

## **34. Central Finance Company**

Central Finance Company concluded a financial year reporting strong performance demonstrating itself as a resilient organization able to withstand economic and business challenges.

### **Board of Directors**

**A d b Talwatte**

**Chairman**

**E H Wijenaikē**

**Managing Director**

**Gerard Shamil Niranjān Peiris**

**Executive Director**

**Arjuna Kapila Gunaratne**

**Executive Director**

**Dhammika Prasanna De Silva**

**Executive Director**

**Dr Agampodi Damitha Nandanie  
De Zoysa**

**Independent Non-Executive Director**

**Arjun Rishya Fernando**

**Independent Non-Executive Director**

**Chandika Kushan Hettiarachchi**

## **Executive Director**

**Kuda Banda Herath**

## **Independent Non-Executive Director**

**Manjula Hiranya De Silva**

## **Independent Non-Executive Director**

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### **Robust results**

Central Finance Company once again concluded a financial year reported strong performance demonstrating itself as a resilient organization able to withstand economic and business challenges.

The sector reported a profit after taxes of Rs.13.7 Billion for 2020, denoting a 6.1% decline from the profit after taxes of 2019.

Consequently, both profit before income tax and profit after income tax saw an increase of 16.57% and 40.66% over the previous year to reach Rs.6.8 Billion and Rs.5.78 Billion, respectively, during 2020/21. The lending portfolio dropped to Rs.64.51 Billion as at the end of 2020/21, a year-on-year decrease of 17.83% as the lending assets shifted to investment assets due to the reasons discussed below under the review of operations.

The deposits portfolio saw a marginal decrease of 1.54% over last year, following the decision to grow the deposit base on a measured basis in line with asset growth.

This year equity attributable to the shareholders crossed the Rs.50 Billion milestone.

### **Deposits**

As always, deposit mobilization activities were linked to the Company's cash flow requirements. With the Company's liquidity reserves at high levels, the Company did not actively pursue deposit mobilization activities in the year under review but instead focused on consolidating the existing deposit base. Adopting a two-pronged

approach continued close engagement with clients to maintain the benchmark customer retention ratio of over 90%. At the same time, the Company leveraged the low-interest-rate environment to increase the concentration of low-cost deposits. Successful efforts to realign the deposit mix in this manner allowed CF to benefit from the considerably lower cost of funds in the FY 2020/21 compared to the previous year.