

CBC FINANCE PLC

FitchRatings A (Ba)

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

PUBLICATION OF AUDITED FINANCIAL STATEMENTS AS AT 31.12.2025 AS PER SECTION 29 (2) OF THE FINANCE BUSINESS ACT NO 42 OF 2011

Statement of profit or loss and other comprehensive income	Year ended 31 December 2025 Rs.	Year ended 31 December 2024 Rs.
Interest income	3,171,698,985	2,271,136,833
Interest expenses	(1,710,944,363)	(1,399,057,829)
Net interest income	1,460,754,622	872,079,004
Fee and commission income	462,392,756	291,433,391
Fee and commission expenses	(14,795,283)	(22,167,639)
Net fee and commission income	447,597,473	269,265,752
Other operating income	84,703,763	98,796,540
Total operating income	1,993,055,858	1,240,141,296
Impairment for loans and other losses	(306,950,359)	(236,864,852)
Net operating income	1,686,105,499	1,003,276,444
Personnel expenses	(598,198,892)	(362,379,028)
Depreciation and amortization	(104,882,620)	(81,544,128)
Other operating expenses	(420,579,498)	(298,887,425)
Operating profit before taxes on financial services	562,444,889	260,465,863
Taxes on financial services	(196,810,274)	(102,802,202)
Profit before taxation	365,634,615	157,663,661
Income tax expense	(129,816,475)	(76,122,654)
Profit for the year	235,817,740	81,541,007
Other comprehensive income		
Actuarial loss on defined benefit plans	(5,585,737)	(3,605,250)
Net change in fair value of FVOCI financial assets	(3,466,546)	3,655,740
Deferred Tax relating to components of other comprehensive income	2,715,685	(15,147)
Total other comprehensive income for the year, net of taxes	(6,336,598)	35,343
Total comprehensive income for the year, net of taxes	229,481,142	81,576,350
Basic earnings per ordinary share	0.89	0.37

Statement of financial position	As at 31 December 2025 Rs.	As at 31 December 2024 Rs.
ASSETS		
Cash and cash equivalents	686,120,299	166,599,890
Financial investments at fair value through other comprehensive income	1,020,110,586	1,634,253,594
Financial investments at amortized cost	3,893,527,270	-
Loans and advances	25,958,048,767	13,445,176,774
Investment properties	775,060,000	680,900,000
Property, plant & equipment	469,048,015	432,503,997
Intangible assets	30,880,078	33,576,762
Right of use assets	216,163,278	68,159,813
Current tax assets	-	394,940
Deferred tax assets	313,244,617	283,122,147
Other assets	286,126,802	115,951,395
Total assets	33,648,329,712	16,860,639,312
LIABILITIES		
Financial liabilities at amortised cost - Due to Depositors	13,970,125,394	10,311,261,790
Financial liabilities at amortised cost - Due to banks and other financial institution	12,015,563,277	3,050,169,109
Debtenture	1,499,691,229	-
Current tax liabilities	145,867,258	-
Other liabilities	1,728,688,841	440,295,829
Total liabilities	29,359,935,999	13,801,726,728
EQUITY		
Stated capital	4,254,999,952	3,254,999,964
Statutory reserve fund	49,196,515	37,405,628
Other reserves	346,937,350	376,948,409
Accumulated losses	(362,740,104)	(610,441,417)
Total equity	4,288,393,713	3,058,912,584
Total liabilities and equity	33,648,329,712	16,860,639,312

Selected key performance indicators	As at 31 December 2025		As at 31 December 2024	
	Actual	Required	Actual	Required
Regulatory Capital Adequacy (%)				
Tier 1 capital adequacy ratio	13.73	8.50	15.71	8.50
Total capital adequacy ratio	19.40	12.50	15.71	12.50
Capital funds to deposit liabilities ratio	28.01	10.00	25.84	10.00
Quality of Loan Portfolio (%)				
Gross stage 03 loans ratio	14.71	24.95		
Net stage 03 loans ratio	8.79	15.04		
Net stage 03 loans to core capital ratio	86.05	79.93		
Stage 03 impairment coverage ratio	40.24	39.74		
Total impairment coverage ratio	7.37	11.65		
Profitability (%)				
Net interest margin	6.51	5.17		
Return on assets	2.48	0.94		
Return on equity	6.25	2.67		
Cost to income ratio	56.38	59.90		
Liquidity (%)				
Available liquid assets to required liquid assets (minimum 100%)	266.43	153.11		
Liquid assets to external funds	19.84	13.21		
Memorandum Information				
Number of branches	22	18		
External credit rating	Fitch Rating A(Ika)	Fitch Rating BBB(Ika)		

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

Certification
We, the undersigned, being the Executive Director / Acting Chief Executive Officer, the Head of Finance and the Compliance Officer of CBC Finance PLC 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.) Delakshan Hettiarachchi
Executive Director/ Acting Chief Executive Officer
Date:- 28.03.2026

(Sgd.) Purna Kandanarachchi
Head of Finance
Date:-28.03.2026

(Sgd.) Mahasen Kamathewatte
Compliance Officer
Date:-28.03.2026

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CBC FINANCE
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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CBC FINANCE PLC
Report on the audit of the financial statements

Opinion
We have audited the financial statements of CBC Finance PLC (Formerly known as CBC Finance Ltd) ("the Company"), which comprise the statement of financial position as at 31 December 2025, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including 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 2025, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

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

Key Audit Matters
Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements of the current period. These matters were addressed in the context of audit of the financial statements as a whole, and in forming the auditor's 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.

Key Audit Matter	How our audit addressed the key audit matter
Allowances for Expected Credit Losses of Loan and Advances measured at amortized cost	In addressing the allowances for expected credit losses of loan and advances measured at amortised cost, our audit procedures included the following key procedures: <ul style="list-style-type: none"> Assessed the alignment of the Company's allowances for expected credit loss computations with the underlying methodology and related accounting policies, based on the best available information up to date of our report. Evaluated the design, implementation and operating effectiveness of controls over estimation of expected credit losses. Assessed the level of oversight, review and approval of allowances for expected credit losses, policies and procedures by the Board of Directors and management. 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: <ul style="list-style-type: none"> For loans and advances assessed on a collective basis for impairment: <ul style="list-style-type: none"> Tested the key inputs and the calculations used in the allowances for expected credit losses. Assessed the reasonableness of judgements, assumptions and estimates used by the Management in the underlying methodology and the management overlays including consideration of impact arising from the 'Ditvah' cyclone. Our testing included evaluating the reasonableness of forward-looking information used, economic scenarios considered, and probability weightings assigned to each scenario.
Information Technology (IT) system related internal controls over financial reporting	Our audit procedures included the following key procedures: <ul style="list-style-type: none"> Obtained an understanding of the internal control environment of the processes and tested relevant key controls relating to financial reporting and related disclosures. Involved our internal specialized resources and; <ul style="list-style-type: none"> Identified, evaluated and tested the design and operating effectiveness of IT system related internal controls, including those related to user access and change management; and Obtained a high-level understanding of the cybersecurity risks affecting the bank 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 2025 Annual Report
Management is responsible for other information. The other information comprises the information included in the 2025 Annual Report but does not include the financial statement and our auditor's report thereon. The 2025 Annual Report is expected to be made available to us after the date of this auditor's report.

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 identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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 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.

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 153 (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 had 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
26 February 2026
Colombo
A member firm of Ernst & Young Global Limited

Licensed by Monetary Board of Central Bank of Sri Lanka under the Finance Business Act No. 42 of 2011.
Established as a Limited Liability Company on 18th February 1987.

• Leasing • Motor Draft • Business Draft • Hybrid Loans • Vehicle Loans • Gold Loans • Fixed Deposits • Savings Deposits