("Company") which comprise the statement of financial position as at 31 December 2024, and the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cashflows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

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

Other Matter

The financial statements of the Company for the year ended 31 December 2023, were audited by another auditor who expressed an unmodified opinion on those statements on 27 March 2024.

Responsibilities of management and those charged with governance for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on other legal and regulatory requirements

Requirements of 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. As far as appears from our examination, in our opinion, proper accounting records have been kept by the Company.

Ernst & Young
 24 March 2025
 Colombo

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