Chairman's Statement

LBF remains deeply connected to the nation's economic progress through its continued commitment to empowering individuals, businesses and communities across Sri Lanka. As a trusted institution within the financial services sector, we recognise our role in supporting economic advancement by expanding financial inclusion, enabling entrepreneurship and facilitating access to responsible financial solutions that contribute to sustainable development.

G A R D PRASANNA | Chairman

CHAIRMAN'S STATEMENT - DIGITAL VERSIONS

Readable Version

- In English – DOC 3
- In Sinhala – DOC 4
- In Tamil – DOC 5

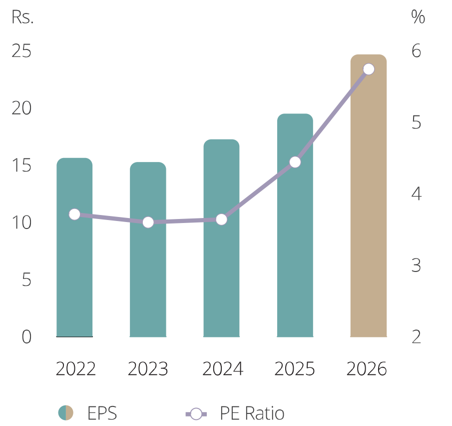
Audible Version

- English – PLAY 2
- Sinhala – PLAY 3
- Tamil – PLAY 4

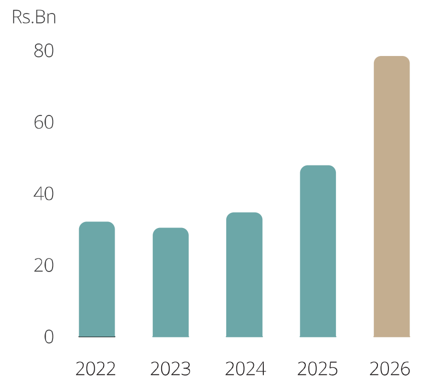
ACCESSIBLE FORMATS

Explore this statement through trilingual PDF and audio formats for a more accessible and engaging experience. These resources are designed to ensure information is available to a wider audience, promoting inclusivity and ease of access

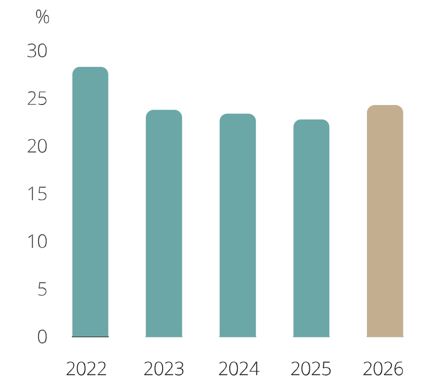
EPS and PE Ratio



Market Capitalisation



Return on Equity



FROM STABILISATION TO OPPORTUNITY

The financial year 2025/26 marked an important turning point in Sri Lanka's economic recovery, as improving macroeconomic conditions and greater political stability gradually restored confidence across businesses and consumers. A more supportive interest rate environment during the early part of the year helped reactivate credit demand and support broader economic activity across several sectors.

Several developments further amplified this momentum. The lifting of the vehicle importation ban unlocked pent-up demand within the mobility sector, while stronger business sentiment, steady remittance inflows, improving tourism activity and renewed investment confidence supported the continued impetus towards economic growth. Importantly, the recovery of the micro, small and medium-sized enterprise sector gained further traction, reinforcing its role as a critical engine of employment, entrepreneurship and regional economic progress.

While adverse weather conditions towards the latter part of the third quarter created temporary disruptions across several segments of the economy, the broader direction remained positive. On the whole, the year reflected a distinct transition from stabilisation towards opportunity, creating a stronger platform for enterprise, investment and growth.

AN EXCEPTIONAL PERFORMANCE

Against this improving macroeconomic backdrop, the Group delivered an outstanding performance in 2025/26, recording profit before tax of Rs. 20.45 billion (2024/25: Rs. 16.41 billion) and profit after tax of Rs. 14.04 billion (2024/25: Rs. 10.86 billion), supported by gross income of Rs. 62.90 billion (2024/25: Rs. 47.16 billion).

The year marked record-breaking results, with the Company recording its highest ever pre-tax profit of Rs. 19.88 billion, reflecting growth of 22%, while profit after tax increased by 27% to Rs. 13.67 billion. Gross income reached Rs. 60.03 billion, representing growth of 28%, demonstrating strong business momentum and disciplined execution during the year.

Capital adequacy and liquidity buffers remained at healthy levels, while asset quality continued to strengthen through disciplined underwriting practices, prudent credit risk management and proactive portfolio monitoring, enabling the Company to maintain the one of the industry's lowest NPL ratio. The Company also drive sustainable margins through calibrated asset-liability management strategies, ensuring performance was achieved without compromising resilience or long-term stability.

This performance reflects the strength of LBF's business model and its ability to consistently deliver strong outcomes through changing market conditions, while maintaining the discipline, prudence and resilience requisite of a leading financial services institution.

A LEGACY OF PERFORMANCE AND TRUST

The achievements of the year are rooted in a broader legacy of adaptability, consistency and enduring institutional strength. Over the years, LBF has built a strong track record of sustained performance, demonstrating steady growth, sound financial discipline and the ability to create value across changing economic cycles.

Chairman's Statement

We consolidated our position within mobility financing through the acquisition of a controlling stake in Associated Motor Finance PLC, thereby strengthening our presence within a strategically important market segment.

This consistency is anchored in the strong fundamentals upon which the organisation has been built combining prudent governance, operational excellence, customer trust and a clearly articulated long-term vision that continues to guide our progress.

Each period of uncertainty has strengthened our ability to adapt, respond and move forward with purpose, shaping the institutional knowledge and strategic perspective that steer the Company today. It is this strong foundation that has enabled LBF to remain steadfast, preserve momentum and retain both relevance and leadership across generations.

CONTRIBUTING TO NATIONAL ECONOMIC PROGRESS

LBF remains deeply connected to the nation's economic progress through its continued commitment to empowering individuals, businesses, and communities across Sri Lanka. As a trusted institution within the financial services sector, we recognise our role in supporting economic advancement by expanding financial inclusion, enabling entrepreneurship, and facilitating access to responsible financial solutions that contribute to sustainable development.

Our continued focus on micro, small and medium-sized enterprises reflects our belief that sustainable growth must be inclusive and far-reaching.

As key drivers of entrepreneurship, employment, and regional economic activity, MSMEs remain integral to Sri Lanka's long-term economic progress.

Supported by the sector's largest branch network spanning 225 locations and a rapidly expanding digital ecosystem, LBF continues to bring financial access closer to individuals, entrepreneurs and businesses across urban and rural communities. This reach enables us to support livelihoods, strengthen enterprise and promote broader economic participation across the country.

As the largest taxpayer within the NBFI sector and an organisation employing 4,500+ individuals, our contribution extends beyond financial services. We remain deeply connected to Sri Lanka's development journey, helping expand opportunity, employment and inclusive growth across society at large.

ACCELERATING DIGITAL TRANSFORMATION

During the year under review, LB Finance continued to strengthen its digital capabilities in line with evolving customer expectations and the increasing adoption of digital financial services across the country. The Company remained focused on progressively enhancing its digital platforms, customer accessibility, and operational efficiency within an increasingly interconnected financial landscape.

At the centre of this transformation, the LB CIM platform continued to strengthen its position as a key pillar of the Company's long-term digital agenda, processing over 6 million transaction volumes during the year.

As digital adoption accelerates across the country, we remain committed to investing in future ready digital capabilities that deepen customer engagement, enhance service delivery and support broader financial inclusion. Looking ahead, our ambition is to further evolve our digital ecosystem into a more integrated platform that seamlessly connects financial solutions, lifestyle services and customer experiences within a unified ecosystem.

EXPANDING INTO NEW FRONTIERS

During the year, LBF took significant steps towards shaping the foundations that will define its next phase of growth. Through targeted investments and expansion into adjacent and emerging segments, we continue to build a broader, more future-ready business positioned to serve evolving customer needs and capture new sources of value.

We consolidated our position within mobility financing through the acquisition of a controlling stake in Associated Motor Finance, thereby strengthening our presence within a strategically important market segment.

We also expanded into emerging growth segments, including affordable housing, SME financing, electric mobility, and energy-efficient financing solutions, aligning the business with evolving national priorities and long-term market opportunities. Reflecting our broader regional aspirations, the Company made an advance investment towards establishing operations in the Philippines, with the venture expected to commence operations during the forthcoming financial year, focusing on microfinance and auto finance solutions.

BUILDING A FUTURE-READY INSTITUTION

Beyond financial performance and market expansion, we continued to prioritise strengthening the structures, processes and institutional frameworks that will enable LBF to grow with discipline, agility and resilience.

Our commitment to responsible stewardship was reflected in continued enhancements across governance, risk management, cybersecurity, transaction monitoring and data governance, ensuring that the Company's growth remains supported by strong oversight and institutional integrity.

Sustainability also remained a core element of our long-term strategy, as we continued to strengthen our environmental and climate related agenda through enhanced accountability, improved environmental management practices and a growing focus on sustainable financing.

At the same time, we continued to invest in talent retention, leadership development and continuous learning, recognising that the dedication, capability and commitment of our people remain fundamental to the Company's long-term success.

THE WAY FORWARD

As we look ahead, LBF enters the new financial year from a position of strength. Improving economic fundamentals, stronger business activity and rising digital adoption provide a positive platform for expansion, while our strong balance sheet, trusted brand and proven execution capabilities give us the confidence to pursue opportunity with discipline.

As LBF evolves within an increasingly competitive financial landscape, our vision remains clear: to ensure that LBF continues to be the first name in finance for individuals, entrepreneurs and businesses across Sri Lanka.

Our ambition extends beyond financial growth alone. We aspire to build an institution whose reach, technology, products and services contribute meaningfully towards national economic and social progress, enabling opportunity, supporting enterprise, advancing financial inclusion and creating enduring value for all stakeholders.

APPRECIATION

On behalf of the Board, I extend my sincere appreciation to our customers, employees, regulators, business partners, and shareholders for their continued trust, confidence, and support extended to LB Finance throughout the year.

I also wish to place on record our deepest appreciation to Mr. Sumith Adhihetty for his outstanding contribution, exemplary leadership, and dedicated service rendered to LB Finance during his tenure as Managing Director. His vision, stewardship, and unwavering commitment have played a pivotal role in strengthening the institution, enhancing its resilience, and shaping its long-term strategic direction. We thank him for his invaluable service and wish him every success and fulfilment in his future endeavours.

I am also pleased to extend a warm welcome to Mr. Niroshan Udage on his appointment as Managing Director of LB Finance. With his extensive industry expertise, strategic insight, and leadership capabilities, we are confident that he will guide the Company through its next phase of growth, innovation, and value creation.

We look forward to working closely with him as we continue to build on our strong foundations and pursue new opportunities.

Further, on behalf of the Board, I warmly welcome Mr. Ravindra Tissera and Prof. T. N. K. De Zoysa to the Board of Directors. We look forward to benefiting from their extensive experience, valuable insights, and guidance as we continue to steer the Company through an evolving business landscape and support its long-term growth and transformation.

I further extend my gratitude to the management team and every member of the LB Finance team, whose passion, resilience, and dedication were instrumental in delivering the exceptional performance achieved during the year. I also thank my fellow Board members for their continued guidance, counsel, and stewardship, which have been invaluable in navigating opportunities and challenges alike.

Together, we remain committed to creating sustainable value for all stakeholders and advancing LB Finance's position as one of Sri Lanka's most trusted and respected financial institutions.

G A R D Prasanna
Chairman

29 May 2026